



Senate

General Assembly

File No. 183

February Session, 2008

Senate Bill No. 589

Senate, March 26, 2008

The Committee on Energy and Technology reported through SEN. FONFARA, J. of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT ESTABLISHING A RESIDENTIAL ELECTRIC AND GAS CUSTOMER DISCOUNT RATE.

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

1 Section 1. (NEW) (*Effective October 1, 2008*) (a) As used in this
2 section, "means tested public benefit" means any assistance that
3 provides cash, housing, food or medical care, including, but not
4 limited to, transitional assistance for needy families, supplemental
5 security income, emergency assistance to the elderly, disabled and
6 children, food stamps, public housing, federally-subsidized or state-
7 subsidized housing, the Connecticut energy assistance program,
8 veterans' benefits, and similar benefits.

9 (b) The Department of Public Utility Control shall require that each
10 utility company shall provide discounted rates for residential gas and
11 electric service to low-income customers. The cost of such discounts
12 shall be included in the rates charged to all other customers of such
13 utility company. Each utility company shall guarantee payment to the
14 generation supplier for all power sold to low-income customers at said

15 discounted rates. Eligibility for the discount rates under this section
16 shall be established upon verification of a low-income customer's
17 receipt of (1) any means tested public benefit, or (2) verification of
18 eligibility for the Connecticut energy assistance program, or its
19 successor program, for which eligibility does not exceed two hundred
20 per cent of the federal poverty level based on a household's gross
21 income. The department shall make available to utility companies the
22 eligibility guidelines for said public benefit programs.

23 (c) The department is hereby directed to increase the low-income
24 discount eligibility rate from one hundred seventy-five per cent of the
25 federal poverty level to two hundred per cent of the federal poverty
26 level. In a program year in which maximum eligibility for the low-
27 income home energy assistance program, or its successor program,
28 exceeds two hundred per cent of the federal poverty level, a household
29 that is income eligible for the Connecticut energy assistance program
30 shall be eligible for the low-income discount rates required by this
31 section.

32 (d) A residential customer eligible for the low-income discount rates
33 shall receive the service on demand, and may return to standard offer
34 service at any time including from default service. Each utility
35 company shall periodically notify all customers of the availability of
36 and method of obtaining the low-income discount rates and standard
37 offer services. An existing residential customer eligible for low-income
38 discount on the first day of retail access, who orders service for the first
39 time from a utility company, shall be offered discounted rates by such
40 distribution company. A residential customer eligible for the low-
41 income discount receiving standard offer service shall be allowed to
42 receive discounted rates upon moving within the service territory of a
43 utility company.

44 (e) No utility company shall charge any residential customer for
45 initiating or terminating low-income discount rates, default service, or
46 standard offer service, when such initiation or termination request is
47 made after a regular meter reading has occurred and the customer is in

48 receipt of the results of such reading. A utility company may impose a
49 reasonable charge, as set by the department through regulations
50 adopted in accordance with subsection (g) of this section, for initiating
51 or terminating low-income discount rates, default service, or standard
52 offer service when a customer does not make such an initiation or
53 termination request upon the receipt of such meter results and prior to
54 the receipt of the next regularly scheduled meter reading. For purposes
55 of this subsection, there shall be a regular meter reading conducted of
56 every residential account no less often than once every two months.
57 There shall be no charge when the initiation or termination is
58 involuntary on the part of the customer.

59 (f) Each utility company shall conduct substantial outreach efforts to
60 make such low-income discount available to eligible customers and
61 shall report to the department, at least annually, as to its outreach
62 activities and results.

63 (g) The department shall adopt regulations, in accordance with
64 chapter 54 of the general statutes, to implement the provisions of this
65 section, including requiring utility companies to produce information,
66 in the form of a mailing, or other approved method of distribution, to
67 their consumers, to inform them of available rebates, discounts, credits
68 and other cost-saving mechanisms that can help them lower their
69 monthly utility bills.

