

**Quantification of Ratepayer Savings
Due to OCC Advocacy**

**Scorecard of Cases with Final Decisions
Issued 7/1/04 through 2/15/06**

Court Proceedings

<u>Issue</u>	<u>Court</u>	<u>Decision Date</u>	<u>Company Position</u>	<u>OCC Recommendation</u>	<u>Court Decision</u>	<u>Ratepayer Savings</u>
SNET/SBC Work Stoppage	CT Supreme Court	6/21/05	SBC had appealed the prior Court's decisions. Company claimed they were not overearning therefore their profits were not unreasonable.	OCC argued that the statute in question was a consumer protection statute, not a rate-setting one, enacted to match revenues during a strike to any decline in service. During the strike profits rose and service quality decreased.	The Court held that the OCC was correct and consumers are entitled to refunds of \$2.8 million. Court found that by avoiding costs during a strike, while holding consumer rates at current levels SBC pocketed unreasonable profits.	Ratepayers receive a credit of \$2.8 million.

Water Proceedings

<u>Docket Name</u>	<u>Docket No.</u>	<u>Decision Date</u>	<u>Company Proposal</u>	<u>OCC Recommendation</u>	<u>Allowed</u>	<u>Ratepayer Savings</u>
Rural Water Rate Case - Reopening	03-09-04RE01	1/25/06	Rural Water requested a technical meeting with the DPUC and OCC to discuss the process for a limited reopener of its last rate case under CGS § 16-32c.	After the technical meeting, OCC and Rural entered a Settlement that would allow an increase in rates of 7.3% or \$34,377 annually. Pursuant to CGS 16-32c, the case was limited to increases in purchased water, electricity and fuel expenses, water treatment & testing, and municipal property tax expenses.	DPUC approved Settlement as filed.	Approximately \$15,000 from original request, plus one-year rate stay-out.
Crystal Water Rate Case	05-07-08	12/28/05	Crystal Water filed requested a rate increase of \$768,659, or 27.25% above existing levels.	OCC recommended adjustments to: ROE, rent, compensation and pension expenses as well as changes to the proposed rate design.	DPUC approved a rate increase of \$603,999, or approximately 21.36%.	Savings of over \$164,000 annually.
Hazardville Water Rate Increase	04-09-06	3/4/05	On 9/15/04 HWC filed a rate increase of \$623,786 or 23.16% over existing rates. HWC revised the rate increase down to \$551,169 or approximately 20.5%	OCC recommended reducing the necessary rate increase by \$293,967, to \$257,202. OCC proposed reductions to payroll & benefits, inflation, insurance, outside services, depreciation and ROE.	DPUC approved a rate increase of \$401,673, or approximately 14.91% above present rates.	Savings of over \$220,000 per year.
Aquarion Water Rate Increase	04-02-14	10/26/04 Corrected in 11/18/04 Decision	On 3/31/04, Aquarion requested a rate increase of \$16.1 million, or 13.94% over present rates	OCC determined that the Company's rates should be reduced by \$4 million rather than increased. OCC proposed adjustments to ROE, decreases in O&M expenses, depreciation expense and immediate recognition of land sale proceeds allocated to ratepayers.	DPUC ordered a rate reduction of approximately \$2.4 million. DPUC adopted many of the expense and revenue adjustments proposed by OCC and reduced the Company's ROE to 9.75%.	Savings of \$18.5 million yearly

