General Assembly **Substitute Bill No. 1531**

January Session, 2025

SB01531GAE 032725

AN ACT CONCERNING PUBLIC UTILITY TRANSPARENCY AND ACCOUNTABILITY AND PROCEEDINGS OF THE PUBLIC UTILITIES REGULATORY AUTHORITY.

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

Section 1. Subdivision (1) of section 1-200 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(1) "Public agency" or "agency" means:

(A) Any executive, administrative or legislative office of the state or any political subdivision of the state and any state or town agency, any department, institution, bureau, board, commission, authority or official of the state or of any city, town, borough, municipal corporation, school district, regional district or other district or other political subdivision of the state, including any committee of, or created by, any such office, subdivision, agency, department, institution, bureau, board, commission, authority or official, and also includes any judicial office, official, or body or committee thereof but only with respect to its or their administrative functions, and for purposes of this subparagraph, "judicial office" includes, but is not limited to, the Division of Public Defender Services;

(B) Any person to the extent such person is deemed to be the functional equivalent of a public agency pursuant to law; **[**or**]**

(C) Any "implementing agency", as defined in section 32-222; or

(D) Any electric distribution company, gas company, pipeline company or water company, as such terms are defined in section 16-1, with more than two hundred thousand customers in the state, with respect to any portions of its business under the regulation of the Public Utilities Regulatory Authority.

Sec. 2. Section 16-243gg of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) No electric distribution company, gas company, pipeline company or water company, as such terms are defined in section 16-1, shall recover through rates any direct or indirect cost associated with membership, dues, sponsorships or contributions to a business or industry trade association, group or related entity incorporated under Section 501 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time.

(b) No electric distribution company, gas company, pipeline company or water company, as such terms are defined in section 16-1, shall recover through rates any direct or indirect cost associated with lobbying or legislative action, as such terms are defined in section 1-91.

(c) No electric distribution company, gas company, pipeline company or water company, as such terms are defined in section 16-1, shall recover through rates any direct or indirect cost associated with advertising, marketing, communications that seek to influence public opinion or any other related costs identified by the authority, unless such marketing, advertising, communications or related costs are specifically approved or ordered by the authority or the Department of Energy and Environmental Protection.

(d) No electric distribution company, gas company, pipeline company or water company, as such terms are defined in section 16-1, shall recover through rates any direct or indirect cost associated with (1) travel, lodging or food and beverage expenses for such company's board of directors and officers or the board of directors and officers of such company's parent company; (2) entertainment or gifts; (3) any owned, leased or chartered aircraft for such company's board of directors and officers or the board of directors and officers of such company's parent company; or (4) investor relations.

(e) No electric distribution company, gas company, pipeline company or water company that is a public agency, as defined in section 1-200, as amended by this act, shall recover through rates any direct or indirect costs associated with complying with the provisions of the Freedom of Information Act, as defined in section 1-200, as amended by this act, unless such expenses are recognized by the authority as proper business expenses for rate-making purposes that achieve the objectives set forth in subsection (a) of section 16-19 and in section 16-19e.

[(e)**]** (f) On or before January 15, 2024, and annually thereafter, each electric distribution company, gas company, pipeline company or water company, as such terms are defined in section 16-1, with more than seventy-five thousand customers shall report to the authority an itemized list of costs associated with the activities described in this section and subsection (b) of section 16-243p in a form prescribed by the authority. Such report shall include, but need not be limited to: (1) Any costs spent by the parent company or affiliates of the public service company directly billed or allocated to the public service company; (2) a list of the title, job description and salary of any employees of the public service company who performed work associated with the activities described in this section or in subsection (b) of section 16-243p and the hours attributed to such work; (3) a list of the title, job description and salary of any employees of the parent company or affiliate who performed work associated with the activities described in this section or in subsection (b) of section 16-243p and the hours attributed to such work that were directly billed or allocated to the

public service company; (4) an itemized list of costs that the public service company made to all third-party vendors for any expenses associated with the activities described in this section or in subsection (b) of section 16-243p including unredacted billing amounts, billing dates, payees and explanation of the expenditure in detail sufficient to describe the purpose of the cost; and (5) any other itemized information deemed relevant by the authority. No electric distribution company, gas company, pipeline company or water company, as such terms are defined in section 16-1, shall recover through rates any costs associated with the preparation of such report.