70 (h) On or before January 1, 2009, the department shall report, in
71 accordance with section 11-4a of the general statutes, to the joint
72 standing committee of the General Assembly having cognizance of
73 matters relating to energy, regarding the cost and benefits of
74 expanding eligibility for the discount rates established under this
75 section to any low-income customer who is eligible for any means
76 tested public benefit for which eligibility does not exceed one hundred
77 seventy-five per cent of the federal poverty level based on gross
78 household income. The department shall include any legislative
79 recommendations necessary to implement this section. The
80 department shall make recommendations to the General Assembly

81 relative to the continuation of the low-income discount rate authorized
82 pursuant to this section or to make modifications thereto. The
83 department shall, in its recommendations, consider whether or not to
84 modify said discount by establishing a sliding scale low-income
85 discount program.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2008</i>	New section
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ET *Joint Favorable*

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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

Under this bill, Department of Public Utility Control must require gas and electric companies to provide a rate discount to their low-income residential customers. It also requires DPUC to adopt implementing regulations requiring utility companies to produce information about cost savings mechanisms. There is no fiscal impact to the state.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**SB 589*****AN ACT ESTABLISHING A RESIDENTIAL ELECTRIC AND GAS CUSTOMER DISCOUNT RATE.*****SUMMARY:**

Under this bill, the Department of Public Utility Control (DPUC) must require gas and electric companies to provide a rate discount to their low-income residential customers. The cost of the discounts must be included in the rates each company charges its other customers. The bill does not specify the level of the discounts. Each company must conduct substantial outreach efforts to make the discount available to eligible customers and report to DPUC, at least annually, on those activities and their results. Each company must guarantee payment to the generation supplier for all power sold to low-income customers at the discounted rates. (The bill does not have a parallel provision for wholesale gas suppliers.) The bill bars the companies from imposing certain charges in connection with the discounts.

The bill requires DPUC to adopt implementing regulations, including requiring utility companies to produce information for their consumers about available rebates, discounts, credits, and other cost-saving mechanisms that can help them lower their monthly utility bills. The information can be provided by mailings or other approved methods. It also requires DPUC to report on the program to the Energy and Technology Committee by January 1, 2009.

EFFECTIVE DATE: October 1, 2008

RATE DISCOUNTS***Eligibility***

Under the bill, people are eligible for the discount upon verification that they receive means-tested public benefits that provide cash,

housing, food, or medical care. These include Transitional Assistance for Needy Families; Supplemental Security Income; emergency assistance to the elderly, disabled, and children; Food Stamps; public housing; federally or state-subsidized housing; the Connecticut Energy Assistance Program (CEAP); veterans' benefits; and similar benefits. DPUC must make information available to the companies regarding the eligibility standards for the public benefit programs.

The discounts are also available to customers who receive verification of their eligibility for CEAP or its successor program, so long as the program's income eligibility ceiling is no more than 200% of the federal poverty level (FPL). The bill "directs" DPUC to raise the income limit for the discount program from 175% to 200% of the poverty level. In a program year when the maximum eligibility for the Federal Low-Income Home Energy Assistance Program (the federal counterpart to CEAP) or its successor program exceeds 200% of the FPL, a household that is income-eligible for CEAP is eligible for the discount. Since the bill makes people who receive or are eligible for CEAP eligible for the discount, it appears the last provision would make a household whose assets make them ineligible for CEAP eligible for the discount under these circumstances.

A customer eligible for the discount rate must receive it on demand and may return to standard offer service at any time including from default service. (By law, electric companies must provide standard offer service to small and medium size customers who do not choose a competitive supplier; "default service" appears to refer to the back-up service that electric companies must provide to customers who choose a competitive supplier if their supplier fails to provide service.)

An existing residential customer eligible for the low-income discount on the first day of retail access, who orders service for the first time from a utility company, must be offered discounted rates by such company. A residential customer eligible for the low-income discount receiving standard offer service must be allowed to receive discounted rates upon moving within a utility company's service territory.

The bill requires utility companies to periodically notify all customers of the availability of the discount rates and standard offer service and how to obtain them.

Ban on Certain Charges

The bill bars a utility company from charging a residential customer for initiating or terminating the discount rates, default service, or standard offer service when the request is made after a regular meter reading has occurred and the customer has received the results of the reading. A utility company may impose a reasonable charge, set by DPUC through the regulations, for initiating or terminating low-income discount rates, default service, or standard offer service when the customer does not make such a request between receiving the meter results and the next regularly scheduled meter reading. For these purposes, a regular meter reading of every residential account must be conducted at least once every two months. The utilities cannot impose a charge when the initiation or termination is involuntary on the customer's part.

DPUC Report

The bill requires DPUC to report to the Energy and Technology Committee on the discount program by January 1, 2009. The report must address the cost and benefits of expanding eligibility for the discount rates to any low-income customer who is eligible for any means-tested public benefit for which eligibility does not exceed 175% of the FPL (although the bill appears to set the eligibility at this level.) DPUC must include any legislative recommendations necessary to implement the bill. DPUC must also make recommendations to the legislature on the continuation or modification of the discount. DPUC must, in its recommendations, consider whether or not to modify the discount by establishing a sliding scale low-income discount program.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 22 Nay 0 (03/11/2008)