STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL
TEN FRANKLIN SQUARE
NEW BRITAIN, CT 06051

DOCKET NO. 98-01-02 RE02 — **DPUC REVIEW OF THE CONNECTICUT LIGHT AND POWER COMPANY'S RATES AND CHARGES – ELECTRIC RESTRUCTURING RATES AND TARIFFS**

DOCKET NO. 92-06-05 RE02 — **APPLICATION OF THE UNITED ILLUMINATING COMPANY FOR AN INCREASE IN RATES – ELECTRIC RESTRUCTURING RATES AND TARIFFS**

January 12, 2000

By the following Commissioners:

Glenn Arthur
Donald W. Downes
Jack R. Goldberg
John W. Betkoski, III
Linda Kelly Arnold

DECISION

I. BACKGROUND

A. LEGAL AUTHORITY

By Decision dated October 6, 1999 (Reopening Decision), the Department opened the above-captioned dockets jointly pursuant to Section 16-9 of the General Statutes of Connecticut (Conn. Gen. Stat.) for the limited purpose of considering the rates and tariffs proposed pursuant to Order No. 3 in the Decision dated January 13, 1999, in Docket No. 98-06-17, DPUC Investigation into Billing and Metering Protocols and Appropriate Cost-Sharing Allocations Among Electric Distribution Companies and Electric Suppliers (Billing and Metering Decision). In accordance with that Order, The Connecticut Light and Power Company (CL&P) and The United Illuminating Company (UI; jointly, Companies) submitted to the Department for its approval rates and tariffs necessary to implement electric restructuring.

B. CONDUCT OF THE PROCEEDING

Pursuant to a Notice of Reopened Hearing dated October 19, 1999, the Department held a public hearing in this matter in its offices, Ten Franklin Square, New Britain, CT, 06051, on November 9, 1999. The hearing was closed by Notice of Close of Hearing dated November 23, 1999.

C. PARTIES AND INTERVENORS

The Parties to the original proceedings maintained their status in these reopened dockets.

D. COMPANIES' FILINGS

In the Reopening Decision, the Department ruled that the Companies had complied with Order No. 3 of the Billing and Metering Decision. The Companies had proposed services sufficient to provide, at minimum, the following: (1) processing a customer’s change of supplier; (2) off-cycle meter reading; (3) billing; (4) collection services; (5) load data and analysis; and (6) customer service. The Companies proposed additional services with corresponding rates, that electric suppliers may employ. In accordance with the Department’s directions in the Billing and Metering Decision, each of the proposed services is charged at a standard rate.[1] Decision, pp. 13-14.

II. APPLICANT’S EVIDENCE

A. CL&P PROPOSAL

CL&P proposes to provide 12 distinct services to electric suppliers and/or customers, and one service, change of supplier, exclusively to customers. Application, p. 5. Pricing is at CL&P’s estimated, full marginal cost incurred to provide those services. To determine the level of demand for the services, and the subsequent cost to serve, CL&P assumed that 25 suppliers would enter the market during 2000. Response to Interrogatory EL-8.

When available, CL&P used directly measured 1998 costs for Customer Services and other departments providing the service for which the charge is to be imposed. Application, p. 2. These actual costs provide the basis for the direct charge component(s), labor and/or material, of the fees to be assessed electric suppliers, and various overhead “loaders.” CL&P added an 8.12% rate of return and the Connecticut Gross Receipts Tax (GRT) to the cost to serve to derive the various fees. Application, pp. 2-3.

CL&P used a variety of loaders to calculate its proposed fees. Depending upon the type of service to be provided, CL&P used one of four separate, indirect labor loaders: Call Center; Credit Center; CL&P; and Northeast Utilities Services Company

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[1] A majority of the proposed rates are levied on a per minute or per hour basis.

(NUSCO).[2] When Customer Services (Call Center and Credit Center) loaders were unavailable, loaders for CL&P and NUSCO were used. Application, p. 2. Customer Services loaders were unavailable when either (a) the services have been provided by other departments in the past; or (b) the services to be provided are entirely new (such as the provision of customer lists and customer load analysis) and will be performed by a new department, the Supplier Services organization. CL&P Response to Interrogatory EL-32. In addition, a CL&P payroll loader was used to account for benefits and payroll taxes. Application, p. 2.

