

The Office of Consumer Counsel

OCC's Role in Promoting High Quality & Cost-Effective
Utility Service

Presentation to Energy & Technology Committee
Informational Forum
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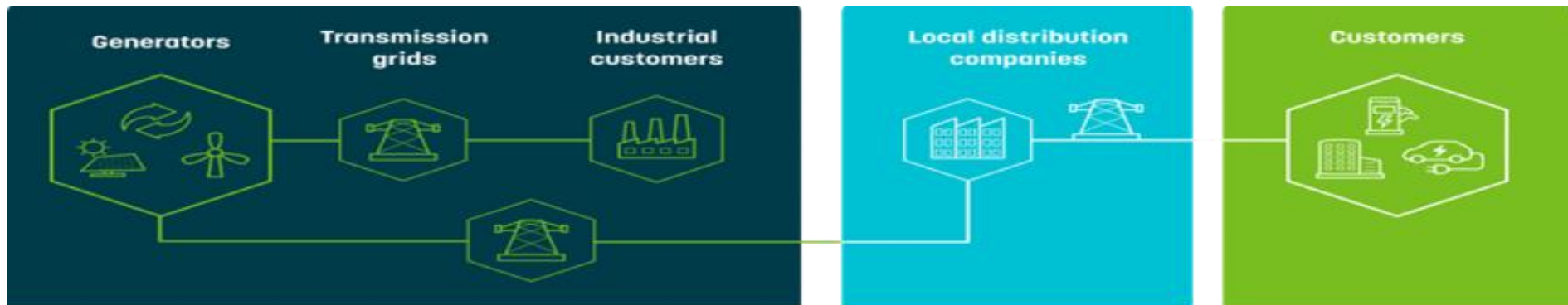
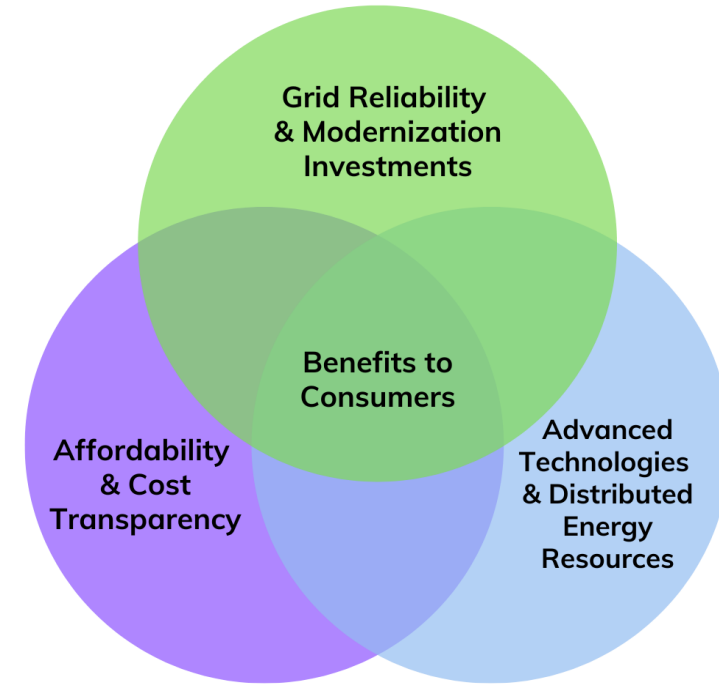


The scope of OCC's work on behalf of energy, water, and telecommunications consumers requires both breadth and depth in expertise – and sustained advocacy in several key forums.



Advocating for Electricity Customers

OCC balances sometimes competing goals to achieve the best possible electric utility service for consumers – quality & cost effectiveness.



Elements of the Electric Bill

Supply

- Generation Services Charge (“GSC”)
- Bypassable Federally Mandated Congestion Charge (“BFMCC”)

Transmission

- Regional Network Service (RNS), Local Network Service (LNS) rates; Admin Costs

Local Delivery

- Fixed Charge
- Distribution Rate
- Competitive Assessment (“CTA”)
- Revenue Decoupling
- Electric System Improvements (“ESI”)
 - This charge is only on CL&P customer bills. 2023 Actual Costs were \$163 million - contributed \$50 million to the July RAM increase

