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Further Information: Brian Flaherty, (860) 757-7771
Web: www.crra.org

DPUC Grants CRRA an Electric Supplier's License

Pace: 'Important Step' in Replacing Mid-Connecticut Project Revenue

HARTFORD, November 8, 2002 – Marking what could be, in the words of Chairman Michael A. Pace, “an important step in potentially bringing new revenue to CRRA’s Mid-Connecticut Project,” the Connecticut Department of Public Utility Control (the “DPUC”) has issued a decision granting CRRA an electric supplier license. The decision, issued November 6, 2002 permits CRRA to sell electricity (including, potentially, electricity generated at the Mid-Connecticut Project) directly to retail customers.

The DPUC states in the Decision that “[t]he record shows that CRRA intends on utilizing qualified vendors that have the resources and expertise necessary to successfully procure and deliver power, interface with electric distribution companies and provide customer service...Contingent upon utilizing [that] support, the Department finds that CRRA has sufficiently demonstrated its technical capability ... to operate as an electric supplier in Connecticut.”

Before Enron declared bankruptcy, CRRA sold a portion of the electricity generated at the Mid Connecticut Project to Enron. The Enron Bankruptcy required CRRA to consider alternative markets for that electricity.

License was recommendation of ‘Cibes Panel’

The notion of CRRA selling electricity to a governmental entity such as the state or a municipal aggregator came from the report issued in March 2002 by the CRRA Advisory Panel, appointed by the Governor to recommend ways for CRRA to rebuild after the Enron bankruptcy. The three-member panel was comprised of Connecticut State University Chancellor William Cibes, Richard Gray, and Richard Orr. One of its financial recommendations stated:

The State [of Connecticut] should purchase power from the Mid-Conn project of CRRA. In order for CRRA to sell to the State, it should seek and obtain from the DPUC a Certificate of Public Convenience and Necessity to become a “supplier,” which would mean CRRA is authorized to sell [power] at the retail level.

“This represents an important piece of our plan to put CRRA back on its feet,” stated Pace, who also serves as First Selectman of Old Saybrook. “It provides us with a potential new revenue stream for the power we generate, and the ability to stabilize our trash disposal fees.”

Pace added that the new CRRA Board of Directors, which took over June 1 of this year, is preparing its financial restructuring plan for submission to the General Assembly on December 31, 2002.

“This is by no means a sure thing,” Pace cautioned, “but taken with the other Cibes Panel recommendations we have employed—such as cutting Mid-Connecticut Project expenditures by 10 percent—this could be a key element to our restructuring plan.

“Speaking for the Board, we are proud of the CRRA staff who labored intensively to put this application together, and carry it through the DPUC process,” Pace added.