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TESTIMONY OF RICHARD SODERMAN
THE CONNECTICUT LIGHT AND POWER COMPANY
YANKEE GAS SERVICES COMPANY

Environment Committee
March 14 2011

Re: H.B. No. 6386 AN ACT ESTABLISHING A DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION.

Good afternoon. My name is Richard Soderman, and I am Director of Legislative Policy for Northeast Utilities Service Company, appearing on behalf of The Connecticut Light and Power Company and Yankee Gas Services Company.

This proposed bill proposes reorganization of energy and environment agencies. We are supportive of most of the provisions related to reorganization of energy policy into the Department of Energy and Environmental Protection (DEEP), and we are hopeful that this reorganization leads to more effective and streamlined regulation and consistent policy that favors choices that benefit electric consumers.

We also respectfully suggest that the Commissioner of DEEP report back to the legislature before the beginning of the 2012 session with recommendations for the elimination of redundancies in the area of energy policy development. The continued role of CEAB and ECMB and other stakeholder groups may not be needed going forward as energy policy will be developed within DEEP.

The creation of the new Department of Energy and Environmental Protection goes a long way toward centralizing today's dispersed government functions that touch on energy policy and implementation. While it is not completely clear how all of the regulatory roles previously performed by the DPUC will continue under the new organization, it appears that the Bureau of Public Utility Control, along with the retained PUCA, can provide for the continued sound regulation of rates and services offered by public service companies. These provisions would be



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clearer if the proposed language specified the relationship between the BPUC and PUCA, and more general rules regarding matters that would be referred to the BPUC and PUCA, such as rate cases, and service terms and conditions. As currently drafted, it could be interpreted as these matters only get referred to the BPUC and PUCA on a case specific basis at the discretion of the commissioner. It would also make sense that the BPUC and PUCA retain the adjudication division, since they are the ones that perform most adjudicatory proceedings.

Specific Concerns:

- The bill establishes the new agency as a successor to the DEP and DPUC, but is not specific with respect to how it will allocate responsibilities for electric and gas rate regulation and energy policy between the "Bureau of Energy" and "Bureau of Public Utility Control." The bill also is not specific as to how the Bureau of Public Utility Control relates to the Public Utilities Control Authority, which is preserved as part of the new agency.
- The bill does not specify how the responsibilities and functions currently performed by the PUCA (as a function of the DPUC) will be delegated or assigned going forward. It also does not specify whether the PUCA is to be part of the Bureau of Public Utility Control.
- Current law (CGS §16-49) provides funding for the DPUC through an assessment to public service companies. This section will need to be examined to address how the new agency will be funded going forward, and the impact on assessments of expenses to public service companies.
- The bill does not appear to include a specific delegation of authority to delineate how the new agency would regulate public service company rates and service (which presumably will be duties for the Bureau of Public of Utility Control, the PUCA, or both), and how it would address energy policy. The bill replaces all references to the DPUC with references to the new agency, with the apparent intent of elevating all power currently held by the DPUC to the new agency. This raises practical questions as to the split of authority among the bureaus of the new



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agency, and in particular the role of the Bureau/PUCA. The following are some examples (not an exhaustive list) of Title 16 statutes that touch on policy, where clarification will be needed:

- CGS §16-6a – participation in FERC proceedings,
 - CGS §16-19kk – Conservation programs, decoupling, rates of return
 - CGS §16-19mm, – External costs and benefits
 - CGS §16-19nn – Encouraging specific end uses of electricity and gas
 - CGS §16-19oo – Rate amendments to promote conservation
 - CGS §16-48 – Interstate compacts
 - CGS §16-243v – Energy efficiency partners program
 - CGS §16-245m – Conservation programs
 - CGS §16-245n – Renewable energy investment fund.
- The bill establishes the new agency with a description of its purpose and goals. However, the bill includes other sections that contain “purpose” and “goal” type language. These elements of the bill should be consolidated into a single statement of purpose and jurisdiction, to avoid ambiguity and potentially conflicting provisions. Note the following sections:
 - The bill amends a DEP statute (§22a-2) that currently sets forth the jurisdiction of the DEP. It states that the new agency, in addition to the current scope of the DEP’s jurisdiction, shall have jurisdiction as to “the equitable distribution and conservation of energy, the regulation of public utilities and the development and administration of state-wide energy policy.” These concepts perhaps should be addressed in Section 1, and should be consolidated in that section.
 - The bill amends a DEP statute (§22a-5) to include a list of additional functions for the new agency related to public utility regulation, conservation, energy resources, energy supply, energy costs, low-income and related topics. These topics are more appropriately within the scope of Titles 16 and 16a. In describing the purposes of the new agency, the bill should be drafted in a way that reflects an appropriate balance of its new combined responsibilities.
 - Title 16 includes various provisions that relate to the DPUC’s powers to conduct hearings and investigations. The bill elevates all of these powers to the new agency, although they exist now as part of the DPUC’s authority over rates and service quality. The bill should clarify



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whether the adjudication process and powers will extend to all branches of the new agency, or reside with the BPUC/PUCA. The following are two examples:

- CGS §16-7 - right of entry and inspection of public service company facilities - the current law uses the term “commissioners” in reference to the DPUC commissioners, yet the bill also uses the term in reference to the Commissioner of Energy and Environmental Protection. This should be clarified.
- The bill amends current law (§16-8) to provide a delegation of authority by the new agency to “its” commissioners (similar issue as in §16-7). This should be clarified with respect to the BPUC/PUCA. Similar issue appears in §16-8c.
- The DPUC’s powers with respect to rates (as well as other “core” regulatory functions, such as service quality, operations, safety and customer service) are set forth in the majority of Title 16 statutes. The bill elevates all of this authority to the new agency, but does not specify how or whether this authority will be delegated to the BPUC/PUCA (see Agency Structure, Delegation of Authority, above). If the intent of the bill is to fold the current DPUC into the new agency, yet preserve its role with respect to rates and other core regulatory functions, there needs to be an explanation of how this will occur. The most logical place to do so would be in the early provisions of Title 16, such as §16-2 regarding the PUCA. The bill is silent on this important aspect of public service company regulation. The following is an example of potential ambiguity:
 - CGS §16-19 – No public service company may charge rates other than those “approved by the authority or the Department of Public Utility Control.” This provision needs to be considered in detail to ensure that the rate authority and role of the PUCA is preserved. See also §§16-19a, 16-19b, 16-19d, 16-19e, et seq.

Thank you for providing us with an opportunity to provide testimony on this matter.