



Senate

General Assembly

File No. 469

February Session, 2016

Substitute Senate Bill No. 103

Senate, April 5, 2016

The Committee on Energy and Technology reported through SEN. DOYLE of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MINOR REVISIONS TO ENERGY-RELATED STATUTES.

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

1 Section 1. Subsection (g) of section 16-19 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2016*):

4 (g) The authority shall hold either a special public hearing or
5 combine an investigation with an ongoing four-year review conducted
6 in accordance with section 16-19a or with a general rate hearing
7 conducted in accordance with subsection (a) of this section on the need
8 for an interim rate decrease (1) when a public service company has, for
9 [six] the latest two consecutive [months] financial quarters, earned a
10 return on equity which exceeds the return authorized by the authority
11 by at least one percentage point, (2) if it finds that any change in
12 municipal, state or federal tax law creates a significant increase in a
13 company's rate of return, or (3) if it finds that a public service company
14 may be collecting rates which are more than just, reasonable and

15 adequate, as determined by the authority, provided the authority shall
16 require appropriate notice of hearing to the company and its customers
17 who would be affected by an interim rate decrease in such form as the
18 authority deems reasonable. The company shall be required to
19 demonstrate to the satisfaction of the authority that earning such a
20 return on equity or collecting rates which are more than just,
21 reasonable and adequate is directly beneficial to its customers. At the
22 completion of the proceeding, the authority may order an interim rate
23 decrease if it finds that such return on equity or rates exceeds a
24 reasonable rate of return or is more than just, reasonable and adequate
25 as determined by the authority. Any such interim rate decrease shall
26 be subject to a customer surcharge if the interim rates collected by the
27 company are less than the rates finally approved by the authority or
28 fixed at the conclusion of any appeal taken as a result of any finding by
29 the authority. Such surcharge shall be assessed against customers in
30 such amounts and by such procedure as ordered by the authority.

31 Sec. 2. Subsection (i) of section 16-262w of the general statutes is
32 repealed and the following is substituted in lieu thereof (*Effective July*
33 *1, 2016*):

34 (i) The amount of the WICA applied between general rate case
35 filings shall not exceed ten per cent of the water company's annual
36 retail water revenues approved in its most recent rate filing, and shall
37 not exceed five per cent of such revenues for any twelve-month period.
38 The amount of the adjustment shall be reset to zero as of the effective
39 date of new base rates approved pursuant to section 16-19, as amended
40 by this act, and shall be reset to zero if the company exceeds the
41 allowable rate of return by more than one hundred basis points for
42 [any calendar year] the latest two consecutive financial quarters.

43 Sec. 3. Subsection (g) of section 16-245 of the general statutes is
44 repealed and the following is substituted in lieu thereof (*Effective July*
45 *1, 2016*):

46 (g) As conditions of continued licensure, in addition to the
47 requirements of subsection (c) of this section: (1) The licensee shall

48 comply with the National Labor Relations Act and regulations, if
49 applicable; (2) the licensee shall comply with the Connecticut Unfair
50 Trade Practices Act and applicable regulations; (3) each generating
51 facility operated by or under long-term contract to the licensee shall
52 comply with chapter 277a, state environmental laws and regulations
53 adopted by the Commissioner of Energy and Environmental
54 Protection; [, pursuant to section 22a-174j;] (4) the licensee shall comply
55 with the renewable portfolio standards, established in or pursuant to
56 section 16-245a; (5) the licensee shall be a member of the New England
57 Power Pool or its successor or have a contractual relationship with one
58 or more entities who are members of the New England Power Pool or
59 its successor and the licensee shall comply with the rules of the
60 regional independent system operator and standards and any other
61 reliability guidelines of the regional independent systems operator; (6)
62 the licensee shall agree to cooperate with the authority and other
63 electric suppliers in the event of an emergency condition that may
64 jeopardize the safety and reliability of electric service; (7) the licensee
65 shall comply with the code of conduct established pursuant to section
66 16-244h; (8) for a license to a participating municipal electric utility, the
67 licensee shall provide open and nondiscriminatory access to its
68 distribution facilities to other licensed electric suppliers; (9) the licensee
69 or the entity or entities with whom the licensee has a contractual
70 relationship to purchase power shall be in compliance with all
71 applicable licensing requirements of the Federal Energy Regulatory
72 Commission; (10) [each generating facility operated by or under long-
73 term contract to the licensee shall be in compliance with chapter 277a
74 and state environmental laws and regulations; (11) the licensee shall
75 comply with the renewable portfolio standards established in section
76 16-245a; (12)] the licensee shall offer a time-of-use price option to
77 customers. Such option shall include a two-part price that is designed
78 to achieve an overall minimization of customer bills by encouraging
79 the reduction of consumption during the most energy intense hours of
80 the day. The licensee shall file its time-of-use rates with the Public
81 Utilities Regulatory Authority; [(13)] (11) the licensee shall
82 acknowledge that it is subject to chapters 208, 212, 212a and 219, as

