
**STATE OF CONNECTICUT
PUBLIC UTILITIES REGULATORY AUTHORITY**

Docket No. 24-12-01

**APPLICATION OF YANKEE GAS SERVICES COMPANY
D/B/A EVERSOURCE ENERGY
TO AMEND ITS RATE SCHEDULES**

**Surrebuttal Testimony of
Dr. Asa S. Hopkins and Dr. Sol deLeon**

On Behalf of Connecticut Office of Consumer Counsel

April 28, 2025

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1 **I. INTRODUCTION**

2 **Q1 Please state your name and position.**

3 **A1**My name is Asa S. Hopkins. I am a Senior Vice President of Consulting at
4 Synapse Energy Economics, Inc.

5 **Q2 Are you the same Asa Hopkins who submitted Direct Testimony in this case**
6 **on March 13, 2025?**

7 **A2**Yes.

8 **Q3 Please state your name and position.**

9 **A3**My name is Sol deLeon. I am a Principal Associate at Synapse Energy
10 Economics, Inc.

11 **Q4 Are you the same Sol deLeon who submitted Direct Testimony in this case on**
12 **March 13, 2025?**

13 **A4**Yes.

14 **Q5 What is the purpose of your surrebuttal testimony?**

15 **A5**The purpose of our surrebuttal testimony is to respond to the rebuttal testimonies
16 of Yankee Gas Company (“the Company”) witnesses Nikki L. Bruno and Julia K.
17 Day (Future of Gas Panel); Kevin J. Kelley, Douglas P. Horton, and Jared A.
18 Lawrence (Performance Based Ratemaking (PBR) Panel); and Ned W. Allis on
19 Depreciation.

20 **Q6 How is this testimony organized?**

21 **A6**Our testimony begins with the response to Future of Gas Panel’s rebuttal
22 testimony. Then, we respond to the rebuttal testimony of the PBR Panel. In the
23 final section, we respond to the rebuttal testimony on depreciation.

1 **II. RESPONSE TO THE FUTURE OF GAS PANEL REBUTTAL**

2 *i. State-wide and Utility Planning*

3 **Q7 What aspects of the Future of Gas Panel’s rebuttal testimony are you**
4 **addressing here?**

5 **A7 The future of gas rebuttal testimony addresses our direct testimony in several**
6 **areas, and we respond to those areas here:**

- 7 • The absence guidance from the state preventing the Company’s long-term
8 planning
9 • Lack of certainty regarding the future of gas in the state
10 • The role of non-pipeline alternatives (NPA)

11 **Q8 What does the Future of Gas Panel argue regarding the state’s policy on the**
12 **future of gas and government or regulatory guidance for natural gas**
13 **utilities?**

14 **A8 The Company disagrees that Connecticut’s policy relating to natural gas and**
15 **decarbonization is well-established. Instead, it is something that policymakers and**
16 **the Company alike recognize needs to be evaluated and needs to be established**
17 **moving forward.**

18 The Company argues that other states have provided specific guidance or
19 requirements for natural gas utilities or are in the process of doing so, but
20 Connecticut has not developed specific guidance, mandates, or a framework for
21 gas utilities.¹ The Company also asserts that various actions by PURA and the
22 legislature support the argument that Connecticut does not have specific guidance
23 yet on natural gas. It notes that the state’s Equitable Modern Grid proceedings
24 have not focused on proactive infrastructure investments for future electric load,²

¹ Future of Gas Panel Rebuttal Testimony, page 4 at 32.

² Future of Gas Panel Rebuttal Testimony, page 6 at 4.

