



General Assembly

**Substitute Bill No. 484**

February Session, 2010

\* SB00484FIN\_\_040610\_\_ \*

**AN ACT CONCERNING SECURITIZATION.**

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

1 Section 1. Subsection (a) of section 16-245e of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

4 (a) As used in this section and sections 16-245f to 16-245k, inclusive,  
5 as amended by this act:

6 (1) "Rate reduction bonds" means bonds, notes, certificates of  
7 participation or beneficial interest, or other evidences of indebtedness  
8 or ownership, issued pursuant to an executed indenture or other  
9 agreement of a financing entity, in accordance with this section and  
10 sections 16-245f to 16-245k, inclusive, as amended by this act, the  
11 proceeds of which are used, directly or indirectly, to provide, recover,  
12 finance, or refinance stranded costs or economic recovery transfer, or  
13 to sustain funding of conservation and load management and  
14 renewable energy investment programs by substituting for  
15 disbursements to the General Fund from the Energy Conservation and  
16 Load Management Fund established by section 16-245m and from the  
17 Renewable Energy Investment Fund established by section 16-245n,  
18 and which, directly or indirectly, are secured by, evidence ownership  
19 interests in, or are payable from, transition property;

20 (2) "Competitive transition assessment" means those non-bypassable  
21 rates and other charges, that are authorized by the department (A) in a  
22 financing order in respect to the economic recovery transfer, or in a  
23 financing order, to sustain funding of conservation and load  
24 management and renewable energy investment programs by  
25 substituting disbursements to the General Fund from proceeds of rate  
26 reduction bonds for such disbursements from the Energy Conservation  
27 and Load Management Fund established by section 16-245m and from  
28 the Renewable Energy Investment Fund established by section 16-  
29 245n, or to recover those stranded costs that are eligible to be funded  
30 with the proceeds of rate reduction bonds pursuant to section 16-245f,  
31 as amended by this act, and the costs of providing, recovering,  
32 financing, or refinancing the economic recovery transfer or such  
33 substitution of disbursements to the General Fund or such stranded  
34 costs through a plan approved by the department in the financing  
35 order, including the costs of issuing, servicing, and retiring rate  
36 reduction bonds, (B) to recover those stranded costs determined under  
37 this section but not eligible to be funded with the proceeds of rate  
38 reduction bonds pursuant to section 16-245f, as amended by this act, or  
39 (C) to recover costs determined under subdivision (1) of subsection (e)  
40 of section 16-244g. If requested by the electric company or electric  
41 distribution company, the department shall include in the competitive  
42 transition assessment non-bypassable rates and other charges to  
43 recover federal and state taxes whose recovery period is modified by  
44 the transactions contemplated in this section and sections 16-245f to 16-  
45 245k, inclusive, as amended by this act;

46 (3) "Customer" means any individual, business, firm, corporation,  
47 association, tax-exempt organization, joint stock association, trust,  
48 partnership, limited liability company, the United States or its  
49 agencies, this state, any political subdivision thereof or state agency  
50 that purchases electric generation or distribution services as a retail  
51 end user in the state from any electric supplier, electric company or  
52 electric distribution company;

53 (4) "Finance authority" means the state, acting through the office of

54 the State Treasurer;

55 (5) "Net proceeds" means "net proceeds" as defined in section 16-  
56 244f;

57 (6) "Stranded costs" means that portion of generation assets,  
58 generation-related regulatory assets or long-term contract costs  
59 determined by the department in accordance with the provisions of  
60 subsections (e), (f), (g) and (h) of this section;

61 (7) "Generation assets" means the total construction and other  
62 capital asset costs of generation facilities approved for inclusion in  
63 rates before July 1, 1997, but does not include any costs relating to the  
64 decommissioning of any such facility or any costs which the  
65 department found during a proceeding initiated before July 1, 1998,  
66 were incurred because of imprudent management;

