

Legislative History for Connecticut Act

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CONN.
GENERAL
ASSEMBLY

1965

HB NO. 3336

(Rep. Cowles) AN ACT CONCERNING OWNERSHIP OF ELECTRIC UTILITY FACILITIES.

Chr. Piccolo: Anyone wishing to speak in favor?

J. R. McIntosh for the Connecticut Light and Power Co.: Mr. Chairman, members of the Committee, James R. McIntosh attorney, speaking in behalf of the Connecticut Light and Power Company in favor of HB No. 3336. This is a bill to facilitate the ownership of electric utility facilities. I would like first of all to introduce a substitute bill which contains some very minor technical amendments to the bill before you and I have copies for the members of the committee. I think there's a copy there for every member of the committee if they wish to look at them. I'd like first of all, since many of you may have already studied 3336 in its original form, I'd like to very briefly show you the changes which have been made. In Section 6 in the fifth or sixth line the words any borrowings have been added and then three or four lines down the word borrowing has been added, the word issues has been put in the singular to make it issue and then in section 7 in the third line in substitution for the word jointly, the words a joint or common interest have been added. As you can see these are minor technical changes which have been designed to improve the bill and accomplish the same purpose. I would like first of all to submit to you copies of a memorandum which we have prepared which I believe fully and clearly explain the bill and its purposes. I'd like now, to explain the bill to you, the reason for its introduction and what it is going to accomplish and how it goes about that.

Chr. Piccolo: Excuse me, Mr. McIntosh, can I interrupt you just for one minute. I see Senator Ferland in the room, who's chairman of a rather busy committee. Senator is there something that you'd like to state as far as the committee is concerned?

Senator Ferland: Yes, I'd be very happy to wait until after this gentleman has completed his statement, as long as he's already started.

Mr. McIntosh: Senator, I may take some time, so perhaps you'd like to make your remarks right now.

Sen. Ferland: Mr. Chairman and members of the committee, I come before you this morning to speak in favor of Senate Bill 428. First of all I would like to make a change in that particular bill and which would read as follows: Public Utilities Commission shall appoint in each County in the State, an inspector whose duties shall be to examine and determine and there upon request of the public the accuracy of the electric light meter. On this particular bill, ladies and gentlemen, I feel as though it is a good bill one that is desired by the public. This is not an insinuation that there is any wrongdoings by the utilities. I am not insinuating that at all. But it is merely a protection for a mechanical gadget and as you all know at the present time we do have inspections of gas meters, fuel oil meters and weights and measures and so forth, but as far as the electric light meter is concerned these people have an immunity and they have been immune for inspection for as far back as I can remember and I feel that it is a safeguard for the people and it would be a good measure to adopt and I urge you to give it serious consideration and come up with whatever you think might be best. Thank-you very much. Any questions?

Chr. Piccolo: Thank-you, Senator. Now, Mr. McIntosh.

J.R. McIntosh: For the record, James R. McIntosh, representing the Connecticut Light & Power Company, speaking in favor of House Bill No. 3336. Gentlemen, I'd like to explain first of all the reasons behind this particular bill. The electric power industry in the most recent years has been subject of a technological revolution. There has been a development of more efficient generating units of larger and larger capacity. It has been characteristic of the industry throughout the country. It has been recognized by state and federal agencies that this is desirable, that it ultimately results in better and more economical service to the public. The difficulty that this has presented is that companies of the size of Connecticut public electric service companies and those in our neighboring states are too small on their own to construct and operate these larger units which provide the efficiencies and the economies which are inherent in their construction and operation. It is simply not economics for any single company in this state to build a major unit of the size which is presently desirable on its own and to operate it on its own and because of this it has become necessary for the companies to cooperate with each other within the state,

