



# SECTION 3: THE ELECTRIC SECTOR

## 1.5 M Customers

The Electric Sector is the largest industry regulated by PURA with over \$2.5 billion annually in distribution revenue under PURA's jurisdiction. The Authority is responsible for regulating the rates, services, and distribution infrastructure of Connecticut's two investor-owned electric distribution companies (EDCs), The Connecticut Light and Power Company d/b/a Eversource Energy (Eversource) and The United Illuminating Company (UI), in a manner that leads to just and reasonable rates. Together, Eversource and UI serve over 1.5 million customers (also called "ratepayers"), which represents over 90% of the state's electric customers.

The Authority's oversight of the EDCs, which is outlined in Title 16 of the General Statutes, covers a broad range of topics, including but not limited to:

- Electric distribution rates and other bill charges;
- The provision of safe, adequate, and reliable service;
- The wholesale procurement of electricity;
- The administration of renewable power contracts;
- Emergency performance and incident response procedures;
- The administration of utility poles;
- Vegetation management practices (i.e., tree trimming);
- Metering and billing accuracy;
- Customer service, education, and outreach; and
- The oversight of renewable energy tariff structures.

In addition to its regulation of the EDCs, the Authority also has purview over other aspects of electric sector regulation, including but not limited to:

- Third party electric supplier licensing;
- Registration of electric aggregators;[1] and
- Monitoring compliance with the renewable portfolio standards.

When a docket concerning any of the above topics is brought

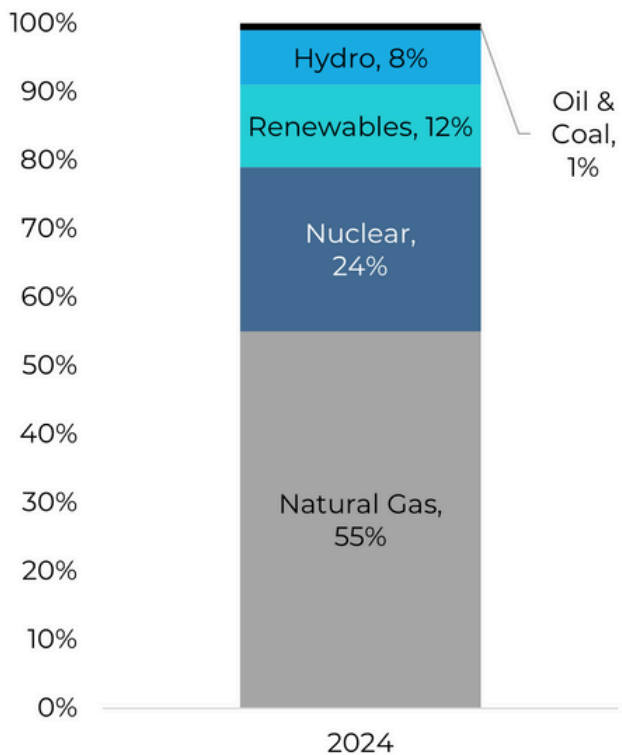
before the Authority, staff must follow the docket process to build a record of evidence that enables a well-founded decision that supports the agency’s overall mission of just and reasonable rates. A detailed explanation of this process is included in Appendix 1 – Standard Docket Procedure Guide, attached to this report.

### Electric Supply Costs

While many components of the Electric Sector are under PURA’s jurisdiction, PURA does not regulate wholesale energy costs. When Connecticut deregulated its energy supply in 1998, the intent was to let market competition reduce both supply costs and risk to ratepayers, while PURA would oversee the safe, reliable, and affordable distribution of electricity throughout the state.[2] Thus, the cost of electricity supply is now dictated by the regional wholesale energy markets overseen by the Independent System Operator of New England (ISO-NE or ISO New England). Although ratepayers are authorized to shop for an alternate supplier, most ratepayers elect to remain on standard default service, whereby Eversource and UI purchase electricity through the wholesale energy markets and pass that cost directly through to ratepayers. The EDCs do not earn a return on the cost of electricity.

