



House of Representatives

General Assembly

File No. 111

February Session, 2002

Substitute House Bill No. 5599

House of Representatives, March 22, 2002

The Committee on Energy and Technology reported through REP. GIANNAROS of the 21st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE TREATMENT OF EXPENDITURES FOR CRITICAL ASSETS, FACILITIES, AND EQUIPMENT OF PUBLIC SERVICE COMPANIES.

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

1 Section 1. Subsection (a) of section 16-19e of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2002*):

4 (a) In the exercise of its powers under the provisions of this title, the
5 Department of Public Utility Control shall examine and regulate the
6 transfer of existing assets and franchises, the expansion of the plant
7 and equipment of existing public service companies, the operations
8 and internal workings of public service companies and the
9 establishment of the level and structure of rates in accordance with the
10 following principles: (1) That there is a clear public need for the service
11 being proposed or provided; (2) that the public service company shall
12 be fully competent to provide efficient and adequate service to the

13 public in that such company is technically, financially and
 14 managerially expert and efficient; (3) that the department and all
 15 public service companies shall perform all of their respective public
 16 responsibilities with economy, efficiency and care for the public safety,
 17 and so as to promote economic development within the state with
 18 consideration for energy and water conservation, energy efficiency and
 19 the development and utilization of renewable sources of energy and
 20 for the prudent management of the natural environment; (4) that the
 21 level and structure of rates be sufficient, but no more than sufficient, to
 22 allow public service companies to cover their operating and capital
 23 costs, to attract needed capital and to maintain their financial integrity,
 24 and yet provide appropriate protection to the relevant public interests
 25 which shall include, but not be limited to, reasonable costs of security
 26 of assets, facilities and equipment, both existing and foreseeable; (5)
 27 that the level and structure of rates charged customers shall reflect
 28 prudent and efficient management of the franchise operation; and (6)
 29 that the rates, charges, conditions of service and categories of service of
 30 the companies not discriminate against customers which utilize
 31 renewable energy sources or cogeneration technology to meet a
 32 portion of their energy requirements.

This act shall take effect as follows:	
Section 1	October 1, 2002

Statement of Legislative Commissioners:

The title was changed for clarity.

ET *Joint Favorable Subst.-LCO*

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

Municipal Impact: None

Explanation

There is no fiscal impact for the Department of Public Utility Control associated with reviewing the costs of security of assets, facilities and equipment of public service companies.

OLR Bill Analysis

sHB 5599

***AN ACT CONCERNING THE TREATMENT OF EXPENDITURES
FOR CRITICAL ASSETS, FACILITIES, AND EQUIPMENT OF
PUBLIC SERVICE COMPANIES***

SUMMARY:

By law, the Department of Public Utility Control must follow certain principles in setting utility rates, including that rates be just sufficient to meet specific economic criteria while protecting public interests. This bill specifies that these interests include the reasonable costs of security for the utility's assets, facilities, and equipment. The principles, and thus the bill, do not apply to telephone companies subject to alternative forms of rate regulation such as price indexes.

EFFECTIVE DATE: October 1, 2002

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Report

Yea 15 Nay 0