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INTRODUCTION



PURPOSE OF THIS REPORT

Since the Public Utilities Regulatory Authority (PURA or the Authority) was established through Connecticut Public Act 11-80, An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut's Energy Future, PURA's mission continues to evolve. In addition to ensuring that Connecticut's investorowned utilities, including the state's electric, natural gas, and water companies, provide safe, clean, reliable, and affordable service, PURA also now oversees programs, policies, and tariff designs that advance the state's energy, economic, and climate goals. These responsibilities play a vital role in ensuring public health and safety and a robust economy in Connecticut.

Given the growing importance of enhancing utility service and achieving the state's climate goals, transparent communications and accessible stakeholder resources have become increasingly important, not just for frequent participants in PURA's processes, but also for elected officials, policymakers, and members of the public alike. In recent years, the Authority has launched multiple new efforts to improve communication and engagement with the public and stakeholders that engage in, or are affected by, PURA's proceedings. Notably, in 2020, the Authority established the Office of Education, Outreach, and Enforcement (EOE), which is tasked with directly engaging with non-traditional stakeholders on matters before PURA and fielding and working to resolve ratepayer complaints and inquiries. More recently, the Authority established a program to provide compensation to underrepresented groups to participate in PURA processes.

PURA also offers many educational resources available to the public and stakeholders such as its <u>Quarterly Newsletters</u>,

rate case video series, live-streamed events, PURA 101 Workshops, and this report (Annual Report or Report). This Annual Report provides a concise summary of the Authority's work completed in the previous year, and shares insights into the year ahead. It provides both quantitative metrics on the Authority's work, as well as abridged versions of key decisions across all of the industries regulated by PURA. The Report is organized around the key public utility service sectors that PURA regulates, with a section for each sector and additional sections providing a specific overview of the Authority's high impact work on rate cases, performance-based regulation, and PURA's Equitable Modern Grid Initiative.

The Annual Report also summarizes the reports submitted to the General Assembly in the previous year and provides progress updates on specific PURA investigations required by recent legislation. Additionally, the Annual Report includes an update on the work of EOE and on all appeals of prior PURA decisions. Finally, the Annual Report addresses major upcoming topics in the current year, such as new program launches, anticipated rate proceedings, and the transition to performance-based regulation.

The Authority uses this Report to increase stakeholder engagement with and awareness of ongoing and future proceedings. As a quasi-judicial agency, PURA can only make decisions based on the record evidence placed before it in any given proceeding. The Authority's decisions affect a wide variety of stakeholders both directly and indirectly and are, therefore, made more robust with increased awareness and participation from all stakeholders. The Annual Report will evolve year-over-year, based on feedback received by the Authority, in order to best communicate with all stakeholders.

ABOUT PURA

The Public Utilities Regulatory Authority (PURA or the Authority) is a quasi-judicial agency that interprets and applies the statutes and regulations governing Connecticut's investor-owned electric, natural gas, water, and telecommunications utility companies. These electric, gas, and water companies are granted an "exclusive franchise right" to a specific territory or territories by the General Assembly because they meet the criteria for what is known as a "natural monopoly."

Electricity, natural gas, water, and some telecommunications services are all examples of industries that may qualify as a natural monopoly. Under a

What does "Quasi-Judicial" mean?

This means that PURA's decisions are legally binding on the utilities it regulates.

natural monopoly, there is only one set of infrastructure that services all customers who all share the costs.

Importantly however, being granted an exclusive franchise right comes with conditions. In exchange for this right, a utility consents to regulation, including meeting required standards of service.

The Authority is statutorily charged with ensuring that Connecticut's investor-owned utilities provide safe, clean, reliable utility service at affordable rates. During a distribution rate proceeding, PURA reviews utility's capital and operating expenses to ensure that they were incurred prudently. Then, PURA incorporates these costs, along with a reasonable rate of return derived based on evidence considered during a rate proceeding, into rates.

HISTORY OF PURA

PURA replaced the former Department of Public Utility Control (DPUC) and, along with the Bureau of Energy and Technology Policy, is part of the Energy Branch of the Department of Energy and Environmental Protection (DEEP). DEEP was created in July 2011 and brought together the state's Department of Environmental Protection (DEP), the DPUC, and an energy policy group that had been based at the Office of Policy and Management. However, the history of PURA and utility regulation extends far beyond the last fifteen years and the utilities we recognize today.

