

PA10-097

SB493

House	4879-5043	165
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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

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Yes, good evening, Madam President. Very good to see you there, Madam President.

THE CHAIR:

Good evening, sir. Thank you.

SENATOR LOONEY:

Madam President, would move for immediate transmittal to the House of Representatives of calendar page 17, Calendar 513, House Bill 5030 as amended.

THE CHAIR:

Without objection. Seeing none, so ordered.

SENATOR LOONEY:

Thank you, Madam President.

If the Clerk would return to the call of the calendar with calendar page 39, an Emergency Certified Senate Bill 493. Calendar 545.

THE CHAIR:

Will the Clerk please call.

THE CLERK:

Turning to calendar page 39, Emergency Certified Bill Calendar Number 545. Bill Number 493, AN ACT REDUCING ELECTRICITY COSTS AND PROMOTING RENEWABLE ENERGY. The Bill is accompanied by Emergency Certification signed by Donald E. Williams, Jr.,

May 4, 2010

President Pro Tem of the Senate, Christopher G. Donovan of the House of Representatives.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

Madam President, I move for acceptance of the emergency certified bill and passage of the bill.

THE CHAIR:

The motion is acceptance of the emergency certified bill and passage of the bill.

Will you remark, Senator Fonfara?

SENATOR FONFARA:

Yes, Madam President.

Madam President, the Clerk is in possession of amendment LCO 5273. May he please call and I be permitted to summarize.

THE CHAIR:

The Clerk is in possession of LCO 5273. The Senator has asked if you would call and waive the reading.

THE CLERK:

LCO 5273, which will be designated Senate Amendment Schedule "A" is offered by Senator Fonfara,

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the 1st District, et al.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

I move adoption, Madam President.

THE CHAIR:

The motion is for adoption.

Will you remark, sir?

SENATOR FONFARA:

Yes, thank you, Madam President.

Madam President, this bill is the product of not only many hours and hours of work on substance, but also a determined and sincere effort to build a relationship between two people who share a desire to do what's best for our state when it comes to energy issues, but who have different philosophies on how to get there. And before I go on with my remarks, I would like to thank my cochair, Vickie Nardello for working with me on this legislation, as well as Senator Witkos. Irrespective of how we end up in vote, he was invaluable to me and to the process, along with Representative Williams, Rich Kehoe from the Attorney General's Office, Joe Rosenthal from the Office of Consumer Counsel. Jennifer (inaudible), our

LCO, Kevin McCarthy, our Legislative Researcher, and Melissa Buckley from the Senate research staff.

Well we set out to find a path that would allow us to develop meaningful policy and advance the state's interest without violating our individual beliefs our letting our differences dominate or derail us. In broad strokes, the bill takes meaningful steps, some more immediate and some longer term, to reduce the costs of electricity and energy overall and it makes meaningful investments to make our energy more -- energy use more efficient. To improve our economic competitiveness and to create jobs.

The bill begins the reorganization of the Department of Public Utility Control, renames that agency to the Connecticut energy and technology authority. It establishes a working group to develop a new division which would consolidate the many different agencies now located in different locations. It makes us more efficient. It makes this agency more efficient, cost-effective and organized. It establishes a research unit which, among other things identify how we can begin building an energy and technology based economy. Secondly, it seeks to lower rates. For the first time, it requires that the

planning process for insuring that our electric needs are met --

THE CHAIR:

Senator Kissel, for what reason do you rise, sir?

SENATOR KISSEL:

Thank you very much, Madam President.

It is great to see you there. As members of my friends and colleagues of the circle note that I just saw my wife and two children out of the chamber and as I came back, I realized that you were on the energy bill. So to avoid even the appearance of conflict of interest or impropriety, I am standing to abstain from this particular vote under rule 15.

THE CHAIR:

Thank you, Senator Kissel.

Senator Fonfara, you may proceed.

SENATOR FONFARA:

Thank you. As I was saying, that the bill seeks to lower rates by for the first time requiring that the planning process for insuring that our electric needs are met, that the price, not just availability of the electricity is considered and it requires that recommendations on how to lower our electric rates by 15 percent. It establishes a docket at the DPUC to

determine the affect of the independent system operating in New England and how those rules and policies may be helping or hurting Connecticut ratepayers as it relates to electricity.

