



CONNECTICUT
GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
RECORDS OF PROCEEDINGS
1986
NO. 29
PART IV
943-5345

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House of Representatives

Wednesday, April 30, 1986

Town of Coventry and she is a teacher at Lyman High School. And I would ask the membership to extend a warm welcome to Lynn Moorehouse Diaz.

(APPLAUSE)

REP. CASEY: (118th)

Mr. Speaker.

SPEAKER VAN NORSTRAND:

Rep. T.J. Casey.

REP. CASEY: (118th)

Somewhere in our line of passing for Notre Dame, we lost the ball, Mr. Speaker. We lost the ball. But at this time, Mr. Speaker, I really would like the gentlemen of Notre Dame to please stand up. And for this Chamber to give them a warm round of applause.

(APPLAUSE)

SPEAKER VAN NORSTRAND:

Are there other Points of Personal Privilege or announcements? Are there other Points of Personal Privilege or announcements? If not, the Clerk please return to the Call of the Calendar.

CLERK:

Page 8, Calendar No. 597, Substitute for House Bill No. 6105, File No. 678, AN ACT CONCERNING THE

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ISSUANCE OF TEMPORARY NOTES FOR MUNICIPAL WATERWORKS,
SEWERAGE SYSTEMS AND GAS AND ELECTRIC PLANTS. Favorable
Report of the Committee on Finance, Revenue and Bonding.

REP. NYSTROM: (46th)

Mr. Speaker.

SPEAKER VAN NORSTRAND:

Rep. Peter Nystrom.

REP. NYSTROM: (46th)

Thank you, Mr. Speaker. I move for acceptance
of the Committee's Joint Favorable Report and passage
of the bill.

SPEAKER VAN NORSTRAND:

Questions on acceptance and passage. Will
you remark?

REP. NYSTROM: (46th)

Yes, Mr. Speaker. Thank you. This bill was
on the Consent Calendar earlier this week. It was
taken off at the request of a member of this Chamber
who will be providing a technical amendment. It
basically allows a municipality who have their own
water departments and electrical and gas and production
units to allow them to issue short term notes for smaller
project which otherwise at this time, they would have to
go out for bonding in order to do the project.

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Presently they have the right to do so for water projects. This would give them that right for electric or gas. And at this time I would like to yield to Rep. Ward.

SPEAKER VAN NORSTRAND:

Rep. Ward, do you accept the yield, sir?

REP. WARD: (86th)

Yes, Mr. Speaker.

SPEAKER VAN NORSTRAND:

You have the floor.

REP. WARD: (86th)

Mr. Speaker, the Clerk has an amendment, LCO No. 3745. Would the Clerk please call and I be given permission to summarize.

SPEAKER VAN NORSTRAND:

Clerk please call LCO No. 3745, designated House Amendment Schedule "A".

CLERK:

House Amendment Schedule "A", LCO No. 3745, offered by Rep. Ward, Rep. Mushinsky, Rep. Thorp, Rep. Benson.

SPEAKER VAN NORSTRAND:

The gentleman seeks leave of the Chamber to summarize. Is there objection? Seeing none, you have

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the floor, sir.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, what this amendment does is in the first line clarify the definition when the money is lent under section 3 for an electric plant, when the money is borrowed rather, that that money is considered revenue and then can be charged against expenses. It is really an accounting principle.

In addition to that in lines 145 we clarify what the six year phase-in period is and how it is paid back. And in line E clarify the procedure for adopting the bonding. I move adoption of the amendment, Mr. Speaker.

SPEAKER VAN NORSTRAND:

Questions on adoption. Will you remark?

REP. WARD: (86th)

Mr. Speaker, this amendment is vitally important to the Town of Wallingford as well as to the Northford section of North Branford. Essentially the amendment clears up language in section 3 of the bill to make it clear that a municipal utility, when it receives a major rate increase, in a wholesale purchase from Northeast Utilities or whatever company, that that utility may borrow money to pay that rate increase and thereby phase in the increase to its retail customers.