67 (8) "Generation-related regulatory assets" means generation-related  
68 costs authorized or mandated before July 1, 1998, by the Department of  
69 Public Utility Control, approved for inclusion in the rates, and include,  
70 but are not limited to, costs incurred for deferred taxes, conservation  
71 programs, environmental protection programs, public policy costs and  
72 research and development costs, net of any applicable credits payable  
73 to customers, but does not include any costs which the department  
74 found during a proceeding initiated before July 1, 1998, were incurred  
75 because of imprudent management;

76 (9) "Long-term contract costs" mean the above-market portion of the  
77 costs of contractual obligations approved for inclusion in the rates that  
78 were entered into before January 1, 2000, arising from independent  
79 power producer contracts required by law or purchased power  
80 contracts approved by the Federal Energy Regulatory Commission;

81 (10) "Department" means the Department of Public Utility Control;

82 (11) "Financing entity" means the finance authority or any special  
83 purpose trust or other entity that is authorized by the finance authority

84 to issue rate reduction bonds or acquire transition property pursuant  
85 to such terms and conditions as the finance authority may specify, or  
86 both;

87 (12) "Financing order" means an order of the department adopted in  
88 accordance with this section and sections 16-245f to 16-245k, inclusive,  
89 as amended by this act;

90 (13) "Transition property" means the property right created  
91 pursuant to this section and sections 16-245f to 16-245k, inclusive, as  
92 amended by this act, in respect to the economic recovery transfer or in  
93 respect of disbursements to the General Fund to sustain funding of  
94 conservation and load management and renewable energy investment  
95 programs or those stranded costs that are eligible to be funded with  
96 the proceeds of rate reduction bonds pursuant to section 16-245f, as  
97 amended by this act, including, without limitation, the right, title, and  
98 interest of an electric company or electric distribution company or its  
99 transferee or the financing entity (A) in and to the rates and charges  
100 established pursuant to a financing order, as adjusted from time to  
101 time in accordance with subdivision (2) of subsection (b) of section 16-  
102 245i, as amended by this act, and the financing order, (B) to be paid the  
103 amount that is determined in a financing order to be the amount that  
104 the electric company or electric distribution company or its transferee  
105 or the financing entity is lawfully entitled to receive pursuant to the  
106 provisions of this section and sections 16-245f to 16-245k, inclusive, as  
107 amended by this act, and the proceeds thereof, and in and to all  
108 revenues, collections, claims, payments, money, or proceeds of or  
109 arising from the rates and charges or constituting the competitive  
110 transition assessment that is the subject of a financing order including  
111 those non-bypassable rates and other charges referred to in  
112 subdivision (2) of this subsection, and (C) in and to all rights to obtain  
113 adjustments to the rates and charges pursuant to the terms of  
114 subdivision (2) of subsection (b) of section 16-245i, as amended by this  
115 act, and the financing order. "Transition property" shall constitute a  
116 current property right notwithstanding the fact that the value of the  
117 property right will depend on consumers using electricity or, in those

118 instances where consumers are customers of a particular electric  
119 company or electric distribution company, the electric company or  
120 electric distribution company performing certain services;

121 (14) "State rate reduction bonds" means the rate reduction bonds  
122 issued on June 23, 2004, by the state to sustain funding of conservation  
123 and load management and renewable energy investment programs by  
124 substituting for disbursements to the General Fund from the Energy  
125 Conservation and Load Management Fund, established by section 16-  
126 245m, and from the Renewable Energy Investment Fund, established  
127 by section 16-245n. The state rate reduction bonds for the purposes of  
128 section 4-30a shall be deemed to be outstanding indebtedness of the  
129 state;

130 (15) "Operating expenses" means, with respect to state rate  
131 reduction bonds or rate replacement bonds, (A) all expenses, costs and  
132 liabilities of the state or the trustee incurred in connection with the  
133 administration or payment of the state rate reduction bonds or rate  
134 replacement bonds, or in discharge of its obligations and duties under  
135 the state rate reduction bonds or rate replacement bonds, or bond  
136 documents, expenses and other costs and expenses arising in  
137 connection with the state rate reduction bonds or rate replacement  
138 bonds, or pursuant to the financing order providing for the issuance of  
139 such bonds including any arbitrage rebate and penalties payable under  
140 the code in connection with such bonds, and (B) all fees and expenses  
141 payable or disburseable to the servicers or others under the bond  
142 documents;

