

August 16, 2016

Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, CT 06051

Re: Docket No. 17-01-12: PURA Establishment of a Maximum Residential Customer Charge Formula for Non-Electric Heating Residential Service

Dear Mr. Gaudiosi:

The seventeen undersigned organizations write to encourage the Public Utilities Regulatory Authority (“PURA”) to develop a generic formula for the residential fixed charge that remains consistent with the outcome of the recent United Illuminating (“UI”) electric rate case. In that matter, PURA’s final decision to reduce fixed charges for residential customers was not only reasonable, but also fully consistent with the 2015 fixed charge statute applied there.¹ The decision also gave real relief to the approximately 180,000 UI residential customers who now have monthly fixed charges that have decreased by about 45%, from \$17.25 to \$9.67. These customers now also enjoy increased control over their energy use and costs. We commend PURA for this outcome and for its thoughtful application of the new statute.

High fixed charges have been a major ratemaking challenge for utility regulators in many jurisdictions. For several years, there has been a concerted effort by utilities nationwide to alter the original narrow purpose of the fixed charge – to recover only the costs of metering, billing, and the service line – and push for higher fixed charges because they provide a guaranteed revenue stream. Distribution utilities often also advocate for higher fixed charges as a counter to the perceived issues from energy efficiency and clean distributed generation. However, as unavoidable flat monthly fees, high fixed charges are regressive and contrary to the realities of a modern power grid, including the need to better integrate clean distributed energy resources.

We understand that ratemaking decisions are often complex and require the balancing of many competing factors. Because it is necessary to recover a fixed revenue requirement, high customer charges lead to lower volumetric rates. In that context, it is important to emphasize that lowering fixed charges will benefit a majority of residential customers. All bills below average consumption benefit from lower fixed charges. Because residential rate classes contain customers with much higher than average usage, more bills are below the mean than above the mean. For example, previous analysis for residential customers of Eversource Energy in Connecticut has shown that 61% of the monthly bills in the primary residential rate class are below the average level of consumption.² This demonstrates that lower fixed charges will allow the majority of customers to receive a reduction in their monthly bills. Those with the lowest usage will receive the greatest benefits, and data from the EIA Residential Energy Consumption Survey also demonstrates that electricity usage is positively correlated with income in

¹ See Final Decision, PURA Docket No. 16-06-04, *Application of The United Illuminating Company to Increase Its Rates and Charges*, pp. 93-96; see also Conn. Gen. Stat. § 16-243bb.

² See Acadia Center, *CT Fixed Electric Charge Impact Analysis*, p. 2 (May 2015) (available online: <http://acadiacenter.org/document/ct-fixed-electric-charge-impact-analysis-may-2015/>).

Connecticut.³ As a result, low-income customers tend to have lower usage and generally benefit from lower fixed charges.

Given these substantial benefits, we hope that the current proceeding to develop a generic fixed charge formula will not deviate from the UI rate case outcome or from the limited scope of eligible costs defined in Connecticut's residential fixed charge statute. Connecticut's residents deserve fixed charges set at fair and reasonable levels.

Thank you for your consideration and your commitment to protecting the ratepayers of Connecticut.

Sincerely,

Acadia Center

AARP Connecticut

Ashford Clean Energy Task Force

Center for Energy Security Solutions

Clean Water Action

Connecticut Citizen Action Group

Connecticut Fund for the Environment

Connecticut Roundtable on Climate and Jobs

ConnPIRG

Eastern CT Green Action

Efficiency for All

Environment Connecticut

Hamden Energy Use and Climate Change Commission

Natural Resources Defense Council

Portland Clean Energy Task Force

Sierra Club- Connecticut Chapter

Vote Solar

³ See *id.*, p. 4.