



General Assembly

Amendment

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Offered by:

REP. FONTANA, 87th Dist.

REP. NARDELLO, 89th Dist.

To: House Bill No. 5815

File No. 324

Cal. No. 191

**"AN ACT CONCERNING THE MISSION OF THE DEPARTMENT OF
PUBLIC UTILITY CONTROL."**

1 In line 140, after "proceeding" insert ", other than a rate case
2 proceeding held pursuant to section 16-19 of the general statutes,"

3 In line 141, delete "two" and insert "five" in lieu thereof

4 In line 143, after "proceeding," insert "other than a rate case
5 proceeding held pursuant to section 16-19 or 16-19b of the general
6 statutes or a reconciliation of rate components, including, but not
7 limited to, the competitive transition assessment, systems benefits
8 charge, generation services charge and transmission adjustment or
9 charge and federally mandated congestion charges,"

10 Strike lines 153 to 312, inclusive, in their entirety and insert the
11 following in lieu thereof:

12 "Sec. 3. Section 16-19e of the 2008 supplement to the general statutes
13 is repealed and the following is substituted in lieu thereof (*Effective*

14 *from passage):*

15 (a) In the exercise of its powers under the provisions of this title,
16 including, but not limited to, the [Department of Public Utility Control
17 shall examine and regulate] examination and regulation of the transfer
18 of existing assets and franchises, the expansion of the plant and
19 equipment of existing public service companies, the operations and
20 internal workings of public service companies and the establishment of
21 the level and structure of rates, the Department of Public Utility
22 Control shall act in accordance with the following principles: (1) That
23 there is a clear public need for the service being proposed or provided;
24 (2) that the public service company shall be fully competent to provide
25 efficient and adequate service to the public in that such company is
26 technically, financially and managerially expert and efficient; (3) that
27 the department and all public service companies shall perform all of
28 their respective public responsibilities consistent with the public
29 interest with economy, efficiency and care for public safety and energy
30 security, and so as to promote economic development within the state
31 with consideration for energy and water conservation, energy
32 efficiency and the development and utilization of renewable sources of
33 energy and for the prudent management of the natural environment;
34 (4) that the level and structure of rates be just and reasonable and
35 sufficient, but no more than sufficient, to allow public service
36 companies to cover their operating costs including, but not limited to,
37 appropriate staffing levels, and capital costs, to attract needed capital
38 and to maintain their financial integrity, and yet provide appropriate
39 protection to the relevant public interests, both existing and
40 foreseeable which shall include, but not be limited to, reasonable costs
41 of security of assets, facilities and equipment that are incurred solely
42 for the purpose of responding to security needs associated with the
43 terrorist attacks of September 11, 2001, and the continuing war on
44 terrorism; (5) that the level and structure of rates charged customers
45 shall reflect prudent and efficient management of the franchise
46 operation; and (6) that the rates, charges, conditions of service and
47 categories of service of the companies not discriminate against

48 customers which utilize renewable energy sources or cogeneration
49 technology to meet a portion of their energy requirements.

50 (b) On or before January 1, 2009, and annually thereafter, the
51 Department of Public Utility Control shall prepare a report regarding
52 which public service companies' rates are higher than the national
53 average rates for similar service, on a per unit basis. For any company
54 listed in said report, the department shall examine and regulate the
55 transfer of existing assets and franchises of such company pursuant to
56 the principles set forth in subsection (a) of this section. The department
57 shall submit said report to the Governor, the president pro tempore of
58 the Senate, the speaker of the House of Representatives and the joint
59 standing committee of the General Assembly having cognizance of
60 matters relating to energy.

