



TESTIMONY OF  
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EVERSOURCE ENERGY  
Before the Banking Committee  
March 2, 2021

RE: S.B. No. 150, An Act Establishing The Connecticut Infrastructure Authority.

*Eversource does not support S.B. No. 150 as currently drafted and urges clarifying the Bill in a manner that makes it consistent with the existing rights granted to regulated electric utility companies under federal and state law*

My name is Vincent Pace. I am an Assistant General Counsel for Eversource Energy. I am offering Eversource’s testimony on S.B. 150 that has been raised for public hearing.

**a. Background on Eversource**

Eversource transmits and delivers electricity to approximately 1.27 million customers in 149 municipalities in Connecticut; provides natural gas to approximately 246,000 customers in 74 towns in Connecticut; and our affiliate (Aquarion Water) provides service to approximately 216,000 customers in 52 towns in Connecticut.

Eversource employs approximately 9,000 employees across three states. Approximately 50 percent of our employees are members of the International Brotherhood of Electrical Workers, the Utility Workers Union of America or The United Steelworkers covered by collective bargaining agreements. In addition to the employees we directly employ, the infrastructure and other programs we administer generate hundreds of additional Connecticut-based jobs for contractors and subcontractors.

Our projects also generate substantial tax revenues for Connecticut and its municipalities, and we are typically the top property tax payer in most of the towns we serve. For the fiscal year July 2019 through June 2020 alone, Eversource paid approximately \$234 million in property taxes to Connecticut towns,<sup>1</sup> and for 2019 we paid an additional approximately \$163 million in gross earnings tax to the State of Connecticut.<sup>2</sup>

**b. Eversource Does Not Support S.B. 150, As Currently Drafted**

Eversource supports the general concept and goals of a State Infrastructure Authority (“Infrastructure Authority”) that seeks to improve our State’s transportation infrastructure, leverage federal funds that are available for transportation infrastructure, and offer loans and various types of credit enhancement products to support transportation infrastructure projects. Eversource also supports the stated objectives of the Infrastructure Authority in the Bill, which are to “prioritize infrastructure improvement projects and public-

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<sup>1</sup> Connecticut property taxes paid and to be paid from July 2019 through June 2020 by Eversource affiliates: CL&P \$186,511,264; Yankee Gas \$33,581,456; and Aquarion Water Co. \$14,526,528.

<sup>2</sup> Gross earnings taxes paid in 2019 by Eversource affiliates: CL&P \$141,188,143; Yankee Gas \$21,939,623.

private partnerships that will stimulate and encourage economic growth and development in the state”.<sup>3</sup>

Respectfully, however, Eversource does not support the overly broad text in the Bill that expansively defines the term “infrastructure improvement project” to include “the acquisition, removal, construction . . . and improvement of . . . *energy transmission and distribution resources* . . . .”<sup>4</sup> The broad terms “energy transmission and distribution resources” are undefined.

As the General Assembly is aware, it granted Eversource’s regulated Connecticut electric company franchise rights to transmit and distribute electricity over poles and wires in the 149 Connecticut towns we serve.<sup>5</sup> Additionally, the Federal Power Act of 1935, as amended,<sup>6</sup> and the Federal Energy Regulatory Commission (“FERC”) and ISO New England exercise regulatory oversight over the facilities that the Bill refers to as “energy transmission . . . resources.”

The Bill is problematic because it casts doubt on regulated utilities’ pre-existing legal rights to distribute and transmit electricity, because the Bill appears to empower the new Infrastructure Authority to fund as well as potentially “acquire, lease, purchase, own, manage, hold, sell and dispose of”<sup>7</sup> projects that fall into the Bill’s undefined categories of “energy transmission and distribution resources”.<sup>8</sup> This broad text is problematic because funding electric distribution and transmission projects through federal and state-approved electric rates charged to consumers – and constructing and owning that equipment – is precisely what federal and state law authorize Eversource and other regulated utilities to do. The Bill does not explain how it complies with, and interacts with, these pre-existing rights that have been granted to regulated electric utilities.