In the early to mid-nineteenth century, the expansion of railroads enhanced transportation access for people and the distribution of goods and services across the nation. Quickly, it became clear that it was in the public interest to implement safety regulation and monitoring of these railroads and in 1853, the Connecticut General Assembly established a commission of three general railroad commissioners to ensure compliance with safety regulations.[1]

Over time, the jurisdiction of this commission expanded to address issues of safety, property rights, eminent domain, and more. In 1894, the U.S. Supreme Court affirmed previous court rulings and stated that "while railroad corporations are private corporations... distinguished from those created for...governmental purposes, their uses are public, and they are invested with the right of eminent domain, only to be exercised for public purposes," and "therefore they are subject to legislative control in all respects necessary to protect the public against danger, injustice, and oppression. Most importantly, the Supreme Court confirmed that "the state has the power to exercise this control through boards of commissioners."[2]

By 1901, the commission was responsible for approving new locations for lines, certifying them as safe, conducting regular safety inspections, investigating complaints, petitions, and accidents, conducting research on emerging technologies, and submitting reports to the Connecticut legislature. The commission would hold hearings, provide legal notices, receive testimony, and issue decisions; all activities familiar to PURA today.[3]

Not long after, the increasing numbers of electric, gas, water, telegraph, and telephone companies brought the need for increased regulation and an agency with an expanded scope. On September 9, 1911, in accordance with Public Acts 1911, chapter 128, the Board of Railroad Commissioners became the new Public Utilities Commission.

In 1975, the General Assembly created the Public Utilities Control Authority from the former Public Utilities Commission. In 1979, this became the Division of Public Utility Control in the Department of Business Regulation and, in 1980, was made an independent department called the Department of Public Utility Control (DPUC).

The DPUC was charged with regulating the electric, gas, water, and telephone industries. The department was subsequently given jurisdiction over cable TV and telecommunications companies, while its jurisdiction over bus, trucking, and livery companies was transferred to the Department of Transportation. It had also been given responsibility for "Call Before You Dig" and began administering certain other programs.

Historically, DPUC set utility rates based on costs, with companies allowed to earn a DPUC-authorized rate of return on their investments. As the legislature opened specific industries to competition, it allowed DPUC to implement alternative forms of regulation for those services that are not fully competitive.

Finally, the DPUC was eliminated in July 2011 and all agency functions were moved under the Department of Energy and Environmental Protection and renamed as the Public Utilities Regulatory Authority, which is commonly known today as PURA or the Authority.

PURA'S STATUTORY RESPONSIBILITIES

Among other things, PURA is authorizes adjustments to the distribution rates charged by investor-owned utilities, advances the modernization of the electric distribution system, sets rates for customer-owned renewable energy resources, regulates the retail electric supplier market, implements federal requirements for natural gas pipeline safety, ensures adequate water system infrastructure investments, reviews mergers and acquisitions, provides education and outreach for consumers, and regulates the expansion of certain telecommunications infrastructure.

The majority of key statutes that govern the work of PURA are found in Title 16 of the General Statutes of Connecticut, "Public Service Companies." Several of the most-referenced statutes are summarized by Table 1 below.

Table 1: PURA's Governing State Statutes

Statutory Section	Purpose
§ 16-9	Governs the issuance of orders by PURA.
§ 16-11	Requires PURA to regulate the condition of the plant, equipment and manner of operation of all public service companies. Enables PURA to order reasonable improvements, repairs, or alterations to companies' plant or equipment or changes to the manner of operation as necessary in the public interest.
§ 16-18	PURA has jurisdiction over the method and manner of construction of wire, poles, conductors, and fixtures for the transmission of electricity.
§ 16-19	Establishes PURA's ratemaking authority.
§ 16-19e	Sets forth the principles PURA must apply when regulating public service companies.
§ 16-41	Authorizes PURA to issue civil penalties.
§ 16-43	Requires public service companies to obtain approval prior to taking certain actions (listed in the statute).
§ 16-244i	Requires PURA to oversee quality and reliability of electric service. Obligates the electric distribution utilities to provide safe and reliable service to customers, among other things.
§ 16-245	Establishes PURA's authority to regulate electric suppliers.