After nearly two years of sustained, high wholesale electricity prices resulting from ongoing global conflict, high demand, and transmission constraints, on July 1, 2024, ratepayers received some relief in the form of a 29% to 39% decrease in the generation (i.e., “energy supply”) portion of their bills in the UI and Eversource territories, respectively.[3] These prices are highly correlated with the price of natural gas because it is the “marginal resource”, or the resource that sets the price in the wholesale energy markets in most hours. This means that electricity overall in New England became more expensive in early 2023 when natural gas prices rose.[4] As shown by Figure 6, natural gas powers approximately 55% of New England’s electricity generation. With ongoing global conflicts, high demand, and natural gas transmission constraints, the price for electricity generated by natural gas plants has increased dramatically.

**Figure 6: 2024 New England Regional Generation Mix**



Source: [ISO New England](#)

Connecticut, and many other states in New England, have committed to decarbonizing their electric sectors and reducing their reliance on natural gas for

electricity generation.[5] ISO New England has reported that as of January 2024, it currently has nearly 40,000MW of new generating capacity proposals in its interconnection queue, the majority of which is wind.[6] Over time, as the region shifts to renewable resources powered by low- or zero-cost energy inputs, wholesale electric supply costs should decline.

Regardless, the Authority recognizes that in a state with already high utility rates, more needs to be done to enhance energy affordability in Connecticut. Though the Authority unfortunately has no control over the price of wholesale electric supply, it has designed and implemented multiple affordability and bill repayment programs, and renewable energy tariffs that empower a ratepayer's decision to install, lease, or subscribe to solar facilities in the state to gain some control over their electric supply costs. Additionally, PURA has other tools to address distribution charges on customers' bills in the long term, including rate cases and performance-based regulation, as discussed in Sections 1 and 2 above.

## KEY ELECTRIC SECTOR TOPICS IN 2024

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As discussed throughout, PURA's regulation of the EDCs primarily focuses on ensuring reliability, safety, and affordability of electric distribution service. In 2024, PURA completed its annual 2024 RAM proceedings to ensure that any adjustments reflect actual prices and costs. The Authority also continued to work with key stakeholders from the utility industry and public sector through the ESF-12 Work Group to improve emergency event planning and response coordination. Finally, PURA continued to enforce the regulatory and legal guardrails around the recovery of storm costs by utilities. Further details on these key electric sector topics are below.

### **Affordability: Annual Rate Adjustment Mechanisms**

In 2007, the General Assembly enacted Public Act 07-242, An Act Concerning Electricity and Energy Efficiency, which ordered Connecticut's electric and gas utilities to decouple their distribution revenues from the volume of sales. Essentially, this means that if a utility collects revenue higher than the amount previously established through a full rate case, it is returned in the next year's rates as a credit to customers, and if there is an under-collection, then the utility can recover that shortfall through an additional charge instead. Additionally, other costs for programs such as the EDCs' arrearage forgiveness programs and several clean energy project contracts entered into by the State of Connecticut are not included in base distribution rates. While distribution rates are set through a rate case, the other costs and revenues associated with clean energy programs, arrearage management programs, etc., are reconciled and charged to customers through separate rate components that are delineated as additional line items on the delivery side of a customer's monthly bill as explained in Section 1: Rate Case vs. Rate Adjustment Mechanisms, above.

