

Table of Contents

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A note from Consumer Counsel Claire Coleman	01
Consumer Information Corner	02
Legislative Homework: Complete	03
OCC Key Issues	04
<u>Looking Forward</u>	10
OCC Out of the Office	13
OCC In the News	14

OCC NEWSLETTER

Connecticut Office of Consumer Counsel



A note from Consumer Counsel Claire Coleman

2024 has undoubtably been challenging year for Connecticut utility customers, particularly electricity customers. Since our last issue, residents have Connecticut experienced unseasonably high temperatures throughout the autumn months, as well as the impacts of heavy rain, flood damage and periods of drought. Volatile weather continues to place pressure on our electric infrastructure. as well as operational costs.

Customers also faced a significant increase in electric rates during the height of summer's high heat months, when energy consumption is at its highest with cooling systems across the state working to beat the heat. The significant increase - driven largely by accrued costs for the state's contract with the Millstone Nuclear Plant and the residual impacts of the COVID-19 pandemic and inflationary pressures caused an onslaught of polarizing narratives in the public discourse regarding who or what was to blame. Properly advocating for and serving consumers includes the hard work of ensuring that consumer perspectives are brought into the public discourse, even if it means addressing conflicting claims head on, one by one. That's why the Office of Consumer Counsel worked hard to produce factual. unbiased information to educate Connecticut residents about this summer's rate increases.

Most recently, our regulatory agency PURA has been in the news due to credit rating downgrades of Connecticut utilities following a rate order that lowered rates for two of Connecticut's gas companies. While the pitch of the rhetoric remained high, OCC once again sought to provide detailed analysis on the impacts and drivers of these credit ratings. While no credit downgrade is good for customers - because higher cost of debt can be passed on to customers - at the same time regulators have to set rates based on specific legal standards, not on appeasing investor analysts. Connecticut customers aren't served well by overpaying for services. And our utilities continue to have the obligation to make investments to provide safe, reliable services. OCC is watching closely to try to ensure that customer interests drive the regulatory frameworks in Connecticut.

As we head into peak winter heating season, providing residents affordable and reliable electric, water, heating, and home internet services remains at the forefront of the work my team and I do every day. I hope this newsletter will give you a small sampling of the countless hours dedicated, the thousands of pages of advocacy submitted to PURA and the courts, and hard-fought victories achieved by the OCC's small but extremely talented team on behalf of utility and communications customers across the state. I could not be prouder of the work of our team captured in this third issue.

Best,

Claire Coleman
Connecticut Consumer Counsel

CONSUMER INFORMATION CORNER (1)



Electric Bill Changes – United Illuminating and Eversource Customers Will Likely See Increase in Monthly Bills in January 2025

Effective January 1, 2025, customers of Eversource and United Illuminating using an average of 700 kWh per month can expect to see an increase in their monthly electric bill by approximately \$16 and \$11 a month, respectively. This increase is due to an increase of the Standard Service supply rate of roughly 24% for Eversource and 14% for United Illuminating customers.

The current Standard Service rate for **Eversource** customers is 8.995 ¢ per kWh, while **United Illuminating** customers are currently paying 11.91¢ per kWh. On January 1, 2025, **Eversource** customers will pay 11.19 ¢ per kWh while **United Illuminating** customers will pay 13.5683 ¢ per kWh.

All impacted Eversource and United Illuminating customers will be charged the new rates, which can be found under the "supply" category on their electric bill, multiplied by their monthly electricity usage as measured by their electric meter in kilowatt hours. This rate will be in effect until June 30, 2025.

The Office of Consumer Counsel urges consumers to continue to make every effort to reduce bills through energy conservation and efficiency measures. For more information on reducing your usage and on opportunities for energy efficiency and clean energy improvements, please visit EnergizeCT.com. For more information on this rate change, see OCC's consumer alert here.

Stakeholder Group Compensation Program Training Series

Public Act 23-102 directed the Public Utilities Regulatory Authority (PURA) to Stakeholder Group Compensation Program through which groups representing the interests of residential utility customers residing in an environmental justice community, residential utility customers receiving protection as hardship cases, or small business customers may receive compensation for certain expenses if approved to participate in a PURA proceeding beginning in January 2024.

