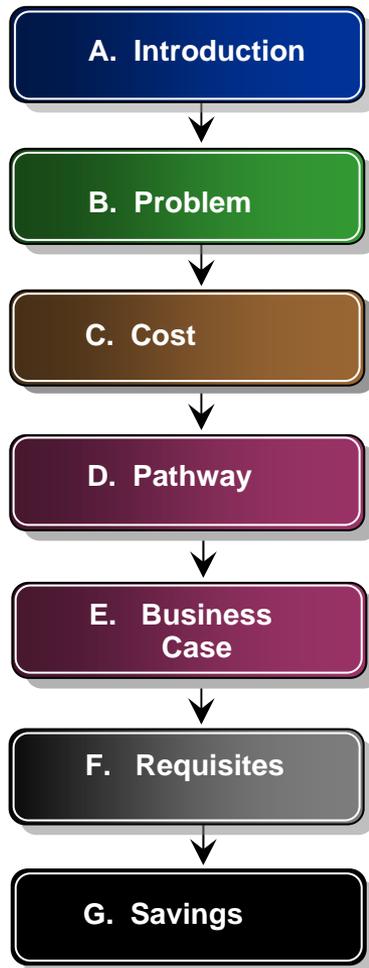


The Benefits of a Revenue Protection Program



Agenda

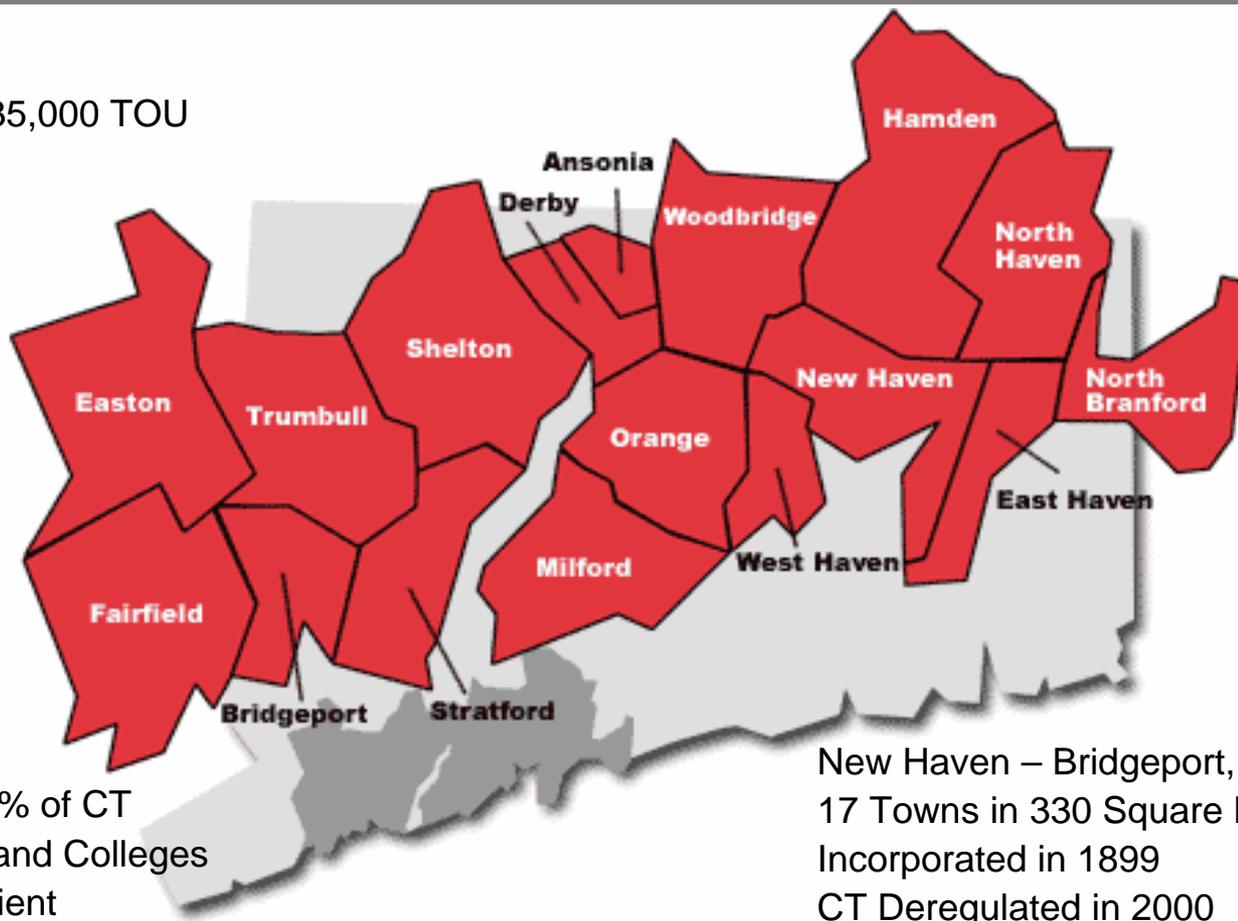


- A. Introduction and Company Profile**
- B. Understanding the Problem**
 - What is Utility Theft – Revenue Loss
 - Where can it be found
- C. Cost**
 - Attempts of Theft
 - Who Wins, Who Loses
- D. Pathway to Recovery**
 - Revenue Protection
 - Components of Revenue Protection
 - What UI is doing to combat Revenue Loss
- E. Setting up the Business Case**
- F. Requisites**
 - Getting Started/Planning/Examining Cost/Determine Workload and Staffing
- G. Savings and Cost**
 - Forward Staffing
 - Annualized and Aggregated Revenues
 - Anticipated Recovery and Cost

A. Introduction

Company Profile

320,000 Accounts
288,000 Residential, 35,000 TOU
32,000 Comm./Indus.
20% Delinquent
40% Indoor Meters



726,000 People – 21% of CT
7 Major Universities and Colleges
1/3 Population Transient

New Haven – Bridgeport, CT
17 Towns in 330 Square Miles
Incorporated in 1899
CT Deregulated in 2000
Wires Only Co. - No Generation

Understanding the Problem

Utility Theft

The theft of electric service is an issue that plagues utilities across the nation and abroad.

- Energy Theft is a public safety issue. Fires can be the result of people tampering with electricity and gas meters.
- Most instances discovered and corrected can include real shock to the perpetrators, and often innocent family members, friends, and neighbors.
- Tampering may also leave exposed electrical parts, which could electrocute others in the house.



*Interfering with power supplies **is not only dangerous** but could **invalidate household insurance policies!***

Understanding the Problem

- Offenders fall in to many categories
 - While it is fair to say that some people who steal have little money and are desperate,
 - Many can well afford to pay their bills. They steal because they think that they can get away with it.
 - Meter interference by those involved in the cultivation of illegal drugs is a major problem.
- **Billions** of dollars go unrecovered from Utilities annually.
- Besides the fact that energy theft is a crime, it also creates an undue burden for ratepayers, to whom the cost associated directly with stolen energy is often passed to.

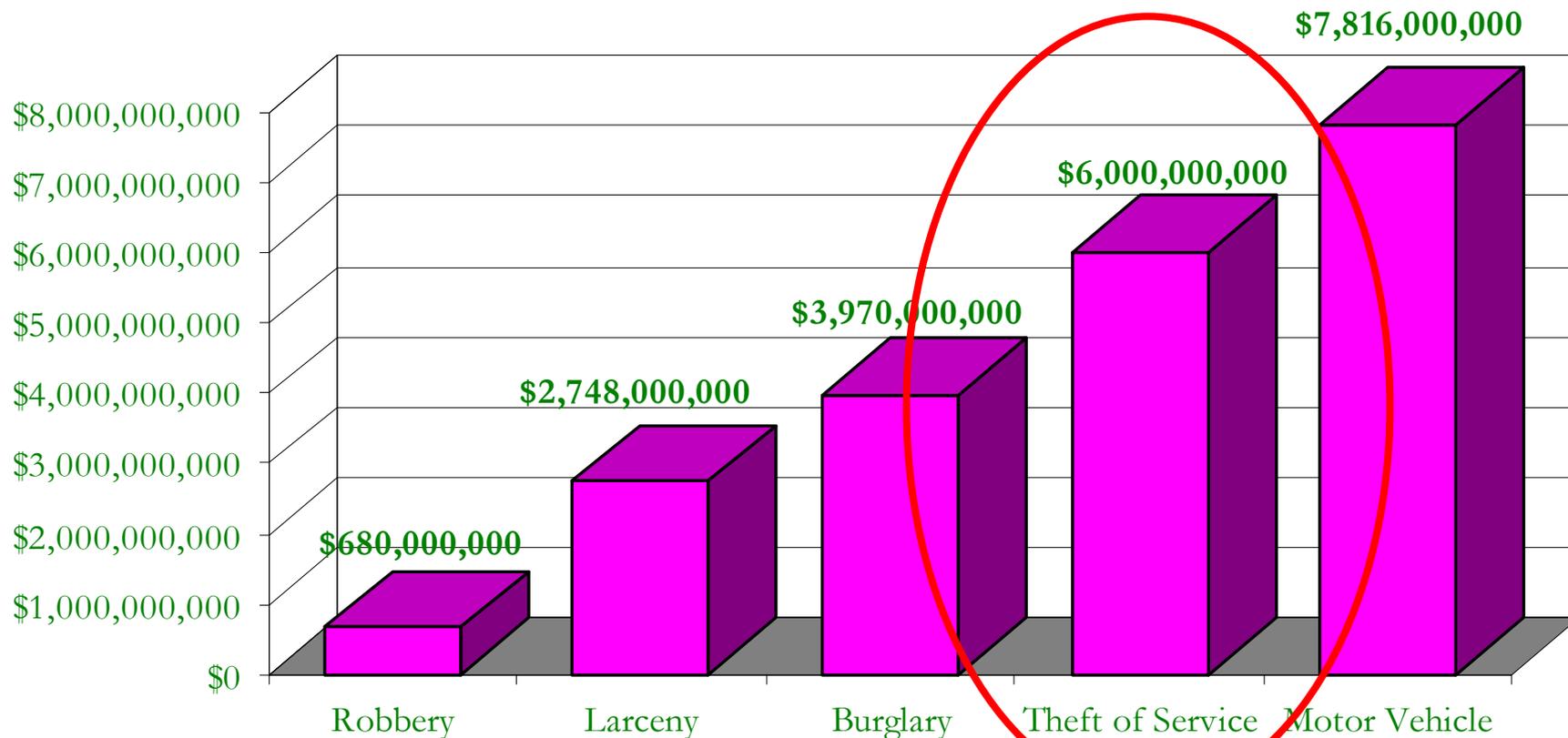


Utility Theft as it relates to other Crimes

B. Problem

Theft of Utility Service vs. Cost of Crimes to Victims

(US Dept of Justice)





B. Problem

Utility Theft - Revenue Loss

WHERE CAN IT BE FOUND?