CL&P used a NUSCO general services loader to account for corporate and facilities support. According to CL&P, this loader is required by the U.S. Securities Exchange Commission to be used by the Northeast Utilities system to protect against cross subsidies among NUSCO affiliates. Id. The table below lists the various loaders used by CL&P to calculate its fees.

CL&P Loaders

Cost Components	Loader Percentages
Labor Overhead	
Indirect Labor Loaders (1)	
Call Center	15.80%
Credit Center	14.04%
Indirect Labor Loader-CL&P	16.71%
Indirect Labor Loader-NUSCO	15.30%
Payroll Loader (2)	38.30%
General Services Loader (3)	26.80%

(1) Ancillary labor costs related to vacation & sick time
(2) Employee benefits and payroll taxes
(3) NU Corporate support & building costs

CL&P proposes to increase its proposed 1999 charges to electric suppliers in 2000. According to CL&P, this is necessary to reflect an increase in the GRT, which is 5.0% for 1999 and will be 8.5% for charges applied in 2000 and thereafter. CL&P Response to Interrogatory EL-33. CL&P proposes to credit revenues from charges to electric suppliers against its cost of service and expense accounts, as appropriate. CL&P Response to Interrogatory EL-1; Tr. 11/9/99, p. 4365.

CL&P proposes to modify its Terms and Conditions for Delivery Service. The proposed Terms and Conditions incorporate, verbatim, 35 of the 42 total subsections in the Rules and Regulations of CL&P's effective tariff. The subsections that CL&P proposes to eliminate or replace relate to the application for service, changes in the customer's conditions of installation, point of delivery, billing and metering. CL&P proposes to add subsections related to definitions, billing and metering, security

[2] Indirect labor loaders are used to reflect the cost impact of ancillary labor costs such as vacation and sick time. Application, p. 2.

deposits, termination of service and its schedule of charges. According to CL&P, these changes are made either to clarify its business practices, or to conform with the Decision dated February 5, 1999, in Docket No. 98-01-02, DPUC Review of The Connecticut Light and Power Company's Rates and Charges – Phase II (Rate Case Decision). Tr. 11/9/99, pp. 4356-4357. In that Decision, the Department ordered CL&P to develop a policy to inform customers of more beneficial rates. Decision, pp. 169-170.

CL&P proposes to institute Terms and Conditions for Electric Suppliers to govern its relationship with licensed electric suppliers. Application, p. 60; CL&P Response to Interrogatory EL-59. The proposed Terms and Conditions, which are 12 pages in length, provide definitions, outline the obligations of the customer, the distribution company and electric supplier, govern the initiation and termination of generation service, delivery service interruption, billing and metering, determination of hourly loads and the liability of the distribution company. In addition, CL&P is presently drafting a Standard Service Agreement in which it will "further specify the relationship between the Company and Suppliers." CL&P Response to Interrogatory EL-31.

CL&P requests the Department adopt an expedited process to review proposed pricing for new services or proposed adjustments to the pricing of existing services. According to CL&P, an expedited review process for electric supplier fees is permissible under the Conn. Gen. Stat. §16-19oo. Specifically, CL&P proposes a 30 day review period to amend its current fee schedules for previously approved services due to inflation, volume or similar factors. Late Filed Exhibit No. 4. In contrast, if CL&P were to propose a new billing or related service for electric suppliers that is not presently reflected in the tariffs, the Company would ask the Department to issue a final Decision on the proposal within 60 days of the filing. Id.

B. UI PROPOSAL

UI proposes to provide 15 services to electric suppliers and/or customers, and one service, change of supplier, exclusively to customers. Application, Attachment A, p. 1. One of the 15 services, the Cost of Business Charge, is a bundled service with a flat fee charged on a monthly basis. Application, p. 2. According to UI, the Cost of Business Charge covers the cost of the electronic communications infrastructure and additional resources necessary to maintain a business relationship with electric suppliers. Application, p. 3. The Company testified that it is easier to administer than a number of stand-alone charges. Tr. 11/9/99, p. 4321. As illustrated by the table below, a majority of the Cost of Business Charge is attributable to labor.

