



STATE OF CONNECTICUT  
**NEWS RELEASE**

Consumer Counsel Mary J. Healey

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**OFFICE OF CONSUMER COUNSEL FILES TESTIMONY  
AGAINST PROPOSED UNITED ILLUMINATING RATE INCREASE**

(September 30, 2008-New Britain) - The State of Connecticut Office of Consumer Counsel (OCC) has filed its expert witness testimony with the Department of Public Utility Control (DPUC) in Docket No. 08-07-04, *Application of the United Illuminating Company to Increase its Rates and Charges*. United Illuminating (UI) is requesting a rate increase of \$32,632,000 in 2009. OCC recommends against any rate increase for 2009 and, in fact, recommends a rate decrease of \$8.5 million below current rates.

For the year 2010, UI sought an incremental \$29,937,000 rate increase. OCC recommends an incremental rate increase of \$21.3 million above its 2009 recommendation, which would be an effective increase of \$12.8 million above current rates.

OCC's testimony, from five witness panels, addressed the Company's profit level and capital structure; accounting and revenue requirements; capital projects and expenses for UI's proposed System Integrity Program; revenue decoupling mechanism; and the Company's proposed rate design and cost of service study.

OCC recommended a return on equity of 9.50% for 2009 and 2010, assuming UI's decoupling measure was not approved. This combined with adjustments to capital structure and the Company's forecasted long-term debt costs translates to \$6.5 million in savings in 2009 and \$7.5 million in 2010. If the DPUC approved UI's decoupling measure, OCC recommended a further 25-50 basis point reduction in UI's Return on Equity (ROE).

Other major areas of adjustment include: Payroll, incentive compensation, employee benefits, System Integrity Program expenditures, outside services, insurance and uncollectible expenses.

These recommendations are preliminary and the OCC estimates additional adjustments may be necessary after the Company provides more complete and detailed information requested by the OCC and other parties to the proceeding.

Consumer Counsel Mary Healey said "Our preliminary analysis shows that a rate increase is not warranted for 2009. The Company needs to tighten its belt and do more with less, just like the citizens and government agencies of Connecticut."

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*The Office of Consumer Counsel (OCC) is the State of Connecticut's advocate for all utility ratepayers. OCC seeks to ensure just and reasonable rates and reliable utility service for customers of Connecticut's electric, gas, telephone, and water utilities and reasonable protection for cable television customers. For more information, visit [www.ct.gov/occ](http://www.ct.gov/occ).*