Sec. 3. Subdivision (3) of subsection (d) of section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(3) Programs included in the plan developed under subdivision (1) of this subsection shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits for all energy savings to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs. Program cost-effectiveness shall be reviewed by the Commissioner of Energy and Environmental Protection annually, or otherwise as is practicable, and shall incorporate the results of the evaluation process set forth in subdivision (4) of this subsection<u>, except the Home Energy Solutions Audit program, which shall be subject to a financial and performance audit by the Auditors of Public Accounts not less than biennially, in lieu of review by the commissioner</u>. If a program is determined to fail the cost-effectiveness test as part of the review process, it shall either be modified to meet the test or shall be terminated, unless it is integral to other programs that in combination are cost-effective. On or before March 1, 2005, and on or before March first annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment that documents (A) expenditures and fund balances

and evaluates the cost-effectiveness of such programs conducted in the preceding year, and (B) the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 7-233y, of municipal electric energy cooperatives. To maximize the reduction of federally mandated congestion charges, programs in the plan may allow for disproportionate allocations between the amount of contributions pursuant to this section by a certain rate class and the programs that benefit such a rate class. Before conducting such evaluation, the board shall consult with the board of directors of the Connecticut Green Bank. The report shall include a description of the activities undertaken during the reporting period.

Sec. 4. (*Effective July 1, 2025*) The Auditors of Public Accounts shall hire an additional auditor to conduct performance audits not later than July 1, 2026.

Sec. 5. Section 16-9 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

All decisions, orders and authorizations of the Public Utilities Regulatory Authority shall be in writing and shall specify the reasons therefor, shall be filed and kept in the office of the authority and recorded in a book kept by it for that purpose and shall be public records. Said authority may, at any time, for cause shown, upon hearing had after notice to all parties in interest <u>not less than two weeks prior to such hearing</u>, rescind, reverse or alter any decision, order or authorization by it made. Written notice of all orders, decisions or authorizations issued by the authority shall be given to the company or person affected thereby, by personal service upon such company or person or by registered or certified mail, as the authority determines. Any final decision, order or authorization of the Public Utilities Regulatory Authority in a contested case shall constitute a final decision for the purposes of chapter 54.

Sec. 6. Section 16-25 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

The Public Utilities Regulatory Authority shall fix a time and place for all hearings and shall mail notice thereof to such parties in interest as the authority deems necessary and give public notice thereof at least **[**one week**]** two weeks prior to any such hearing.

Sec. 7. Subsection (n) of section 16-2 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(n) Two or more utility commissioners serving on a panel established pursuant to subsection (c) of this section may confer or communicate regarding the matter before such panel. **[**Any such conference or communication that does not occur before the public at a hearing or proceeding shall not constitute a meeting as defined in section 1-200.**]**

Sec. 8. Subsection (a) of section 16-19 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) No public service company may charge rates in excess of those previously approved by the Public Utilities Control Authority or the Public Utilities Regulatory Authority, except that any rate approved by the Public Utilities Commission, the Public Utilities Control Authority or the Public Utilities Regulatory Authority shall be permitted until amended by the Public Utilities Regulatory Authority, that rates not approved by the Public Utilities Regulatory Authority may be charged pursuant to subsection (b) of this section, and that the hearing requirements with respect to adjustment clauses are as set forth in section 16-19b. For water companies, existing rates shall include the amount of any adjustments approved pursuant to section 16-262w since the company's most recent general rate case, provided any adjustment amount shall be separately identified in any customer bill. Each public service company shall file any proposed amendment of its existing rates with the authority in such form and in accordance with such reasonable regulations as the authority may prescribe. Each electric distribution, gas or telephone company filing a proposed amendment shall also file with the authority an estimate of the effects of the amendment, for

