

**Act Number:** 09-218

**Bill Number:** 6306

**Senate Pages:** 6089-6090, 6100-6102 **5**

**House Pages:** 4894-4911 **18**

**Committee:** Energy: 22-25, 119, 123, 130 **7**

**Page Total:** **30**

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on the Consent Calendar. Seeing no objection, so  
ordered.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, moving  
to Calendar page 10, Calendar 639, House bill 6684,  
move to place the item on the Consent Calendar.

THE CHAIR:

Motion on the floor to place Calendar number 639  
on the Consent Calendar. Seeing no objection, so  
ordered, sir.

SENATOR LOONEY:

Thank you, Mr. President. Moving to Calendar page  
12, Calendar 667, House bill 6539, move to place the  
item on the Consent Calendar.

THE CHAIR:

There is a motion on the floor to place Calendar  
number 667 on the Consent Calendar. Seeing no  
objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Mr. President. Moving to Calendar page  
13, Calendar 678, House bill 6306, move to place the  
item on the Consent Calendar.

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There's a motion on the floor to place Calendar number 678 on the Consent Calendar. Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Mr. President. Continuing Calendar page 13, Calendar 679, House Bill 6279, move to place the item on the Consent Calendar.

THE CHAIR:

There's a motion on the floor to place Calendar number 679 on the Consent Calendar. Seeing no objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. And continuing Calendar page 13, Calendar 682, House bill 6041, move to place the item on the Consent Calendar.

THE CHAIR:

There's a motion on the floor to place Calendar number 682 -- I thought Senator Fasano was running to do something there -- Calendar 682 on the Consent Calendar. Seeing no objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. Moving to Calendar page 14, Calendar 692, House bill 6248, move to place the

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Back on Calendar page 18, Calendar 719, House Bill 6676 is marked go and Calendar page 33, Calendar 354, Senate bill 499 is marked go.

Yes, Mr. President, thank you. At this point if the Clerk might call the items on the Consent Calendar.

THE CHAIR:

Mr. Clerk, please call the Consent Calendar.

THE CLERK:

Immediate Roll Call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber. Immediate Roll Call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber.

Mr. President, the items placed on the first Consent Calendar begin on Senate Agenda number one, Substitute for House bill 5211, Substitute for House bill 6672 and Senate bill 880.

From Senate Agenda number two, Substitute for House bill 6481 and Senate bill 1128.

Going to Senate Calendar, calendar page 229, Substitute for Senate bill 549. Calendar 229, substitute for Senate bill 547. Calendar page 7,

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Calendar 602, substitute for House bill 6584.

Calendar page 10, Calendar 639, House bill 6684.

Calendar page 12, Calendar 667, substitute for House

bill 6539. Calendar page 13, Calendar 678, substitute

for House bill 6306. Calendar 679, substitute for

House bill 6279 and Calendar 682, substitute for House

bill 6041. Calendar page 14, Calendar 692, House bill

6248. Calendar page 15, Calendar 700, substitute for

House bill 6693. Calendar 701, substitute for House

bill 6642. Calendar page 17, Calendar 714, substitute

for House bill 6280. Calendar page 21, Calendar 735,

House bill 6523. Calendar page 26, Calendar 337,

Senate bill 1047.

THE CHAIR:

Sir, I believe that was 377.

THE CLERK:

Yes, Mr. President, Calendar 377, Senate bill 1047. And Calendar page 33, Calendar 378, substitute for Senate bill 1048. Mr. President, that completes the items placed on the first Consent Calendar.

THE CHAIR:

Please call for Roll Call vote.

Please call for a Roll Call vote on Consent number

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one, the machine will be open.

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. Will all Senators please return to the Chamber.

THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote, the machine will be locked, the Clerk will call the tally.

THE CLERK:

Motion is on adoption of Consent Calendar Number One.

Total number voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar Number One passes.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President, would move for immediate transmittal to the House of Representatives

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Will the Clerk please call Calendar Number 113.

THE CLERK:

On page 28, Calendar 113, Substitute for House  
Bill Number 6306, AN ACT ESTABLISHING A CODE OF  
CONDUCT FOR THE TRANSACTIONS BETWEEN NATURAL GAS  
DISTRIBUTION COMPANIES AND THEIR AFFILIATES, favorable  
report of the Committee on Government Administration  
and Elections.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello, you have the floor,  
ma'am.