Electric Proceedings

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UI Rate Case - (Pension Reopening) Reconsideration	01-10-10RE04	8/11/2004	UI reached a settlement with PRO for \$10.5 million annually. In a Decision dated 2/18/84, the DPUC allowed UI to redirect \$5.2 million of excess CTA yearly to cover increased costs.	\$0, request is illegal (single-issue ratemaking) OCC Appealed Decision to Court.	In a new Decision, the DPUC reversed its Decision agreeing with OCC that allowing the expense between rate cases was not in accord with prior DPUC precedents.	\$5.3 million annually. Decision in effect for just under 1 1/2 years. Total savings \$7.5 million.
DPUC Investigation into CL&P's Streetlighting Service	04-01-01	6/30/05	DPUC initiated a proceeding to review all aspects of CL&P's Streetlighting service. There have problems over two decades with accounting & billing of this service. DPUC initiated this proceeding to resolve these issues.	OCC supported DPUC efforts to resolve the accounting issues associated with inventory of plant vintages and billing errors made to municipalities.	DPUC required CL&P to issue refunds back to 1986 for billing errors. DPUC ordered a 7.3% reduction to Rate #116.	Approx. \$7-10 million in savings to municipalities. CL&P has appealed claiming statute of limitations on refund period.
CL&P Rate Case - Reconsideration	03-07-02RE01	8/04/2004	CL&P requested reconsideration of portions of December 2003 Decision. Issues relate to a claimed pension regulatory asset; streetlighting refunds; Income tax; incentive compensation; and rent paid to Rocky River Realty. Total \$38 million over 4 years.	OCC initially opposed entire request. Position later modified to oppose pension due to past overrecovery of pension costs by \$130 million during the same timeframe as claimed deferral and no regulatory asset creation was approved by DPUC. OCC also opposed increase in rent paid to NU affiliate, Rocky River Realty as it effectively created an unregulated profit center paid by ratepayers.	DPUC allowed CL&P \$32 million, that it Net Present Valued down to 423.8 million. Rates were not increased, but CL&P was allowed to retain this amount of CTA overcollections.	Real savings of \$6 million DPUC NPV calculation effectively saves \$16 million. OCC believes DPUC Decision is illegal & has appealed the reopened case to Connecticut Supreme Court.
CL&P Energy Adjustment Clause - Standard Market Design Costs	03-04-07	8/25/2004	CL&P had been collecting funds from ratepayers since May 2003 for a potential liability related to SMD costs. As of 12/31/03 the balance was approx. \$145 million. These funds were reserved for possible payment to SOS providers.	OCC participated in settlement talks with DPUC, AG, CL&P and SO suppliers. Settlement filed with FERC in March 2004. FERC approved Settlement on June 28, 2004. This case decides disposition of funds.	Settlement before DPUC returns \$83.4 million to ratepayers over September - December 2004 period.	\$83.4 million savings to CL&P ratepayers.
CL&P Transitional Standard Offer 2005 TSO Rates	03-07-01RE04	12/22/04	CL&P requested an increase of 16.7% or \$430.7 million to set 2005 TSO rates, FMCCs and EAC charges as of January 1, 2005. CL&P proposed an average overall 2005 rate of 12.584 cents/kWh an increase of 1.802 cents/kWh over 2004 rates.	OCC proposed adjustments of \$139.3 reducing the 2005 TSO increase to \$291.4 million or from 16.7% to 11.3% above current levels. OCC also recommended changes to the TSO procurement process and rate design methodology.	DPUC made various adjustments to CL&P's request, using excess CTA and SBC revenues to reduce the rate increase. DPUC differed from OCC in applying additional overcollections beginning in May 2005 vs. applying January 2005.	Ratepayer savings of approx. \$97 million in 2005.

Electric Proceedings (Continued)

