



General Assembly

Amendment

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Offered by:

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To: Subst. House Bill No. 5598

File No. 298

Cal. No. 165

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

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 16-2 of the 2008 supplement to the general statutes
4 is repealed and the following is substituted in lieu thereof (*Effective*
5 *from passage*):

6 (a) There shall continue to be a Public Utilities Control Authority,
7 which shall consist of five electors of this state, appointed by the
8 Governor with the advice and consent of both houses of the General
9 Assembly. The mission of said authority shall be to ensure that public
10 service companies are regulated consistent with the public interest and
11 provide safe, efficient, high-quality utility services, with responsive
12 customer service, at the lowest reasonable cost to ratepayers. Not more
13 than three members of said authority in office at any one time shall be
14 members of any one political party. On or before July 1, 1983, and

15 quadrennially thereafter, the Governor shall appoint three members to
16 the authority and on or before July 1, 1985, and quadrennially
17 thereafter, the Governor shall appoint two members. All such
18 members shall serve for a term of four years. The procedure prescribed
19 by section 4-7 of the 2008 supplement to the general statutes shall
20 apply to such appointments, except that the Governor shall submit
21 each nomination on or before May first, and both houses shall confirm
22 or reject it before adjournment sine die. The commissioners shall be
23 sworn to the faithful performance of their duties.

24 (b) The authority shall elect a chairperson and vice-chairperson each
25 June for one-year terms starting on July first of the same year. The vice-
26 chairperson shall perform the duties of the chairperson in his absence.

27 (c) Any matter coming before the authority may be assigned by the
28 chairperson to a panel of three commissioners, not more than two of
29 whom shall be members of the same political party. Except as
30 otherwise provided by statute or regulation, the panel shall determine
31 whether a public hearing shall be held on the matter, and [may
32 designate one or two of its members to conduct such hearing or] shall
33 appoint an examiner to ascertain the facts and report thereon to the
34 panel. The decision of the panel, if unanimous, shall be the decision of
35 the authority. If the decision of the panel is not unanimous, the matter
36 shall be referred to the entire authority for decision.

37 (d) The commissioners of the authority shall serve full time and
38 shall make full public disclosure of their assets, liabilities and income
39 at the time of their appointment, and thereafter each member of the
40 authority shall make such disclosure on or before July thirtieth of each
41 year of such member's term, and shall file such disclosure with the
42 office of the Secretary of the State. Each commissioner shall receive
43 annually a salary equal to that established for management pay plan
44 salary group seventy-five by the Commissioner of Administrative
45 Services, except that the chairperson shall receive annually a salary
46 equal to that established for management pay plan salary group
47 seventy-seven.

48 (e) To insure the highest standard of public utility regulation, on
49 and after October 1, 2007, any newly appointed commissioner of the
50 authority shall have education or training and three or more years of
51 experience in one or more of the following fields: Economics,
52 engineering, law, accounting, finance, utility regulation, public or
53 government administration, consumer advocacy, business
54 management, and environmental management. On and after July 1,
55 1997, at least three of these fields shall be represented on the authority
56 by individual commissioners at all times. Any time a commissioner is
57 newly appointed, at least one of the commissioners shall have
58 experience in utility customer advocacy.

59 (f) The chairperson of the authority, with the consent of two or more
60 other members of the authority, shall appoint an executive director,
61 who shall be the chief administrative officer of the Department of
62 Public Utility Control. The executive director shall be supervised by
63 the chairperson of the authority, serve for a term of four years and
64 annually receive a salary equal to that established for management pay
65 plan salary group seventy-two by the Commissioner of Administrative
66 Services. The executive director (1) shall conduct comprehensive
67 planning with respect to the functions of the department; (2) shall
68 coordinate the activities of the department; (3) shall cause the
69 administrative organization of the department to be examined with a
70 view to promoting economy and efficiency; (4) shall, in concurrence
71 with the chairperson of the authority, organize the department into
72 such divisions, bureaus or other units as he deems necessary for the
73 efficient conduct of the business of the department and may from time
74 to time abolish, transfer or consolidate within the department, any
75 division, bureau or other units as may be necessary for the efficient
76 conduct of the business of the department, provided such organization
77 shall include any division, bureau or other unit which is specifically
78 required by the general statutes; (5) shall, for any proceeding on a
79 proposed rate amendment in which staff of the department are to be
80 made a party pursuant to section 16-19j, determine which staff shall
81 appear and participate in the proceedings and which shall serve the

82 members of the authority; (6) may enter into such contractual
83 agreements, in accordance with established procedures, as may be
84 necessary for the discharge of his duties; and (7) may, subject to the
85 provisions of section 4-32, and unless otherwise provided by law,
86 receive any money, revenue or services from the federal government,
87 corporations, associations or individuals, including payments from the
88 sale of printed matter or any other material or services. The executive
89 director shall require the staff of the department to have expertise in
90 public utility engineering and accounting, finance, economics,
91 computers and rate design. Subject to the provisions of chapter 67 and
92 within available funds in any fiscal year, the executive director may
93 appoint a secretary, and may employ such accountants, clerical
94 assistants, engineers, inspectors, experts, consultants and agents as the
95 department may require.