REP. NARDELLO (89th):

Thank you, Madam Speaker. Good evening to you.

DEPUTY SPEAKER KIRKLEY-BEY:

Good evening to you, too.

REP. NARDELLO (89th):

I move acceptance of the Joint Committee's  
favorable report and passage of the bill.

DEPUTY SPEAKER KIRKLEY-BEY:

The question before us is on acceptance of the  
Joint Committee's favorable report and passage of the  
bill.

Will you remark further?

REP. NARDELLO (89th):

Yes. Madam Speaker, this bill requires the

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Department of Public Utility Control to establish a code of conduct setting minimum standards for transactions between gas companies and their affiliates.

The bill gives the Department of Public Utility Control various investigative powers regarding affiliates and their transactions with gas companies. It allows the DPUC to issue enforcement orders against the entities, subject to the code, including cease and desist orders and civil penalties up to \$10,000 per violation. The DPUC must adopt regulations by November 1st of 2009, establishing the code and relating accounting and reporting requirements and procedures.

Madam Speaker, the Clerk has an amendment, LCO 6374. Will the Clerk please call the amendment? May I be allowed to summarize?

DEPUTY SPEAKER KIRKLEY-BEY:

Will the Clerk please call LCO 6374, which will be designated House Amendment A.

THE CLERK:

LCO Number 6374, House A, offered by  
Representatives McCLUSKEY, Olson and Nardello.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative has asked leave for summarization.

Is there any objection? Is there any objection?

Hearing none, please proceed, ma'am.

REP. NARDELLO (89th):

Yes. Madam Speaker, this amendment actually is a screening amendment. And what it does is it narrows the definition of affiliates so that it makes it more clearer and tailors it. And it also makes an exception for accounting and calling centers.

I move adoption of the amendment.

DEPUTY SPEAKER KIRKLEY-BEY:

The question before us is on the adoption of House Amendment A.

Will you remark?

Representative Williams, you have the floor, sir.

REP. WILLIAMS (68th):

Thank you, Madam Speaker, and good afternoon.

I rise for a few questions on the amendment, which I assume will become part of the bill and -- and would -- and I assume the bill will pass favorably through this House as it did in the Energy and Technology Committee. But, first, through you, a few questions to the proponent of the amendment, please.

DEPUTY SPEAKER KIRKLEY-BEY:

Please proceed.

REP. WILLIAMS (68th):

Thank you, Madam Speaker, and, through you, to Representative Nardello.

Representative Nardello indicates that the definition of affiliate, I believe, has become more narrow through this amendment. I'm interested if Representative Nardello could elaborate a little bit more on what the amendment has excluded in terms of the definition, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, the amendment, as stated, it says that it may after notice in hearing find such a relation to a gas company conducting business and financial transactions and involves cross-subsidization and preferential treatment. So it defines it in a way that makes it, again, a narrowing of that and the concern was that it wasn't applied too broadly.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. And, through you, to Representative Nardello, the amendment indicates that lines 39 through 41 are being stricken from the

bill -- from the underlying bill and those lines have to do with the relationship of gas companies being at arm's length in terms of the bargaining with their transactions, and I'm curious as to why that -- those two lines were stricken, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, are we looking at the same amendment? Mine is 6374 and it doesn't have a second page to it. I want to make sure that we're looking at the same thing.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Yes, Madam Speaker, through you, to Representative Nardello, line 7 of the amendment strikes lines 39 to 41 of the bill unless I'm looking at the wrong file copy of the bill, through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, if you will give me just one moment to get to the file copy.

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DEPUTY SPEAKER KIRKLEY-BEY:

The House will stand at ease as a -- for a moment.

The House will come back to order.

Representative Nardello, you have the floor.

REP. NARDELLO (89th):

Through you, Madam Speaker. It was the concern of the screening committee that the arm's-length transaction was actually too broad in its application to the affiliate.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

I thank you, Madam Speaker. And, lastly, on the amendment in line 11, it strikes "2009" and, obviously, makes the bill effective in 2010. Is this because, through you, Madam Speaker, to Representative Nardello, the code of conduct could not be developed, or it was not reasonable to expect the code of conduct could be developed by 2009 -- by the end of 2009?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, because the -- there

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are regulations necessary and usually they take 12 to 18 months. That's why the delay.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I thank the gentlelady for her answers, and I would urge adoption of the amendment. Thank you.

