



General Assembly

February Session, 2006

Raised Bill No. 5522

LCO No. 2016

02016_____ET_

Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING ELECTRIC MARKET STRUCTURE.

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

1 Section 1. Section 13a-126 of the 2006 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 As used in this section, "public service facility" includes all
5 privately, publicly or cooperatively owned lines, facilities and systems
6 for producing, transmitting or distributing communications, cable
7 television, power, electricity, light, heat, gas, oil, crude products,
8 water, steam, waste, storm water not connected with highway
9 drainage and any other similar commodities, including fire and police
10 signal systems and street lighting systems which directly or indirectly
11 serve the public. Whenever the commissioner determines that any
12 public service facility located within, on, along, over or under any land
13 comprising the right-of-way of a state highway or any other public
14 highway when necessitated by the construction or reconstruction of a
15 state highway shall be readjusted or relocated in or removed from such
16 right-of-way, the commissioner shall issue an appropriate order to the
17 company, corporation or municipality owning or operating such

18 facility, and such company, corporation or municipality shall readjust,
19 relocate or remove the same promptly in accordance with such order;
20 provided an equitable share of the cost of such readjustment,
21 relocation or removal, including the cost of installing and constructing
22 a facility of equal capacity in a new location, shall be borne by the
23 state, except that the state shall not bear any share of the cost of a
24 project to readjust, relocate or remove any facility, as defined in
25 subsection (a) of section 16-50i, as amended, used for transmitting
26 electricity or as an electric trunkline, for an electric distribution
27 company, as defined in section 16-1 of the 2006 supplement to the
28 general statutes. The Department of Transportation shall evaluate the
29 total costs of such a project, including department costs for
30 construction or reconstruction and electric distribution company costs
31 for readjusting, relocating or removing such facility, so as to minimize
32 the overall costs incurred by the state and the electric distribution
33 company. The electric distribution company may provide the
34 department with proposed alternatives to the relocation, readjustment
35 or removal proposed by the department and shall be responsible for
36 any changes to project costs attributable to adoption of the company's
37 proposed alternative designs for such project, including changes to the
38 area of the relocation, readjustment or removal and any incremental
39 costs incurred by the department to evaluate such alternatives. If such
40 electric distribution company and the department cannot agree on a
41 plan for such project, the Commissioner of Transportation and the
42 chairperson of the Department of Public Utility Control shall, on
43 request of the company, jointly determine the alternative for the
44 project. Such equitable share, in the case of or in connection with the
45 construction or reconstruction of any limited access highway, shall be
46 the entire cost, less the deductions provided in this section, and, in the
47 case of or in connection with the construction or reconstruction of any
48 other state highway, shall be such portion or all of the entire cost, less
49 the deductions provided in this section, as may be fair and just under
50 all the circumstances, but shall not be less than fifty per cent of such
51 cost after the deductions provided in this section. In establishing the

52 equitable share of the cost to be borne by the state, there shall be
53 deducted from the cost of the readjusted, relocated or removed
54 facilities a sum based on a consideration of the value of materials
55 salvaged from existing installations, the cost of the original installation,
56 the life expectancy of the original facility and the unexpired term of
57 such life use. When any facility is removed from the right-of-way of a
58 public highway to a private right-of-way, the state shall not pay for
59 such private right-of-way, provided, when a municipally-owned
60 facility is thus removed from a municipally-owned highway, the state
61 shall pay for the private right-of-way needed by the municipality for
62 such relocation. If the commissioner and the company, corporation or
63 municipality owning or operating such facility cannot agree upon the
64 share of the cost to be borne by the state, either may apply to the
65 superior court for the judicial district within which such highway is
66 situated, or, if said court is not in session, to any judge thereof, for a
67 determination of the cost to be borne by the state, and said court or
68 such judge, after causing notice of the pendency of such application to
69 be given to the other party, shall appoint a state referee to make such
70 determination. Such referee, having given at least ten days' notice to
71 the parties interested of the time and place of the hearing, shall hear
72 both parties, shall view such highway, shall take such testimony as
73 such referee deems material and shall thereupon determine the
74 amount of the cost to be borne by the state and immediately report to
75 the court. If the report is accepted by the court, such determination
76 shall, subject to right of appeal as in civil actions, be conclusive upon
77 both parties.