various levels of consumption, on the household budgets of high and moderate income customers and customers having household incomes not more than one hundred fifty per cent of the federal poverty level. Each electric distribution company shall also file such an estimate for space heating customers. Each water company, except a water company that provides water to its customers less than six consecutive months in a calendar year, filing a proposed amendment, shall also file with the authority a plan for promoting water conservation by customers in such form and in accordance with a memorandum of understanding entered into by the authority pursuant to section 4-67e. Each public service company shall notify each customer who would be affected by the proposed amendment, by mail, at least one week prior to the first public hearing thereon, but not earlier than six weeks prior to such first public hearing, that an amendment has been or will be requested. Such notice shall also indicate (1) the date, time and location of any scheduled public hearing, (2) a statement that customers may provide written comments regarding the proposed amendment to the Public Utilities Regulatory Authority or appear in person at any scheduled public hearing, (3) the Public Utilities Regulatory Authority telephone number for obtaining information concerning the schedule for public hearings on the proposed amendment, and (4) whether the proposed amendment would, in the company's best estimate, increase any rate or charge by five per cent or more, and, if so, describe in general terms any such rate or charge and the amount of the proposed increase. If a company fails to provide adequate notice, the authority shall consider the effective filing date of such company's proposed amendment to be the date that the company provides adequate notice to customers, as determined by the authority. Until the effective filing date, no days shall count toward the time limit for a final decision in this subsection. In the case of a proposed amendment to the rates of any public service company, the authority shall hold one or more public hearings thereon, except as permitted with respect to interim rate amendments by subsections (d) and (g) of this section, and shall make such investigation of such proposed amendment of rates as is necessary to determine whether such rates conform to the principles and guidelines set forth in section 16-19e,

or are unreasonably discriminatory or more or less than just, reasonable and adequate, or that the service furnished by such company is inadequate to or in excess of public necessity and convenience, provided the authority may (A) evaluate the reasonableness and adequacy of the performance or service of the public service company using any applicable metrics or standards adopted by the authority pursuant to section 16-244aa, and (B) determine the reasonableness of the allowed rate of return of the public service company based on such performance evaluation, except that no public service company that is an electric distribution company may be allowed a rate of return that exceeds the weighted average cost of capital for such company, as determined by the authority. The authority, if in its opinion such action appears necessary or suitable in the public interest may, and, upon written petition or complaint of the state, under direction of the Governor, shall, make the aforesaid investigation of any such proposed amendment which does not involve an alteration in rates. If the authority finds any proposed amendment of rates to not conform to the principles and guidelines set forth in section 16-19e, or to be unreasonably discriminatory or more or less than just, reasonable and adequate to enable such company to provide properly for the public convenience, necessity and welfare, or the service to be inadequate or excessive, it shall determine and prescribe, as appropriate, an adequate service to be furnished or just and reasonable maximum rates and charges to be made by such company. In the case of a proposed amendment filed by an electric distribution, gas or telephone company, the authority shall also adjust the estimate filed under this subsection of the effects of the amendment on the household budgets of the company's customers, in accordance with the rates and charges approved by the authority. The authority shall issue a final decision on each electric distribution or gas company rate filing not later than three hundred fifty days after the effective filing date of the proposed amendment. The authority shall issue a final decision on all public service company rate filings, except electric distribution or gas company rate filings, not later than two hundred seventy days after the effective filing date of the proposed amendment.

