



# Senate

General Assembly

**File No. 60**

*January Session, 2005*

Substitute Senate Bill No. 1117

*Senate, March 24, 2005*

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING WORKERS DISPLACED AS A RESULT OF ELECTRIC RESTRUCTURING.***

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

1 Section 1. Section 16-245l of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) The Department of Public Utility Control shall establish and each  
4 electric distribution company shall collect a systems benefits charge to  
5 be imposed against all end use customers of each electric distribution  
6 company beginning January 1, 2000. The department shall hold a  
7 hearing that shall be conducted as a contested case in accordance with  
8 chapter 54 to establish the amount of the systems benefits charge. The  
9 department may revise the systems benefits charge or any element of  
10 said charge as the need arises. The systems benefits charge shall be  
11 used to fund (1) the expenses of the public education outreach  
12 program developed under subsections (a), (f) and (g) of section 16-

13 244d other than expenses for department staff, (2) the reasonable and  
14 proper expenses of the education outreach consultant pursuant to  
15 subsection (d) of section 16-244d, (3) the cost of hardship protection  
16 measures under sections 16-262c and 16-262d and other hardship  
17 protections, including but not limited to, electric service bill payment  
18 programs, funding and technical support for energy assistance, fuel  
19 bank and weatherization programs and weatherization services, (4) the  
20 payment program to offset tax losses described in section 12-94d, (5)  
21 any sums paid to a resource recovery authority pursuant to subsection  
22 (b) of section 16-243e, (6) low income conservation programs approved  
23 by the Department of Public Utility Control, (7) displaced worker  
24 protection costs, (8) unfunded storage and disposal costs for spent  
25 nuclear fuel generated before January 1, 2000, approved by the  
26 appropriate regulatory agencies, (9) postretirement safe shutdown and  
27 site protection costs that are incurred in preparation for  
28 decommissioning, (10) decommissioning fund contributions, (11) the  
29 costs of temporary electric generation facilities incurred pursuant to  
30 section 16-19ss, (12) operating expenses for the Connecticut Energy  
31 Advisory Board, and (13) legal, appraisal and purchase costs of a  
32 conservation or land use restriction and other related costs as the  
33 department in its discretion deems appropriate, incurred by a  
34 municipality on or before January 1, 2000, to ensure the environmental,  
35 recreational and scenic preservation of any reservoir located within  
36 this state created by a pump storage hydroelectric generating facility.  
37 As used in this subsection, "displaced worker protection costs" means  
38 the reasonable costs incurred, prior to January 1, 2008, (A) by an  
39 electric supplier, exempt wholesale generator, electric company, an  
40 operator of a nuclear power generating facility in this state or a  
41 generation entity or affiliate arising from the dislocation of any  
42 employee other than an officer, provided such dislocation is a result of  
43 (i) restructuring of the electric generation market and such dislocation  
44 occurs on or after July 1, 1998, or (ii) the closing of a Title IV source or  
45 an exempt wholesale generator, as defined in 15 USC 79z-5a, on or  
46 after January 1, 2004, as a result of such source's failure to meet  
47 requirements imposed as a result of sections 22a-197 and 22a-198 and

48 this section or those [Regulations] regulations of Connecticut [State  
49 Agencies] state agencies adopted by the Department of Environmental  
50 Protection, as amended from time to time, in accordance with  
51 Executive Order Number 19, issued on May 17, 2000, and provided  
52 further such costs result from either the execution of agreements  
53 reached through collective bargaining for union employees or from the  
54 company's or entity's or affiliate's programs and policies for nonunion  
55 employees, and (B) by an electric distribution company or an exempt  
56 wholesale generator arising from the retraining of a former employee  
57 of an unaffiliated exempt wholesale generator, which employee was  
58 involuntary dislocated on or after January 1, 2004, from such wholesale  
59 generator, except for cause. "Displaced worker protection costs"  
60 includes costs incurred or projected for severance, retraining, early  
61 retirement, outplacement, coverage for surviving spouse insurance  
62 benefits and related expenses. "Displaced worker protection costs"  
63 does not include those costs included in determining a tax credit  
64 pursuant to section 12-217bb.

65 (b) The amount of the systems benefits charge shall be determined  
66 by the department in a general and equitable manner and shall be  
67 imposed on all end use customers of each electric distribution  
68 company at a rate that is applied equally to all customers of the same  
69 class in accordance with methods of allocation in effect on July 1, 1998,  
70 provided the system benefits charge shall not be imposed on  
71 customers receiving services under a special contract which is in effect  
72 on July 1, 1998, until such special contracts expire. The system benefits  
73 charge shall be imposed beginning on January 1, 2000, on all customers  
74 receiving services under a special contract which are entered into or  
75 renewed after July 1, 1998. The systems benefits charge shall have a  
76 generally applicable manner of determination that may be measured  
77 on the basis of percentages of total costs of retail sales of generation  
78 services. The systems benefits charge shall be payable on an equal  
79 basis on the same payment terms and shall be eligible or subject to  
80 prepayment on an equal basis. Any exemption of the systems benefits  
81 charge by customers under a special contract shall not result in an  
82 increase in rates to any customer. A person owning, leasing,



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:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
All	Various - Cost	Potential Minimal	Potential Minimal

**Municipal Impact:**

Municipalities	Effect	FY 06 \$	FY 07 \$
All Municipalities	Cost	Potential Minimal	Potential Minimal

**Explanation**

The bill allows electric companies to recover displaced worker protection costs, plus one thousand dollars per displaced worker whom they employ. Under current law, such costs are recovered by electric companies through a charge on customers' electric bills. It is estimated there are approximately 500 - 2,000 displaced electric utility workers. While the total amount of displaced worker costs incurred by electric companies is uncertain, the bill could result in a minimal cost to the state and municipalities as ratepayers.

**OLR Bill Analysis**

sSB 1117

***AN ACT CONCERNING WORKERS DISPLACED AS A RESULT OF ELECTRIC RESTRUCTURING.*****SUMMARY:**

This bill broadens a law that allows companies in the electric industry to recover, through a charge on electric bills, costs they incur in providing retraining and other benefits to dislocated utility workers. It provides enhanced recovery for companies that hire workers who are involuntarily dislocated from their employment with an exempt wholesale generator (EWGs- which are generators that operate solely in the wholesale market. By law, the costs must be incurred before January 1, 2008 to be eligible for recovery.

EFFECTIVE DATE: October 1, 2005

**RECOVERY OF COSTS ASSOCIATED WITH DISLOCATED UTILITY WORKERS**

By law, companies in the electric industry can recover the cost of providing retraining and certain other benefits for employees who are dislocated as a result of (1) the restructuring of the electric generation industry or (2) the closure of a generating plant due its inability to comply with stricter air emissions standards. In addition, electric distribution companies (Connecticut Light & Power and United Illuminating) and EWGs can recover their costs in retraining former employees of an unaffiliated EWG. These costs are recovered through the systems benefit charge, a component of electric bills.

In addition to their benefits costs, the bill allows certain entities in the industry to recover \$1,000 for each person they hire who (1) had been employed by an EWG on or before January 1, 2005 and (2) is involuntarily dislocated, except for cause, from the EWG. The eligible entities include companies owning transmission and distribution facilities (apparently, distribution companies), EWGs and certain other generators, and municipal electric utilities. As under current law, the costs are recovered through the systems benefits charge.

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute Change of Reference

Yea 15 Nay 0

Labor and Public Employees Committee

Joint Favorable Report

Yea 11 Nay 1