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DPUC investigation - Financial impact of long-term contracts on electric distribution companies	05-07-18	12/28/05	Pursuant to Section 12(l) of Public Act 05-01, June Special Session, DPUC initiated a proceeding to review the use of debt equivalence charges into capacity contracts. CL&P claimed that these contracts will have real costs and financial impacts for debt imputed on them by rating agencies.	OCC disagreed with the premise that an electric distribution company's financial condition will be impaired by entering into long-term capacity contracts pursuant to PA 05-01 because that Act provides a statutory recovery mechanism for recovery of associated capacity payments made to generators.	DPUC agreed with OCC's position in full.	While exact magnitude of savings depends on use of long-term capacity contracts, estimated minimum savings annually is over \$10 million.
CL&P Transitional Standard Offer 2006 TSO Rates	03-07-01RE05	12/28/05	Absent the use of current bill credits, CL&P's rates would increase by \$827 million as of 1/1/06. CL&P proposed an average overall 2006 rate of 15.994 cents per kWh an increase of 2.83 cents/kWh over current rates.	To soften the impact of high heating costs, OCC suggested an accelerated use of bill credits to minimize the rate increases during the winter months. OCC also recommended changes to the rate design methodology used to allocate the rate increase.	DPUC reduced the impact of the rate increase by using excess 2005 CTA and forecasted 2006 overrecoveries. Based on a more rapid use of excess revenues DPUC limited rate increase to 17.5% effective 1/1/06 and an additional 4.9% in 4/1/06.	Ratepayer savings of approx. \$148 million in 2006. Use of \$40 million credit Jan. 1 - March 31, 2006. Continuation of \$108 million credit for CY 2006.
UI Rate Case	05-06-04	1/27/06	UI proposed a multi-year rate plan with annual incremental rate increases of \$39.8 million (2006); \$3.6 million (2007); \$12.5 million (2008) and \$8.6 million (2009). UI requested an ROE of 11.5%, included additional expenses for new employees (linemen and administrative positions) and for a new Central Facility campus.	OCC opposed the multi-year rate plan, and instead, proposed setting revenue requirements for a single rate year. If the DPUC were to set rates for four years, OCC recommended rate reductions of \$2.4 million & \$3.7 million in 2006 and 2007, and rate increases of \$115,000 and \$5.2 million in 2008 and 2009. Major issues areas of OCC adjustment include: ROE, capital structure, long-term interest rates, Central Facility campus, & employee levels.	DPUC approved annual distribution increases of: \$14.3 million for 2006, \$4.3 million in 2007, \$10.3 million in 2008, and \$6.7 million in 2009. The 2006 increase will be mitigated by a \$15 million projected 2006 FMCCs over-recoveries, so the bill increase will effectively be \$0. ROE of 9.75% approved.	2006 savings \$25.5 million 2007 savings \$24.75 million 2008 savings \$27 million 2009 savings \$29 million

Gas Proceedings

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Southern Connecticut Gas Rate Case	05-03-17PH01	12/28/2005	SCG's Application requested \$36 million in rate relief. Revised request of \$39.2 million. First rate case since 2000. Major issues addressed include deferred hardship account amortize., uncollectibles, claimed merger synergies, LNG contract, ROE request of 11.77% and working capital.	The Settlement proposed a rate increase of approx. \$25 million. Major issues resolved include past merger synergies, ROE, uncollectibles, amortization of deferred hardship costs. Rate stay out two years.	DPUC Decision approved a \$26.7 million rate increase. Modified settlement for issues pertaining to use of excess IS margin and hardship grant program funding. ROE of 10.090% allowed.	Over \$12.5 million in annual ratepayer savings. Requires SCG enter into a full requirements contract for the LNG plant at cost-of-service rates.
SCG Rates - Disposition of Funds	93-09-09RE05	5/25/2005	SCG proposed using funds repaid from the Bridgeport Economic Development Initiatives loan program to fund new economic development programs in SCG's service territory with approximately \$1.1 million in funds available.	OCC disagreed with SCG's position, because the BEDI program concluded in 1999, reallocating funds would violate past DPUC Decisions. Subsequently, OCC/SCG reached Settlement where a one-time \$150,000 grant was paid to the Workplace, with the remaining \$950,000 used to pay down deferred hardship programs.	DPUC adopted Settlement.	\$950,000 savings to SCG ratepayers, in avoided future payments.
Yankee Gas - Petition to Reopen	04-06-01	12/23/05	Yankee requested a reopener of its rate case to seek a \$12.4 million in a limited rate case. Company claims reduced sales, increased uncollectibles and gas inventory costs have impacted Yankee's ROE	OCC opposed limited reopener request as it was not consistent with the rate case Settlement's rate stay-out provision. If seeking interim rate relief, Yankee's request was outside a section 16-19 rate case and not consistent with past DPUC procedure.	DPUC rejected Yankee's motion.	\$12.4 million in annual savings
CNG and SCG Merger Enabled Gas Cost Savings (MEGS)	99-04-18RE04 99-09-03RE09	2/23/05	Prior DPUC Decisions allowed CNG & SCG to seek MEGS. The companies' requested keeping 50% of claimed savings. The Companies requested payment in the PGA of over \$25 million for shareholders share of savings that have already been credited to customers during 2000-2005.	While historically opposing MEGS, OCC found that savings associated with the BP Alliance contract and off-system sales were due shareholders. OCC entered into a settlement with SCG, CNG and the Prosecutorial Division of the DPUC for \$4.3 million of total MEGS for the Companies.	DPUC approved settlement	Savings of over \$20 million over original request.
Yankee Gas Rate Application	04-06-01	12/8/04	Yankee's filed a rate application to increase rates by \$26.5 million, or 7.2% above test year levels (calendar year 2003). With an ROE request of 10.75%.	OCC, PRO and Yankee Gas entered into a settlement that increased distribution rates by 9.4%. The Settlement contains an earnings-sharing mechanism that shares excess profits equally between ratepayers and shareholders, should Yankee earn above the allowed ROE of 9.90%.	Pursuant to the Settlement the DPUC approved a rate increase effective 1/1/05, of \$14.028 million or 4.1% relative to total bills.	Annual ratepayer savings of \$12.5 million. Rate stay-out period until provision freezes distribution rates to June 2007.

