



General Assembly

Substitute Bill No. 6828

January Session, 2001

AN ACT CONCERNING FINANCIAL REPORTING FOR UTILITIES.

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

1 Section 16-19 of the general statutes is repealed and the following is
2 substituted in lieu thereof:

3 (a) No public service company may charge rates in excess of those
4 previously approved by the authority or the Department of Public
5 Utility Control except that any rate approved by the Public Utilities
6 Commission or the authority shall be permitted until amended by the
7 authority or the department, that rates not approved by the authority
8 or the department may be charged pursuant to subsection (b) of this
9 section, and that the hearing requirements with respect to adjustment
10 clauses are as set forth in section 16-19b. Each public service company
11 shall file any proposed amendment of its existing rates with the
12 department in such form and in accordance with such reasonable
13 regulations as the department may prescribe. Each electric, electric
14 distribution, gas or telephone company filing a proposed amendment
15 shall also file with the department an estimate of the effects of the
16 amendment, for various levels of consumption, on the household
17 budgets of high and moderate income customers and customers
18 having household incomes not more than one hundred fifty per cent of
19 the federal poverty level. Each electric and electric distribution
20 company shall also file such an estimate for space heating customers.
21 Each water company, except a water company that provides water to

22 its customers less than six consecutive months in a calendar year, filing
23 a proposed amendment, shall also file with the department a plan for
24 promoting water conservation by customers in such form and in
25 accordance with a memorandum of understanding entered into by the
26 department pursuant to section 4-67e. Each public service company
27 shall notify each customer who would be affected by the proposed
28 amendment, by mail, at least one week prior to the public hearing
29 thereon, that an amendment has been or will be requested. Such notice
30 shall also indicate (1) the Department of Public Utility Control
31 telephone number for obtaining information concerning the schedule
32 for public hearings on the proposed amendment, and (2) whether the
33 proposed amendment would, in the company's best estimate, increase
34 any rate or charge by twenty per cent or more, and, if so, describe in
35 general terms any such rate or charge and the amount of the proposed
36 increase, provided no such company shall be required to provide more
37 than one form of the notice to each class of its customers. In the case of
38 a proposed amendment to the rates of any public service company, the
39 department shall hold a public hearing thereon, except as permitted
40 with respect to interim rate amendments by subsection (d) and
41 subsection (g) of this section, and shall make such investigation of such
42 proposed amendment of rates as is necessary to determine whether
43 such rates conform to the principles and guidelines set forth in section
44 16-19e, or are unreasonably discriminatory or more or less than just,
45 reasonable and adequate, or that the service furnished by such
46 company is inadequate to or in excess of public necessity and
47 convenience. The department, if in its opinion such action appears
48 necessary or suitable in the public interest may, and, upon written
49 petition or complaint of the state, under direction of the Governor,
50 shall, make the aforesaid investigation of any such proposed
51 amendment which does not involve an alteration in rates. If the
52 department finds any proposed amendment of rates to not conform to
53 the principles and guidelines set forth in section 16-19e, or to be
54 unreasonably discriminatory or more or less than just, reasonable and
55 adequate to enable such company to provide properly for the public
56 convenience, necessity and welfare, or the service to be inadequate or

57 excessive, it shall determine and prescribe, as appropriate, an adequate
58 service to be furnished or just and reasonable maximum rates and
59 charges to be made by such company. In the case of a proposed
60 amendment filed by an electric, electric distribution, gas or telephone
61 company, the department shall also adjust the estimate filed under this
62 subsection of the effects of the amendment on the household budgets
63 of the company's customers, in accordance with the rates and charges
64 approved by the department. The department shall issue a final
65 decision on each rate filing within one hundred fifty days from the
66 proposed effective date thereof, provided it may, before the end of
67 such period and upon notifying all parties and intervenors to the
68 proceedings, extend the period by thirty days.

69 (b) If the department has not made its finding respecting an
70 amendment of any rate within one hundred fifty days from the
71 proposed effective date of such amendment thereof, or within one
72 hundred eighty days if the department extends the period in
73 accordance with the provisions of subsection (a) of this section, such
74 amendment may become effective pending the department's finding
75 with respect to such amendment upon the filing by the company with
76 the department of assurance satisfactory to the department, which may
77 include a bond with surety, of the company's ability and willingness to
78 refund to its customers with interest such amounts as the company
79 may collect from them in excess of the rates fixed by the department in
80 its finding or fixed at the conclusion of any appeal taken as a result of a
81 finding by the department.

82 (c) Upon conclusion of its investigation of the reasonableness of any
83 proposed increase of rates, the department shall order the company to
84 refund to its customers with interest any amounts the company may
85 have collected from them during the period that any amendment
86 permitted by subsection (b) of this section was in force, which amounts
87 the department may find to have been in excess of the rates fixed by
88 the department in its finding or fixed at the conclusion of any appeal
89 taken as a result of a finding by the department. Any such refund
90 ordered by the department shall be paid by the company, under

91 direction of the department, to its customers in such amounts as are
92 determined by the department.

