



House of Representatives

File No. 946

General Assembly

January Session, 2009

(Reprint of File Nos. 507 and 828)

Substitute House Bill No. 6304
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 11, 2009

AN ACT CONCERNING MUNICIPAL ELECTRIC COSTS.

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

1 Section 1. Subdivision (1) of subsection (c) of section 16-244c of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (c) (1) On and after January 1, 2007, each electric distribution
5 company shall provide electric generation services through standard
6 service to any customer who (A) does not arrange for or is not
7 receiving electric generation services from an electric supplier, and (B)
8 [does not use a demand meter or] either has a maximum demand of
9 less than five hundred kilowatts or is a school district or a
10 municipality, provided no school district or municipality previously
11 receiving electric generation services from an electric supplier shall be
12 eligible to receive standard service unless such customer agrees to
13 receive standard service for a period of not less than one year.

14 Sec. 2. Subsection (a) of section 16-243n of the general statutes is
15 repealed and the following is substituted in lieu thereof (*Effective from*

16 *passage*):

17 (a) Not later than October 1, 2005, each electric distribution
 18 company, as defined in section 16-1, shall submit an application to the
 19 Department of Public Utility Control to (1) on or before January 1,
 20 2007, implement time-of-use rates for customers that have a maximum
 21 demand of not less than three hundred fifty kilowatts that may
 22 include, but not be limited to, mandatory peak, shoulder and off-peak
 23 time-of-use rates, and (2) on or before June 1, 2006, offer optional
 24 interruptible or load response rates for customers that have a
 25 maximum demand of not less than three hundred fifty kilowatts and
 26 offer optional seasonal and time-of-use rates for all customers. The
 27 application shall propose to establish time-of-use rates through a
 28 procurement plan, revenue neutral adjustments to delivery rates, or
 29 both. On and after the effective date of this section, such application
 30 shall not require school districts and municipalities to be enrolled in
 31 time-of-use rates.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-244c(c)(1)
Sec. 2	<i>from passage</i>	16-243n(a)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 10 \$	FY 11 \$
Various Municipalities	See Below	See Below	See Below

Explanation

This bill changes the type of service provided to large school districts and municipalities who have not chosen a competitive supplier to standard service. Under current law, large school districts and municipalities are required to use last resort service. Last resort service must be priced to track changes in wholesale market rates while standard service must be priced to reduce volatility. There is a potential cost or savings to large school districts and municipalities who would now be switched to standard service. There is a potential savings if the wholesale market is more volatile, causing electric rates to be higher. If the wholesale market is not volatile, there is a potential higher cost.

House "A" clarifies the time of use provision and reinstates current law with regard to option seasonal and interruptible rates. There is no fiscal impact associated with this amendment.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: *The Connecticut Light and Power Company*

OLR Bill Analysis**sHB 6304 (as amended by House "A")******AN ACT CONCERNING MUNICIPAL ELECTRIC COSTS.*****SUMMARY:**

This bill changes the types of service that electric companies must provide to large school district and municipal accounts that have not chosen a competitive supplier. Under current law, electric companies must serve all customers who have not chosen a supplier with last-resort service if their maximum demand is 500 kilowatts or more and they use a demand meter. The bill exempts school districts or municipalities from this requirement, thereby transferring them to the standard service that is provided to small and medium-size customers who have not chosen a competitive supplier. But if the school district or municipality had previously bought power from a competitive supplier it must agree to stay on standard service for at least 12 months. Conversely, the bill switches any customer whose demand is 500 kilowatts or more but who does not use a meter from standard service to last-resort service. By law, last-resort service must be priced to track changes in wholesale market rates while standard service must be priced to reduce volatility.

By law, the electric companies were required to submit an application, by October 1, 2005, to the Department of Public Utility Control for approval of mandatory time of use rates, i.e. rates that vary by the time of day, for accounts with demand of 350 kilowatts or more. The bill exempts school districts and municipalities from these rates.

*House Amendment "A" clarifies the time of use provision and reinstates current law with regard to optional seasonal and

interruptible rates.

EFFECTIVE DATE: Upon passage

BACKGROUND

Legislative History

The House referred the bill (File 507) to the Planning and Development Committee, which increased from six to 12 months the time that a customer who had been previously served by a competitive supplier must remain on standard service.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 21 Nay 0 (03/19/2009)

Planning and Development Committee

Joint Favorable Substitute

Yea 17 Nay 0 (04/20/2009)