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Ratepayers can take charge of electricity

Connecticut residents pay more for their electricity than any other Americans except Hawaiians.

But customers of Connecticut Light & Power can save some of the money they've been spending on electric bills.

On Jan. 1, electricity rates fell 5.2 percent, or about \$7 a month for the typical customer, after CL&P got a better price from the companies that generate electricity. The price that CL&P, the distributor, contracted to buy electricity fell, and that was passed on to customers.

Customers are set to get another 5 percent decrease next January, when they will have paid off \$2 billion in bonds. The money compensated CL&P for inadequate prices it was paid for its power-generating plants when the state forced CL&P to sell the plants after the 1998 restructuring of the electricity industry.

For about a decade, the bond payments increased electricity bills by 5 percent, so bills will drop by that amount when the payments end.

But Friday, CL&P filed a request with the state to increase electric rates by 5 percent next January, which would wipe out the break for customers.

That likely would keep Connecticut where it's been for years -- near the top of the list of states that pay the most for electricity.

State Attorney General [Richard Blumenthal](#) said he will fight the CL&P request, now being considered by the [Department of Public Utility Control](#).

"CL&P's argument is that the consumer won't see any difference on their bill next year if the rate is raised. Our argument is that the consumer is due a rate cut," Blumenthal said. "This is, in effect, an increase in rates that will contribute to choking our economic recovery and making Connecticut a more expensive state to do business, particularly for small businesses, which create most of the new jobs the state needs."

CL&P said the company asked for the increase "so we can continue to invest in the infrastructure needed to meet the needs of our customers," spokesman [David Radanovich](#) said. "We rely on electricity for more than ever before, and with that comes the need for us to continue to be able to attract money from



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investors to build the infrastructure. In Stamford, we are investing tens, if not hundreds, of millions on infrastructure just to keep up with demand down there."

About 60 percent of customers' bills pay for the generation of electricity, which is not within CL&P's control, Radanovich said. That cost has doubled since the industry was restructured and deregulated, he said.

"We pass along the costs we pay for electricity. We don't make a profit on that," Radanovich said. "We only make a profit on the delivery of electricity."

The Department of Public Utility Control allows CL&P to earn a profit of 9.4 percent, but the company is projected to earn only about 7 percent for 2009, he said.

"At CL&P, we understand times are tough, and we have taken a number of steps to hold off this request as long as we could," Radanovich said of the rate hike.

But Blumenthal said CL&P is seeking "to enhance their revenue by that 5 percent" rather than return it to ratepayers.

For the fiscal year ending in 2008, CL&P President, Chief Executive Officer and Chairman of the Board [Charles Shivery](#) earned a total pay package of \$8.1 million. Senior Vice President and Chief Financial Officer [David McHale](#) earned \$2.2 million. Executive Vice President of Operations Leon Olivier earned \$2.1 million.

About two years ago CL&P, Connecticut's largest power company, asked the state for permission to make ratepayers pick up \$3.5 million of the cost of annual bonuses for executives and \$1.5 million in enhancements for executives' retirement plans. At the time, CL&P was being investigated for poor response to customer complaints and inaccurate electric meters. After a public outcry, CL&P withdrew the request.

As with the cable television industry, deregulation of the electricity industry appears to have failed -- competitors did not enter the market, and prices increased, according to a report by the state [Office of Legislative Research](#).

Connecticut's electricity rates are high because demand outstrips supply, the state has strict environmental standards, and power companies buy electricity on the regional wholesale market, which is controlled not by the state but by the [Federal Energy Regulatory Commission](#), the report said.

There are many reasons, said [Phil Dukes](#), spokesman for the Department of Public Utility Control.

"We don't like building electric plants in Connecticut, so we end up transporting it and paying the extra cost for that," Dukes said. "We're in the Northeast, where the cost of labor and commodities and land are more expensive. And Connecticut has invested a lot in alternative fuel sources," which are costly.

Electricity customers can keep more of their money in their pockets by educating themselves, Dukes said.



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For the next five or six months, his agency will review numerous documents as it considers CL&P's rate hike request. Residents are encouraged to send their comments to be included in the record, he said. The e-mail address is dpuc.information@po.state.ct.us. The mailing address is Connecticut Department of Public Utility Control, 10 Franklin Square, New Britain, CT 06051. The phone number is 860-827-1553.

"Those comments are often effective and persuasive," Blumenthal said.

There's another thing consumers can do -- instead of letting CL&P buy your electricity, buy it yourself, Dukes said.

"We are seeing a significant increase in the number of customers choosing their own electricity generating companies," he said.

It's up to 17 percent.

To do it, visit www.ctenergyinfo.com. From the blue box at the top left corner of the Web page, click on "Choose an electric supplier." The prompts will lead you to a chart listing the companies. The chart shows, for example, that CL&P charges residential customers 11 cents per kilowatt-hour, but a company called [Discount Power](#) Inc. charges about 9 cents, for a savings of almost \$10 a month.

Check your bill to see how many kilowatt-hours you use each month, and enter that in the box on the chart. Be sure to click on "Questions to ask suppliers" to the right above the chart before choosing a company.

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