



General Assembly

January Session, 2011

Raised Bill No. 1176

LCO No. 4529

04529_____ET_

Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING ELECTRIC RATE RELIEF.

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

- 1 Section 1. (NEW) (*Effective July 1, 2011*) (a) As used in this section:
- 2 (1) "Person" has the same meaning as provided in section 12-1 of the
3 general statutes;
- 4 (2) "Electric generation services" has the same meaning as provided
5 in section 16-1 of the general statutes;
- 6 (3) "Electric generation facility" means electric generation facility, as
7 the term is used in section 12-94d of the general statutes;
- 8 (4) "Regional bulk power grid" means regional bulk power grid, as
9 the term is used in section 16a-7b of the general statutes;
- 10 (5) "Alternative energy system" has the same meaning as provided
11 in subdivision (21) of subsection (a) of section 12-213 of the general
12 statutes;
- 13 (6) "Fuel cells" has the same meaning as provided in subdivision

14 (113) of section 12-412 of the general statutes;

15 (7) "Commissioner" means the Commissioner of Revenue Services;

16 (8) "Department" means the Department of Revenue Services; and

17 (9) "Person subject to tax" means a person providing electric
18 generation services and uploading electricity generated at such
19 person's electric generation facility in this state to the regional bulk
20 power grid.

21 (b) (1) For each calendar quarter commencing on or after July 1,
22 2011, there is hereby imposed a tax on each person subject to tax,
23 which tax shall be one-half of one mill for oil-fueled generation, two
24 cents on nuclear generation, and one-half of one cent on coal-fired
25 generation, multiplied by the net kilowatt hours of electricity
26 generated by such person at such person's electric generation facility in
27 this state and uploaded to the regional bulk power grid, provided the
28 tax imposed by this subsection on coal-fired generation shall only be
29 imposed on the net kilowatt hours of electricity generated by such
30 electric generation facility in this state and uploaded to regional bulk
31 power grid during the months of January, February, June, July and
32 August.

33 (2) Each person subject to tax shall, on or before the last day of
34 January, April, July and October of each year, render to the
35 commissioner a return, on forms prescribed or furnished by the
36 commissioner, reporting the kilowatt hours of electricity generated by
37 such person at such person's electric generation facility in this state
38 and uploaded to the regional bulk power grid during the calendar
39 quarter ending on the last day of the preceding month and reporting
40 such other information as the commissioner deems necessary for the
41 proper administration of this section. The tax imposed under this
42 section shall be due and payable on the due date of such return. Each
43 person subject to tax shall be required to file such return electronically
44 with the department and to make payment of such tax by electronic

45 funds transfer in the manner provided by chapter 228g of the general
46 statutes, irrespective of whether the person subject to tax would have
47 otherwise been required to file such return electronically or to make
48 such tax payment by electronic funds transfer under the provisions of
49 chapter 228g of the general statutes.

50 (c) Whenever the tax imposed under this section is not paid when
51 due, a penalty of ten per cent of the amount due and unpaid or fifty
52 dollars, whichever is greater, shall be imposed and interest at the rate
53 of one per cent per month or fraction thereof shall accrue on such tax
54 from the due date of such tax until the date of payment.

55 (d) The provisions of section 12-548 of the general statutes, sections
56 12-550 to 12-554, inclusive, of the general statutes and section 12-555a
57 of the general statutes shall apply to the provisions of this section in
58 the same manner and with the same force and effect as if the language
59 of said sections had been incorporated in full into this section and had
60 expressly referred to the tax imposed under this section, except to the
61 extent that any provision is inconsistent with a provision in this
62 section.

63 (e) The tax imposed by this section shall not apply to any net
64 kilowatt hours of electricity generated at an electric generation facility
65 in this state exclusively through the use of fuel cells or an alternative
66 energy system.

67 (f) At the end of each fiscal year commencing with the fiscal year
68 ending June 30, 2012, the Comptroller is authorized to record as
69 revenue for such fiscal year the amount of tax imposed under the
70 provisions of this section on electricity generated prior to the end of
71 such fiscal year and which tax is received by the Commissioner of
72 Revenue Services not later than five business days after the last day of
73 July immediately following the end of such fiscal year.

74 (g) Revenues collected from the tax imposed pursuant to this section
75 shall be (1) credited to the resources of the General Fund, (2) used to

76 provide ratepayer relief, and (3) used to provide funding for clean and
77 renewable energy projects.

