

STATEMENT OF ATTORNEY GENERAL GEORGE JEPSEN

Chairman DelGobbo, Vice Chairman Betkoski, Director Ficeto. Thank you for the opportunity to present this opening statement.

This hearing provides both an opportunity and a challenge to your new agency. The opportunity is to ensure that this proposed merger, the largest utility merger in New England, serves the public interest by providing genuine measurable specific financial and service quality benefits to Connecticut consumers. The challenge is to insist that you have all of the information you need to make the right decisions within the very short timeframe you've set for yourselves.

Almost one year ago, on March 25, 2011, in my first appearance before this body (when it was known as the DPUC) I urged you to exercise your full regulatory authority and review the proposed merger of NU and NSTAR. I stated that I could neither support nor oppose the proposed merger because, at that time, we lacked the information necessary to determine whether the proposed merger was in the public interest. We had no idea how much money the merger would save and whether or how those savings would be shared with ratepayers. We had no idea what the merger would cost and which, if any, of those costs would be passed on to ratepayers. We had no idea what the merger would mean for reliability or service quality. We had no idea what would happen to jobs in Connecticut or whether NU would really be headquartered in Hartford. We also had no idea about NU's long-term commitments to Connecticut charities or whether Connecticut ratepayers would be protected from costs imposed in other states.

I am gratified that PURA has decided to review the merger, and I am further gratified that it will properly hold the Applicants to their legal duty to show that the proposed merger is in the public interest. This goes far beyond the cursory review of technological, managerial and financial suitability the Applicants had sought.

Now that we are here, all of the questions I asked a year ago must be answered. While the Applicants claim in their Application and in their discovery that the merger will be good for Connecticut ratepayers, we need to see and carefully scrutinize the evidence. They say the combined company will be stronger and will be able to provide savings. They say they will be able to improve service reliability, customer service and emergency response. But so far, when it comes to proving that this merger is in the public interest, the record is rather empty. The Applicants have not committed to share savings up front. They have not studied or planned

how they will integrate operations. They have not identified any best practices that will be implemented to improve service reliability, customer service and emergency response. You cannot simply assume that “bigger is better” and that customer benefits will result sometime in the future.

PURA must demand more in these hearings in order to evaluate whether the proposed merger is in the public interest. The Applicants must prove that customers will be better off as a result of the proposed merger, not worse. Benefits must be in the form of tangible, up-front rate credits and a reasonable sharing of merger savings achieved over time, as well as guarantees that service quality, customer service and, most importantly, storm response are improved as a result of the merger.

Moreover, customers must be assured that costs will not increase as a result of this merger and that they will not be forced to pay “costs to achieve” the merger that are more properly borne by company shareholders. There’s no question but that this merger will be profitable for the owners and officers of NU and NSTAR, and there’s nothing wrong with that. But it’s up to you to be certain that the benefits of the merger will be shared fairly with the Connecticut consumers who pay their bills to NU’s subsidiaries, Connecticut Light & Power Co. and Yankee Gas.