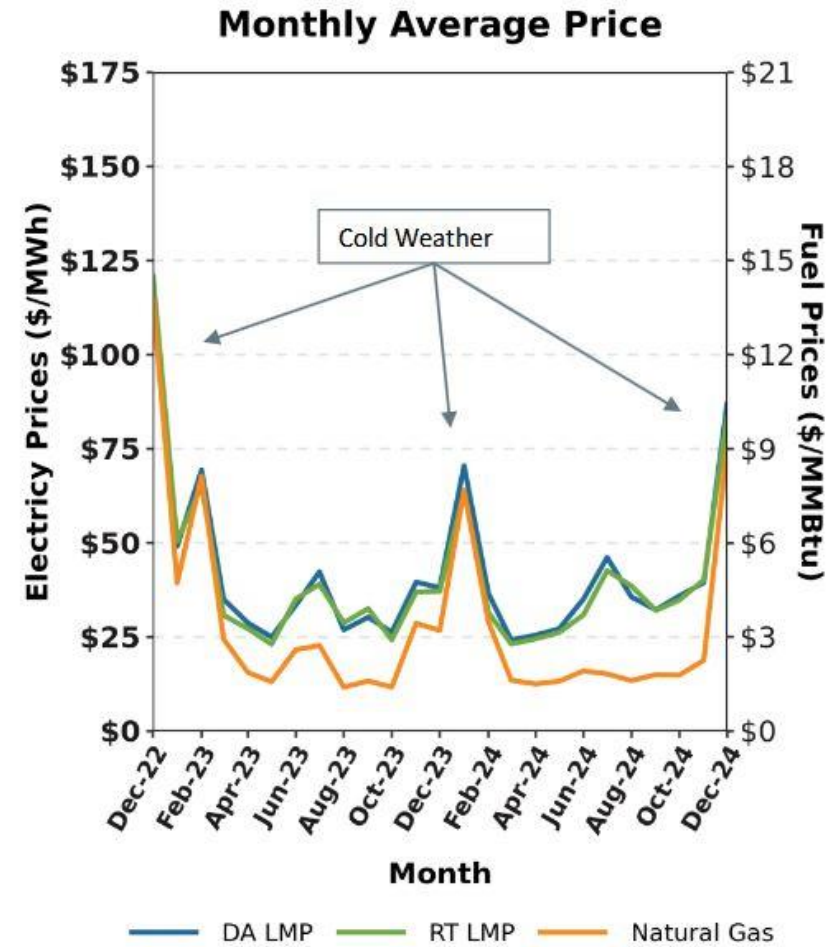
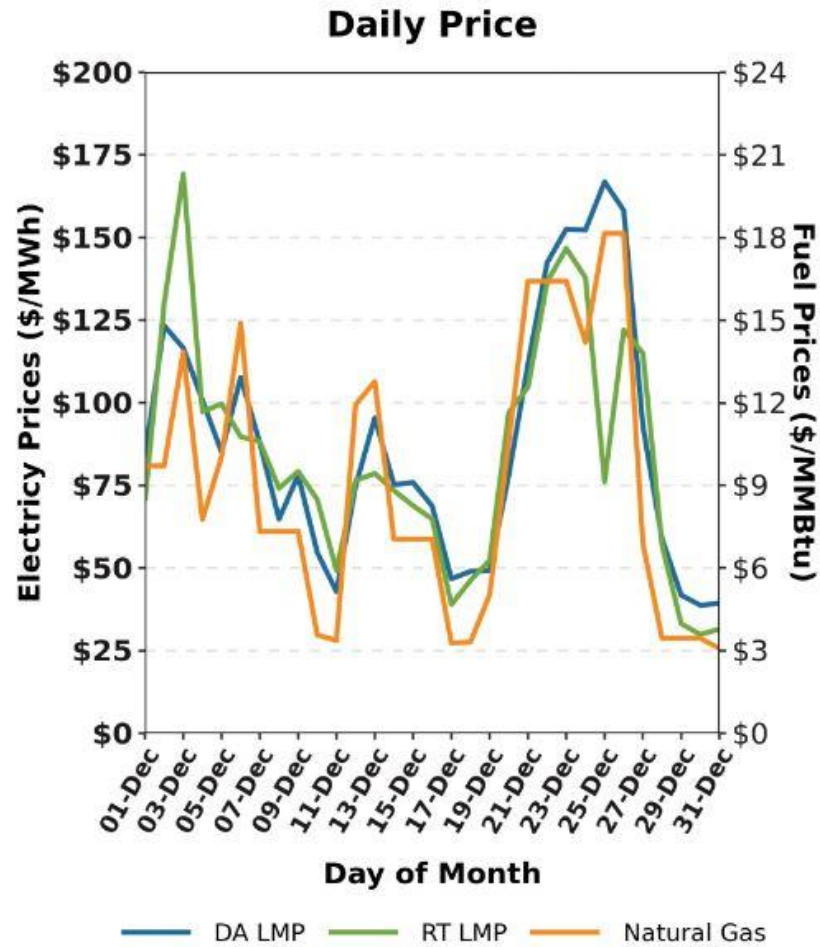
Public Benefits

- Nonbypassable Federally Mandated Congestion Charge (“NBFMCC”)
- Combined Public Benefits Charge
 - Systems Benefits Charge
 - Renewable Energy Investment Charge
 - Conservation and Load Management Charge