In order to facilitate participation in the program, the Office of Consumer Counsel is producing a training series and related educational materials. OCC's trainings are available to prospective stakeholder groups and members of the public to support increased participation and understanding of PURA's decisions and rulings, promote education and awareness of public service company operations, and explain the role and function of PURA as well as of the OCC. Some training materials are available in Spanish.

The resources available to date may be found on the OCC's website, which will be updated as additional trainings and materials are developed and released. Check out OCC's first two trainings here.



LEGISLATIVE HOMEWORK: COMPLETE





MDC Consumer Advocate Profile: Elizabeth Tavelli

As a result of PA 24-98, signed into law following the 2024 legislative session, OCC is proud to share that the customers of the Metropolitan District Commission – a regional water district serving 12 towns in the greater Hartford area – have a new Independent Consumer Advocate effective January 1, 2025, for the calendar years 2025-2026.

Elizabeth Tavelli is a West Hartford resident, University of Connecticut School of Law graduate and has been practicing law for 15 years. She brings significant experience in toxic tort and other civil litigation as well as transactional experience in contracts and real estate. Not only does her professional experience - working on a diverse range of legal including municipal matters, environmental issues - make her a perfect fit for the role, her experience with various organizations at the town level show her commitment to the betterment of the community.



ELIZABETH TAVELLI MDC CONSUMER ADVOCATE

If you are an MDC consumer, get in touch with Elizabeth at:

<u>independentconsumeradvocatemdc@gmail.com</u> or 860-785-5578.

Low-Income Energy & Water Advisory Board Report - Highlights

As required by the passage of PA 24-37, signed into law following the 2024 legislative session, the newly named Low-Income Energy and Water Advisory Board (LIEWAB) issued the first of its biennial reports to the Connecticut General Assembly's Appropriations, Energy Technology, and Human Services Committees, comprised of recommendations to improve the availability, administration, and implementation of heating and water assistance programs primarily created to benefit low-income households October 15th, 2024. PA 24-37 also

expanded the Board's purview to affordability and provision of water services - particularly as they relate to lowand moderate-income households - going forward.

Detailed in the report, LIEWAB found upward pressures on energy and water rates are likely to continue as inflationary pressures exist, and climate change, pollution, and increasingly frequent and damaging storms occur, requiring significant infrastructure investments to be made on a going forward basis. For more information, read the report here.



OCC Key Issues

Summer Electric Bill Increases & the Public Benefits Category: What Happened and Why?

As part of an effort by PURA, the Legislature, and Governor Lamont to lower costs and increase customer understanding of what they are paying for, PURA redesigned the electric bill format which customers are now seeing on their bills since the changes went into effect in the winter of 2023.

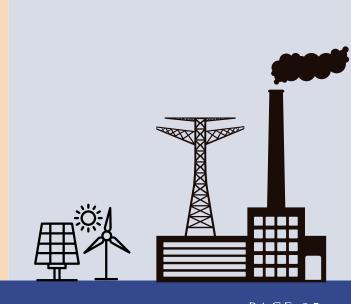
Electric bills used to be divided into two categories: Supply and Delivery. The "Supply" category only captured the cost of purchasing retail energy itself, whereas "Delivery" included the costs for distribution and transmission infrastructure, all of the utilities' operating costs and profit, and program costs driven by legislative and regulatory initiatives – such as the Millstone contract, gas peaker plants, other clean energy purchased power agreements, affordability programs, fuel cell projects, and energy efficiency costs.

Now, there are four categories. The recently redesigned bill splits the category that used to be labeled "Delivery" into three parts: "Local Delivery," "Transmission," and "Public Benefits." The costs that are now in the "Public Benefits" section were called things like "SBC" (System Charge), "CAM" (Conservation Adjustment Mechanism), "Combined Benefits," and "NBFMCC" (Non Bypassable Federally Mandated Congestion Charge) in older iterations of bills. The charges under the Transmission and Public Benefits categories are not new costs on customer bills, rather recategorized costs for increased understanding.