- **Service Diversion**
 - Circumvention of the Meter
 - By-Pass
 - Connecting at any point ahead of the metering scheme
 - Reversing the wiring on one or more phases in 3 phase metering
- **Fraud Activity**
 - Identity Theft
 - Fraudulent applications
- **Access Refusal to Disconnect**
 - For Non-Payment
 - For Unauthorized Use with no Customer of Record
- **Bad Checks**
- **Meter Tampering**
 - Manipulation of the Meter / Equipment
 - Use of Magnets
 - Retarding Meter Disc Rotation
 - Tampering with the recording Mechanism
 - Fast / Slow Adjustments
 - Reversing / Breaking CT lead wires
 - Bypassing neutral other forms of grounding
 - Using earth ground as neutral
 - Grounding of Potential to cause 50% Registration

B. Problem

Utility Theft - Revenue Loss

Revenue Loss can occur from Non-illegal acts



B. Problem

Examples of Non-Theft Revenue Loss Areas

- ✓ *Defective Equipment*
- ✓ *Improper Wiring*
- ✓ *Incorrect Metering*
- ✓ *Unmetered Locations*
- ✓ *Employee Error*

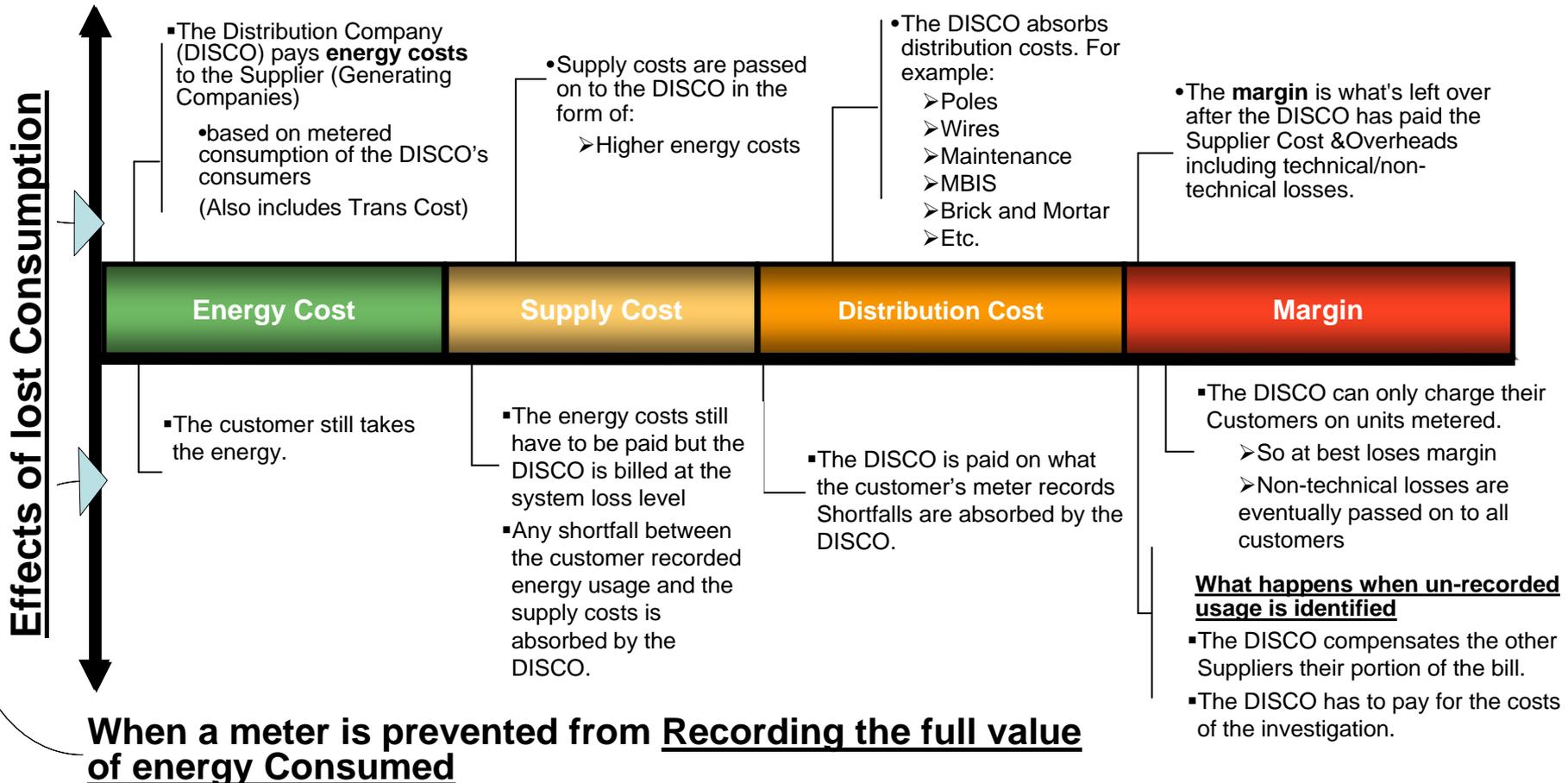
- Defective meters, CT's, PT's or incorrect wiring – Even company errors!!
- “Stopped” meters:
 - Burnt out pot coils
 - No display on solid state meters
- ERT/Dial Mismatches
- Authorized by Company – Installed Jumpers

Who Wins, Who Loses

When Electricity Consumption Is Not reported

C. Cost

A Customer Bill is comprised of (Energy Cost, Supply Cost, Distribution Cost, and Margin)



Who Wins, Who Loses

When Electricity Consumption Is Not reported

A customer's bill is comprised of:

- Supplier: Provides energy to the Distribution Company (wires company). Supplier costs include generation for metered load, transmission costs and technical/non-technical losses.
 - **Supply costs** are passed on to the Distribution Company through energy costs.
- Distributor: Absorbs overhead costs (poles, wires, maintenance, MBIS, brick & mortar, etc.) and pays suppliers for metered load.
 - **Includes technical/non-technical losses**
- Customer: Pays for the energy they consume. The Energy Price is set by the supplier. The Distribution Price is set by approved rates.
 - **Technical/non-technical losses contained within the rates**

Who Wins, Who Loses

When Electricity Consumption Is Not reported

What happens when a meter is prevented from recording the full value of energy consumed?

- The “customer” still takes the energy. The Distribution Company is billed at the system loss level.
- The Distribution Company is paid on what the customer’s meter records
 - The shortfall is absorbed by the Distribution Company.
 - Non-technical losses are increased & are eventually passed on to all customer’s in the form of higher rates

What happens when unrecorded usage is identified?

- The Distribution Company compensates the other Suppliers their portion of the billing
- The Distribution Company pays for the costs of the investigation



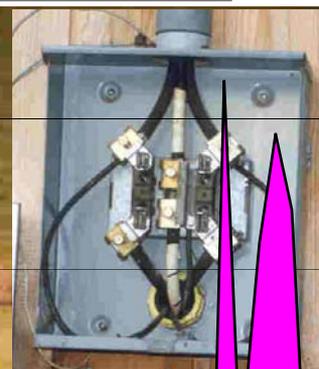
Industry changes as Technology changes

- **As technology improves** it will uncover material weaknesses in company revenue streams
- Automation has resulted in less field inspections
 - Higher risk for revenue loss
- Higher prices result in more theft occurrences
- **Illegal Drug Activity is increasing at an alarming rate**
 - Energy Diversion is Necessary for Hydroponics Activity

