



General Assembly

January Session, 2005

Raised Bill No. 6777

LCO No. 3805

03805_____ET_

Referred to Committee on Energy and Technology

Introduced by:
(ET)

***AN ACT CONCERNING NATURAL GAS AND FUEL OIL
CONSERVATION.***

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

1 Section 1. Section 16-32f of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2005*):

3 (a) On or before October first of each even-numbered year, a gas
4 company [, as defined in section 16-1,] shall furnish a report to the
5 Department of Public Utility Control containing a five-year forecast of
6 loads and resources. The report shall describe the facilities and supply
7 sources that, in the judgment of such gas company, will be required to
8 meet gas demands during the forecast period. The report shall be
9 made available to the public and shall be furnished to the chief
10 executive officer of each municipality in the service area of such gas
11 company, the regional planning agency which encompasses each such
12 municipality, the Attorney General, the president pro tempore of the
13 Senate, the speaker of the House of Representatives, the joint standing
14 committee of the General Assembly having cognizance of matters
15 relating to public utilities, any other member of the General Assembly
16 making a request to the department for the report and such other state

17 and municipal entities as the department may designate by regulation.
18 The report shall include: (1) A tabulation of estimated peak loads and
19 resources for each year; (2) data on gas use and peak loads for the five
20 preceding calendar years; (3) a list of present and projected gas supply
21 sources; (4) specific measures to control load growth and promote
22 conservation; and (5) such other information as the department may
23 require by regulation. A full description of the methodology used to
24 arrive at the forecast of loads and resources shall also be furnished to
25 the department. The department shall hold a public hearing on such
26 reports upon the request of any person. On or before August first of
27 each odd-numbered year, the department may request a gas company
28 to furnish to the department an updated report. A gas company shall
29 furnish any such updated report not later than sixty days following the
30 request of the department.

31 (b) [A] Not later than October 1, 2005, and annually thereafter, a gas
32 company [, as defined in section 16-1,] shall submit to the Department
33 of Public Utility Control a gas conservation plan [along with the
34 company's five-year forecast, as defined in subsection (a) of this
35 section. The plan shall include: (1) Specific quantifiable conservation
36 and load management targets; (2) conservation option descriptions,
37 analyses and the methodology used to evaluate conservation options
38 reviewed by such company; and (3) an estimation of conservation
39 option costs and benefits, sufficiently detailed to allow the department
40 to evaluate revenue requirements and other social and environmental
41 costs and benefits, or such other components as the department may
42 by order direct. All supply and conservation and load management
43 options shall be evaluated and selected within an integrated supply
44 and demand planning framework] in accordance with the provisions
45 of this section. Such plan shall provide for the annual expenditure for
46 the implementation of the programs in the plan, which expenditure
47 shall be an amount not less than twenty-one cents per thousand cubic
48 feet of natural gas projected to be distributed to customers by the
49 company during the year. Expenditures pursuant to the plan may be
50 recovered by the company as provided in section 16-19oo. The

51 department shall hold a public hearing on such plans. [in conjunction
52 with the public hearing held pursuant to subsection (a) of this section.
53 On or before August first of each odd-numbered year, the department
54 may request a gas company to submit an updated plan to the
55 department. A gas company shall furnish any such updated plan not
56 later than sixty days following the request of the department.]

57 (c) (1) The Energy Conservation Management Board, established
58 pursuant to section 16-245m, as amended by this act, shall advise and
59 assist the gas companies in the development and implementation of a
60 comprehensive plan, which plan shall be approved by the Department
61 of Public Utility Control, to implement cost-effective energy
62 conservation programs and market transformation initiatives. Each
63 program contained in the plan shall be reviewed by the gas company
64 and either accepted or rejected by the Energy Conservation
65 Management Board prior to submission to the department for
66 approval. The Energy Conservation Management Board shall, as part
67 of its review, examine opportunities to offer joint programs providing
68 similar efficiency measures which save more than one fuel resource or
69 to otherwise coordinate programs targeted at saving more than one
70 fuel resource. Any costs for joint programs shall be allocated equitably
71 among the conservation programs.