Sec. 9. Subsection (g) of section 16-19 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*)

(g) The authority shall hold either a special public hearing or combine an investigation with an ongoing four-year review conducted in accordance with section 16-19a or with a general rate hearing conducted in accordance with subsection (a) of this section on the need for an interim rate decrease (1) when a public service company has, for the rolling twelve-month period ending with the two most recent consecutive financial quarters, earned a return on equity which exceeds the return authorized by the authority by at least one-half of one percentage point, (2) <u>if it finds, in the case of an electric distribution company, a rate of return that exceeds the weighted average cost of capital for such company, as determined by the authority, (3)</u> if it finds that any change in municipal, state or federal tax law creates a significant increase in a company's rate of return, or **[**(3)**]** <u>(4)</u> if it provides appropriate notice that a public service company may be collecting rates or may have an authorized rate of return which is or are more than just, reasonable and adequate, as determined by the authority, provided the authority shall require appropriate notice of hearing to the company and its customers who would be affected by an interim rate decrease in such form as the authority deems reasonable. The company shall be required to demonstrate to the satisfaction of the authority that earning such a return on equity, having an authorized rate of return or collecting rates which are more than just, reasonable and adequate is directly beneficial to its customers. At the completion of the proceeding, the authority may order an interim rate decrease if it finds that such return on equity or rates exceeds a reasonable rate of return or is more than just, reasonable and adequate as determined by the authority. Any such interim rate decrease shall be subject to a customer surcharge if the interim rates collected by the company are less than the rates finally approved by the authority or fixed at the conclusion of any appeal taken as a result of any finding by the authority. Such surcharge shall be assessed against customers in such amounts and by such procedure as

ordered by the authority.

Sec. 10. Subsection (d) of section 16-47 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(d) (1) (A) The Public Utilities Regulatory Authority shall investigate and hold a public hearing on the question of granting its approval with respect to any application made under subdivision (1) of subsection (b) of this section or subdivision (1) of subsection (c) of this section and thereafter may approve or disapprove any such application in whole or in part and upon such terms and conditions as it deems necessary or appropriate. In connection with its investigation, the authority may request the views of the gas company, electric distribution company, water company, telephone company, community antenna television company or holding company which is the subject of the application with respect to the proposed acquisition.

(B) After the filing of an application satisfying the requirements of such regulations as the authority may adopt in accordance with the provisions of chapter 54, but not later than thirty business days after the filing of such application, the authority shall give prompt notice of the public hearing to the **[**person required to file the application**]** applicant and to the subject company or holding company. Such hearing shall be commenced as promptly as practicable after the filing of the application, but not later than sixty business days after **[**the**]** such filing.

(C) The authority shall make its determination as soon as practicable, but not later than two hundred days after the filing of the application, unless the **[**person required to file the application**]** applicant agrees to an extension of time or the authority extends the time as provided in this subsection. The authority may extend the time period for making its determination by not more than thirty days if, before the end of such time period, the authority notifies all parties and intervenors to the proceedings of such extension.

(D) The authority may, in its discretion, grant the subject company,

certificate holder, provider or holding company the opportunity to participate in the hearing by presenting evidence and oral and written argument. **[**If the authority fails to give notice of its determination to hold a hearing, commence the hearing, or render its determination after the hearing within the time limits specified in this subdivision, the proposed acquisition shall be deemed approved.**]**

(E) In each proceeding on a written application submitted under said subdivision (1) of subsection (b) of this section or subdivision (1) of subsection (c) of this section, the authority shall, in a manner **[**which**]** that treats all parties to the proceeding on an equal basis, take into consideration **[**(1)**]** (i) the financial, technological and managerial suitability and responsibility of the applicant, **[**(2)**]** (ii) the ability of the gas company, electric distribution company, water company, telephone company, community antenna television company or holding company which is the subject of the application to provide safe, adequate and reliable service to the public through the company's plant, equipment and manner of operation if the application were to be approved, and **[**(3)**]** (iii) for an application concerning a telephone company, the effect of approval on the location and accessibility of management and operations and on the proportion and number of state resident employees.