96 (g) No member of the authority or employee of the department
97 shall, while serving as such, have any interest, financial or otherwise,
98 direct or indirect, or engage in any business, employment, transaction
99 or professional activity, or incur any obligation of any nature, which is
100 in substantial conflict with the proper discharge of his duties or
101 employment in the public interest and of his responsibilities as
102 prescribed in the laws of this state, as defined in section 1-85; provided,
103 no such substantial conflict shall be deemed to exist solely by virtue of
104 the fact that a member of the authority or employee of the department,
105 or any business in which such a person has an interest, receives utility
106 service from one or more Connecticut utilities under the normal rates
107 and conditions of service.

108 (h) No member of the authority or employee of the department shall
109 accept other employment which will either impair his independence of
110 judgment as to his official duties or employment or require him, or
111 induce him, to disclose confidential information acquired by him in the
112 course of and by reason of his official duties.

113 (i) No member of the authority or employee of the department shall
114 wilfully and knowingly disclose, for pecuniary gain, to any other

115 person, confidential information acquired by him in the course of and
116 by reason of his official duties or employment or use any such
117 information for the purpose of pecuniary gain.

118 (j) No member of the authority or employee of the department shall
119 agree to accept, or be in partnership or association with any person, or
120 a member of a professional corporation or in membership with any
121 union or professional association which partnership, association,
122 professional corporation, union or professional association agrees to
123 accept any employment, fee or other thing of value, or portion thereof,
124 in consideration of his appearing, agreeing to appear, or taking any
125 other action on behalf of another person before the authority, the
126 Connecticut Siting Council, the Office of Policy and Management or
127 the Commissioner of Environmental Protection.

128 (k) No commissioner of the authority shall, for a period of one year
129 following the termination of his or her service as a commissioner,
130 accept employment: (1) By a public service company or by any person,
131 firm or corporation engaged in lobbying activities with regard to
132 governmental regulation of public service companies; (2) by a certified
133 telecommunications provider or by any person, firm or corporation
134 engaged in lobbying activities with regard to governmental regulation
135 of persons, firms or corporations so certified; or (3) by an electric
136 supplier or by any person, firm or corporation engaged in lobbying
137 activities with regard to governmental regulation of electric suppliers.
138 No such commissioner who is also an attorney shall in any capacity,
139 appear or participate in any matter, or accept any compensation
140 regarding a matter, before the authority, for a period of one year
141 following the termination of his or her service as a commissioner.

142 Sec. 502. (NEW) (*Effective from passage*) In any proceeding, other than
143 a rate case proceeding held pursuant to section 16-19 of the general
144 statutes, before the Department of Public Utility Control involving
145 more than five hundred thousand dollars, the department shall, as part
146 of the proceeding, other than a rate case proceeding held pursuant to
147 section 16-19 or 16-19b of the general statutes, or a reconciliation of rate

148 components, including, but not limited to, the competitive transition
149 assessment, systems benefits charge, generation services charge and
150 transmission adjustment or charge and federally mandated congestion
151 charges, conduct an analysis to determine whether its decision would
152 have an overall negative cost impact on ratepayers. For any decision
153 determined to have a negative cost impact on ratepayers, the
154 department shall report this fact to the president pro tempore of the
155 Senate, the speaker of the House of Representatives and the joint
156 standing committee of the General Assembly having cognizance of
157 matters relating to energy at least sixty days before taking any action
158 or requiring any action that implements the ruling, provided the sixty-
159 day period may be shortened or eliminated if the department
160 determines that there is a reliability emergency.

161 Sec. 503. Section 16-19e of the 2008 supplement to the general
162 statutes is repealed and the following is substituted in lieu thereof
163 (*Effective from passage*):

164 (a) In the exercise of its powers under the provisions of this title,
165 including, but not limited to, the [Department of Public Utility Control
166 shall examine and regulate] examination and regulation of the transfer
167 of existing assets and franchises, the expansion of the plant and
168 equipment of existing public service companies, the operations and
169 internal workings of public service companies and the establishment of
170 the level and structure of rates, the Department of Public Utility
171 Control shall act in accordance with the following principles: (1) That
172 there is a clear public need for the service being proposed or provided;
173 (2) that the public service company shall be fully competent to provide
174 efficient and adequate service to the public in that such company is
175 technically, financially and managerially expert and efficient; (3) that
176 the department and all public service companies shall perform all of
177 their respective public responsibilities consistent with the public
178 interest with economy, efficiency and care for public safety and energy
179 security, and so as to promote economic development within the state
180 with consideration for energy and water conservation, energy
181 efficiency and the development and utilization of renewable sources of

182 energy and for the prudent management of the natural environment;
183 (4) that the level and structure of rates be just and reasonable and
184 sufficient, but no more than sufficient, to allow public service
185 companies to cover their operating costs including, but not limited to,
186 appropriate staffing levels, and capital costs, to attract needed capital
187 and to maintain their financial integrity, and yet provide appropriate
188 protection to the relevant public interests, both existing and
189 foreseeable which shall include, but not be limited to, reasonable costs
190 of security of assets, facilities and equipment that are incurred solely
191 for the purpose of responding to security needs associated with the
192 terrorist attacks of September 11, 2001, and the continuing war on
193 terrorism; (5) that the level and structure of rates charged customers
194 shall reflect prudent and efficient management of the franchise
195 operation; and (6) that the rates, charges, conditions of service and
196 categories of service of the companies not discriminate against
197 customers which utilize renewable energy sources or cogeneration
198 technology to meet a portion of their energy requirements.

