



Senate

General Assembly

File No. 333

January Session, 2001

Substitute Senate Bill No. 1244

Senate, April 18, 2001

The Committee on Planning and Development reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES.

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

1 Section 1. Section 7-233ii of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) Notwithstanding any provision of a special act or municipal
4 charter to the contrary, any municipality that owns or operates one or
5 more plants for the manufacture or distribution of electricity pursuant
6 to section 7-213 or any special act, may provide telecommunications
7 service, as defined in section 16-247a, other than community antenna
8 television service, to inhabitants within the territorial limits of the area
9 in which the municipality is authorized to provide electric service. No
10 municipality may seek authority to provide telecommunications
11 service pursuant to this section until affirmative action for that
12 purpose has been approved by the chief executive officer and has

13 received a two-thirds vote of its legislative body or in any town in
14 which the legislative body is a town meeting, by the board of
15 selectmen.

16 (b) Any municipality seeking to exercise the authority granted by
17 this section shall be subject to all certification requirements imposed by
18 statute or order of the Department of Public Utility Control upon
19 certified telecommunications providers, as defined in section 16-1.

20 (c) Any municipality exercising the authority granted by this section
21 may finance any capital expenditures necessary to provide
22 telecommunications service other than community antenna television
23 service, including but not limited to, the costs to acquire or construct
24 necessary systems or facilities, in accordance with the provisions of
25 chapter 109.

26 (d) Nothing in this section shall be construed to prohibit any
27 municipality that owns or operates one or more plants for the
28 manufacture or distribution of electricity pursuant to section 7-213
29 from providing community antenna television service, as defined in
30 section 16-1, pursuant to sections 7-213 and 16-331, provided any
31 municipality seeking to exercise the authority granted by this
32 subsection shall be subject to all certification requirements imposed by
33 the general statutes or order of the Department of Public Utility
34 Control on a certified community antenna television company, as
35 defined in section 16-1.

36 (e) If a municipality exercises its authority to provide community
37 antenna television service pursuant to subsection (d) of this section, the
38 Department of Public Utility Control, in considering an application by
39 the municipality for a certificate of public convenience and necessity
40 pursuant to section 16-331, shall ensure that any losses incurred by a
41 municipality that are related to such service and any and all costs
42 associated with the investment in such service are borne by the
43 investors in such service, and in no event are borne by the residents of

44 the municipality offering such service, the state of Connecticut or the
45 ratepayers of the electric service offered by such municipality.

46 Sec. 2. (NEW) (a) Any municipality that maintains an electric or gas
47 utility may establish a corporation under chapter 601 of the general
48 statutes for the purposes of engaging in the manufacture, distribution,
49 purchase or sale, or any combination thereof, of electricity, gas or
50 water for the sole purpose of providing electricity, gas or water within
51 its franchise area.

52 (b) Any such municipality may exercise the authority provided for
53 in subsection (a) of this section notwithstanding the provisions of any
54 special act, municipal charter or home rule ordinance, upon approval
55 of its chief executive officer and by adoption of an ordinance approved
56 by a two-thirds vote of its legislative body of the municipality or the
57 board of selectmen or city or town council, in the case of a
58 municipality in which the legislative body is a town meeting.

59 (c) No corporation established pursuant to subsection (a) of this
60 section shall engage in the manufacture, distribution, purchase or sale,
61 or any combination thereof, of electricity, gas or water outside the
62 service area of such municipal electric or gas utility. Nothing in this
63 section shall be construed to permit any municipal electric utility to
64 engage in the sale or aggregation of electric generation services other
65 than pursuant to section 16-245 of the general statutes.

ET *JOINT FAVORABLE SUBST. C/R* PD
PD *JOINT FAVORABLE SUBST.*

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:

OFA Fiscal Note

State Impact: None

Affected Agencies: Department of Public Utility Control

Municipal Impact: See Explanation Below

Explanation

State Impact:

The bill requires that when the Department of Public Utility Control (DPUC) considers a municipal utility's application to provide cable TV services, it ensures that any losses or investment costs related to providing such services are born by the investors, and not the municipality. Although it is not clear who the investors would be, since the service is provided by the municipality, it is anticipated the DPUC can accomplish this requirement within the normal budgetary resources of the agency, thus there is no fiscal impact.

Municipal Impact:

The bill permits municipalities that operate certain utilities to form separate corporations to provide such service upon approval of the municipality's chief elected official and by the adoption of an ordinance by two-thirds of its legislative body. It is unknown to what extent municipalities that operate utilities would choose to form such a corporation. It is uncertain whether forming such corporations would

result in any costs to the municipalities, however it is assumed that municipalities would choose to do so only to the extent there are available budgetary resources.

The bill clarifies that a municipal electric utility can only sell or aggregate electric service outside its service area with a license from the Department of Public Utility Control. It is unknown to what extent a municipal electric utility would choose to seek a license to provide aggregation services outside its service area. It is uncertain whether seeking such a license would result in any additional costs to the municipality, however it is assumed that the municipalities would choose to do so only to the extent there are available budgetary resources.

Finally, the bill specifies that if a municipal electric utility provides cable service, the municipality must obtain a DPUC certificate whereby the DPUC must determine that any losses or investment costs associated with providing cable service are borne by the investors, not the municipality. It is not clear who the investors would be, since the service is provided by the municipality. The extent to which a municipality would choose to expand current municipal electric service to include cable TV service is unknown. Although the bill specifies that any resulting losses or investment costs be born by the investors, it is uncertain who the investors are, thus it is uncertain whether the municipalities would incur any resulting costs. It is anticipated that the municipalities would choose to do so only to the extent there available budgetary resources.

OLR BILL ANALYSIS

sSB 1244

AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES.

SUMMARY:

This bill allows any municipality that operates an electric or gas utility to establish a separate corporation solely to provide electric, gas, or water service in its service territory. The municipality can do so despite its charter, home rule ordinance, or any special act. The action requires approval of the municipality's chief elected official and adoption of an ordinance by two-thirds of its legislative body or city or town council or board of selectman where the legislative body is a town meeting. The corporation can only operate within the utility's service territory. It is subject to all laws governing business corporations.

The bill clarifies that a municipal electric utility can sell or aggregate electric service outside of its territory only with a license from the Department of Public Utility Control (DPUC). (An aggregator groups customers together to make them more attractive to suppliers, but does not actually sell power to them.)

By law, municipalities with municipal electric utilities can also provide cable TV services. The municipality must obtain the same DPUC certificate as a private company that seeks to provide such service. The bill requires that DPUC, in considering the municipality's application, ensure that any losses incurred by the municipality related to such service and any costs associated with the investment in the service are borne by the investors in the service. (It is not clear who the investors would be, since the service is provided by the municipality.) DPUC must ensure that the costs are not borne by the municipality's residents, the state, or the ratepayers of the electric service offered by the municipality.

EFFECTIVE DATE: October 1, 2001

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute Change of Reference

Yea 16 Nay 0

Planning and Development Committee

Joint Favorable Substitute

Yea 17 Nay 1