143 (16) "Bond documents" means, with respect to state rate reduction  
144 bonds or rate replacement bonds, the following documents: The  
145 servicing agreements, the tax compliance agreement and certificate,  
146 and the continuing disclosure agreement and indenture entered into in  
147 connection with the state rate reduction bonds [and the indenture] or  
148 the rate replacement bonds;

149 (17) "Indenture" means the indenture executed in connection with

150 the state rate reduction bonds or the rate replacement bonds, or, with  
151 respect to state rate reduction bonds, the RRB Indenture, dated as of  
152 June 23, 2004, by and between the state and the trustee, as amended  
153 from time to time; [and]

154 (18) "Trustee" means, with respect to state rate reduction bonds, the  
155 trustee appointed under the indenture;

156 (19) "Economic recovery transfer" means the disbursement to the  
157 General Fund of one billion two hundred ninety million dollars from  
158 proceeds of the issuance of the rate replacement bonds; and

159 (20) "Rate replacement bonds" means rate reduction bonds issued to  
160 fund the economic recovery transfer, the costs of issuance, credit  
161 enhancements and such other costs as the finance authority deems  
162 necessary or advisable, and which shall be payable from competitive  
163 transition assessment charges replacing the competitive transition  
164 assessment charges funding stranded costs.

165 Sec. 2. Section 16-245f of the general statutes is repealed and the  
166 following is substituted in lieu thereof (*Effective from passage*):

167 (a) An electric company or electric distribution company shall  
168 submit to the department an application for a financing order with  
169 respect to any proposal to sustain funding of conservation and load  
170 management and renewable energy investment programs by  
171 substituting disbursements to the General Fund from proceeds of rate  
172 reduction bonds for such disbursements from the Energy Conservation  
173 and Load Management Fund established by section 16-245m and from  
174 the Renewable Energy Investment Fund established by section 16-  
175 245n, and may submit to the department an application for a financing  
176 order with respect to the following stranded costs: (1) The cost of  
177 mitigation efforts, as calculated pursuant to subsection (c) of section  
178 16-245e; (2) generation-related regulatory assets, as calculated  
179 pursuant to subsection (e) of section 16-245e; and (3) those long-term  
180 contract costs that have been reduced to a fixed present value through  
181 the buyout, buydown, or renegotiation of such contracts, as calculated

182 pursuant to subsection (f) of section 16-245e. No stranded costs shall be  
183 funded with the proceeds of rate reduction bonds unless (A) the  
184 electric company or electric distribution company proves to the  
185 satisfaction of the department that the savings attributable to such  
186 funding will be directly passed on to customers through lower rates,  
187 and (B) the department determines such funding will not result in  
188 giving the electric distribution company or any generation entities or  
189 affiliates an unfair competitive advantage. The department shall hold a  
190 hearing for each such electric distribution company to determine the  
191 amount of disbursements to the General Fund from proceeds of rate  
192 reduction bonds that may be substituted for such disbursements from  
193 the Energy Conservation and Load Management Fund established by  
194 section 16-245m and from the Renewable Energy Investment Fund  
195 established by section 16-245n, and thereby constitute transition  
196 property and the portion of stranded costs that may be included in  
197 such funding and thereby constitute transition property. Any hearing  
198 shall be conducted as a contested case in accordance with chapter 54,  
199 except that any hearing with respect to a financing order or other order  
200 to sustain funding for conservation and load management and  
201 renewable energy investment programs by substituting the  
202 disbursement to the General Fund from the Energy Conservation and  
203 Load Management Fund established by section 16-245m and from the  
204 Renewable Energy Investment Fund established by section 16-245n  
205 shall not be a contested case, as defined in section 4-166. The  
206 department shall not include any rate reduction bonds as debt of an  
207 electric distribution company in determining the capital structure of  
208 the company in a rate-making proceeding, for calculating the  
209 company's return on equity or in any manner that would impact the  
210 electric distribution company for rate-making purposes, and shall not  
211 approve such rate reduction bonds that include covenants that have  
212 provisions prohibiting any change to their appointment of an  
213 administrator of the Energy Conservation and Load Management  
214 Fund. Nothing in this subsection shall be deemed to affect the terms of  
215 subsection (b) of section 16-245m.