Supplier Cost of Business Charge	Estimated Cost	Proposed Monthly Fee (1)
Customer List	$75.00	$3.00
Invoice & Payment Processing	$26.00	$1.04
Maintain Supplier Account	$0.04	$0.0016
EDI/EBT Charge	$500.00	$20.00
Supplier Relations Manager	$6,270.00	$250.80
Supplier Relations Technical Analyst	$5,679.00	$227.16
Supplier Relations Business Analyst	$12,574.00	$502.96
	$25,124.04	$1,004.96

(1) Assuming an initial market of 25 suppliers
EDI (Electronic Data Interchange)
EBT (Electronic Business Transactions)
Source: Application Attachment A, p. 2

The 15 proposed services are priced at UI's estimated, full marginal cost. Application, p. 1. In its determination of marginal cost to provide services, UI assumed that 25 electric suppliers would participate in the market. Application, pp. 10-11. Cost of service was developed using actual process costs, based on 1998 year data, and actual labor costs based on 1999 pay scales. Application, p. 9. In its Application, UI excluded from its fee schedule Connecticut State Sales Tax (Sales Tax) and Gross Receipts Tax, but acknowledges that the Sales Tax will be assessed when the charges are billed and that the GRT may be applicable depending on who is receiving the service(s). Application, p. 10. UI includes its allowed rate of return, 11.5%, to determine its fee amounts. UI applies only one overhead loader, the Payroll Labor loader. This loader is applied to direct costs at 32.6%, and accounts for the cost impact of employee benefits, payroll taxes and administrative and general support.

UI proposes to institute Terms and Conditions for transactions with electric suppliers and aggregators. The proposed Terms and Conditions are 12 pages in length and perform many of the same functions as CL&P's. They differ in that UI expressly lists the obligations of licensed electric aggregators, and UI's document contains more specificity with regard to the conduct of Electronic Business Transactions (EBTs). Finally, UI has developed a sample Service Agreement document to be entered into by UI and a licensed electric supplier or aggregator. This document would contain specific contractual arrangements between the parties such as the provision of additional services and access to UI's Supplier Management website. UI Response to Interrogatory EL-64.

UI also supports the use of an expedited review process for electric supplier fees. UI proposes that: (1) upon filing for expedited review with the Department, the Company would provide back-up cost information to substantiate any change in any fee or tariff; (2) the Department would render a Decision within 60 days from the date of filing by the Company. Late Filed Exhibit No. 4. According to UI, this expedited review process is consistent with Conn. Gen. Stat. Section 16-19oo. Id. As a general measure, UI proposes that the Department conduct an annual review of the companies' respective rate schedules. Application, p. 10.

II. DEPARTMENT ANALYSIS

The Billing and Metering Decision directs pricing for proposed services to electric suppliers. Presently, the Companies are monopoly providers of service: therefore, prices should reflect the full marginal cost incurred to provide services, regardless of whether or not they are optional. Billing and Metering Decision, p. 13. If an optional service is open to competitive providers, the Department will permit the Companies to charge market rates provided the rates at least recover the marginal cost of service. Id. Section 16-244i(c) of the Conn. Gen. Stat. requires electric distribution companies to continue to provide billing, metering and collection services. Consequently, a significant number of the proposed services are not open to competition.

The Billing and Metering Decision articulated the criterion to allocate costs between the Companies and electric suppliers. The Department ruled that general system modifications necessary to implement retail competition will benefit all customers; therefore, these costs should be recovered from all customers. Decision, p. 13. In contrast, certain costs that are imposed by a particular customer or supplier should be borne by that customer or supplier.

The implied objectives of the Billing and Metering Decision are twofold: (1) to avoid cross-subsidization between electric suppliers and ratepayers; and (2) to facilitate market participation by electric suppliers. These two objectives are in opposition, since charging the full incremental cost of service to electric suppliers acts as a barrier to market entry.

In the Billing and Metering Decision, the Department required the Companies to use their full marginal cost, rather than average total cost, to price services to electric suppliers. By charging electric suppliers the full marginal cost to serve, the Companies assure that costs follow causation and achieve a direct assignment of these costs. Tr. 11/9/99, p. 4327.

In calculating their respective, full marginal costs, each company assumed that 25 electric suppliers would enter the market in the year 2000. If the number of electric suppliers is greater than anticipated, the cost to serve will increase as the Companies are forced to incur additional fixed costs. CL&P Application, p. 1; UI Application, pp. 10-11. The assumed level of demand is reasonable, and the Department approves it.

