

Legislative History for Connecticut Act

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**Public Act:** 01-112  
**Bill Number:** 1244  
**Senate Pages:** 2174-2177, 2229-2230  
**House Pages:** 4498-4506  
**Committee:** Energy & Technology: 707, 713-715, 786, 788, 810-814, 833-835, 895-904

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CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
2001

VOL. 44  
PART 8  
2157-2486

pat  
Senate

214  
May 17, 2001

THE CHAIR:

Senator Sullivan, do you accept the yield?

SEN. SULLIVAN:

I do, Madam President, thank you. In consultation with my colleague the Minority Leader and in consultation with all colleagues in the circle, it is clear to us that the votes to not exist in the circle to take action on this legislation.

Therefore, rather than put us through what would be I suspect a painful and lengthy debate, it appears wiser to step back, Senator, and we have had a chance, Senator DeLuca and I, to talk about what we might do between now and next year to continue this discussion and on that basis, I would move that this matter be recommitted.

THE CHAIR:

The motion before us is to recommit this item.

Without objection, so ordered.

THE CLERK:

Calendar Page 5, Calendar 271, File 333, Substitute for S.B. 1244 An Act Concerning Service Areas of Certain Municipal Utilities. Favorable Report of the Committee on Energy and Technology and Planning and Development. The Clerk is in possession of amendments.

THE CHAIR:

Senator Peters.

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SEN. PETERS:

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

THE CHAIR:

The question is on passage. Will you remark?

SEN. PETERS:

Thank you, Madam President. The bill allows any municipality that operates and electric or gas utility to establish a separate corporation solely to provide electric, gas, water service in a service territory. The action requires approval of the municipality's chief elected official and adoption of an ordinance by two-thirds of its legislative body or city, town council or board of selectmen where the legislative body is a town meeting.

The corporation can only operate within the utility service territory. It clarifies that a municipal electric utility can sell or aggregate electric service outside of its territory only with a license from the Department of Public Utility Control.

And at this time, Madam President, I would ask the Clerk to call LC07047.

THE CLERK:

LC07047 which will be designated Senate Amendment Schedule "A". It is offered by Senator Peters of the

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20th District.

THE CHAIR:

Senator Peters.

SEN. PETERS:

Thank you, Madam President. I move adoption of the amendment and seek leave to summarize.

THE CHAIR:

The question is on adoption. Please proceed.

SEN. PETERS:

Thank you. What the amendment does, Madam President, it strikes Section 1 of the bill in its entirety and it also makes clarifications that such franchise area does not encroach upon the service area or franchise area of another water or gas utility.

THE CHAIR:

The question is on adoption of Senate Amendment "A". Will you remark further? Will you remark further? If not, all those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay"? The ayes have it. The amendment is adopted. Will you remark further on the bill as amended? Senator Peters.

SEN. PETERS:

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Thank you, Madam President. The bill has been explained and if there is no objection, would move this to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Calendar Page 10, Calendar 450, File 324 and 726, Substitute for H.B. 6954 An Act Concerning the Protection of Connecticut's Aquaculture Industry, as amended by House Amendment Schedule "A" which is LC05997. Favorable Report of the Committees on Environment and Energy and Technology. The Clerk is in possession of amendments.

THE CHAIR:

Senator Williams.

SEN. WILLIAMS:

Thank you, Madam President. I move adoption of the Joint Committee's Favorable Report and passage of the bill in accordance with the House.

THE CHAIR:

The question is on passage in accordance with the House. Will you remark?

SEN. WILLIAMS:

Thank you, Madam President. This bill would recognize aquaculture as a prime resource for the State

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Senate

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Senate on the Consent Calendar. Will all Senators please return to the Chamber.

Madam President, there are two items on the Second Consent Calendar. The first item is from Calendar 202 from yesterday, it's Substitute S.B. 1323.

And Calendar Page 5, Calendar 271, Substitute for S.B. 1244.

Madam President, that completes the Second Consent Calendar.

THE CHAIR:

Would you announce once again we're on a roll call vote on the Consent Calendar. The machine will be opened.

THE CLERK:

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the Chamber.

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the Chamber.

THE CHAIR:

Have all members voted? Have all members voted? If all members have voted, the machine will be locked. The Clerk please announce the tally.

THE CLERK:

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Senate

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Motion is on adoption of Consent Calendar No. 2.

Total number voting 35; necessary for passage, 18  
Those voting "yea", 35; those voting "nay", 0. Those  
absent and not voting, 1.

THE CHAIR:

The Consent Calendar is adopted. Senator Jepsen.

SEN. JEPSEN:

Madam President, I regret to inform the Chamber  
that there is one bill that I inadvertently overlooked  
that we have yet to do tonight. The fact that it was  
previously passed temporarily, I'd ask that the Clerk  
call from Page 21, Calendar 331.

THE CLERK:

Returning to Calendar Page 21, Calendar 331, File  
477, S.B. 281 An Act Concerning Voting Technology as  
amended by Senate Amendment Schedules "A" and "B".  
Favorable Report of the Committees on Government  
Administration and Elections and Finance, Revenue and  
Bonding. The Clerk is in possession of amendments.

SEN. JEPSEN:

If this Chamber could stand at ease for a couple of  
minutes.

THE CHAIR:

The Chamber will stand at ease. Senator Jepsen.

SEN. JEPSEN:

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CONNECTICUT  
GEN. ASSEMBLY  
HOUSE

PROCEEDINGS  
2001

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004498

House of Representatives

Tuesday, May 29, 2001

SPEAKER LYONS:

The amendment fails.

Representative Godfrey.

REP. GODFREY: (110th)

Madam Speaker, I move that this item be passed temporarily.

SPEAKER LYONS:

Without objection, this item shall be passed temporarily.

Will the Clerk please call Calendar No. 557?

THE CLERK:

On Page 19, Calendar 557, Substitute for S.B. No. 1244, AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES. Favorable report of the Committee on Planning and Development.

SPEAKER LYONS:

Representative Giannaros, the fine Representative of the fine city of Farmington.

