Conn. Regulators Begin Review of Massive Gas Plan

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NEW BRITAIN, Conn. (AP) — Connecticut regulators were set to begin a week-long series of hearings to determine who will pay for an ambitious multimillion-dollar plan by the state's three utilities to connect about 280,000 new customers to natural gas.

Legislators and Gov. Dannel P. Malloy enacted state law earlier this year authorizing the Public Utilities Regulatory Authority to approve a new rate plan to finance the massive 10-year program in a drive to cut energy costs in Connecticut. Regulators must now determine how the millions of dollars that will be spent to expand the state's natural gas system will be allocated among utility shareholders, ratepayers and businesses and individuals signing up for the new service.

The first hearing was scheduled for Tuesday.

"We have to figure out how we're going to pay for it," John W. Betkoski III, vice-chairman of the regulatory agency, said Monday. "That's the crux of it."

The proposal has drawn strong opposition from Connecticut's oil dealers, most of whom are family-run businesses. Chris Herb, president of Connecticut Energy Marketers Association, which represents 600 home heating oil and propane companies, said the plan "offers rich utility shareholders a sweetheart deal."

"Nearly 200,000 consumers who heat with oil have access to a gas line and have not converted," he said in a statement last week. "There is no need to build new pipelines and pass the cost onto customers who will be asked to share the costs of converting others."

The proposal adds to a nationwide boom in natural gas production that in turn has aroused fierce opposition from environmentalists over hydraulic fracturing, or fracking, that's used to draw gas from the ground.

Connecticut Natural Gas, Southern Connecticut Gas and Yankee Gas presented state regulators with a rare joint proposal in June that outlines their plans. Yankee Gas, a subsidiary of Northeast Utilities, said capital spending would be $35 million next year and more than $96 million in 2015 and 2106.

The Southern Connecticut Gas Co. said capital spending will be $61 million in the three years while Connecticut Natural Gas expects capital spending of about $47 million in the same period.

The utilities are asking regulators to approve new rates that would spread the cost

of hookups over 25 years, eliminate a required contribution toward construction for customers connected to gas lines that are 150 feet or closer to gas mains and make other rate changes to encourage the large-scale switch to natural gas. The companies also spell out to regulators the millions needed in revenue and what they believe the expansion costs will be.

The state Office of Consumer Counsel estimates that rates for the delivery portion of customers' bills will rise by up to 3 percent a year. A consultant for the consumer agency, Rebecca Bachelder, said in a filing with regulators that natural gas connections need to be ramped up at a rate that will allow contractors to hire qualified workers "without sacrificing quality or driving up labor rates" as Northeast states push through aggressive replacement programs and add new customers.

She said she has "serious concerns" about the ability of the utilities to carry out the level of construction called for by the plan.

The Public Utilities Regulatory Agency is expected to issue a final decision in November.

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