216       (b) Prior to September 1, 2010, each electric distribution company  
217 shall submit to the department an application for a financing order  
218 with respect to funding the economic recovery transfer through the  
219 issuance of rate replacement bonds. The department shall hold a  
220 hearing for each such electric distribution company to determine the  
221 amount necessary to fund the economic recovery transfer, the payment  
222 of rate replacement bonds, costs of issuance, credit enhancements and  
223 operating costs for the rate replacement bonds. Such amount as  
224 determined by the department shall constitute transition property. The  
225 department shall allocate the responsibility for the funding of the  
226 economic recovery transfer and the expenses of the rate replacement  
227 bonds equitably between the electric distribution companies, after  
228 taking into account any remaining charges for stranded costs. Such  
229 allocation may provide that the respective charges payable by the  
230 customers of each electric distribution company may commence on  
231 difference dates and that such rates may vary over the period the rate  
232 replacement bonds and the related operating expenses are being paid,  
233 provided (1) such charges are equitably allocated to the customers of  
234 each electric distribution company, and (2) the department determines  
235 that, over such period, and taking into account the timing of charges,  
236 the charges on a kilowatt basis assessed to the customers of the  
237 respective electric distribution companies have substantially the same  
238 present value. Any hearing with respect to a financing order in respect  
239 to the economic recovery transfer and the issuance of rate replacement  
240 bonds shall not be a contested case, as defined in section 4-166. The  
241 department shall issue a financing order in respect to the rate  
242 replacement bonds for each electric distribution company on or before  
243 October 1, 2010.

244       (c) In the event that the rate replacement bonds are not issued prior  
245 to January 1, 2011, the department, on and after January 1, 2011, shall  
246 assess or cause to be assessed a charge of XXX mills per kilowatt hour  
247 of electricity sold to each end use customer of an electric distribution  
248 company and shall cause such assessments to be deposited in the  
249 General Fund.

250 Sec. 3. Subsections (c) and (d) of section 16-245g of the general  
251 statutes are repealed and the following is substituted in lieu thereof  
252 (Effective from passage):

253 (c) The competitive transition assessment shall be determined by the  
254 department in a general and equitable manner and, in accordance with  
255 the provisions of subsection (b) of section 16-245f, as amended by this  
256 act, shall be imposed on all customers at a rate that is applied equally  
257 to all customers of the same class in accordance with methods of  
258 allocation in effect on July 1, 1998, provided the competitive transition  
259 assessment shall not be imposed on customers receiving services  
260 under a special contract which is in effect on July 1, 1998, until such  
261 special contract expires. The competitive transition assessment shall be  
262 imposed beginning on January 1, 2000, on all customers receiving  
263 services under a special contract which is entered into or renewed after  
264 July 1, 1998. The competitive transition assessment shall have a  
265 generally applicable manner of determination that may be measured  
266 on the basis of percentages of total costs of retail sales of electric  
267 generation services. [The] Subject to the provisions of subsection (b) of  
268 section 16-245f, as amended by this act, the competitive transition  
269 assessment shall be payable by customers on an equal basis on the  
270 same payment terms and shall be eligible or subject to prepayment on  
271 an equal basis. Any exemption of the competitive transition  
272 assessment by customers under a special contract shall not result in an  
273 increase in rates to any customer.

274 (d) The department shall establish, fix and revise the competitive  
275 transition assessment in an amount sufficient at all times to: (1) Pay the  
276 principal of and the interest on rate reduction bonds and rate  
277 replacement bonds as the same shall become due and payable; (2) to  
278 pay all reasonable and necessary expenses relating to the financing;  
279 and (3) to pay an electric company stranded costs that are not funded  
280 with the proceeds of rate reduction bonds and interim capital costs  
281 determined under subdivision (1) of subsection (e) of section 16-244g.