78 Sec. 2. Subsection (a) of section 16-245e of the general statutes is
79 repealed and the following is substituted in lieu thereof (*Effective July*
80 *1, 2011*):

81 (a) As used in this section [,] and sections 16-245f to 16-245k,
82 inclusive; [, and section 16-245m:]

83 (1) "Rate reduction bonds" means bonds, notes, certificates of
84 participation or beneficial interest, or other evidences of indebtedness
85 or ownership, issued pursuant to an executed indenture or other
86 agreement of a financing entity, in accordance with this section and
87 sections 16-245f to 16-245k, inclusive, the proceeds of which are used,
88 directly or indirectly, to provide, recover, finance, or refinance
89 stranded costs [or economic recovery transfer,] or to sustain funding of
90 conservation and load management and renewable energy investment
91 programs by substituting for disbursements to the General Fund from
92 the Energy Conservation and Load Management Fund established by
93 section 16-245m and from the Renewable Energy Investment Fund
94 established by section 16-245n, and which, directly or indirectly, are
95 secured by, evidence ownership interests in, or are payable from,
96 transition property;

97 (2) "Competitive transition assessment" means those non-bypassable
98 rates and other charges, that are authorized by the department (A) in a
99 financing order [in respect to the economic recovery transfer, or in a
100 financing order,] to sustain funding of conservation and load
101 management and renewable energy investment programs by
102 substituting disbursements to the General Fund from proceeds of rate
103 reduction bonds for such disbursements from the Energy Conservation
104 and Load Management Fund established by section 16-245m and from
105 the Renewable Energy Investment Fund established by section 16-
106 245n, or to recover those stranded costs that are eligible to be funded
107 with the proceeds of rate reduction bonds pursuant to section 16-245f

108 and the costs of providing, recovering, financing, or refinancing [the
109 economic recovery transfer or] such substitution of disbursements to
110 the General Fund or such stranded costs through a plan approved by
111 the department in the financing order, including the costs of issuing,
112 servicing, and retiring rate reduction bonds, (B) to recover those
113 stranded costs determined under this section but not eligible to be
114 funded with the proceeds of rate reduction bonds pursuant to section
115 16-245f, or (C) to recover costs determined under subdivision (1) of
116 subsection (e) of section 16-244g. If requested by the electric company
117 or electric distribution company, the department shall include in the
118 competitive transition assessment non-bypassable rates and other
119 charges to recover federal and state taxes whose recovery period is
120 modified by the transactions contemplated in this section and sections
121 16-245f to 16-245k, inclusive;

122 (3) "Customer" means any individual, business, firm, corporation,
123 association, tax-exempt organization, joint stock association, trust,
124 partnership, limited liability company, the United States or its
125 agencies, this state, any political subdivision thereof or state agency
126 that purchases electric generation or distribution services as a retail
127 end user in the state from any electric supplier, electric company or
128 electric distribution company;

129 (4) "Finance authority" means the state, acting through the office of
130 the State Treasurer;

131 (5) "Net proceeds" means "net proceeds" as defined in section 16-
132 244f;

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

137 (7) "Generation assets" means the total construction and other
138 capital asset costs of generation facilities approved for inclusion in

139 rates before July 1, 1997, but does not include any costs relating to the
140 decommissioning of any such facility or any costs which the
141 department found during a proceeding initiated before July 1, 1998,
142 were incurred because of imprudent management;

143 (8) "Generation-related regulatory assets" means generation-related
144 costs authorized or mandated before July 1, 1998, by the Department of
145 Public Utility Control, approved for inclusion in the rates, and include,
146 but are not limited to, costs incurred for deferred taxes, conservation
147 programs, environmental protection programs, public policy costs and
148 research and development costs, net of any applicable credits payable
149 to customers, but does not include any costs which the department
150 found during a proceeding initiated before July 1, 1998, were incurred
151 because of imprudent management;

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

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

158 (11) "Financing entity" means the finance authority or any special
159 purpose trust or other entity that is authorized by the finance authority
160 to issue rate reduction bonds or acquire transition property pursuant
161 to such terms and conditions as the finance authority may specify, or
162 both;

163 (12) "Financing order" means an order of the department adopted in
164 accordance with this section and sections 16-245f to 16-245k, inclusive;

165 (13) "Transition property" means the property right created
166 pursuant to this section and sections 16-245f to 16-245k, inclusive, in
167 respect [to the economic recovery transfer or in respect] of
168 disbursements to the General Fund to sustain funding of conservation