72 (2) Programs included in the plan shall be evaluated as to cost-
73 effectiveness by comparing the value and payback period of the
74 program benefits to the program costs to ensure that the programs are
75 designed to obtain gas savings the value of which is greater than the
76 costs of the program. Program cost-effectiveness shall be reviewed
77 annually by the department, or otherwise as is practicable. If a
78 program is determined by the department to fail the cost-effectiveness
79 test as part of the review process, it shall either be modified to meet the
80 test or shall be terminated. On or before March 1, 2007, and annually
81 thereafter, the board shall provide a report to the joint standing
82 committees of the General Assembly having cognizance of matters
83 relating to energy and the environment that documents expenditures

84 and fund balances and evaluates the cost-effectiveness of such
85 programs conducted in the preceding year, including any increased
86 cost-effectiveness owing to offering programs which save more than
87 one fuel resource.

88 (3) Programs included in the plan may include, but not be limited
89 to: (A) Conservation and load management programs, including
90 programs which benefit low-income persons; (B) research,
91 development and commercialization of products or processes that are
92 more energy-efficient than those generally available; (C) development
93 of markets for such products and processes; (D) support for energy use
94 assessment, engineering studies and services related to new
95 construction or major building renovations; (E) the design,
96 manufacture, commercialization and purchase of energy-efficient
97 appliances, air conditioning and heating devices; (F) program planning
98 and evaluation; (G) joint fuel conservation initiatives and programs
99 targeted at saving more than one fuel resource; and (H) public
100 education regarding conservation. Such support may be by direct
101 funding, manufacturers' rebates, sale price and loan subsidies, leases
102 and promotional and educational activities. The plans will also
103 provide for expenditures by the Energy Conservation Management
104 Board for the retention of expert consultants and reasonable
105 administrative costs, provided such consultants shall not be employed
106 by, or have any contractual relationship with, a gas company. Such
107 costs shall not exceed five per cent of the total cost of the plans.

108 Sec. 2. (NEW) (*Effective July 1, 2005*) (a) For the purposes of this
109 section, "fuel oil" means (1) the product designated by the American
110 Society for Testing and Materials as "Specification for Heating Oil
111 D396-69", commonly known as number 2 heating oil, and (2) grade
112 number 4, grade number 5 and grade number 6 fuel oil, provided the
113 fuel oil is used by customers in the state for purposes other than the
114 generation of power to propel motor vehicles or the generation of
115 electricity.

116 (b) Not later than April 1, 2006, the Energy Conservation
117 Management Board, established pursuant to section 16-245m of the
118 general statutes, as amended by this act, shall, after issuing a request
119 for proposals, select an entity qualified to administer and implement
120 conservation and energy efficiency programs for fuel oil customers as
121 described in this section to act as the program administrator for such
122 programs and shall enter into a contract not to exceed three years in
123 duration for such purpose. At the expiration of the contract, the
124 Energy Conservation Management Board may renew the contract, if it
125 finds that performance has been satisfactory, or it may determine to
126 issue a new request for proposals.

127 (c) On or before October 1, 2006, and annually thereafter, the
128 program administrator shall submit to the Energy Conservation
129 Management Board a fuel oil conservation plan in accordance with the
130 provisions of this section. The board shall hold a public hearing on
131 such plan.

132 (d) The Energy Conservation Management Board shall advise and
133 assist the program administrator in the development and
134 implementation of a comprehensive plan, which plan shall be
135 approved by the board, to implement cost-effective fuel oil energy
136 conservation programs and market transformation initiatives for
137 residential, commercial and industrial fuel oil customers. The Energy
138 Conservation Management Board shall, as part of its review, examine
139 opportunities to offer joint programs providing similar efficiency
140 measures which save more than one fuel resource or to otherwise
141 coordinate programs targeted at saving more than one fuel resource.
142 Any costs for joint programs shall be allocated equitably among the
143 conservation programs.

144 (e) Programs included in such comprehensive plan shall be
145 evaluated as to cost-effectiveness by comparing the value and payback
146 period of the program benefits to the program costs to ensure that the
147 programs are designed to obtain gas savings the value of which is

148 greater than the costs of the program. Program cost-effectiveness shall
149 be reviewed annually by the Energy Conservation Management Board,
150 or otherwise as is practicable. If a program is determined by the board
151 to fail the cost-effectiveness test as part of the review process, it shall
152 either be modified to meet the test or shall be terminated. On or before
153 March 1, 2008, and annually thereafter, the board shall provide a
154 report to the joint standing committees of the General Assembly
155 having cognizance of matters relating to energy and the environment
156 that documents expenditures and fund balances and evaluates the
157 cost-effectiveness of such programs conducted in the preceding year,
158 including any increased cost-effectiveness owing to offering programs
159 which save more than one fuel resource.

