



**Testimony concerning LCO 3920:  
An Act Concerning Emergency Response by Electric Distribution Companies  
and Revising the Regulation of Other Public Utilities**

September 9, 2020

**To:** Honored Chairs Sen. Needleman and Rep. Arconti and Distinguished Members of the Energy and Technology Committee

**From:** Roger Senserrich, Connecticut Working Families.

For more than a decade, Eversource and United Illuminating have paired endless rate increases with promises of new investments to make the electric grid more reliable. Yet every time Connecticut faces a serious weather event, hundreds of thousands of residents and businesses lose power, often for days at a time, as our fragile power grid fails again.

Connecticut's publicly traded electric utilities charge its customers [some of the highest electric rates in the country](#)<sup>i</sup>. Yet for the past decade, both Eversource and United Illuminating have followed the same pattern. Every time the state faces a weather event, the high winds, snow, and rains are followed by large power outages. The utilities fail to restore power in any reasonable time frame, legislators, mayors, and the public loudly complain, state regulators hold hearings, and both companies promise that it will never happen again, but they need to increase rates to pay for "upgrades" and "infrastructure hardening". Another storm comes, power goes out the same way, and the cycle repeats, over and over. The increased rates are nowhere to be seen, other than lining the pockets of shareholders and in oversized bonuses for company executives.

LCO 3920 represents a step in the right direction for the state. The legislation clarifies the responsibilities and expectations of electric utilities and imposes necessary penalties to compensate ratepayers after extended outages. We believe, however, that the General Assembly should consider further reforms to solve the underlying structural problems that plague our grid.

Electric distribution is a natural monopoly, so utilities are not subject to any kind of market discipline, only to regulatory enforcement. It is in their interest to charge the highest rates regulators will allow while investing as little as possible on their infrastructure as they can, with little to no regard to reliability or customer care.

So far, Eversource and United Illuminating have been exceptionally good at doing both. Be it by persuasion, be it by lobbying, be it by other means, state regulators have been consistently brushed aside on each and every confrontation. On the investment side, despite their claims of the contrary, the only things that have remained a constant are large corporate profits and paydays for company executives, and the same outages, repeatedly.

Truth is, there is no economic rationale for natural monopolies to remain under private ownership, especially in key infrastructure like electric distribution. Shareholder and state incentives do not align. The experience of these past few years has proven that attempting to regulate these private utilities remain exceedingly difficult. For private utilities, fines and sanctions are often the cost of doing business, not a real threat. They assume that, sooner rather than later, they will be able to transfer the cost of any regulatory penalty to their customers without harming their shareholders. Regulators are hard pressed to discipline misbehavior because utilities will try (and often succeed) to shift the cost of any punishment to their customers. Penalties ultimately fall on the shoulders of those that the regulators are trying to protect.

LCO 3920 does in fact strengthen regulatory capacity and enforcement in our state, but we should go further. Connecticut can fix this problem the same way it has been addressed in many communities in our own state: creating a publicly owned, customer focused, fully accountable public utility that makes reliable, clean energy its first priority. Essential services should be democratically owned, not for-profit monopolies that shrug off accountability and try to pass any fines and penalties they might face to their own customers with increased rates.

I urge you to pass legislation, so the state of Connecticut takes over electric distribution in our state or allows municipalities to take back control of their grid. The experience from local governments that retained control of their own electric infrastructure shows they have been able to implement a more reliable network, [charging lower rates](#)<sup>ii</sup>.

We need publicly owned utilities that makes delivering reliable, clean energy to its customers its sole priority.

---

<sup>i</sup> U.S. Energy Information Administration, June 2020 data.

[https://www.eia.gov/electricity/monthly/epm\\_table\\_grapher.php?t=epmt\\_5\\_6\\_a](https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a)

<sup>ii</sup> <https://www.nbcconnecticut.com/news/local/wallingford-residents-say-they-have-lower-rates-thanks-to-town-electric-division/2311650/> and <https://www.electricitylocal.com/states/connecticut/norwalk/>.