



# Senate

## File No. 640

General Assembly

February Session, 2000

**(Reprint of File No. 211)**

Substitute Senate Bill No. 24  
As Amended by House  
Amendment Schedule "A"

Approved by the Legislative Commissioner  
April 19, 2000

### ***An Act Licensing Natural Gas Suppliers.***

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

1 Section 1. Section 16-258a of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 (a) Each [corporation, company, association, joint stock association,  
4 partnership or] person [, or lessee thereof, which] that sells natural gas  
5 to an end user in the state and is not (1) a gas company, as defined in  
6 section 16-1, (2) a municipal gas utility established under chapter 101  
7 or any other gas utility owned, leased, maintained, operated, managed,  
8 or controlled by any unit of local government under any general  
9 statute or any public or special act, or (3) a gas pipeline or gas  
10 transmission company subject to the provisions of chapter 208, shall  
11 register with the Department of Public Utility Control prior to making  
12 any such sale by filing a form supplied by said department.

13 (b) Each person registered with the department shall: (1) Maintain a  
14 bond or other security in amount and form approved by the  
15 department, to ensure the person's financial responsibility and its

16 supply of natural gas to end-use customers in accordance with  
17 contracts, agreements or arrangements; (2) have a contractual  
18 relationship with an entity or entities to purchase natural gas supply;  
19 (3) comply with the National Labor Relations Act and regulations, if  
20 applicable; (4) comply with the Connecticut Unfair Trade Practices Act  
21 and applicable regulations; and (5) agree to cooperate with (A) each  
22 gas company, (B) each municipal gas utility established under chapter  
23 101 or any other gas utility owned, leased, maintained, operated,  
24 managed or controlled by any unit of local government under any  
25 general statute or special act, (C) each gas pipeline or gas transmission  
26 company subject to the provisions of chapter 208, (D) the department,  
27 and (E) all other gas suppliers in the event of an emergency condition  
28 that may jeopardize the safety and reliability of the state's natural gas  
29 system.

30 (c) Each person registered with the department shall, at such times  
31 as the department requires but not less than annually, submit to the  
32 department, on a form prescribed by the department, an update of  
33 information the department deems relevant. A registered person shall  
34 notify the department at least ten days before a change in corporate  
35 structure that affects the person. Each registered person shall pay an  
36 annual registration fee to be determined by the department which shall  
37 not exceed the actual administrative costs of the department.

38 (d) No registration may be transferred without the prior approval of  
39 the department. The department may assess additional registration  
40 fees to pay the administrative costs of reviewing a request for such  
41 transfer.

42 (e) Any person who violates any provision of this section shall be  
43 subject to sanctions by the department in accordance with section 16-  
44 41, as amended by this act, which may include, but are not limited to,  
45 the suspension or revocation of such registration or a prohibition on  
46 accepting new customers.

47 Sec. 2. Subsection (a) of section 16-41 of the general statutes, as

48 amended by section 1 of public act 99-105, is repealed and the  
49 following is substituted in lieu thereof:

50 (a) Each (1) public service company and its officers, agents and  
51 employees, (2) electric supplier or person providing electric generation  
52 services without a license in violation of section 16-245, and its officers,  
53 agents and employees, (3) certified telecommunications provider or  
54 person providing telecommunications services without authorization  
55 pursuant to sections 16-247f to 16-247h, inclusive, and its officers,  
56 agents and employees, (4) person, public agency or public utility, as  
57 such terms are defined in section 16-345, subject to the requirements of  
58 chapter 293, [and] (5) person subject to the registration requirements  
59 under section 16-258a, as amended by this act, and (6) company, as  
60 defined in section 16-49, shall obey, observe and comply with all  
61 applicable provisions of this title and each applicable order made or  
62 applicable regulations adopted by the Department of Public Utility  
63 Control by virtue of this title so long as the same remains in force. Any  
64 such company, electric supplier, certified telecommunications  
65 provider, person, any officer, agent or employee thereof, public agency  
66 or public utility which the department finds has failed to obey or  
67 comply with any such provision of this title, order or regulation shall  
68 be fined by order of the department in accordance with the penalty  
69 prescribed for the violated provision of this title or, if no penalty is  
70 prescribed, not more than ten thousand dollars for each offense except  
71 that the penalty shall be a fine of not more than forty thousand dollars  
72 for failure to comply with an order of the department made in  
73 accordance with the provisions of section 16-19 or 16-247k or within  
74 thirty days of such order or within any specific time period for  
75 compliance specified in such order. Each distinct violation of any such  
76 provision of this title, order or regulation shall be a separate offense  
77 and, in case of a continued violation, each day thereof shall be deemed  
78 a separate offense. Each such penalty and any interest charged  
79 pursuant to subsection (g) or (h) of section 16-49 shall be excluded  
80 from operating expenses for purposes of rate-making.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** See Explanation Below