REP. GIANNAROS: (21st)

Thank you, Madam Speaker. I move acceptance of the Joint Committee's favorable report, in concurrence with the Senate.

SPEAKER LYONS:

The question is on adoption and passage in concurrence with the Senate.

Please proceed, sir.

REP. GIANNAROS: (21st)

Thank you. May I -- I also move adoption of the bill. And may I ask to summarize? Thank you, Madam Speaker.

This bill allows any municipality that operates an electric or gas utility to establish a separate corporation solely to provide electric, gas or water service in its service territory.

In addition, this bill clarifies that a municipal electric utility can sell or aggregate electric service outside of its territory only with a license from the Department of Public Utility Control.

Madam Speaker, the Clerk has in his possession LCO No. 7047, referred to as Senate Amendment "A". May he please -- may he call it and may I be allowed to summarize?

SPEAKER LYONS:

Will the Clerk please call LCO No. 7047, designated Senate "A"?

THE CLERK:

LCO No. 7047, Senate "A", offered by Senator Peters.

SPEAKER LYONS:

Please proceed, sir.

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REP. GIANNAROS: (21st)

Thank you, Madam Speaker. The amendment basically amends the language that states that provided that such franchise does not encroach upon the service area or franchise area of another water or utility company.

I move its adoption.

SPEAKER LYONS:

The question is on acceptance and adoption of the amendment. Will you remark further? Will you remark further on the amendment?

Representative DeMarinis.

REP. DeMARINIS: (40th)

Yes, Madam Speaker. Just very briefly. I'd like to speak in favor of the amendment. My municipal utility has seen its customer base shrink as one of its largest customers began generating its own power and another downsized considerably.

This bill will enable a municipal utility, while staying within its own franchise area, for other -- to search for other businesses. My city would benefit and so would new customers from the fine service our municipal utility provides.

And I urge adoption.

SPEAKER LYONS:

Thank you, Madam.

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004501

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Tuesday, May 29, 2001

Will you remark further on the amendment? Will you remark further on the amendment?

All those in favor of the amendment please signify by saying Aye.

VOICES:

Aye.

SPEAKER LYONS:

Those opposed?

The Ayes have it. The Senate Amendment is adopted.

Please proceed, sir.

REP. GIANNARCS: (21st)

Thank you, Madam Speaker. The bill as amended basically allows municipalities to operate electric or gas utility entities as a separate corporation within their own service territory. It does not allow for any risk to be taken by the taxpayers. So, therefore, it protects the local taxpayers because this would be a for-profit corporation established for the purpose of selling and distributing electricity.

I move its adoption. Thank you, Madam Speaker.

SPEAKER LYONS:

Thank you, sir.

Will you remark further on the bill as amended?

Representative Belden.

REP. BELDEN: (113th)

Thank you, Madam Speaker. I defer to Representative DelGobbo. Thank you.

SPEAKER LYONS:

Representative DelGobbo, do you accept the yield?

REP. DELGOBBO: (70th)

Yes, I do, Madam Speaker. And thank you.

Just a brief comment. I just wanted to concur with the -- my colleague, the Chair of Energy and Technology's comments and remarks on the bill and would urge its passage.

Thank you, Madam Speaker. And I would return -- having accepted the yield, I would return it and defer to the distinguished Deputy Minority Leader.

SPEAKER LYONS:

Through the Chair, Representative DelGobbo.

REP. DELGOBBO: (70th)

Through you, Madam Speaker.

SPEAKER LYONS:

Thank you, sir.

Representative Belden.

REP. BELDEN: (113th)

I accept the yield, Madam Speaker.

Let me just ask a question, through you, if I might, to the proponent of the bill as amended. He did mention that this was now going to become a for-profit

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corporation.

Is it intended then -- I understand that all for-profit corporations do, in fact, pay property taxes to the town in which their property is located. I would assume then, by virtue of this particular bill as amended, if passed, that the corporations that are being formed would be for-profit and, therefore, would be then paying property taxes to the town in which their personal property and their facilities are located?

Through you, Madam Speaker.

SPEAKER LYONS:

Representative Giannaros.

REP. GIANNAROS: (21st)

Thank you, Madam Speaker. My understanding is that there would be -- expected to file tax returns because this a corporation under Chapter 601.

SPEAKER LYONS:

Representative Belden.

REP. BELDEN: (113th)

Thank you. Through you, Madam Speaker. Would that also be returns to the Assessor regarding personal property, et cetera? Through you, Madam Speaker.

SPEAKER LYONS:

Representative Giannaros.

REP. GIANNAROS: (21st)

Thank you, Madam Speaker. Through you. My understanding, again, is that whatever is required of corporations under Chapter 601 would apply to this particular entity.

SPEAKER LYONS:

Representative Belden.

REP. BELDEN: (113th)

Thank you, Madam Speaker. Madam Speaker, the reason why I ask these questions and wanted to get something into the record was one of the issues that comes up regularly is where we have locally municipally-owned facilities the rates always seem to be cheaper. And the rates are always cheaper because you don't pay yourself taxes. Whereas, a for-profit company not only has to pay taxes but they pay dividends to their shareholders, et cetera. So I just wanted to get this on the record.

As I understand it now, if any of the municipally owned utilities want to spin off a corporation, that they would, in fact, be -- have to tax themselves as a for-profit corporation. They would not have to pay dividends. So the rate would probably still be lower than the for-profit utilities.

But I thank the gentleman for his response.

Thank you, Madam.

SPEAKER LYONS:

Thank you, sir.

Representative Winkler.

REP. WINKLER: (41st)

Thank you, Madam Speaker. I, too, rise in support of the legislation before us and would like to echo the comments of Representative DeMarinis.

This language is permissive. It isn't mandatory. It allows a municipality to form a corporation.

And I would urge the Chamber's support. Thank you.

SPEAKER LYONS:

Thank you, Madam.

Will you remark further on the bill as amended?  
Will you remark further on the bill as amended? If not, will staff and guests please come to the well of the House and the machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber. The House is voting by Roll Call. Members to the Chamber please.

