



**STATE OF CONNECTICUT**  
**PUBLIC UTILITIES REGULATORY AUTHORITY**

**Frequently Asked Questions:**

*Adjustments to Electric Rates and Your Electric Bill*

- **What happened with the Eversource July 1<sup>st</sup> rate increase?**
  - PURA directed Eversource to return delivery rates to their June 2020 level on July 31<sup>st</sup>. Two days prior, [PURA announced an investigation to determine whether Eversource over-collected from customers](#) during the COVID-19 pandemic. The results of that investigation were released in two “Decisions” today. These Decisions represent a comprehensive overhaul of Connecticut’s rate adjustment process, which will result in greater transparency into electric rates and will shift risk more equitably from electric customers back to utility shareholders. The Decisions also impose a freeze on changes to the utilities’ *delivery* charges through at least May 1, 2021. In the near-term, PURA will focus on [investigating an interim rate decrease, low-income rates, and economic development rates](#).
  
- **What happened to the money Eversource collected from my electric bill in July and August? Will I get a rebate from Eversource for my July and August bill?**
  - The new process established in today’s Decisions will both decrease the likelihood of future over-collections and ensure that if Eversource or UI *do* over-collect from customers over the course of a year, the money is returned in the next year (with interest) through a reduction in that same line item.
  - Speaking of interest, until now the electric utilities have been collecting interest on many delivery charges at roughly 7 percent. Today’s Decisions lower that interest rate to the prime rate, closer to 2-3 percent, which will translate into meaningful savings for customers.
  
- **Will this new process for making adjustments to rates really help me?**
  - Yes. In addition to the benefits discussed above, the new process also benefits customers by setting rates based on actual costs, instead of

based on multiple, layered forecasts that are inherently uncertain and inaccurate. The COVID-19 pandemic exposed the deficiencies of relying on forward-looking rate-setting approaches, particularly in unprecedented times. Perhaps most importantly, the new process will allow PURA an extended and more meaningful opportunity to undertake a thorough review before permitting a rate adjustment clause to take effect. Currently PURA was allotted on average *one week* to review these adjustment requests.

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- **Why didn't UI impose a rate adjustment in July like Eversource did?**
  - Eversource's rate adjustment went into effect July 1, 2020, before being suspended by PURA effective no later than August 7. UI's scheduled rate adjustment was lagging one month behind Eversource due to some administrative challenges associated with the pandemic, so before the rate adjustment took effect in the UI service territory, PURA was able to proactively suspend UI's proposal pending the outcome of this investigation.
  
- **When should I look for adjustments to my delivery charges?**
  - Moving forward, adjustments will be made to delivery charge components effective each May 1<sup>st</sup> and September 1<sup>st</sup>, after PURA has had an opportunity to review the electric utilities' costs. Shifting the rate adjustments to occur in May and September allow for the changes to take effect during milder weather months when customers typically have lower electric bills so that it's easier to separate the bill impact of increased rates from the bill impact of increased consumption during hotter or colder months. This shift also allows PURA longer to review any rate adjustments. PURA will conduct its first review under this new framework starting in January 2021, with the corresponding delivery rate adjustments to become effective in May. Delivery rate components for both UI and Eversource will remain at their current levels until then.
  
- **Wait, wasn't it just [announced in November](#) that my rates will go up again in January?**
  - The rates set in November addressed the *supply* portion of a customer's bill, while the rates at issue in July and addressed through today's Decisions impact the *delivery* portion of rates. These are two different components of electric rates, each covering separate things. The supply portion of rates covers the purchase of the actual commodity, while the delivery portion of rates covers the infrastructure needed and used to transfer electricity generation from its source to your home or business.

As currently designed, the *delivery* portion of a customer's bill also reflects the recovery of state and federal taxes, as well as public policy costs.

- Because the state de-regulated certain aspects of the energy industry in the late 1990s, PURA no longer regulates the supply rates. We do, however, oversee a competitive auction every 6 months that ensures the utilities purchase the least-cost energy to supply their electric customers. As a result, adjustments to the supply portion of rates occur every January 1<sup>st</sup> and July 1<sup>st</sup> to effectively capture changes to the wholesale energy market.
- For more information about changes to and drivers of supply rates, see this recent [PURA press release](#).
  
- **Does the new rate adjustment framework mean annual costs will decrease for ratepayers?**
  - The new rate adjustment framework will provide more stability, predictability and transparency into what costs are recovered through the reconciling components included in the delivery portion of a customer's bill. Today's Decisions also lower the interest rate that is recouped by the utilities to the prime rate, *i.e.* closer to 2-3 percent, which will translate into meaningful savings for customers.
  - Ultimately, however, the new rate adjustment framework cannot guarantee a decrease in rates because the costs recovered through the affected rate components are almost exclusively pass-through costs incurred by the utilities in fulfilling public policy mandates, as well as transmission-related fees and other costs overseen by the Federal Energy Regulatory Commission
  
- **Are ratepayers currently paying for energy from Millstone Nuclear Power Plant?**
  - Yes. Eversource and UI currently have a contract with Dominion Energy, owner of the Millstone Nuclear Facility, which requires the utilities to purchase approximately 50 percent of Millstone's output, or 9 million MWh/year, for ten years (2019-2029). Somewhat confusingly, the net costs of this contract actually pass to customers through delivery rates; specifically, through the non-bypassable federally-mandated congestion charge line item. While PURA is investigating ways to address this in the future, it is critical to understand that the electricity commodity product reflected in the *supply* portion of a customer's bill is not equivalent or representative of cost recovery associated with the energy purchased from Millstone. Rather, the Millstone power purchase agreement is more appropriately characterized as a financial hedge.

- **When will changes be made to increase the transparency of my monthly electric bill?**
  - Today's decisions dictate both near-term and longer-term actions to achieve this objective. Coincident with today's ruling, [PURA initiated its formal docket process](#) and assigned a division of its staff to investigate and propose enhancements to the format and design of Eversource and UI residential electric bills. The bill redesign efforts will examine the transparency of electric bills as well as the substance and frequency of communication tools that could be used more effectively alongside monthly bills. In the near-term while the redesign efforts are underway, PURA ordered Eversource and UI to compile and improve messaging involving customer bills as currently designed, which is due to PURA no later than December 23, 2020.
  
- **Where can I learn more about the different components of my monthly electric bill?**
  - Please review this narrated [PowerPoint presentation](#) that addresses the different bill components, using a sample Eversource residential customer electric bill.