



SPECIAL SESSION UPDATE

HB-7006 – AN ACT CONCERNING EMERGENCY RESPONSE BY ELECTRIC DISTRIBUTION COMPANIES, THE REGULATION OF OTHER PUBLIC UTILITIES AND NEXUS PROVISIONS FOR CERTAIN DISASTER-RELATED OR EMERGENCY-RELATED WORK PERFORMED IN THE STATE.

PERFORMANCE-BASED REGULATION

HB-7006 requires the Public Utilities Regulatory Authority (PURA) to initiate a proceeding by June 1, 2022, to investigate, develop, and adopt a framework for implementing performance-based regulation (PBR) of each electric distribution company (EDC, i.e., Eversource and United Illuminating). It also allows, but does not require, PURA to initiate a proceeding to investigate, develop, and adopt a framework to implement PBR for gas and water companies, consistent with the provisions affecting EDCs.

The bill requires the framework to establish standards and metrics to measure how EDCs perform in meeting objectives in the ratepayers' interest or to benefit the public. These objectives may include the following: 1) safety; 2) reliability; 3) emergency response; 4) cost efficiency; 5) affordability; 6) equity; 7) customer satisfaction; 8) municipal engagement; 9) resilience; and 10) advancing state environmental and policy goals (e.g., the state's greenhouse gas reduction goals or goals included in the state's Integrated Resource Plan (IRP) or Comprehensive Energy Strategy (CES)).

Under the bill, "resilience" is the ability to prepare for and adapt to changing conditions and withstand and recover rapidly from deliberate attacks, accidents, or naturally occurring threats or incidents,

such as those associated with climate change. *EFFECTIVE DATE: Upon passage.*

RATEMAKING TIMELINES

The bill changes the deadline for PURA to issue final decisions on rate cases, effectively extending it by 200 days for EDCs and gas company filings and by 50 days for all other regulated utility filings. Under current law, PURA must issue a final decision for utility rate cases within 150 days from the new rate's proposed effective date. Under the bill, PURA must issue a final decision on (1) EDC and gas company rate cases within 350 days of the new rate's proposed effective date and (2) all other regulated utility rate cases within 200 days from proposed effective date. The bill also eliminates a provision that currently gives PURA a 30-day deadline extension under certain circumstances. As under existing law, if PURA does not issue its rate case decision by the applicable deadline, the proposed rate may become effective pending PURA's decision if the company meets certain requirements. *EFFECTIVE DATE: Upon passage.*

EXECUTIVE COMPENSATION

The bill requires PURA to consider whether to make a utility company's rate recovery for certain executive and employee compensation dependent on the company meeting performance targets. PURA must do this when deciding whether to allow rate



recovery for any portion of an EDC's, PURA-regulated gas company's, or PURA-regulated water company's compensation packages for executives or officers, or incentive compensation for employees.

EFFECTIVE DATE: Upon passage.

PURA DEADLINES FOR APPROVING UTILITY COMPANY DEBT

The bill extends, from 30 to 60 days, the deadline for PURA to approve or disapprove a regulated utility company (1) issuing notes, bonds, or securities; (2) lending or borrowing funds for more than one year (unless it is for certain purposes); or (3) amending the provisions of an indenture or similar financial instrument that would affect the issuance of terms of its notes, bonds, or securities. *EFFECTIVE DATE:*

November 1, 2020.

PURA DEADLINES – APPROVAL OF MERGERS

The bill also extends two deadlines related to PURA's approval of any mergers or other changes in control of a PURA-regulated utility company. It extends the deadline for PURA to hold a hearing on the merger or change in control from 30 to 60 days after the application was filed. And it extends the deadline for PURA to approve or disapprove the transaction from 120 to 200 days after the application was filed. It also allows PURA to extend the approval deadline by an additional 30 days after notifying all parties and intervenors in the proceeding.

EFFECTIVE DATE: January 1, 2021.

RESTITUTION

The bill expands the types of penalties that PURA must impose on certain entities that

fail to obey or comply with the applicable energy statutes or PURA's orders or regulations. Under current law, PURA must impose a fine for these violations, but the bill allows PURA to also order restitution or both a fine and restitution. Under the bill, the fine, restitution, or combined fine and restitution cannot exceed existing limits on the amount of the fine (generally, \$10,000 per offense unless otherwise specified). The bill also allows PURA to direct a portion of any fine it levies to be paid to a nonprofit agency engaged in energy assistance programs. PURA must name the nonprofit in its decision or violation notice. *EFFECTIVE DATE: Upon passage.*