C. Cost

Attempts of Theft

Consumption History Upscale Residential Homes



C. Cost

Attempts of Theft



False Wall

Hidden room built Under Foundation



Six Heat Pumps



C. Cost

Attempts of Theft

KWHRS

1500

1350

1200

1050

900

750

600

450

300

150

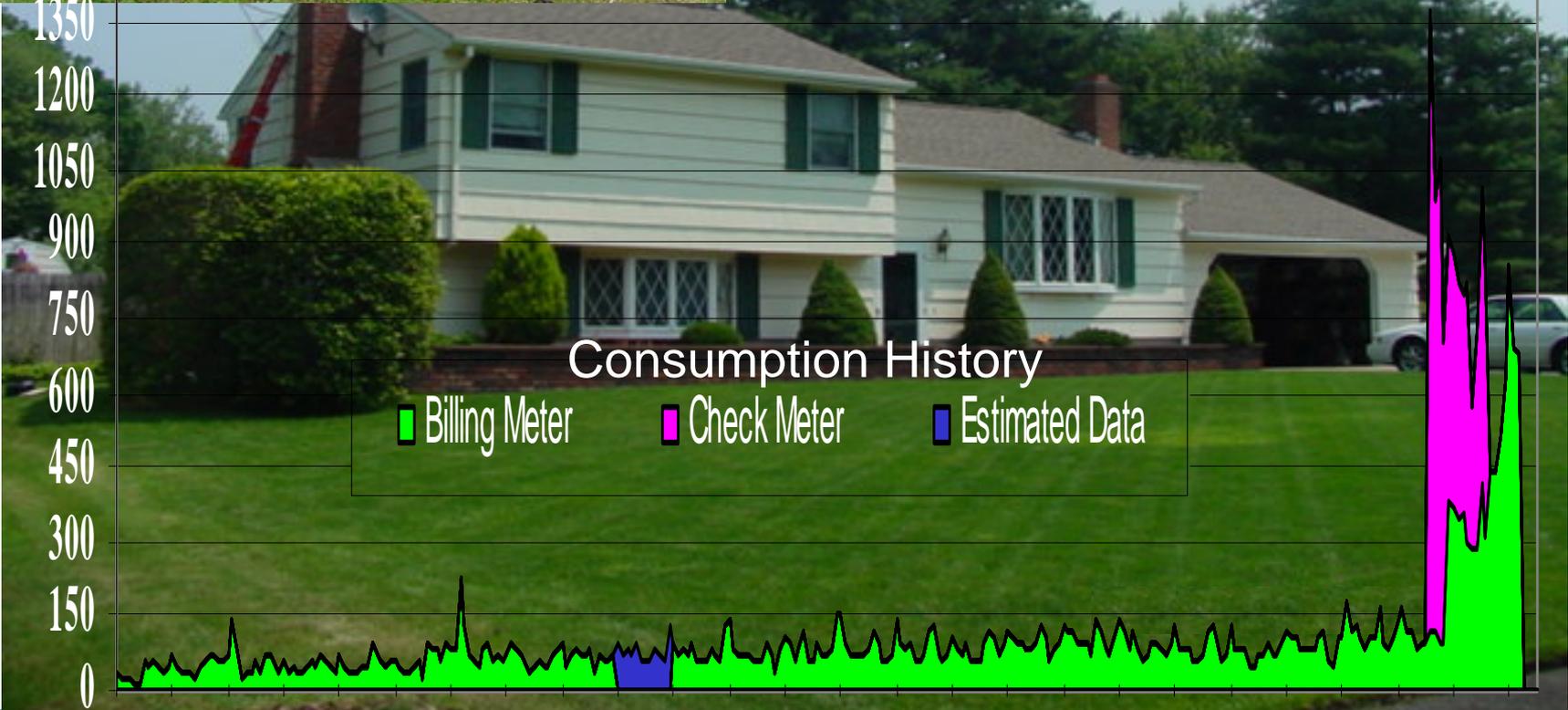
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Consumption History

Billing Meter

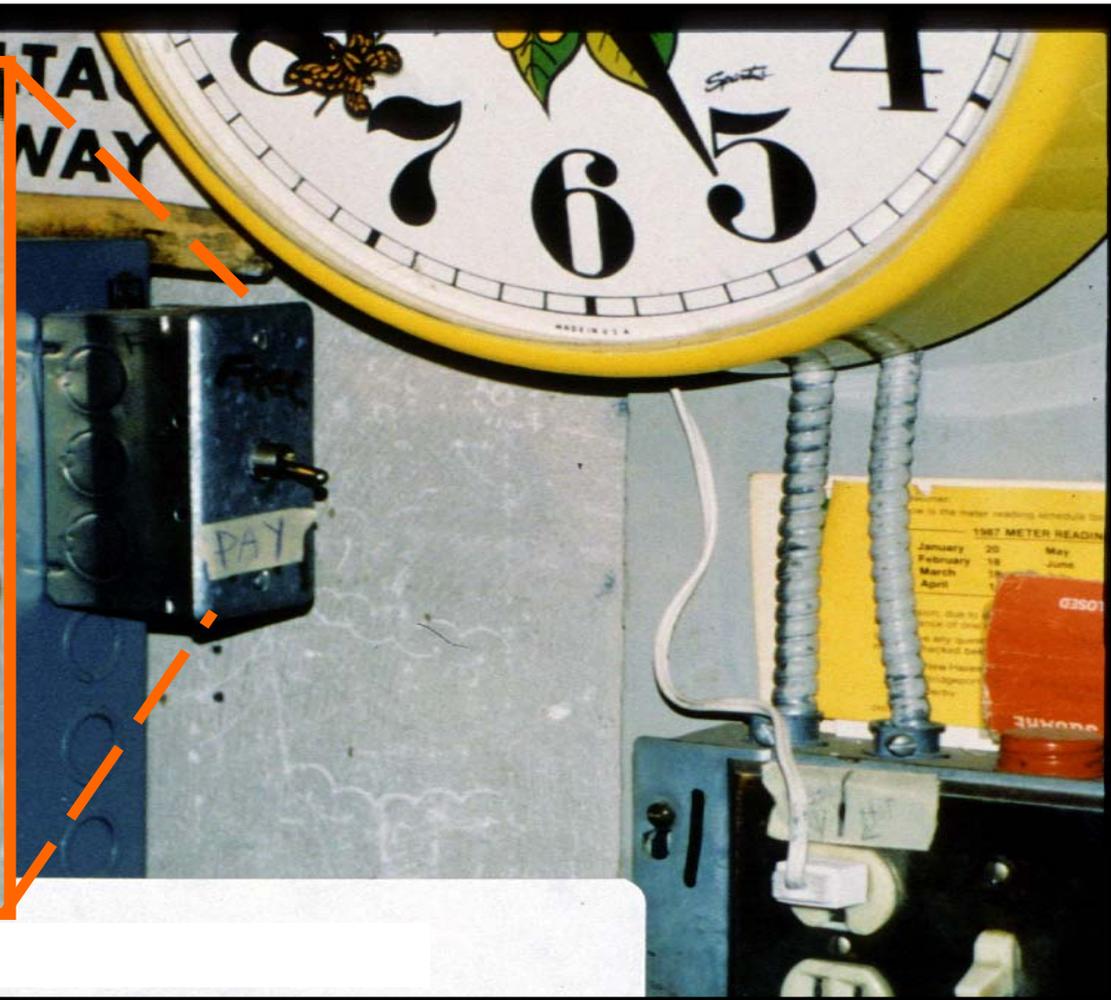
Check Meter

Estimated Data



C. Cost

Attempts of Theft



Free Pay Switch

Revenue Protection

Revenue Protections main thrust is to address theft and revenue loss issues primarily arising from reported incidences from Field Personnel and from Call Center representatives. **But that's not where it ends, there are other opportunities to utilize revenue protection efforts to maximize revenues.**



It doesn't matter if Revenue Loss is from Illegal Actions or Not. **It needs to be Stopped.**

Utilities have an obligation to address these issues in the interest of their ratepayers!



Revenue Protection

Assists in Reducing Uncollectibles

Question:

- Who bears the cost of Uncollectible usage if they are written off?

People who are most affected:

- Hardship customer
- Low Income customers
- Fixed Income customers
- People who can't afford it

IT AFFECTS EVERYONE!

**Revenue Protection will work with the Collection Dept.
to reduce Uncollectibles**

Revenue Protection For Theft cases

- Recognize the types of non-technical losses
- Determine signs of theft
- Establish a program
- Conduct an investigation
- Gather control evidence
- Calculate and collect lost revenue
- Document and write energy theft reports
- Provide testimony in litigation and regulatory hearings



Revenue Protection

What UI is doing to combat Revenue Loss

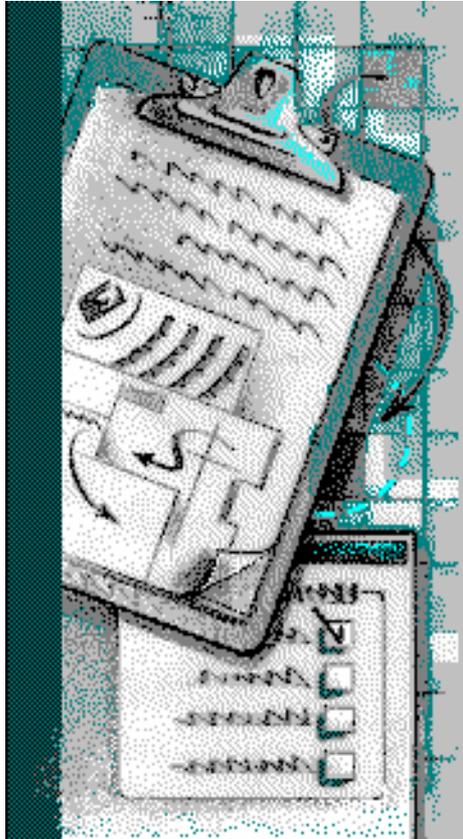
United Illuminating is taking a proactive stance on Revenue Loss Issues. It is our goal to reduce these losses thereby keeping rates from reflecting ANY theft related losses.