78 Sec. 2. Subsection (b) of section 16-50p of the 2006 supplement to the
79 general statutes is amended by adding subdivision (3) as follows
80 (*Effective October 1, 2006*):

81 (NEW) (3) When issuing a certificate for a facility described in
82 subdivision (3) of subsection (a) of section 16-50i of the 2006
83 supplement to the general statutes, which is designed to operate on
84 natural gas, in whole or in part, the council shall condition the

85 certificate on the certificate holder to maintain not less than ten per
86 cent of its contracts for natural gas as noninterruptible contracts.

87 Sec. 3. Subdivision (1) of subsection (c) of section 16-50p of the 2006
88 supplement to the general statutes is repealed and the following is
89 substituted in lieu thereof (*Effective October 1, 2006*):

90 (c) (1) The council shall not grant a certificate for a facility described
91 in subdivision (3) of subsection (a) of section 16-50i, as amended, either
92 as proposed or as modified by the council, unless (A) it finds and
93 determines a public benefit for the facility, and (B) the facility, except
94 for an electric generating facility that will use nuclear materials as fuel,
95 will operate with dual fuel capacity.

96 Sec. 4. (*Effective from passage*) Not later than September 1, 2006, the
97 Department of Public Utility Control shall conduct a contested case
98 proceeding, in accordance with the provisions of chapter 54 of the
99 general statutes, to analyze the appropriate number of linemen that are
100 necessary for an electric distribution company to maintain, repair and
101 extend its electric distribution lines under normal circumstances and
102 under extraordinary circumstances, including, but not limited to,
103 storm conditions. Not later than January 1, 2007, the department shall
104 submit a report with the results of such analysis to the joint standing
105 committee of the General Assembly having cognizance of matters
106 relating to energy in accordance with the provisions of section 11-4a of
107 the general statutes.

108 Sec. 5. Subsection (a) of section 16-19 of the general statutes is
109 repealed and the following is substituted in lieu thereof (*Effective*
110 *October 1, 2006*):

111 (a) No public service company may charge rates in excess of those
112 previously approved by the authority or the Department of Public
113 Utility Control except that any rate approved by the Public Utilities
114 Commission or the authority shall be permitted until amended by the
115 authority or the department, that rates not approved by the authority

116 or the department may be charged pursuant to subsection (b) of this
117 section, and that the hearing requirements with respect to adjustment
118 clauses are as set forth in section 16-19b, as amended. Each public
119 service company shall file any proposed amendment of its existing
120 rates with the department in such form and in accordance with such
121 reasonable regulations as the department may prescribe. Each electric,
122 electric distribution, gas or telephone company filing a proposed
123 amendment shall also file with the department an estimate of the
124 effects of the amendment, for various levels of consumption, on the
125 household budgets of high and moderate income customers and
126 customers having household incomes not more than one hundred fifty
127 per cent of the federal poverty level. Each electric and electric
128 distribution company shall also file such an estimate for space heating
129 customers. Each electric distribution company shall also file an
130 estimate of the amendment on staffing levels of the company. Each
131 water company, except a water company that provides water to its
132 customers less than six consecutive months in a calendar year, filing a
133 proposed amendment, shall also file with the department a plan for
134 promoting water conservation by customers in such form and in
135 accordance with a memorandum of understanding entered into by the
136 department pursuant to section 4-67e. Each public service company
137 shall notify each customer who would be affected by the proposed
138 amendment, by mail, at least one week prior to the public hearing
139 thereon, that an amendment has been or will be requested. Such notice
140 shall also indicate (1) the Department of Public Utility Control
141 telephone number for obtaining information concerning the schedule
142 for public hearings on the proposed amendment, and (2) whether the
143 proposed amendment would, in the company's best estimate, increase
144 any rate or charge by twenty per cent or more, and, if so, describe in
145 general terms any such rate or charge and the amount of the proposed
146 increase, provided no such company shall be required to provide more
147 than one form of the notice to each class of its customers. In the case of
148 a proposed amendment to the rates of any public service company, the
149 department shall hold a public hearing thereon, except as permitted