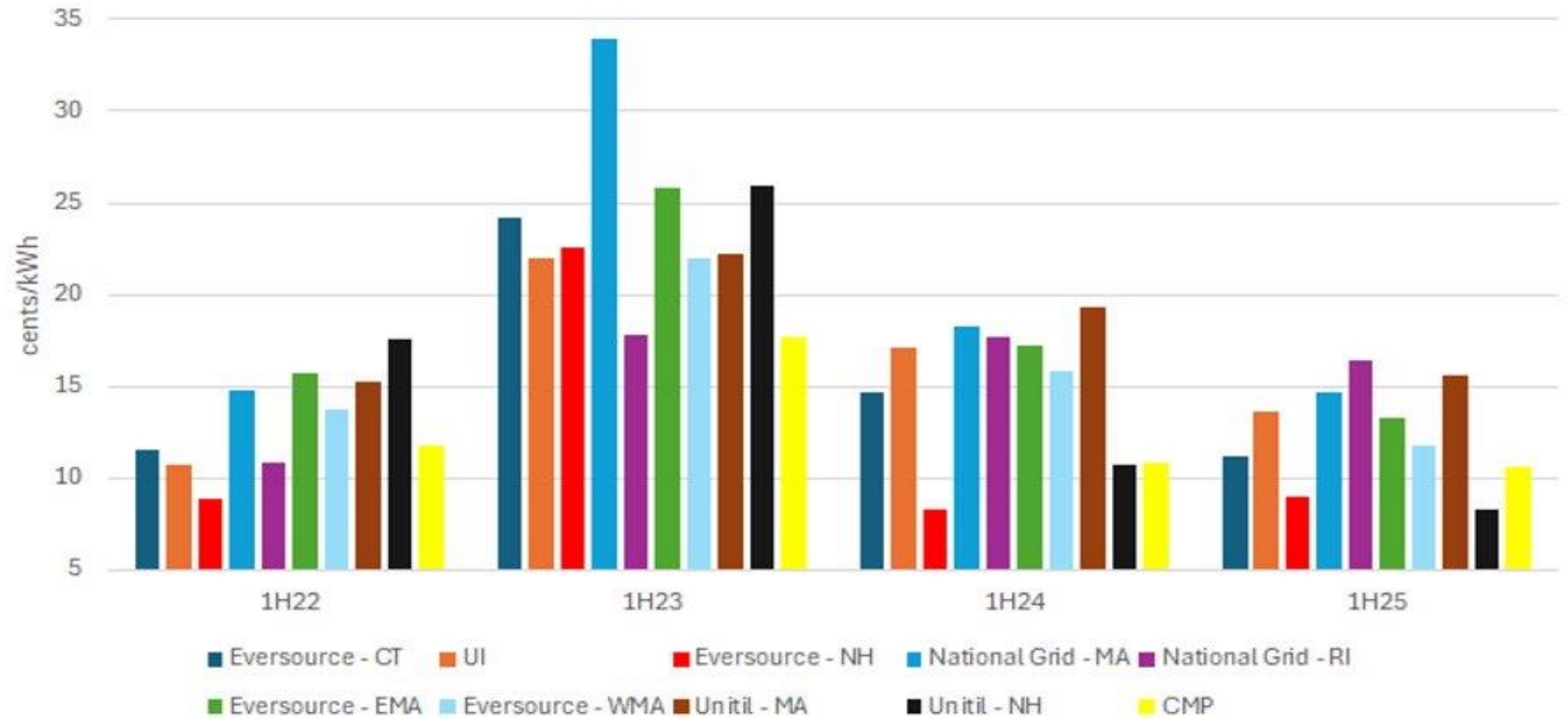
CT Standard Service Supply Trends



Wholesale Electricity Tracks Volatile Natural Gas Pricing



Winter Standard Service Rates Across New England



Addressing Energy Supply Challenges – Standard Service Procurement

Procurement of Standard Service is governed by a Procurement Plan approved by PURA.

OCC's role in these procurements is to help monitor and provide expert input to the PURA Procurement Manager, with goal of obtaining the lowest rates possible under the procurement plan structure.

- CT Standard Service terms are January 1st-June 30th and July 1st-December 31st
- Four annual procurements: January, April, July, October
- Start procuring energy roughly a year out
- Reverse competitive auction; lowest bid wins allocation
- Flexibility and laddering approach to mitigate risk and stabilize prices

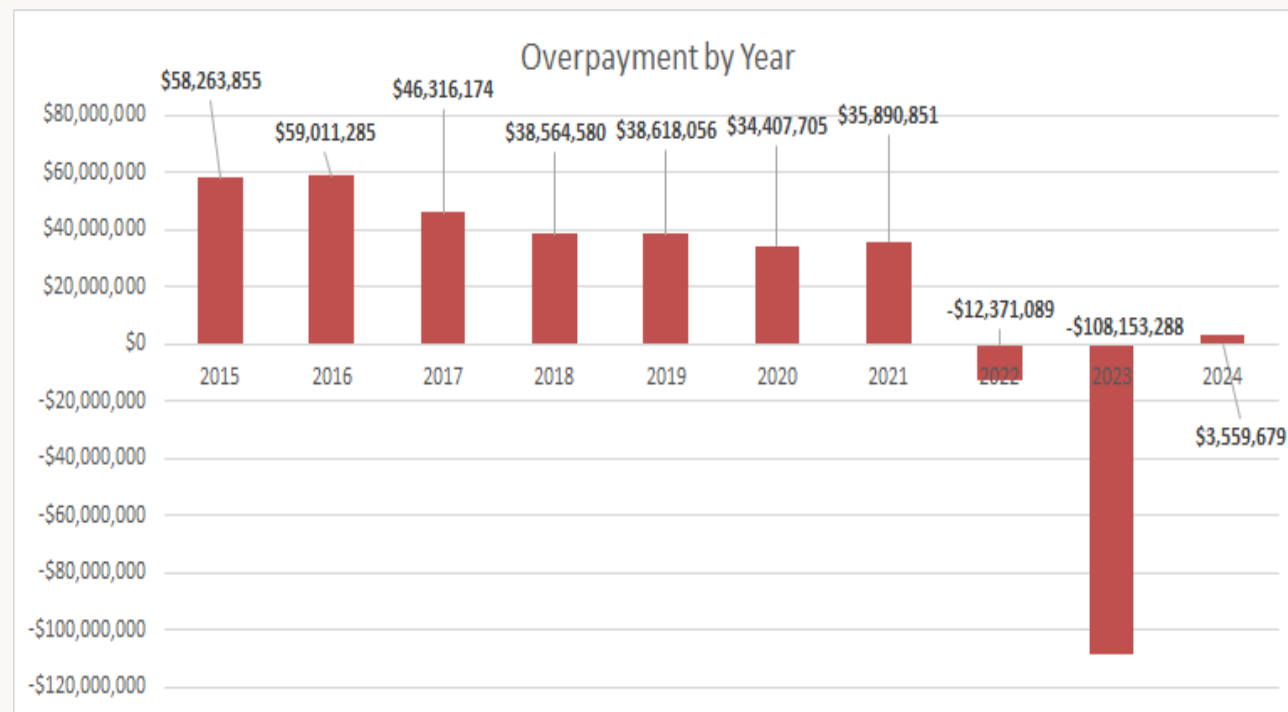
Third-Party Electric Supplier Market v. Standard Service Pricing

OCC has worked for years with legislators and PURA to craft some of the best **consumer protections** in the country.