UI is developing a unique set of tools and processes that enhance and streamline current revenue assurance activities, thereby offering a solution to address revenue loss issues. Areas of Focus:

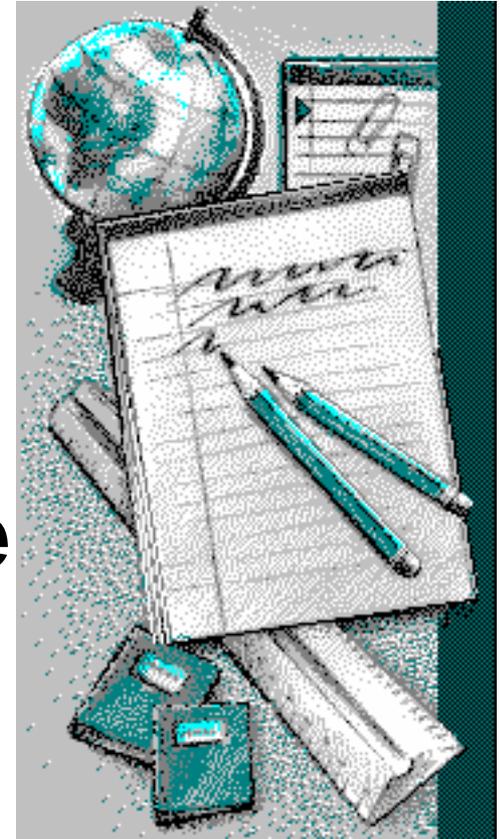
- **Locking & Sealing program**
 - Numbered & bar-coded seals tracked by mainframe
- **Ground Level Inspectors**

This solution builds upon UI's current programs and provides an analytical and automated method to detect and manage cases where electricity is not properly compensated for.

Business Case



**Understanding
How
The Business Case
was Compiled**



Compiling The Business Case

- **Executive Summary:**
 - 1 page summary of the Business Case
- **Business Case**
 - Examine the past success of Revenue Protection using that as the framework to move forward
 - Discuss Opportunities: What can Revenue Protection do that isn't being done today
 - Describe Costs: What it will take to do it
 - Show the projected financials
 - Determine - At what point do returns diminish
 - Show the bell curve
 - Use Graphs



E. Business Case

Examine Past Successes

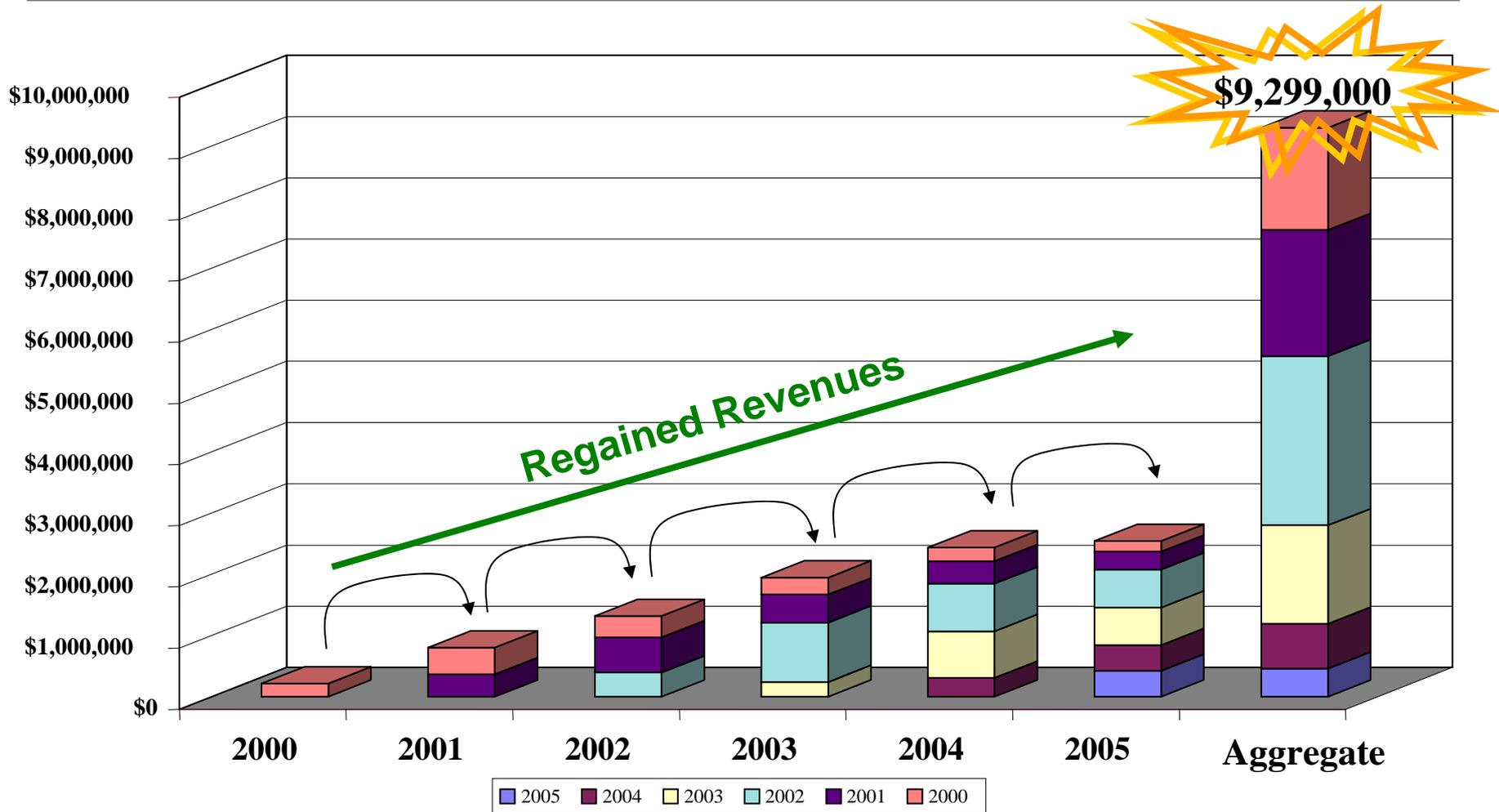
Revenue Protections main thrust is to address theft and revenue loss issues primarily arising from reported incidences from Standard Field Techs and from CRC representatives.

<u>Year</u>	<u>Field Investigations</u>	<u>Staffing</u>	<u>Fully Loaded Costs</u>	<u>Retroactive Billings</u>	<u>Re-Secured Revenues</u>	<u>Return on Investment</u>
2001	715	3.0	\$491,090	\$367,618	\$573,526	53.28%
2002	688	3.5	\$481,486	\$395,323	\$971,882	92.85%
2003	906	3.5	\$410,530	\$239,024	\$760,438	73.58%
2004	237	2.5	\$448,338	\$307,686	\$424,411	66.05%
2005	<u>657</u>	<u>3.0</u>	<u>\$562,667</u>	<u>\$484,507</u>	<u>\$672,093</u>	135.42%
5 Yr Ave	641	3.1	\$478,822	\$358,83	\$680,470	84.97%
Backlog @ 25%	160			\$89,707	\$170,117	



E. Business Case

Aggregated Revenues 2000-2005 Past Success



Opportunity and Desired Outcome

Opportunity

- **To Increase Revenues**
 - **From Billed / Uncollected Accounts**
 - **From Metered / Unbilled Locations**
- **To Reduce First Time Lockouts**
 - **Landlord Information**
 - **Access Legislation**
- **Address Potential Safety Hazards by Reducing Illegal Wiring Conditions**

Desired Outcome

- **Approval to Increase Staffing to Address**
 - **Access / Landlord Issues**
 - **Fraud / Identity Theft**
- **Approval to Enhance Current Systems**
- **Approval to Acquire New Reporting Systems**
- **Approval for ID Verification & Bad Check Processing**

Opportunity

Billed / Uncollected Accounts

- A review of our collections efforts showed a maximum effectiveness was achieved by the third attempt to disconnect for non-payment
 - Intervention by Revenue Protection at that point was assumed to have a 20% success rate on the remaining balance of uncollectibles
- Accounts where proper ID was not received results in field orders to disconnect. An assessment of unsuccessful attempts to disconnect reveals up to 15% of this population remained active
 - A 20% success rate was considered at an average of \$150 per location (3 months of billing)

Opportunity

Metered Unbilled Locations

- A review of metered unbilled losses was split into 3 categories
 - >5,000 kWhrs
 - 2,000 – 5,000 kWhrs
 - <2,000 kWhrs
- A 25% success rate was assumed on the 2 categories above 2,000 kWhrs
 - Utility service would be disconnected
 - The assumption included backdating customers into these locations
 - Customers would not be instated until payment was received up front for those services

Opportunity

Reported Diversions

- Examination of the past 5 years provided an average of the number of diversion reports sent to Revenue Protection as well as the average number of reports completed on a yearly basis
 - The current backlog of reports revealed an additional 25% of the average existed.
 - Using a 5 year average of billings per account suggested additional revenues that were available but placed “on hold”
- Given the increasing costs of energy a nominal 5% increase in revenues and field activity was projected
 - Following a reasonable bell curve this increase was projected over a period of four (4) years then a slow decrease was projected over the following four (4) years until a “maintenance” phase exists

Opportunity Commercial Audit

- A complete audit of our system occurred in the mid 1980's
 - All C&I accounts were inspected and secured with HD Locking devices
 - An operating procedure verifying all wiring & multipliers was adopted and utilized for all transformer meter installs and exchanges
- All C&I metering was exchanged during a system wide deployment of AMI metering
- In 2006 an outside company was brought in to perform an audit of our C&I metering
 - We wished to correct any anomalies missed during these prior visits with the intention of validating our C&I metering systemwide