169 and load management and renewable energy investment programs or
170 those stranded costs that are eligible to be funded with the proceeds of
171 rate reduction bonds pursuant to section 16-245f, including, without
172 limitation, the right, title, and interest of an electric company or electric
173 distribution company or its transferee or the financing entity (A) in
174 and to the rates and charges established pursuant to a financing order,
175 as adjusted from time to time in accordance with subdivision (2) of
176 subsection (b) of section 16-245i and the financing order, (B) to be paid
177 the amount that is determined in a financing order to be the amount
178 that the electric company or electric distribution company or its
179 transferee or the financing entity is lawfully entitled to receive
180 pursuant to the provisions of this section and sections 16-245f to 16-
181 245k, inclusive, and the proceeds thereof, and in and to all revenues,
182 collections, claims, payments, money, or proceeds of or arising from
183 the rates and charges or constituting the competitive transition
184 assessment that is the subject of a financing order including those non-
185 bypassable rates and other charges referred to in subdivision (2) of this
186 subsection, and (C) in and to all rights to obtain adjustments to the
187 rates and charges pursuant to the terms of subdivision (2) of
188 subsection (b) of section 16-245i and the financing order. "Transition
189 property" shall constitute a current property right notwithstanding the
190 fact that the value of the property right will depend on consumers
191 using electricity or, in those instances where consumers are customers
192 of a particular electric company or electric distribution company, the
193 electric company or electric distribution company performing certain
194 services;

195 (14) "State rate reduction bonds" means the rate reduction bonds
196 issued on June 23, 2004, by the state to sustain funding of conservation
197 and load management and renewable energy investment programs by
198 substituting for disbursements to the General Fund from the Energy
199 Conservation and Load Management Fund, established by section 16-
200 245m, and from the Renewable Energy Investment Fund, established
201 by section 16-245n. The state rate reduction bonds for the purposes of
202 section 4-30a shall be deemed to be outstanding indebtedness of the

203 state;

204 (15) "Operating expenses" means, with respect to state rate
205 reduction bonds, [or economic recovery revenue bonds,] (A) all
206 expenses, costs and liabilities of the state or the trustee incurred in
207 connection with the administration or payment of the state rate
208 reduction bonds, [or economic recovery revenue bonds,] or in
209 discharge of its obligations and duties under the state rate reduction
210 bonds, [or economic recovery revenue bonds,] or bond documents,
211 expenses and other costs and expenses arising in connection with the
212 state rate reduction bonds or economic recovery revenue bonds, or
213 pursuant to the financing order providing for the issuance of such
214 bonds including any arbitrage rebate and penalties payable under the
215 code in connection with such bonds, and (B) all fees and expenses
216 payable or disburseable to the servicers or others under the bond
217 documents;

218 (16) "Bond documents" means, with respect to state rate reduction
219 bonds, [or economic recovery revenue bonds,] the following
220 documents: The servicing agreements, the tax compliance agreement
221 and certificate, and the continuing disclosure agreement [and
222 indenture] entered into in connection with the state rate reduction
223 bonds [or the economic recovery revenue bonds] and the indenture;

224 (17) "Indenture" means [the indenture executed in connection with
225 the state rate reduction bonds or the economic recovery revenue
226 bonds, or,] with respect to state rate reduction bonds, the RRB
227 Indenture, dated as of June 23, 2004, by and between the state and the
228 trustee, as amended from time to time; and

229 (18) "Trustee" means, with respect to state rate reduction bonds, the
230 trustee appointed under the indenture. [;]

231 [(19) "Economic recovery transfer" means the disbursement to the
232 General Fund of nine hundred fifty-six million dollars from proceeds
233 of the issuance of the economic recovery revenue bonds; and

234 (20) "Economic recovery revenue bonds" means rate reduction
235 bonds issued to fund the economic recovery transfer, the costs of
236 issuance, credit enhancements, operating expenses and such other
237 costs as the finance authority deems necessary or advisable, and which
238 shall be payable from competitive transition assessment charges that
239 replace the competitive transition assessment charges funding
240 stranded costs and that are offset in part by decreases to the charges
241 funding the Energy Conservation and Load Management Fund, as
242 provided in subdivision (3) of subsection (a) of section 16-245m.]

243 Sec. 3. Section 16-245f of the general statutes is repealed and the
244 following is substituted in lieu thereof (*Effective July 1, 2011*):