(Whereupon, a Roll Call vote was taken.)

SPEAKER LYONS:

Have all the members voted? Have all the members voted? Please check the machine to make sure that your vote is properly cast.

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House of Representatives

Tuesday, May 29, 2001

If so, the machine will be locked and the Clerk will take the tally.

(Whereupon, a tally of the votes was taken.)

SPEAKER LYONS:

The Clerk will announce the tally.

THE CLERK:

Senate Bill 1244, as amended by Senate "A", in concurrence with the Senate. Total number voting, 144; necessary for passage, 73; those voting Yea, 144; those voting Nay, zero; absent, not voting, six.

SPEAKER LYONS:

The bill is passed as amended, in concurrence with the Senate.

Will the Clerk please call Calendar No. 372?

THE CLERK:

On Page 42, Calendar 372, Substitute for House Joint Resolution No. 41, RESOLUTION REJECTING THE RECOMMENDATION OF THE CLAIMS COMMISSIONER WITH REGARD TO THE CLAIM OF JOAN A. KINNEY. Favorable report of the Committee on Judiciary.

SPEAKER LYONS:

Representative Lawlor from East Haven.

REP. LAWLOR: (99th)

Thank you, Madam Speaker. Good afternoon.

SPEAKER LYONS:

JOINT  
STANDING  
COMMITTEE  
HEARINGS

ENERGY  
AND  
TECHNOLOGY  
PART 3  
680-1081

2001

Ammon.

REP. AMMON: Thank you, Chairman Giannaros and Chairman Peters. Great to see both of you this afternoon. I'll be very brief for all of you folks, and turn this over to Peter Jenkalunas, who is council for the DPUC. The bill -- first of all, I just want to echo the words of Representative Collins and Doc Gunther. Certainly I support their reference with HB 6167.

But I'm actually here to talk about HB 6164, AN ACT CONCERNING THE REGISTRATION OF ELECTRIC GENERATORS.

Very briefly, there was a serious accident in my home town of Milford, a little over a year ago. Unfortunately, a couple of gentlemen lost their lives, and one serious injury.

And what happened out of -- actually, newspaper reports and some discussions about the accident, it had come to my knowledge that inspection of plants on these large scale gas turbine plants, there wasn't really too much direction, actually, whether it be from the local inspectors, or whether it be for state inspectors, or -- to know exactly how many times inspections should be done at these particular plants.

So, I got together with the DPUC and Public Safety, and some others. We had a few meetings last year, and we believe we've found the solution to help resolve this problem, and to tie up some of the, I think, gaps, when it comes to inspections of these large scale plants.

And I would like to probably turn it right over to Mr. Jenkalunas, at this time, to talk about the bill itself, and I appreciate your time.

REP. GIANNAROS: Peter, welcome. Nice to have you before the committee, and for those of you that probably know, Peter is my constituent, and serves on our town committee, and is also an elected official in Farmington, so nice to see you.

PETER JENKALUNAS: Thank you, Representative. Members of the committee. We certainly support

equipment was operational, and that if there was a need to switch over to an alternate service, then they could do that immediately, or within the amount of time that they were allotted.

So, that's going along with what you said. That's one of the things the department did do to be proactive about this.

SEN. PETERS: Thank you.

REP. GIANNAROS: Thank you. Representative DelGobbo.

REP. DELGOBBO: I waited, and the Senator went down the track that I was going to ask, so --

REP. GIANNAROS: So, that makes it better because we save time. Thank you, Representative. Anyone else? If not, thank you for your testimony on this. You have a few more?

PETER JENKALUNAS: I have a couple more, yes.

REP. GIANNAROS: Please try to be as tight as you can.

PETER JENKALUNAS: I will. On proposed SB 1218, AN ACT CONCERNING DEVELOPMENT OF ELECTRIC GENERATING FACILITIES ON EXISTING INDUSTRIAL SITES, the department is strongly supportive of this act. It makes great sense to use existing industrial sites, because oftentimes, those sites are inter-connected to the grid, or near load centers. So, we strongly support that bill.

REP. GIANNAROS: So, you strongly support that.

PETER JENKALUNAS: Yes.

REP. GIANNAROS: Questions or comments on that? The next one.

PETER JENKALUNAS: Raised SB 1244, AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES, the department is supportive of municipalities entering in to the business of providing cable television, removing any existing barriers to entry, so that there can be more competition in that arena.

But we would ask that the bill be revised to be similar to the municipal's entry in to the competitive telecomm area, where they are required to come to the DPUC for certification and general regulation.

With respect to Section Two of that bill, which talks about municipalities establishing a corporation to carry on various municipal utility services, we're not quite sure why that's being proposed. As you know, the Home Rule Act, and Title Seven already provides for municipals to engage in electric, gas, or water service.

And we would only point out that municipals do have a competitive edge over private companies in the field, due to their tax treatment of the municipal utilities, and the ability, of course, to float municipal bonds at a lower interest rate.

REP. GIANNAROS: Senator Peters.

SEN. PETERS: Thank you. So, with some tweaking, and -- with some tweaking, the department is in favor of this?

PETER JENKALUNAS: Yes. We'd be happy to work with you.

SEN. PETERS: And I would ask that if there's spinoffs to this -- never mind.

REP. GIANNAROS: Okay.

SEN. PETERS: Would you submit some language please, Peter?

PETER JENKALUNAS: Certainly.

SEN. PETERS: Thank you.

REP. GIANNAROS: Peter, on this particular issue, I'm looking at the macro picture from a broader perspective. We seem to be, in the statutes, giving tax preference to municipalities, for a lot of these utilities, whether it's water, or other things. And we are creating an imbalance when it

comes to pricing.

And you have a lot of consumers out there who are really angry, because you have in the same town, in some cases, because of -- in the case of water, especially, where a customer in this house is paying a much higher rate than the customer right next door, because in one, a service by the municipality, the other by a private, for-profit organization. Do you see this as a problem that we have to address, and perhaps create a level playing field?