To ensure a fair and accurate accounting of all rate components charged to customers and to address any associated under- or over-collections, the Authority annually performs a full prudency review of actual revenues and approved expenses from the prior calendar year for all rates, apart from base distribution rates, charged to retail electric customers. [7] Areas of review include, but are not limited to: the collection timeline of each rate component, including transmission; customer renewable energy and grid modernization program costs (e.g., the Residential Renewable Energy Solutions program); state-led renewable energy procurements; resilience and reliability measures; and revenue decoupling. The Authority initially reviews these filings in March and April to allow for changes to be provisionally made to the reconciling components starting May 1 of each year. Subsequently, the Authority conducts a full prudency review of the underlying costs expended through the associated programs during the previous calendar year and approves the final rate adjustments associated with such prudency review; any differences between the May 1 rates and the findings of the Authority's prudency review go into effect September 1 of the current year.

In accordance with General Statutes §16-19e(a), PURA reviews these rate components to ensure that:

1. The level and structure of rates [are] sufficient, but no more than sufficient, to allow public service companies to cover their operating costs including, but not limited to, appropriate staffing levels, and capital costs, to attract needed capital and to maintain their financial integrity, and yet provide appropriate protection to the relevant public interests, both existing and foreseeable...; and
2. The level and structure of rates charged customers shall reflect prudent and efficient management of the franchise operation.

This process is known as the Annual Review of the Rate Adjustment Mechanisms, or RAM, and is conducted for both Eversource and UI.

Every year on March 1, Eversource and UI each submit their RAM filings for the previous year, detailing the Company's calculated over- or under-recoveries for the period of January 1 through December 31 of the previous calendar year. A standardized docket numbering system is used for each company's annual RAM proceeding: XX-01-03 for Eversource and XX-01-04 for UI, with the "XX" representing the last two digits of the current calendar year. The Authority typically issues an interim decision in mid-April authorizing the provisional May 1 rates and a final decision in mid-August approving the final revenues and expenses and any rate adjustments for September 1.

### ***Eversource and UI 2024 RAM Proceedings (Dkt. Nos. 24-01-03 and 24-01-04)***

On March 1, 2024, Eversource and UI submitted their RAM filings detailing each company's over- or under-recoveries of the various rate components addressed by RAM in Docket Nos. 24-01-03 and 24-01-04, respectively. Additionally, each company provided their proposed weighted-average rate adjustments associated with such over- or under-recoveries.[8] Eversource also submitted supplemental pre-filed testimony discussing

cash flow implications for the Company if its requested RAM revenue deficiency were to be recovered on a timeline different than it proposed.

The Authority issued interrogatories and held public hearings in both dockets, resulting in non-unanimous Interim Decisions issued on April 17, 2024, that approved rate adjustments for both Companies effective July 1, 2024 to April 30, 2025. These interim decisions also specified that the Authority may adjust these approved rates effective September 1, 2024, based on its subsequent review and Final Decisions in the proceedings.

When a decision comes before the panel of commissioners for approval, it is adopted following a majority vote. In these dockets, the interim decisions were adopted, but Chairman Gillett dissented, primarily on the grounds that the majority's decision would constitute rate shock for customers by requiring a recovery of under-collected revenues over the course of just 10 months rather than a period of at least 2-3 years.

On August 14, 2024, the Authority issued Final Decisions in both dockets approving rates for Eversource and UI, with adjustments to certain rate components for the period of September 1, 2024, through April 30, 2025, to account for the Company's 2023 actual revenues and expenses and resulting over- or under-collections for the RAM Components for the 12-month period ending December 31, 2023, and to incorporate certain known and measurable expenses the Company is likely to incur in calendar year 2024 related to the implementation of certain grid modernization programs.

View the Final Decisions for [Eversource's RAM Proceeding](#), and [UI's RAM Proceeding](#).

## **Reliability: Storm and Emergency Event Planning**

### ***Storm Costs (Docket No. 24-03-30)***

On March 28, 2024, the Authority established this proceeding for the purpose of receiving and reviewing evidence of the over \$634 million in costs reported by Eversource in response to 24 catastrophic storms and pre-staging events occurring between 2018 and 2021. Together, Storm Isaias and Storm Henri account for 60% of the costs presented for PURA's review. Each of the other 22 weather events has a total cost of less than \$25 million.