J. R. McIntosh: and for the companies within this state to participate with companies outside of this state in the construction and operation of generating facilities and transmission facilities. In particular I call your attention to two very well known examples of cooperation between companies within this state and companies outside of this state, specifically the Yankee Atomic Plant in Rowe, Massachusetts and the newly constructed, certainly under construction, Connecticut Yankee Atomic Plant in Haddam Neck. Each of these ventures has required the cooperation of the major privately owned electric companies of this state as well as a number of out of state electric companies, in the case for instance of Connecticut Yankee Atomic there are eleven out of state companies participating in the construction and operation of that plant. Now the device which has been used in the past in construction of and operation of these units has been the jointly held subsidiary corporation, where a new company is created to construct and operate these facilities, the ownership of that company being divided among the participating electric companies. Unfortunately, this particular device of a subsidiary corporation has some disadvantages and the intention of this bill is to eliminate the disadvantages of, or to avoid the disadvantages of the subsidiary form of ownership by allowing companies within this state and companies outside this state to participate in a common ownership of these facilities. The most immediate advantage would be federal tax advantages, but there are also other advantages in regards to federal regulatory practices and financing. Now, the true principal purposes of this bill are to allow electric companies from outside this state to participate in joint ownership of electric generating and transmission facilities within this state. Something they presently cannot do. They would not be permitted to make sales of electric power to customers in this state. That is, the general public. They could of course participate in sales to electric companies within this state who are franchised and regulated by the Public Utilities Commission. The second purpose of this bill, as I have suggested is to allow joint ownership either among companies within this state or the companies within the state and out of state companies. Joint ownership at the present time is subject to statutory and judicial interpretations which make it infeasible for electric companies to participate in major ventures. Our law of joint ownership at the present time was designed for a rural environment in this state and elsewhere and is designed for ownership of such things as farms and homes and

J. R. McIntosh: our Courts have held that the owners of such interest in real property cannot over long periods of time waive their rights of partition or other forms of division. Now its necessary to construct and finance this type of operation, this large plant, for the electric companies to be able to join in binding agreements which will have an indefinite length, or at least a length of the facility itself, and Section 7 of the bill is specifically designed to permit the electric companies to enter into binding agreements with each other at the time they enter into their other agreements for the construction and operation of these plants so that they will have a certainty in regards to their rights of ownership and operation of these particular facilities which would be constructed by them jointly. Lastly, this bill provides that, to the extent that foreign, out of state, electric companies do participate in the construction and operation of generating and transmission facilities within this state, they will be subject to the control of the Public Utilities Commission within this state so that there is no danger of abuse here. There is also a minor provision here which would allow the Public Utilities Commission to waive if it so chose to the regulation of borrowing by these other companies when it felt that they were not of public interest to the state of Connecticut. Lastly, gentlemen, I would like to point out that this is a very important bill.. It will allow the electric industry in this state to take advantage of technological advances to build larger plants and ultimately to provide the customers within this state more efficient and more economic electric service. I would be glad to answer any questions you may have in regards to the bill.

Chr. Piccolo: Any questions?

Rep. Brown: I'd like to raise one question. This bill specifically applies to electric companies, is it possible that similar legislation could be in the offing for gas or for any other type of utility? Oil, or

Mr. McIntosh: I think that unlikely, Rep. Brown, because the basic impetus for this type of legislation, or this particular piece of legislation, is the economies inherent in the large scale generating facilities. I don't believe that this is characteristic of the gas or other utility industries that you've mentioned. I think this is somewhat peculiar to electric companies, not in this area necessarily, it's happening throughout the country. I don't think that you

Mr. McIntosh: could anticipate within the reasonable future though, or the foreseeable future, of seeing similar legislation in other fields. Thank-you gentlemen.

Chr. Piccolo: Anyone else wishing to speak in favor of HB 3336? ✓

Joseph McCormick representing the Hartford Electric Light Co.: My name is Joseph McCormick, I'm representing the Hartford Electric Light Company. I would say that Mr. McIntosh has explained the purpose of this bill and the need of it, I think, very well and I doubt if there is anything that I could add to further clarify it, except to say that we at the Hartford Electric Light Company are in favor of this type of legislation as Mr. McIntosh pointed out the technical advances in the generation of electricity have come so rapidly and so fast that we started out just a few years ago in Middletown with a 50,000 kilowatt plant and we've just completed a more than 35,000 kilowatt plant and we know that even as of today if we were starting new plants that we could build a 500,000 kilowatt plant that we could generate electricity at a less cost than we are doing even with our latest plant which is just completed. But with the fact that we are a small city, the fact that we do already are interconnected with New York and Massachusetts and other states, that this bill would make it considerably easier for us to build the larger size units which would save money for the customers of the company and reduce generating costs. I think, to answer your question, Mr. Brown, the gas industry, as you know probably now, its almost entire source of energy is from the gas pipe-line companies and they do not generate any appreciable amount of gas locally whatsoever, so this will not affect them in any way.

Rep. Brown: My question wasn't directed in the course of the manufacture of gas. I was concerned that pipe-line companies might use some of the thoughts behind this bill so that to install pipe-lines would be controlled elsewhere, or whatnot.