Nor do we believe the State of Connecticut intends for the Infrastructure Authority to become a FERC-regulated utility, but this is an unintended consequence of the current draft of the Bill because ownership of electric transmission infrastructure (either directly or indirectly through foreclosure of a security interest) would subject the Infrastructure Authority to federal regulation by FERC.

For these reasons, Eversource respectfully requests that the Bill be clarified by deleting the broad terms “energy transmission and distribution resources”; and by explaining in greater detail which specific types of energy-related infrastructure the Infrastructure Authority seeks to fund and potentially own. Additionally, Eversource requests that a clarifying sentence be added to the Bill to ensure compliance with the pre-existing rights of regulated utilities by stating that, “No provision of this section shall impair, conflict with or infringe upon the rights and privileges of public service companies, as defined in section 16-1, under federal and state law.”

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<sup>3</sup> Bill 150, at Section 2(b), lines 75-78.

<sup>4</sup> Bill 150, at Section at 1(6), lines 20-30 (emphasis added).

<sup>5</sup> See, e.g., *Connecticut Light & Power Co. v. Costello*, 161 Conn. 430, 433–34, 288 A.2d 415, 417 (1971) (in which our Supreme Court stated that The Connecticut Light and Power Company d/b/a Eversource Energy’s “corporate existence stems from the charter granted to The Rocky River Power Company in 1905 by special act of the legislature. 14 Spec.Laws p. 860. In 1917, The Rocky River Power Company was authorized to acquire the property and franchises of The Housatonic Power Company and to change its name to The Connecticut Light and Power Company. 17 Spec.Laws p. 833. The Housatonic Power Company was organized by a special act of the legislature in 1893 and was given authority to generate, transmit and sell electricity throughout the state . . . .”)

<sup>6</sup> The Federal Power Act is in 16 U.S.C.A. §§ 792 to 825u.

<sup>7</sup> Bill 150, at lines 121-122.

<sup>8</sup> Bill 150, at lines 25 and 25.

Eversource also notes that when it examined state statutes in nearby Maine,<sup>9</sup> New Hampshire<sup>10</sup> and Vermont<sup>11</sup> that implemented state infrastructure banks or infrastructure authorities, none of these statutes extended their scope to electric distribution and transmission infrastructure. In addition, although Nevada's state infrastructure bank statute refers to utility infrastructure projects, Nevada appropriately defined "utility infrastructure" as the utility equipment a customer is required to install (in accordance with a utility company's tariff) on the customer-side of the premises in order to connect the customer's proposed industrial or business park project to the utility's electric distribution or transmission system.<sup>12</sup>

If, for example, the Infrastructure Authority seeks to loan funds for the installation of utility equipment on the customer's side of a proposed industrial or commercial economic development project that a government-approved utility tariff requires the customer to install at the customer's expense, then the Bill should be clarified to say so. Or if the Infrastructure Authority seeks to loan funds to developers to pay for the cost of relocating or undergrounding a regulated utility's existing utility infrastructure in order to accommodate a transportation or economic development infrastructure project, then the Bill should be clarified to say so. These types of clarifications to the Bill would enable the Infrastructure Authority to fund the most common types of utility-related costs that transportation, economic development and green energy project developers incur while eliminating the serious concerns that arise from the Bill's existing, ambiguous text that broadly refers to "energy transmission and distribution resources".

Eversource would be pleased to collaborate constructively with the sponsors of the Bill to implement these clarifications. Thank you for your consideration of this testimony.

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<sup>9</sup> See Maine state infrastructure bank statute in Me. Rev. Stat. tit. 23, § 1853, *et seq.*

<sup>10</sup> See New Hampshire state infrastructure bank statute in N.H. Rev. Stat. Ann. § 21-L:20, *et seq.*

<sup>11</sup> See Vermont state infrastructure bank statute in Vt. Stat. Ann. tit. 10, § 280e, *et seq.*

<sup>12</sup> Nevada's state infrastructure bank law defines "Utility infrastructure" as "any infrastructure which allows for the connection of the transmission or distribution system of a utility to a distribution facility installed by a master-planned industrial or business park in conformance with the tariffs of the utility and includes, without limitation, the engineering and construction of the infrastructure." Nev. Rev. Stat. Ann. § 408.55068 (West 2020).