61 [(b)] (c) The Department of Public Utility Control shall promptly
62 undertake a separate, general investigation of, and shall hold at least
63 one public hearing on new pricing principles and rate structures for
64 electric companies and for gas companies to consider, without
65 limitation, long run incremental cost of marginal cost pricing, peak
66 load or time of day pricing and proposals for optimizing the utilization
67 of energy and restraining its wasteful use and encouraging energy
68 conservation, and any other matter with respect to pricing principles
69 and rate structures as the department shall deem appropriate. The
70 department shall determine whether existing or future rate structures
71 place an undue burden upon those persons of poverty status and shall
72 make such adjustment in the rate structure as is necessary or desirable
73 to take account of their indigency. The department shall require the
74 utilization of such new principles and structures to the extent that the
75 department determines that their implementation is in the public
76 interest and necessary or desirable to accomplish the purposes of this
77 provision without being unfair or discriminatory or unduly
78 burdensome or disruptive to any group or class of customers, and
79 determines that such principles and structures are capable of yielding
80 required revenues. In reviewing the rates and rate structures of electric
81 and gas companies, the department shall take into consideration

82 appropriate energy policies, including those of the state as expressed
83 in subsection (c) of this section. The authority shall issue its initial
84 findings on such investigation by December 1, 1976, and its final
85 findings and order by June 1, 1977; provided that after such final
86 findings and order are issued, the department shall at least once every
87 two years undertake such further investigations as it deems
88 appropriate with respect to new developments or desirable
89 modifications in pricing principles and rate structures and, after
90 holding at least one public hearing thereon, shall issue its findings and
91 order thereon.

92 [(c)] (d) The Department of Public Utility Control shall consult at
93 least once each year with the Commissioner of Environmental
94 Protection, the Connecticut Siting Council and the Office of Policy and
95 Management, so as to coordinate and integrate its actions, decisions
96 and policies pertaining to gas and electric companies, so far as
97 possible, with the actions, decisions and policies of said other agencies
98 and instrumentalities in order to further the development and
99 optimum use of the state's energy resources and conform to the
100 greatest practicable extent with the state energy policy as stated in
101 section 16a-35k, taking into account prudent management of the
102 natural environment and continued promotion of economic
103 development within the state. In the performance of its duties, the
104 department shall take into consideration the energy policies of the
105 state as expressed in this subsection and in any annual reports
106 prepared or filed by such other agencies and instrumentalities, and
107 shall defer, as appropriate, to any actions taken by such other agencies
108 and instrumentalities on matters within their respective jurisdictions.

109 [(d)] (e) The Commissioner of Environmental Protection, the
110 Commissioner of Economic and Community Development, the
111 Connecticut Siting Council and the Office of Policy and Management
112 shall be made parties to each proceeding on a rate amendment
113 proposed by a gas, electric or electric distribution company based
114 upon an alleged need for increased revenues to finance an expansion
115 of capital equipment and facilities, and shall participate in such

116 proceedings to the extent necessary.

117 [(e)] (f) The Department of Public Utility Control, in a proceeding on
118 a rate amendment proposed by an electric distribution company based
119 upon an alleged need for increased revenues to finance an expansion
120 of the capacity of its electric distribution system, shall determine
121 whether demand-side management would be more cost-effective in
122 meeting any demand for electricity for which the increase in capacity is
123 proposed.

124 [(f)] (g) The provisions of this section shall not apply to the
125 regulation of a telecommunications service which is a competitive
126 service, as defined in section 16-247a, or to a telecommunications
127 service to which an approved plan for an alternative form of regulation
128 applies, pursuant to section 16-247k.

129 [(g)] (h) The department may, upon application of any gas or
130 electric public service company, which has, as part of its existing rate
131 plan, an earnings sharing mechanism, modify such rate plan to allow
132 the gas or electric public service company, after a hearing that is
133 conducted as a contested case, in accordance with chapter 54, to
134 include in its rates the reasonable costs of security of assets, facilities,
135 and equipment, both existing and foreseeable, that are incurred solely
136 for the purpose of responding to security needs associated with the
137 terrorist attacks of September 11, 2001, and the continuing war on
138 terrorism.

139 Sec. 4. (NEW) (*Effective from passage*) When the customer protection
140 division of the Department of Public Utility Control determines a
141 pattern or trend of complaints of a similar nature regarding a public
142 service company, the department shall initiate an uncontested case
143 proceeding to consider the complaints and determine a resolution to
144 the complaints within forty-five days. On or before February 15, 2009,
145 and annually thereafter, the department shall report any trends and
146 actions relative to such complaints to the joint standing committee of
147 the General Assembly having cognizance of matters relating to

148 energy."