

UIL Holdings Corporation
157 Church Street
PO Box 1564
New Haven CT 06506-0901
Phone 203.499.2575
Fax 203.499.3664

Linda L. Randell
Senior Vice President,
General Counsel and
Corporate Secretary

March 13, 2009

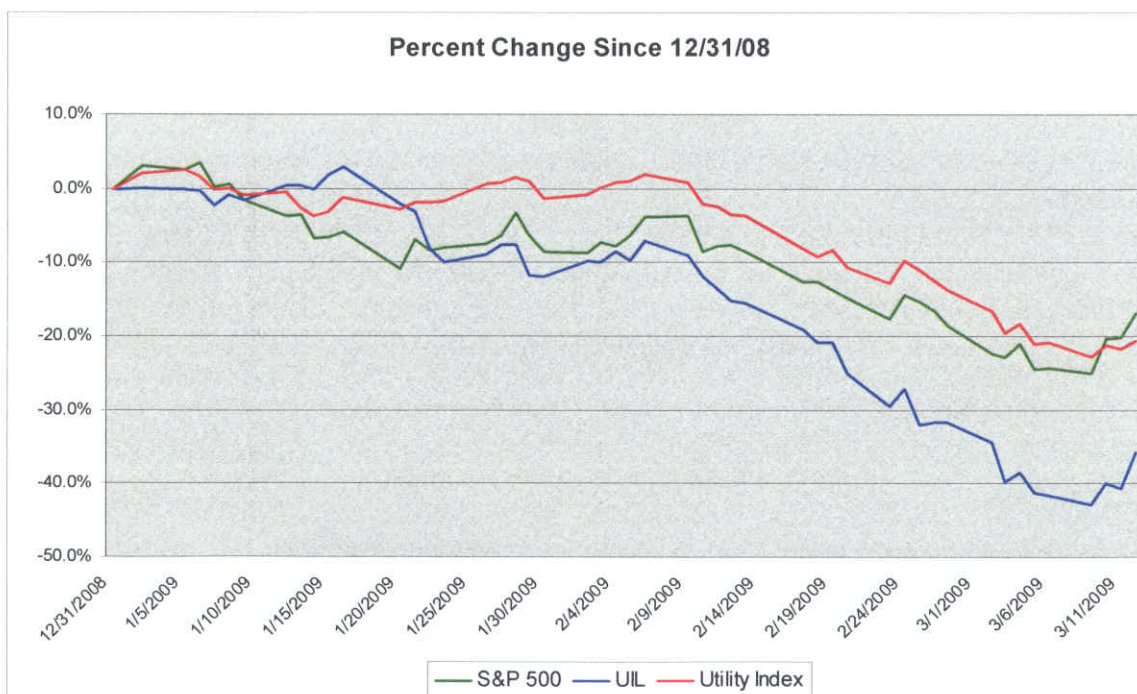


Ms. Kimberley J. Santopietro
Executive Secretary
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

Re: Docket 08-07-04- Application of The United Illuminating Company to Increase its Rates and Charges

Dear Ms. Santopietro:

The United Illuminating Company (“UI” or the “Company”) is writing to the Department of Public Utility Control (“Department”) with respect to current capital market conditions and their adverse impact on the Company. It is universally known that the equity markets have been in a precarious condition and have deteriorated substantially. As shown in the chart below, while the markets and utility stocks in general have declined, the stock of UI’s parent, UIL Holdings Corporation (“UIL”), has suffered a particularly steep and continuous decline, and indeed has fallen almost 40% since December 31, 2008.



As shown in the chart, market forces have impacted UI/UIL in a more profound way than the rest of the market. Investors are selling UIL stock, thereby sending a clear message that investors' required equity investment return is higher than the return available to them from owning UIL stock. As a result, UI/UIL do not currently have access to equity capital on reasonable terms. UI/UIL cannot solve this problem by issuing debt, because existing debt instruments contain covenants limiting the amount of debt in UI's and UIL's capital structure. UIL must be able to access equity capital on reasonable terms in order to support fully UI's necessary capital programs that were approved by the DPUC in this docket. Accordingly, the Company must reduce capital expenditures until access to equity capital can be achieved at reasonable terms. A copy of the UIL release with respect to capital markets and capital expenditures is attached to this letter.

The situation at hand is not in the best interest of the Company or its customers. Reasonable access to the equity market is vital if the Company is to fulfill its public service obligations that require funding of capital programs in the manner that customers and the Department expect. As is well known to the Department, such reasonable access is a key to maintaining a sound long-term capital structure and funding of capital expenditures, and is a key component of statutory and constitutional ratemaking principles.

