

# SECTION 1: RATE CASE UPDATES

One of the core functions of PURA is regulating the distribution rates of Connecticut's investor-owned electric, natural gas, and water utility companies. These companies are granted monopoly franchise rights over the distribution and delivery infrastructure of their respective services because they are considered to have the characteristics of natural monopolies. As a result, the role of the regulator is to serve as a proxy for the forces of competition to balance this monopoly control and ensure that the companies provide safe, adequate, and reliable service to customers at affordable rates. Specifically, PURA regulates the rates utilities charge customers to recover the costs of owning and maintaining distribution infrastructure; while the cost of energy supply is instead a product of the New England regional wholesale market, which is regulated by the Federal Energy Regulatory Commission.

In order to amend its distribution rates, a utility company must file a detailed application with the Authority. PURA is statutorily charged with conducting an adjudicated proceeding to investigate any rate application. This investigation is called a "rate case" and is one of the core functions of the Authority. Connecticut law requires PURA to conduct a rate case for public service companies at certain intervals and within a certain amount of time. After receiving a rate application, PURA has 270 days to complete a rate case proceeding for water companies, and 350 days for electric and gas companies.

During each rate case, PURA's objective is to determine whether the rates proposed by the utility are just, necessary to meet reliability and safety standards, and reasonable. By law, it is the company's responsibility to prove that its proposed rates are just and reasonable. Notably, this responsibility requires the company to provide more than mere assertions or documentation of expenses. Rather, the company must provide credible and sufficient evidence and clear

explanations that demonstrate that the proposed rate change is just and reasonable and that the costs arise from prudent and efficient management of the utility. By requiring this demonstration that a requested rate is just and reasonable the Authority can ensure that the public interest is protected as required by Title 16 of the General Statutes.

The Office of Consumer Counsel (OCC) is an automatic party to all rate cases before PURA and regularly engages in such proceedings by offering testimony and discovery responses that typically oppose or question the positions of the applicant company. Other parties or intervenors, such as the Department of Energy and Environmental Protection and the Office of the Attorney General, also regularly participate in rate cases and advocate for outcomes that may differ from the application presented by the company.

Authority staff with expertise in accounting, finance, utility regulation, engineering, economics, and policy scrutinize the evidence provided by the company and other parties, starting with the company's proposed rate base. A utility's rate base includes the facilities, infrastructure, and other capital investments made by the utilities to supply safe, reliable, and cost-effective service to customers. Utilities finance these investments through a mixture of debt and equity capital and then seek to recover these investments through rates paid by ratepayers. The Authority conducts a prudence review by analyzing the evidence provided by the utility and other parties to the rate case proceeding to ensure that all costs included in the rate base are reasonable. Specifically, the Authority carefully reviews all relevant filings, conducts public cross examination of technical experts and other witnesses in hearings, issues interrogatories (i.e., written questions directed at specific parties) in advance of those hearings, audits the financial reports filed by the companies, evaluates all of the evidence and positions advanced by other parties and intervenors, and reviews public comment.

In addition to recovering the return of their authorized investments in rate base, utilities are also afforded the opportunity to earn through rates a specified return on capital that is derived from both the return on debt and the return on equity (ROE) such investments, as required by long-standing U.S. Supreme Court precedent. The authorized ROE is determined by examining several factors including current economic and market conditions, analytical models and cost of equity capital methodologies, ROEs of similar companies in other jurisdictions, the company's financial risk and credit rating, and competing analyses and other evidence offered by the OCC and/or other parties or intervenors.

The Authority then multiplies the rate base by the return on capital, inclusive of the authorized ROE, and adds in the depreciation expense (which is the return on capital investments), any operations and maintenance expenses, and taxes to determine the annual authorized revenue for the utility, called the revenue requirement. The distribution revenue requirement is what the utility is allowed to recover through various charges on customer bills. These charges can take various forms, including fixed customer charges (e.g., \$/customer), demand charges (e.g., \$/kW measured in a particular period), and volumetric charges (e.g. \$/kWh).