83 applicable, and the licensee shall pay all taxes it is subject to in this
84 state; [(14)] (12) the licensee shall make available to the authority for
85 posting on the authority's Internet web site and shall list on the
86 licensee's own Internet web site, on a monthly basis, the highest and
87 lowest electric generation service rate charged by the licensee as part of
88 a variable rate offer in each of the preceding twelve months to any
89 customer with a peak demand of less than fifty kilowatts, cumulated of
90 all such customer's meters, during a twelve-month period; and [(15)]
91 (13) any contract between a licensee and a residential customer eligible
92 for standard service entered into on and after July 1, 2014, shall
93 provide for the same electric generation service rate that may not be
94 exceeded for at least the first three billing cycles of the contract,
95 provided the licensee may decrease such rate at any time. Also as a
96 condition of licensure, the authority shall prohibit each licensee from
97 declining to provide service to customers for the reason that the
98 customers are located in economically distressed areas. The authority
99 may establish additional reasonable conditions to assure that all retail
100 customers will continue to have access to electric generation services.

101 Sec. 4. Subdivision (5) of subsection (h) of section 16-245o of the
102 2016 supplement to the general statutes is repealed and the following
103 is substituted in lieu thereof (*Effective July 1, 2016*):

104 (5) Each electric supplier shall disclose to the Public Utilities
105 Regulatory Authority in a standardized format (A) the amount of
106 additional renewable energy credits, if any, such supplier will
107 purchase other than required credits, (B) where such additional credits
108 are being sourced from, and (C) the types of renewable energy sources
109 that will be purchased. Each electric supplier shall only advertise
110 renewable energy credits [purchased beyond those required pursuant
111 to sections 16-245a and 16-243q] in a manner approved by the
112 authority and shall report to the authority the renewable energy
113 sources of such credits and any changes to the types of renewable
114 energy sources offered.

115 Sec. 5. Subdivision (8) of subsection (h) of section 16-245o of the

116 2016 supplement to the general statutes is repealed and the following
117 is substituted in lieu thereof (*Effective July 1, 2016*):

118 (8) An electric supplier shall not make a material change in the
119 terms or duration of any contract for the provision of electric
120 generation services by an electric supplier without the express consent
121 of the customer. Nothing in this subdivision shall restrict an electric
122 supplier from renewing a contract by clearly informing the customer,
123 in writing, not less than thirty days or more than sixty days before the
124 renewal date, of the renewal terms, including a summary of any new
125 or altered terms, and of the option not to accept the renewal offer,
126 provided no fee pursuant to subdivision (7) of this subsection shall be
127 charged to a customer who terminates or cancels such renewal [not
128 later than seven business days after receiving] within the first two
129 billing [statement for] cycles of the renewed contract.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	16-19(g)
Sec. 2	<i>July 1, 2016</i>	16-262w(i)
Sec. 3	<i>July 1, 2016</i>	16-245(g)
Sec. 4	<i>July 1, 2016</i>	16-245o(h)(5)
Sec. 5	<i>July 1, 2016</i>	16-245o(h)(8)

ET *Joint Favorable Subst.*

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:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Various State Agencies	All Funds - Indeterminate	See Below	See Below

Note: All Funds=All Funds

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$
Various Municipalities	Indeterminate	See Below	See Below

Explanation

The bill realigns, from six consecutive months to the latest two consecutive financial quarters, the timeframe used to determine when a public utility's excessive return on equity requires Public Utilities Regulatory Authority to determine the need for an interim rate decrease. The extent to which this realignment may impact excessive returns is unknown; therefore, the impact to ratepayers (including the state and municipalities) is also unknown.

The Out Years

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

OLR Bill Analysis**sSB 103*****AN ACT CONCERNING MINOR REVISIONS TO ENERGY-RELATED STATUTES.*****SUMMARY:**

This bill makes a number of changes to energy- and water company-related statutes. It increases the length of time in which a customer may, without incurring a fee, cancel or terminate a renewal of a contract with an electric supplier. Current law prohibits suppliers from charging a fee to customers who cancel a renewed contract within seven days of receiving the first billing statement for it. Under the bill, the prohibition against cancellation fees applies to customers who cancel within the first two billing cycles of the renewed contract.

Under current law, electric suppliers may only advertise renewable energy credits (RECs) purchased in excess of those required by the state's renewable portfolio standards. The bill instead allows the electric suppliers to advertise RECs in a manner approved by the Public Utilities Regulatory Authority (PURA).

By law, a water company whose rates are determined by PURA may receive a water infrastructure and conservation adjustment (WICA) to help defray the costs of funding certain infrastructure projects between general rate cases. The bill decreases, from a calendar year to the latest two consecutive financial quarters, the timeframe used to determine when a water company's excessive rate of return requires PURA to reset the WICA to zero.

The bill realigns, from six consecutive months to the latest two consecutive financial quarters, the timeframe used to determine when a public utility's excessive return on equity requires PURA to determine the need for an interim rate decrease.

The bill also makes technical changes.

EFFECTIVE DATE: July 1, 2016

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 23 Nay 1 (03/17/2016)