DEPUTY SPEAKER KIRKLEY-BEY:

Will you remark? Will you remark further on House Amendment A? If not, let me try your minds.

All those in favor please indicate by saying aye.

Those opposed nay.

The ayes have it. The amendment is adopted.

Will you remark? Will you remark further on the bill, as amended?

REP. NARDELLO (89th):

Yes, through you, Madam Speaker. The Clerk has an amendment, LCO 7574. Will the Clerk please call the amendment. May I be allowed to summarize?

DEPUTY SPEAKER KIRKLEY-BEY:

Will the Clerk please call LCO 7574, which will be designated as House B.

THE CLERK:

LCO Number 7574, House B, offered by

Representatives Orange and Nardello.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative has asked leave to summarize. Is there any objection? Hearing none, please proceed, ma'am.

REP. NARDELLO (89th):

Yes, Madam Speaker. This amendment sets the terms by which -- propane suppliers may terminate service. It defines who is eligible under the terms of the bill. It changes the integrated resource process to a biennial process instead of an annual process. And it changes from 60 days to a 120 days, the Department of Public Utility Control's abilities time to review the integrated resource plan.

Madam Speaker, I move adoption of the amendment.

DEPUTY SPEAKER KIRKLEY-BEY:

The question before us is the adoption on House Amendment B. Will you remark?

Representative Williams, you have the floor, sir.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. And, through you, some questions to Representative Nardello.

DEPUTY SPEAKER KIRKLEY-BEY:

Please proceed, sir.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. Again, just some clarification questions, I -- I have every confidence that I and other members will be supportive of the amendment. But a few questions, first, it seems like there's three separate issues being contemplated here. One is changing the length of time the DPUC has to review the IRP. Another is that the DPUC -- I'm sorry -- that the IRP would be done biennially instead of annually. And, then, the third being the issue of propane suppliers terminating service to residential customers.

Am I correct that those are the three concepts, through you, Madam Speaker, that are included in this amendment?

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, yes. The Representative is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

On the issue of the DPUC reviewing the integrated resources plan, how long -- what was it the -- the

belief of the Department that the DPUC could not effectively review the comprehensive IRP in simply 60 days, and that, therefore, 180 days was the compromise?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, yes. Actually, in discussion with the Department they felt that 60 days was not enough time so that's why they asked for the 120 days.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. And, with respect to the integrated resource plan, was it the concern of the Department -- well, let me -- let me take a step back. Was it the concern of others involved in the integrated resources plan that in order to complete the -- effectively complete the IRP, that they wouldn't be able to complete the IRP in one year or that by the time the IRP was completed it had to be re -- the whole process had to be restarted?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, that's exactly what happened is what the Representative said. Basically, they finished one IRP, and they were back to starting another so it surely wasn't enough time. And there have been a number of people who have looked and believed that biennially -- biennially will be -- allow us to do that.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. And the third concept that's contemplated in the amendment before us is the issue of propane suppliers terminating service to residential customers.

In line 5, it indicates that no propane suppliers should terminate the service for nonpayment for a customer living in an area served by ten or more vapor meters. Can Representative Nardello expand on what that situation is? I know that Representative Orange has been a proponent of this amendment, which I've been supportive of. I'm curious as to how we come to the conclusion ten or more vapor meters, through you,

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Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, it -- this is a specific amendment that deals with the problem in Representative Orange's district, and it's an actual housing complex that all has propane meters so that's why it was defined as ten or more vapor meters. It is, clearly, for this housing area with, again, a number of people living in that area.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And would a customer who has applied for financial assistance, energy assistance, have to prove that they have applied for energy assistance prior to their service being terminated in some way?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, yes. I believe that they would.

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DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And I thank the gentlelady for answers, and I urge adoption of the amendment.

DEPUTY SPEAKER KIRKLEY-BEY:

Will you remark? Will you remark further on the bill as amended? Will you remark further on the bill as amended? If not, staff and guests please come to the well. Members take your seats. The machine will be opened.

We're on the adoption of House Amendment B so let me try your minds.

Those in favor please indicate by saying aye.

Thank you.

Those opposed nay.

The ayes have amen -- have won and the House B is adopted.