282 Sec. 4. Subsections (a) and (b) of section 16-245h of the general

283 statutes are repealed and the following is substituted in lieu thereof  
284 (*Effective from passage*):

285 (a) The competitive transition assessment described in  
286 subparagraph (A) of subdivision (2) of subsection (a) of section 16-  
287 245e, as amended by this act, shall constitute transition property when,  
288 and to the extent that, a financing order authorizing such portion of  
289 the competitive transition assessment has become effective in  
290 accordance with sections 16-245e to 16-245k, inclusive, as amended by  
291 this act, and the transition property shall thereafter continuously exist  
292 as property for all purposes with all of the rights and privileges of  
293 sections 16-245e to 16-245k, inclusive, as amended by this act, for the  
294 period and to the extent provided in the financing order, but in any  
295 event until the rate reduction bonds, including the rate replacement  
296 bonds, are paid in full, including all principal, interest, premium, costs,  
297 and arrearages on such bonds. Prior to its sale or other transfer by the  
298 electric company or electric distribution company pursuant to sections  
299 16-245e to 16-245k, inclusive, as amended by this act, transition  
300 property, other than transition property in respect of the economic  
301 recovery transfer or in respect to disbursements to the General Fund to  
302 sustain funding of conservation and load management and renewable  
303 energy investment programs, shall be a vested contract right of the  
304 electric company or electric distribution company, notwithstanding  
305 any contrary treatment thereof for accounting, tax, or other purpose.  
306 Transition property in respect of disbursements to the General Fund to  
307 sustain funding of conservation and load management and renewable  
308 energy investment programs shall immediately upon its creation vest  
309 solely in the financing entity. Transition property in respect to the  
310 economic recovery transfer shall immediately upon its creation vest  
311 solely in the financing entity. The electric company or electric  
312 distribution company shall have no right, title or interest in transition  
313 property in respect to the economic recovery transfer or in respect of  
314 disbursements to the General Fund to sustain funding of conservation  
315 and load management and renewable energy investment programs,  
316 and in respect of such transition property shall be only a collection

317 agent on behalf of the financing entity.

318 (b) Any surplus competitive transition assessment described in  
319 subparagraph (A) of subdivision (2) of subsection (a) of section 16-  
320 245e, as amended by this act, in excess of the amounts necessary to pay  
321 principal, premium, if any, interest and expenses of the issuance of the  
322 rate reduction bonds issued prior to January 1, 2002, shall be remitted  
323 to the financing entity who will apply them to the payment of rate  
324 replacement bonds and credit them against the payment obligation in  
325 respect to the rate replacement bonds of the customers making such  
326 excess payments. If no rate replacement bonds are outstanding, the  
327 Treasurer shall transfer such excess charges to the General Fund. Any  
328 surplus competitive transition assessment described in subparagraph  
329 (A) of subdivision (2) of subsection (a) of section 16-245e, as amended  
330 by this act, in excess of the amounts necessary to pay principal,  
331 premium, if any, interest and expenses of the issuance of the rate  
332 reduction bonds issued on or after January 1, 2002, shall be remitted to  
333 the financing entity and may be used to benefit customers if this would  
334 not result in a recharacterization of the tax, accounting, and other  
335 intended characteristics of the financing, including, but not limited to,  
336 the following:

337 (1) Avoiding the recognition of debt on the electric company's or the  
338 electric distribution company's balance sheet for financial accounting  
339 and regulatory purposes;

340 (2) Treating the rate reduction bonds as debt of the electric company  
341 or electric distribution company or its affiliates for federal income tax  
342 purposes;

343 (3) Treating the transfer of the transition property by the electric  
344 company or electric distribution company as a true sale for bankruptcy  
345 purposes; or

346 (4) Avoiding any adverse impact of the financing on the credit  
347 rating of the rate reduction bonds or the electric company or electric  
348 distribution company.