PETER JENKALUNAS: It's a very difficult problem. We've certainly gotten a lot of complaints at the department, with comparative rates between, say, the MDC and private water companies. I'm not sure how to solve the problem, you know, short of doing some major revisions to Title Seven.

But, yeah, it's not a level playing field, and I think the average citizen doesn't really, probably, understand the benefits that that municipal organizations have.

REP. GIANNAROS: And, in fact, it does create an incentive for municipalities to get in to businesses, that otherwise they should not have gotten in to, if it was a competitive environment?

PETER JENKALUNAS: I think that's what we're seeing, Representative, yes.

REP. GIANNAROS: I see it in our own town.

PETER JENKALUNAS: Yes.

REP. GIANNAROS: Thank you. Any other questions?

SEN. PETERS: Just, Peter, if you could get the recommendations of those language changes to us, we'd appreciate it.

PETER JENKALUNAS: Of course. Proposed HB 5779, AN ACT CONCERNING COMPLAINTS FILED WITH THE DEPARTMENT OF CONSUMER PROTECTION AND THE DEPARTMENT OF PUBLIC UTILITY CONTROL, we're certainly in agreement with

SEN. PETERS: Thank you for coming.

REP. GIANNAROS: The next person is Eugene Koss, from the Office of Consumer Council.

EUGENE KOSS: Good afternoon, honorable Chairpersons, committee members. The Office of Consumer Council has not yet found written testimony on the bills that are raised today. We're going to try to do that tomorrow. I'd like to provide very brief comments on a number of the bills that are raised for hearing today.

I would note that HB 6175, which was discussed a little earlier, AN ACT CREATING AN ENERGY EFFICIENT LIGHTING VOUCHER PROGRAM, is something that is important to the Office of Consumer Council, and actually, we're a member of the Energy Conservation Management Board, and the thing I would like to get across to the committee, is that given time, I think the Office of Consumer Council and others would have like to transitioned the lighting program so that they were offloaded from utility companies' management, to some third party.

And that's something we're very willing to continue working on. Actually, I think there's some coincidence of viewpoint among many of the advisory or the management board members on that. We're also willing -- I've already talked to Representative O'Rourke, and we intend to continue that discussion with him. It's a good idea. The real issue is what's the right time.

REP. GIANNAROS: Gene, if I may just, for one second before you move on, could you give us your specific suggestions regarding how this could work? Not necessarily now, but if could -- either now, or perhaps better, if you could give us a little writeup on that?

EUGENE KOSS: I'd be glad to.

REP. GIANNAROS: Thank you. Anyone else? Questions on this issue? If not, go ahead. Proceed, then.

EUGENE KOSS: Okay. First, I'd like to provide brief

create incentives to have too much gas generation in our portfolio? We will provide you written comments, but we're supportive of the concept, from an energy security standpoint.

With respect to SB 1244, AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES, OCC is generally supportive of the notion of selective increasing of the authorities municipalities have to provide utility type services.

SEN. PETERS: Gene, what bill was that on?

EUGENE KOSS: It was SB 1244, AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES.

SEN. PETERS: Could you please state your comment again?

EUGENE KOSS: We are supportive of this proposal, in that municipalities already providing utility services are well equipped to know what their tax payers, their citizens, their consumers needs are, and wants are, and certainly, you've heard already, some people are concerned that they could provide it more cost efficiently, because they operate on a tax exempt basis.

But that's the way the mechanism works, and from OCC's standpoint, if consumers get better services from lower prices, I think that's a good thing from the policy objective standpoint.

SEN. PETERS: (Mike not on).

EUGENE KOSS: SB 1244? Yes, we were.

SEN. PETERS: (Mike not on).

EUGENE KOSS: With respect to HB 5779, AN ACT CONCERNING COMPLAINTS FILED WITH THE DEPARTMENT OF CONSUMER PROTECTION AND THE DEPARTMENT OF PUBLIC UTILITY CONTROL, the Office of Consumer Council is not in position to testify, with respect to the Department of Consumer Protection, but -- and we do recognize that some information on consumer complaints is reported by the DPUC, and the Department of Consumer Protection, as well.

turn in events. And I would want to say, though, that the success of those events has been tremendous, and that if we left it to natural market forces, we would not have as many of those dangerous and energy efficient fixtures off the market now.

SEN. PETERS: Can I just say one more thing, and then I will not belabor this, because I'm supposed to be back home an hour from now. You can understand, Tony, then, appreciating where the concerns may come from the retailer in this business. They're saying, you know, we're impacted. Certainly you can see that, if, in fact, they're not given the choice to use that -- their money elsewhere.

TONY MARONE: I believe we can rectify that concern immediately.

SEN. PETERS: Thank you.

REP. GIANNAROS: Thank you, Tony. Any other questions? The next group that I have is the mayor of Groton, and his staff.

GLENN WILSON: Thank you.

REP. GIANNAROS: You're welcome. Please state your name and affiliation for the record.

GLENN WILSON: Thank you. Good afternoon, Senator Peters, Representative Giannaros, and distinguished members of the committee. My name is Glenn Wilson. I am not the mayor of the city of Groton. I am the general manager of Groton Utilities, and we are here today to testify regarding Raised SB 1244, AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPALITIES.

In addition, with me is Mr. Tom Selinski, who is our operations manager, to make sure we can answer your questions. Mayor Dennis Popp of the city of Groton, was here along with Counselor Paul Duarte, and unfortunately, due to a commitment within the city tonight, they were required to leave. Their written testimony has been submitted.

REP. GIANNAROS: Thank you.

GLENN WILSON: Groton Utilities is a municipally owned and operated electric utility, serving over 11,000 customers throughout the city and town of Groton. We've been around for almost 100 years now, providing the highest quality and most reliable electric and water services to our customers at consistently lower than market rates.

And it is with the intent of maintaining this record that we come before this committee today. Currently, the U.S. Submarine Base, located, in large part, within our electric franchise area, has begun a utility privatization initiative. The objective of the solicitation is to competitively select privatization of the electric, water, waste water, steam, and compressed air utility systems located on the base.