To calculate full marginal cost, each company used actual labor, process and material costs to the fullest extent possible. When not available, reasonable proxy measures, such as NUSCO and CL&P indirect labor loaders, were used. Actual costs are provided in detail. For instance, labor costs are based on the pay grade of specific person(s) who will perform specific tasks. Moreover, the proposed fees are based upon reasonable approximations of the incremental, fixed and variable costs to provide services to electric suppliers. The proposed addition of a return on equity for services rendered is inappropriate, however, and the Department rejects it. The Companies already receive a fair rate of return on the rate base used to provide services.

The Department believes that it may be appropriate to reconsider how the company's return is determined. This however, is a significant policy change that should be done comprehensively. The Department will consider such changes in the Company's next rate case.

The proposed fees for each company are similar in that the majority are charged according to the amount of time necessary to accomplish specific tasks. The Department believes this is an appropriate pricing mechanism to limit cross-subsidization, and therefore approves it. The Department also believes that per-minute or per-hour fees provide the Companies and electric suppliers with the flexibility necessary in an emerging marketplace. However, hourly charges create uncertainty to customers and can be discriminatory if the time necessary to perform a task is inconsistently estimated for different suppliers. For these reasons, the Department prefers fixed rates to hourly charges.

The Department understands that certain services are new and therefore pricing should be flexible until the market determines the proper types of fees. Services such as special or off-cycle meter reading and meter testing, however, are not new. Presently, the Companies are monopoly providers of these services and the cost to serve should be identical to the cost to serve pre-restructuring. Both Companies have sufficient historical cost data to fix these services at flat rates. UI is ordered to submit flat rates to perform meter tests and special or off-cycle meter reading. CL&P is ordered to submit fixed rates to perform meter tests. These rates may be class-dependent, as appropriate. The Department rejects UI's proposal to assess charges for missed appointments. This charge is contrary to current practice.

A significant difference between the two Companies' proposed rate structures is the bundled Cost of Business charge proposed by UI. The Department recognizes that a bundled service rate is easier to administer and comprehend than a litany of individually-priced services. However, the Department rejects the proposed Cost of Business Charge, as it is presently constructed, because it allocates costs specifically to electric suppliers that are more appropriately borne by all customers.

Some of the bundled costs comprising the proposed Cost of Business Charge are best categorized as general system modifications necessary to implement retail competition. The costs to provide the general services of a Supplier Relations Manager, Technical Analyst and Business Analyst are necessary to permit UI to fulfill its self-described role as a "market facilitator." UI Response to Interrogatory EL-31. The remaining bundled costs in the proposed Cost of Business Charge are more directly linked to specific services required by electric suppliers, and are therefore appropriately borne by electric suppliers only.

The Department will permit UI to assess the Cost of Business Charge without the line-item charges for the Supplier Relations Manager, Technical Analyst and Business Analyst. As a consequence, the Cost of Business Charge will be assessed at approximately $24 monthly, excluding GRT.

In accordance with the Decision dated October 1, 1999, in Docket No. 99-03-35, DPUC Determination of The United Illuminating Company's Standard Offer, the Department will permit UI to treat as restructuring costs the Supplier Relations Manager, Technical Analyst and Business Analyst costs. The Department will allow UI to defer $270,000 annually until the next rate case. This amount reflects the sum cost for the Supplier Relations Manager, Supplier Relations Technical Analyst and Supplier Relations Business Analyst, excluding a return on equity. See UI filing, Attachment A, p. 2 of 17. This treatment is transitional only. These costs will continue under retail competition, therefore the Department intends to modify the treatment of these costs in UI's next general rate case.

The Companies differ in their treatment of calls to be forwarded to electric suppliers. UI will contract with electric suppliers to provide customer service at standard rates. In the absence of such a contract, the Companies will refer customers (when appropriate) to their respective electric supplier for customer service. According to CL&P, it will not charge electric suppliers for these types of referrals. Tr. 11/9/99, p. 4343. In contrast, UI intends to charge electric suppliers to refer its customers. Id. UI states that this charge is cost-based, and it provides electric suppliers with an incentive to communicate better with their customers. Tr. 11/9/99, p. 4385. The Department approves the company's application of this charge, as proposed.

