



General Assembly

February Session, 2022

Raised Bill No. 5203

LCO No. 1489



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:
(ET)

AN ACT CONCERNING UTILITY COMPANY COST-SHARING MECHANISMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 16-19tt of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2022*):

4 (b) [In any rate case initiated on or after July 8, 2013, or in a pending
5 rate case for which a final decision has not been issued prior to July 8,
6 2013, the Public Utilities Regulatory Authority shall order the state's gas
7 and electric distribution companies to decouple distribution revenues
8 from the volume of natural gas and electricity sales. For electric
9 distribution companies, the decoupling mechanism shall be the
10 adjustment of actual distribution revenues to allowed distribution
11 revenues. For gas distribution companies, the decoupling mechanism
12 shall be a mechanism that does not remove the incentive to support the
13 expansion of natural gas use pursuant to the 2013 Comprehensive
14 Energy Strategy, such as a mechanism that decouples distribution
15 revenue based on a use-per-customer basis. In making its determination

16 on this matter, the authority shall consider the impact of decoupling on
17 the gas or electric distribution company's return on equity and make any
18 necessary adjustments thereto.] In any rate case initiated on or after
19 October 1, 2022, or in a pending rate case for which a final decision has
20 not been issued prior to October 1, 2022, the Public Utilities Regulatory
21 Authority may order the state's gas and electric distribution companies
22 to decouple distribution revenues from the volume of natural gas and
23 electricity sales. The authority shall have the discretion to determine the
24 decoupling mechanism and methodology used in decoupling orders
25 made pursuant to this subsection.

26 Sec. 2. Subsection (g) of section 16-19 of the 2022 supplement to the
27 general statutes is repealed and the following is substituted in lieu
28 thereof (*Effective October 1, 2022*):

29 (g) The authority shall hold either a special public hearing or combine
30 an investigation with an ongoing four-year review conducted in
31 accordance with section 16-19a or with a general rate hearing conducted
32 in accordance with subsection (a) of this section on the need for an
33 interim rate decrease (1) when a public service company has, for [the
34 rolling twelve-month period ending with the two most recent
35 consecutive financial] two of the previous four quarters, earned a return
36 on equity which exceeds the return authorized by the authority by at
37 least [one] one-half percentage point, (2) if it finds that any change in
38 municipal, state or federal tax law creates a significant increase in a
39 company's rate of return, or (3) if it [finds] provides appropriate notice
40 that a public service company may be collecting rates or may have an
41 authorized rate of return which are more than just, reasonable and
42 adequate, as determined by the authority, provided the authority shall
43 require appropriate notice of hearing to the company and its customers
44 who would be affected by an interim rate decrease in such form as the
45 authority deems reasonable. The company shall be required to
46 demonstrate to the satisfaction of the authority that earning such a
47 return on equity or collecting rates which are more than just, reasonable
48 and adequate is directly beneficial to its customers. At the completion of
49 the proceeding, the authority may order an interim rate decrease if it

50 finds that such return on equity or rates exceeds a reasonable rate of
51 return or is more than just, reasonable and adequate as determined by
52 the authority. Any such interim rate decrease shall be subject to a
53 customer surcharge if the interim rates collected by the company are less
54 than the rates finally approved by the authority or fixed at the
55 conclusion of any appeal taken as a result of any finding by the
56 authority. Such surcharge shall be assessed against customers in such
57 amounts and by such procedure as ordered by the authority. If the
58 authority elects to pursue an earnings sharing mechanism to address a
59 company's over earnings, such mechanism shall direct not less than
60 eighty per cent of the over earnings to the company's ratepayers.

61 Sec. 3. Section 16-19bb of the general statutes is repealed and the
62 following is substituted in lieu thereof (*Effective October 1, 2022*):

63 The Public Utilities Regulatory Authority shall require that any funds
64 held by an electric distribution company in excess of the company's
65 authorized return on equity, which funds are intended by the authority
66 to offset future rate increases in lieu of a present rate decrease, shall be
67 applied to such rate increases or shall be refunded to the company's
68 customers, [within one year of receipt] in a manner determined by the
69 authority in its sole discretion, not later than the conclusion of the
70 company's next proceeding conducted pursuant to section 16-19a.

71 Sec. 4. Subsection (c) of section 16-19d of the general statutes is
72 repealed and the following is substituted in lieu thereof (*Effective October*
73 *1, 2022*):

74 (c) [A public service company shall make application to the authority
75 for determination that equipment meets the requirements of
76 subdivision (4) of subsection (b) of this section. The authority shall, to
77 the extent practicable, make such determination within one hundred
78 twenty days of such filing. All reasonable and proper expenses, required
79 by the authority and the Office of Consumer Counsel, including, but not
80 limited to, the costs associated with analysis, testing, evaluation and
81 testimony at a public hearing or other proceeding, shall be borne by the

82 company and shall be paid by the company at such times and in such
83 manner as the authority directs.] On or before February first each year,
84 any gas company or electric distribution company that recovered
85 advertising costs against ratepayers during the previous year shall file a
86 public disclosure report with the authority. For each advertisement, the
87 report shall delineate the dollar amount, source of funding, primary
88 purpose of the advertisement, communications medium or platform
89 and approximate dates during which the advertisement was displayed
90 or transmitted to the public, broken down by type of advertising, by
91 month and by year, and by advertising campaign. Failure to provide
92 complete and accurate data in the report shall constitute a violation for
93 which the authority may levy civil penalties against such company
94 pursuant to section 16-41.

95 Sec. 5. Subsection (a) of section 16-19gg of the general statutes is
96 repealed and the following is substituted in lieu thereof (*Effective October*
97 *1, 2022*):

98 (a) During each proceeding on a rate amendment under section 16-
99 19, as amended by this act, proposed by an electric or gas public service
100 company, as defined in section 16-1, the Public Utilities Regulatory
101 Authority, when determining rates for individual rate classes, shall give
102 consideration to the energy cost of manufacturers by analyzing the
103 following: (1) The effect of different rates of return among rate classes
104 upon manufacturers; (2) the use of different cost allocation
105 methodologies; (3) the use of flexible pricing; (4) macroeconomic
106 conditions; and [(4)] (5) any other issue deemed relevant by the
107 authority.

108 Sec. 6. (NEW) (*Effective October 1, 2022*) On and after January 1, 2023,
109 new capital expenditures shall not be eligible for cost recovery through
110 an on-bill reconciling mechanism first authorized in 2018.

111 Sec. 7. (NEW) (*Effective October 1, 2022*) No public service company
112 shall recover through rates any cost associated with membership, dues
113 or contributions to a business or industry trade association, group or

114 related entity incorporated under Section 501 of the Internal Revenue
115 Code of 1986, or any subsequent corresponding internal revenue code
116 of the United States, as amended from time to time.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022</i>	16-19tt(b)
Sec. 2	<i>October 1, 2022</i>	16-19(g)
Sec. 3	<i>October 1, 2022</i>	16-19bb
Sec. 4	<i>October 1, 2022</i>	16-19d(c)
Sec. 5	<i>October 1, 2022</i>	16-19gg(a)
Sec. 6	<i>October 1, 2022</i>	New section
Sec. 7	<i>October 1, 2022</i>	New section

Statement of Purpose:

To give the Public Utilities Regulatory Authority greater discretion to design utility revenue decoupling mechanisms or formulas, to require the authority to adopt cost-sharing mechanisms for excess earnings that direct most of these earnings to ratepayers, and to make other changes affecting electric utility companies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]