160 (f) Programs included in such comprehensive plan may include, but
161 not be limited to: (1) Conservation and load management programs,
162 including programs which benefit low-income persons; (2) research,
163 development and commercialization of products or processes that are
164 more energy-efficient than those generally available; (3) development
165 of markets for such products and processes; (4) support for energy use
166 assessment, engineering studies and services related to new
167 construction or major building renovations; (5) the design,
168 manufacture, commercialization and purchase of energy-efficient
169 appliances and heating devices; (6) program planning and evaluation;
170 (7) joint fuel conservation initiatives and programs targeted at saving
171 more than one fuel resource; and (8) public education regarding
172 conservation. Such support may be by direct funding, manufacturers'
173 rebates, sale price and loan subsidies, leases and promotional and
174 educational activities. The plan shall provide for expenditures by the
175 Energy Conservation Management Board for the retention of expert
176 consultants and reasonable administrative costs, provided such
177 consultants shall not be employed by, or have any contractual
178 relationship with, a fuel oil company or the program administrator.
179 Such costs shall not exceed five per cent of the total cost of the plan.

180 Sec. 3. Section 16-245 of the general statutes is repealed and the

181 following is substituted in lieu thereof (*Effective July 1, 2005*):

182 (a) On and after January 1, 2000, the Department of Public Utility
183 Control shall assess or cause to be assessed a charge of three mills per
184 kilowatt hour of electricity sold to each end use customer of an electric
185 distribution company to be used to implement the program as
186 provided in this section for conservation and load management
187 programs but not for the amortization of costs incurred prior to July 1,
188 1997, for such conservation and load management programs.
189 Notwithstanding the provisions of this section, receipts from such
190 charge shall be disbursed to the resources of the General Fund during
191 the period from July 1, 2003, to June 30, 2005, unless the department
192 shall, on or before October 30, 2003, issue a financing order for each
193 affected distribution company in accordance with sections 16-245e to
194 16-245k, inclusive, to sustain funding of conservation and load
195 management programs by substituting an equivalent amount, as
196 determined by the department in such financing order, of proceeds of
197 rate reduction bonds for disbursement to the resources of the General
198 Fund during the period from July 1, 2003, to June 30, 2005. The
199 department may authorize in such financing order the issuance of rate
200 reduction bonds that substitute for disbursement to the General Fund
201 for receipts of both the charge under this subsection and under
202 subsection (b) of section 16-245n and also may, in its discretion,
203 authorize the issuance of rate reduction bonds under this subsection
204 and subsection (b) of section 16-245n that relate to more than one
205 electric distribution company. The department shall, in such financing
206 order or other appropriate order, offset any increase in the competitive
207 transition assessment necessary to pay principal, premium, if any,
208 interest and expenses of the issuance of such rate reduction bonds by
209 making an equivalent reduction to the charge imposed under this
210 subsection, provided any failure to offset all or any portion of such
211 increase in the competitive transition assessment shall not affect the
212 need to implement the full amount of such increase as required by this
213 subsection and by sections 16-245e to 16-245k, inclusive. Such
214 financing order shall also provide if the rate reduction bonds are not

215 issued, any unrecovered funds expended and committed by the
216 electric distribution companies for conservation and load management
217 programs, provided such expenditures were approved by the
218 department after August 20, 2003, and prior to the date of
219 determination that the rate reduction bonds cannot be issued, shall be
220 recovered by the companies from their respective competitive
221 transition assessment or systems benefits charge but such expenditures
222 shall not exceed four million dollars per month. All receipts from the
223 remaining charge imposed under this subsection, after reduction of
224 such charge to offset the increase in the competitive transition
225 assessment as provided in this subsection, shall be disbursed to the
226 Energy Conservation and Load Management Fund commencing as of
227 July 1, 2003. Any increase in the competitive transition assessment or
228 decrease in the conservation and load management component of an
229 electric distribution company's rates resulting from the issuance of or
230 obligations under rate reduction bonds shall be included as rate
231 adjustments on customer bills.