The proposed fees for each company represent a barrier to market entry, but not a significant one. In addition, they will be levied in an equitable fashion and should not provide one electric supplier with a competitive advantage over another. The resulting, minumum cost to enter the market is provided below.

Electric Supplier "Least Expense"

	Supplier Initiation Fee	Monthly Charge	Customer List
CL&P	$2,452	N/A	$283
UI	$2,394	$24	(1)

(1) Included in monthly charge

Note: costs exclude GRT and Sales Tax

Sources: Responses to Interrogatories EL-28 and EL-29 and the revised Cost of Business Charge

The Companies agree that fees charged to electric suppliers will generate a relatively small amount of revenue; however, they disagree over the proper accounting treatment of those revenues. CL&P proposes to treat the revenues as credits to appropriate expense accounts in its operating budget. CL&P Response to Interrogatory EL-1. In accordance with the Decision dated October 1, 1999, in Docket No. 99-03-35, DPUC Determination of The United Illuminating Company's Standard Offer, UI proposes to use any revenue from charges assessed electric suppliers to offset restructuring costs approved by the Department and carried as regulatory assets. Decision, pp. 37-38; UI Response to Interrogatory EL-1. Since CL&P does not have a specific account pertaining to restructuring costs, the Department will order it to use revenues recovered from electric supplier fees to offset stranded costs.

Unless the Decision in the instant docket is delayed for multiple months, UI does not intend to charge licensed electric suppliers for services rendered until the Department approves the proposed fee schedules. Tr. 11/9/99, pp. 4363-4364. CL&P, on the other hand, intends to bill licensed electric suppliers according to its proposed fee schedule for services rendered before the final Decision is issued. Tr. 11/9/99, pp. 4364. According to CL&P, it is receiving inquiries from potential, licensed electric suppliers regarding services. Tr. 11/9/99, p. 4363. Neither Company intends to bill electric suppliers retroactively for services rendered unless ordered to do so by the Department. Tr. 11/9/99, pp. 4363, 4383. It is inappropriate for the Companies to charge licensed electric suppliers for services rendered before charges are approved, or to defer for collection costs incurred prior to the effective date of a tariff. The Companies should not charge for these services until the effective date of the tariffs, as indicated in Section IV. A, below.

The Companies' proposed fee schedules are consistent with the State statutes and the Billing and Metering Decision in that they do not charge suppliers and customers for certain services. Specifically, customers will not be charged to switch suppliers, and electric suppliers will be provided standard billing and metering services free of charge. Standard billing and metering services are those services provided absent a special request by either a customer or an electric supplier. Once customers or electric suppliers make a special request for service, they may be assessed one or more of the standard service charges proposed in this proceeding. The Department recognizes that if billing and metering is opened to competition in the future, distribution rates would need to be unbundled further to develop rates to provide services.

In the Billing and Metering Decision, the Department granted the Companies a certain amount of discretion to implement electric restructuring. The Department permitted the Companies to (1) negotiate bi-lateral agreements for non-standard options, and (2) develop market-based rates. The price for non-standard options must be based on the incremental cost to provide those services. Presently, the Companies are monopoly providers for a majority of the services they propose to provide to electric suppliers. As competitive alternatives emerge, however, the Companies intend to enter the market for those services and price them according to demand and market research. Tr. 11/9/99, pp. 4348-4349. Pursuant to the Billing and Metering Decision, the Companies will not propose market-based rates that are less than the cost to serve. Tr. 11/9/99, p. 4350. Neither Company proposed a mechanism by which net profits would be shared with ratepayers. The Department will require that any proposal for market-based rates describe how net profits would be shared and how net losses would be treated. The Department will not allow the Companies to institute any electric supplier rates without its approval.

The proposed Terms and Conditions for Electric Suppliers address billing and metering issues that may arise in a restructured environment. They are materially consistent in a number of key respects, including the obligations of market participants. Moreover, they are in conformance with State statutes. The proposed Terms and Conditions for Electric Suppliers are overly restrictive, however, in their applicability to electric suppliers and, in the case of UI, electric aggregators.