150 with respect to interim rate amendments by subsection (d) and
151 subsection (g) of this section, and shall make such investigation of such
152 proposed amendment of rates as is necessary to determine whether
153 such rates conform to the principles and guidelines set forth in section
154 16-19e, or are unreasonably discriminatory or more or less than just,
155 reasonable and adequate, or that the service furnished by such
156 company is inadequate to or in excess of public necessity and
157 convenience. The department, if in its opinion such action appears
158 necessary or suitable in the public interest may, and, upon written
159 petition or complaint of the state, under direction of the Governor,
160 shall, make the aforesaid investigation of any such proposed
161 amendment which does not involve an alteration in rates. If the
162 department finds any proposed amendment of rates to not conform to
163 the principles and guidelines set forth in section 16-19e, or to be
164 unreasonably discriminatory or more or less than just, reasonable and
165 adequate to enable such company to provide properly for the public
166 convenience, necessity and welfare, or the service to be inadequate or
167 excessive, it shall determine and prescribe, as appropriate, an adequate
168 service to be furnished or just and reasonable maximum rates and
169 charges to be made by such company. In the case of a proposed
170 amendment filed by an electric, electric distribution, gas or telephone
171 company, the department shall also adjust the estimate filed under this
172 subsection of the effects of the amendment on the household budgets
173 of the company's customers, in accordance with the rates and charges
174 approved by the department. The department shall issue a final
175 decision on each rate filing within one hundred fifty days from the
176 proposed effective date thereof, provided it may, before the end of
177 such period and upon notifying all parties and intervenors to the
178 proceedings, extend the period by thirty days.

179 Sec. 6. (*Effective from passage*) Not later than September 1, 2006, the
180 Department of Public Utility Control shall conduct a contested case
181 proceeding, in accordance with the provisions of chapter 54 of the
182 general statutes, to determine the most efficacious way to notify the
183 public regarding an electric power outage and the status of an electric

184 distribution company's efforts to restore electricity to a particular area
185 of the state. Not later than January 1, 2007, the department shall submit
186 a report with the results of such proceeding to the joint standing
187 committee of the General Assembly having cognizance of matters
188 relating to energy in accordance with the provisions of section 11-4a of
189 the general statutes.

190 Sec. 7. (*Effective from passage*) Not later than September 1, 2006, the
191 Department of Public Utility Control and the Connecticut Siting
192 Council shall conduct a contested case proceeding, in accordance with
193 the provisions of chapter 54 of the general statutes, to analyze the
194 current compliance status of electric generation facilities with on-site
195 fuel storage requirements, to determine how much fuel storage is
196 necessary to generate an electric generation facility at peak load for a
197 forty-eight-hour period, and to analyze what on-site fuel storage
198 resources are currently available in the state. Not later than January 1,
199 2007, the department shall submit a report with the results of such
200 proceeding to the joint standing committee of the General Assembly
201 having cognizance of matters relating to energy in accordance with the
202 provisions of section 11-4a of the general statutes.

203 Sec. 8. Section 7-324 of the general statutes is repealed and the
204 following is substituted in lieu thereof (*Effective October 1, 2006*):

205 (a) For the purposes of sections 7-324 to 7-329, inclusive, (1) "district"
206 means any fire district, sewer district, fire and sewer district, lighting
207 district, energy improvement district village, beach or improvement
208 association and any other district or association, except a school
209 district, wholly within a town and having the power to make
210 appropriations or to levy taxes and "energy improvement project"
211 means a project, for the benefit of consumers within an energy
212 improvement district, to install distributed generation facilities and
213 infrastructure, including interconnections, to establish energy
214 conservation and load programs, and to establish related energy
215 programs to improve the quality, reliability and cost of energy supply

216 within such districts.