1 that PURA declined a Future of Gas proceeding and deferred to DEEP,³ and that a
2 bill has been proposed in the Connecticut General Assembly to require a “future
3 of gas” docket be opened.⁴

4 The Company further argues that the future of gas is not settled due to lack of
5 guidance from legislature or PURA, stating that “it is critical that formal
6 regulatory frameworks provide clear guidance and adequate support for such
7 endeavors so that Yankee can pursue them in a manner that is consistent with
8 State energy policy and regulatory expectations.”⁵

9 **Q9 Is it prudent for the Company to forgo developing energy transition plans or**
10 **taking actions informed by such plans in the absence of a statewide**
11 **framework?**

12 **A9** No. Even without direct guidance from government agencies, there is no excuse
13 not to plan for the energy transition, given ongoing government activities and
14 changes in market conditions.⁶ DEEP and the legislature are in the middle of
15 considering or are initiating an investigation into the future of gas, making it even
16 more critical for the Company to establish good planning processes to review and
17 consider the planned natural gas infrastructure investments in the light of the
18 current regulatory activities and the resulting uncertainty.

19 The Company has an ongoing obligation to conduct prudent utility management,
20 operations, and planning, regardless of the existence of a statewide framework for
21 the future of the natural gas system, considering the energy transition. Utility
22 management has obligations to its customers and shareholders to take appropriate
23 and prudent actions in managing the Company, including to investigate and
24 understand the forces shaping the future of its business and how those forces will
25 affect the Company’s ability to fulfill its obligations to provide safe and reliable
26 service. It is possible that, upon further analysis, the actions the Company chooses

³ Future of Gas Panel Rebuttal Testimony, page 9 at 2.

⁴ Future of Gas Panel Rebuttal Testimony, page 12 at 1.1

⁵ Future of Gas Panel Rebuttal Testimony, page 56 at 15.

⁶ Hopkins and deLeon Direct Testimony, page 10 at 14 and page 13 at 3.

1 would be the same as those documented and proposed in this proceeding.
2 However, absent any investigation or study of these issues by the Company, there
3 is no evidence on the record in this proceeding that the Company's past and
4 proposed actions are, in fact, those that would be consistent with a comprehensive
5 and policy-aware review.

6 Furthermore, Connecticut has legally binding greenhouse gas (GHG) emission
7 reduction targets, and natural gas heating is responsible for a sizable portion of
8 current GHG emissions. It is well evident that the Company can and should be
9 planning for the energy transition, even if no further guidance has come from the
10 state, as prudent planning necessitates proactive planning.

11 **Q10 Is a state-level process required to appropriately consider these issues?**

12 **A10** No. The state-level processes conducted have been valuable and provided useful
13 insights for utilities in both the implementing states and other states. However,
14 gas utilities have conducted similar analyses.

15 **Q11 Could you provide examples of utility-led energy transition analyses?**

16 **A11** Of course. The first is Enbridge Gas Distribution, North America's largest gas
17 distribution utility which serves the province of Ontario. As Enbridge states in its
18 testimony in its 2022–2023 rate case, "In 2020, Enbridge Gas identified the need
19 to undertake an analysis of the impact of climate policies on the gas distribution
20 system under a range of possible scenarios. The [Energy Transition Scenario
21 Analysis] Project was intended to inform the Company's energy transition
22 strategies, forecasting and planning, and to assess potential scope 3 GHG
23 reductions that the Company could support."⁷ Enbridge hired the Posterity Group
24 to conduct this analysis, which helped Enbridge conclude that current and
25 anticipated government policies would not be sufficient to achieve the province's

⁷ Enbridge Gas Distribution. Application for 2024-28 Natural Gas Distribution Rates. Ontario Energy Board Case No. EB-2022-0200. Exhibit 1, Tab 10, Schedule 5, Page 3. Available in <https://www.rds.oeb.ca/CMWebDrawer/Record/759839/File/document>.

1 net-zero objective, and thus more transformative scenarios would be required.
2 These included both a “diversified” case where the gas system remained in active
3 use, and an “electrified” case in which gas system use declines. In 2021, Enbridge
4 hired another consultant, Guidehouse Canada, to conduct a “Pathways to Net-
5 Zero Study” to inform Enbridge’s internal planning. This study built on the two
6 transformational scenarios from the earlier study and evaluated their costs,
7 benefits, and risks.

