

DANNEL P. MALLOY
GOVERNOR
STATE OF CONNECTICUT

August 26, 2014

Arthur House, Chairman
John W. "Jack" Betkoski III, Vice Chairman
Michael Caron, Commissioner
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, CT 06051

Re: Application of the Connecticut Light and Power Company to Amend Rate Schedules
Docket Number 14-05-06

Dear Chairman House, Vice Chairman Betkoski, and Commissioner Caron:

As you prepare for public hearings on Connecticut Light & Power's (CL&P) rate case for electric distribution services, I write to express my serious concern over two key provisions of the proposed increase: changes to fixed monthly service fee and the company's rate of return. Left as they are, I believe that these provisions will roll back the progress being made to reduce electricity costs, hurt our state's most vulnerable residents and inhibit the growth of our small businesses.

CL&P has requested a substantial 60% increase in the fixed monthly service fee charged to all residential customers – taking it from \$16 to \$25.50 per month, regardless of how much electricity is being consumed by the customer. This would increase the fixed portion of the monthly bill for the average residential customer from 12 to 20 percent. A similar increase on small business customers would increase the fixed monthly charge by 45 percent.

If granted, the proposed increase cuts to the heart of our State's nationally recognized Comprehensive Energy Strategy (CES) by limiting the ability of residents and businesses across our state to reduce their electric bill through energy efficiency or the use of solar, fuel cells and other renewable energy sources. Driven in part by the proposed increase in the monthly service fee, the average overall rate increase requested by CL&P for all customers would be 6.3%, but those who use the least amount of electricity will see their electricity bills jump by the highest amount: 20% bill increase for residential customers using 200 kWh per month, 30% for a low-use residential customer using 100 kWh a month, and over 10% increase for small low load-factor businesses.

Such a step is completely contrary to Connecticut's energy policy, unfairly penalizes those who use the least electricity, and unduly burdens small businesses and people on low or fixed incomes.

In addition to asking for an increase in the fixed monthly service fee, CL&P is also seeking to boost its rate of return from 9.4 cents per dollar to 10.2 cents per dollar. Major outages caused by Hurricanes Irene and Sandy, the October Blizzard of 2011, and several major winter storms painfully demonstrated a need to strengthen and modernize the electric grid – and CL&P has been working to do just that. In fact, as part of their rate request CL&P is looking to finalize cost recovery for \$90 million they spent to recover from major storm damage, and the \$25 million expended to improve the resiliency of the grid through undergrounding in critical locations, enhanced tree trimming, and the installation of new and stronger wiring. These costs to improve resiliency and reliability benefit all customers and should be spread fairly among all customer classes.

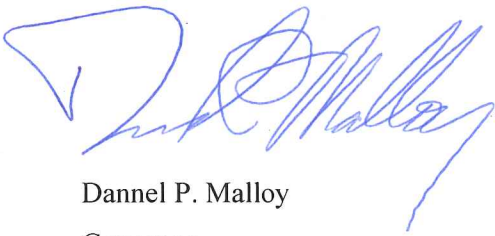
While these investments are both necessary and appreciated, we are living in a time of low interest rates and lower returns on investments, as anyone with a savings account or an IRA knows. In the current economic environment, we do not need to further burden rate payers by increasing CL&P's rate of return beyond what residents can expect in their own investments.

Everyone recognizes that CL&P faces new business challenges and changes in its revenue stream resulting from efficiency, the use of renewables, a growing emphasis on distributed generation, and other efforts to meet our energy needs in ways that will reduce costs and environmental impacts.

However, we need to fashion an innovative and common sense response that will ensure the long term fiscal health of our major electric utilities without penalizing rate payers. Connecticut families and small businesses should not be asked to pay a higher share of the costs. **CL&P's proposed increase in the monthly service fee and higher rate of return do not accomplish that objective.**

Thank you for your consideration of my concerns. I trust the information I have provided will be helpful to you as you begin your careful analysis and scrutiny of the rate request submitted by CL&P.

Sincerely,



Dannel P. Malloy

Governor

CC: Nicholas E. Neeley. Acting Executive Secretary. Public Utilities Regulatory Authority