93 (d) Nothing in this section shall be construed to prevent the
94 department from approving an interim rate increase, if the department
95 finds that such an interim rate increase is necessary to prevent
96 substantial and material deterioration of the financial condition of a
97 public service company, to prevent substantial deterioration of the
98 adequacy and reliability of service to its customers or to conform to the
99 applicable principles and guidelines set forth in section 16-19e,
100 provided the department shall first hold a special public hearing on
101 the need for such interim rate increase and the company, at least one
102 week prior to such hearing, notifies each customer who would be
103 affected by the interim rate increase that such an increase is being
104 requested. The company shall include the notice in a mailing of
105 customer bills, unless such a mailing would not provide timely notice,
106 in which case the department shall authorize an alternative manner of
107 providing such notice. Any such interim rate increase shall only be
108 permitted if the public service company submits an assurance
109 satisfactory to the department, which may include a bond with surety,
110 of the company's ability and willingness to refund to its customers
111 with interest such amounts as the company may collect from such
112 interim rates in excess of the rates approved by the department in
113 accordance with subsection (a) of this section. The department shall
114 order a refund in an amount equal to the excess, if any, of the amount
115 collected pursuant to the interim rates over the amount which would
116 have been collected pursuant to the rates finally approved by the
117 department in accordance with subsection (a) of this section or fixed at
118 the conclusion of any appeal taken as a result of any finding by the
119 department. Such refund ordered by the department shall be paid by
120 the company to its customers in such amounts and by such procedure
121 as ordered by the department.

122 (e) If the department finds that the imposition of any increase in
123 rates would create a hardship for a municipality, because such increase
124 is not reflected in its then current budget, or cannot be included in the

125 budget of its fiscal year which begins less than five months after the
126 effective date of such increase, the department may defer the
127 applicability of such increase with respect to services furnished to such
128 municipality until the fiscal year of such municipality beginning not
129 less than five months following the effective date of such increase;
130 provided the revenues lost to the public service company through such
131 deferral shall be paid to the public service company by the
132 municipality in its first fiscal year following the period of such
133 deferral.

134 (f) Any public service company, as defined in section 16-1, filing an
135 application with the Department of Public Utility Control to reopen a
136 rate proceeding under this section, which application proposes to
137 increase the company's revenues or any rate or charge of the company
138 by five per cent or more, shall, not later than one week prior to the
139 hearing under the reopened proceeding, notify each customer who
140 would be affected thereby that such an application is being filed. Such
141 notice shall indicate the rate increases proposed in the application. The
142 company shall include the notice in a mailing of customer bills, unless
143 such a mailing would not provide timely notice to customers of the
144 reopening of the proceeding, in which case the department shall
145 authorize an alternative manner of providing such notice.

146 (g) The department shall hold either a special public hearing or
147 combine an investigation with an ongoing four-year review conducted
148 in accordance with section 16-19a or with a general rate hearing
149 conducted in accordance with subsection (a) of this section on the need
150 for an interim rate decrease (1) when a public service company has, for
151 six consecutive months, earned a return on equity which exceeds the
152 return authorized by the department by at least one percentage point,
153 (2) if it finds that any change in municipal, state or federal tax law
154 creates a significant increase in a company's rate of return, or (3) if it
155 finds that a public service company may be collecting rates which are
156 more than just, reasonable and adequate, as determined by the
157 department, provided the department shall require appropriate notice
158 of hearing to the company and its customers who would be affected by

159 an interim rate decrease in such form as the department deems
160 reasonable. The company shall be required to demonstrate to the
161 satisfaction of the department that earning such a return on equity or
162 collecting rates which are more than just, reasonable and adequate is
163 directly beneficial to its customers. At the completion of the
164 proceeding, the department may order an interim rate decrease if it
165 finds that such return on equity or rates exceed a reasonable rate of
166 return or are more than just, reasonable and adequate as determined
167 by the department. Any such interim rate decrease shall be subject to a
168 customer surcharge if the interim rates collected by the company are
169 less than the rates finally approved by the department or fixed at the
170 conclusion of any appeal taken as a result of any finding by the
171 department. Such surcharge shall be assessed against customers in
172 such amounts and by such procedure as ordered by the department.

173 (h) Each public service company with more than twenty thousand
174 customers shall provide the department, on a monthly basis, a report
175 which includes (1) an income statement and statements of rate base;
176 and (2) the rate of return on rate base and rate of return on equity.

177 [(h)] (i) The provisions of this section shall not apply to the
178 regulation of a telecommunications service which is a competitive
179 service, as defined in section 16-247a, or to a telecommunications
180 service to which an approved plan for an alternative form of regulation
181 applies, pursuant to section 16-247k.

ET **JOINT FAVORABLE SUBST.**