245 (a) An electric company or electric distribution company shall
246 submit to the department an application for a financing order with
247 respect to any proposal to sustain funding of conservation and load
248 management and renewable energy investment programs by
249 substituting disbursements to the General Fund from proceeds of rate
250 reduction bonds for such disbursements from the Energy Conservation
251 and Load Management Fund established by section 16-245m and from
252 the Renewable Energy Investment Fund established by section 16-
253 245n, and may submit to the department an application for a financing
254 order with respect to the following stranded costs: (1) The cost of
255 mitigation efforts, as calculated pursuant to subsection (c) of section
256 16-245e; (2) generation-related regulatory assets, as calculated
257 pursuant to subsection (e) of section 16-245e; and (3) those long-term
258 contract costs that have been reduced to a fixed present value through
259 the buyout, buydown, or renegotiation of such contracts, as calculated
260 pursuant to subsection (f) of section 16-245e. No stranded costs shall be
261 funded with the proceeds of rate reduction bonds unless (A) the
262 electric company or electric distribution company proves to the
263 satisfaction of the department that the savings attributable to such
264 funding will be directly passed on to customers through lower rates,
265 and (B) the department determines such funding will not result in
266 giving the electric distribution company or any generation entities or

267 affiliates an unfair competitive advantage. The department shall hold a
268 hearing for each such electric distribution company to determine the
269 amount of disbursements to the General Fund from proceeds of rate
270 reduction bonds that may be substituted for such disbursements from
271 the Energy Conservation and Load Management Fund established by
272 section 16-245m and from the Renewable Energy Investment Fund
273 established by section 16-245n, and thereby constitute transition
274 property and the portion of stranded costs that may be included in
275 such funding and thereby constitute transition property. Any hearing
276 shall be conducted as a contested case in accordance with chapter 54,
277 except that any hearing with respect to a financing order or other order
278 to sustain funding for conservation and load management and
279 renewable energy investment programs by substituting the
280 disbursement to the General Fund from the Energy Conservation and
281 Load Management Fund established by section 16-245m and from the
282 Renewable Energy Investment Fund established by section 16-245n
283 shall not be a contested case, as defined in section 4-166. The
284 department shall not include any rate reduction bonds as debt of an
285 electric distribution company in determining the capital structure of
286 the company in a rate-making proceeding, for calculating the
287 company's return on equity or in any manner that would impact the
288 electric distribution company for rate-making purposes, and shall not
289 approve such rate reduction bonds that include covenants that have
290 provisions prohibiting any change to their appointment of an
291 administrator of the Energy Conservation and Load Management
292 Fund. Nothing in this subsection shall be deemed to affect the terms of
293 subsection (b) of section 16-245m.

294 [(b) Prior to September 1, 2010, each electric distribution company
295 shall submit to the department an application for a financing order
296 with respect to funding the economic recovery transfer through the
297 issuance of economic recovery revenue bonds. The department shall
298 hold a hearing for each such electric distribution company to
299 determine the amount necessary to fund the economic recovery
300 transfer, the payment of economic recovery revenue bonds, costs of

301 issuance, credit enhancements and operating expenses for the
302 economic recovery revenue bonds. Such amount as determined by the
303 department shall constitute transition property. The department shall
304 allocate the responsibility for the funding of the economic recovery
305 transfer and the expenses of the economic recovery revenue bonds
306 equitably between the electric distribution companies. Such allocation
307 may provide that the respective charges payable by the customers of
308 each electric distribution company may commence on different dates
309 and that such rates may vary over the period the economic recovery
310 revenue bonds and the related operating expenses are being paid,
311 provided (1) such charges are equitably allocated to the customers of
312 each electric distribution company, and (2) the department determines
313 that, over such period, and taking into account the timing of charges,
314 the charges on a kilowatt hour basis assessed to the customers of the
315 respective electric distribution companies have substantially the same
316 present value after consultation with the finance authority as to the
317 discount rate to be used in determining such present value. Any
318 hearing with respect to a financing order in respect to the economic
319 recovery transfer and the issuance of economic recovery revenue
320 bonds shall not be a contested case, as defined in section 4-166. The
321 department shall issue a financing order in respect to the economic
322 recovery revenue bonds for each electric distribution company on or
323 before October 1, 2010. In such financing order, the department shall
324 determine the competitive transition assessment in respect of the
325 economic recovery revenue bonds, which shall not be assessed prior to
326 June 30, 2011, unless the department sets an earlier date in the
327 financing order. A component of the competitive transition assessment
328 in respect of the economic recovery revenue bonds shall be equal to the
329 decreases to the charges provided in subdivision (3) of subsection (a)
330 of section 16-245m funding the Energy Conservation and Load
331 Management Fund. The portion of the competitive transition
332 assessment in respect to the economic recovery revenue bonds equal to
333 such decreases shall be assessed and collected from the date such
334 charges are reduced pursuant to the financing order. The department

335 may provide in such financing order that money from other sources,
336 including proceeds of charges assessed customers of municipal electric
337 companies, transferred to the trustee under the indenture and
338 intended to be used to pay debt service on the bonds shall be taken
339 into account in making adjustments to the competitive transition
340 assessment pursuant to subdivision (2) of subsection (b) of section 16-
341 245i if such payment is not made from General Fund revenues and
342 would not adversely affect the tax status or credit rating of economic
343 recovery revenue bonds.]

