



Testimony of AARP CT
House Bill 5350,
AAC Natural Gas Infrastructure

Energy and Technology Committee
March 5, 2020
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AARP is a nonpartisan, social mission organization with an age 50+ membership of nearly 38 million nationwide, and nearly 600,000 members here in Connecticut. AARP supports livable communities for all ages, aging in place initiatives and financial opportunity and resiliency for everyone as they work age and retire. We are before the General Assembly every year on a multitude of bills that support these issues.

AARP supports sustainable, cost effective, energy policies. AARP is fuel neutral, meaning we do not favor one fuel source over another. We do focus on affordability. Many of our members are on fixed incomes and are often faced with difficult choices when it comes to how to pay for utilities. With the highest electricity rates in continental United States and a constrained natural gas infrastructure system (which contributes to the problem), Connecticut should proceed with caution as to not make a bad situation worse, while also raising rates for natural gas. Unfortunately, the mandates in HB 5350 coupled with their fast track surcharge recovery mechanisms could do just that.

AARP offers the following specific comments:

Biogas mandate:

HB 5350 mandates that gas utilities purchase costly biogas and that the associated costs are recovered via a purchased gas adjustment mechanism that would likely raise gas rates. This is as a result of biogas being an inferior product (and much more costly) than natural gas (which currently is running at about \$2/mmbtu nationally). The bill also allows the local distribution companies to enter into 20 year contracts which could lock in long-term an uneconomic purchase. Even more troubling is the provision that allows them to re-sell the product rather than use it to serve customers. Connecticut ratepayers should not be in the biogas development business. Finally, rate recovery is assured in the bill. AARP opposes pre-approving the prudence of expenditures via legislative fiat.

AARP suggests the bill be amended so that any biogas purchases include a rate cap so that such a program does not increase natural gas rates by more than one percent per year.

Gas leaks:

AARP supports a safe and reliable gas system. However, such expenditures should be recovered through the normal rate case process. We oppose imposition of a surcharge for expense recovery.

New rate for incremental gas expansion:

AARP opposes creation of a new rate for new gas customers, as well as the use of a hurdle rate with a 25-year payback and related provisions. We especially oppose use of a new rate mechanism for cost recovery outside of the rate case process. This provision of the legislation seems nothing other than a veiled attempt to discourage the use of natural gas. While AARP is fuel neutral, the effect of this provision would be to increase electricity demands. Such a move could require new power generation sources. It is unclear where the power would come from but what is clear is that it would further increase already-high electricity rates as well as gas rates for new customers. It is discriminatory and unfair to make new gas customers pay a new special higher rate. This provision would go against 100 years of sound ratemaking.

Long term contracts:

AARP opposes long term contracts for things like demand response lock in prices and cost exposure. AARP urges a cap of two percent on the increase in electric distribution rates if such a provision must remain in the bill. We also want the provision regarding “best interest to the ratepayers” changed to “cost to the ratepayers”.