Retail suppliers serve 18.5% of Eversource Energy (Eversource) residential customers and 17.6% of United Illuminating (UI) residential customers, in November 2024.

While there are cheaper offers on the [Energizect.com](https://www.energizect.com) Rateboard as compared to standard service, most supplier customers are paying more than standard service.

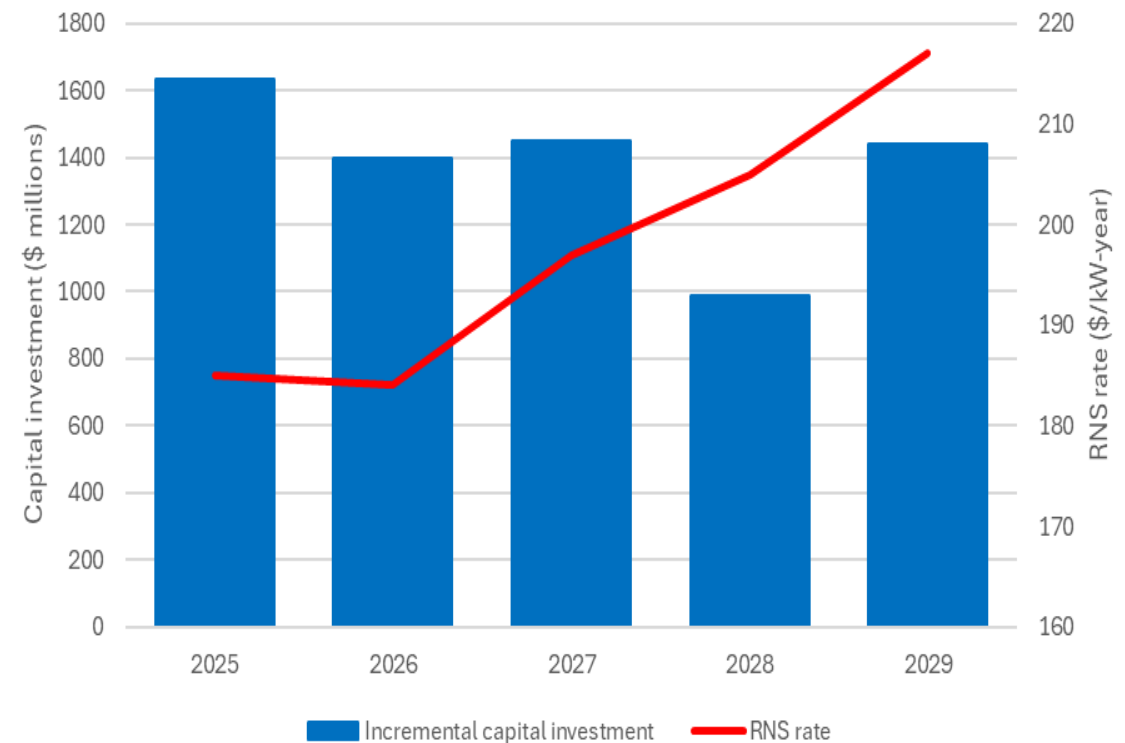
Net Overpayments since 2015 = Approx. \$194M



Regional Transmission Planning & Cost Containment

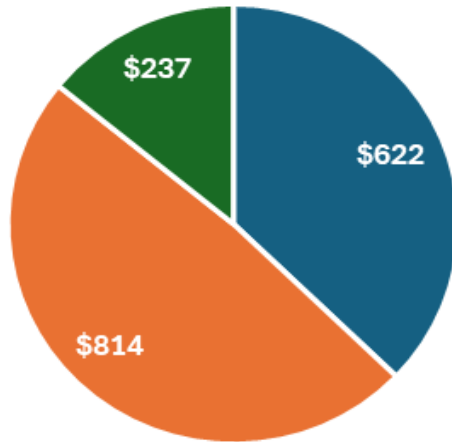
- *Input* - OCC has Connecticut's sole vote at the New England Power Pool (NEPOOL).
- *Oversight* - OCC has been actively scrutinizing the increase in transmission costs to ensure that Connecticut ratepayers are only paying for the most necessary, cost-effective improvements to the region's transmission system.
- *Planning* - Working with our counterparts in surrounding states, as well as ISO-NE and NESCOE, OCC has provided input on FERC Order 1920 and Longer-Term Transmission Planning (LTP) Process.

Predicted Capital Investment and RNS Rates



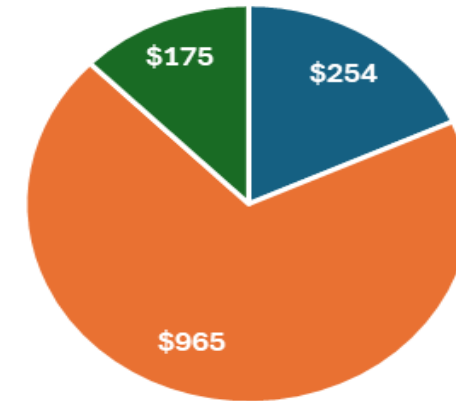
Transmission Cost Increases in New England

Forecasted 2024 Regional Investments: \$1,673 million



■ Regional System Plan Projects ■ Asset Condition Projects ■ Other Projects

Forecasted 2025 Regional Investments: \$1,394 million



■ Regional System Plan Projects ■ Asset Condition Projects ■ Other Projects

The cost for needed new transmission infrastructure is compounded by the increasing cost of replacement of old transmission assets, called **Asset Condition Projects**.