(F) The authority shall only grant its approval of an application filed on or after January 1, 2021, made under subdivision (1) of subsection (c) of this section, if the holding company **[**effects**]** implements a change in the composition of the board of directors to include a proportional percentage of Connecticut-based directors equivalent to the percentage that Connecticut service areas represent of the total service areas covered by the holding company.

(G) On and after October 1, 2025, the authority shall not approve any application made pursuant to subdivision (1) of subsection (c) of this section if the applicant seeking approval to control a gas company or electric distribution company, or a holding company thereof, already controls a gas company or electric distribution company, or a holding

company thereof, in the state.

(2) (A) The Public Utilities Regulatory Authority shall investigate and hold a public hearing on the question of granting its approval with respect to any application made under subdivision (2) of subsection (b) of this section or subdivision (2) of subsection (c) of this section and thereafter may approve or disapprove any such application in whole or in part and upon such terms and conditions as it deems necessary or appropriate. In connection with its investigation, the authority may request the views of the subject certificate holder, provider or holding company which is the subject of the application with respect to the proposed acquisition.

(B) After the filing of an application satisfying the requirements of such regulations as the authority may adopt in accordance with the provisions of chapter 54, but not later than thirty business days after the filing of such application, the authority shall give prompt notice of the public hearing to the **[**person required to file the application**]** applicant and to the subject certificate holder, provider or holding company. Such hearing shall be commenced as promptly as practicable after the filing of the application, but not later than sixty business days after **[**the**]** such filing. **[**, and the**]**

(C) The authority shall make its determination as soon as practicable, but not later than one hundred eighty days after the filing of the application **[**,**]** unless the **[**person required to file the application**]** applicant agrees to an extension of time or the authority extends the time as provided in this subsection. The authority may extend the time period for making its determination by not more than thirty days if, before the end of such period, the authority notifies all parties and intervenors to the proceedings of such extension, **[**. Such authority-noticed extension may only occur once**]** provided only one such extension may be noticed by the authority.

(D) The authority shall, upon request of the certificate holder, provider or holding company, grant the subject company or holding

company the opportunity to participate in the hearing by presenting evidence and oral and written argument.

(E) If the authority fails to give notice of its determination to hold a hearing, commence the hearing or render its determination after the hearing within the time limits specified in this subdivision, the proposed acquisition shall be deemed approved.

(F) In each proceeding on a written application submitted under **[**said**]** subdivision (2) of subsection (b) of this section or subdivision (2) of subsection (c) of this section, the scope of review for the authority shall be limited to **[**(A)**]** (i) the financial, technological and managerial suitability and responsibility of the applicant, and **[**(B)**]** (ii) the legal, financial and technical ability of the holder of a certificate of cable franchise authority pursuant to section 16-331p, certified telecommunications provider, certified competitive video service provider or holding company which is the subject of the application to provide safe, adequate and reliable service subject to the authority's regulation.

Sec. 11. (NEW) (*Effective October 1, 2025*) On and after January 1, 2026, no person, firm or corporation shall control both an electric distribution company and a gas company, as defined in section 16-1 of the general statutes. Any such person, firm or corporation that has control of more than one such company in violation of this section shall divest itself of the additional company and retain not more than one such company by January 1, 2026. The Public Utilities Regulatory Authority shall, after notice and hearing in accordance with section 16-10a of the general statutes, as amended by this act, revoke the franchise to operate as a public service company, as defined in section 16-1 of the general statutes, of any person, firm or corporation that is not in compliance with the provisions of this section.