8 **Q12 What is the second example?**

9 **A12** The second example is Baltimore Gas & Electric (“BGE”). BGE hired Energy
10 and Environmental Economics (“E3”) to conduct a study of pathways to achieve
11 Maryland’s policy goals and identify implications for BGE’s customers and
12 service area.⁸ This study evaluated cases with different usage patterns for gas, as
13 part of economy-wide decarbonization pathways. BGE is using this study to
14 support its proposal to decarbonize buildings using a dual-fuel approach wherein
15 buildings would retain gas heating while getting most of their heat from electric
16 heat pumps.⁹

17 **Q13 What insights do you draw from Enbridge and BGE’s processes to study the**
18 **energy transition?**

19 **A13** Neither Enbridge nor BGE required a regulatory order or statewide process to
20 begin to examine the impact of the energy transition on gas demand and therefore
21 their businesses. Enbridge explicitly states that the purpose of these studies was to
22 inform its internal planning, and neither utility conducted these studies for the
23 primary purpose of supporting testimony in a rate case. These utilities acted

⁸ Clark, et al. *BGE Integrated Decarbonization Strategy*. October 2022. Energy and Environmental Economics on behalf of Baltimore Gas and Electric. Available at https://www.ethree.com/wp-content/uploads/2022/10/BGE-Integrated-Decarbonization-White-Paper_2022-11-04.pdf.

⁹ Mark Case. “BGE Comments on the Climate Change Mitigation Working Group (MWG) Draft Recommendations for 2022” and attachment entitled “Supporting Maryland’s GHG reduction goals”. October 12, 2022. Available at https://mde.maryland.gov/programs/Air/ClimateChange/MCCC/MWG/BGE%20Comments_Path%20to%20Clean%20Summary.pdf.

1 independently to create knowledge and insights for use by their management to
2 guide corporate planning.

3 **Q14 Do you support the development of a state-level framework for the future of**
4 **the gas distribution system in Connecticut?**

5 **A14** Absolutely. We recommended such a process in our direct testimony, particularly
6 recommending that PURA open a docket for the purpose of establishing a
7 common framework and planning parameters for the future of the natural gas
8 system in Connecticut¹⁰ and we are glad this is being proposed in legislature.¹¹ A
9 state-level framework can be very helpful. A centralized process can provide an
10 opportunity to raise a wide range of issues, and to focus stakeholder and
11 regulatory attention while making efficient use of limited resources.

12 **Q15 What does the Future of Gas Panel say about the proposed legislation's**
13 **implications regarding the future of gas?**

14 **A15** The Company claims that the proposed legislation not only acknowledges the
15 absence of a "future of gas" proceeding in Connecticut and indicates the
16 lawmakers' view that there are no statutes in Connecticut that tie the State's GHG
17 emissions reduction goals to the ongoing distribution of natural gas by gas utilities
18 to end users.¹²

19 **Q16 Do you disagree with the Company's statement that the proposed legislation**
20 **indicates the lawmaker's view that there are no statutes that tie GHG**
21 **emissions to the gas utilities?**

22 **A16** Yes, we disagree with the assertion that the proposed legislation reflects the
23 lawmaker's view that there are no statutes that tie GHG emissions to the gas
24 utilities.

¹⁰ Hopkins and deLeon Direct Testimony, page 6 at 23.

¹¹ HB 5004 (File No. 449): PURA Proceeding: Future of Natural Gas Distribution.

¹² Future of Gas Panel Rebuttal, page 10 at 12.

1 The bill contains language that directs PURA to look at natural gas in relation to
2 the new version of the GHG targets, which include net zero by 2050 (and 80
3 percent reduction in gross emissions).¹³ The legislature's need to act on this point
4 is as much an indictment of gas utilities' refusal to plan and act as it is a statement
5 of the need for state leadership to guide utility action.

6 In fact, items 2 and 3 of the proposed legislation, “integration of natural gas and
7 electric company joint planning processes” and “transparent accounting for
8 energy system infrastructure’s full costs and benefits”¹⁴ would require the
9 existence of, and be the natural next step of, better planning practices by the
10 Company. There are plenty of actions prudently managed utilities can and should
11 be taking ahead of further state guidance to prepare for the energy transition.