199 (b) On or before January 1, 2009, and annually thereafter, the
200 Department of Public Utility Control shall prepare a report regarding
201 which public service companies' rates are higher than the national
202 average rates for similar service, on a per unit basis. For any company
203 listed in said report, the department shall examine and regulate such
204 company pursuant to the principles set forth in subsection (a) of this
205 section. The department shall submit said report to the Governor, the
206 president pro tempore of the Senate, the speaker of the House of
207 Representatives and the joint standing committee of the General
208 Assembly having cognizance of matters relating to energy.

209 [(b)] (c) The Department of Public Utility Control shall promptly
210 undertake a separate, general investigation of, and shall hold at least
211 one public hearing on new pricing principles and rate structures for
212 electric companies and for gas companies to consider, without
213 limitation, long run incremental cost of marginal cost pricing, peak
214 load or time of day pricing and proposals for optimizing the utilization
215 of energy and restraining its wasteful use and encouraging energy

216 conservation, and any other matter with respect to pricing principles
217 and rate structures as the department shall deem appropriate. The
218 department shall determine whether existing or future rate structures
219 place an undue burden upon those persons of poverty status and shall
220 make such adjustment in the rate structure as is necessary or desirable
221 to take account of their indigency. The department shall require the
222 utilization of such new principles and structures to the extent that the
223 department determines that their implementation is in the public
224 interest and necessary or desirable to accomplish the purposes of this
225 provision without being unfair or discriminatory or unduly
226 burdensome or disruptive to any group or class of customers, and
227 determines that such principles and structures are capable of yielding
228 required revenues. In reviewing the rates and rate structures of electric
229 and gas companies, the department shall take into consideration
230 appropriate energy policies, including those of the state as expressed
231 in subsection (c) of this section. The authority shall issue its initial
232 findings on such investigation by December 1, 1976, and its final
233 findings and order by June 1, 1977; provided that after such final
234 findings and order are issued, the department shall at least once every
235 two years undertake such further investigations as it deems
236 appropriate with respect to new developments or desirable
237 modifications in pricing principles and rate structures and, after
238 holding at least one public hearing thereon, shall issue its findings and
239 order thereon.

240 [(c)] (d) The Department of Public Utility Control shall consult at
241 least once each year with the Commissioner of Environmental
242 Protection, the Connecticut Siting Council and the Office of Policy and
243 Management, so as to coordinate and integrate its actions, decisions
244 and policies pertaining to gas and electric companies, so far as
245 possible, with the actions, decisions and policies of said other agencies
246 and instrumentalities in order to further the development and
247 optimum use of the state's energy resources and conform to the
248 greatest practicable extent with the state energy policy as stated in
249 section 16a-35k, taking into account prudent management of the

250 natural environment and continued promotion of economic
251 development within the state. In the performance of its duties, the
252 department shall take into consideration the energy policies of the
253 state as expressed in this subsection and in any annual reports
254 prepared or filed by such other agencies and instrumentalities, and
255 shall defer, as appropriate, to any actions taken by such other agencies
256 and instrumentalities on matters within their respective jurisdictions.

257 [(d)] (e) The Commissioner of Environmental Protection, the
258 Commissioner of Economic and Community Development, the
259 Connecticut Siting Council and the Office of Policy and Management
260 shall be made parties to each proceeding on a rate amendment
261 proposed by a gas, electric or electric distribution company based
262 upon an alleged need for increased revenues to finance an expansion
263 of capital equipment and facilities, and shall participate in such
264 proceedings to the extent necessary.

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

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

277 [(g)] (h) The department may, upon application of any gas or
278 electric public service company, which has, as part of its existing rate
279 plan, an earnings sharing mechanism, modify such rate plan to allow
280 the gas or electric public service company, after a hearing that is
281 conducted as a contested case, in accordance with chapter 54, to

282 include in its rates the reasonable costs of security of assets, facilities,
283 and equipment, both existing and foreseeable, that are incurred solely
284 for the purpose of responding to security needs associated with the
285 terrorist attacks of September 11, 2001, and the continuing war on
286 terrorism.

287 Sec. 504. (NEW) (*Effective from passage*) When the customer
288 protection division of the Department of Public Utility Control
289 determines a pattern or trend of complaints of a similar nature
290 regarding a public service company, the department shall initiate an
291 uncontested case proceeding to consider the complaints and determine
292 a resolution to the complaints within forty-five days. On or before
293 February 15, 2009, and annually thereafter, the department shall report
294 any trends and actions relative to such complaints to the joint standing
295 committee of the General Assembly having cognizance of matters
296 relating to energy."