Groton Utilities currently supplies the electric and water services to the sub base. The revenue from these services provides a significant portion of the total utility billing, and more importantly, a significant part of the contribution that goes from the utility to the city of Groton each year, keeping the mil rates significantly lower.

The potential loss of this revenue, and lost contribution to the city, represents a substantial threat to our customers, and the tax payers of the city of Groton. Section 2, *parens new*, of Raised is seeking -- Groton Utilities is seeking to establish a corporation, or Chapter 601 of the General Statutes, to afford the utility greater options and flexibilities, in responding to the submarine base privatization request.

Namely, we're looking to form a facility management company, a taxable entity, a wholly owned subsidiary of the city, which, we believe, is different than a corporation that could be formed today, as we understand it, under home rule.

We believe that, while providing flexible options regarding a sub base RFP, this would also protect our taxpayers and customers to some of the down

sides that might occur at that federal sub base, going forward. Without the ability that we perceive in this, we believe we may be disadvantaged in responding to the RFP.

Electric and water services provided by Groton, have traditionally been a very good economical value for our customers within our service area. We believe the ability to form this facility management company, and appropriately and aggressively respond to the sub base privatization request, we will be able to continue this tradition.

I cannot overemphasize that our intent is not to expand our electric service area. It is not to expand our water franchise area. But we seek only, under the fiduciary and management responsibilities that we believe we have, to form a corporation that would further insulate the city, with a facility management company at arms length, should something happen going forward on the sub base.

Additionally, the RFP requires us to purchase the facilities on the sub base, and also interview the people who work there, as potential employees, by establishing a (inaudible) corporation, and purchasing those facilities in a taxable entity, we believe we are not asking for an unlevel playing field.

Additionally, as those employees become employees of the (inaudible) corporation, we believe we further protect the existing employees, some of which who have in excess of 35 years with the utility.

And, finally, we request the addition of Section D to Section 72-33ii of the General Statutes. We believe this addition would remove any possible ambiguity regarding existing municipal authority to provide community access television, as defined in Section 16-1 to Section 7-12 to 13, and Section 16-331 of the General Statutes.

It is our understanding that Section 16 already includes the requirement for us to go to the DPUC

to seek a CPCN under that. And that's our understanding at this time. So, we thank you for your consideration.

REP. GIANNAROS: Senator Peters, you have a question? Comment?

SEN. PETERS: No, actually I've had the pleasure of discussing this issue with you, or these issues with you folks, ad nauseam. So --

GLENN WILSON: Well, thank you for your time.

SEN. PETERS: So, I do appreciate your coming here and waiting all this time, to testify. And, as I said to you then, I have less concerns about this going forward, as I did early on when we began discussing this. And I appreciate --

REP. GIANNAROS: Further questions? The only thing I would challenge you on, on the fact that you are saying that you would be operating in a level playing field. I just don't see how, when you have such preferential treatments for towns and governments, at large, in terms of taxation and policies of that kind.

GLENN WILSON: My understanding is is that we would be taking out -- as we have actually for the telecommunications venture, taxable bonds. So, that the preferential treatment regarding differential in lending, is negated.

REP. GIANNAROS: Do you pay corporate tax? You don't. Gross earnings tax? No.

GLENN WILSON: Well, actually, the telecommunications entity, when we get it up and running, will, in fact, be doing that.

REP. GIANNAROS: So, it will be a for profit entity?

GLENN WILSON: The (inaudible) corporation, responding to the base --

REP. GIANNAROS: Thank you. Yup. Okay. Thank you. Any other comments? All set. Thank you.

GLENN WILSON: Thank you very much.

REP. GIANNAROS: Thanks for coming. The next person that I have on my list is Mike Coretto, followed by Bill Fitzpatrick.

MIKE CORETTO: Good afternoon, Senator Peters, and Representative Giannaros, and distinguished members of the committee. My name is Mike Coretto. I'm the director of regulatory strategy and retail access at the United Illuminating Company. I've submitted written testimony on three bills, two of which I understand have been removed from the agenda, so my comments will be limited just to proposed bill 6166.

Proposed bill 6166 proposes to extend the current rates charged through the standard offer, to January 1, 2007. UI strongly urges the committee to proceed with caution, and consider all the facts and implications of that.

In 1999, we were successful in procuring a power supply at a fixed price, that extended through the entire term of the current standard offer period. The price of that power supply enabled the DPUC to develop standard offer tariffs and retail rates that ensured the 10% percent mandated rate reduction.

Any standard offer tariffs or rate designs that would go beyond December 31st of 2003, must be able to reflect the actual cost of the wholesale power supply. The dynamics of the marketplace make it possible that a sufficient supply will not be able to be obtained at a price consistent with the current rates.

We must recognize the cost. In the future, it could be higher or it could be lower than it is or was in the past. Any extension of the tariffs, then, would have to allow the recovery of whatever those actual costs would be, whether they be higher or lower than the current costs, through some purchase power adjustment or similar mechanism.

to us. It was strictly who can sell them the product the lowest, and did not want to go through any distribution. They wanted to buy them directly from a manufacturer. So, that wasn't true.

The other thing, rebates. We were not given rebate certificates in our store. Acme has never gotten them. We had not been given them up until three weeks ago, so we had never had rebate certificates in our store, nor were given the opportunity.

And there is no contractual agreement with anybody administering this plan, which was also stated, as well, before.

REP. GIANNAROS: Thank you. Senator Peters.

SEN. PETERS: Just a comment that I really appreciated the support that your members gave, in terms of the legislation, and enlightening me, because I clearly had no clue that this was in impact, and I can just assure you that it's well on my radar screen now.

ARTHUR DIRECTOR: I did just receive this morning, a FedEx, which I gave to Mr. O'Rourke, which shows all of the energy efficient programs throughout the United States selectively. And it's very enlightening. There's a new edition coming out the second week of March, which Mr. O'Rourke will get. It's being done out of Boston.

DAVID DIRECTOR: Thank you.

REP. GIANNAROS: Well, thanks for your patience. Appreciate it.