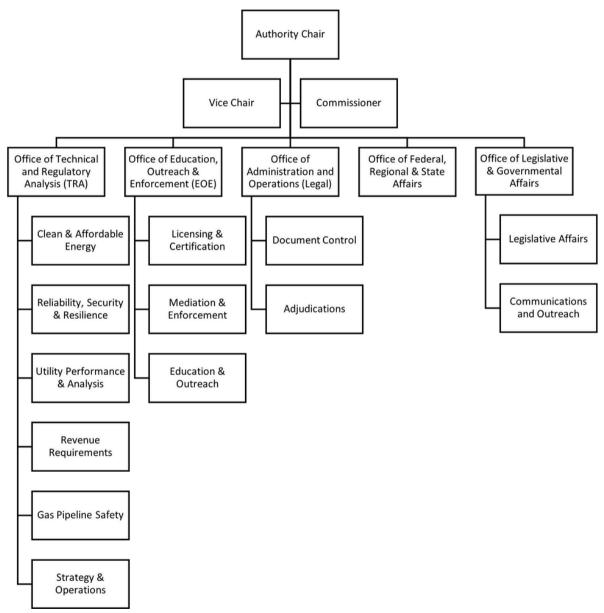
PURA'S ORGANIZATIONAL STRUCTURE

All matters and proceedings before the Authority are presented to a panel of PURA's Commissioners. Each Commissioner is appointed by the Governor, typically to a four (4) year term, with consent from the legislature.

The Authority staff assist the commissioners in reviewing evidence submitted into the record, issuing information requests like interrogatories and conducting cross examination during hearings, and propose recommended decisions to the commissioner panel. A decision on a particular proceeding is reached by a majority vote among the three commissioners.

PURA's staff are currently organized into five distinct offices, as shown in Figure 1 below:

Figure 1: PURA's Operational Organization



All docketed work that is primarily technical in nature (i.e., adjudicated investigations) is assigned to the Office of Technical and Regulatory Analysis (TRA), which supports the technical and substantive elements of each of the sectors included in this Report. Other docketed work that is primarily legal in nature is assigned to the Office of Administration and Operations, which houses PURA's Adjudications unit. Together, TRA and the Office of

Administration and Operations are known as "decisional staff".[4]

Each docket is assigned technical staff from TRA based on expertise, and at least one legal advisor (attorney) from the Office of Administration and Operations, with other staff assisting as necessary and appropriate. Other matters, such as routine licensing, dispute mediation, or enforcement, are assigned to the Office of Education, Outreach, and Enforcement (EOE). As discussed in greater detail in Section 8, EOE staff are separate from TRA Staff and are subject to ex parte limitations in communicating with other Authority staff. This allows EOE to also participate in PURA dockets as a separate party, particularly when a docket is related to rate amendments, performance-based regulation, or other alternative forms of regulation.[5]

The Office of Legislative & Governmental Affairs serves as PURA's primary contact for the Connecticut General Assembly, news media, and other interested stakeholders. The office handles all inquiries and interview requests from these parties to ensure the Authority's goals, services, activities, and programs are communicated in an accurate, transparent, and timely manner to the benefit of Connecticut ratepayers.

Finally, the Office of Federal, Regional, and State Affairs monitors the federal, interstate, and interregional policies that affect the wholesale energy market, and the reliability and security of energy transmission. This team is also tasked with matters related to in-state siting, including representing the PURA chairperson as her designee to the Connecticut Siting Council and serving as technical staff in reviewing relevant applications (e.g., construction method and manner applications).

PURA'S PUBLIC ENGAGEMENT & OUTREACH

The Authority's work impacts all of Connecticut's businesses and residents, making outreach to the public essential. Ensuring that stakeholders can provide input into PURA's proceedings is critical to preparing robust, and equitable decisions. In 2023, legislation was passed granting PURA with expanded resources to equitably increase engagement with stakeholders, which PURA has begun to implement.