Section 26(d) of the Act entitles customers to any available individual information about their loads at no cost. The key word here is available, which the Department interprets as meaning individual information that the distribution company has at the ready and hence does not incur incremental costs to provide. Load analysis and interval data, in particular, would require incremental costs to provide: consequently, charges for these services should be assessed to customers and any authorized agent requesting services. Under no circumstances, however, shall a customer or his authorized agent be charged an Internet access fee, monthly or other fee to receive historical (non-interval) usage data for a period of twelve months or less. The Terms and Conditions should apply to any person requesting services to allocate costs properly and limit the potential for market participants to gain competitive advantage by avoiding the cost to provide services.

Services may be requested by parties that are not end-use customers or licensed electric suppliers or aggregators (authorized third party). As constructed, the proposed Terms and Conditions would not apply to an authorized third party request for services. Consequently, the potential exists for a licensed electric supplier either to have an authorized third party or a customer obtain services for free on its behalf, thus gaining a competitive advantage by avoiding an incremental cost that should rightly be assessed to said supplier. For the reasons stated above, the Terms and Conditions should apply to any person requesting the services. Further, the person requesting services must be duly authorized by the customer to receive the requested services.

UI's sample Electric Supplier Service Agreement should provide it with a sufficient contractual basis upon which to conduct business with licensed electric suppliers. As part of the compliance filing ordered below, CL&P will be required to submit to the Department a sample copy of its Standard Service Agreement.

CL&P proposes to revise its present Terms and Conditions for Distribution Service to facilitate transactions between CL&P and electric suppliers, as well as delineate responsibilities among customers, CL&P and electric suppliers. The proposed modifications to its currently effective tariffs focus almost exclusively on billing and metering related issues and are scheduled to become effective on January 1, 2000. The only exceptions being revisions to the following: (1) CL&P may accept an oral application for service; (2) security deposits may be required for Commercial/Industrial customers; and (3) grounds for termination of service are clarified. Additionally, in response to the Department's ruling in the Rate Case Decision, CL&P proposes to revise the language of Subsection 3F, Choice of Rate, of its Terms and Conditions for Distribution Service. CL&P's proposed revisions to its Terms and Conditions for Distribution Service are approved as filed.

Both Companies request that the Department institute an expedited review process for amendments to standard service rates for electric suppliers. The Department agrees that an expedited review process would permit the Companies to respond more rapidly to changing business, technical and marketing conditions and meet the needs of competitive electric suppliers for new services, thus promoting economic development in Connecticut. Furthermore, the Department agrees that an expedited review process would conform to Conn. Gen. Stats. §16-19oo, which permits the approval of rate amendments to promote the state's energy policy in proceedings other than rate proceedings. Pursuant to that statute, the Department may approve rate amendments for an electric distribution company upon the request of that company.

The expedited review process is appropriate for both monopolistic and competitive services to electric suppliers. In the case of monopoly services, an expedited review of proposed fee adjustments limits cross-subsidization. For market-based fees, an expedited review process will permit the Companies to operate more competitively.

The Department approves the review processes described below.

- The Companies will submit annually on December 1, a list of effective, standard fees. Accompanying this list will be (1) a denotation as to whether the service is competitive or monopolistic; (2) the total, annual revenues from each fee; (3) the treatment of revenues (to offset regulatory assets or stranded costs); and (4) the proportion of earnings shared with ratepayers (for competitive services). As part of the annual filing, the Companies may report on the overall status of their services and fee schedule.

- A 90-day review will be conducted for any competitive service pricing, providing the Department may extend it on its own motion.

- For previously approved services, a 90-day review will be conducted for amendments to current fee schedules due to inflation, volume or similar factors.

- A 90-day review will be conducted for any new services, providing the Department may extend it on its own motion.

- During the course of any review, Parties and Intervenors may engage in discovery and cross-examination.

- Pursuant to each proposal for a new fee or an adjustment to an existing fee, the Companies will submit supporting cost data.

III. FINDINGS OF FACT

1 CL&P proposes to provide 12 distinct services to electric suppliers and/or customers, and one service, change of supplier, exclusively to customers.

2 To determine the level of demand for the services, and the subsequent cost to serve, both companies assumed that 25 suppliers would enter the market during 2000.

3 Service pricing for both companies is based on the estimated, full marginal cost to provide services.

4 The Companies included their respective, authorized rates of return as a component of the proposed charges.

5 CL&P used six separate loaders, four of which are indirect labor, to calculate the marginal cost to provide services.

6 The GRT will be 8.5% in 2000.

7 CL&P's proposed Terms and Conditions for Distribution Service incorporate, verbatim, 35 of the 42 total subsections in the Rules and Regulations of CL&P's effective tariff.