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The reason this bill is important is that although we have a phase in for retail customers in the State of Connecticut, that phase in does not apply to a municipal utility that purchases its utility on a wholesale basis. That is regulated by the Federal Energy Commission. We can't control it here in the State of Connecticut. Without this bill, Wallingford faces the risk of a 35% rate increase in one year. This is to allow them to phase that in. It is requested by the mayor of Wallingford, by the entire Wallingford delegation, by the Wallingford electric division. And I urge this Chamber to support the amendment.

SPEAKER VAN NORSTRAND:

Questions on adoption of House "A". Will you remark? Will you remark? If not, all in favor indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER VAN NORSTRAND:

All opposed indicate by saying nay.

REPRESENTATIVES:

No.

SPEAKER VAN NORSTRAND:

The ayes have it. House "A" is adopted and ruled

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technical.

House Amendment Schedule "A".

In line 9, after the word "notes" insert brackets around the word "annually"

In line 122, after the period, insert "FOR THE PURPOSES OF THIS CHAPTER, THE PROCEEDS OF ANY NOTES ISSUED PURSUANT TO SECTION 3 OF THIS ACT FOR THE PURPOSE OF PURCHASING CAPACITY OR ENERGY SHALL BE CONSIDERED INCOME OF THE PLANT OPERATED PURSUANT TO THIS CHAPTER BY THE MUNICIPALITY ISSUING SUCH NOTES AND SHALL BE APPLICABLE AGAINST THE EXPENSES RELATED TO SUCH PLANT."

In line 130, after the word "notes" strike the word "annually"

In line 145, strike "date of such purchase, provided, in each" and insert in lieu thereof "original date of issuance of such notes, provided no later than two years after such original date of issuance of such notes and in each year thereafter, not less than one-fifth"

Strike line 146 in its entirety

In line 147, before the first word "of" strike "one-sixth"

After line 222, insert subsection (e) as follows:

"(e) Notwithstanding the provisions of subsections (c) and (d) of this section or of any municipal charter or any special act, any notes authorized pursuant to this section for the purpose of purchasing capacity or energy shall be authorized by a resolution adopted by the legislative body of the municipality issuing such notes and approved by the board of commissioners of the plant."

In line 229, before the word "for" strike the word "annually"

SPEAKER VAN NORSTRAND:

Will you remark further on the bill as amended by House "A"? Will you remark? If not, staff and

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guests please come to the well of the House. The machine will opened. Clerk please announce the pendency of a roll call vote for the benefit of the members not presently in the Chamber.

CLERK:

The House of Representatives is now voting by roll.

All members please return to the Chamber immediately.

The House of Representatives is now voting by roll. All members please return to the Chamber immediately.

SPEAKER VAN NORSTRAND:

Have all the members voted and are your votes properly recorded. If so, the machine will be locked. Clerk please take a tally.

Clerk please announce the tally.

CLERK:

House Bill No. 6105, as amended by House "A".

Total number voting	141
Necessary for passage	71
Those voting yea	141
Those voting nay	0
Those absent and not voting	10

SPEAKER VAN NORSTRAND:

The bill as amended is passed.

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THE CHAIR:

Will you remark?

SENATOR CONSOLI:

Yes, Mr. President. House Amendment Schedule "A" wiped out the bill. And House Amendment Schedule "B" created a new bill. And what the new bill does, it recognizes current statute, in that relocation costs are picked up by the State, to the tune of two-thirds, given back to the towns. The only problem is that the money was never funded. What this amendment does, is it funds a hundred-thousand dollars to provide for the reimbursement of two-thirds to the municipality for rental relocation. And it also requires, in order for the municipality to get the money, that the municipality place a lien on the landlords property, and assigns the lien to the Attorney General's office. Upon collection by the State, the State will return one-third back to the municipality, and keeps two-thirds to make up what it already gave the town. If there isn't any objection, I'll move to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Cal. 638, Subst. for House Bill 6105, File 678. An Act Concerning the Issuance of Temporary Notes for Municipal Waterworks, Sewerage Systems and Gas and Electric Plants. (As amended by House Amendment Schedule "A". Favorable Report of the Committee on Finance, Revenue

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and Bonding.

THE CHAIR:

Senator McLaughlin.