349 Sec. 5. Subsections (a) and (b) of section 16-245i of the general  
350 statutes are repealed and the following is substituted in lieu thereof  
351 (*Effective from passage*):

352 (a) The department may issue financing orders in accordance with  
353 sections 16-245e to 16-245k, inclusive, as amended by this act, to fund  
354 the economic recovery transfer, to sustain funding of conservation and  
355 load management and renewable energy investment programs by  
356 substituting disbursements to the General Fund from proceeds of rate  
357 reduction bonds for such disbursements from the Energy Conservation  
358 and Load Management Fund established by section 16-245m and from  
359 the Renewable Energy Investment Fund established by section 16-  
360 245n, and to facilitate the provision, recovery, financing, or refinancing  
361 of stranded costs. [A] Except for a financing order in respect to the rate  
362 replacement bonds, a financing order may be adopted only upon the  
363 application of an electric company or electric distribution company,  
364 pursuant to section 16-245f, as amended by this act, and shall become  
365 effective in accordance with its terms only after the electric company or  
366 electric distribution company files with the department the electric  
367 company's or the electric distribution company's written consent to all  
368 terms and conditions of the financing order. Any financing order in  
369 respect to the rate replacement bonds shall be effective on issuance.

370 (b) (1) Notwithstanding any general or special law, rule, or  
371 regulation to the contrary, except as otherwise provided in this  
372 subsection with respect to transition property that has been made the  
373 basis for the issuance of rate reduction bonds or rate replacement  
374 bonds, the financing orders and the competitive transition assessment  
375 shall be irrevocable and the department shall not have authority either  
376 by rescinding, altering, or amending the financing order or otherwise,  
377 to revalue or revise for rate-making purposes the stranded costs, or the  
378 costs of providing, recovering, financing, or refinancing the stranded  
379 costs, the amount of the economic recovery transfer or the amount of  
380 disbursements to the General Fund from proceeds of rate reduction  
381 bonds substituted for such disbursements from the Energy  
382 Conservation and Load Management Fund established by section 16-

383 245m and from the Renewable Energy Investment Fund established by  
384 section 16-245n, determine that the competitive transition assessment  
385 is unjust or unreasonable, or in any way reduce or impair the value of  
386 transition property either directly or indirectly by taking the  
387 competitive transition assessment into account when setting other  
388 rates for the electric company or electric distribution company; nor  
389 shall the amount of revenues arising with respect thereto be subject to  
390 reduction, impairment, postponement, or termination.

391 (2) Notwithstanding any other provision of this section, the  
392 department shall approve the adjustments to the competitive transition  
393 assessment as may be necessary to ensure timely recovery of all  
394 stranded costs that are the subject of the pertinent financing order, and  
395 the costs of capital associated with the provision, recovery, financing,  
396 or refinancing thereof, including the costs of issuing, servicing, and  
397 retiring the rate reduction bonds issued to recover stranded costs  
398 contemplated by the financing order and to ensure timely recovery of  
399 the costs of issuing, servicing, and retiring the rate reduction bonds  
400 issued to sustain funding of conservation and load management and  
401 renewable energy investment programs contemplated by the financing  
402 order.

403 (3) Notwithstanding any general or special law, rule, or regulation  
404 to the contrary, any requirement under sections 16-245e to 16-245k,  
405 inclusive, as amended by this act, or a financing order that the  
406 department take action with respect to the subject matter of a financing  
407 order shall be binding upon the department, as it may be constituted  
408 from time to time, and any successor agency exercising functions  
409 similar to the department and the department shall have no authority  
410 to rescind, alter, or amend that requirement in a financing order.  
411 Section 16-43 shall not apply to any sale, assignment, or other transfer  
412 of or grant of a security interest in any transition property or the  
413 issuance of rate reduction bonds under sections 16-245e to 16-245k,  
414 inclusive, as amended by this act.

415 Sec. 6. Subsection (a) of section 16-245j of the general statutes is

416 repealed and the following is substituted in lieu thereof (*Effective from*  
417 *passage*):

418 (a) A financing entity may issue rate reduction bonds upon  
419 approval by the department in the pertinent financing order. Rate  
420 reduction bonds shall be nonrecourse to the credit or any assets of the  
421 electric company, [or] electric distribution company or the finance  
422 authority, other than the transition property as specified in the  
423 pertinent financing order.