ARTHUR DIRECTOR: Thank you.

REP. GIANNAROS: Kyra Nesteriak is the next -- Kyra, is she here? CBIA represented? She's gone? That's the first time a CBIA rep is gone. Maggie Girard is next. David Evans?

DAVID EVANS: Chairpersons Giannaros and Peters, members of the committee. My name is David Evans, with Evans and Associates. We're legislative consultants to the Connecticut Water Works

Association. The Water Works Association, as you know, supplies -- is -- controls the investor owned municipal and regional water authority, supplies water to 2.5 million people in Connecticut.

I will be very brief. We have looked at SB 1244, AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES, and I think the members of the association would be comforted to hear the testimony by Groton today, as both the chairmen know very well, there's a high level of concern over the whole issue of franchises.

And, as Representative Giannaros pointed out very accurately, there is concern within some service areas where you have a municipal authority and a regional authority, or a private investor owned authority, and a discrepancy in pricing.

We will be submitting testimony. The concern is with Section Two, and surrounds the issue of franchise areas, and whether there would be any expansion under the terms of this legislation. We would ask that the committee look closely at the legislation -- at the testimony that we will be submitting tomorrow or the day after, and make sure that the language falls within the boundaries of what was represented by the town of Groton.

I don't think their emphasis was on water, but the concern surrounds water and franchise. Thank you very much, Mr. Chairman.

REP. GIANNAROS: Thank you. Please provide a copy to the chairs, but also to Kevin McCarthy, who is going to helping us sort this thing out.

DAVID EVANS: Thank you very much.

REP. GIANNAROS: Okay. The next person on my list is Bill Chapman, if Bill is still around. Anybody else from (inaudible)?

BILL CHAPMAN: Representative Giannaros, Ray, Kevin, I congratulate you for -- oh, Kelly, of course. We thank you. I'm very much -- I've only got two bills to make some comments on. You do have the

testimony. One is Raised SB 1244, and with this particular bill, one of the things that Groton wants to do is provide community access television, and we have no problem with that.

You know, we always look forward to competition. However, Vermont recently passed a charter change to allow their city of Burlington to provide cable and telephone to its residents, by a partnership between its municipal electric and a private construction company.

NECTA supported this bill after it was amended, to include strong level playing field language. The legislators in Vermont were concerned about two major issues. One was the potential for cross subsidies by the electric utility, and the other was the protection of tax payers, in the event that the venture fails.

NECTA would support this legislation, if language similar to the Vermont law were included in this bill. Attached to the -- you will see supportable legislation that Vermont has passed. Also, I passed out about a dozen copies of this independent study that is January, 2001, the question being does government belong in the telecomm business. So, you would have copies of that, and I am sure that you'll pass that on to Kevin.

REP. GIANNAROS: And the answer is?

BILL CHAPMAN: And the answer is in the conclusion.

REP. GIANNAROS: Thank you. Proceed.

BILL CHAPMAN: Also, the second bill is proposed HB 5779, in which we -- regarding the complaints to be on the Internet, we have a neutral position on this. The only questions we would have is that if the complaint and the complainant were posted on the web site, just to remind you, that under Section 631 of the Telecommunications Act in 1996, entitled, Production of Subscriber Privacy, cable companies face still penalties for revealing personally identifiable customer information, including whether or not an individual is even a

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FEBRUARY 27, 2001

TESTIMONY TO THE ENERGY AND TECHNOLOGY COMMITTEE  
RAISED BILL NO. 1244  
AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES

Good afternoon Senator Peters and Representative Giannaros and distinguished members of this Committee. My name is Paul Duarte and I am a Councilor in the City of Groton. I came before you today to respectfully request your support for Raised Bill No. 1244. Groton Utilities is a local company. Our staff for the most part, are our neighbors, parents of the children we see at Little League, and the people we see at Church. Our community knows them. The community also has become dependent on their fast and reliable service and the tax stability this company has provided. Groton Utilities customers still enjoy the lowest power cost in our region. Times change and so must municipal corporations if they are to survive. Our customer demands for new services not typical to municipal corporations has brought us here before you today. The need to form public private partnerships is a sensible solution in a small market with diverse needs such as we see with the Submarine Base in Groton. We ask your help in meeting this challenge. The Submarine Base is a major player in the health of Groton Utilities and we have serviced this customer with quality products at a great price for a very long time. A service we are proud of. Groton Utilities has always been an innovative company working in the small market. We have many firsts to our credit. While many large corporations believe our area is too small to develop new technologies in, our customers have looked to Groton Utilities to fill that need. To remain successful in our endeavors, we ask you for legislative help. We ask this not for Groton Utilities alone, but for the ratepayers and taxpayers of Groton. We have been there for them in the past and with your help we will be there for them for a long time to come. We thank you for your consideration and respectfully request your support for Raised Bill No. 1244.

Respectfully submitted,



Paul A. Duarte  
City Councilor, City of Groton



STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITY CONTROL

Testimony of the Department of Public Utility Control

Raised Bill 1244

AAC Service Areas of Certain Municipal Utilities

February 27, 2001

The Department supports the intent of this Raised Bill with respect to the revision stated in Section 1, which would allow a municipal electric company to also provide cable television service. The Department believes that this recognizes emerging technological trends, including the value of electric distribution lines and rights of way that may be used to provide other services. Further, the Department notes that cable television service is a competitive service and this provision removes an existing legal barrier to entry. This is a positive feature since this will increase the number of potential cable service providers.

The Department believes that Legislature should consider adding language to subsection (d) similar to that existing in subsection (b) if the Legislature intends to have all service providers subject to the same regulatory rules and conditions. It would seem that the General Assembly certainly had that principal in mind from the language of subsection (b) with respect to municipal telecommunications service providers and it would make sense to similarly apply it to cable service providers. Last, subsection (d) is not clear as to whether the cable service would be limited to the municipal electric service area. The Department would support language that limited the cable service to within its existing municipal limits.

