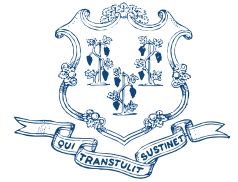




## State of Connecticut OFFICE OF CONSUMER COUNSEL

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### **Appropriations Committee Conservation & Development Subcommittee Office of Consumer Counsel Budget Presentation February 27, 2023**

#### **Testimony of Claire E. Coleman, Consumer Counsel**

Good morning, my name is Claire Coleman and I am honored to have been appointed as Connecticut's Consumer Counsel effective December, 2021 and confirmed by the Senate in March, 2022.

I am very proud of the work of the hard-working and dedicated team at the Office of Consumer Counsel (OCC). We play a critical role on issues that impact the daily lives of all Connecticut residents and small businesses: affordable and reliable energy, water and communications services.

OCC is the statutory advocate for the State's utility customers.<sup>1</sup> We represent the interests of utility customers before state and federal agencies, as well as in state and federal courts. Most of our work occurs in proceedings before the Public Utilities Regulatory Authority (PURA), though we have a growing state appellate practice as OCC also litigates any appeals of PURA decisions on behalf of ratepayers, with four cases currently pending before the Connecticut Supreme Court. We also engage in the energy planning and procurement efforts of the Department of Energy and Environmental Protection. Additionally, we also have a regional advocacy component to our work as Connecticut's voting member of NEPOOL, an advisory body of ISO-New England, the regional power grid operator. The Office of State Broadband (OSB) is also an important part of OCC, through which we work to facilitate the availability of equitable broadband access to every resident in the state.

OCC's mission and scope of work has drastically increased in the last several years as we seek to address many complex energy issues to effectively modernize our electric grid and transition to rely more on local clean energy sources, build out our state's broadband network to ensure universal access to high-speed internet, and transition to a performance based regulatory framework that should better enable us to curb excessive electric distribution costs. I have also sought to expand our impact at the regional level, since we operate within a regional electric grid, and many of the infrastructure investments and related costs are coordinated with our fellow New England states.

Given our broad mission and important responsibility for utility oversight and scrutiny, OCC has a very small team; currently 19 authorized FTEs consisting of attorneys, accountants, utility analysts, economists, researchers and support staff. They are subject matter experts with critical institutional

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<sup>1</sup> [https://www.cga.ct.gov/current/pub/chap\\_277.htm#sec\\_16-2A](https://www.cga.ct.gov/current/pub/chap_277.htm#sec_16-2A).

knowledge and unique insight into the nuts and bolts of public service regulation. OCC's current staffing level is notably smaller than our sister agencies at PURA and DEEP's Bureau of Energy & Technology Policy, which also work in the highly-specialized utility and energy sector. OCC must participate in almost all proceedings conducted by PURA and BETP, must counter significant utility expertise and resources in rate cases in the electric, natural gas, and water utility sectors, increasingly participate in state appellate litigation relating to PURA proceedings, and have additional expert responsibilities in key regional and federal forums, such as ISO-New England and the Federal Energy Regulatory Commission.

### **Support and Justification for New Position Requested in Governor's Proposed Budget: Director of Utility Oversight and Regulatory Reform**

I strongly support the inclusion of one additional position for OCC to be able to hire an office director position -- Director of Utility Oversight and Regulatory Reform -- in the Governor's proposed budget. This position is critical to OCC's effective representation of consumers for many reasons.

The increased volume and complexity of PURA-related work has grown substantially, adding to the already significant workload imposed by the normal cycle of utility rate cases handled by PURA and in which OCC must participate. PURA has also launched multiple multi-year reform efforts related to grid modernization and a transition to a performance-based ratemaking framework. Given this context of growing regulatory activity and increased number of applications for rate increases we expect to see from our electric, water and gas utilities, OCC needs an experienced, supervisory attorney with substantial ratemaking expertise to strategically oversee and coordinate this work with the support of staff attorneys and technical financial and utility staff. This leadership expert position will enable the Office of Consumer Counsel to play a more proactive, strategic role in utility oversight, in rate design and ratemaking, and in the new performance-based regulatory structure currently under development by PURA – all to better protect consumer interests and public policy goals consistent with our statutory mission.

Performance-based ratemaking (PBR) contemplated by the legislature's Take Back the Grid Act has the potential to fundamentally alter the current ratemaking structure for Connecticut. PBR will adjust the focus from simply compensating utilities for their prudently incurred costs plus a standardized rate of return to a structure that can incent companies to meet certain performance benchmarks by conditioning both compensation and profits upon their performance. PURA's PBR docket will likely take at least another year to reach completion and OCC expects it will then bring a set of legislative proposals to the Connecticut General Assembly for authorization, and then another year for full implementation. To craft a PBR framework that will benefit consumers and take advantage of this powerful new tool set through strategic implementation, OCC will have to take a more proactive and strategic role in both monitoring utilities' general operations and performance and in advocating for innovative solutions to better align the companies' priorities with those of ratepayers. OCC expects that PBR, if designed correctly, will provide substantial opportunities for ratepayer benefits if designed and implemented correctly, but the increase in intensive regulatory focus will create corresponding long-term increases in demand for OCC's existing limited resources. Having a Director of Utility Oversight and Regulatory Reform will strengthen OCC's efforts on behalf of ratepayers.

In sum, to be most effective across all these rate cases and to ensure proper integration of performance-based ratemaking and grid modernization, OCC needs an attorney with specialized

knowledge of utility rate design and ratemaking who can focus on these areas as well as help direct the work of our office and to increase the level of expert oversight over our utilities, both operationally and fiscally.

Should you have any questions, please do not hesitate to contact me at [Claire.E.Coleman@ct.gov](mailto:Claire.E.Coleman@ct.gov) or Brooke Parker, OCC's Communications & Legislative Program Manager, at 860-827-2914 or [Brooke.Parker@ct.gov](mailto:Brooke.Parker@ct.gov)