ENERGY AND TECHNOLOGY COMMITTEE

HOUSE BILL NO. 5815: AAC THE MISSION OF THE DEPARTMENT OF PUBLIC UTILITY CONTROL

MARCH 7, 2008

TESTIMONY OF THE

DEPARTMENT OF PUBLIC UTILITY CONTROL

VICE CHAIRMAN JOHN W. BETKOSKI

Raised Bill No. 5815 amends Title 16 of the Connecticut General Statutes in the following manner:

(1) In Section 1, the bill amends §16-2(a) to add a "mission statement." §16-2 describes the manner of appointment and the necessary qualifications of commissioners of the Public Utility Control Authority. On its face, the mission statement would appear to be innocuous. Upon closer examination, however, it can be seen as an oversimplification of the responsibilities of commissioners to be impartial decision makers when acting in their quasi-judicial capacity. The full range of the legal responsibilities of commissioners can be found in §16-19e, and the description therein is much more complex and nuanced.

(2) In section 2, the bill requires the Department to do a cost/benefit analysis in any proceeding involving more than $200,000. If the analysis indicates that there is a negative cost impact on ratepayers, the Department is to report that fact to the General Assembly leadership and the E&T committee. Then the Department must wait 60 days before taking any action. The language does not specify what the Department is waiting for. It should be noted, with some exceptions, virtually any Department proceeding has a potential $200,000 at stake. The threshold that is set by the bill is low and would require many cost/benefit analyses to be performed. Certain proceedings, most prominently rate cases that have statutory deadlines would need to be amended to factor in the 60 day waiting period.

(3) Section 3 of the bill amends §16-19e which codifies many of the judicial standards applicable to utility regulation which have been set by the State and the U.S. Supreme Courts over the past century. The amendments to §16-19e(a) are of a minor, technical nature.

However, a new version of §19-19e(b) would require the Department to annually prepare a public report that compares Connecticut PSC's rates with "the national

average rates for similar service, on a per unit basis." The latter, quoted terms are not easily susceptible to quantification considering the vast differences among states' systems of regulation and the degree of market restructuring that has taken place over the past decade.

Then, for reasons that are not apparent, a new subsection §16-19e(c) requires the Department to subject the companies that are identified in the report as having rates higher than the national average to review in accordance with the terms found in subsection (a) that are now repeated in subsection (c). Since all PSC's are subject to the same standards of review, subsection (c) would appear to be wholly redundant.

(4) Section 4 of the public act requires the Department to establish some kind of docket any time it receives 10 or more complaints of an unspecified, but similar nature. The Department must then resolve such complaints within 45 days. Since the Department could establish a docket after receiving complaints based upon a plethora of statutes, some of which may be contested, both Title 16 and the UAPA would need to be examined thoroughly to make necessary amendments to notice and hearing requirements. Notice periods may need to be shortened or eliminated, and some hearing requirements may need to be eliminated to enable the Department to investigate and make a final resolution within 45 days.