Mr. McCormick: No, I don't see that there could be any possible connection.

Chr. Piccolo: There would be no question that if the foreign corporations came in, say, from New York, the way I read the bill, there's no question but that the rates would still be regulated by our Public Utilities Commission.

Mr. McCormick: I must say I wince when I hear that word foreign all the time when we're talking about people we're doing business with every day, but that's correct.

Chr. Piccolo: Out of state corporations.

Mr. McCormick: Right

Rep. Clarkson: Mr. McCormick, Rep. Clarkson, is there similar legislation in New York or already enacted in Massachusetts?

Mr. McCormick: I would, if you don't mind I would like to ask Counsel if he knows the answer.

Chr. Piccolo: No further questions? Anyone else wishing to be heard in favor of this bill?

Wm. C. Baskin, Jr. substituting for John Q. Tilson, Jr. representing the United Illuminating Company: The United Illuminating Company joins with the Connecticut Light and Power Company and the Hartford Electric Light Company in supporting this bill and concurs with the statements of Messrs. McIntosh and McCormick and with the memorandum submitted by Mr. McIntosh.

Chr. Piccolo: Questions? Anyone else wishing to be heard on this bill? In favor of this bill?

S. Kannell: Mr. Chairman, members of the committee, I am Samuel Kannell, Counsel for the Public Utilities Commission. While the Commission has not been active in advocating this bill we're familiar with it's terms. On behalf of the Commission I've reviewed this bill in its early stages. I suggested some changes, particularly clarifying the matter of control by the Commission over the operations of foreign utilities in this state, and with these changes the Commission feels this bill would make it possible to have more economical electricity in this state which would mean lower rates.

Chr. Piccolo: The changes that you state, Mr. Kannell, do you have them available?

Mr. Kannell: No, they have been incorporated in the bill at my request. They are already in the bill, namely, clarifying the control of the Public Utilities Commission over operation of the foreign electric companies in this state. That's set forth in Section 6 of the bill.

Chr. Piccolo: Do you have a copy of the substitute bill?

Mr. Kannell: Yes, I have a copy of it.

Chr. Piccolo: Would it be fair to state that your opinion of the substitute is one favorable as far as the PUC Commission?

Mr. Kannell: Yes sir, that is correct. Thank-you gentlemen.

Chr. Piccolo: Any further questions? Anyone else wishing to be heard in favor of House Bill 3336.. Seeing none and hearing none is there anyone who wishes to be heard in opposition to said bill? There appears to be no opposition at this time. We conclude the hearing on House Bill 3336 and have a hearing on:

HB. No.. 3340 (Messrs. Siry and Powers) AN ACT CONCERNING AMENDING THE CHARTER OF THE PLAINVILLE WATER COMPANY

Chr. Piccolo: Anyone wish to speak in favor of this bill?

E. J. McMahon: I'm Edward J. McMahon from Plainville. I am Counsel for the Plainville Water Company. I am appearing here this morning in their behalf.. By way of background The Plainville Water Company was chartered by the legislature in 1884 and in 19 by special act in 1955 the borrowing limit on bonds was set at \$150,000.. This bill will remove the monetary limit but of course will not produce a situation where there will be unlimited borrowing because it has the safeguard in there that all bonds must be approved by the Public Utilities Commission according to their budget regulations it's limited to 50% of value of the water utility plant.. The particular need for the passage of this bill at this time is that we are, Plainville has, like every other town in Connecticut, has grown rapidly in the last ten years and our plant has been forced to expand and we naturally have to turn to borrowing to meet the demands of the public. We are presently negotiating a \$200,000 bond issue with the Monarch Life Insurance Co. and with this limitation in the charter we would be unable to swing the loan.

Chr. Piccolo: Any questions? Anyone else wishing to be heard in favor of this bill?

Rep. Powers: Representative Nora Powers from Plainville. Mr. Chairman and members of the committee, I am much in favor of 3340. It's a good bill and I hope you give it favorable consideration. Thank-you.

Chr. Piccolo: Anyone else wishing to be heard on this bill?

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tory. I think that we all express our sympathy to a former colleague. I think it is a good Resolution and it ought to pass.

THE CHAIR:

Further remarks? All in favor say "aye", "opposed".

Adopted.

THE CLERK:

Business on the Calendar. Page 1.

