



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13 is repealed and the following is substituted in lieu thereof (*Effective*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 such
55 company pursuant to the principles set forth in subsection (a) of this
56 section. The department shall submit said report to the Governor, the
57 president pro tempore of the Senate, the speaker of the House of
58 Representatives and the joint standing committee of the General
59 Assembly having cognizance of matters relating to energy.

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

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

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

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

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

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

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

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