

OFFICE OF FISCAL ANALYSIS

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sSB-1531

AN ACT CONCERNING PUBLIC UTILITY TRANSPARENCY AND ACCOUNTABILITY AND PROCEEDINGS OF THE PUBLIC UTILITIES REGULATORY AUTHORITY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Auditors	GF - Cost	None	82,187
State Comptroller - Fringe Benefits ¹	GF - Cost	None	32,115
Consumer Counsel ²	CC&PUCF - Cost	356,022	356,022

Note: GF=General Fund; CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact: None

Explanation

The bill makes various changes impacting how electric distribution companies (EDCs, i.e. Eversource and United Illuminating) and other utilities are regulated. The bill results in annual costs to the Auditors of Public Accounts (APA) of \$114,302 beginning in FY 27 and annual costs to the Office of Consumer Counsel of \$356,022 beginning in FY 26.

The bill requires the APA to biennially perform a financial and performance audit of the Home Energy Solutions Audit program resulting in a cost to the state. Additionally, the bill requires the APA

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

²The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 83.26% of payroll in FY 26.

to hire one additional auditor to help conduct performance audits resulting in a cost of \$82,187 in FY 27 and an associated fringe benefit cost of \$32,115 in FY 27.

The bill triggers additional interim rate decrease proceedings, which results in an additional cost to the OCC associated with two new full-time positions. OCC would require one full-time Utilities Examiner 2 with an annual salary of \$97,141 and corresponding fringe benefits of \$80,870 and one full-time Staff Attorney with an annual salary of \$97,141 and corresponding fringe benefits of \$80,870.

The bill makes various other changes including how the Public Utility Regulatory Authority (PURA) regulates EDCs, and Freedom of Information Act (FOIA) laws. These changes do not result in a fiscal impact to the state, as PURA has the staff and expertise necessary to implement the changes.

Rate Payer Impact

The rate payer impact of the bill results in a potential savings to various rate payers. However, the overall savings is indeterminate and would be dependent upon policy decisions made by individual gas or electric utility companies.

The bill results in a potential savings to rate payers through various mechanisms contained within the bill, including: 1) conducting a biennial financial and performance audit by the APA, 2) capping the EDC's allowed rate of return at its weighted average cost of capital, 3) prohibiting PURA from approving a public service company fee that would discourage the adoption of grid-enhancing or energy efficient technologies, and 4) prohibiting various mergers.

Currently, when utility companies transfer ownership the cost of the transaction can be passed onto rate payers through increased rates. However, increasing the number of customers within a service territory allows the cost of any large infrastructure project to be spread across the additional customers, lowering the overall impact to rate payers. The

net impact, which is anticipated to result in a savings, would be dependent on decisions made by utility companies that are outside the immediate scope of the bill.

Generally, grid enhancing technologies reduce costs to rate payers. Grid enhancing technologies can reduce utility capital investment and reduce distribution system costs, which can be reflected as savings to rate payers. Additionally, grid enhancing technologies lower energy costs and improve the benefits of updating and investing in various capital projects by EDCs.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.