12 *ii. Non-Pipeline Alternatives*

13 **Q17 What does the Company claim about NPAs?**

14 **A17** The Company claims that it needs an “appropriate regulatory framework to begin
15 to consider NPAs in the future.”¹⁵

16 **Q18 Do you agree with the Company’s claim that it needs a regulatory**
17 **framework for NPAs?**

18 **A18** No. We disagree that that Company requires a regulatory framework to consider
19 NPAs. However, we do agree that the state would be better served if there were a
20 statewide regulatory framework in place. The Company could develop an NPA
21 framework and ask for regulatory approval, instead of waiting and not doing
22 anything until there is a framework. In our testimony, we argue that the
23 establishment of an NPA framework should begin with the Company. In our
24 testimony, we recommend that PURA direct the Company to develop and utilize

¹³ HB 5004 (File No. 449): PURA Proceeding: Future of Natural Gas Distribution

¹⁴ *Id.*

¹⁵ Future of Gas Panel Rebuttal Testimony, page 50 at 11.

1 an NPA assessment process to consider alternatives to all potentially avoidable
2 gas infrastructure investments.¹⁶

3 **Q19 Are NPAs a feature of prudent and least-cost energy system planning?**

4 **A19** Yes. When a prudent utility is considering a capital investment to meet a system
5 need, it must consider whether there are lower-cost ways to meet that need. In a
6 competitive market environment, a firm that overspends to meet its needs will
7 suffer in the marketplace. Prudent utility management and regulation must
8 replicate this feature. The need to consider NPAs, therefore, is not built upon
9 unique features mandated in specific jurisdictions, but instead built on the
10 fundamentals of the regulation of monopoly utilities. Some states have been
11 explicit about setting up frameworks for the consideration of NPAs (and their
12 electric equivalent, non-wires alternatives), in order to provide a common
13 structure for such consideration, but the prudence of NPA evaluation exists
14 separately from these frameworks.

15 **Q20 Could the Company propose to use NPAs as part of leak-prone pipe**
16 **retirement programs?**

17 **A20** Yes, it could. We are confident that PURA would consider programmatic and
18 investment proposals from the Company that would advance state policy while
19 lowering energy system costs, even if those programs are novel and have not been
20 requested by PURA. Since the Company has not stepped forward with such ideas,
21 we recommend that PURA include NPAs and leak-prone pipe programs in the
22 scope of the statewide gas system transition process that both the Company and
23 we recommend.

¹⁶ Hopkins and deLeon Direct Testimony, page 5 at 21.

1 **Q21 What does the Company claim about its leak-prone pipe replacement**
2 **evaluation process?**

3 **A21** The Company claims that risk assessments and analyses are conducted at least
4 annually for the Accelerated Replacement Program, thus “ensuring it
5 continuously prioritizes and optimizes its replacement of leak-prone pipes.”¹⁷

6 **Q22 Is this sufficient?**

7 **A22** While the annual risk assessment and analysis is laudable, this is not enough. The
8 Company has not provided evidence that it is considering the energy transition in
9 its annual assessments and analyses. The Company should incorporate
10 consideration of alternatives to traditional natural gas investments as a way to
11 reduce risk and make informed, prudent investment decisions. We recommended
12 in our direct testimony that PURA direct the Company to update its practices to
13 align with Connecticut’s energy future.¹⁸

14 **Q23 What conflict do Witnesses Bruno and Day claim exist between your**
15 **testimony and that of Witness Larkin-Connolly?**

16 **A23** The Company claims that there is a conflict between our testimony and Mr.
17 Larkin-Connolly’s recommendation for PURA to require strict accordance with
18 the replacement schedule and budgets proposed by the Company, noting his
19 caution that the replacement timeline should not be taken as a signal to “replace
20 leak-prone pipes at all costs.”¹⁹

21 **Q24 Do you agree that there is a conflict?**

22 **A24** No. Our recommendations on the need for better gas planning²⁰ are consistent
23 with Larkin-Connolly’s testimony. Larkin-Connolly’s call for an examination of
24 the cost-effectiveness of the Company’s leak-prone pipe investments and caution
25 that the established schedule is not a signal to “replace leak-prone pipes at all

¹⁷ Future of Gas Panel Rebuttal Testimony, page 45 at 4.