E. Business Case

Opportunities Financial Impact

REVENUES

	<u>Illegal Use</u>	<u># Accounts Worked</u>	<u>Billing per Account</u>	<u>25% Success</u>	<u>Anticipated Billing</u>	<u>Anticipated Secured</u>
\$250,000	20% > 5,000 Kwhrs (200 accounts)	200	\$1,250	\$312.50	\$62,500	\$93,750
<u>\$125,000</u>	30% 2,000-5,000 Kwhrs (300 accounts)	<u>300</u>	<u>\$417</u>	<u>\$104.17</u>	<u>\$31,250</u>	<u>\$46,875</u>
<u>\$375,000</u>	25%	<u>500</u>	<u>\$750</u>	<u>\$187.50</u>	<u>\$93,750</u>	<u>\$140,625</u>
\$70,000	50% < 2,000 Kwhrs (500 accounts)	500	\$140	\$14.00	\$7,000	\$10,500

	<u>Disconnect Non-Payment (DNP)</u>	<u># Accounts Worked</u>	<u>Billing per Account</u>	<u>20% Success</u>	<u>Anticipated Billing</u>	<u>Anticipated Secured</u>
\$800,000		1,000	\$800	\$160	\$160,000	\$240,000

<u>ID Verification</u>		<u># Inquiries</u>	<u>Cost per ID</u>
<u>Cost</u>			
\$25,740	Basic Service - New	39,600	\$0.65
\$63,360	Basic Service - Enhanced	39,600	\$1.60
\$55,440	Current Cost	39,600	\$1.40
<u>\$6,000</u>	Rev. Protection Research \$3.00/per	2,000	
(\$29,700)	Savings - Basic		
\$7,920	Savings - Enhanced		

<u>Cost</u>	<u>C&I Audit</u>	<u># Accounts Worked</u>	<u>Anticipated Leads</u>	<u>Anticipated Billing</u>	<u>Anticipated Secured</u>
\$95,000		30,000	40	\$60,000	\$90,000



E. Business Case

Opportunities Financial Impact

<u>Initial Phase</u>	<u>Retroactive Billings</u>	<u>Re-Secured Revenue</u>	<u>Return on Investment</u>	<u>Diversion Reports</u>	<u>System Reports</u>	<u>Additional Personnel & Equipment</u>	<u>Ed., Training, & System Enhancement</u>	
2006					(Backlog)			
Standard Backbilling Billing from Backlog (160 Reports)	\$360,000	\$675,000		641	160	Current Salaries 3 - Field Investigators 3 - Office Support	\$20,000 (Lockout Database)	Systems
Illegal Usage Report (250 accounts)	\$90,000	\$135,000			500		\$4,700	Training
(250 accounts)	\$47,000	\$50,000				\$427,736	\$5,000	OS Train'g ID Check
DNP Locations (250 accounts)	\$3,500	\$5,000						
C & I Audit	\$80,000	\$80,000			500	3 Vehicles/Equip.	\$50,000	C & I Audit
	\$50,000	\$75,000					\$10,000	Workflow
Projected Total Year 2006	\$630,500	\$1,020,000	68.48%	1801.25		\$63,600	\$69,700	
2007								
Standard Backbilling ID OFF Orders (140) (28 @ \$150 ea.)	\$472,500	\$850,500		841	140	Current Salaries 3 - Field Investigators 3 - Office Support	\$150,000 (Display, Hist. & Lind Data)	Systems
Illegal Usage Report (500 accounts)	\$4,200	\$6,300					\$12,700	Training
(500 accounts)	\$93,750	\$140,625			500	\$664,620.00	\$10,000	OS Train'g
(500 accounts)	\$7,000	\$10,500			500		\$6,000	ID Check
DNP Locations	\$160,000	\$240,000			1000	Vehicles/Equip.	\$45,000	C & I Audit
C & I Audit	\$45,000	\$67,500					\$10,000	Workflow
Projected Total Year 2007	\$782,450	\$1,315,425	60.47%	2981		\$1,000	\$83,700	
2008								
Standard Backbilling ID OFF Orders (140) (28 @ \$150 ea.)	\$496,125	\$893,025		883	140	Current Salaries 3 - Field Investigators 3 - Office Support	\$10,000 (History Maintenance)	Systems
Illegal Usage Report (500 accounts)	\$4,200	\$6,300					\$12,700	Training
(500 accounts)	\$93,750	\$140,625			500	\$704,497	\$10,000	OS Train'g
(500 accounts)	\$7,000	\$10,500			500		\$6,000	ID Check
DNP Locations	\$176,000	\$264,000			1100	Vehicles/Equip.	\$15,000	C & I Audit
C & I Audit	\$15,000	\$22,500						
Projected Total Year 2008	\$792,075	\$1,336,950	70.89%	3123		\$1,060	\$43,700	

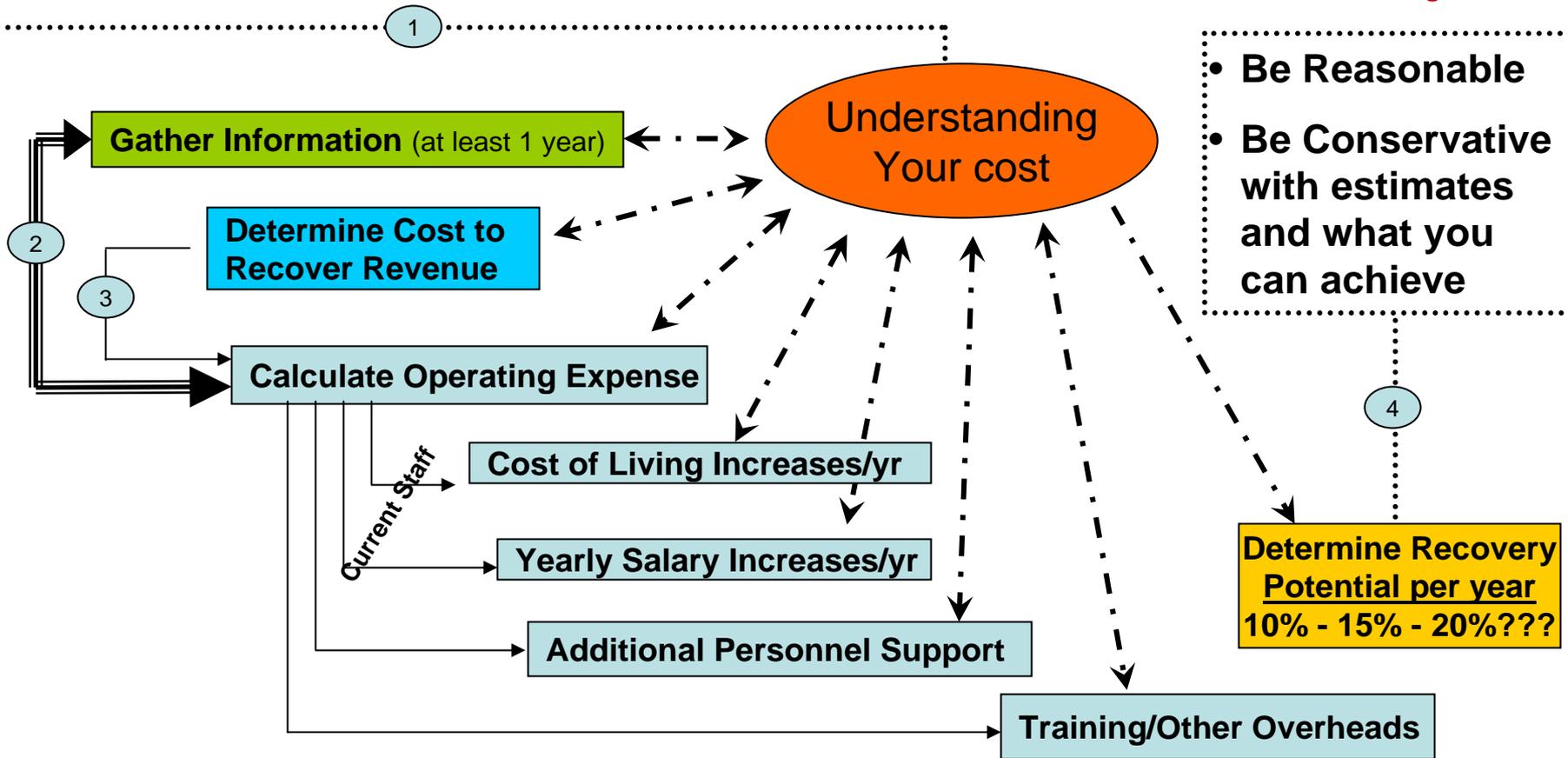
Projections through Year 2016



Revenue Protection Getting Started

E. Requisites

“You don’t know where you are going - until you know where you have been”
George Balsamo



Planning Summary



- Provide adequate staffing, systems, equipment and other resources to effectively address all revenue loss issues
 - Staffing to increase to address all lockouts caused by DNP, GCN & ID OFF orders and to address issues of mail fraud, returned checks and identity theft.
 - Systems and information resources required as per staffing.
-
- Associated vehicles, tools, equipment and other as per staffing.
 - Appropriate training, awareness programs, advertisement and similar expenses as required.
 - Maintain a breakeven or better after tax rate of return throughout this process.