344 [(c)] (b) The department, during the period commencing on January
345 1, 2011, and ending June 30, 2011, shall assess or cause to be assessed a
346 charge per kilowatt hour of electricity sold to each end use customer of
347 an electric distribution company and shall cause such assessments to
348 be remitted to the General Fund. The department shall set such charge
349 at a level which the department estimates will generate forty million
350 dollars during the period it is assessed. Such charge shall not be
351 assessed after June 30, 2011.

352 Sec. 4. Subsection (c) of section 16-245g of the general statutes is
353 repealed and the following is substituted in lieu thereof (*Effective July*
354 *1, 2011*):

355 (c) The competitive transition assessment shall be determined by the
356 department in a general and equitable manner and [, in accordance
357 with the provisions of subsection (b) of section 16-245f,] shall be
358 imposed on all customers at a rate that is applied equally to all
359 customers of the same class in accordance with methods of allocation
360 in effect on July 1, 1998, provided the competitive transition
361 assessment shall not be imposed on customers receiving services
362 under a special contract which is in effect on July 1, 1998, until such
363 special contract expires. The competitive transition assessment shall be
364 imposed beginning on January 1, 2000, on all customers receiving
365 services under a special contract which is entered into or renewed after
366 July 1, 1998. The competitive transition assessment shall have a

367 generally applicable manner of determination that may be measured
368 on the basis of percentages of total costs of retail sales of electric
369 generation services. [Subject to the provisions of subsection (b) of
370 section 16-245f, the] The competitive transition assessment shall be
371 payable by customers on an equal basis on the same payment terms
372 and shall be eligible or subject to prepayment on an equal basis. Any
373 exemption of the competitive transition assessment by customers
374 under a special contract shall not result in an increase in rates to any
375 customer.

376 Sec. 5. Subsections (a) and (b) of section 16-245h of the general
377 statutes are repealed and the following is substituted in lieu thereof
378 (*Effective July 1, 2011*):

379 (a) The competitive transition assessment described in
380 subparagraph (A) of subdivision (2) of subsection (a) of section 16-245e
381 shall constitute transition property when, and to the extent that, a
382 financing order authorizing such portion of the competitive transition
383 assessment has become effective in accordance with sections 16-245e to
384 16-245k, inclusive, and the transition property shall thereafter
385 continuously exist as property for all purposes with all of the rights
386 and privileges of sections 16-245e to 16-245k, inclusive, for the period
387 and to the extent provided in the financing order, but in any event
388 until the rate reduction bonds are paid in full, including all principal,
389 interest, premium, costs, and arrearages on such bonds. Prior to its sale
390 or other transfer by the electric company or electric distribution
391 company pursuant to sections 16-245e to 16-245k, inclusive, transition
392 property, other than transition property in respect of [the economic
393 recovery transfer or in respect to disbursements to] the General Fund
394 to sustain funding of conservation and load management and
395 renewable energy investment programs, shall be a vested contract
396 right of the electric company or electric distribution company,
397 notwithstanding any contrary treatment thereof for accounting, tax, or
398 other purpose. Transition property in respect of disbursements to the
399 General Fund to sustain funding of conservation and load

400 management and renewable energy investment programs shall
401 immediately upon its creation vest solely in the financing entity.
402 [Transition property in respect to the economic recovery transfer shall
403 immediately upon its creation vest solely in the financing entity.] The
404 electric company or electric distribution company shall have no right,
405 title or interest in transition property in respect [to the economic
406 recovery transfer or in respect] of disbursements to the General Fund
407 to sustain funding of conservation and load management and
408 renewable energy investment programs, and in respect of such
409 transition property shall be only a collection agent on behalf of the
410 financing entity.

411 (b) Any surplus competitive transition assessment described in
412 subparagraph (A) of subdivision (2) of subsection (a) of section 16-245e
413 in excess of the amounts necessary to pay principal, premium, if any,
414 interest and expenses of the issuance of the rate reduction bonds
415 [issued prior to January 1, 2002, after such bonds have been defeased
416 or paid in full, shall be remitted to the finance authority who shall
417 apply such charges to the payment of economic recovery revenue
418 bonds and cause such charges to be credited against the payment
419 obligation in respect to the economic recovery revenue bonds of the
420 customers making such excess payments. If the economic recovery
421 revenue bonds are not issued, the finance authority shall transfer such
422 excess charges to the General Fund. Any surplus competitive transition
423 assessment described in subparagraph (A) of subdivision (2) of
424 subsection (a) of section 16-245e in excess of the amounts necessary to
425 pay principal, premium, if any, interest and expenses of the issuance of
426 the rate reduction bonds issued on or after May 1, 2010,] shall be
427 remitted to the financing entity and may be used to benefit customers
428 [. No funds shall be remitted, applied or used in accordance with the
429 terms of this subsection if such remittance, application or use would] if
430 this would not result in a recharacterization of the tax, accounting, and
431 other intended characteristics of the financing, including, but not
432 limited to, the following:

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

436 (2) Treating the rate reduction bonds as debt of the electric company
437 or electric distribution company or its affiliates for federal income tax
438 purposes;

439 (3) Treating the transfer of the transition property by the electric
440 company or electric distribution company as a true sale for bankruptcy
441 purposes; or

442 (4) Avoiding any adverse impact of the financing on the credit
443 rating of the rate reduction bonds or the electric company or electric
444 distribution company.

445 Sec. 6. Subsections (a) and (b) of section 16-245i of the general
446 statutes are repealed and the following is substituted in lieu thereof
447 (*Effective July 1, 2011*):

448 (a) The department may issue financing orders in accordance with
449 sections 16-245e to 16-245k, inclusive, [to fund the economic recovery
450 transfer,] to sustain funding of conservation and load management
451 and renewable energy investment programs by substituting
452 disbursements to the General Fund from proceeds of rate reduction
453 bonds for such disbursements from the Energy Conservation and Load
454 Management Fund established by section 16-245m and from the
455 Renewable Energy Investment Fund established by section 16-245n,
456 and to facilitate the provision, recovery, financing, or refinancing of
457 stranded costs. [Except for a financing order in respect to the economic
458 recovery revenue bonds, a] A financing order may be adopted only
459 upon the application of an electric company or electric distribution
460 company, pursuant to section 16-245f, and shall become effective in
461 accordance with its terms only after the electric company or electric
462 distribution company files with the department the electric company's
463 or the electric distribution company's written consent to all terms and

464 conditions of the financing order. [Any financing order in respect to
465 the economic recovery revenue bonds shall be effective on issuance.]

466 (b) (1) Notwithstanding any general or special law, rule, or
467 regulation to the contrary, except as otherwise provided in this
468 subsection with respect to transition property that has been made the
469 basis for the issuance of rate reduction bonds, the financing orders and
470 the competitive transition assessment shall be irrevocable and the
471 department shall not have authority either by rescinding, altering, or
472 amending the financing order or otherwise, to revalue or revise for
473 rate-making purposes the stranded costs, or the costs of providing,
474 recovering, financing, or refinancing the stranded costs, [the amount of
475 the economic recovery transfer] or the amount of disbursements to the
476 General Fund from proceeds of rate reduction bonds substituted for
477 such disbursements from the Energy Conservation and Load
478 Management Fund established by section 16-245m and from the
479 Renewable Energy Investment Fund established by section 16-245n,
480 determine that the competitive transition assessment is unjust or
481 unreasonable, or in any way reduce or impair the value of transition
482 property either directly or indirectly by taking the competitive
483 transition assessment into account when setting other rates for the
484 electric company or electric distribution company; nor shall the
485 amount of revenues arising with respect thereto be subject to
486 reduction, impairment, postponement, or termination.

487 (2) Notwithstanding any other provision of this section, the
488 department shall approve the adjustments to the competitive transition
489 assessment as may be necessary to ensure timely recovery of all
490 stranded costs that are the subject of the pertinent financing order, and
491 the costs of capital associated with the provision, recovery, financing,
492 or refinancing thereof, including the costs of issuing, servicing, and
493 retiring the rate reduction bonds issued to recover stranded costs
494 contemplated by the financing order and to ensure timely recovery of
495 the costs of issuing, servicing, and retiring the rate reduction bonds
496 issued to sustain funding of conservation and load management and

497 renewable energy investment programs contemplated by the financing
498 order. [, and to ensure timely recovery of the costs of issuing, servicing
499 and retiring the economic recovery revenue bonds issued to fund the
500 economic recovery transfer contemplated by the financing order.]

501 (3) Notwithstanding any general or special law, rule, or regulation
502 to the contrary, any requirement under sections 16-245e to 16-245k,
503 inclusive, or a financing order that the department take action with
504 respect to the subject matter of a financing order shall be binding upon
505 the department, as it may be constituted from time to time, and any
506 successor agency exercising functions similar to the department and
507 the department shall have no authority to rescind, alter, or amend that
508 requirement in a financing order. Section 16-43 shall not apply to any
509 sale, assignment, or other transfer of or grant of a security interest in
510 any transition property or the issuance of rate reduction bonds under
511 sections 16-245e to 16-245k, inclusive.