Most significantly, Section 15 of Public Act 23-102, <u>An Act Strengthening Protections for Connecticut's Consumers of Energy</u>, (Public Act 23-102) directed PURA to establish a process for awarding compensation to eligible stakeholder groups for participation in certain proceedings of the Authority. Specifically, this legislation authorized PURA to distribute up to \$1.2 million per year across proceedings. This important provision will help stakeholders who otherwise do not have the financial resources or time necessary to participate in PURA proceedings ensure that their perspectives are represented before the Authority. Stakeholder groups eligible for this funding include those representing residential customers who live in environmental justice communities, residential hardship customers, small business customers, or nonprofits representing any of those groups. Through Docket No. 23-09-34, <u>PURA Implementation of the Stakeholder Group</u>

<u>Compensation Provisions of Section 15 of Public Act 23-102</u>, (Stakeholder Compensation Docket) PURA established the formal process for groups applying for and being awarded funds. The program officially began accepting applications for funding in dockets opened in 2024. Since then, the Authority has allocated or awarded \$223,000 to five different stakeholder groups and anticipates greater participation as awareness grows.

In addition to the stakeholder compensation provisions, Section 30 of Public Act 23-102 authorized PURA to provide up to \$1 million per year to organizations or individuals providing legal assistance to residential customers negotiating bill or arrearage payment agreements with their utilities. As discussed in Section 7: Grid Modernization, PURA continues to focus on ensuring that there are effective and fair solutions and programs available to customers who have unpaid bills, and/or cannot afford their utility bills. These funds will make sure that vulnerable customers who need further assistance navigating these programs can access appropriate resources. The Authority established the Customer Legal Advisory Services (CLAS) Program through Docket No. 23-11-04, PURA Implementation of the Legal Services Funding Provisions of Section 30 of Public Act 23-102, on July 10, 2024. The Authority conducted a request for qualifications to identify providers of legal services in the fall of 2024, and approved three organizations: Connecticut Legal Services, Connecticut Veterans Legal Services, and the Center for Children's Advocacy. As of January 1, 2025, these three firms are available to support customers with participating in bill or arrearage assistance programs offered by Connecticut utilities.

While these two programs will advance equity and stakeholder participation, the Authority strives to continue identifying additional measures to improve communications, accessibility, and participation in its proceedings. On September 17, 2024, the Authority announced the launch of a new proceeding in Docket No. 24-09-07, Equity, Accessibility, and Stakeholder Engagement (EASE). Through this proceeding, PURA will investigate topics including how PURA can make stakeholder participation in dockets easier and more efficient, and what information PURA could provide to help consumers understand regulated utilities. To assist with this proceeding, PURA has retained a consulting firm with significant expertise in both equity and utility regulation to facilitate focus groups and research. This proceeding will conclude with a framework and strategies for enhanced equity in proceedings.

These efforts are in addition to multiple public outreach and engagement efforts implemented by the Authority in recent years, including the creation of <u>educational videos</u>, the publication of <u>quarterly newsletters</u> that highlight recent decisions and upcoming procedural events, and the <u>PURA 101 Roadshow</u>, which brings live engagement to public audiences statewide. The Authority is committed to ongoing education and will continue to modify and enhance its resources to best serve the needs of the public.

PURA'S DOCKET DATABASE

All documents related to each docket's procedural record are filed in PURA's online docket database. To search the record of any docket, simply type the docket number into the search box. To access the database, click the button to the right.

Access PURA's

Docket Database

- [1] Public Acts, 1853, chapter 74.
- [2] NEW YORK & N E R CO v. TOWN OF BRISTOL, 151 U.S. 556 (1894)
- [3] CT State Library Board of Railroad commissioners records. https://cslarchives.ctstatelibrary.org/repositories/2/resources/427
- [4] Decisional staff work directly with the PURA Commissioners on decisions and, therefore, are subject to the Authority's prohibition on ex parte communications (i.e., decisional staff are unable to discuss substantive matters related to an open investigation with docket Parties, Intervenors, or Participants).
- [5] General Statutes § 16-19(a) states that the Authority may require a portion of its staff to serve as a party to any proceeding. General Statutes § 16-19j(b) mandates that such an assignment shall occur when the proceedings relate to: (1) a rate amendment proposed pursuant to section 16-19 by a public service company having more than seventy-five thousand customers; (2) the approval of performance-based incentives pursuant to subsection (b) of section 16-19a; or (3) the approval of any alternative form of regulation pursuant to section 16-247k.

2024 BY THE NUMBERS

Metrics and data tracking are essential tools to understanding trends and progress. The below are key quantitative statistics related to PURA's work product and other activities in 2024, included to help stakeholders better understand PURA's roles & responsibilities.