8 UI applies one overhead loader to the fees, the Payroll Labor loader.

9 To calculate full marginal cost, each company used actual labor, process and material costs to the fullest extent possible.

10 A majority of the proposed charges are assessed per hour or per minute.

11 Certain proposed services to electric suppliers, such as meter testing and off-cycle meter reading, are not new.

12 Both Companies will contract with electric suppliers to provide customer service at standard rates.

13 UI incurs a charge to refer a customer to his competitive generation provider.

14 The proposed fees for each company represent a barrier to market entry.

15 The charges assessed electric suppliers will generate a relatively small amount of revenue.

16 UI has been authorized to use electric supplier revenues to offset restructuring costs.

17 The Companies have the discretion to develop and propose non-standard and competitively based rates for certain services.

IV. CONCLUSION AND ORDERS

A. CONCLUSION

The approved fees and tariffs, in addition to the expedited review process, should be sufficient to implement electric restructuring. The Department approves the modified rates provided in Appendix A effective for service rendered on and after January 12, 2000. In the interest of fairness, these rates shall apply to any person requesting services. In addition, the Department approves CL&P's proposed revisions to its Terms and Conditions for Delivery Service, as filed. Further, the Department approves the expedited review process described in Section II, above.

B. ORDERS

For the following Orders, please submit an original and 15 copies of any requested material to the Executive Secretary, identified by Docket Number, Title and Order Number.

1 No later than January 21, 2000, CL&P shall file its Standard Service Agreement.

2 No later than January 21, 2000, UI shall submit flat fees to perform meter tests, and special and off-cycle meter reading. These rates may be class-dependent, as appropriate.

3 No later than January 21, 2000, CL&P shall submit fixed rates to perform meter tests. These fees shall not include a return on equity. These rates may be class-dependent, as appropriate.

4 No later than January 21, 2000, the Companies shall resubmit their respective, proposed Terms and Conditions revised to apply to any person requesting the services.

5 No later than December 1st of each year, the Companies shall report to the Department as discussed in Section II, above.

6 The Companies shall not charge licensed electric suppliers for any services rendered before the January 12, 2000 effective date of the tariffs approved herein. They shall not defer these costs for future collection.

7 CL&P shall use revenues from electric supplier fees to offset stranded costs.

8 Effective immediately, the Companies shall maintain records for all transactions they have with licensed electric suppliers based on hourly charges. The records shall include a description of each transaction, the name of the supplier receiving service, total charges, type and quantity of services rendered, hourly rate and hours billed.

Appendix A

Approved Rates Necessary to Implement Electric Restructuring

1. General Services

Customer List (licensed electric suppliers)
CL&P: $307 per list; the lists will be provided on CD-Rom
UI: Provided under the $24 monthly Cost of Business Charge

Customer Monthly Usage Data
CL&P: No charge
UI: No charge

Customer Historical Usage Data
CL&P: historical *interval* data is $68.47 per request; 12 months of monthly data is free
UI: No charge (< 37 months); $59.16 per hour (>36 months)

Customer Load Analysis
CL&P: $81.49 per hour
UI: $54.42 per hour

Customer Service
CL&P: $3.02 per minute
UI: $1.06 per minute (labor); $.30 per minute ("IVR" System)

Customer Change of Supplier (1)
CL&P: No charge
UI: No charge

Supplier Billing Services (2)
CL&P: No charge
UI: No charge

Supplier Collection Services
CL&P: .374% of total monthly receivable dollars
UI: $1.32 per Customer, per month

Supplier Initiation
CL&P: $2,595 one-time fee
UI: $2,394 one-time fee

Special or Off-Cycle Meter Reading
CL&P: $12 per Residential meter; $24 per Commercial or Industrial meter
UI: TBD/Compliance Filing

Supplier calls to Local Distribution Company (LDC) Client Relations Center
CL&P: N/A
UI: $1.06 per minute

Supplier Rate Maintenance and Error Correction
CL&P: $52 per hour
UI: N/A

Non-Standard Rate Structures
CL&P: Quoted price based on labor, additional software, hardware, maintenance and licensing fees
UI: Will be provided pursuant to bilateral negotiations.See the Decision in Docket No. 98-06-17, p 1.