512 Sec. 7. Subsection (a) of section 16-245j of the general statutes is
513 repealed and the following is substituted in lieu thereof (*Effective July*
514 *1, 2011*):

515 (a) A financing entity may issue rate reduction bonds upon
516 approval by the department in the pertinent financing order. Rate
517 reduction bonds shall be nonrecourse to the credit or any assets of the
518 electric company [,] or electric distribution company, [or the finance
519 authority,] other than the transition property as specified in the
520 pertinent financing order.

521 Sec. 8. Subsection (c) of section 16-245j of the general statutes is
522 repealed and the following is substituted in lieu thereof (*Effective July*
523 *1, 2011*):

524 (c) (1) Financing orders and rate reduction bonds shall not be
525 deemed to constitute a debt or liability of the state or of any political
526 subdivision thereof, other than the financing entity, shall not constitute
527 a pledge of the full faith and credit of the state or any of its political

528 subdivisions, other than the financing entity, but shall be payable
529 solely from the funds provided under sections 16-245e to 16-245k,
530 inclusive, and shall not constitute an indebtedness of the state within
531 the meaning of any constitutional or statutory debt limitation or
532 restriction and, accordingly, shall not be subject to any statutory
533 limitation on the indebtedness of the state and shall not be included in
534 computing the aggregate indebtedness of the state in respect to and to
535 the extent of any such limitation. This subsection shall in no way
536 preclude bond guarantees or enhancements pursuant to sections 16-
537 245e to 16-245k, inclusive. All rate reduction bonds shall contain on the
538 face thereof a statement to the following effect: "Neither the full faith
539 and credit nor the taxing power of the State of Connecticut is pledged
540 to the payment of the principal of, or interest on, this bond."

541 (2) The issuance of rate reduction bonds under sections 16-245e to
542 16-245k, inclusive, shall not directly, indirectly, or contingently
543 obligate the state or any political subdivision thereof to levy or to
544 pledge any form of taxation therefor or to make any appropriation for
545 their payment.

546 (3) The exercise of the powers granted by sections 16-245e to 16-
547 245k, inclusive, shall be in all respects for the benefit of the people of
548 this state, for the increase of their commerce, welfare, and prosperity,
549 and as the exercise of such powers shall constitute the performance of
550 an essential public function, neither the finance authority, any electric
551 company or electric distribution company, any affiliate of any electric
552 company or electric distribution company, any financing entity, or any
553 collection or other agent of any of the foregoing shall be required to
554 pay any taxes or assessments upon or in respect of any revenues or
555 property received, acquired, transferred, or used by the finance
556 authority, any electric company or electric distribution company, any
557 affiliate of any electric company or electric distribution company, any
558 financing entity, or any collection or other agent of any of the
559 foregoing under the provisions of sections 16-245e to 16-245k,
560 inclusive, or upon or in respect of the income therefrom, and any rate

561 reduction bonds shall be treated as issued by or on behalf of a public
562 instrumentality created under the laws of the state for purposes of
563 chapter 229.

564 (4) [(A)] The proceeds of any rate reduction bonds [, other than
565 economic recovery revenue bonds,] shall be used for the purposes
566 approved by the department in the financing order, including, but not
567 limited to, disbursements to the General Fund in substitution for such
568 disbursements from the Energy Conservation and Load Management
569 Fund established by section 16-245m and from the Renewable Energy
570 Investment Fund established by section 16-245n, the costs of
571 refinancing or retiring of debt of the electric company or electric
572 distribution company, and associated federal and state tax liabilities;
573 provided such proceeds shall not be applied to purchase generation
574 assets or to purchase or redeem stock or to pay dividends to
575 shareholders or operating expenses other than taxes resulting from the
576 receipt of such proceeds.

577 [(B) The proceeds of any economic recovery revenue bonds shall be
578 used for the purposes approved by the department in the financing
579 order, including, but not limited to, funding the economic recovery
580 transfer, provided such proceeds shall not be applied to purchase
581 generation assets or to purchase or redeem stock or to pay dividends
582 to shareholders or operating expenses other than taxes resulting from
583 the receipt of such proceeds.]

584 (5) Rate reduction bonds are made and declared (A) securities in
585 which all public officers and public bodies of the state and its political
586 subdivisions, all insurance companies, state banks and trust
587 companies, national banking associations, savings banks, savings and
588 loan associations, investment companies, executors, administrators,
589 trustees and other fiduciaries may properly and legally invest funds,
590 including capital in their control or belonging to them, and (B)
591 securities which may properly and legally be deposited with and
592 received by any state or municipal officer or any agency or political

593 subdivision of the state for any purpose for which the deposit of bonds
594 or obligations of the state is now or may be authorized.

