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**TESTIMONY OF
UNITED STATES SENATOR RICHARD BLUMENTHAL
PUBLIC UTILITIES REGULATORY AUTHORITY
DOCKET 20-01-01
AUGUST 24, 2020**

Thank you for the opportunity to speak regarding PURA's review of its decision to approve an increase in two fees charged to Eversource's electricity customers: the transmission adjustment charge (TAC) and the Federally Mandated Congestion Charge (FMCC). These fees appear on customers' bills every month and can amount to a significant amount of the total bill. The immediate focus is on TAC and FMCC but there are broader issues at stake on which PURA has agreed to hold hearings. I look forward to participating in those hearings.

Connecticut consumers pay the highest electricity rates in the continental United States. Connecticut ratepayers are homeowners, renters, small businesses. They are struggling in this economic crisis. Their outrage of soaring electric bills in July led PURA to temporarily suspend the TAC and FMCC.

That decision was the right one. Now, PURA should:

- Freeze the TAC and FMCC fees and order refunds to consumers;
- Break up Eversource and create a Connecticut based utility possibly with public ownership
- Eliminate the system of guaranteed profits for Eversource; link rates to performance
- Join me in continuing to press the Federal Energy Regulatory Commission to change the grossly anti-consumer process for approving transmission line projects and costs

The current regulatory system is failing consumers. They pay the highest electricity rates in the continental U.S., yet endure long power outages like the one this month. In fact, PURA should order the utility to reimburse consumers for storm-related costs.

Consumers pay TAC fees that are almost ten times higher than what they paid in 2000 while Eversource's executives receive tens of millions of dollars in bonuses and salary.

Eversource is legally a public utility – but there is nothing it does specifically for the public's interest. It is all about their shareholders and Wall Street. To be clear, my criticism is with Eversource management not their workers. I am consistently impressed by the dedication and

determination of Eversource linemen and other employees on the front line and in the emergency response area.

The TAC increase is a perfect example of utility excess – putting profits ahead of people. Much of the increase is due to consumers conserving electricity during the 2019 winter, meaning that Eversource didn't receive as much TAC revenue as expected. In a normal industry, the result would be a loss for the company. But in the utility world, they compensate by charging consumers a rate 44% higher! Eversource recognized the impact of the pandemic on the economy and ratepayers, and said it would recover this lost revenue from customers over a 24 month period --- with interest.

Simply, the system is not working for the men and women who pay their electric bills. That is why we need to step back from the current system of guaranteed rates of return for our utilities. This system enriches shareholders, holds multi-billion dollar company harmless for any downturn in the economy and overcharges customers.

We have come to an inflection point, where tinkering around the edges is insufficient. The public deserves more. They deserve better.

Among the options that PURA should consider include:

- seeking a break-up of Eversource into a smaller, Connecticut focused utility;
- establish a truly 'public' utility owned and operated solely for the benefit of Connecticut ratepayers; one model would be municipally owned utilities which operate more efficiently and responsively while charging customers in some cases 24% less than Eversource; or
- enact some form of performance based model without a guaranteed rate of return.

The TAC is a fee charged to ratepayers for the cost of maintaining and improving transmission lines. These interstate projects are reviewed and approved by FERC which sets the guaranteed rate of return for the utility and the TAC is the charge set by PURA to pay for those projects and Eversource's profit.

Reliable, modern transmission lines are certainly in consumers' interest to ensure electricity dependably flows into the state. What is not in consumers' interest is the way that FERC guarantees super profits for utilities on these projects. Generally, FERC will approve a very rich rate of return – more with certain upward adjustments known as 'adders' – of up to or exceeding 12%. If that profit level sounds extremely rich, it is. Comparatively, PURA sets a 9% rate of return for Eversource on its operations in Connecticut. Neither rate of return is acceptable but FERC's actions are abhorrent -- a disservice to consumers.

FERC seemingly looks only at the reliability needs not whether the project is conducted in the most efficient, least costly manner for consumers and whether the rate of return is fair to them.

For almost a decade, I have criticized FERC's transmission line rate setting process. Commendably, DEEP, the OCC and Attorney General Tong filed comments in January urging

FERC to change its process and oversight of these transmission projects. But, lack of progress should not deter us -- a renewed and reinvigorated effort is necessary. As part of this docket, PURA should commit to pressing FERC to change its process for approving transmission line projects and assessing the rates that consumers pay for these projects.

In the meantime, PURA should freeze the rates at pre-July levels until there is a thorough review by FERC of such projects and how they were implemented.

Now is the time for aggressive consumer protections. Many of Connecticut ratepayers are unemployed or retired. Families and small businesses are struggling through an economic crisis unprecedented in our lifetime. A health care crisis continues. It is deeply and flagrantly unfair that they are paying the highest electricity rates in the continental United States while piling on additional fees like the TAC that serve to enrich Eversource executives and Wall Street.

It is time to start putting the public first in our public utility. I will be an active, willing partner in these efforts. Thank you.