With respect to section 2, the Department does not believe that it is necessary to have a municipality establish a corporation to carry on the provision of electric, gas or water municipal service. Currently, municipalities provide these services as part of its municipal responsibilities. The Department cautions this Committee that there could be unexpected economic advantages that may result from a corporate subsidiary of a municipality providing the same services as a regulated company. There could be unfair economic advantages with competitors, such as with taxes and there may be ways where other expenses are subsidized by the municipality to the unfair competitive position of existing regulated providers.

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*Town of Wallingford, Connecticut*

RAYMOND F. SMITH, P.E.  
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STATE OF CONNECTICUT  
ENERGY AND TECHNOLOGY COMMITTEE

TESTIMONY OF RAYMOND F. SMITH

SUPPORTING HB 1244, AN ACT CONCERNING  
SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES

My name is Raymond F. Smith. I am the Director of Utilities for the Town of Wallingford, Department of Public Utilities. I am testifying today in support of HB 1244, AAC SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES.

The Town of Wallingford, Department of Public Utilities is a municipally owned and operated electric, water and sewer utility that provides utility services to approximately 24,000 customers in our authorized service area.

The municipal utilities in Connecticut have a long and proud tradition of service to their customers. Three of the municipal utilities have provided service to customers for over 100 years. All of the other systems are approaching their centennial anniversary. The hallmarks of the municipal utilities is their responsiveness to customers as well as their long record of highly reliable service and lower electric costs. As locally owned and locally controlled businesses, they put their customers' needs above all other considerations.

The municipal utilities are an integral part of the fabric of their local communities. Frequently taking leadership roles in economic development, municipal utilities are committed to making their communities better places to live, work and do business.

In this changing environment, the municipal utilities need to respond to the needs of their customers. We believe that Section 2 of HB 1244 is a response to that changing environment. A very substantial customer of Groton Utilities (the U.S. Submarine Base) is being directed to pursue utility privatization even though they may be completely satisfied with the utility service they receive from Groton Utilities.

If this privatization were to come to pass and Groton Utilities was unable to respond to the Navy because of legislative limitations, then the whole community and all the citizens could realize significant financial harm from the loss of revenues from the utility services provided to the U.S. Submarine Base. This would further undermine one of the hallmarks of municipal utilities, which is their responsiveness to the changing needs of their customers.

In closing, we encourage the Energy and Technology Committee to act favorably on this proposed legislation so that municipal utilities such as Groton can continue to serve their communities in the new, changing environment. This will further the tradition of responsive municipal utility service.



At Your Service

February 27, 2001

*Testimony to the Energy and Technology Committee**Raised Bill No. 1244**An Act Concerning Service Areas of Certain Municipal Utilities*

Good afternoon Senator Peters and Representative Giannaros and distinguished members of the Committee. My name is Glenn Wilson, General Manager-Telecommunications, Groton Utilities, a municipally owned and operated electric and water utility serving more than 11,000 customers throughout the City and Town of Groton. Our commitments today are as they have been for the past 97 years: to provide the highest quality and most reliable electric and water services to all our customers at consistently lower than market rates. It is with the intent of maintaining this record that we come before this committee today.

The U. S. Submarine Base located in large part within the electric franchise area of Groton Utilities, has begun a Utility Privatization Initiative. The objective of this solicitation is to competitively select parties for privatization of the electric, water, wastewater, steam and compressed air utility systems located on the base. Groton Utilities currently supplies electric and water services to the Submarine Base. The revenue from these services provides a significant portion of the total Utility billing and contribution from the Utility to the City of Groton. The potential for loss of this revenue and lost contribution to the City, represents a substantial threat to the customers of Groton Utilities and the taxpayers of the City of Groton.

Section 2. (NEW) of Raised Bill No. 1244 would allow Groton Utilities to establish a corporation under chapter 601 of the general statutes and afford the Utility greater options and flexibility in responding to the U. S. Submarine Base privatization request while at the same time providing our customers and taxpayers the protections chapter 601 corporations afford.

Without the ability to incorporate we are concerned that the Utility could be precluded from responding in either whole or part to the request and thus, incur a significant financial loss negatively impacting our customers and the taxpayers of the City of Groton.

Electric and water services provided by Groton Utilities has traditionally been a more economical alternative for consumers residing or having businesses in our service areas. We believe that with the ability to incorporate and appropriately and aggressively respond to the Submarine Base privatization request, we will be able to continue this tradition.

Finally, we request the addition of section (d) to Section 7-233ii of the general statutes. We believe that this addition would remove any possible ambiguity regarding existing municipal authority to provide community antenna television service as defined in section 16-1 to sections 7-213 and 16-331 of the general statutes.

We thank you for your consideration and respectfully request your support for Raised Bill No. 1244.

Respectfully submitted,

Glenn M. Wilson-Telecommunications  
General Manager  
Groton Utilities



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Testimony of  
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Director of Government and Regulatory Affairs  
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Public Hearing Before the Energy and Technology Committee  
February 27, 2001

**Raised Bill No. 1244** (LCO No. 4085)

This bill is to clarify the right of a municipality that owns or operates electric generating plants to provide community antenna television services and to allow a municipality with an electric or gas utility to establish a corporation to manufacture, distribute, purchase or sell electricity, gas or water.

**NECTA's Position: Opposed as written**

As each cable franchise in Connecticut has been renewed, it has enhanced its technology by upgrading its system to broadcast a greater number of clearer channels to its customers, creating the opportunity for high speed internet and increasing its support to public access within the franchise area. We have also noted that the DPUC Consumer Scorecard has shown that the number of customer complaints has dropped significantly. Competition challenges us and forms us to be both better companies and better citizens in our communities throughout the state of Connecticut. Thus, we would look forward to competition proposed in this bill.

Vermont recently passed a charter change to allow the city of Burlington to provide cable and telephone service to its residents via a partnership between its municipal electric utility and a private construction company. NECTA supported this bill after it was amended to include strong level playing field language. Legislators in Vermont were concerned about two major issues. The potential for cross subsidies by the electric utility, and the protection of taxpayers in the event the venture fails. NECTA would support this legislation if language similar to the Vermont law were included in this bill. The Vermont language is set forth below and could be easily adapted to Raised Bill No. 1244.