232 (b) [The] Each electric distribution company shall establish an
233 Energy Conservation and Load Management Fund which shall be held
234 separate and apart from all other funds or accounts. Receipts from the
235 charge imposed under subsection (a) of this section shall be deposited
236 into the fund. Any balance remaining in the fund at the end of any
237 fiscal year shall be carried forward in the fiscal year next succeeding.
238 Disbursements from the fund by electric distribution companies to
239 carry out the plan developed under subsection (d) of this section shall
240 be authorized by the Department of Public Utility Control upon its
241 approval of such plan.

242 (c) The Department of Public Utility Control shall appoint and
243 convene an Energy Conservation Management Board which shall
244 include representatives of: (1) An environmental group knowledgeable
245 in energy conservation program collaboratives; (2) the Office of
246 Consumer Counsel; (3) the Attorney General; (4) the Department of
247 Environmental Protection; (5) the electric distribution companies in

248 whose territories the activities take place for such programs; (6) a state-
249 wide manufacturing association; (7) the gas companies in whose
250 territories the activities take place for any programs developed
251 pursuant to section 16-32f, as amended by this act; (8) a chamber of
252 commerce; [(8)] (9) a state-wide business association; [(9)] (10) a state-
253 wide retail organization; [and (10)] (11) residential customers; and (12)
254 two retail fuel oil companies in the state. Such members shall serve for
255 a period of five years and may be reappointed. Representatives of the
256 gas companies shall have two combined votes and shall abstain from
257 voting on matters unrelated to gas conservation. Representatives of the
258 electric distribution companies shall abstain from voting on matters
259 unrelated to electricity conservation. Representatives of fuel oil
260 companies shall abstain from voting on matters unrelated to fuel oil
261 conservation. When voting on programs that relate to the conservation
262 of more than one fuel source, representatives of the electric
263 distribution companies shall have one combined vote, representatives
264 of the natural gas companies shall have one combined vote and
265 representatives of fuel oil companies shall have one combined vote.

266 (d) (1) The Energy Conservation Management Board shall advise
267 and assist the electric distribution companies in the development and
268 implementation of a comprehensive plan, which plan shall be
269 approved by the Department of Public Utility Control, to implement
270 cost-effective energy conservation programs and market
271 transformation initiatives. Each program contained in the plan shall be
272 reviewed by the electric distribution company and either accepted or
273 rejected by the Energy Conservation Management Board prior to
274 submission to the department for approval. The Energy Conservation
275 Management Board shall, as part of its review, examine opportunities
276 to offer joint programs providing similar efficiency measures which
277 save more than one fuel resource or to otherwise coordinate programs
278 targeted at saving more than one fuel resource. Any costs for joint
279 programs shall be allocated equitably among the conservation
280 programs.

281 (2) Programs included in the plan shall be screened through cost-
282 effectiveness testing which compares the value and payback period of
283 program benefits to program costs to ensure that programs are
284 designed to obtain energy savings whose value is greater than the
285 costs of the programs. Cost-effectiveness testing shall utilize available
286 information obtained from real-time monitoring systems to ensure
287 accurate validation and verification of energy use. Program cost-
288 effectiveness shall be reviewed annually, or otherwise as is practicable.
289 If a program is determined to fail the cost-effectiveness test as part of
290 the review process, it shall either be modified to meet the test or shall
291 be terminated. On or before March 1, 2005, and [March 1, 2006]
292 annually thereafter, the board shall provide a report to the joint
293 standing committees of the General Assembly having cognizance of
294 matters relating to energy and the environment which documents
295 expenditures and fund balances and evaluates the cost-effectiveness of
296 such programs conducted in the preceding year.

297 (3) Programs included in the plan may include, but not be limited to:
298 (A) Conservation and load management programs, including
299 programs that benefit low-income individuals; (B) research,
300 development and commercialization of products or processes which
301 are more energy-efficient than those generally available; (C)
302 development of markets for such products and processes; (D) support
303 for energy use assessment, real-time monitoring systems, engineering
304 studies and services related to new construction or major building
305 renovation; (E) the design, manufacture, commercialization and
306 purchase of energy-efficient appliances and heating, air conditioning
307 and lighting devices; (F) program planning and evaluation; (G) indoor
308 air quality programs relating to energy conservation; (H) joint fuel
309 conservation initiatives programs targeted at saving more than one
310 fuel resource; and [(H)] (I) public education regarding conservation.
311 Such support may be by direct funding, manufacturers' rebates, sale
312 price and loan subsidies, leases and promotional and educational
313 activities. [Any other expenditure by the collaborative shall be limited
314 to] The plan shall also provide for expenditures by the Energy

315 Conservation Management Board retention of expert consultants and
316 reasonable administrative costs provided such consultants shall not be
317 employed by, or have any contractual relationship with, an electric
318 distribution company. Such costs shall not exceed five per cent of the
319 total revenue collected from the assessment.