217 (b) All districts established prior to May 29, 1957, under the
218 provisions of the general statutes or by special act shall be continued;
219 provided any such district may be dissolved or consolidated with the
220 government of any town, city or borough of which it is a part in
221 accordance with the provisions of the general statutes or may, by a
222 two-thirds vote of those voters present at a district meeting, elect to be
223 governed by the provisions of sections 7-324 to 7-329, inclusive, as
224 amended by this act, in lieu of the provisions of any general or special
225 act under which such district was established or operated.
226 Notwithstanding any of the provisions of sections 7-324 to 7-329,
227 inclusive, as amended by this act, a district established prior to May 29,
228 1957, and electing to be governed by said sections shall not be required
229 to adopt the form of organization provided for in said sections but
230 may continue its existing form of organization and nevertheless have
231 and exercise the powers and duties granted to districts in said sections
232 and in such event the officers of such district shall have and may
233 exercise the powers and duties granted to district officers in said
234 sections.

235 Sec. 9. Section 7-326 of the 2006 supplement to the general statutes is
236 repealed and the following is substituted in lieu thereof (*Effective*
237 *October 1, 2006*):

238 At such meeting, the voters may establish a district for any or all of
239 the following purposes: To extinguish fires, to light streets, to plant
240 and care for shade and ornamental trees, to construct and maintain
241 roads, sidewalks, crosswalks, drains and sewers, to appoint and
242 employ watchmen or police officers, to acquire, construct, maintain
243 and regulate the use of recreational facilities, to plan, lay out, acquire,
244 construct, reconstruct, repair, maintain, supervise and manage a flood
245 or erosion control system, to plan, lay out, acquire, construct, maintain,
246 operate and regulate the use of a community water system, to plan,
247 layout, acquire, construct, maintain, operate and regulate an energy

248 improvement project, to collect garbage, ashes and all other refuse
249 matter in any portion of such district and provide for the disposal of
250 such matter, to implement tick control measures, to install highway
251 sound barriers, to establish a zoning commission and a zoning board
252 of appeals or a planning commission, or both, by adoption of chapter
253 124 or chapter 126, excluding section 8-29, or both chapters, as the case
254 may be, which commissions or board shall be dissolved upon adoption
255 by the town of subdivision or zoning regulations by the town planning
256 or zoning commission; and to adopt building regulations, which
257 regulations shall be superseded upon adoption by the town of building
258 regulations. Any district may contract with a town, city, borough or
259 other district for carrying out any of the purposes for which such
260 district was established.

261 Sec. 10. Subsection (c) of section 16-244c of the 2006 supplement to
262 the general statutes is repealed and the following is substituted in lieu
263 thereof (*Effective July 1, 2006*):

264 (c) (1) On and after January 1, 2007, each electric distribution
265 company shall provide electric generation services through standard
266 service to any customer who (A) does not arrange for or is not
267 receiving electric generation services from an electric supplier, and (B)
268 does not use a demand meter or has a maximum demand of less than
269 five hundred kilowatts.

270 (2) Not later than October 1, 2006, and periodically as required by
271 subdivision (3) of this subsection, but not more often than every
272 calendar quarter, the Department of Public Utility Control shall
273 establish the standard service price for such customers pursuant to
274 subdivision (3) of this subsection. Each electric distribution company
275 shall recover the actual net costs of procuring and providing electric
276 generation services pursuant to this subsection, provided such
277 company mitigates the costs it incurs for the procurement of electric
278 generation services for customers who are no longer receiving service
279 pursuant to this subsection.