OCC and other stakeholders are advocating for an **independent monitor** to vet transmission projects & greater consideration of **grid-enhancing technologies** to avoid other more costly upgrades.

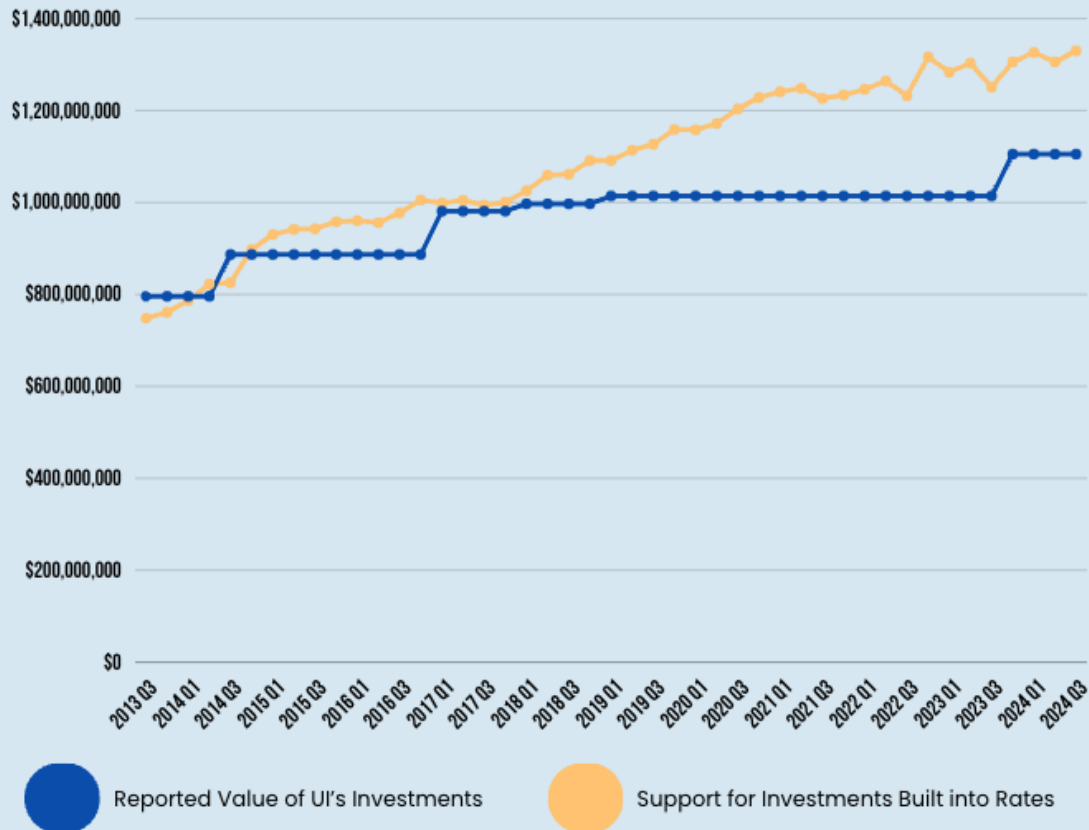
Setting Electric Distribution Rates

- Distribution rates are set by PURA through a rate case proceeding initiated by a utility company pursuant to CGS 16-19.
- Volumetric allocation of the EDC's overall distribution revenue requirement – the amount of revenue the company requires to provide service in a single year.
- OCC reviews to determine every operational cost prudently incurred by the company including all Operational & Management expenses (“O&M”), all state and federal taxes, and Return of and on all authorized investments.
- Rate case proceedings are a year long process, where a final decision must be rendered by PURA within 360 days of receiving the application.