Every year, there Rate are Adjustment Mechanism (RAM) proceedings before PURA in which Connecticut's two electric distribution companies request to recover costs that correlate to Transmission and the Public Benefits categories, and some components of the Local Delivery category on consumer electric bills.

In April of this year, PURA issued a decision on Phase 1. In August, PURA issued a decision in Phase 2.

For more information on these increases, see OCC's <u>FAQ</u> document and RAM overview.



OCC's Advocacy in the <u>Connecticut Natural Gas</u> (<u>CNG</u>) and <u>Southern Connecticut Gas (SCG) Rate</u> <u>Cases</u> Helps Achieve Pro-Consumer Outcome

Following a 2023 financial disclosure report showing that CNG's net income was \$9 million higher than authorized - though returning half to customers and distributing the other half to shareholders - the Office of Consumer Counsel. Attorney Office, General's Connecticut Industrial Energy Consumers and PURA's Office of Education, Outreach and Enforcement filed a joint petition to the Public Utilities Regulatory Authority to open a new rate case in order to investigate the overearnings and determine whether costs could be decreased for Connecticut's families and businesses.

Both CNG and SCG, Avangrid's two gas distribution subsidiaries, filed applications for rate increases of \$19.7 million and \$43 million which respectively, would have resulted in approximate rate increases of \$7 for CNG customers and \$13.50 for SCG customers per month.

During a year long rate case proceeding, OCC helped build the case that significant bill decreases were not only appropriate, but necessary to align company expenses with the just and reasonable cost to provide safe, reliable gas service. While decreases to utility rates are rarely appropriate as actual operating costs do not tend to decrease over time, unique circumstances

required reductions to CNG/SCG's rates given that the companies were 1) regularly earning net income in excess of their authorized rate of return on equity ("overearning"); 2) owed customers a significant amount of money from tax law changes and the end of a gas expansion program; going forward will recovering a significant amount of revenue outside of base rates through a tracker for the Distribution Integrity Management Program (DIMP). Though the companies received appropriate decreases, at OCC's urging, they were allowed support for critical expenditures for cybersecurity measures and service line replacements, while returning money owed to customers from tax credits and sunsetting programs.

PURA's final decision ordered a decrease in revenues of \$24.6 million and \$10.72 million for **CNG** and **SCG**, respectively, resulting in an approximate \$8 decrease for CNG residential heating customers and an approximate \$3.50 decrease for SCG residential heating customers per month.

We are proud of this balanced and positive outcome for both CNG and SCG customers. Read more about OCC's recommendations in the proceeding here and here.

OCC Recommends End of Unrestricted Third-Party Wage Garnishment Practices, PURA Upholds

After conducting an investigation in 2022 and finding that some Connecticut utility companies were garnishing the wages of their customers outstanding utility debt throughout the COVID-19 pandemic, the Office of Consumer Counsel led a Working Group to evaluate the continued practice of wage garnishment as a utility debt collection practice. On June 27, 2024, OCC submitted its final report, which hiahliahts kev findinas recommendations, to the Public Utilities Regulatory Authority.

Ultimately, OCC recommended modified model of total prohibition through which garnishment prohibited as a general practice, but utilities could proactively authorization to request a wage execution in scenarios where they are demonstrate that garnishment would not impose undue burden upon the customer due to sufficient income and/or assets. OCC suggested an income threshold of 75% (state median income) notification proposed additional requirements for customer communications, in order to promote clarity, transparency, and fairness.

On August 15, 2024, the OCC presented its findings and recommendations at PURA's second technical meeting for Docket No. 24-05-01, Annual Review of Affordability Programs and Offerings (Energy Affordability Annual Review). In its November 6, 2024, final decision in PURA this docket, directed companies "to continue to abstain from the reliance on wage garnishments for residential customers with incomes below 75% of the SMI" (24-05-01 Final Decision, p. 23). In the case where "the companies believe that garnishment for a customer below this threshold is necessary, [they] shall submit a motion for Authority review and approval to request a wage garnishment in that calendar year's energy affordability annual review" (24-05-01 Final Decision, p. 23). PURA also OCC's recommendations regarding customer communications to appropriate and directed the develop companies additional communications materials to that end.