Importantly, Eversource is entitled to recover prudently incurred costs arising from catastrophic storms. Likewise, the Company's rates should reflect a reasonable allocation for a storm reserve to account for the frequency and intensity of such storms. These are precisely the types of findings, determinations, and policy decisions that the General Assembly has, through General Statutes § 16-19, vested the Authority with making in fully adjudicated rate amendment proceedings. Title 16 requires the Authority to review and approve any rate amendments through a rate case proceeding, during which the many issues affecting utility costs and revenues (and, ultimately, rates) can be analyzed and considered.[9] Rate cases are a clear statutory mechanism for addressing incremental



deferred storm expenses.

Although the Company cites General Statutes § 16-19 in its application, the Company has elected not to file a rate amendment application as prescribed by General Statutes § 16-19(a) and applicable regulations. This was a deliberate choice by the Company, which has been free to file a rate amendment application since early 2023 for new rates effective any time after January 1, 2024, and in fact, has not done so since 2017.

Furthermore, EDCs have a reserve account built into existing rates for storm costs. Currently, Eversource is accruing approximately \$60 million annually for storm costs, \$55 million of which is available for past storm amortization accounts with the unused portion supplementing the \$5 million allocated directly for storm reserve. The amount used for storm amortization accounts is rapidly declining; accordingly, the unused proportion of the \$55 million supplementing the storm reserve is increasing. By April 30, 2026, the Company will have accrued at least \$109 million to the storm reserve, in addition to the Company's \$99 million storm reserve as of November 2023.

As such, this proceeding remains active with the next procedural event being a hearing scheduled for mid-September 2025. The scale of these costs, combined with the factors described above, necessitates meticulous evaluation, as the impact to ratepayers could be significant.

### ***ESF-12 Emergency Response Planning***

The increase in major storms that have impacted Connecticut over the past decade, including those at the beginning of the 2010s and Tropical Storm Isaias, and the increased frequency and severity of extreme weather event in recent years, including the fires and heat waves in the Southwest U.S., Hurricane Ian in Florida, and the flash flooding events across the Eastern U.S., demonstrate the necessity of diligent and continuous emergency response planning.

Following the severe storms that hit Connecticut in 2011, the Department of Emergency Services and Public Protection's (DESPP) Division of Emergency Management and Homeland Security was directed to establish an Emergency Planning and Preparedness Initiative to prepare the state's response in advance of future events. One component of this initiative was the creation of an Energy and Utilities Work Group that would prepare an "All-Hazards Energy and Utilities Annex" to the State Response Framework that established a process to coordinate with state and local emergency operations and to restore power and utility service to critical public facilities during disasters. This Annex is often referred to as Emergency Support Function 12, or ESF-12. [10] The official ESF-12 Annex was released in August of 2013 and continues to be maintained by Work Group members. The ESF-12 Annex defines the operational processes used to coordinate energy and utility-related emergency response actions. The annex covers all utility sectors (gas, water, electric) and defines the emergency preparedness, response, and recovery actions.

PURA serves as the lead agency of the ESF-12 Work Group, which is responsible for conducting emergency preparedness activities. Emergency preparedness responsibilities include ensuring that operating procedures are in place in advance of emergencies, coordinating with utility and state and local emergency services to ensure emergency planning measures are in place, planning and participating in emergency exercises and training, identify critical facilities, and helping identify road clearing priorities.

The ESF-12 Work Group meets on a quarterly basis, or as needed, to address potential or active threats. In 2024, PURA organized ESF-12 Work Group meetings on March 15, June 18, September 26, and December 11.[11] The focus of those meetings was to continue the ongoing work to plan and address load shedding during winter energy emergencies, improve coordination among utilities for electric service restoration during outage events, and provide cybersecurity expertise to group members.