280 (3) An electric distribution company providing electric generation
281 services pursuant to this subsection shall mitigate the variation of the
282 price of the service offered to its customers by procuring electric
283 generation services contracts in the manner prescribed in a plan
284 approved by the department . Such plan shall require: [the]

285 (A) The procurement of a portfolio of service contracts sufficient to
286 meet the projected load of the electric distribution company; [. Such
287 plan shall require that]

288 (B) That the portfolio of service contracts be procured in an
289 overlapping pattern of fixed periods at such times and in such manner
290 and duration as the department determines to be most likely to
291 produce just, reasonable and reasonably stable retail rates while
292 reflecting underlying wholesale market prices over time; [.]

293 (C) The portfolio of contracts shall be assembled in such manner as
294 to invite competition; guard against favoritism, improvidence,
295 extravagance, fraud and corruption; and secure a reliable electricity
296 supply while avoiding unusual, anomalous or excessive pricing; [. The]

298 (D) Except as provided in subparagraph (E) of this subdivision, the
299 portfolio of contracts procured under such plan shall be for terms of
300 not less than six months, provided contracts for shorter periods may be
301 procured under such conditions as the department shall prescribe to
302 [(A)] (i) ensure the lowest rates possible for end-use customers; [(B)]
303 (ii) ensure reliable service under extraordinary circumstances; and
304 [(C)] (iii) ensure the prudent management of the contract portfolio;

305 (E) That not later than October 1, 2006, and annually thereafter until
306 October 1, 2010, an electric distribution company shall enter into fixed-
307 price contracts, including capacity contracts, for a period of not less
308 than ten years with owners of eligible generation to meet not less than
309 ten per cent of its total projected load. The department may waive
310 compliance with this subparagraph if it finds, in a contested case

311 proceeding that (i) there was insufficient eligible generation available,
312 or (ii) that compliance would unduly burden standard service
313 customers. Electric distribution companies shall not receive credit
314 under the renewable energy portfolio standards pursuant to section
315 16-245a of the 2006 supplement to the general statutes for contracts
316 entered into pursuant to this subparagraph. An electric distribution
317 company may receive a bid for an electric generation services contract
318 from any of its generation entities or affiliates, provided such
319 generation entity or affiliate submits its bid the business day preceding
320 the first day on which an unaffiliated electric supplier may submit its
321 bid and further provided the electric distribution company and the
322 generation entity or affiliate are in compliance with the code of
323 conduct established in section 16-244h. For purposes of this
324 subdivision, "eligible generation" means an electric generating facility
325 placed in service on or after July 1, 2006, that is located in the state,
326 uses energy resources other than natural gas, oil and nuclear power,
327 and meets relevant air and water quality standards of the Department
328 of Environmental Protection or an electric generating wind facility
329 located in the New York, Pennsylvania, New Jersey, Maryland,
330 Delaware or the New England states.

331 (4) The department, in consultation with the Office of Consumer
332 Counsel, shall retain the services of a third-party entity with expertise
333 in the area of energy procurement to oversee the initial development of
334 the request for proposals and the procurement of contracts by an
335 electric distribution company for the provision of electric generation
336 services offered pursuant to this subsection. Costs associated with the
337 retention of such third-party entity shall be included in the cost of
338 electric generation services that is included in such price.

339 (5) Each bidder for a standard service contract shall submit its bid to
340 the electric distribution company and the third-party entity who shall
341 jointly review the bids and submit an overview of all bids together
342 with a joint recommendation to the department as to the preferred
343 bidders. The department may, within ten business days of submission

344 of the overview, reject the recommendation regarding preferred
 345 bidders. In the event that the department rejects the preferred bids, the
 346 electric distribution company and the third-party entity shall rebid the
 347 service pursuant to this subdivision.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	13a-126
Sec. 2	<i>October 1, 2006</i>	16-50p(b)
Sec. 3	<i>October 1, 2006</i>	16-50p(c)(1)
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>October 1, 2006</i>	16-19(a)
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>October 1, 2006</i>	7-324
Sec. 9	<i>October 1, 2006</i>	7-326
Sec. 10	<i>July 1, 2006</i>	16-244c(c)

Statement of Purpose:

To revise provisions of the general statutes to transform certain aspects of the electric market structure.

[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.]