Sec. 12. Subsection (a) of section 16-10a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) Whenever any person, firm or corporation, incorporated under the general statutes or any special act, is granted a franchise to operate as a public service company, as defined in section 16-1, and fails to provide service which is adequate to serve the public convenience and necessity of any town, city, borough, district or other political subdivision of the state, or any portion thereof, for a period of five years from the date of such franchise or from January 1, 1961, whichever is later, the Public Utilities Regulatory Authority, on its own initiative, or upon complaint of any such town, city, borough, district or other political subdivision, or on petition of not less than five per cent of the affected persons, but in no event more than one thousand persons, in any such town, city, borough, district or other political subdivision, shall fix a time and place for a hearing to be held thereon. Whenever any such person, firm or corporation fails to comply with the merger prohibition set forth in section 11 of this act, the authority shall fix a time and place for a hearing to be held thereon. The authority shall give notice thereof to all parties in interest and shall make such further investigation into the alleged failure to provide such service or comply with the merger prohibition as it deems necessary. If upon such hearing, said authority finds that the holder of such franchise has failed to provide such service or comply with such prohibition and that there is an immediate need for such service, it may revoke such franchise as to any such town, city, borough, district or political subdivision, or any portion thereof, or make such other order as may be necessary to provide such service. Whenever any person, firm or corporation, incorporated under the general statutes or any special act, is granted a franchise to operate as a railroad company, as defined in section 13b-199, and fails to provide adequate service, or has discontinued the service, on any segment of its lines for which such franchise is granted for a period of five years or more, the franchise for such segment of line shall cease to exist and shall be revoked by the authority for such failure to operate such service or discontinuance of service for a period of five years or more.

Sec. 13. (NEW) (*Effective October 1, 2025*) Notwithstanding any provision of the general statutes, no state agency, as defined in section

4b-13 of the general statutes, quasi-public agency, as defined in section 1-120 of the general statutes, or municipality, as defined in section 7-131q of the general statutes, shall offer a right of first refusal for the conveyance of any real property to a public service company, as defined in section 16-1 of the general statutes, prior to offering such property for general sale.

Sec. 14. Section 16-19 of the general statutes is amended by adding subsection (i) as follows (*Effective October 1, 2025*):

(NEW) (i) The authority shall not approve the imposition of any fee by a public service company under this section that would discourage the adoption of grid-enhancing or energy-efficient technologies, provided the provisions of this subsection shall not be construed to apply to an order by the authority under this section concerning rates that is perceived by a public service company to discourage such company from making capital investments in the grid.

Sec. 15. Subdivision (5) of subsection (a) of section 16-245d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(5) An electric distribution company shall, in accordance with the billing format developed by the authority, include the following information in each customer's bill: (A) The total amount owed by the customer, which shall be itemized using the categories described in subdivision (3) of this subsection; (B) any unpaid amounts from previous bills which shall be listed separately from current charges; (C) except for customers subject to a demand charge, the rate and usage for the current month and each of the previous twelve months in the form of a bar graph or other visual form; (D) the payment due date; (E) the interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the electric distribution company to report power losses; (G) the toll-free telephone number of the Public Utilities Regulatory Authority for questions or complaints; and (H) if a customer has a demand of five hundred kilowatts or less during the preceding twelve

months, a statement about the availability of information concerning electric suppliers pursuant to section 16-245p. An electric distribution company shall not impose any fee that has not been authorized by the authority pursuant to any provision of this title.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2025*	1-200(1)
Sec. 2	*October 1, 2025*	16-243gg
Sec. 3	*July 1, 2026*	16-245m(d)(3)
Sec. 4	*July 1, 2025*	New section
Sec. 5	*October 1, 2025*	16-9
Sec. 6	*October 1, 2025*	16-25
Sec. 7	*October 1, 2025*	16-2(n)
Sec. 8	*October 1, 2025*	16-19(a)
Sec. 9	*October 1, 2025*	16-19(g)
Sec. 10	*October 1, 2025*	16-47(d)
Sec. 11	*October 1, 2025*	New section
Sec. 12	*October 1, 2025*	16-10a(a)
Sec. 13	*October 1, 2025*	New section
Sec. 14	*October 1, 2025*	16-19(i)
Sec. 15	*October 1, 2025*	16-245d(a)(5)

GAE *Joint Favorable Subst.*