Supplier Requested Cancel/Rebill
CL&P: N/A
UI: $23.58 per hour; $.75 per bill

Meter Test (Supplier Requested or Related to Restructuring)

CL&P: TBD/Compliance Filing

UI: TBD/Compliance Filing

Change to Supplier Rates

CL&P: N/A

UI: $151 per hour

Supplier Cost of Business Charge

CL&P: N/A

UI: Total Monthly Rate based on the expense items listed below is appx. $24

- Customer List
- Invoice & Payment Processing
- Maintain Supplier Account
- EDI/EBT Processing Charge

Theft of Service Investigation

CL&P: N/A

UI: $66.28 per hour

2. Interval Data Provision

CL&P:

Service	Rate	Fee(s)
Customer Historic Data Request	A.1	$68.47 per request
Monthly Interval Data	A.2	$25 per month
Telemetering	A.3	Installation only
Load Pulse Outputs	B	Installation only
Special Request	C	By mutual agreement

UI:

Interval Data File Installation Charge: (all values are per channel)

Meter	Type	Labor	Materials	Total Cost
Single Phase/ Polyphase	Electronic	$51	$73	$124
Single Phase	Mechanical	$51	$143	$194

Data Processing Charge: $20 per month

Monthly Charge per Data Channel

Single/polyphase: $22

Mechanical: $23

Meter Interface Enclosures Additional Installation Charge:

Non-Lockable: $11

Lockable: $51

3. Extended Metering Options

CL&P:

Extended Metering Service Option

1a(1) phone AMR>100kW	$83
1a(2) phone AMR<100kW	$298
1b(1) Late Night C&I	$353
1b(2) Late Night Residential	$462
2(1) Pulse Output C&I	$178
2(2) Pulse Output Residential	$288
4(1) Recording Meter C&I	$111
4(2) Recording Meter Residential	$220
1b(1) and 2(1) Late Night C&I w/Pulse Output	$408
1b(2) and 2(2) Late Night Residential w/Pulse Output	$517
1a(1) and 2(1) Phone AMR w/Pulse Output >100kW	$137
1a(2) and 2(2) Phone AMR w/Pulse Output <100kW	$353

UI:

Load Pulse Output Installation Charge

Meter	Type	Channels	Labor	Materials	Total Cost
Single Phase	Electronic	1	$97	$122	$219
Single Phase	Mechanical	1	$97	$192	$289
Single Phase	Electronic	3	$97	$249	$346
Single Phase	Mechanical	3	$97	$319	$416
Polyphase	Electronic	1	$97	$122	$219
Polyphase	Electronic	3	$97	$249	$346

Monthly Charge = 20% of Installation Charge (1-Channel: $3.65, 3-Channel: $5.76)

Endnotes:

(1) Pursuant to Section 28 of PA 98-28, every Customer may seek a change in his Electric Supplier without charge once in any twelve-month period.

(2) Pursuant to the Decision in 98-06-17, there will be no charge to Suppliers for this service.

Note: CL&P charges are year 2000; year 1999 proposed charges are identical except for the Gross Receipts Tax amount.

Note: CL&P charges include GRT, but exclude Sales Tax.

Note: UI charges exclude Gross Receipts Tax and Sales Tax.

Note: When services listed are "N/A" (not available), they are not available at standard prices; they will be provided at non-standard prices that reflect the incremental costs incurred.

Note: Rate of Return has been deducted from proposed fees.

DOCKET NO. 98-01-02RE02 **DPUC REVIEW OF THE CONNECTICUT LIGHT AND POWER COMPANY'S RATES AND CHARGES – ELECTRIC RESTRUCTURING RATES AND TARIFFS**

DOCKET NO. 92-06-05RE02 **APPLICATION OF THE UNITED ILLUMINATING COMPANY FOR AN INCREASE IN RATES - ELECTRIC RESTRUCTURING RATES AND TARIFFS**

This Decision is adopted by the following Commissioners:

Glenn Arthur

Donald W. Downes

Jack R. Goldberg

John W. Betkoski, III

Linda Kelly Arnold

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Department of Public Utility Control, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.

	January 19, 2000
Louise E. Rickard Acting Executive Secretary Department of Public Utility Control	Date