PRESS RELEASE

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OFFICE OF CONSUMER COUNSEL ASKS DPUC TO SLASH THE DISTRIBUTION RATE INCREASE PROPOSED BY CL&P

Yesterday, the Office of Consumer Counsel (OCC) filed expert testimony with the Department of Public Utility Control (DPUC) in Docket No. 03-07-02, recommending a much smaller rate increase for The Connecticut Light and Power Company's distribution operations. While CL&P has asked for a $134 million (or 6%) rate increase for 2004, OCC's experts say that only $ 25 million (a 1.1% increase) is justified. For the out years of CL&P's rate plan (2005 through 2007), both the company and OCC see further increases (over the 2004 rate) of around $24 million (or 1%) each year as justified. However, the 4.9% reduction from the company's request that OCC recommends for 2004 would apply during all 4 years of the company's rate plan.

At the end of all 4 years of CL&P's rate plan, OCC presently believes that CL&P's rates should be no more than $100 million per year higher than they are today. By contrast, CL&P has asked for a much larger increase than this in the very first year of its rate plan.

With yesterday's filing of the expert testimony of Helmuth W. Schultz, Ralph C. Smith and Donna M. DeRonne of the certified public accounting firm, Larkin & Associates, the OCC has sponsored a total of nearly 500 pages of testimony and exhibits in this DPUC docket. Taken together, this expert testimony gives detailed

support to OCC's contention that CL&P's requested rate increase is excessive and overstated. Yesterday's testimony recommended adjustments to Company expenses for payroll, employee pension and benefits, storm damage, affiliate rent and insurance. Previously this month, OCC filed expert testimony by James A. Rothschild of Rothschild Financial Consulting on the Company's requested return on equity and capital structure. Rather than the 10.75% profit level requested by CL&P, OCC's witness advocated a 9.30% return on equity. The impact of the OCC's proposed changes to the allowed profit level and capital structure would reduce the necessary rate increase by approximately $30 million annually.

OCC also previously filed expert testimony by Lee Smith and Waine Whittier of LaCapra Associates on engineering and distribution system operations and maintenance issues. In that testimony, OCC's witnesses recommended reducing the Company's construction budget by removing approximately $393 million from the $1.25 billion proposed for the period 2003 – 2007, and also removing approximately $13 million of operation and maintenance expenses for 2004 associated with tree trimming, distribution system programs and costs of hiring and training additional linemen.

OCC's review and analysis of CL&P's rate application is ongoing. OCC's expert witnesses are yet to complete their work in a number of areas of inquiry. It is likely that further adjustments will show that very little if any adjustment to CL&P's distribution rate is necessary for the 2004 rate year. These anticipated issues would also significantly reduce the necessary rate increases for the other years, 2005-2007, of the Company's Rate Plan.

"The OCC has identified a number of areas where the rather drastic increase proposed by CL&P should be reduced or eliminated," said Mary J. Healey, the Consumer Counsel. "We know that from January 2004, customers will be asked to shoulder a variety of new federally-mandated congestion costs. In that context, our

responsibility is to assure that regulated distribution rates are just and reasonable, and no higher than necessary for CL&P to continue to deliver reliable electric service," said Healey.

The DPUC's current schedule has evidentiary hearings continuing through October, with an expected final decision by December 15, 2003 and new rates effective January 1, 2004.