



STATE OF CONNECTICUT  
**NEWS RELEASE**

Consumer Counsel Mary J. Healey

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**OFFICE OF CONSUMER COUNSEL URGES RATE DECREASE FOR CNG**

(May 12, 2009-New Britain) - The State of Connecticut Office of Consumer Counsel (OCC) urged the Department of Public Utility Control (DPUC) to decrease rates for Connecticut Natural Gas (CNG) in its brief filed on May 11, 2009 in Docket Number 08-12-06, *Application of Connecticut Natural Gas Corporation for a Rate Increase*.

In its brief, the OCC made the recommendation to the Department to deny the rate increase proposed by CNG and to instead decrease rates and revenues by \$19.2 million.

CNG requested a \$16.4 million increase in rates and revenues, as well as a return of the \$15.5 million of overearnings credits paid to ratepayers. CNG's initial rate application was reduced to \$7.4 million or 1.9% during the hearing process due to an update of costs, largely caused by a decrease in forecasted gas supply costs. The combination of CNG's revised rate increase and proposed surcharge would increase customer bills by approximately \$23 million or 5.9% for the twelve month period beginning July 1, 2009

The Department imposed an interim rate reduction of \$15.5 million on August 6, 2008 in Docket Number 08-06-10 due to overearnings. Even after this reduction was put into place, the Company still saw overearnings for five months. OCC's Brief recommends that CNG's proposed bill surcharges associated with overearnings credits are not necessary as its proposed rate decrease exceeds the prior interim rate decrease ordered by the DPUC.

The Company also requested a return on equity ("ROE") of 12.20% and an overall rate of return of 10.23%. The OCC believes that both of these numbers are excessive and should be reduced to an ROE of 9.00% and an overall rate of return of 7.63% if a full decoupling mechanism is adopted for CNG.

CNG has applied not only for a rate increase but for several proposals that would remove risks from the Company and put them on the ratepayer. Connecticut is in the midst of an economic crisis, and now is not the time for CNG to continue to earn profits that are more than necessary at the expense of customers.

Given the current economic climate, the OCC urges the DPUC to hold CNG accountable for controlling costs, as it recently did to United Illuminating in Docket Number 08-07-04.

Consumer Counsel Mary Healey said “Our analysis and the record in this case show that a rate decrease, not an increase, is warranted for CNG. In these extraordinarily difficult economic times the Company needs to tighten its belt and do more with less, just like the citizens of Connecticut.”

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*The Office of Consumer Counsel (OCC) is the State of Connecticut’s advocate for all utility ratepayers. OCC seeks to ensure just and reasonable rates and reliable utility service for customers of Connecticut’s electric, gas, telephone, and water utilities and reasonable protection for cable television customers. For more information, visit [www.ct.gov/occ](http://www.ct.gov/occ).*