

The Energy And Technology Committee

February 26, 2008

**Raised (Senate) Bill No. 188, AAC Certain Electric Utility Powers
and Investments**

Testimony of

The Office of Consumer Counsel

Mary J. Healey, Consumer Counsel

The Office of Consumer Counsel (OCC) has carefully reviewed and has concerns about Raised Bill No. 188, An Act Concerning Certain Electric Utility Powers and Investments.

Section 1 of this Bill would allow the electric distribution companies (Connecticut Light and Power Company (CL&P) and United Illuminating Company (UI)) to make conservation and load management investments and put the investments in rate base, with recovery through an additional conservation charge. OCC works closely within the present Energy Conservation Management Board and has been extremely satisfied with the results and the processes that take place there. Thus, OCC is concerned with whether this proposal, which would fund conservation investments outside the oversight of ECMB, would be in the ratepayers' interest. Indeed, there is nothing in the bill indicating how proposed measures by the utilities will be measured and analyzed up front to determine whether they are truly "cost-effective."

Section 2 of this Bill would apparently allow CL&P and UI to generate electric energy anywhere in the State and allow the utilities to acquire (and presumably construct) facilities for this purpose. OCC has no objection to this as a general principle, as utility-owned generation may, if regulated properly, stabilize electric rates and increase opportunities to replace dirty, inefficient generating plants with newer, more efficient plants, while avoiding overpayments. However, OCC respectfully suggests that more details about this proposal are in order. For example, OCC would like more detail about whether such utility-owned facilities would be (i) added to traditional rate base, (ii) compensated based on cost-of-service and a reasonable return, and (iii) subject to DPUC prudence review. OCC also would like details about how this proposal would be coordinated with the annual comprehensive plans prepared by the utilities pursuant to Section 51 of Public Act 07-242, the first of which plans is

presently being reviewed by the Connecticut Energy Advisory Board (CEAB). For example, if a utility would like to build or acquire a generating facility, would there be opportunity for public input through the CEAB process, or would the first opportunity for review be in a utility rate case? These are important questions that warrant answers prior to passage of this part of the bill.