Staffing and Other Costs

- Review current staffing levels and associated costs
 - Add additional staffing and costs that can be changed as needed
 - Allow a 6% salary increase per year to accommodate for base raises and yearly evaluation increases

- Factor in additional vehicle expenses & maintenance
- Include the necessary training for new and existing personnel

- Meter schools, certification courses, Revenue Protection conferences and training seminars
- Internal training
 - Systems
 - Safety
 - Metering

- Staffing - Management
 - 3 – Investigators
 - Vehicles, Tools & Equipment
 - 3 – Office Personnel (paralegal)
 - Office Space, Terminals, Supplies
- Training
 - Revenue Protection Training for all Personnel
 - NURPA – IURPA Conference & Training seminars
 - IURPA Certification Programs
 - ECNE Meter & Revenue Protection
 - ECNE Meter School – Technology in Transition
 - Systems & Program Training

E. Requisites

Examine Staffing Costs

Expenses

\$225,000
 \$132,000
 \$198,000
 \$72,000
 \$627,000 Per Year Total

Staffing

Current
 Office - Level 4
 Investigator - Level 4
 Senior Office - Level 5

New Staffing : Salary
 2 \$66,000
 3 \$66,000
 1 \$72,000

Formula Base – automatically
 Calculates expense based on
 Staff levels.

\$402,000 2006 Additional Salaries (Total)
 \$426,120 2007 (6% increase)
 \$451,687 2008 (6% increase)
 \$478,788 2009 (6% increase)
 \$507,516 2010 (6% increase)

Annual Increase @ 6% (Investigator)

\$69,960
 \$74,158
 \$78,607
 \$83,323

Vehicles/Equip.

\$60,000 3 @ \$22,000
 \$3,600 3 @ \$1,200
 \$63,600

Education & Training

\$3,000 IURPA 3/year @ \$1,000
 \$2,700 NURPA 3/year @ \$900
 \$3,000 Certification 2/year @ \$1,000
 \$2,000 ECNE Master School 2/year @ \$1,000
 \$2,000 Office Training 2/year @ \$1,000
 \$12,700

Outside Awareness Training

\$100 person Law Enforcement, Officials, Prosecutors, etc

System Enhancement - SAP

\$50,000 Chronologic Display Screen(s)
 \$50,000 Retrievable Historical Data
 \$50,000 Landford Database
 \$20,000 Lockout Database

System Enhancement - Other

\$10,000 Workflow



E. Requisites

Determine Workload

OFFICE					
<u>Avg. Completion Time</u>	<u>Order Type</u>	<u># Orders</u>	<u>Total Minutes</u>	<u>Total Hours</u>	<u>Total Days</u>
30	Order Entry - Backdate T/On	500	15,000		
15	Order Entry - IDOFF	100	1,500		
5	Order Entry - INVTOS	500	2,500		
5	Order Entry - INVMN, INVRR, etc.	1,000	5,000		
	Scheduling & follow up of Illegal Usage & all field orders (240 work days)	240	28,800		
120	LLND Research	1,000	15,000		
15	LLND letters	1,000	5,000		
5	Record Mgt (llnd's, access info)	1,000	5,000		
5	Case Mgt	2,500	25,000		
10	Phone Contacts	3,000	45,000		
15	Field Contacts - Provide Info	1,000	10,000		
10	Field Contacts - Gather Info	1,000	10,000		
10	Contact w/ customers, landlords, etc.	500	15,000		
30	Research (Fraud)	500	60,000		
120	Research (Other-Illegal Use,GCN, DNP)	500	30,000		
60	Billing review & calculation	500	15,000		
30			287,800	4,547	568

<u>Material Impact</u>	<u>Orders</u>	<u>Hours Worked</u>
\$3,598 10% Reduction in GCN & DNP orders (Grade 6 \$24.31/hr)	200	100
\$3,393 2005 Bad Check Letters = 181	181	
\$9,050 2005 Potential Revenue from Check Procedure	181	(\$50/account based on avg. monthly billing)
\$17,989 DNP Orders > 3 Lockouts (Grade 6 pay + 48% benefits)	1000	500
\$29,700 Savings on Instant ID		
\$200,000 Reduced Losses from DNP's Accessed (Wholesale)	(160,000 Billed + 240,000 Secured)	
\$125,000 Reduced Losses from Illegal Usage Accessed (Wholesale)	(100,000 Billed + 150,000 Secured)	
\$388,730		

Determine Workload

STAFFING REQUIREMENTS

AVAILABLE WORK DAYS

- 240 - Work Days
- 12 - Holidays
- 15 - Vacation Days
- 5 - Sick Days
- 6 - Inside Training / Meetings (Days)
- 4 - Outside Training (Days)

198 - Available Days // Available Hours - 1584

NEW INVESTIGATORS

<u>Avg. Completion Time (minutes)</u>	<u>Order Type</u>	<u># Orders</u>	<u>Total Minutes</u>	<u>Total Hours</u>	<u>Total Days</u>
30	IDOFF	140	4,200		
30	Illegal Usage	500	15,000		
30	DNP	1,000	30,000		
180	EDR (Average completion time - 60% of 900 EDR's shifted to new investigators)	540	97,200		
30	Misc. Work & Other lockouts (20/month)	240	7,200		
30	Town Hall	500	15,000		
	<u>Total Orders</u>	<u>2,920</u>			
15	Windshield Time (per job)		31,920		
40	Windshield Time (start/stop)		7920		
60	Office Time		11880		
30	Breaks		<u>5940</u>		
			226,260	3,771	<u>471</u>

Staffing and Other Costs

- **Outside Awareness Training**

- Law Enforcement – Local & State officials – Prosecutors – PUC
 - The more they understand the more likely they'll respond to your needs
 - Added work results in additional revenue to the company
 - Spend money to make money. These people are valuable

- **System Enhancements**

- This is your “wish list”
- What programs or formats would enhance RP's ability to decipher and address losses
 - Historical data – Landlord info – Lockout info – Unbilled usage
 - Management / Case reporting system

Systems

Mainframe

Streamlined Order Entry

- Provides Minimal Steps for Entry
- Raised Efficiency Globally

Improved Customer / Location Information

- Allows the Ability to Examine what has Occurred at that Address
(Multiple Charge Offs for Possible Fraud)

Easily Retrievable Account/Customer History

- Provides a better Picture of Customer Profile
(# Disconnects, Theft, Broken Arrangements, Bad Checks, Lockouts)

Landlord Input to Database

- Increased Access to Equipment

Bad checks

- Notify Customer (in house) when First & Second Returned Check is Received
- Do not Recognized Third Check Payment Until Check Clears
Does Not Affect the Disconnect Process
Expected Benefit \$12,000 Annually

Systems cont.

ID Verification

- **Review current ID Verification for Possible Replacement**

Provides Information from a Variety of Databases

Review current system and compare for possible cost savings

“Nickels and Dimes add up for High Volume activities”