320 (e) Notwithstanding the provisions of subsections (a) to (d),
321 inclusive, of this section, the Department of Public Utility Control shall
322 authorize the disbursement of a total of one million dollars in each
323 month, commencing with July, 2003, and ending with July, 2005, from
324 the Energy Conservation and Load Management Funds established
325 pursuant to said subsections. The amount disbursed from each Energy
326 Conservation and Load Management Fund shall be proportionately
327 based on the receipts received by each fund. Such disbursements shall
328 be deposited in the General Fund.

329 Sec. 4. Subsection (i) of section 16-19b of the general statutes is
330 repealed and the following is substituted in lieu thereof (*Effective July*
331 *1, 2005*):

332 (i) Any purchased gas adjustment clause or energy adjustment
333 clause approved by the department may include a provision designed
334 to allow the electric or gas company to charge or reimburse the
335 customer for any under-recovery or over-recovery of overhead and
336 fixed costs due solely to the deviation of actual retail sales of electricity
337 or gas from projected retail sales of electricity or gas. The department
338 shall include such provision in any energy adjustment clause approved
339 for an electric company if it determines (1) that a significant cause of
340 excess earnings by the electric company is an increase in actual retail
341 sales of electricity over projected retail sales of electricity as
342 determined at the time of the electric company's most recent rate
343 amendment, and (2) that such provision is likely to benefit the
344 customers of the electric company. The department shall include such
345 provision in any purchased gas adjustment clause approved for a gas
346 company on or after January 1, 2006.

347 Sec. 5. (NEW) (*Effective July 1, 2005*) Whenever used in sections 5 to
348 9, inclusive, of this act, unless the context otherwise requires, the
349 following terms shall be construed as follows:

350 (1) "Commissioner" means the Commissioner of Revenue Services;

351 (2) "Distributor" means (A) any person, wherever resident or
352 located, that imports fuel oil or causes fuel oil to be imported into this
353 state, for sale or use, (B) any person that produces, refines,
354 manufactures or compounds fuel oil within this state, (C) any person
355 that distributes fuel oil by tank wagon in this state, and (D) any person
356 that stores fuel oil in this state in a tank or other container having a
357 capacity equaling or exceeding an amount established by the
358 commissioner for purposes of the determination required in
359 accordance with this subdivision;

360 (3) "Fuel oil" means (A) the product designated by the American
361 Society for Testing and Materials as "Specification for Heating Oil
362 D396-69", commonly known as number 2 heating oil, and (B) grade
363 number 4, grade number 5 and grade number 6 fuel oil;

364 (4) "Motor vehicle" means any vehicle propelled or drawn by any
365 power other than muscular, including, but not limited to, automobiles,
366 trucks, aircraft, motorboats, road rollers, baggage trucks used about
367 railroad stations, wheel chairs, tractors, farm implements and such
368 vehicles as run only upon rails or tracks; and

369 (5) "Person" means any individual, corporation, limited liability
370 company, association, copartnership, company, firm or other
371 aggregation.

372 Sec. 6. (NEW) (*Effective July 1, 2005*) Each distributor shall keep an
373 accurate record of the number of gallons of such fuel oil purchased,
374 manufactured, compounded or received by the distributor, the date of
375 any such purchase and the number of gallons sold or used by the
376 distributor. The distributor shall deliver, with each consignment or

377 delivery of such fuel oil to any purchaser within this state, a written
378 statement of the names and addresses of the vendor and vendee, the
379 number of gallons sold and the date of sale and delivery. Such written
380 statement shall set forth whether the required state tax has been
381 charged thereon. Each such record and such statement shall be
382 preserved by such distributor and such purchaser, respectively, for a
383 period of at least three years and shall be offered for inspection upon
384 demand of the Commissioner of Revenue Services or any officer or
385 agent designated by the commissioner. The commissioner shall cause
386 such records and statements to be regularly audited as the
387 commissioner shall prescribe and each distributor shall satisfactorily
388 account for all such fuel oil as have been sold or used by such
389 distributor. Any such fuel oil unaccounted for by the distributor for
390 which a satisfactory explanation cannot be submitted shall be
391 construed to have been sold or used.