## Revenue Decoupling

Any under- or over-collection of a utility's approved annual revenue requirement is subject to reconciliation pursuant to the state's revenue decoupling law. Decoupling ensures that the utility receives its annual revenue requirement, regardless of its annual sales. As such, decoupling disconnects utility revenue from customer usage, thereby creating incentive for conservation efforts and other measures that reduce sales, while also insulating both customers and the utility from the risks associated with the collection of either too much or too little revenue.

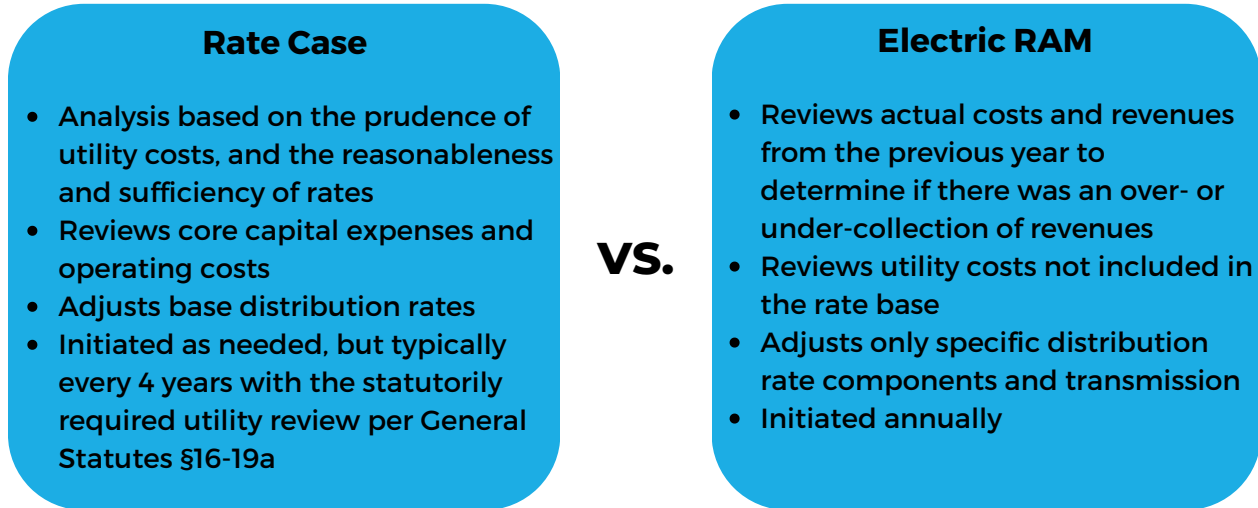
For electric and gas utilities, the reconciling rate component is known as the revenue decoupling mechanism (RDM). For water utilities, the reconciling rate component is known as the revenue adjustment mechanism (RAM, though, not to be confused with an electric rate adjustment mechanism that uses the same acronym described further below). The Authority reviews and compares a utility's revenue each year with its approved revenue requirement and authorizes a charge or credit, as appropriate, through the RDM or RAM, as applicable, to reconcile any difference from the preceding year. The charge or credit is applied for one year.

## Rate Cases vs. Electric Rate Adjustment Mechanisms (RAM)

The Authority also reviews rates recovered through additional cost recovery mechanisms. For electric and gas utilities, this includes a review of the charges related to the supply through the standard service and last resort offers for electric customers and the purchased gas adjustment for gas customers. For electric utilities this also includes a review of transmission and additional policy-related charges through the annual rate adjustment mechanisms (RAM). Whereas a rate case is used to determine the expected distribution revenue requirement a utility needs to recover the cost of providing safe and reliable distribution service, the electric RAM is used to recover and reconcile costs not included in base distribution rates. Included in the electric RAM for example are costs or revenues associated with clean energy programs and arrearage management programs as directed by state statute, and transmission costs, among other costs. These costs are reconciled on an annual basis and charged to customers through separate rate components that are included in different portions of customers' monthly bills.