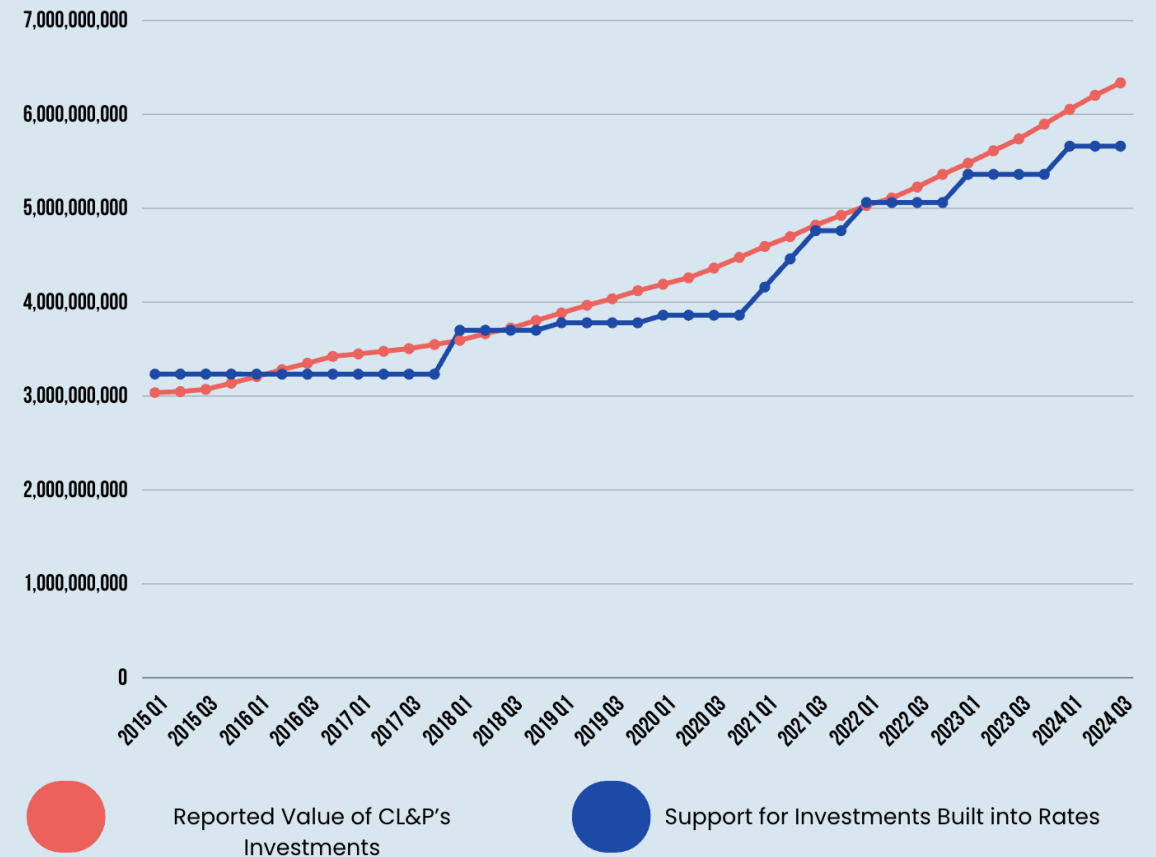
Distribution Rate Base

Comparing the companies' actual investment activity and the investments that were authorized by PURA and supported in rates.

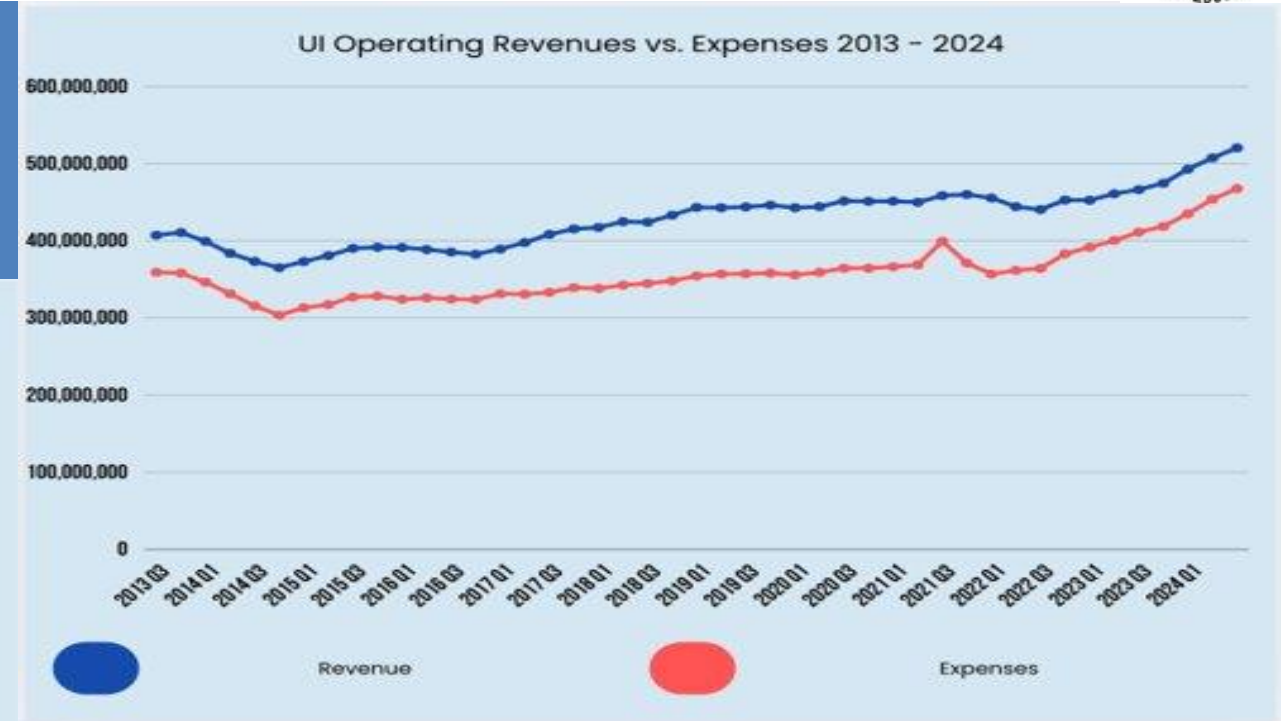
UI's Reported Actual Rate Base vs. Authorized Rate Base 2013 - 2024