Gas Proceedings (Cont.)

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Southern Connecticut Gas Exogenous Costs	03-11-20	10/27/04	SCG requested recovery of costs that have increased and are claimed to result from exogenous events that are beyond SCG's control and are negatively impacting its financial integrity. They include: Personal property tax, CCBT, uncollectibles, deferred three-way payment plan, and pension and retiree health care expenses. Total recovery requested \$20 million.	No rate increase is warranted under the IRP's exogenous cost provisions. Due to the terms of the IRP Settlement, there is also a rate stay-out provision. SCG's proposal does not meet these requirements. As a result, existing base rates should remain intact.	DPUC found that the Company did not demonstrate that the Rate Stay-Out allows SCG to petition the DPUC to file for traditional rate relief pursuant to CGS. § 16-19. Therefore, no relief is currently warranted.	Savings of \$20 million
Yankee Gas Rate Case - Infrastructure Expansion Rate Mechanism	01-05-19RE05	8/4/04	On 10/1/03, Yankee filed its 2003 proposed IERM reconciliation.	On 4/27/04 Yankee and OCC reached a settlement regarding on Yankee's IERM filing. The Settlement was amended on 6/15/04 and 7/21/04. The Settlement resolved the ratemaking treatment of \$31Million in IERM related capital expenditures in a manner that is favorable to ratepayers.	DPUC approved the Settlement Agreement as filed. With the approval of the Settlement the IERM program would no longer exist, ending administrative and regulatory burdens and litigation costs.	Reduced revenue requirements on \$20,317,904 of IERM related capital expenditures that reduces rates by \$617,385 annually for the next eight years (total of \$5 million.) Customers received a \$2.9 million refund for 2004 and 2005 heating seasons.

Telecommunications Proceedings

<u>Docket Name</u>	<u>Docket No.</u>	<u>Decision Date</u>	<u>Company Proposal</u>	<u>OCC Recommendation</u>	<u>Allowed</u>	<u>Ratepayer Savings</u>
SNET Reserve Deficiency	03-01-11	2/1/2006	The Telco proposed to continue to recover the \$370 million it believed remained in the reserve deficiency account.	OCC proposed that the amortization of the reserve deficiency should cease. Any other recovery should be below the line. Since \$40 million of annual recovery was built into SNET's rates in the Alt. Reg. Plan, rates should be reduced associated with the end of the reserve deficiency amortization.	DPUC determined \$419 million of the reserve deficiency has been recovered. The remaining balance of \$145 million will no longer be recognized by the Department. Any future recovery of the remaining will be considered a below the line expense for the SNET/SBC. DPUC did not order a rate reduction but reserves the right to reopen rate plan if Telco is overearning.	Potential ratepayer savings of \$145 million to \$370 million, if ratepayers were ever required to fund the remaining levels.

FERC Proceedings

<u>Docket Name</u>	<u>Docket No.</u>	<u>Decision Date</u>	<u>Company Proposal</u>	<u>OCC Recommendation</u>	<u>Allowed</u>	<u>Ratepayer Savings</u>
NRG RMR Contract	ER06-118	Approved 1/06.	NRG filed an application for a Reliability Must Run contract rate with FERC.	OCC participated in settlement talks with DPUC, CMEEC, NRG and AG. Settlement filed in December 2005.	This settlement reduces the potential exposure that ratepayers will have regarding these costs. Under the settlement, NRG will receive approximately \$8 million less in annual revenues than that would result from the Company's rate filing with FERC.	

DURING 7/1/04 THROUGH 2/15/06 PERIOD

TOTAL SAVINGS TO RATEPAYERS INFLUENCED BY OCC ADVOCACY APPROXIMATELY \$750 - 975 MILLION