Ultimately, rate cases and rate adjustments are some of the most important tools that the Authority has because their outcomes affect all residents, businesses, critical infrastructure, and industries within a utility's service territory. For more information on the 2025 electric RAM decisions, and how differences in expected and actual revenues are reconciled each year, see the discussion of the Rate Adjustment Mechanism in Section 3 below in this Report.

## Figure 2: Understanding Rate Cases vs. Electric RAM Proceedings



## ACTIVE RATE CASES

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In 2025, the Authority completed full prudency reviews and issued decisions for the United Illuminating Company (UI), in Docket No. 24-10-04, and the Yankee Gas Services Company d/b/a Eversource Energy (Yankee) in Docket No. 24-12-01. The decisions for each of these companies are products of rigorous discovery and analysis described above, which included hundreds of interrogatories, weeks of hearings including hours of cross examination and testimony by topical experts, detailed audits of financial statements, and multiple public comment hearings. The Authority's decisions present the fulfillment of its duties to ensure that approved rates are sufficient to cover the companies' prudently incurred costs, including a reasonable rate of return, while protecting the public interest. Subsequent to issuing the UI and Yankee rate case decisions, the Authority decided to reconsider the decisions individually. Accordingly, pursuant to General Statutes § 4-181a(a)(2), the Authority is conducting additional proceedings to consider new evidence and arguments made by the companies and by parties and intervenors in the respective UI and Yankee rate case dockets. Until a reconsidered decision is reached in each docket, PURA is unable to comment substantively on the UI and Yankee rate cases. PURA is scheduled to make reconsideration decisions in Docket Nos. 24-10-04 and 24-12-01 on or before March 4, 2026 and March 11, 2026, respectively.

In 2025, PURA also received a rate case application from the Hazardville Water Company, in Docket No. 25-07-12. Robust public engagement and comment have been a priority in this proceeding, as demonstrated by the multiple opportunities for public comment offered through live sessions conducted in the affected community and also held virtually, during lunchtime and evening hours, and the opportunity to submit comments in writing at any time. PURA has completed evidentiary hearings in this proceeding and

parties and intervenors filed briefs and reply briefs in January of 2026. Until a decision is reached in this docket, PURA is unable to comment substantively outside of the formal noticed proceedings. PURA is scheduled to issue a proposed final decision on March 23, 2026 with a chance for parties and intervenors to comment (i.e., submit Written Exceptions to the proposed decision) on March 31, 2026. The final decision in Docket No. 25-07-12 is scheduled to be adopted at the May 1, 2026 Special Meeting.

**Table 2: Active Rate Case Application Summary**

	<b>Docket No. 24-10-04 (UI)</b>	<b>Docket No. 24-12-01 (Yankee)</b>	<b>Docket No. 25-07-12 (Hazardville)</b>
<b>Customers</b>	More than 340,000	More than 252,000	7,300
<b>Territory</b>	17 towns and cities in southwestern Connecticut	85 towns and cities throughout Connecticut	2 towns in northern Connecticut
<b>Previously Authorized Revenue Requirement</b>	\$384,865,000	\$719,998,000	\$3,900,362
<b>Previously Authorized ROE</b>	9.10%	9.30%	9.60%
<b>Requested Revenue Requirement</b>	\$490,283,797	\$912,953,454	\$6,358,141
<b>Requested ROE</b>	10.50%	10.80%	10.60%
<b>Authorized Revenue Requirement</b>	Decision scheduled for March 3, 2026	Decision scheduled for March 15, 2026	Decision scheduled for May 1, 2026
<b>Authorized ROE</b>			

## PURA Video Tutorials About Rate Cases

Click the links in each circle to learn more.

[Overview of Rate Cases & Why They Matter to You](#)

[Ways to Get Involved In a Rate Case](#)

[The Why and How of Setting Utility Rates](#)

[Parties in a Rate Case](#)

[How is my bill affected by a rate case?](#)

[Review of Storm Costs in a Rate Case](#)