424 Sec. 7. Subdivision (6) of subsection (c) of section 16-245j of the  
425 general statutes is repealed and the following is substituted in lieu  
426 thereof (*Effective from passage*):

427 (6) Rate reduction bonds, other than rate replacement bonds, shall  
428 mature at such time or times approved by the department in the  
429 financing order; provided that such maturity shall not be later than  
430 December 31, 2011. Rate replacement bonds shall mature at such time  
431 or times approved by the department in the financing order, provided  
432 such maturity shall not be later than December 31, 2025.

433 Sec. 8. Subsection (e) of section 16-245j of the general statutes is  
434 repealed and the following is substituted in lieu thereof (*Effective from*  
435 *passage*):

436 (e) [When the state is the authorized financing entity] In conjunction  
437 with the issuance of rate replacement bonds or state rate reduction  
438 bonds: (1) The Treasurer may enter into a trust indenture for the  
439 benefit of holders of the rate reduction bonds with a corporate trustee,  
440 which may be any trust company or commercial bank qualified to do  
441 business within or without the state; such trust indenture shall be  
442 consistent with the financing order and may contain such other  
443 provisions as may be appropriate including those regulating the  
444 investment of funds and the remedies of bondholders; (2) the  
445 Treasurer may make representations and agreements for the benefit of  
446 the holders of rate reduction bonds to make secondary market  
447 disclosures; (3) the Treasurer may enter into interest rate swap

448 agreements and other agreements for the purpose of moderating  
449 interest rate risk on rate reduction bonds as permitted elsewhere  
450 within sections 16-245e to 16-245k, inclusive, as amended by this act,  
451 provided the obligations under such agreements are payable from the  
452 transition property; (4) the Treasurer may enter into such other  
453 agreements and instruments to secure the rate reduction bonds as  
454 provided in sections 16-245f to 16-245k, inclusive, as amended by this  
455 act; and (5) the Treasurer may take such other actions as necessary or  
456 appropriate for the issuance and distribution of the rate reduction  
457 bonds pursuant to the financing order and the Treasurer and the  
458 Secretary of the Office of Policy and Management may make  
459 representations and agreements for the benefit of the holders of the  
460 rate reduction bonds which are necessary or appropriate to ensure  
461 exclusion of the interest payable on the rate reduction bonds from  
462 gross income under the Internal Revenue Code of 1986, or any  
463 subsequent corresponding internal revenue code of the United States,  
464 as from time to time amended.

465 Sec. 9. Subsection (l) of section 16-245k of the general statutes is  
466 repealed and the following is substituted in lieu thereof (*Effective from*  
467 *passage*):

468 (l) The authority of the department to issue financing orders  
469 pursuant to sections 16-245e to 16-245k, inclusive, as amended by this  
470 act, shall expire on December 31, 2008, with respect to bonds other  
471 than rate replacement bonds. The authority of the department to issue  
472 financing orders pursuant to sections 16-245e to 16-245k, inclusive, as  
473 amended by this act, with respect to rate replacement bonds shall  
474 expire on December 31, 2012. The expiration of the authority shall have  
475 no effect upon financing orders adopted by the department pursuant  
476 to sections 16-245e to 16-245k, inclusive, as amended by this act, or any  
477 transition property arising therefrom, or upon the charges authorized  
478 to be levied thereunder, or the rights, interests, and obligations of the  
479 electric company or electric distribution company or a financing entity  
480 or holders of rate reduction bonds pursuant to the financing order, or  
481 the authority of the department to monitor, supervise, or take further

482 action with respect to the financing order in accordance with the terms  
483 of sections 16-245e to 16-245k, inclusive, as amended by this act, and of  
484 the financing order.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-245e(a)
Sec. 2	<i>from passage</i>	16-245f
Sec. 3	<i>from passage</i>	16-245g(c) and (d)
Sec. 4	<i>from passage</i>	16-245h(a) and (b)
Sec. 5	<i>from passage</i>	16-245i(a) and (b)
Sec. 6	<i>from passage</i>	16-245j(a)
Sec. 7	<i>from passage</i>	16-245j(c)(6)
Sec. 8	<i>from passage</i>	16-245j(e)
Sec. 9	<i>from passage</i>	16-245k(l)

**FIN**      *Joint Favorable Subst.*