For more information about how this Working Group came about, its goals, and its key takeaways, you can check out our final report, or our <u>July 2024</u> newsletter.

Implementing the Low-Income Discount Rate

In November 2024, PURA issued a <u>final decision</u> in a series of proceedings investigating new rate designs and distribution system planning for Connecticut's electric distribution companies in which PURA expanded upon the previously established tier levels of the Low-Income Discount Rate decided in October 2022, after receiving feedback from stakeholders.

Implementing the Low-Income Discount Rate (continued)



Instead of having two-tiers – providing eligible customers with either a 10% or 50% discount on their total monthly bill – there are now five tiers of discounts – 5%, 15%, 20%, 40%, and 50% – for customers who meet the eligibility criteria in accordance with federal poverty guidelines. This five-tier structure is more precisely targeted and hopefully provides for effective cost containment of the program.

Tier	Discount
1	212% – 275% FPL, Up to 60% SMI
	5%
2	161% – 211% FPL
	15%
3	126% – 160% FPL
	20%
4	101% – 125% FPL
	40%
5	Up to 100% FPL
	50%

"Authority's Approved five-tiered LIDR Modification," Final Decision in Docket No. 17-12-03RE11, page 13.

Eversource and United Illuminating are working to implement the five tier discount rates for eligible customers over the next several months, and income-eligible customers currently receiving benefits from the Connecticut Department of Social Services will be automatically enrolled. For eligible customers meeting the criteria but not currently receiving DSS benefits, contact your electric distribution company.



Frontier Quality-of-Service Standards Settlement

On November 19th, 2024, the Office of Consumer Counsel announced a proconsumer settlement in the proceeding to address the Notice of Violation and penalty **PURA** assessed against Communications for its prolonged and repeated failures to meet state quality of service standards and performance filing requirements in July of this year. The settlement agreement provides credits for Frontier customers already impacted by Frontier's repeated failures, while ensuring customers will receive better quality of service moving forward by requiring meaningful credits for any future violations.

PURA's July 2023 Final Decision and Notice of Violation concluded a six-month proceeding initiated by a petition for investigation filed by our office after identifying numerous counts of noncompliance within Frontier's self-reported semi-annual service quality filings.

PURA agreed with OCC's findings that Frontier failed to meet the minimum Maintenance Appointment Met (MAM) standard for 35 months and the minimum Out of Service Repair (OSR) standard for 51 months, from January 2015 to December 2023. In addition, Frontier also failed to file 16 required exception reports for 3-month periods in which Frontier failed to meet the minimum standards, and those reports were, cumulatively, 8,811 days overdue as of December 31, 2023.

The settlement agreement approved by PURA on December 19th ended Frontier's challenge to PURA's Notice of Violation and the subsequent penalty, avoided an appeal, and allows funding to be directed to consumers who were impacted – and those who may be impacted in the future – by Frontier's failure to meet service standards.

The settlement includes:

- Provides \$860,000 in retroactive bill credits to Frontier's customers directly impacted by missed appointments and/or service outages lasting 48 hours or more from January 1, 2023 through December 31, 2024. For those impacted by Frontier's failure to meet this standard, Frontier will issue a minimum credit of \$70 for each missed appointment and issue a \$10 daily credit to customers who reported service outages exceeding 48 hours or more.
- Going forward, the settlement agreement provides an automatic \$10 daily bill credit for service outages with a duration of 48 hours or more, as well as \$70 bill credit for each missed maintenance appointment beginning January 1, 2025 and continuing until December 31, 2027. The prospective credit will incentivize the company to comply with Quality-of-Service standards – including public safety issues like outage restoration – moving forward.
- The final provision of the settlement agreement requires the company to continue to file semi-annual Quality of Service Reports with PURA, and importantly, expands the scope of reporting to include plans to improve company operations and performance in any region Frontier fails to meet the applicable out of service or missed maintenance appointment standard, and company expenditures as they relate to the category of wireline service infrastructure and the associated work being performed.



