

# 2018 Natural Gas Rate Review

## Investing in Connecticut – and the Future

*Eversource is always working to serve you better. We know that access to safe, clean, reliable energy is vital to every moment of your life. It makes Connecticut a premier location to live, work and do business.*

*On May 11, 2018, Eversource notified the Connecticut Public Utilities Regulatory Authority (PURA) of its intention to request an increase in natural gas distribution rates. A significant amount of this request is to recover and continue investments in the natural gas system. These investments, recovered through the delivery portion of your gas bill, are crucial for the delivery of safe, reliable energy to the people and places we serve.*

*The LOI proposes a revenue increase of \$86 million over three years. If approved, the average increase for natural gas customers would be 9.2%, beginning January 1, 2019; 3.7%, beginning January 1, 2020; and 2.9% beginning January 1, 2021. Rate changes for some customers will be lower and others higher based on their usage and rate type.*

*We've prepared this Fact Sheet to explain what's in our rate review proposal. No one likes a rate increase, and we're committed to sharing why the dollars we are requesting are so important today, and for the future of customers, communities and the environment we all share.*

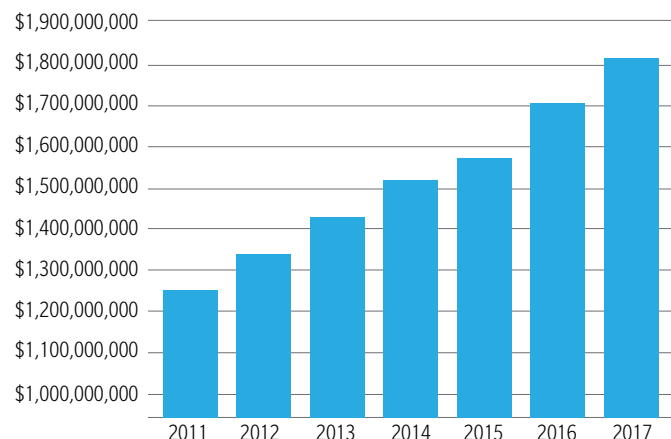
### Investments in Safety and Reliability

Eversource's investments in replacing old natural gas infrastructure are vital to the delivery of safe, reliable energy for the people and places we serve. The proposed distribution rate request enables us to accelerate old pipeline replacement to increase safety and reliability while reducing emissions.

- Pipelines made from cast iron and bare steel need replacement due to cracking and breaking that has occurred since their installation in the 1900s.
- Eversource operates and maintains 3,370 miles of Connecticut natural gas infrastructure. About 9.5% of it is comprised of these older, leak-prone materials.
- We've already made great progress, replacing about 145 miles of leak-prone gas main, with 175 more to go. In total, Eversource operates and maintains 3,370 miles of natural gas pipelines in 73 communities.
- Investments make it possible for Eversource to interconnect local pipelines, providing additional paths for gas to flow. This redundancy makes gas outages even less likely, which means better reliability for customers.

### \$560 million in New Infrastructure Investments in Connecticut 2011-2017

Total Gross Plant In-Service (\$)



- Since our last litigated rate case in 2011, we've made significant investments to replace aging and leak prone infrastructure and to increase the safety, reliability and service quality provided to customers.
- More than \$560M expended since last rate case (through year end 2017).

## Rate Review Process

### What is a "rate review"?

**In Connecticut, a rate review – or rate case – is a regulatory proceeding conducted by PURA to independently review a utility's proposal to adjust distribution rates.**

The rate review process has several steps to ensure transparency, and is an opportunity for public input. This process can take up to six months from the filing of the official application.

- A Letter of Intent (LOI) is filed with PURA and other officials to provide notice of the total dollar amount and percentage increase for all customer types.
- Between 30 and 60 days later, an official application, which details projected changes by customer type, is submitted to PURA.
- Other interested parties (docket participants) ask questions in writing. These are called "data requests."
- PURA and Connecticut's Consumer Counsel conduct independent financial audits.
- Customers are notified of public hearing dates by Eversource through a bill insert.
- Public hearings, led by PURA, are held.
- All parties to the rate review may file legal briefs with their recommendations or other points of view.
- A draft decision is issued by PURA.
- Interveners may provide comments, called written exceptions, and make additional oral arguments.
- A final decision is issued, which includes a date when/if the new rates may be put in place.
- If approved, new rates become effective on January 1, 2019.

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### Investing in Connecticut – and the Future

#### Investments in Communities

Access to clean, reliable energy is vital to Connecticut's future.

Eversource's natural gas system investments of \$560 million are powering possibilities:

- When Eversource pays higher property taxes, communities grow.
- Natural gas is a clean, efficient energy choice, and 20,000 new Connecticut customers have embraced it since 2011.
- Gas burns cleaner than other fossil fuels, and replacing leak-prone pipes helps our environment.
- Natural gas is a reliable energy foundation to support a transition to wind or solar – a Connecticut priority that Eversource supports.

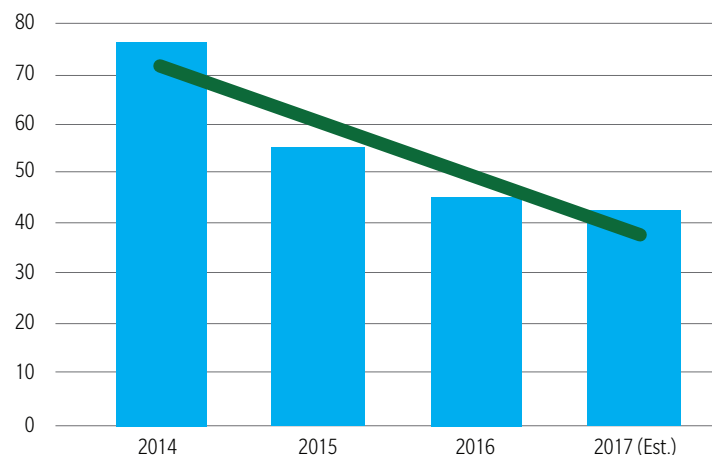
#### Smart Investments to Manage Costs

Natural gas system investments reduce many costs, which results in savings to customers.

- As Eversource investments have increased, operations and maintenance costs have remained stable.
- Our focus on adding new gas customers drives savings. Allocating operating costs across more customers helps every customer.

#### Sustained System Investments Provide Improved Reliability and 45% Leak Reduction

Number of Low-Severity (Class 2) Leaks



#### Solutions for Savings

We're proud to be recognized as the #1 U.S. utility for energy efficiency programs by the sustainability advocacy organization Ceres. Connecting customers to solutions for savings is one of our favorite ways to serve. Customers are encouraged to visit [Eversource.com](http://Eversource.com) and explore our Save Energy and Money section that describes generous energy efficiency rebates and incentives.



Eversource's investments in replacing old natural gas infrastructure are needed for the delivery of safe, reliable energy for the people and places we serve. While we've replaced approximately 145 miles, we still have 176 miles of leak-prone gas main to replace.



Adding new gas customers is an important part of stabilizing gas distribution costs. At a recent Informational Open House hosted by Eversource, approximately 150 residents came to learn about switching to natural gas.