¹⁸ Hopkins and deLeon Direct Testimony, page 6 at 10.

¹⁹ Future of Gas Panel Rebuttal Testimony, page 47 at 3.

²⁰ Hopkins and deLeon Direct Testimony, page 6 at 10.

1 costs”²¹ it is a key part of better planning. A prudently managed utility should
2 prepare for and analyze a range of possible futures to understand the implications
3 for the utility and its planned capital investments. The proposed gas capital
4 investments are large and irreversible, and the examination of their cost-
5 effectiveness should consider the range of possible futures, including
6 consideration of alternatives such as NPAs.

7 **III. RESPONSE TO PBR REBUTTAL**

8 **Q25 What aspects of the PBR rebuttal testimony are you addressing here?**

9 **A25** We will address the Company’s argument that the K-bar remains subject to
10 prudence review, and is required to support necessary capital investments.

11 **Q26 How does the Company characterize the PBR plan?**

12 **A26** The Company claims that under the proposed PBR Plan it is agreeing to forgo its
13 right to seek adjustment to rate base, but that it plans to implement the K-bar to
14 provide additional revenue support to meet its capital investment needs.²²

15 **Q27 Do you have any concerns with this characterization?**

16 **A27** Yes. The existence of a revenue adjustment mechanism, such as the K-bar, means
17 that the prudence review comes after the Company has already collected
18 contributions to support its gas capital investments. This is particularly
19 concerning in the light of the energy transition. We clarify that in our
20 recommendations, the Company's capital additions should be subject to prudency
21 review before ratepayers are asked to provide funding to support them. This is
22 particularly important for gas investments in the context of the energy transition.
23 The Company should not be receiving additional support for its planned gas

²¹ Future of Gas Panel Rebuttal Testimony, page 47 at 8.

²² PBR Panel Rebuttal Testimony, page 14 at 11.

1 capital additions absent the Company updating its planning practices to align with
2 planning for Connecticut's energy future.

3 **Q28 How does the Company justify its proposed investments?**

4 **A28** The Company claims that its supplemental revenue increases are appropriate
5 when investment needs are increasing compared to historical levels.²³ The
6 Company further states that the rate stability that comes with a PBR plan will
7 reduce the rate shock experienced by customers from the need for increased
8 capital investment on the Yankee distribution system in the next several years²⁴

9 **Q29 Is this argument sufficient?**

10 **A29** No. The fact that the Company projects that investment needs will be higher than
11 historical levels is concerning and reinforces our argument that capital investment
12 needs to be reviewed as part of better gas planning, particularly since the
13 Company also states that "Dr. Hopkins and Dr. deLeon explained they and the
14 Company are not anticipating substantial load growth to support the
15 investments."²⁵ The lack of load growth to sustain the capital investment levels
16 only lends more urgency to the need for better planning and the reconsideration of
17 alternatives. Continued investments without substantial load growth to support it
18 raises concern about long-term impacts on ratepayers and affordability.

19 The utility should be re-evaluating its planned gas capital investments, thus the K-
20 bar should not be approved. If PURA approves the mechanism, then PURA
21 should put the Company on notice that all investments will be subject to scrutiny
22 at the next rate case, with the potential for disallowance for imprudent
23 investments (including the return to ratepayers of any funds already collected for
24 imprudent investments), and should limit revenue support through the K-bar to
25 only the return *of* the Company's investments and related tax expense, as is being

²³ PBR Panel Rebuttal Testimony, page 15 at 4.

²⁴ PBR Panel Rebuttal Testimony, page 9 at 14.

²⁵ PBR Panel Rebuttal Testimony, page 16 at 7.