Will you remark further on the bill as amended?

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. A few remaining questions on the underlying bill for Representative Nardello, please.

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DEPUTY SPEAKER KIRKLEY-BEY:

Please proceed, sir.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And on the issue that the underlying bill contemplates prior to being amended -- we're going to gas. The code of conduct between a natural gas distribution companies and their affiliates, I'm curious what powers have we vested with the DPUC that they don't currently have in terms of investigatory powers. I understand we're giving them a whole new realm here with respect to creating a code of conduct. In terms of investigatory powers, what are we giving to the DPUC through this bill?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

There aren't any difference it's not difference. Right? No.

Through you, Madam Speaker, it actually is not investing them with more investigatory powers. It's those that they have but applied differently because they're going to be applying a code of conduct.

DEPUTY SPEAKER KIRKLEY-BEY:

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Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Line 57 as part of the code that the DPUC will be developing, line 57 indicates that part of the code would be providing -- I'm sorry -- providing a standard of avoidance of conflict of interest between a natural gas company and its affiliates. Is there no such standard that exists in our current statutes, and we are then contemplating new legislation, or are we amending what may be a conflict of interest code that we currently have in statute?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, no. We are actually adding a conflict of interest provision that applies to affiliates.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams..

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

In lines 63 through 64, one of the provisions is that the code would ensure that gas company ratepayers

don't subsidize other affiliate operations. Is this something that is new in our realm, or -- was it, for example, we have in the electricity industry, for example, there are companies that have affiliate operations. Do we have legislation that prohibits that in our current statutes and is this modeled -- is this concept modeled after that particular statute?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker. Yes, that's language that we have in other areas of the statute, and we would never want them to subsidize affiliate operations. That's a primary concern actually.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. In line 69 through 71, the code would -- would, as proposed here, would ensure the gas supply and distribution services are provided by a gas company in an appropriate manner to affiliates and nonaffiliates alike. What do we mean when we say in a "in a appropriate manner?"

Through you, Madam Speaker.

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DEPUTY SPEAKER KIRKLEY-BEY:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker, that they be treated  
equally.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I thank the gentlelady for his answers, and I  
urge my colleagues to vote favorably on the bill  
before them. Thank you.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you.

Will you remark? Will you remark further on the  
bill as amended? Will you remark further on the bill  
as amended? If not, staff and guests please come to  
the well. Members take your seats. 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.

DEPUTY SPEAKER KIRKLEY-BEY:

Have all members voted? Have all members voted?

Please check the machine to make sure your vote has been properly cast. The machine will be locked, and the Clerk will prepare the tally.

The Clerk will announce the tally.

THE CLERK:

Senate Bill 6306, as amended by House A and B

Total number voting	140
Necessary for Passage	71
Those voting Yea	140
Those voting Nay	0
Those absent and not voting	11

DEPUTY SPEAKER KIRKLEY-BEY:

The bill, as amended, passes.

Will the Clerk please call Calendar Number 620?

THE CLERK:

On page 23, Calendar 620, Substitute for Senate Bill Number 981, AN ACT CONCERNING THE AVAILABILITY OF AUTOMATIC EXTERNAL DEFIBRILLATORS IN SCHOOLS, favorable report of the Committee on Appropriations.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Ritter. You have the floor, ma'am.

REP. RITTER (38th):

Thank you, Madam Speaker.

Madam Speaker, I move for acceptance of the Joint

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COMMITTEE

February 3, 2009  
1:00 P.M.

Board for the expenditure of -- general fund dollars. So I urge you to support it.

The second bill is 777, An Act Concerning the Revisions to the Utility Statutes. There's only part of that -- that I've included in my testimony, and that's regarding Section 5. It clarifies that during the winter moratorium a denial of service is the same as a refusal to reinstate or termination of service. This has come up on a number of occasions that the current language is potentially ambiguous regarding whether or not that means an individual who moves during the winter, whether service can be denied to them at a new location. It is in the language of the draft, it only applies to electric companies, and so I've given you language that just adds to the word "deny" in the next sentence so that it would apply, as well, clearly apply to gas companies providing gas heat in the winter.

That's all.

REP. NARDELLO: Are there questions of Shirley Bergert from members of the Committee?

SHIRLEY BERGERT: Thank you.

REP. NARDELLO: Seeing no questions, we'll move on to our next speaker.