SENATOR GLADSTONE:

Mr. President, on page one of the Calendar, may Calendar 228 and 230 stand over and retain their places on the Calendar?

THE CHAIR:

Stand over.

THE CLERK:

Calendar 247. File 92. Substitute for House Bill No. 3336. An act concerning ownership of electric utility facilities. (as amended by House Amendment Schedule "A".)

Favorable report of the Joint Committee on Public Utilities.

SENATOR PICCOLO:

Mr. President.

THE CHAIR:

Senator from the 11th.

SENATOR PICCOLO:

I move for the acceptance of the committee's favorable report and the passage of the bill.

THE CHAIR:

Remark?

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SENATOR PICCOLO:

Mr. President, this bill has to do with the necessities of certain utility companies in Connecticut and one in Massachusetts inaudible it will be a benefit to the State and I, therefore, urge its passage.

THE CHAIR:

Further remarks? All in favor say "aye", "opposed".

Passed.

THE CLERK:

Page 2.

SENATOR GLADSTONE:

Mr. President, on page two of the Calendar, may all double-starred matters stand over.

THE CHAIR:

The entire page two stand over.

THE CLERK:

Page 3.

SENATOR GLADSTONE:

May 358 and 392 both stand over and retain their places on the Calendar?

THE CHAIR:

358 and 392 stand over.

THE CLERK:

Calendar 362. File 509. Senate Bill No. 1179. An act concerning the payment of a pension to Mrs. Herman C. Rheame by the City of Stamford.

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THE CLERK:

Calendar No. 115, File No. 92, Substitute for House Bill No. 3336, An Act concerning Ownership of Electric Utility Facilities. Favorable report Joint Committee on Public Utilities.

THE SPEAKER:

The Gentleman from Easton.

MR. BROWN:

I believe the Clerk has an amendment to the bill.

THE SPEAKER:

The Clerk will read the amendment.

THE CLERK:

This is House Amendment Schedule "A", offered by Mr. Brown of the Town of Easton, House Bill No. 3336, in your file No. 92. The amendment is as follows: In section 2, line 6, after the word "some" insert a comma. In section 3, line 8, strike out the comma after the word "state" and insert a semicolon. In section 4, line 3, strike out "4" and insert "3". In section 5, line 2, strike out "4" and insert "3".

THE SPEAKER:

The Gentleman from Easton.

MR. BROWN:

As you heard from the reading of the proposed amendment, this provides for the proper insertion of punctuation without changing the intent of the bill, and it also corrects two typographical errors referring to numbers of sections in the print-

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ing of the file. If the Speaker can classify these as technical I hope to proceed, with the passage of the bill, and I would move for acceptance of amendment "A".

THE SPEAKER:

Do you wish to move for the adoption of the amendment?

MR. BROWN:

I so move.

THE SPEAKER:

The question is on the adoption of House Amendment Schedule "A". Will you remark further?

MR. BROWN:

I believe I've already explained the intention of the corrections in punctuation.

THE SPEAKER:

Will all in favor of the amendment please say "aye", opposed "nay". The "ayes" have it, the amendment is adopted. The Speaker does believe this is a technical matter. If you wish, we could proceed on the bill as amended.

MR. BROWN:

Thank you, Mr. Speaker. I move for the passage of the bill.

THE SPEAKER:

The question is on acceptance of the committee's favorable report and passage of the bill as amended by House Amendment Schedule "A". Will you remark?

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MR. BROWN:

The statement of purpose briefly outlines the purpose of this bill. This information was amplified at the Hearing by the following: It is now apparent that electric generating stations in the future must be of much greater generating capacity than heretofore in order to lower the cost of generating electric power. This leads to the construction of stations whose output must be shared by several states, without relinquishing present proper controls by our Public Utilities Commission. This bill provides for the regulation and for the buying and selling of electric power and for the joint ownership of generating facilities on an interstate basis. You already have read in the papers, I believe, of the intention of a group of utilities, including one out of this state, to build a new and very large generating station in Waterford. I believe it was announced from the Governor's office yesterday. This bill makes the necessary provisions in the statutes for this interstate type of operation. I move for the passage of the bill.

THE SPEAKER:

Will you remark further? If not, the question is on passage of the bill as amended. Will all in favor say "aye", opposed "nay". The bill is passed.

THE CLERK:

Page 4 of the Calendar, second item, Calendar No. 118, File No. 108, Modified House Bill No. 2010, An Act authorizing