
OLR Bill Analysis

sSB 1531

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

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BACKGROUND

SUMMARY

This bill adds to and changes several laws, such as the Freedom of Information Act (FOIA), that affect how electric distribution companies (EDCs, i.e. Eversource and United Illuminating) and other utilities are regulated, including by the Public Utility Regulatory Authority (PURA). It also makes several technical and conforming changes.

EFFECTIVE DATE: October 1, 2025, unless otherwise specified below.

§§ 1, 2 & 7 — FOIA AND UTILITIES AS PUBLIC AGENCIES

Subjects certain utility companies to FOIA and other laws by designating them as public agencies and generally prohibits them from recovering their costs for complying with FOIA through their rates; potentially subjects certain meetings between PURA commissioners to FOIA's notice requirements

The bill expands the statutory definition for “public agency” under FOIA to include EDCs, gas companies, pipeline companies, and water companies with more than 200,000 customers in Connecticut, for any portions of their business subject to PURA’s regulation (§ 1). This effectively subjects these companies to FOIA and other laws that use the term.

Relatedly, the bill prohibits these companies from recovering their direct or indirect costs for complying with FOIA through their rates unless PURA recognizes them as proper business expenses that achieve certain objectives under existing laws governing rate-making (e.g., that they are just, reasonable, and adequate) (§ 2).

Separately, the bill eliminates a provision that expressly exempts certain conferences and communications between PURA commissioners from being considered a “meeting” under FOIA. Specifically, when serving on a panel to adjudicate a matter before PURA, conferences and communications between two or more PURA

commissioners that do not occur before the public are exempt under current law (§ 7). Depending on the context and whether any other exemptions apply, this elimination in the bill may subject these conferences and communications to FOIA's notice requirements for meetings.

Extension of FOIA and Other Laws

The following table lists and briefly describes the laws that will apply restrictions or requirements on EDCs, gas companies, pipeline companies, and water companies that are a "public agency" under the bill.

Table: Statutes With Restrictions or Requirements on Public Agencies

<i>Statute(s)</i>	<i>Brief Description</i>
1-200 et seq.	FOIA's record disclosure, notice, and other requirements
4a-101	Requires public agencies to complete and submit standard contractor evaluation forms for work on certain state or municipal projects
4b-91	Requires prequalification for bidders on certain public agency projects for public buildings or public works
8-345d	Prohibits public agency employees and contractors from certain uses of information about people receiving assistance from the Department of Housing or participating in a department-administered program
8-360	Exempts public agencies from disclosing under FOIA the location of housing for domestic violence victims
31-51m	Prohibits employers from penalizing an employee for disclosing illegal activities, unethical practices, or suspected child abuse or neglect to a public agency
47-61a	Exempts from FOIA records of traditional cultural knowledge submitted to a public agency
48-30	Prohibits representing the power to acquire property by eminent domain unless an appointed or elected official of a public agency with such power
52-146r	Generally prohibits disclosure of confidential communications between a government

Statute(s)	Brief Description
	attorney and an employee of a public agency
53a-301	Sets a five-year mandatory minimum sentence for a computer crime in furtherance of terrorist purposes when directed against a public agency charged with protecting public safety
54-155a	Prohibits public agencies from providing information or using resources for an interstate investigation or proceeding on the provision, seeking, or receipt of, or assistance with, reproductive health care services
54-155b	Prohibits public agencies from providing information or using resources for an interstate investigation or proceeding on the provision, seeking, or receipt of, or assistance with, reproductive health care services or gender-affirming health care services

§§ 3 & 4 — NEW DUTY AND HIRE FOR THE AUDITORS OF PUBLIC ACCOUNTS

Requires the Auditors of Public Accounts to do a biennial financial and performance audit of the Home Energy Solutions Audit program and hire an additional auditor to do performance audits

The bill requires the Home Energy Solutions Audit program to have a biennial financial and performance audit by the Auditors of Public Accounts (APA), instead of being reviewed by the Department of Energy and Environmental Protection (DEEP) commissioner for cost-effectiveness annually or otherwise as practicable (§ 3). (The bill does not further specify any criteria or requirements for these audits.) Under current law, if DEEP's review determines that the program is not cost-effective, it must be modified to be cost-effective or be terminated, unless it is integral to other programs that in combination are cost-effective. (It is not clear if this requirement would apply to the program after an APA audit.)