CL&P's Reported Actual Rate Base vs. Authorized Rate Base 2015 - 2024



Distribution: Revenue v. Expenses

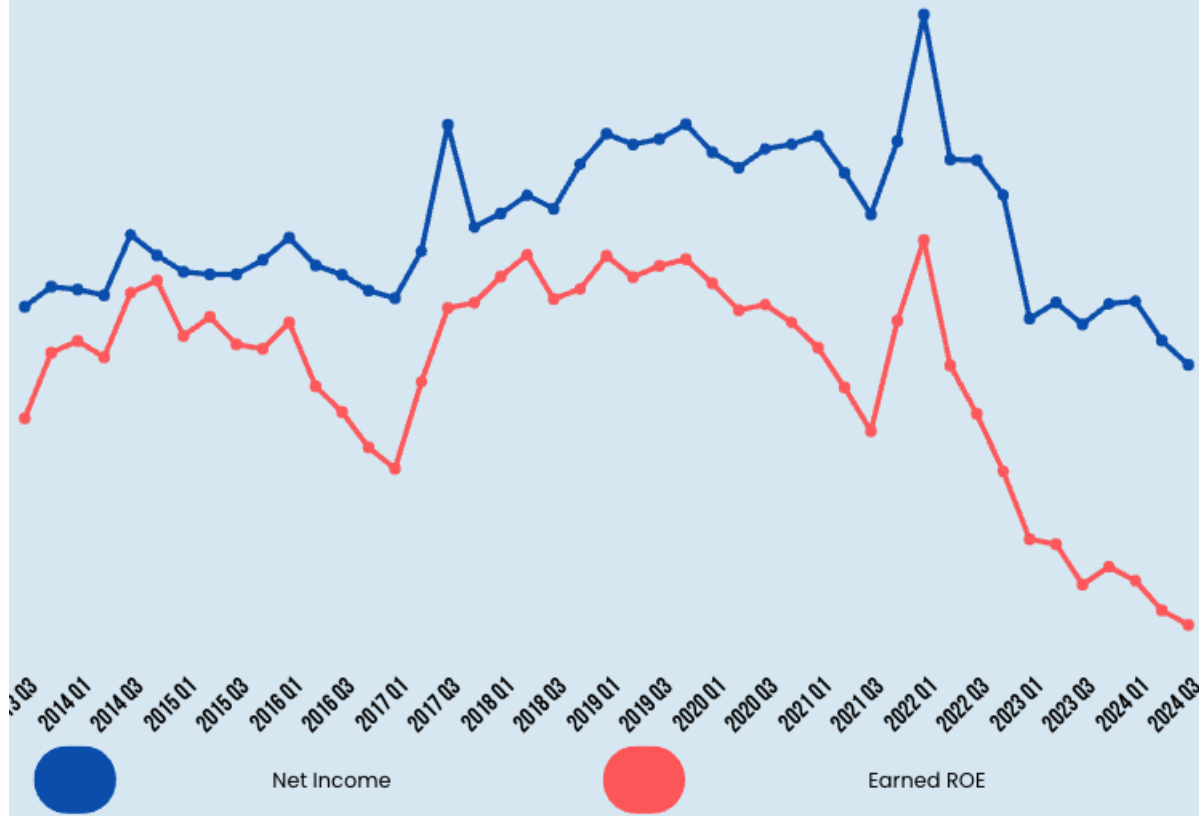


There are fluctuations between revenues and expenses, but neither of Connecticut's Electric Distribution Companies have ever experienced a quarter in which revenues were insufficient to meet expenses. In fact, **over the last decade**, trends have remained relatively consistent. **Where expenses have increased, revenues have also increased.**

ROE vs. Net Income

When investment activity outpaces revenue support, it has an impact on ROE which measures income in proportion to rate base. However, observing net income as compared to ROE shows that overall profit trends do not necessary correlate with earned ROE decline.

UI's Reported Return on Equity vs. Net Income, 2013 - 2024



CL&P's Reported Return on Equity vs. Net Income, 2015 - 2024



Q3 2024 Results: UI: ROE 4.07%; Net Income \$32.35 million CL&P: ROE 6.46%; Net Income \$246.24 million

Comprehensive Performance-Based Ratemaking (PBR)

OCC's Objectives in PBR Proceedings

Incentivize Cost Efficiency

Increase utility responsiveness & attention to customer needs

Increase the transparency of utility planning & decision making

Achieve beneficial electrification, grid reliability & resilience cost effectively



Current PURA PBR Proceedings

RATE MECHANISMS

METRICS & PERFORMANCE INCENTIVES

INTEGRATED DISTRIBUTION PLANNING

Public Benefits: Categories of Costs

1	Eversource Public Benefits Cost Categories
2	ISO Schedule 1
3	ISO Schedule 2
4	ISO Schedule 5
5	OATT Schedule 2 - VAR
6	OATT Schedule 16 - Black Start
7	ISO OATT Schedule 17 IROL-CIP
8	ISO Miscellaneous
9	Other Revenues from ISO
10	PA 05-01 Section 8 Energy Independence Act Costs
11	PA 11-80 Section 107(6) Net LREC/ZREC Program Costs
12	PA 11-80 Section 107(6) LREC/ZREC Admin Costs
13	PA 11-80 Section 127
14	PA 13-303 Section 6 Class I Renewables Project Costs
15	PA 13-303 & PA 15-107c Section 6 & 7 (CERFP)
16	PA 13-303 Section 8 Class I Renewables Project Costs
17	PA 13-303 Amended Section 8 & PA 17-144 Section 10
18	PA 15-107 Section 1(b) CT EE Pass Dem Resp Bid
19	PA 15-107 Section 1(b) Project Costs
20	PA 15-134 SHREC Program Costs
21	PA 15-134 SHREC Admin Costs
22	PA 17-3, Section 1 - Millstone
23	PA 17-3, Section 1 - Seabrook
24	PA 18-50 Section 3 (Plainfield)
25	CT General Statute § 16-244c(i)(2) Project 150 EPAs
26	CT General Statute § 16-244y Fuel Cell Electricity Generation
27	Alternative Compliance Payments (ACPs)
28	PA 05-01 & PA 07-242 Contracts for Differences
29	Non Contract Qualifying Facilities (NCQF)
30	CT General Statute 16-243a, Public Utility Regulatory Policy Act (PURPA) Contracts
31	DER Portal Dkt. No. 17-06-02
32	DER Map Dkt. No. 17-06-02
33	SCEF-Shared Clean Energy Facilities Program Costs-Dkt No 19-07-01
34	CT Residential Solar Tariff Dkt No 20-07-01
35	CT Non-Residential Solar Tariff Dkt No 20-07-01
36	CT Electric Storage Solutions
37	CT Innovations Pilot
38	Cancelled Units/Nonrefundable Payments
39	Consulting Fees
40	Regional Greenhouse Gas Initiative
41	COVID Under Recovery
42	Incremental IT Costs - Docket No. 06-10-22 Motion No. 18
43	EV Program Costs
44	EV Program Cost amortization (prior year costs)
45	Operation Fuel
46	EnergizeCT Heating Loan Program
47	Boiler Loan repayments
48	Reserve for Uncollectible Hardship Accounts
49	New Start Debt (Arrearage) Forgiveness
50	Low Income special needs program
51	Matching Payment Program Debt (Arrearage) Forgiveness
52	Alorica Customer Service Costs
53	Marketing Data Trial Costs
54	Western Union Fee Free Location Costs
55	Hardship Inbox Costs
56	Data Dashboard Costs
57	RRES & ESS Additional Call Handle Time
58	Low Income Discount Rate Additional Call Handle Time
59	Low Income Discount Credit
60	Low Income Discount Rate
61	Low Income Discount Rate IT Capital - Revenue Requirement
62	Conservation and Load Management
63	Renewable Charge
64	Over/Undercollection from prior year as to all above categories
65	Gross Income Tax on all of the above
66	Carrying costs on all of the above