392 Sec. 7. (NEW) (*Effective July 1, 2005*) (a) (1) Each distributor shall, on
393 or before the twenty-fifth day of each month, render a return to the
394 Commissioner of Revenue Services. Each return shall be signed by the
395 person required to file the return or by the person's authorized agent
396 but need not be verified by oath. Any return required to be filed by a
397 corporation shall be signed by an officer of such corporation or the
398 officer's authorized agent. Such return shall state the number of
399 gallons of fuel oil sold or used by the corporation during the preceding
400 calendar month, on forms to be furnished by the commissioner, and
401 shall contain such further information as the commissioner shall
402 prescribe. The commissioner may make public the number of gallons
403 of fuel oil sold or used by the distributor, as contained in such report,
404 notwithstanding the provisions of section 12-15 of the general statutes
405 or any other section. For purposes of this section, fuel oil sold shall
406 include, but not be limited to, the transfer of fuel oil by a distributor
407 into a receptacle from which fuel oil is supplied or intended to be
408 supplied to other than such distributor's motor vehicles.

409 (2) On the date required in subdivision (1) of subsection (a) of this

410 section and coincident with the filing of such return each distributor
411 shall pay to the commissioner for the account of the purchaser or
412 consumer a tax on each gallon of such fuel oil sold or used in this state
413 during the preceding calendar month of two and one-half cents.

414 (3) Said tax shall not be payable on such fuel oil as may have been
415 (A) sold to the United States, (B) sold exclusively to generate
416 electricity, or (C) sold exclusively to propel motor vehicles.

417 (4) Each distributor, when making a taxable sale, shall furnish to the
418 purchaser an invoice showing the quantities of fuel oil sold, the
419 classification thereof under the provisions of sections 5 to 9, inclusive,
420 of this act and the amount of tax to be paid by the distributor for the
421 account of the purchaser or consumer.

422 (5) If any distributor fails to pay the amount of tax reported to be
423 due on its report within the time specified under the provisions of this
424 section, there shall be imposed a penalty equal to ten per cent of such
425 amount due and unpaid, or fifty dollars, whichever is greater. The tax
426 shall bear interest at the rate of one per cent per month or fraction
427 thereof from the due date of the tax until the date of payment.

428 (6) If no return has been filed not later than three months after the
429 time specified under the provisions of sections 5 to 9, inclusive, of this
430 act, the commissioner may make such return at any time thereafter,
431 according to the best information obtainable and the form prescribed.
432 There shall be added to the tax imposed upon the basis of such return
433 an amount equal to ten per cent of such tax, or fifty dollars, whichever
434 is greater. The tax shall bear interest at the rate of one per cent per
435 month or fraction thereof from the due date of such tax to the date of
436 payment.

437 (7) Subject to the provisions of section 12-3a of the general statutes,
438 the commissioner may waive all or part of the penalties provided
439 under sections 5 to 9, inclusive, of this act when it is proven to the
440 commissioner's satisfaction that the failure to pay any tax was due to

441 reasonable cause and was not intentional or due to neglect.

442 (8) A distributor who is exclusively making sales of fuel oil on
443 which the tax imposed by sections 5 to 9, inclusive, of this act is not
444 payable may be permitted, as specified in regulations adopted, in
445 accordance with the provisions of chapter 54 of the general statutes, to
446 file reports less frequently than monthly but not less frequently than
447 annually if the commissioner determines that enforcement of this
448 section would not be adversely affected by less frequent filings.
449 Distributors permitted to file such reports shall maintain records that
450 shall detail (A) the persons from whom the fuel oil was purchased, (B)
451 the persons to whom, the quantities in which and the dates on which
452 such fuel oil was sold, and (C) any other information deemed
453 necessary by the commissioner.