SENATOR MCLAUGHLIN:

Thank you, Mr. President. I move the acceptance of the Committee's Favorable Report and passage of the bill.

THE CHAIR:

Any amendments?

THE CLERK:

No amendments.

THE CHAIR:

Wish to remark Senator?

SENATOR MCLAUGHLIN:

Yes. This bill will allow, or permit, towns operating gas and electric plants and sewerage systems to finance their capital projects with temporary notes renewable annually for fifteen years. I think it's... what is notable here, that waterworks are currently allowed, but the sewerage plants and other municipal utilities, such as electric plants and gas plants, are not allowed. The only way for capital projects to be undertaken currently, is through underwriting them through the rates, that they're allowed by the Public Utility Control Authority. And obviously, that's almost impractical because of the rate making process that we have. This will allow them to use something beyond temporary notes and bond anticipation notes, and use

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longer maturities. If there is no objection, I would move this to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Cal. 640, Subst. for House Bill 5766, Files 207 and 476. An Act Concerning Membership of Certain Occupational Licensing Boards. (As amended by House Amendment Schedule "A") Favorable Report of the Committee on Government Administration and Elections.

THE CHAIR:

Senator Upson.

SENATOR UPSON:

Mr. President, I move acceptance of the Joint Committee's Favorable Report and passage of the bill, as amended by House Amendment Schedule "A".

THE CHAIR:

Will you remark?

SENATOR UPSON:

Yes, Mr. President. The bill adds one general contractor and one unlimited journeyman, each, to the Heating and Plumbing Boards within the Department of Consumer Protection. The House Amendment would add a third unlimited journeyman to the Heating and Plumbing Board, and removes the general contractor added to the Department's Elevator Board. If I may, Mr. President, there are four Boards. Just

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THE CHAIR:

Senator Robertson.

SENATOR ROBERTSON:

Mr. President, if I might, Sir, I would ask that the Calendar 640 on page 9, Subst. for House Bill 5766, File 476, be removed from the Consent Calendar?

THE CHAIR:

Motion is on removing from the Consent Calendar, Cal. No. 640, House Bill No. 5766. Is there any objection? Hearing none, so ordered. Senator Eaton.

SENATOR EATON:

Yes, Mr. President. I'd like to request that Cal. No. 638, File No. 678, Subst. House Bill No. 6105, be removed from the Consent Calendar so that I might comment on it.

THE CHAIR:

So ordered.

THE CLERK:

Immediate roll call on the Consent.

THE CHAIR:

The machine is open, will all members please take their seats and cast their votes. Senators Daniels and Avallone. Senator Avallone. The machine will be closed.

Result of the vote: 35 yea, 0 nay. The Consent Calendar is adopted. Please remain in your seats. There's been a malfunction in

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port of the Committee on Government Administration and Elections.

An immediate roll call has been ordered in the Senate, will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate, will all Senators please return to the Chamber.

THE CHAIR:

Will all members please take their seats. The machine will be open. Senator Hampton. Senator Truglia. Have all members voted? The machine will be closed and the Clerk will take a tally.

Result of the vote: 33 yea, 1 nay. The bill is passed.

SENATOR SMITH:

Mr. President?

THE CHAIR:

Senator Smith.

SENATOR SMITH:

Can we call Cal. 638 please?

THE CHAIR:

The Clerk will call Cal. No. 638.

THE CLERK:

Cal. 638, on page 9. Subst. for House Bill 6105, File 678. An Act Concerning the Issuance of Temporary Notes for Municipal Waterworks, Sewerage Systems and Gas and Electric Plants. (As amended by House Amendment Schedule "A") Favorable Report of the Committee on Finance, Revenue and Bonding.

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THE CHAIR:

(The President is now in the Chair.) Senator Eaton.

SENATOR EATON:

Yes, thank you, Mr. President. The reason I asked that this be removed from the Consent Calendar is because I wanted to note language in the amendment that indicates that the bonds issued to finance the phase-in need be approved only by the legislative body and the local Utility Commission if there is one. And that no other entity need be involved in the authorization of the issuance of those bonds. And I wanted to say that for the record. Thank you.