Additionally, the bill requires the APA to hire an additional auditor to do performance audits by July 1, 2026 (§ 4).

EFFECTIVE DATE: July 1, 2025, except the program audit requirement is effective July 1, 2026.

§§ 5 & 6 — TIMING OF PURA HEARING NOTICES

Increases, from one to two weeks, the advance notice PURA must provide for all its hearings

The bill increases, from one to two weeks, the advance notice PURA must provide for all its hearings (§ 6). It makes a corresponding change in a separate law to specify that two weeks' advance notice is required for a PURA hearing to rescind, reverse, or alter a PURA decision, order, or authorization (§ 5).

§§ 8 & 9 — CAPS ON EDC RATES

Caps an EDC's allowed rate of return at its weighted average cost of capital and requires PURA to consider the need for a rate decrease if it finds that an EDC has a rate of return that exceeds its weighted average cost of capital

When an EDC proposes to amend its rates, the bill caps the EDC's allowed rate of return at its weighted average cost of capital, as determined by PURA (§ 8). Relatedly, the bill requires PURA to hold either a special public hearing or combine an investigation with an ongoing four-year review or a general rate hearing on the need for an interim rate decrease if it finds that an EDC has a rate of return greater than its weighted average cost of capital, as determined by PURA (§ 9).

(The legal effect of these provisions is unclear. Neither the bill or existing statutes specifically define either "rate of return" or "weighted average cost of capital." Although the bill appears to treat these terms as having two distinct meanings, in practice, the weighted average cost of capital is the rate of return. Utilities generally finance their operations through a mix of debt and equity. In practice, to calculate the weighted average cost of capital, PURA uses the cost of debt (e.g., interest) and the cost of equity (determined by PURA in a rate proceeding). The cost of debt is weighted by the amount of debt the utility has and the cost of equity is weighted by the amount of equity the utility has used to finance its operations. The weighted average cost of capital is the rate of return PURA uses to calculate the utility's revenue requirement and the rates it may charge.)

§§ 10-12 — UTILITY ACQUISITION APPLICATIONS AND PROHIBITION ON CONTROLLING BOTH AN EDC AND A GAS COMPANY

Eliminates a deemed approved provision affecting certain utility acquisition applications; beginning, October 1, 2025, prohibits PURA from approving applications to control a gas company or EDC if the applicant controls either type already in Connecticut; starting January 1, 2026, prohibits entities from controlling both an EDC and a gas company and requires any that do to divest one of the companies

The bill makes changes affecting applications to:

1. exercise authority or control over any gas company, EDC, water company, telephone company, or community antenna television (CATV) company engaged in the business of supplying service within Connecticut, or with or over any holding company doing the principal part of its business within the state, and
2. become a holding company with control over a gas company, EDC, water company, telephone company, or CATV company engaged in the business of supplying service within Connecticut, or acquire, directly or indirectly, control over such a holding company, or take any action that would if successful cause it to become or to acquire control over such a holding company.

Under existing law, PURA must investigate and hold a public hearing on whether to approve these applications, give certain notice about the hearing, and decide on the application within a specified time frame. The bill eliminates a provision that deems these applications approved if PURA fails to perform either of these duties by their deadlines.

Beginning October 1, 2025, the bill also prohibits PURA from approving any application to exercise authority or control over a gas company or EDC (or either's holding company) if the applicant already controls a gas company or EDC (or either's holding company) in Connecticut (§ 10).