454 (b) The commissioner shall, not later than three years after the due
455 date for the filing of a return or, in the case of a completed return filed
456 after such due date, not later than three years after the date of which
457 such return was received by the commissioner, examine it and, in case
458 any error is disclosed by such examination, shall, not later than thirty
459 days after such disclosure, notify the taxpayer thereof. When it appears
460 that any part of the deficiency for which a deficiency assessment is
461 made is due to negligence or intentional disregard of the provisions of
462 sections 5 to 9, inclusive, of this act or regulations adopted thereunder,
463 there shall be imposed a civil penalty equal to ten per cent of the
464 amount of such deficiency assessment, or fifty dollars, whichever is
465 greater. When it appears that any part of the deficiency for which a
466 deficiency assessment is made is due to fraud or intent to evade the
467 provisions of sections 5 to 9, inclusive, of this act or regulations
468 adopted thereunder, there shall be imposed a civil penalty equal to
469 twenty-five per cent of the amount of such deficiency assessment. No
470 taxpayer shall be subject to more than one penalty under this
471 subsection in relation to the same tax period. No later than thirty days
472 after the mailing of such notice, the taxpayer shall pay to the
473 commissioner, in cash or by check, draft or money order drawn to the

474 order of the Commissioner of Revenue Services, any additional
475 amount of tax shown to be due by the corrected return or shall be paid
476 by the State Treasurer, upon order of the Comptroller, any amount
477 shown to be due such taxpayer by such corrected return. The failure of
478 such taxpayer to receive any notice required by this section shall not
479 relieve such taxpayer of the obligation to pay the tax or any interest or
480 penalties thereon. When, before the expiration of the time prescribed in
481 this section for the examination of the return or the assessment of said
482 tax, both the commissioner and such taxpayer have consented in
483 writing to such examination or assessment after such time, the return
484 may be examined and said tax may be assessed at any time prior to the
485 expiration of the period agreed upon. The period so agreed upon may
486 be extended by subsequent agreements in writing made before the
487 expiration of the period previously agreed upon. The commissioner
488 may, in such a case, waive the statute of limitations against a claim for
489 refund by such taxpayer. To any taxes that are assessed under this
490 subsection, there shall be added interest at the rate of one per cent per
491 month or fraction thereof from the date when the original tax became
492 due and payable.

493 Sec. 8. (NEW) (*Effective July 1, 2005*) Any person who receives fuel
494 oil from an unlicensed distributor or in such form and under such
495 circumstances as to preclude collection from a distributor of the tax
496 imposed in section 7 of this act and who thereafter sells or uses any
497 such fuel oil in such manner or under such circumstances as to render
498 such sale or use subject to said tax, is considered to be a distributor and
499 shall make the same report, pay the same tax and be subject to all
500 provisions of sections 5 to 9, inclusive, of this act applicable to a
501 distributor of such fuel oil.

502 Sec. 9. (NEW) (*Effective July 1, 2005*) There is hereby established a
503 fuel oil energy conservation account which shall be a separate,
504 nonlapsing account within the General Fund. All proceeds of the tax
505 imposed in sections 7 and 8 of this act shall be transferred to such
506 account to be used exclusively for funding the fuel oil conservation

507 plan set forth in section 2 of this act. Specific amounts shall be paid
 508 from the account to the program administrator selected to implement
 509 an approved plan on authorization of the Energy Conservation and
 510 Management Board.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	16-32f
Sec. 2	<i>July 1, 2005</i>	New section
Sec. 3	<i>July 1, 2005</i>	16-245
Sec. 4	<i>July 1, 2005</i>	16-19b(i)
Sec. 5	<i>July 1, 2005</i>	New section
Sec. 6	<i>July 1, 2005</i>	New section
Sec. 7	<i>July 1, 2005</i>	New section
Sec. 8	<i>July 1, 2005</i>	New section
Sec. 9	<i>July 1, 2005</i>	New section

Statement of Purpose:

To more clearly define the gas companies' conservation programs, to require the gas companies to submit their plans for such programs on an annual basis to the Department of Public Utility Control, to add representatives of gas companies and fuel oil companies to the Energy Conservation Management Board, to define the voting rights of the representatives of the gas companies, fuel oil companies and the electric distribution companies on the Energy Conservation Management Board, to develop fuel oil conservation and energy efficiency programs, and to impose a tax on fuel oil to fund such programs.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]