Looking Forward

Coming up...



Yankee Gas, a local gas distribution company owned by Eversource, filed an application with PURA in October seeking a \$209 million rate increase in a single year, with revenues to escalate over the three following years. This request is for additional revenue on top of what is already being collected from their customers. This is the largest increase in delivery rates ever proposed by a gas distribution company in Connecticut, and would result in a 43% increase in the gas distribution rates that residential heating customers are currently paying. Yankee has proposed that the increased rates would be effective November 1, 2025. The OCC team is hard at work reviewing the applications and engaging in discovery to understand the drivers behind the proposed historic increases, and will be presenting testimony to PURA.

To follow along and get involved in **Docket No. 24-12-01**,

please note these key dates for submitting public comment on the record: 10 FEB

MONDAY, FEBRUARY 10, 2025 AT 5:30 P.M.

Danbury Police Department Community Room 375 Main Street Danbury, CT 06810

17 MAR

MONDAY, MARCH 17, 2025 AT 5:30 P.M.

Vernon Town Hall, 14 Park Place, 3rd Floor Vernon, CT 06066

09 APR

WEDNESDAY, APRIL 9, 2025 AT 12:00 P.M.

Remote access
To listen in or participate, register at:
https://tinyurl.com/Yankee2025-register

The **United Illuminating Company**, an electric distribution company owned by Avangrid, filed an application with PURA in November seeking a rate increase of \$105 million in additional revenue on top of what is currently being collected from their customers. If approved by PURA, this increase would be collected from customers over a single year from the effective date of November 1, 2025. The OCC team is hard at work reviewing the applications and engaging in discovery and developing testimony.



Coming up...

To follow along and get involved in Docket No. 24-10-04, please note these

key dates for submitting public comment on the record:

JAN

MONDAY, JANUARY 27, 2025 AT 5:30 P.M.

Margaret Morton Government Center 999 Broad Street Bridgeport, 06604

10

MONDAY, MARCH 10, 2025 AT 5:30 P.M.

Fairfield Public Library, Rotary Room 1147 Fairfield Woods Road Fairfield, CT 06825

TUESDAY, MARCH 18, 2025 AT 12:00 P.M.

Remote access To listen in or participate, register at: https://tinyurl.com/UI2025-register

Telecom Change of Control: In November, Verizon Communications and Frontier Communications filed a joint application with PURA seeking approval of a change of control and a notice of proceeding was issued on 11/20. If approved as requested, Verizon would acquire 100 percent of Frontier Communications, Inc and its subsidiaries - which in Connecticut, would result in The Southern New England Telephone Company (SNET) to become fully owned and operated by Verizon. To follow along in this docket, and find out how to participate once PURA issues a schedule, stay tuned to **Docket No.** 22-11-06.



Evolution not revolution: Connecticut's Performance-Based Ratemaking design and framework is still under development, and OCC has had a seat at the table through the entire process providing a voice for consumers. PURA has been holding in-person roundtable discussions between all stakeholders to further refine both the overall rate case structure via Rate Adjustment Mechanisms (RAMs) and company-specific Performance Incentive Metrics (PIMs), scorecards, and metrics in order to achieve Connecticut's affordability and utility performance goals, which are available on PURA's YouTube page. For more information on how to join these discussions, please email pura.information@ct.gov. All three PBR dockets are expected to continue until the summer of 2025.

The 2025 legislative session commences on January 8, 2025. High quality and affordable utility service will be top of mind for both elected officials and the public alike. To stay informed about proposals being discussed, keep track of key dates and deadlines on the Connecticut General Assembly website and get in touch with your <u>legislators</u> to make sure your voice is heard!



OCC OUT OF THE OFFICE

In July 2024, Tom Wiehl, OCC's Legal & Regulatory Director, spoke on a panel organized by RMI at the 2024 NARUC Summer Policy Summit regarding performance-based regulation.

Tom was also credited as a reviewer for an RMI report titled <u>How to</u>

<u>Restructure Utility Incentives: The</u>

<u>Four Pillars of Comprehensive</u>

<u>Performance-Based Regulation</u>,

published in July of 2024.