**Affected Agencies:** Department of Public Utility Control,  
Department of Consumer Protection

**Municipal Impact:** None

**Explanation**

**State Impact:**

The bill establishes additional requirements for non-utility gas suppliers registered with the Department of Public Utility Control (DPUC). The bill requires the DPUC to establish an annual registration fee for registrants that is sufficient to cover the department’s administrative costs. The resulting revenue gain will offset the costs related to administering the program, thus there is no fiscal impact. Additionally, the bill permits the DPUC to assess an additional registration fee for those registrants seeking to transfer registration. It is anticipated that any resulting revenue gain will offset the costs incurred by the department, thus there is no fiscal impact.

The bill subjects registrants to the civil penalties that currently apply to utilities and other entities regulated by the DPUC. Violators are subject to a maximum civil penalty of \$10,000 per offense. This may result in a revenue gain, the extent of which cannot be determined, as it would depend upon the number of violations which occurred and

the amount of the penalties that are imposed.

Finally, the bill requires registrants to comply with the Connecticut Unfair Trade Practices Act. Under the Unfair Trade Practices Act, the Department of Consumer Protection (DCP) has two methods for resolving complaints, 1) formal administrative hearings; or 2) forwarding the complaint to the Attorney General's office for litigation. If most of the cases are handled administratively by DCP, the workload increase to the Office of the Attorney General is expected to be minimal and can be handled within the agency's anticipated budgetary resources. Under the Unfair Trade Practices Act, civil penalties can be imposed for violations, the extent of the additional revenue cannot be determined, as it would depend upon the number of violations which occurred and the amount of the penalties that are imposed.

House "A" has no fiscal impact from specifying that the annual registration fee determined by the DPUC shall not exceed the actual administrative costs of the department.

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**OLR Amended Bill Analysis**

sSB 24 (as amended by House "A")\*

**AN ACT LICENSING NATURAL GAS SUPPLIERS.****SUMMARY:**

By law, non-utility gas suppliers must register with the Department of Public Utility Control (DPUC). This bill establishes bonding and other requirements for registrants. It requires registrants to comply with utility law and DPUC orders and subjects those that do not comply to civil penalties.

The bill requires suppliers to pay an annual registration fee, which cannot exceed DPUC's administrative costs. It requires DPUC approval to transfer a registration and allows DPUC to impose additional fees for its administrative costs in reviewing the application.

\*House Amendment "A" specifies that the registration cannot exceed DPUC's administrative costs rather than requiring that it be commensurate with these costs.

EFFECTIVE DATE: October 1, 2000

**REQUIREMENTS FOR REGISTRANTS**

By law, anyone other than a gas company, municipal gas utility, or gas pipeline company must register with DPUC before selling gas at retail in the state. The bill requires registrants to:

1. maintain a bond or other security designated by DPUC to ensure its financial responsibility and its supply of gas to its customers under contracts or other arrangements;
2. have a contractual relationship with one or more entities to purchase gas supply;
3. comply with the National Labor Relations Act, if applicable; and

4. comply with the Connecticut Unfair Trade Practices Act (CUTPA) and applicable regulations. (Among other things, CUTPA bars deceptive acts and practices.)

The registrant must agree to cooperate with various entities in any emergency that threatens the safety and reliability of the state's natural gas system. These entities are: DPUC, gas companies, municipal gas utilities, pipeline companies, and other gas suppliers.

Each registrant must update information that DPUC considers relevant, at least annually, as DPUC requires. A registrant must also notify DPUC at least 10 days before a change in corporate structure affects the company.

### **CIVIL PENALTIES**

The bill subjects companies required to register to the civil penalties that currently apply to utilities and other entities that DPUC regulates. If the penalty is not specifically set by statute, the maximum penalty is \$10,000 per offense. Each distinct violation of statute, regulation, or DPUC order is a separate offense as is each day of a continuing violation. DPUC can also suspend or revoke the registration or bar the registrant from accepting new customers.

### **BACKGROUND**

#### ***Legislative History***

On April 4, the House referred this bill to the General Law Committee, which reported it unchanged on April 6. On April 7, the House referred the bill to the Labor and Public Employees Committee, which reported it unchanged on April 11.

### **COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute Change of Reference

Yea 15 Nay 0

Judiciary Committee

Joint Favorable Report  
Yea 39 Nay 0

General Law Committee

Joint Favorable Report  
Yea 15 Nay 0

Labor and Public Employees Committee

Joint Favorable Report  
Yea 13 Nay 0