Sec. 5c. 24 App. V.S.A. chapter 3, § 438(c)(1) and (2) are added to read:

(c)(1) If the city exercises its authority under subdivision 431(4) or section 449 of this title, the public service board, in considering any application for a certificate of public good, shall ensure that any and all losses from these businesses, and, in the event these businesses are abandoned or curtailed, any and all costs associated with investment in

cable television, fiber optic and telecommunications network and telecommunications business-related facilities, are borne by the investors in such business, and in no event are borne by the city's taxpayers, the state of Vermont or are recovered in rates from electric ratepayers.

(2) Any certificate of public good issued shall contain terms or conditions that are consistent with both the statutory requirements of Chapter 13 of Title 30 and the establishment of competitive neutrality between incumbents and new entrants, after the evaluation of factors that include but are not limited to the payment of pole attachment rental fees, and the provision of public access channels, equipment and facilities.

Sec. 5d. 24 App. V.S.A. chapter 3, § 449 is added to read:

§ 449. AUTHORITY FOR JOINT VENTURE FOR TELECOMMUNICATIONS:  
In addition to the authority granted under otherwise applicable law, the city has the power and is authorized to establish a joint venture or any other business relationship with one or more third parties to provide telecommunications or cable television services within or without the corporate limits of the city; provided that before such joint venture or business relationship may sell telecommunications or cable television services, it shall obtain whatever regulatory approvals are necessary and shall pay all taxes, franchise fees, and similar charges assessed by the city on an incumbent.

**Proposed Bill No. 5779** (LCO No. 2394)

This bill has been proposed so that the general statutes are amended to require the Department of Consumer Protection and the Department of Public Utility Control to post on the Internet complaints filed with said departments and the resolution or action taken by said departments on the complaints.

**NECTA's Position: Neutral**

As written, this legislation would post on the Internet customer complaints filed with the OCC and the DPUC. These customers would be subscribers of companies under regulation by the DPUC. It is presumed that the complaint and complainant would be listed on the Internet. The legislation should be amended to ensure that the identities of cable television customers are not revealed. Under Section. 631. [47 U.S.C. 551] of the Telecommunications Act of 1996 entitled Protection Of Subscriber Privacy, cable face stiff penalties for revealing personally identifiable customer information, including whether or not an individual is a cable customer. Another issue to be considered is what should be included in the definition of a complaint. When a customer calls to inquire as to the availability of a particular channel, it should not be recorded as a complaint.

We think that the Consumer Services Division at the DPUC has been doing an admirable job in reminding us to take complaints seriously. Each year the Consumer Scorecard that totals complaints amongst the companies also provides a challenge among the cable companies. This scorecard is posted on the DPUC web page and is noted seriously by the Courant, the Register, the Post and other local newspapers. The Scorecard has helped in lessening complaints brought against cable companies. Cable Company Complaints have decreased from 1,564 complaints in 1994 to 800 complaints for 1,119,298 customers in 2000 as subscribers have increased by 12.4% in that same time period. We think that the way complaints are handled now by the DPUC and OCC are keeping us aware and responsive.

February 27, 2001

*Testimony to the Energy and Technology Committee*

*Raised Bill No. 1244*

*An Act Concerning Service Areas of Certain Municipal Utilities*

Good afternoon Senator Peters and Representative Giannaros and distinguished members of the Committee. My name is Julio H. Leandri. I live at 334 Tyler Avenue, Groton and I am a Commissioner for the City of Groton, Department of Utilities. I come before you today to respectfully request your support for Raised Bill No. 1244.

Groton Utilities has a strong record of providing their customers quality service at consistently lower than market rates. The announced privatization of the U. S. Submarine Base facilities represents a critical crossroads for Groton Utilities and the City.

The potential loss of this revenue source and lost contribution to the City represents a significant threat to the customers of the Utility and the taxpayers of the City of Groton.

We believe this Bill will give the Utility the options and the flexibility to respond to the privatization bid. Without this ability we are very concerned that Groton Utilities will be excluded from responding in either whole or part to the request.

I thank you for your consideration and respectfully request your support for this bill.

Respectfully submitted,

Mr. Julio H. Leandri  
Commissioner  
City of Groton  
Department of Utilities

FEBRUARY 27, 2001

TESTIMONY TO THE ENERGY AND TECHNOLOGY COMMITTEE  
RAISED BILL NO. 1244  
AN ACT CONCERNING SERVICE AREAS OF CERTAIN MUNICIPAL UTILITIES

Good afternoon Senator Peters and Representative Giannaros and distinguished members of this Committee. My name is Dennis Popp, Mayor of the City of Groton and I also serve as Chairperson of the Utilities Commission. I came before you today to respectfully request your support for Raised Bill No. 1244.

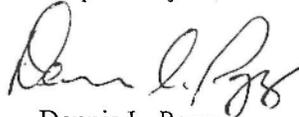
Groton Utilities is a municipally-owned and operated electric and water utility with a long and impressive record of providing our residential, commercial and industrial customers quality service at rates that are consistently below the market. The United States Department of Defense, in order to focus on its main mission, has decided to privatize the utilities at all its military bases, including the United States Naval Submarine Base. A large percentage of the Submarine Base is located within Groton Utilities' franchise area. The City of Groton, Department of Utilities (Groton Utilities) currently provides water and electric to the Submarine Base.

I cannot over-emphasize the impact of the partial or total loss of this revenue source and lost contribution to the City of Groton. The Submarine privatization request represents a substantial threat to our customers and the taxpayers of the City of Groton.

We believe this request will give the Utility a number of options and increased flexibility in responding to the privatization request while at the same protecting our customers and taxpayers. Without the ability to incorporate, we are very concerned that we could be precluded from responding in either whole or part to the request.

We thank you for your consideration and respectfully request your support for Raised Bill No. 1244.

Respectfully submitted,



Dennis L. Popp  
Mayor, City of Groton