Additional Programming

- **Multiple Lockouts**

Ability to Prioritize Biggest Offenders

- **Prioritized Information - Geographical**

Ability to Sort Data

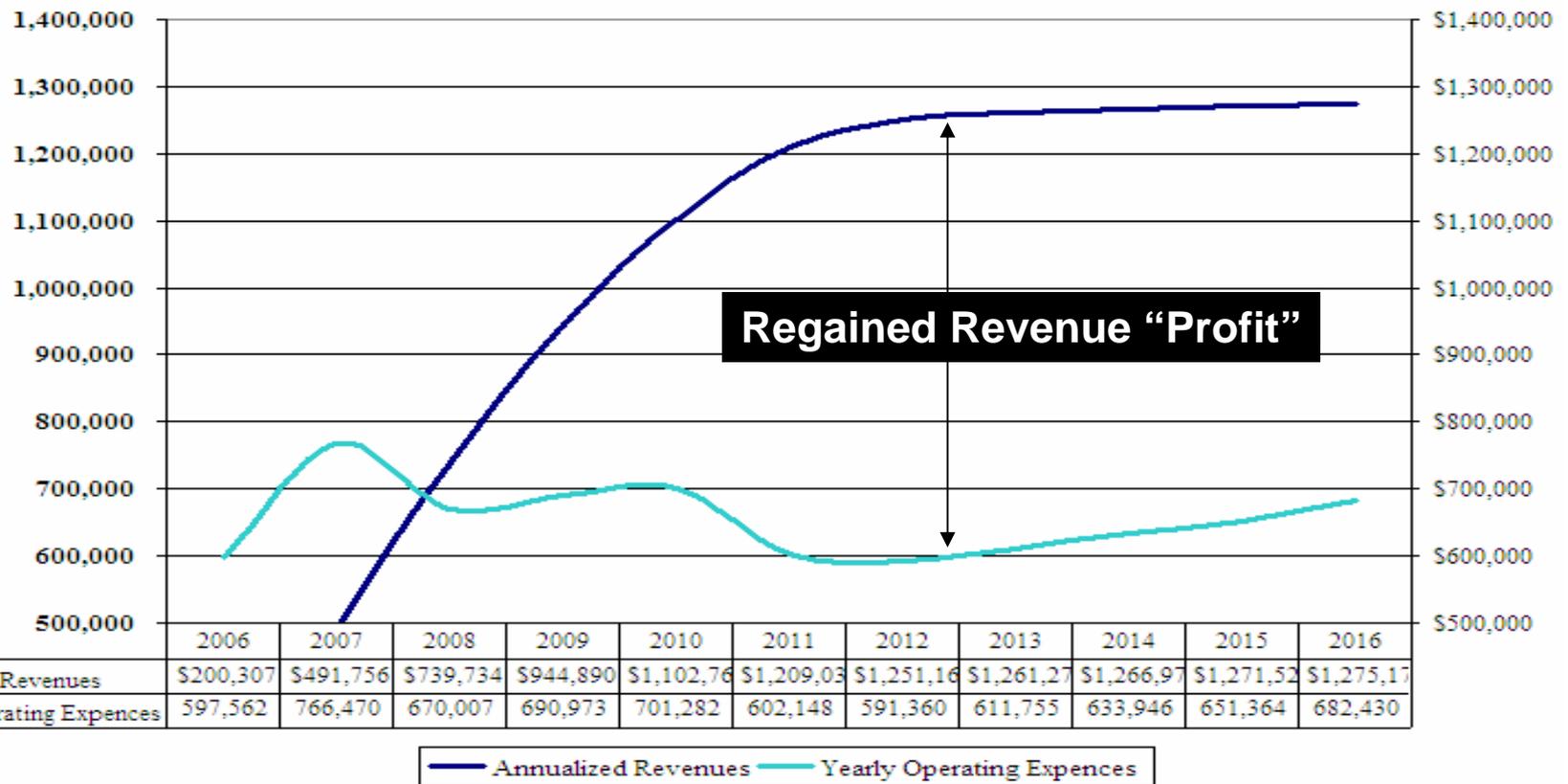
Additional Reporting Systems

- **Measure Work Flow / Work Assignments**
- **Access Success / Failure**
- **Accounts Disconnected**
- **Dollars Collected**
- **To be Imported into Current Case Management System**

F. Savings

Revenue Protection Forward Staffing 2006 and Beyond

Annualized Revenues vs Yearly Operating Expenses
2 Additional Personnel



Regained Revenue "Profit"



F. Savings

Annualized/Aggregated Revenues

**Regained Revenues are an important benefit from a
Revenue Protection Program.**

When projected over time they ADD UP!