UI Public Benefits Cost Categories
ISO Schedule 1
Schedule 16 Black Start
NBFMCC Sch.2 VAR Support
ISO Sched 5 NESCOE
TOUT
Contracts for Differences
Project 150's Project
Section 127 Project
Fusion Solar - PA13-303 Section 6 Project
DEEP 8 Biomass Contracts - PA13-303 Section 8 Project
PPA Long Term Contracts - PA 15-107 Section 1(b) Small Scale & Section (c) - 3 State - RFP Projects
Millstone Nuclear Station - PA-17-03 Section 1 - Nuclear
RFP Administration
PA 17-303-S. 8/PA 17-144, S. 10 - Best in Class RFP Project
PA-18-05-04 Zero Carbon Emissions Generation Unit
PA 19-71 OSW Project
LREC/ZREC Payments
LREC/ZREC Revenue
Residential Renewable Energy Solutions
Non Residential Renewable Energy Solutions
SHREC Program
Virtual Net Metering
UI - SCEF - Program Administration - DEF
UI - SCEF - IT System Changes - DEF
UI - SCEF - Subscriber Bill Credit - DEF
Consulting Fees
UI - NBFMCC - Marketing Consultant
REC Inventory Account
Alternative Compliance Payments - (UI Class III Revenue)
Storm Resiliency Allocation
Wholesale Power Non-By Passable FMCC Admin
Energy Independence Act Costs
CT Yankee AG Accrual
Renewable Connections Program
NEIL Insurance Credit
Non-service Pension_OPEB
UI RGGI Ratepayer Relief Threshold
UI - Battery Storage
UI NBFMCC Bill Inserts Dckt 17-12-03RE08
Innovative Energy Solutions
EV Program Costs
EV Program Cost amortization (prior year costs)
Uncollectible billings - low income customers
Active charge-offs
Low income discount credit
Low Income Discount Rate (LIDR)(1)
Bill Forgiveness Program (BFP) (2)
Matching Payment Program (MPP) Heating(2)
Integrated resource planning
Operation fuel
EnergizeCT heating loan program
Third party collections
Other
Conservation and Load Management
Renewable Charge
Over/Undercollection from prior year as to all above categories
Gross Income Tax on all of the above
Carrying costs on all of the above

Broadband/Telecom Advocacy

Office of State Broadband (OSB) – advocate for the availability of affordable high-speed internet access for all residents and businesses.

- Recent work includes:
 - Frontier Quality of Service Investigation & Settlement
 - Obtained bill credits for customers impacted by service outages longer than 48 hours and missed appts
 - Verizon/Frontier Change of Control Proceeding
 - Docket No. 24-11-06 – Ensuring wireline consumers are protected
 - Recent and Upcoming Federal Action:
 - Net Neutrality, Digital Discrimination, Broadband Nutrition Labeling
 - Growing Affordability Challenges:
 - Documented in ["Life Without the Affordable Connectivity Program"](#) – The National Lifeline Association (NaLA)

Advocating for Water Customers

- The Future of Connecticut's Water Utility Service:
 - Meeting more stringent water quality state and federal standards -- PFAS
 - Making necessary investments to repair existing and aging infrastructure as well as meeting expansion needs
 - Financing necessary investments while implementing cost-containment measures
- Advocacy Re: Regulated Water Companies
 - Aquarion Water Company -- Proceeding following recent announcement from Eversource selling to RWA
 - Connecticut Water 2024 Rate Case
 - Balances timely and necessary investments and ratepayer impact
- Engaged in State Planning & Coordination:
 - Consumer Counsel Coleman Chairs Low-Income Energy & Water Advisory Board
 - OCC is member of Water Planning Advisory Council

Protecting Natural Gas Customers

- Advocating for cost controls and prudence evaluations in recent gas cases
 - CNG/SCG: Focus on returning money owed to customers and right-sizing revenue requirement while ensuring safety & reliability
 - Yankee: Under evaluation – largest requested increase in recent history
- Planning is critical to protect ratepayers from stranded costs & ensure best use of remaining assets
 - Updating Policy & Regulatory Frameworks
 - Opportunities for Integrating Electric and Gas Planning

Concluding Thoughts

OCC is available as a resource and consumer voice.

- No single or quick fixes to high energy costs but continue surgical approach to each item on bill
- Need to balance short-term and long-term goals in an energy transition.
- Prioritize steps leading to more customer empowerment and choice.
- Federal and state fiscal support is critical.

