

# OFFICE OF FISCAL ANALYSIS

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sSB-7

AN ACT STRENGTHENING PROTECTIONS FOR CONNECTICUT'S  
CONSUMERS OF ENERGY.

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## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 24 \$</b>	<b>FY 25 \$</b>
Public Utilities Regulatory Authority (PURA)	CC&PUCF - Cost	Approximately 8 million	Approximately 8 million

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

***Municipal Impact:*** None

### ***Explanation***

This bill would create approximately \$8 million in additional costs annually due to three factors: 1) The requirement of Utility companies to provide additional funding to cover the expenses of energy assistance non-profits such as Operation Fuel within the Public Utility Control Fund, 2) Increasing the frequency of rate reviews by the Public Utilities Regulatory Agency (PURA), 3) enabling financial aid for stakeholder intervention.

### ***Rate Payer Impact***

The impact of the bill on rate payers is indeterminate. The bill has provisions that lower costs and potential offsets to rate payers including removing the ability for companies to claim lobbying fees, organization fees, and under certain conditions executive compensation from ordinary expenses. The additional expenses would be returned to rate payers across the board as credits. The bill would also sunset investment in infrastructure as a recoverable cost beginning in 2024. This has been

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a considerable expense for companies like Eversource spending an estimated 303 million per year on average in Connecticut between 2020-2022<sup>1</sup>.

The bill gives PURA to more discretion in how utilities decouple distribution revenue from sales volume. Decoupling impacts rate payers differently based on the type of decoupling utilized and the fluctuations of sales with costs adjusting in kind<sup>2</sup>. The impact of decoupling is indeterminate and would vary depending on the kind of decoupling utilized by PURA as well as the volume of sales at the point of implementation.

The additional costs created by including Operation Fuel in the assessment to Utilities but could potentially be offset by the reduction of recoverable costs. The bill additionally provides a longer window for rate case decisions and may in the short term reduce the pace of rate increases.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, rate decisions by PURA, and energy market fluctuations.

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<sup>1</sup> Estimated based on assumption proportion of revenue generated from Connecticut is similar proportion to infrastructure investment in the state.

<sup>2</sup> [Kleinman Center for Energy Policy, Rate Decoupling Study, 2016](#)