Additionally, beginning January 1, 2026, the bill prohibits any person, firm, or corporation from controlling both an EDC and a gas company. It requires anyone who controls both these types of companies to divest

one of them by that date. It also requires PURA to, after notice and hearing, revoke the franchise to operate as a public service company of any person, firm, or corporation that is non-compliant with these provisions (§ 11).

The bill makes corresponding changes to PURA's revocation of franchise law to account for the bill's revocation requirement. Under the bill and existing law, PURA must (1) fix a time and place for a hearing whenever someone is non-compliant, (2) give notice to all interested parties, and (3) investigate the non-compliance. PURA may revoke a franchise or make another order as needed to provide a franchise's service if it finds at the hearing that the franchise holder failed to comply and that there is an immediate need for the franchise's service (§ 12). (These provisions may be subject to litigation brought by a utility that has its franchise revoked as violations of the Connecticut or the U.S. Constitution's Taking Clauses, which prohibit taking property for public use without just compensation.)

§ 13 — RESTRICTION ON CONVEYING REAL PROPERTY TO UTILITIES

Prohibits state agencies, quasi-public agencies, and municipalities from offering certain utilities a right of first refusal for conveying any real property before offering the property for general sale

The bill prohibits state agencies, quasi-public agencies, and municipalities from offering public service companies a right of first refusal for conveying any real property before offering the property for general sale. This prohibition applies regardless of any other statute.

§§ 14 & 15 — RESTRICTIONS ON UTILITY FEES

Limits PURA's authority to approve a public service company fee if it would discourage the adoption grid-enhancing or energy efficient technologies; expressly prohibits EDCs from imposing any fee that PURA has not authorized

The bill prohibits PURA from approving a public service company fee that would discourage the adoption of grid-enhancing or energy efficient technologies, as long as it is not construed to discourage the company from making capital investments in the grid (§ 14). It also expressly prohibits EDCs from imposing any fee that PURA has not authorized (§ 15).

BACKGROUND***Definitions***

By law and under the bill, an “electric distribution company” is generally any person providing electric transmission or distribution services in the state. It does not include, among other things, a private power producer, a municipal electric utility, or a municipal electric energy cooperative.

A “gas company” is generally any person owning, maintaining, operating, or controlling mains, pipes, or other fixtures in public highways or streets to transmit or distribute gas for sale for heat or power in the state. It does not include, among other things, (1) a person manufacturing gas through a biomass gasification plant under certain conditions or (2) municipal gas utilities.

A “pipeline company” is generally any person owning, maintaining, operating, or controlling mains, pipes, or other fixtures through, over, or under any public land, water, parkways, highways, parks or public grounds to transport, transmit, or distribute petroleum products for hire in the state.

A “water company” is generally any person owning, maintaining, operating, or controlling any pond, lake, reservoir, stream, well, or distributing plant or system to supply water to at least 50 consumers. It does not include, among other things, homeowners, condominium associations providing water only to their members; municipal waterworks systems; or a district, metropolitan district, municipal district or special services district authorized to supply water.

A “public service company” includes electric distribution, gas, telephone, pipeline, sewage, water, and community antenna television companies and holders of a certificate of cable franchise authority, owning, leasing, maintaining, operating, managing, or controlling plants or parts of plants or equipment. It excludes towns, cities, boroughs, any municipal corporation or department, whether separately incorporated or not, a private power producer, or an exempt wholesale generator.

Related Bills

HB 6882 (File 81), favorably reported by the Government Oversight Committee, makes several changes to FOIA, including ones affecting public agencies.

sHB 7091 (File 514), favorably reported by the Government Oversight Committee, generally requires the APA to audit all the state's ratepayer-funded energy efficiency programs.

SB 1354 (File 539), favorably reported by the Energy and Technology Committee, also prohibits PURA from approving applications from in-state gas or electric utilities seeking to control other in-state gas or electric utilities.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 13 Nay 6 (03/26/2025)