Accordingly, in the face of the continued deterioration of capital market conditions and UI/UIL's access to equity capital, UI asks the Department either to

- (1) reopen this docket upon cause shown pursuant to Conn. Gen. Stat. § 16-9, or
- (2) consider whether to exercise the Department's right, pursuant to Conn. Gen. Stat. § 4-181a(a)(2), to reconsider on the Department's own motion within forty days of its decision the evidence in Docket No. 08-07-04 relating to the cost of capital.

It is important to UI and its customers that the Department review and respond to the Company's situation now in order to address the capital market realities that UI faces. In that regard, it is important that the Department review the Company's distribution authorized return on equity at this time. Among other things, the Department could consider whether it would be appropriate, for example, to increase UI's authorized return on equity and then, on a going forward basis, index UI's authorized return on equity to the cost of 10-year corporate debt of comparable credit quality (increasing or decreasing the authorized return as the cost of corporate debt increases or decreases). The Department could also incorporate mechanisms such as, for example, return on equity floors and ceilings, or earnings sharing mechanism modifications as part of a return on equity adjustment. As always, the Company is prepared to provide the Department with any information it deems necessary in connection with this request and the Department's consideration of the same.

Ms. Kimberley J. Santopietro
March 13, 2009
Page 3

These are quite clearly unusual times, and the Company thanks the Department for its consideration of UI's lack of ability to access capital markets on reasonable terms under current conditions.

Very truly yours,



Linda L. Randell
Senior Vice President, General Counsel and Corporate Secretary

Attachments: (1)
Cc: Service List

UIL Holdings Corporation
157 Church Street
P.O. Box 1564
New Haven, CT 06506-0901
203.499.2812 Fax: 203.499.3626

UIL HOLDINGS CORPORATION

NEWS RELEASE

March 11, 2009

Analyst Contact: Susan Allen (203) 499-2409

UIL Holdings Reduces Capital Expenditures, Affirms 2009 Earnings Guidance, Has No Present Intention to Issue Equity

(NYSE:UIL) UIL Holdings Corporation announced today that it has elected to significantly reduce its currently planned capital spending for 2009 in response to current conditions in the capital markets. UIL is reducing its 2009 capital expenditure projections to \$75-\$90 million, from the previously disclosed \$140-\$155 million. The details are as follows;

	<u>2009 (\$M)</u>
Distribution	\$50 - \$65
Transmission	\$22 - \$28
Total Projected Capital Expenditures ⁽¹⁾	\$75 - \$90

(1) Ranges are not intended to be additive

UIL also affirmed its 2009 earnings guidance previously reported on February 19, 2009, as shown below.

2009 Earnings Expectations

UI	
Distribution, CTA & Other	\$0.90 - \$1.10
Transmission	0.95 - 1.05
Total UI ⁽¹⁾	\$1.90 - \$2.10
UIL Corporate	(0.12) - (0.07)
Total Continuing Operations ⁽¹⁾	\$1.80 - \$2.00

(1) Expectations are not intended to be additive

- more -

Additionally, to maintain maximum flexibility, UIL filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission today. Given current capital market conditions, UIL has no present intention to issue securities under the shelf registration statement. In mid-February 2009, UIL had announced its intent to issue \$75-\$100 million of equity in 2009.

“At this time, we have chosen not to issue new shares of stock through an equity offering due to the conditions in the markets,” commented James P. Torgerson, UIL’s chief executive officer. “Reducing our capital spending will allow us to issue equity at a time we determine to be appropriate. With the universal shelf in place, we have that flexibility.”

UIL Holdings Corporation (NYSE:UIL), headquartered in New Haven, Connecticut, is the holding company for The United Illuminating Company, a regulated utility providing electricity and energy related services to 324,000 customers in the Greater New Haven and Bridgeport areas. For more information on UIL Holdings, visit us at <http://www.uil.com>.

Certain statements contained herein, regarding matters that are not historical facts, are forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). These include statements regarding management’s intentions, plans, beliefs, expectations or forecasts for the future. Such forward-looking statements are based on the Corporation’s expectations and involve risks and uncertainties; consequently, actual results may differ materially from those expressed or implied in the statements. Such risks and uncertainties include, but are not limited to, general economic conditions, conditions in the debt and equity markets, legislative and regulatory changes, changes in demand for electricity and other products and services, unanticipated weather conditions, changes in accounting principles, policies or guidelines, and other economic, competitive, governmental, and technological factors affecting the operations, timing, markets, products, services, and prices of the Corporation’s subsidiaries. The foregoing and other factors are discussed and should be reviewed in the Corporation’s most recent Annual Report on Form 10-K and other subsequent periodic filings with the Securities and Exchange Commission. Forward-looking statements included herein speak only as of the date hereof and the Corporation undertakes no obligation to revise or update such statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or circumstances.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make an offer, solicitation or sale in such jurisdiction. The offering of these securities will be made only by means of the prospectus supplement and accompanying prospectus.

###