THE CHAIR:

Is there any objection, now, in placing this on the Consent Calendar? Roll call?

SENATOR SMITH:

Yes, Mr. President, if we could have a roll call at this time.

THE CHAIR:

All right. Clerk, please make an announcement for an immediate roll call.

THE CLERK:

An immediate roll call has been ordered in the Senate, will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate, will all Senators please return to the Chamber.

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THE CHAIR:

Question before the Chamber is a motion to adopt Cal. No. 638, Subst. for House Bill No. 6105, File No. 678. The machine is open, please record your vote. Senator Miller. Has everyone voted? The machine is closed, Clerk please tally the vote.

Result of the vote: 35 yea, 0 nay. The bill is adopted.

SENATOR SMITH:

Mr. President?

THE CHAIR:

Senator Smith.

SENATOR SMITH:

Yes, Mr. President. I'd like to ask for a suspension of the rules so that all the items that we have voted on so far during this session be immediately transmitted to the House.

THE CHAIR:

Any objection? Hearing none, the rules are suspended, and the items are transmitted immediately to the House. Senator Consoli.

A Point of Personal Privilege?

SENATOR CONSOLI:

Mr. President, a Point of Personal Privilege.

THE CHAIR:

Yes. I see that the signs are up and they look like they come from your neighborhood.

JOINT
STANDING
COMMITTEE
HEARINGS

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PLANNING AND DEVELOPMENT

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REP. MEYER: Are there any questions? Thank you. Sen. Daniels.

SEN. DANIELS: Rep. Cibes, reading the bill there is no dollar amount. Do you have a recommendation for a dollar amount?

REP. CIBES: Well, if you can afford \$25,000,000, Rep. Meyer and Sen. Daniels, that would be very nice. I think maybe three million dollars might be an appropriate level for this year.

REP. MEYER: Thank you. Representative, we have Sen. Benson.

SENATOR ERIC BENSON: Chairman Meyer, members of the Planning and Development Committee, I'm Sen. Benson, 19th District, and I'm here today to testify in favor of Raised Committee Bill 6105, An Act Concerning the Issuance of Temporary Notes for Municipal Water Works, Sewer Systems and Gas and Electric Plants.

Under existing law, it is possible for water works systems to obtain temporary notes for capital expenditures related to municipal sewer and gas and electric systems, though they are limited to either bond and anticipation notes or notes with a very short maturity. It presents kind of a peculiar problem when we have a capital expenditure of a relatively small amount, say in the neighborhood of two, three or four hundred thousand dollars, where it's really not appropriate to have a very short-term note which they presently can do under existing statute, or have to go now into a bond anticipation note.

It's totally unlikely that they would be able to even sell that type bond issue with the problems that that incurs. So what this statute will do is will allow like the water work systems, it will allow for gas, sewer and electric companies to be issued short-term notes, temporary notes up to 15 years, and specifically outlined in the statute how this would take part and different criteria under which they would be loaned out.

Some reservations have been expressed about certain aspects of the wording of this bill, relative to the notwithstanding language. And the rationale for that is that in many instances, the city of Norwich specifically, has got a municipal charter that does require that a referendum be held for many of these types of expenditures.

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SEN. BENSON: (continued)

And unfortunately the costs that are incurred in undertaking a referendum, we see this really adds another additional cost to the project which is totally unnecessary, and where the full faith and credit of a municipality is not behind the issuance of that particular note, it really isn't necessary that that be extended.

So, we're looking for that exclusion. Also reservations have been put forth relative to the acquisition of electric plants. And the potential of going beyond the community. While this particular statute doesn't really do anything more than what we already have in existing statutes, in existing statutes presently for acquisition of electric plants, it is possible for communities to go beyond the set ceiling as in the statute. So I would urge the committee's favorable report on this bill and want to thank you all for raising this for public hearing. Thank you.

REP. MEYER: Thank you. Are there any questions? If not, thank you, Senator. Sen. Markley.