595 (6) Rate reduction bonds [, other than economic recovery revenue
596 bonds,] shall mature at such time or times approved by the
597 department in the financing order; provided that such maturity shall
598 not be later than December 31, 2011. [Economic recovery revenue
599 bonds shall mature at such time or times approved by the department
600 in the financing order, provided such maturity shall not be later than
601 eight years after the date of issuance, provided such maturity may be
602 extended for economic reasons, upon the advice of the financing
603 entity.]

604 (7) Rate reduction bonds issued and at any time outstanding may, if
605 and to the extent permitted under the indenture or other agreement
606 pursuant to which they are issued, be refunded by other rate reduction
607 bonds.

608 Sec. 9. Subsection (e) of section 16-245j of the general statutes is
609 repealed and the following is substituted in lieu thereof (*Effective July*
610 *1, 2011*):

611 (e) [In conjunction with the issuance of economic recovery revenue
612 bonds or state rate reduction bonds] When the state is the authorized
613 financing entity: (1) The Treasurer may enter into a trust indenture for
614 the benefit of holders of the rate reduction bonds with a corporate
615 trustee, which may be any trust company or commercial bank
616 qualified to do business within or without the state; such trust
617 indenture shall be consistent with the financing order and may contain
618 such other provisions as may be appropriate including those
619 regulating the investment of funds and the remedies of bondholders;
620 (2) the Treasurer may make representations and agreements for the
621 benefit of the holders of rate reduction bonds to make secondary
622 market disclosures; (3) the Treasurer may enter into interest rate swap
623 agreements and other agreements for the purpose of moderating
624 interest rate risk on rate reduction bonds as permitted elsewhere

625 within sections 16-245e to 16-245k, inclusive, provided the obligations
626 under such agreements are payable from the transition property; (4)
627 the Treasurer may enter into such other agreements and instruments to
628 secure the rate reduction bonds as provided in sections 16-245f to 16-
629 245k, inclusive; and (5) the Treasurer may take such other actions as
630 necessary or appropriate for the issuance and distribution of the rate
631 reduction bonds pursuant to the financing order and the Treasurer and
632 the Secretary of the Office of Policy and Management may make
633 representations and agreements for the benefit of the holders of the
634 rate reduction bonds which are necessary or appropriate to ensure
635 exclusion of the interest payable on the rate reduction bonds from
636 gross income under the Internal Revenue Code of 1986, or any
637 subsequent corresponding internal revenue code of the United States,
638 as from time to time amended.

639 Sec. 10. Subsection (l) of section 16-245k of the general statutes is
640 repealed and the following is substituted in lieu thereof (*Effective July*
641 *1, 2011*):

642 (l) The authority of the department to issue financing orders
643 pursuant to sections 16-245e to 16-245k, inclusive, shall expire on
644 December 31, 2008. [with respect to bonds other than economic
645 recovery revenue bonds. The authority of the department to issue
646 financing orders pursuant to sections 16-245e to 16-245k, inclusive,
647 with respect to economic recovery revenue bonds shall expire on
648 December 31, 2012.] The expiration of the authority shall have no effect
649 upon financing orders adopted by the department pursuant to sections
650 16-245e to 16-245k, inclusive, or any transition property arising
651 therefrom, or upon the charges authorized to be levied thereunder, or
652 the rights, interests, and obligations of the electric company or electric
653 distribution company or a financing entity or holders of rate reduction
654 bonds pursuant to the financing order, or the authority of the
655 department to monitor, supervise, or take further action with respect
656 to the financing order in accordance with the terms of sections 16-245e
657 to 16-245k, inclusive, and of the financing order.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	New section
Sec. 2	<i>July 1, 2011</i>	16-245e(a)
Sec. 3	<i>July 1, 2011</i>	16-245f
Sec. 4	<i>July 1, 2011</i>	16-245g(c)
Sec. 5	<i>July 1, 2011</i>	16-245h(a) and (b)
Sec. 6	<i>July 1, 2011</i>	16-245i(a) and (b)
Sec. 7	<i>July 1, 2011</i>	16-245j(a)
Sec. 8	<i>July 1, 2011</i>	16-245j(c)
Sec. 9	<i>July 1, 2011</i>	16-245j(e)
Sec. 10	<i>July 1, 2011</i>	16-245k(l)

Statement of Purpose:

To provide relief for Connecticut's electric ratepayers.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]