Following lessons-learned from the Tropical Storm Isaias investigation, the Authority identified that additional planning and coordination was needed between the electric sector and telecommunications and water/wastewater sectors. The Authority's investigation yielded the finding that better communication and coordination between these sectors is necessary to improve the restoration of key telecommunication and water/wastewater infrastructure. Consequently, the Authority established two subgroups to the ESF-12 Working Group, one to aid coordination between EDCs and telecommunication providers to ensure that critical telecommunication infrastructure has been identified in advance of storms. The other subgroup is designed to aid coordination between the EDCs and the water/wastewater providers to likewise ensure their critical facilities are identified prior to storms so that they can be properly prioritized for restoration during an event.

The two subgroups made notable progress in 2024, developing and sharing critical facility lists for water, wastewater, and telecommunications critical infrastructure sectors. Progress included defining critical facilities for each industry, developing lists of priority restorations, and incorporating those facilities into electric distribution company restoration planning. Ongoing work will continue to incorporate more industry providers (especially smaller water and wastewater utilities) into the coordination to ensure statewide participation.

The ESF-12 Work Group also focused on addressing the potential for rolling blackouts throughout New England in future winters. This included refining rolling load-shedding plans, incorporating low-pressure gas systems into electric outage planning, and thinking through communication protocols for such an event.

The ESF-12 Work Group will continue to focus on inter-utility coordination and winter reliability planning in 2025.

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[1] An electric aggregator is an entity that brings customers together to buy electricity in bulk in order to increase customers' buying power.

[2] Public Act 98-28, An Act Concerning Electric Restructuring.

[3] Generation Services Charge (GSC) and Bypassable Federally Mandated Congestion Charge (BFMCC) rates in Eversource territory ranged from \$0.2372/kWh-\$0.1481/kWh between January 1, 2023, and July 1, 2024. On July 1, 2024, the rate for these components was lowered to \$0.0889/kWh. In UI territory, these rates ranged between \$0.212748/kWh and \$0.169612/kWh in that same period and were lowered to \$0.119972 on July 1, 2024.

[4] Throughout New England, wholesale electric prices are set by the sum of the cost of energy, a local congestion component, and a measurement of local loss component, together constituting the Locational Marginal Price (LMP). The Day-ahead LMP is set using scheduled energy bids for each hour in the next day. Because natural gas is the largest fuel source for the region, it therefore has a significant effect on wholesale electric prices by setting the cost of energy. For more information see ISO New England's 2023 Annual Markets Report, issued May 24, 2024 available at: <https://www.iso-ne.com/static-assets/documents/100011/2023-annual-markets-report.pdf>

[5] Public Act 22-5, An Act Concerning Climate Change Mitigation.

[6] Not all resources in the queue will be built.

[7] This review is inclusive of all reconciling component rates, regardless of whether the Authority has jurisdiction over the underlying costs. For example, electric transmission is overseen by the Federal Energy Regulatory Commission; however, transmission costs are recovered from retail electric customers. Thus, the Authority has purview over the timing and manner in which the transmission costs are passed on to Eversource and UI ratepayers, but not the total amount due.

[8] Weighted-average refers to the rate increase for all customers, on a weighted-average basis. The rate increase, however, will differ for each customer class.

[9] There are limited exceptions to this rule – namely, statutory rate adjustment and rate reconciliation mechanisms. Neither of which is applicable to the Company's request.

[10] Connecticut Emergency Support Function 12 – All Hazards and Utilities Annex, August 2013, [https://portal.ct.gov/-/media/DEMHS/\\_docs/Plans-and-Publications/EHSP0061-SRF-ESF12--EnergyandUtilitiesAnnex.pdf](https://portal.ct.gov/-/media/DEMHS/_docs/Plans-and-Publications/EHSP0061-SRF-ESF12--EnergyandUtilitiesAnnex.pdf)

[11] The December 11, 2024 ESF-12 Work Group meeting was cancelled due to an active event.