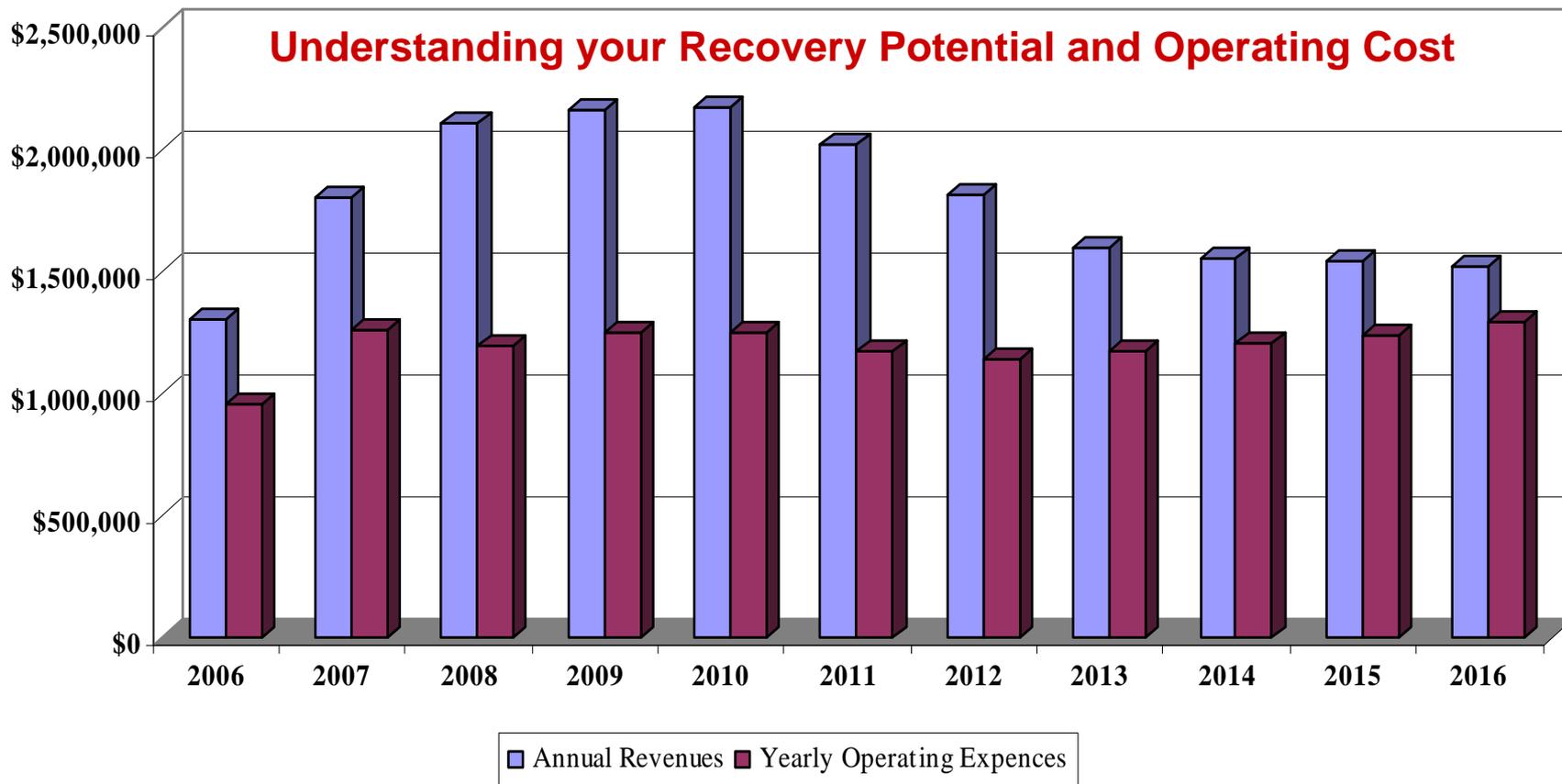


F. Savings

Revenue Protection

Anticipated Recovery and Cost

Annual Revenues vs Yearly Operating Costs

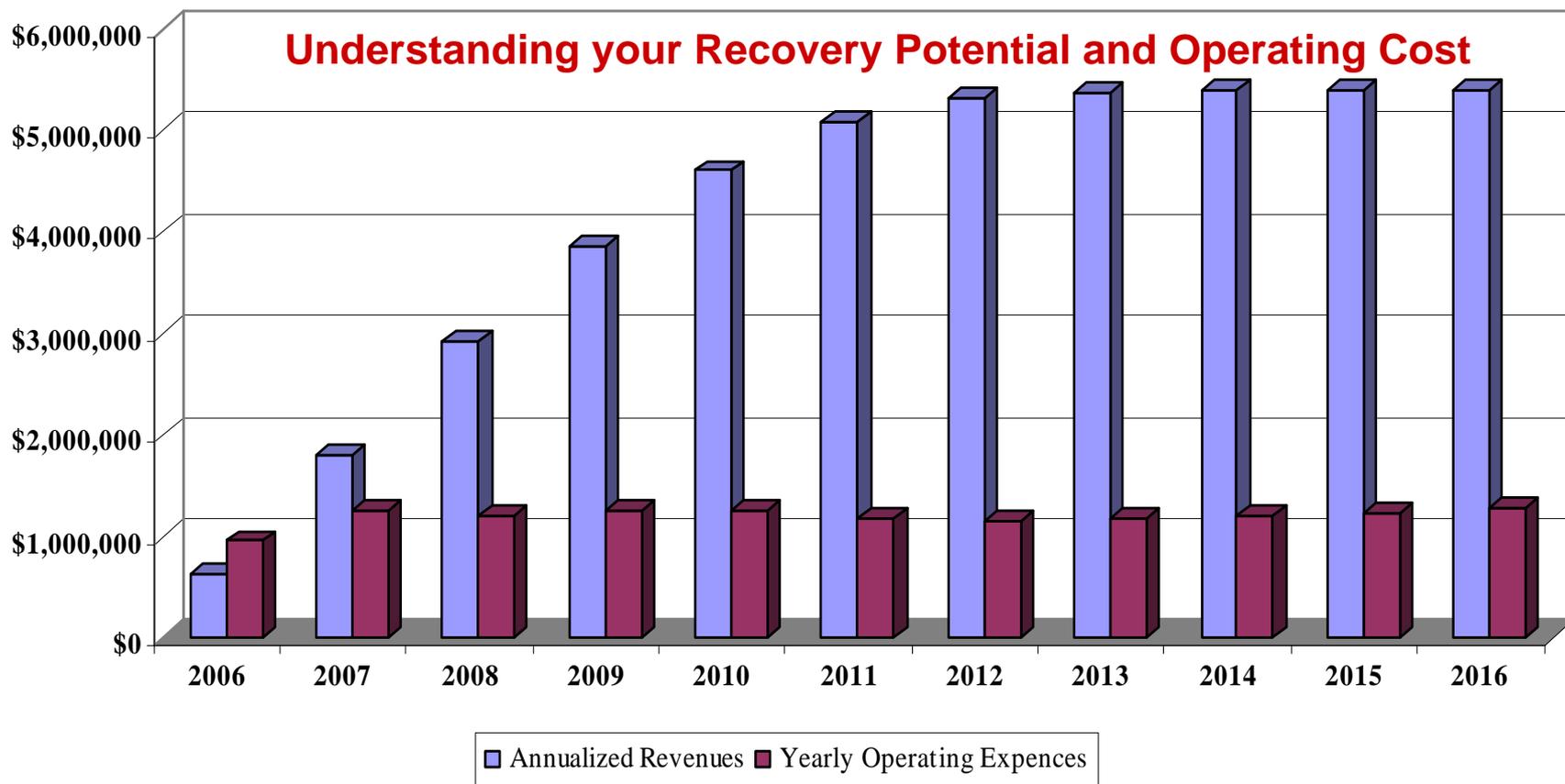




F. Savings

Revenue Protection Anticipated Recovery and Cost

Annualized Revenues vs Yearly Operating Expences

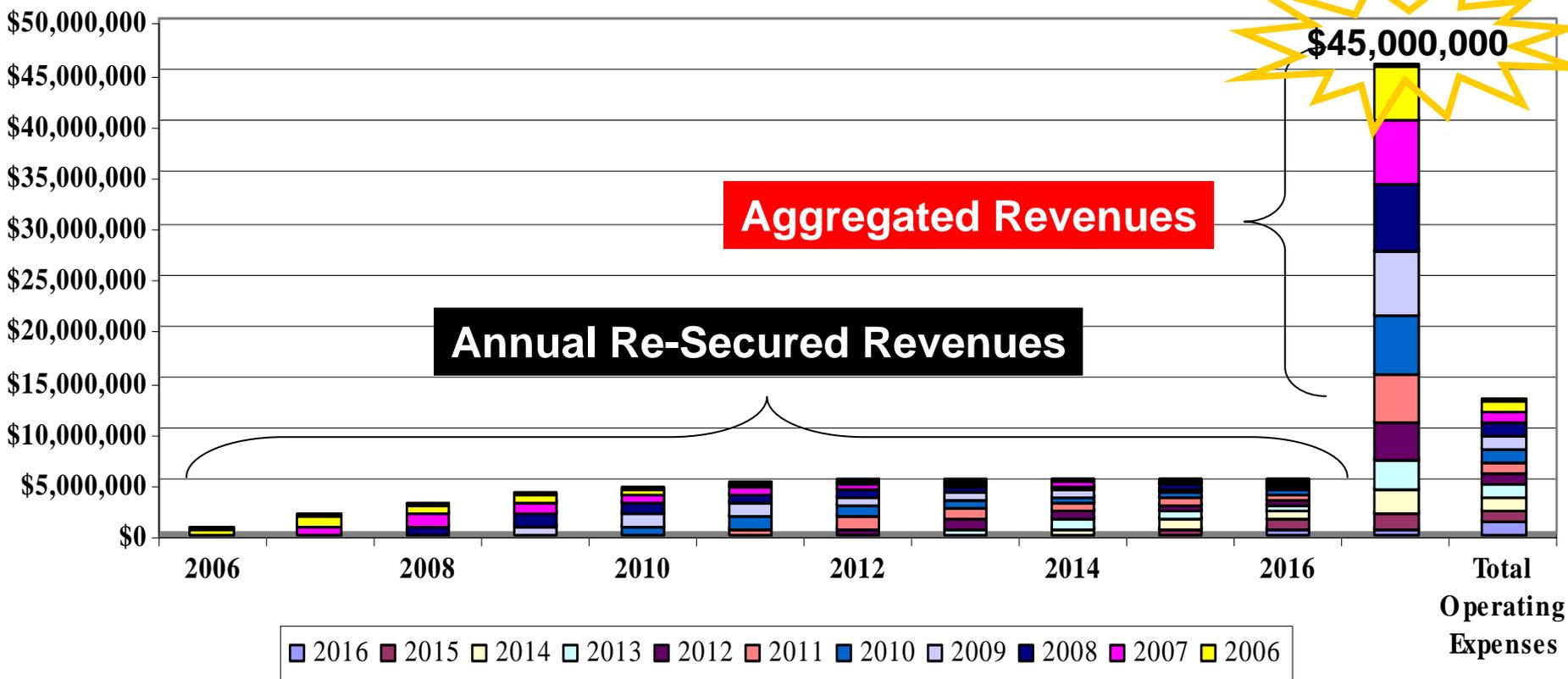




F. Savings

Revenue Protection Anticipated Recovery and Cost

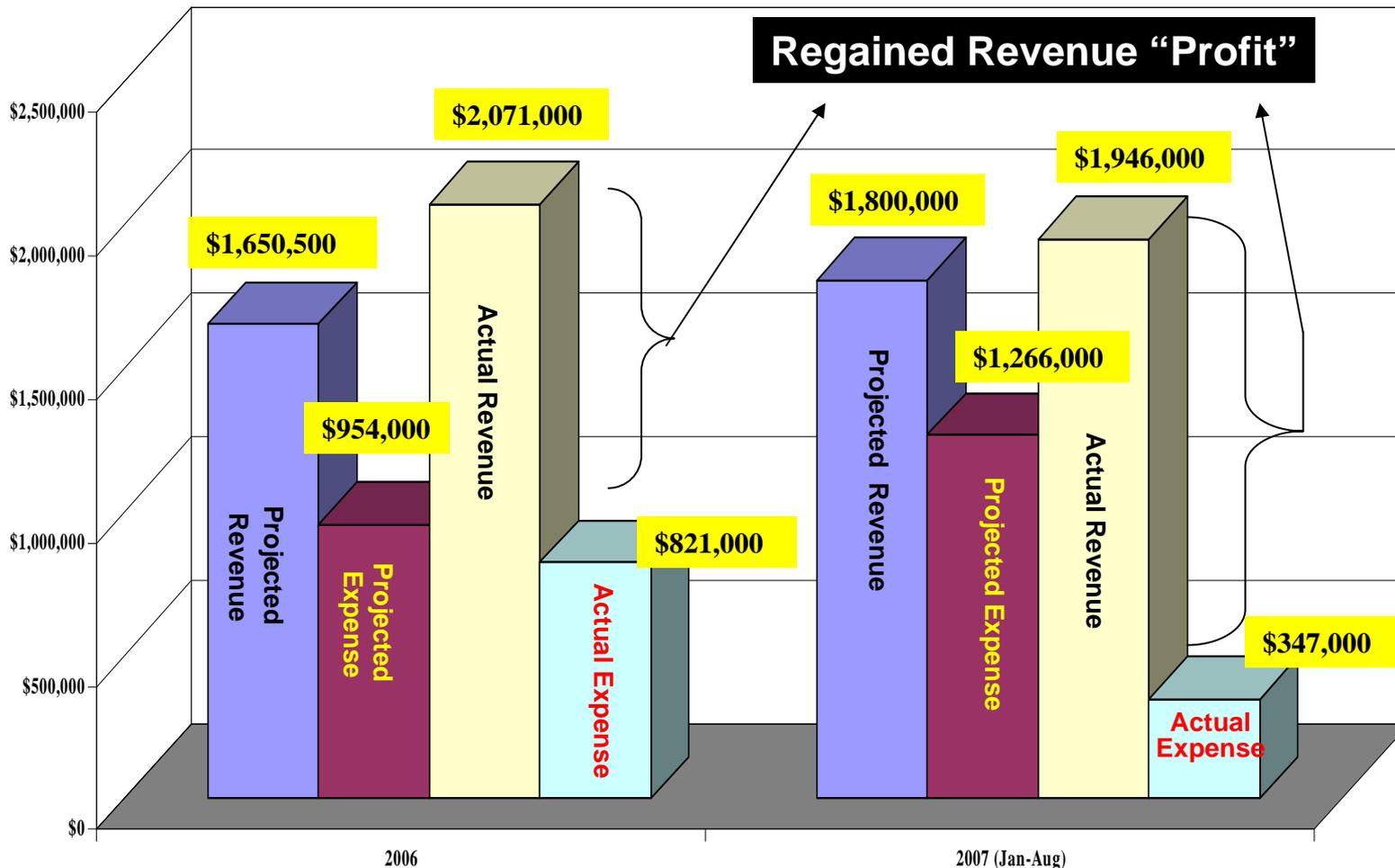
Aggregated Revenues vs Operating Costs





F. Savings

Revenue Protection Actual Recovery and Cost



Revenue Protection (RECAP)

■ Revenue Protection Drivers

- Rising Energy Costs
- Obligation to Ratepayers, Stockholders, Suppliers, and Employees
- Improved Data and Theft Detection Technology
- Increase in Unbilled Usage as a Result of Virtual (Soft) Disconnects

■ It Makes Good Business Sense

- Helps Prevent Safety Hazards for Public Service Agencies
- High Return on Investment (ROI)
- Protects Against Fraud
- Detects Theft Occurrences

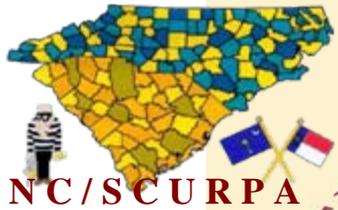


Assists in Reducing Uncollectibles

■ What Needs to be Done

- Need to Focus on Revenue Protection (Staffing, Data Mgmt, Remote Disconnect)
- Need for Legislative and Regulatory Changes
- Need to Share Best Practices Among Utilities
- Increase Revenue Protection Staffing Levels
- Support & Participate in Revenue Protection Organizations

United Illuminating participates and recommends that you do too



NC/SCURPA



SCRPA



SURPA



CURPA



AUSTRALASIAN

UTILITIES
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SAKPA

INTERNATIONAL UTILITIES REVENUE PROTECTION ASSOCIATION

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UKRPA
United Kingdom
Revenue Protection Association



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Peru

Portugal

Romania

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South Africa

Spain

Switzerland

Tanzania

Ukraine

United Kingdom

United States

Venezuela

Virgin Islands

West Africa

West Indies



**“Revenue Protection Makes
Good Business Sense...”**

Thank You

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