SENATOR JOSEPH MARKLEY: Thank you. Senator Joseph Markley from the 16th District, and I would like to testify in favor of Raised Committee Bill 534, concerning employee ownership loans. I think that one thing that the Naugatuck Valley area can be proud of it to have been a pace-setter for the state and I think for the country, in development of employee, buyout employee ownership programs, and one of the things that's facilitated that is the Naugatuck Valley Project, which is an organization that has truly bipartisan support in Waterbury as well as the valley, and an organization that also has a proven record of success.

And in recognition of the progress that they were making and the promise that they hold, I think, for the entire state, in the last Session I worked with Sen. Smith on a bill which set aside \$8 million for the subsidy of interest payments on loans for the purposes of employee buyouts. At the time we did it, I think that it was a good commitment, it indicated a commitment on the State's part in recognition of the importance of the program. But I will note that we have had time to work really through what the best way was to approach it.

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ATT. MOKRISKI: (continued)

the floor and then at the last minute somebody says there's a jurisdictional hook that has to have it go to another committee. And I've spoken with Rep. Neumann about this and they wouldn't mind getting a look at it.

REP. MEYER: Thank you very much. Any questions? We appreciate your all coming here. Grant Weaver.

ELAINE DAHL: Sen. Consoli, Rep. Meyer, members of the committee, my name is Elaine Dahl from the law firm of Silverstone and Koontz. With me is Grant Weaver, who is the water and sewer manager from the Norwich Department of Public Utilities, and Dave Silverstone who is the attorney for the Norwich Department of Public Utilities. Mr. Weaver will give his testimony. If you have any questions, you should direct them to Mr. Silverstone.

GRANT WEAVER: Good morning. My name's Grant Weaver, and I represent the City of Norwich Department of Public Utilities, which is a municipal electric, gas, water and sewer utility. Richard Deroche who is the general manager of the Public Utilities wished to be here this morning but unfortunately he couldn't be here so I'm here in his stead.

I have written testimony but I'll give a very brief oral testimony.

REP. MEYER: Three minutes, Grant.

MR. WEAVER: I'll be quicker than that. I'm speaking on Raised Committee Bill 6105 which I urge you to support. This bill extends authorities which are now available to municipal water utilities, to municipal gas, electric and sewer utilities. Without passage of 6105, municipal gas, electric and sewer utilities are limited to either bond anticipation notes, or notes with a very short maturity.

Certain capital expenditures for municipal water, sewer, electric and gas plants are such that they require an expenditure of money smaller than would be practicable for a bond issue, but larger than what could be financed over a short period of time.

This bill allows for financing over a 15 year period. It

MR. WEAVER: (continued)

also provides a very desirable flexibility to municipal electric, gas and sewer utilities, that works very well presently for municipal water utilities.

Finally, Raised Committee Bill 6105 allows Norwich to obtain a loan on the vote of the city's public utility commissioners. These are the people who set the rates for our municipal utility services, and this bill allows them to have the authority to vote to obtain loans. Thank you.

REP. MEYER: Thank you very much. I have one question. Why do you bypass the referendum in the bill? There is a referendum proposed, section in the charter of a community.

ATT. DAVE SILVERSTONE: The referendum is only bypassed in the event that the full faith and credit of the municipality is not sought. If the full faith and credit of the municipality is backing the loan, then there has to be a referendum if it is required by the charter. Only if the, it is only restricted to rates and revenues of the water or sewer, gas or electric utility, under those circumstances the referendum is bypassed, and it's up to a vote of the Department of, the Commissioner of the Department of Public Utilities. If it's a question of timing, it's a question of expense, if it's a question do you have, does it make sense to have a referendum if we're talking about a relatively small amount of money.

And I think that was why the bill was presented as written.

REP. MEYER: But legally, is there not some sort of a moral obligation for a community if it is a municipal utility, for them to be responsible?

ATT. SILVERSTONE: Not if the full faith and credit is not backing it. Many of the government-owned utilities throughout the state issue and take out loans and issue bonds, that are only backed by the revenues of that particular utility. Metropolitan District Commission, the South Central Regional Connecticut Water Authority are some that came to mind.

REP. MEYER: Thank you very much. Are there any further questions? If not, thank you very much. Kevin Bean.