1 considered in the context of the CT-Bar within Docket No. 21-05-15RE01.²⁶
2 However, we strenuously note that the need for incremental capital cost recovery
3 for the electric distribution industry—as the CT-Bar is being discussed to
4 address—is an entirely different proposition than for the gas distribution industry.

5 **IV. RESPONSE TO DEPRECIATION REBUTTAL**

6 **Q30 What aspects of the Depreciation rebuttal testimony are you addressing**
7 **here?**

8 **A30** Witness Allis attempts to show a conflict between our direct testimony and that of
9 OCC Witness Dunkel regarding depreciation rates. In this testimony, we clarify
10 the relationship between our testimony and that of Witness Dunkel to show there
11 is no conflict.

12 **Q31 What conflict does Witness Allis claim exists between your testimony and**
13 **that of Witness Dunkel?**

14 **A31** Witness Allis argues that our direct testimony makes the case for higher
15 depreciation rates²⁷, while Witness Dunkel argues for a lower depreciation
16 expense.

17 **Q32 Do you see a conflict between your testimony and Witness Dunkel's?**

18 **A32** No. We do not see a conflict.

²⁶ See Docket No. 21-05-15RE01, Revised Straw Proposal (Feb. 27, 2025), p. 37 ("The revenue requirement resulting from the incremental CT-Bar plant additions shall only include the depreciation expense, property tax expense, and gross earnings tax (GET) expense, as well as any reconciliation adjustments for CT-Bar capital additions The amount of depreciation, property tax, and GET expenses included in the revenue requirement will be determined using the rates (e.g., depreciation rates) approved in the Company's last rate case. The revenue requirement shall not include any return on investment, i.e., WACC, on the incremental CT-Bar plant additions.")

²⁷ Allis Rebuttal Testimony, page 7 at 17,

1 **Q33 Do you believe that PURA should order higher depreciation rates as a result**
2 **of shorter effective asset lifetimes, in this proceeding?**

3 **A33** No, we do not. For additional clarity, we made three points:

- 4 1. That it would have been prudent for the Company to develop an asset
5 utilization forecast to support a Units of Production approach to
6 depreciation.²⁸
- 7 2. Absent this analysis, a traditional straight-line approach is acceptable.²⁹
- 8 3. In order to show a clear and consistent understanding and appreciation of its
9 changing future, the Company should develop a policy-consistent projection
10 of future sales, capital needs, and asset utilization. This is essential for making
11 prudent capital decisions and setting depreciation rates.³⁰

12 Requiring further analysis in the context of a changing energy future does not
13 equate to making the case for higher depreciation rates to use without a plan.

14 Depreciation rates should be based on a comprehensive understanding of how
15 assets will be used over their lifetime. The Company has not presented an
16 evaluation of how its assets will be used in the context of the energy transition,
17 including an internally consistent evaluation of how the utility will manage the
18 energy transition from a financial and business perspective. Absent such a
19 comprehensive analysis, it is not appropriate to adjust depreciation rates into a
20 paradigm that depends on such analysis (such as a utilization-based depreciation
21 regime). The Company's proposal to model depreciation rates in anticipation of
22 the energy transition but refusal to acknowledge the energy transition in its capital
23 planning would result in a scenario that unreasonably maximizes revenues to the
24 Company—ratepayers would be paying for rapidly expanding capital investments
25 that are being rapidly depreciated. Given the Company's failure to propose a
26 prudent capital plan, PURA should approve a single year rate plan, applying

²⁸ Hopkins and deLeon Direct Testimony, page 71 at 13.

²⁹ Hopkins and deLeon Direct Testimony, page 71 at 19.

³⁰ Hopkins and deLeon Direct Testimony, page 72 at 10.

1 straight-line depreciation rates that accurately reflect the expected service lives of
2 the assets in alignment with the current capital plan, and encourage the Company
3 to consider a more prudent and thoughtful revenue model in its next rate filing.

4 **Q34 Does this conclude your testimony at this time?**

5 **A34 Yes, it does.**