## 2024 ELECTRIC SECTOR DECISIONS

Docket Number	Title	Decision Date
<a href="#">23-01-39RE01</a>	PURA Consideration of Civil Penalty and Enforcement Action Against the Connecticut Light and Power d/b/a Eversource Energy After Investigation of the Accident	1/10/2024
<a href="#">23-11-09</a>	Application for Temporary Master Meter Approval at 48 Stony Hill Rd, Bethel, CT	1/17/2024
<a href="#">23-10-33</a>	Application to Install a Single Meter for Temporary Use at 525 Main Street, Hartford, CT	1/17/2024
<a href="#">23-05-87</a>	PURA Investigation into the Fatal Accident that Occurred on May 17, 2023, at 2150 Post Road, Fairfield, CT	1/24/2024
<a href="#">23-01-32RE01</a>	PURA Consideration of Civil Penalty and Enforcement Action Against the Connecticut Light and Power d/b/a Eversource Energy After Investigation of Eversource's Manner of Operation and Safety Regarding its Underground Electric Distribution System	2/21/2024
<a href="#">22-10-05</a>	Petition of Sunnova for a Declaratory Ruling Regarding Ownership of Capacity Rights Regarding Class I Renewable Energy Sources Participating in the Resi. Renewable Energy Solutions Program	3/13/2024
<a href="#">22-10-12</a>	PURA Proceeding to Investigate Alternative Risk Transfer Programs	4/3/2024
<a href="#">24-02-14</a>	Application for Temporary Master Metering Approval at 55 Elm Street, Hartford, CT	4/17/2024
<a href="#">24-01-03</a>	PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company - Interim Decision	4/17/2024

## 2024 ELECTRIC SECTOR DECISIONS

Docket Number	Title	Decision Date
<a href="#">24-01-04</a>	PURA Annual Review of the Rate Adjustment Mechanisms of The United Illuminating Company - Interim Decision	4/17/2024
<a href="#">24-02-01</a>	Annual Reconciliation of The Conservation Adjustment Mechanisms Filed by The Connecticut Light and Power Company, The United Illuminating Company, Connecticut Natural Gas Corporation, The Southern Connecticut Gas Company, And Yankee Gas Services Company	6/11/2024
<a href="#">23-12-20</a>	PURA Review and Approval of Pro Forma Tariffs Pursuant to Section 16-243a-2 of the Regulations of Connecticut State Agencies	6/11/2024
<a href="#">23-11-04</a>	Pura Implementation of The Legal Services Funding Provisions of Section 30 Of Public Act 23-102	7/10/2024
<a href="#">24-05-21</a>	Application Of the Connecticut Light and Power Company dba Eversource Energy for Approval of The Issuance Of Long-Term Debt	7/24/2024
<a href="#">24-01-03</a>	PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company - Final Decision	8/14/2024
<a href="#">24-01-04</a>	PURA Annual Review of the Rate Adjustment Mechanisms of The United Illuminating Company	8/24/2024
<a href="#">24-09-21</a>	Application To Install and Use an Electric Master Metering System At 210 Long Ridge Road, Stamford, Ct	12/11/2024
<a href="#">20-08-03RE01</a>	PURA Consideration of Civil Penalty and Enforcement Action Against the Electric Distribution Companies After Storm Isaias Investigation	12/11/2024

## 2024 ELECTRIC SECTOR DECISIONS

Docket Number	Title	Decision Date
<a href="#">20-08-03</a>	Investigation Into Electric Distribution Companies' Preparation for And Response to Tropical Storm Isaias	12/11/2024
<a href="#">24-06-02</a>	GenConn Energy LLC Application to Establish 2025 Revenue Requirements	12/18/2024
<a href="#">24-06-03</a>	GB II New Haven LLC Application to Establish 2025 Revenue Requirements	12/18/2024

A comprehensive list of PURA 2024 decisions is available in Appendix 2, attached to this Report.