Energy & Technology Committee
JOINT FAVORABLE REPORT

Bill No.: SB-01354
Title: AN ACT PROHIBTING MERGERS OF CERTAIN UTILITY COMPANIES.
Vote Date: 3/18/2024
Vote Action: Joint Favorable
PH Date: 2/27/2024
File No.:

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SPONSORS OF BILL:

Energy & Technology Committee

REASONS FOR BILL:

This bill would bar in-state gas or electric utility companies from controlling another in-state gas or electric utility company. The Public Utilities Regulatory Authority (PURA) would hold a public hearing to determine if a merger should be granted.

RESPONSE FROM ADMINISTRATION/AGENCY:

Claire E. Coleman, Consumer Counsel, OCC:
Connecticut already exists with a system of regional monopolies on electric and gas distribution, and it is because of this that these monopolies are subject to such a high level of economic regulation. Each of the two electric distribution companies in Connecticut possess the exclusive right to own and operate the electric distribution grids within geographic footprints. There is no concern that a single electric distribution company taking exclusive ownership of the entire state's electric grid would somehow entitle that company to greater monopolistic advantage than it already wields. It is possible that this proposal could prevent potential cost efficiencies or even drive costs up. Many utility costs are agnostic to the number of customers in a service territory and customers would therefore benefit from being serviced by larger distribution companies. Legislatively limiting the total customer base for an electric or gas utility may limit efficiencies that reduce costs. If a company is transferred to a new corporate owner, the cost of the transaction is ultimately borne by customers. It serves ratepayer interests for acquisition costs to be as low as possible. Limiting the potential number of bidders could limit OCC's capacity to advocate whether the prevailing bidder meets statutory requirements.

NATURE AND SOURCES OF SUPPORT:

None Expressed.

NATURE AND SOURCES OF OPPOSITION:

John Vamos, United Illuminating:
This Bill discourages economic growth and investment in the state of Connecticut by deterring natural utility growth through consolidation. Mergers between neighboring utilities benefit ratepayers via economies of scale and cost efficiencies by optimizing infrastructure investment, consolidating operational costs, streamlining corporate services, and supporting regulatory efficiencies. Consolidated utilities are better positioned to invest in new technology, manage large infrastructure project and system upgrades, and lower costs to customers. Prohibiting in-state mergers and consolidations can undermine in-house coordination among gas and electric utilities in Connecticut. This coordination is critical for the state to meet its decarbonization goals.

Eric Brown:
This Bill slows the expansion of EV charging infrastructure and makes it harder to switch to efficient HVAC system.

GENERAL COMMENTS:

Vincent P. Pace, Eversource Energy:
It is unclear why the legislature would flatly prohibit in-State applicants from seeking to control another in-State company. PURA is not obligated to automatically approve applications to do so and instead will evaluate each application under the criteria of the general statues. There is sufficient protection to consumers under these provisions. This Bill could stop the most qualified applicant from operating in-State companies. Lines 66-71 also provide preference to out-of-State applicants because they bar certain Connecticut-based companies from submitting applications to PURA. It is uncertain if it would be constitutionally acceptable to bar in-State utilities from seeking to own another in-State-utility while allowing out-of-State utilities free reign to seek permission for such ownership.

Reported by: Aston Foley **Date: 3/27/2025**