The Energy and Technology Committee

Public Hearing, March 15, 2012

Office of Consumer Counsel

Elin Swanson Katz, Consumer Counsel

Testimony of Joseph Rosenthal

S.B. 416, *An Act Concerning the Mergers and Acquisitions of the Holding Companies of Certain Public Utility Companies.*

The Office of Consumer Counsel is in support of this bill's effort to clarify the jurisdiction of the Public Utilities Regulatory Authority ("PURA") over utility mergers. In particular, OCC supports the proposal in Section 1 to clarify that PURA would have jurisdiction over mergers where any corporation, including an out-of-state corporation, is acquiring a substantial share (10% or more) of a utility holding company that is a parent of Connecticut public service companies.

Beyond that adjustment, OCC is not certain that the remaining details in the bill are necessary. We now have two precedents, the failed Northeast Utilities-Consolidated Edison merger and the pending merger of Northeast Utilities and NStar, where PURA expressly stated that the public interest standard of Section 16-22 applies to utility mergers. Having a public interest standard gives PURA both substantial authority and substantial flexibility to ensure that a utility merger will not go forward unless it is in Connecticut's interest to approve it. Based on the complexity of this analysis, OCC would suggest that PURA be permitted to make this decision and to establish rates for the combined company without all of the specific constraints in lines 105-126 and Sections 2 and 3 of the bill. Utility mergers warrant strict review but they can be in Connecticut's interest if they create cost efficiencies and improved operations.