OLR Bill Analysis

sSB 961

**AN ACT CONCERNING THE AUDIT OF MUNICIPAL ELECTRIC ENERGY COOPERATIVES BY THE AUDITORS OF PUBLIC ACCOUNTS, THE MUNICIPAL ELECTRIC CONSUMER ADVOCATE AND RECOMMENDATIONS FROM A MUNICIPAL ELECTRIC ENERGY COOPERATIVE FORENSIC EXAMINATION.**

**SUMMARY**

This bill requires the auditors of public accounts to conduct two audits of a municipal electric energy cooperative (i.e., the Connecticut Municipal Electric Energy Cooperative (CMEEC) (see BACKGROUND). The bill requires CMEEC to provide any information the auditors deem necessary. The bill requires CMEEC to remit at least a $40,000 payment to the state for the cost of each audit.

Existing law also requires CMEEC to have a forensic audit, conducted by a certified forensic auditor that includes a review of its revenues and expenditures for the proceeding five years. The forensic auditor must report on any recommended corrective actions needed to ensure conformity with state law and CMEEC’s bylaws. The bill requires CMEEC to incorporate any such recommendations into its operating procedures.

The bill also increases the amount CMEEC must pay for costs related to the Municipal Electric Consumer Advocate, who, by law, acts as an independent advocate for consumer interests in matters affecting CMEEC customers. Under current law, CMEEC must pay up to $70,000 for the first year the advocate is established and $50,000 annually after that. Under the bill, CMEEC must pay up to $70,000 for the first six years and $50,000 annually after that. The bill also requires CMEEC to pay $30,000 annually for any consultants hired by the advocate. By law, unchanged by the bill, costs can exceed these amounts if the advocate demonstrates substantial need and CMEEC’s cooperative utility board approves.
EFFECTIVE DATE: Upon passage

AUDITORS OF PUBLIC ACCOUNTS
Two Audits and Reporting Requirement

The auditors must perform a financial and performance audit of CMEEC by October 1, 2020.

By October 1, 2023, the auditors must conduct a second audit. If the auditors made no recommendations in the first audit, the second audit must include a financial audit and a performance audit. If they made recommendations in the first audit, the bill allows the auditors to only review their recommendations. The bill does not limit the scope of this audit if additional information becomes available to auditors when reviewing their recommendations.

The bill requires the auditors to report their findings to the Energy and Technology Committee. (The bill does not specify a deadline for the report.)

Payment Remission

The bill requires CMEEC to remit to the state two payments of at least $40,000, one by October 1, 2020, and again by October 1, 2023. Payments are for costs associated with the audits conducted by the auditors of public accounts.

BACKGROUND

CMEEC

Among other things, CMEEC procures power for its member municipal utilities, which include Bozrah Light and Power, Groton Utilities, Jewett City Department of Public Utilities, South Norwalk Electric and Water, Norwalk Third Taxing District, and Norwich Public Utilities.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute
Yea  22  Nay  3  (03/19/2019)