And our next speaker is Don Downes from the Department of Public Utility Control, the esteemed Chairman.

DONALD W. DOWNES: I'm coming up in the world I think.

Thank you, Madam Chairman and Mr. Chairman Fonfara, ranking members, Vice Chairmen, and distinguished members of the committee. My

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name is Don Downes. I'm the Chairman of Connecticut's Public Utility Control Authority. I have a long and dark history. This is my 31st regular session and my last I might add. Thank God. I have -- I'm probably already in trouble -- during my years, I -- I served many years here in the Connecticut General Assembly both as majority and minority counsel, and majority and minority chief of staff, needless to say at different times. I -- see that's one of those things you ought to point out to members -- and I -- I regret that I haven't had a chance to meet each and every new member. I'm kind of working my way through it. I'm -- I'm a little bit old and slow and it takes me a while.

So I wanted to comment today on -- on three bills. And my friend and colleague Commissioner Palermino is here to comment on two more. And I should point out, before I start, that I have provided written testimony to the committee and so I'm not going to walk back through that.

The pieces I'd like to talk to you about -- and I'll go in numerical order -- 777. This is the purchase gas adjustment. This is essentially a mechanical bill. All we're doing is talking about having the review occur once a year instead once every six months. The review that's involved here is essentially a true-up process to determine whether or not the PGA was correctly calculated and collected. Obviously, we true it up and so if the PGA was too high we make it smaller, and if it was too low, we make it larger. And the safeguard here is that if something exciting happens and the Consumer Counsel or others feel it is necessary for a review sooner, they can petition to do so and we will be required to take up that review.

Second piece is House Bill 6302, and I'm going to make an emotional pitch for this. This poor little bill, this is my housekeeping bill, people. This is -- these are, you know -- this bill has actually been through this committee not once but three different times. It has actually passed the House and the Senate, again on three different occasions, unfortunately not at the same time. So I'm really hoping we can go for the hat trick this year and do, you know, both if that's possible.

Look, with respect to the uncontested procurement, and I'll fence with you all on questions later if you want, but this -- this is the piece that seems to bother people. I need to get this across to you: This is a term of art. It is set forth in the Uniform Administrative Procedures Act. There's a distinction between contested and uncontested cases. And the basic distinction is that somebody's rights and responsibilities get adjudicated in the contested case and not in an uncontested case.

In this particular situation, we are applying this very, very narrowly to bid situations where we have been commanded by the General Assembly to go on and purchase things through a procurement process. We are the only agency in the state that is subject to any kind of a review on this. There is a reason that we don't allow everybody in the world to challenge the DOT when they issue a highway contract, because we'd never get anything built. And we're in the same mode here. And I might add the practical reality is we were challenged on the Energy Independence Act. We burned up over seven solid months on this and lost about a \$130 million worth of benefits

that would have accrued to ratepayers while we waltzed around on the legal niceties. So an unprotected -- an uncontested proceeding involves all the players. It involves cross-examination, testimony, the opportunity to confront witnesses, all those good things. So nobody's rights are being impaired here. What we're doing is guaranteeing that once a decision is made it isn't obstructed simply for the sheer joy of obstruction.

And by the way, the prior speaker was right, under Connecticut law disgruntled bidders are not permitted to challenge. The only circumstances in which a challenge is permitted is where there is some demonstration of corruption on fairness or some similar thing.

Finally, House Bill 6306, Code of Conduct for Transactions Between Natural Gas Distribution Companies and Their Affiliates. This has largely risen as a matter of just recent history. We -- we not only have, for example, two of the gas companies here in Connecticut owned by the same people -- Iberdrola owns all of the stock of both Connecticut Natural Gas and Southern Connecticut -- but in addition to that, both of these companies and, in fact, Yankee as well, have created a number of subsidiaries that are related to them. And so the purpose behind the -- the bill is nothing more than just to keep everything nice and clean and make sure that transactions that occur between these folks are -- are legitimate and can be inquired into.

