



STATE OF CONNECTICUT
NEWS RELEASE

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**CONSUMER COUNSEL KATZ PROPOSES DISTRIBUTION RATE DECREASE
AND REFUND OF \$15 MILLION FOR UI RATEPAYERS**

(June 4, 2013-New Britain) - Today, Consumer Counsel Elin Swanson Katz and the Office of Consumer Counsel (OCC) filed a brief with the Public Utilities Regulatory Authority (PURA) requesting a rate decrease for United Illuminating (UI) and a refund for its customers. UI is seeking a distribution rate increase of \$95 million from PURA, the state's rate-setting agency: \$69 million beginning in Rate Year 1 (July 1, 2013 – June 30, 2014), and an additional \$26 million increase in Rate Year 2 (July 1, 2014 – June 30, 2015). In its brief, the OCC recommends a distribution rate decrease of \$3.8 million for Rate Year 1 and a distribution rate increase of \$7.82 million in Rate Year 2.

Additionally, OCC recommended an immediate refund to customers of \$15 million based on ratepayers' share of UI's overearnings from 2010 and 2012. UI has earned significantly over its allowed return on equity (ROE) of 8.75%, which the Consumer Counsel and the OCC believe must be shared with ratepayers. Ratepayers should also see an additional refund of approximately \$20 million at the end of 2013 associated with excess collections of the Competitive Transition Assessment (CTA), a line-item on customer bills. The CTA charge was used to pay off stranded costs remaining from the State's electric utilities' divestiture of their generating facilities in 1999. Furthermore, effective January 1, 2014, UI ratepayers' bills should drop by another \$81.6 million due to the expiration of the CTA. However, if UI's full rate request is granted, its customers will not see the bill reductions associated with any of these items.

UI has proposed what it characterizes as a "no bill increase" rate increase, by using ratepayers' share of overearnings and excess CTA revenues, then deferring the remainder of the rate increase for the July 1, 2013 – December 31, 2013 period until January 1, 2014. It proposes to substitute the amount of the expiring CTA for UI's proposed distribution rate increase, so that the customer payment for the rate increase would equal the amount of the expired CTA. Under the Company's proposal, UI ratepayers would be billed for two years of distribution rate increases over an eighteen month period, with interest, beginning on January 1, 2014.

However, Consumer Counsel Elin Swanson Katz disagrees with this approach: “UI’s proposed distribution rate increase is excessive given that the Company is overearning and has been at or above its allowed 8.75% rate of equity since its last rate case in 2009. In addition, UI’s customers have been paying the CTA for fourteen years and deserve some much needed rate relief.”

The OCC also recommends other adjustments to UI’s Application including: maintaining UI’s allowed return on equity at 8.75%; reducing the Company’s recovery of storm costs; adjusting the Company’s sales forecast; rejecting the proposed depreciation study; reducing expenses by over \$9 million; reducing the recovery of costs associated with UI’s new \$120 million Central Facility; and deferring recovery of system hardening and storm response expenditures until other on-going storm related proceedings are completed.

A Final Decision is expected from PURA on August 14, 2014 in UI’s rate case.

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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.