In September 2024, Consumer Counsel Coleman was a panelist at the New England Electricity Restructuring Roundtable's "Stakeholders Investing and Integrating to Benefit Customers" panel.

During the National
Association of State
Utility Consumer
Advocates (NASUCA)
2024 Annual Meeting,
Consumer Counsel
Coleman spoke on a
panel about
Connecticut's
discount rates for lowincome water utility
customers, program
enrollment challenges,
and solutions.





energy costs.

Consumer Counsel
Coleman participated
in ISO-New England's
Consumer Liaison
Group Meeting in New
London, CT-a forum
for the exchange of
information between
ISO-NE and electricity
consumers in the
region.

In October 2024,

FOLEY HOAG

Burt Cohen, OCC Staff
Attorney & Broadband
Policy Coordinator,
participated in Broadband
Breakfast's "Cities and
Taxes on Video and
Broadband" panel, which
delved into various key
topics in the world of
telecommunications,
including taxing streaming
video and broadband
services, the impact on
local rights-of-way,
among others.

Harry Hallow in the control of the c

Consumer Counsel Coleman and Tom Wiehl, OCC's Legal & Regulatory Director, participated in a cohort organized by NARUC and NASEO called "Planning for a Modern Distribution System," with multiple collaborative workshops from August through November 2024.

OCC IN THE NEWS

TELECOM CONSUMER **PROTECTIONS**

Frontier to issue \$860K in credits after Connecticut service violation

- By Luther Turmelle,
- Staff Writer
- Updated Nov 20, 2024

PURA Denies Verizon's Petition To Be Classified As Competitive | CT News Junkie

- By Julie Martin Banks
- October 17, 2024

CT Frontier Customers Will Get \$860K In Bill **Credits Over Service** Failures

- By Josh Lanier
- November 20, 2024

OCC ALUMNI

Chairman Phillips Names Rosenthal Deputy Director in Office of **Public Participation**

- Federal Energy Regulatory **Commission News** Release
- December 19, 2024

STAY CONNECTED WITH THE OCC









WORK ON ELECTRICITY RATES & BILLS

Consumer Counsels Fire Back At Utility Company Claims Regarding Credit Downgrades | CT News Junkie

- By Jamil Ragland
- December 16, 2024

<u>Unchecked electrical expenses? New England consumer</u> advocates have concerns - NBC Connecticut

- By Len Besthoff
- November 19, 2024

Frustrated by more expensive energy bills? Ways to help lower costs

- By Caitlin Burchill
- August 7, 2024

Regulators slash revenue requests at two CT gas <u>companies</u>

- By Edmund Mahony
- November 18, 2024

Gas customers will see lower bills after PURA decision -

NBC Connecticut

- By Angela Fortuna
- November 18, 2024

CT utility seeks large rate increase; state official condemns it as 'completely out of whack'

- By Edmund Mahony
- o November 12, 2024





ABOUT THE OCC

The Office of Consumer Counsel (OCC) is an independent state agency with statutory responsibility to represent customers of Connecticut's regulated utilities – electric, gas, water, and telecommunications providers – primarily in matters that go before the Public Utilities Regulatory Authority (PURA). The OCC is authorized to participate on behalf of consumer interests in all administrative and judicial forums and in any matters in which the interests of consumers with respect to public utility matters may be involved.

OCC's core mission is to advance the interests of Connecticut's utility customers with a goal of achieving affordable, reliable, and sustainable energy services and improving utility company performance to best meet the needs of consumers. This includes cost-effectively achieving the state's clean energy targets, environmental and greenhouse gas reduction goals, and environmental justice and equity priorities. OCC is also committed to achieving universal access to high-speed affordable broadband connections for all its residents. We help improve Connecticut residents' access to essential services that are critical to health, safety, and economic well-being of our state.

The Office consists of attorneys, accountants, financial analysts, and support staff. Together, OCC pursues its core mission through strategic litigation, policy development, research and data analysis, and engagement with regulators and policymakers, the legislature, the public, and other key stakeholders.