So I realize I probably didn't take six minutes. I didn't think there was much chance I would, but -- but there you are. And I'm ready to try and answer questions from anybody except people like Bob Megna who came back to



**STATE OF CONNECTICUT**  
 DEPARTMENT OF PUBLIC UTILITY CONTROL

DONALD W. DOWNES  
 CHAIRPERSON

**House Bill 6306: AAC ESTABLISHING A CODE OF CONDUCT FOR THE  
 TRANSACTIONS BETWEEN NATURAL GAS DISTRIBUTION COMPANIES AND  
 THEIR AFFILIATES**

February 3, 2009

**TESTIMONY OF CHAIRMAN DONALD W. DOWNES**

The DPUC supports the passage of this proposal. This proposal requires the DPUC to adopt a code of conduct to govern the manner in which transactions are permitted to occur between gas companies (gas distribution companies) and their affiliates.

Specifically, this proposal's provisions:

- Establish a new statutory term "affiliate" that is defined to include the range of entities that should be covered by the proposed code of conduct, and specify the meaning of other key terms that are used in this proposal.
- Outline the minimum standards for the goals and objectives that are to be addressed in the code of conduct (ex. procedures to safeguard against natural gas company ratepayers subsidizing the operations of their affiliates).
- Provide the DPUC with the authority to investigate a company's compliance with the code of conduct, and grant the DPUC the ability to enforce the code by issuing cease and desist orders/ levying civil penalties against entities subject to the code.
- Specify that the code of conduct shall not prohibit communications necessary to restore service or to prevent or respond to emergency conditions
- Require the DPUC to promulgate regulations by 1/1/10 to establish the specific code of conduct, accounting and reporting requirements, and procedures for gas company and affiliate compliance. These new regulations would set specific standards for the procedures, purchases or sales of goods or services, system of records, accounting, and reporting requirements for these types of transactions.

Currently, there is no state statute or regulation that sanctions the development of a common code of conduct that would set the standard for all natural gas company transactions with their affiliates. As a consequence over the years, the DPUC has addressed these issues in a range of different administrative proceedings (CT has three regulated gas companies). The resulting DPUC decisions have established a broad



Northeast Utilities Service Company  
P.O. Box 270  
Hartford, CT 06141-0270  
(860) 665-4822  
Fax (860) 665-3177  
Boston Office  
(617) 725-8801

Margaret L. Morton  
Vice President  
Governmental Affairs

February 3, 2009

The Honorable John Fonfara  
The Honorable Vickie Nardello  
Chairpersons of the Energy and Technology Committee  
Members of the Energy & Technology Committee

The Connecticut Light & Power (CL&P) and Yankee Gas Companies are providing you with written comments on Raised Bills Numbers 775, 777, 6302, 6304, 6305 and 6306. To facilitate your review of our comments, I have put testimony on each bill on a separate page.

As you are well aware, electric generation rates in Connecticut have remained high, primarily as a result of higher costs of wholesale energy that we purchase for our customers as required by state law. The current economic crisis has placed a significant burden on our customers and the State's economy, and high energy costs certainly do not help. Short-term natural gas prices, fortunately, have declined sharply, providing relief to our gas customers. This Committee, the legislature, the Governor, the Attorney General, and state agencies are to be commended for seeking to improve this situation. CL&P remains committed to working with all parties to develop solutions for Connecticut's energy problems.

Before commenting on the bills on today's agenda, allow us to tell you about actions that CL&P is taking to help reduce those bills.

▶ **Congestion Management**

- Congestion occurs when more costly generation runs because of inadequate transmission.
- Through careful risk mitigation strategies, CL&P has managed congestion expense for standard service and last resort service load since 2004, saving our customers \$250 million even before we completed new transmission upgrades.

▶ **Energy Efficiency Programs**

- Our nationally recognized programs save \$4 for every \$1 spent
- Efficiency measures installed in 2008 alone will provide customers with \$360 million lifetime power supply savings and 1.8 million tons of carbon dioxide, a major greenhouse gas.

Testimony of  
CL&P/YGS Feb. 3, 2009

6. **Raised H. B. Bill No. 6306 (AN ACT ESTABLISHING A  
CODE OF CONDUCT FOR THE TRANSACTIONS BETWEEN  
NATURAL GAS DISTRIBUTION COMPANIES AND THEIR  
AFFILIATES)**

This bill requires the DPUC to establish a code of conduct that sets minimum standards for gas company transactions with affiliates.

NU understands the need for codes of conduct between regulated and unregulated affiliates and believes that this legislation should be amended accordingly to apply to those affiliate relationships.

Thank you for the opportunity to present testimony at this hearing.