It provides for a more strategic approach to buying power for standard service customers who have not gone into the private market. And it provides for a low-income rate for the most disadvantaged of us in the state. Families and individuals who struggle to pay their electric bills.

The bill also seeks to improve efficiency in growing jobs and building our economy. It invests money in fuel cell investments, the home grown technology initiated here in Connecticut. And invested in combined heat and power, a highly efficient means of generating electricity and creating -- and capturing waste heat to be used as a secondary energy source..

It invests in boilers and furnaces so that homeowners, property owners and businesses can remove inefficient boilers, natural gas and oil, with highly efficient furnaces and creates a funding mechanism to stretch out those payments over a 10-year period, thereby avoiding the need to have to come out of

pocket for a significant sum and be able to finance the project and still see a lower bill for heating oil on a monthly basis. It invests greatly in establishing a solar industry in the state. It creates more sustainable and efficient funding for the fledgling solar industry. Residential, commercial and industrial projects.

It reduces our peak demand, the most expensive and dirtiest generation sources, and begins to focus our renewable investments of which all ratepayers today, pay a portion of their electric bill. More in Connecticut than in other states and other countries. It requires that 3 percent of the conversation renewable investments will be focused in underserved areas in our state and supports the growth of minority-owned businesses, of which there are have you few in the energy industry in Connecticut currently.

The bill also provides for consumer protection. An allocation of costs for retail choice customers. It establishes a procedure for determining the proper allocation of profits for standard service customers and retail choice customers. It provides for rules for solicitation of customers with 100 or less KWH, identification, time of solicitation, clear terms of

the contract.

And lastly, it provides for electronic efficiency standards, primarily for TVs, to improve the efficiencies of increasingly energy using electronic devices.

In all, Madam President, and members of the circle, this bill represents the efforts of a lot of people coming together to take significant steps to help our state's energy users, residential, commercial, industrial, institutional to have the tools to reduce their cost, to become more competitive and to improve efficiency.

Yes, these issues are complex and that enables those who seek to maintain the status quo to create enough confusion in this chamber and the chamber downstairs and in the governor's office, to make thoughtful, well-meaning people question the direction of this bill overall. But I say we must no longer accept as inevitable, the title as the state with the highest electric rates in the continental United States.

With the passage of this bill, Connecticut will have a smarter energy policy. We will prudently take steps to understand better what is causing us to have

high rates and begin to change that structure. We will support economic growth and job creation with investments in solar, wind, hydropower and fuel cells. We will help the most disadvantaged who struggle most to pay their energy bills.

In short, working together Madam President, this bill -- with this bill we begin today to turn the corner towards a more positive energy future in our state. And I urge passage of the amendment. Thank you, Madam President.

THE CHAIR:

Thank you, Senator Fonfara.. Will you remark?
Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

The good Senator summarized a bill 86 pages long in under eight minutes. A bill that will have sweeping, profound changes on our energy policies here in the State of Connecticut. I want to first start my comments off about talking about the process as to how we got here today. And I realize this is my first term on the Energy and Technology Committee and there is, as Senator Fonfara mentioned earlier in his comments that the chairs of the committee come from

different viewpoints as to what would be best for Connecticut ratepayers.

And I think that's the ultimate goal. That we want to do what's best for Connecticut residents and that's what's driven us here today. But I think what's driven us here today was rushed Madam President. It reminds me of the debate that happened in Washington, D.C. on Christmas Eve when a bill 2,000 pages long were plunked on Congress' desk, and they were asked to vote for a health care bill, without reading the bill, not knowing what was in there. This is almost a copy-cat of that same process.

I would ask by a show of hands how many members around the circle read the bill, but I wouldn't want to embarrass anyone, because I know what the answer is. There aren't that many. It's a very, very complex subject matter that we're dealing with today. And we should be concerned with the magnitude of the impact this legislation and how it affects the electric industry in the State of Connecticut and we should be more concerned with the underlying goals of reducing energy costs in the state. However, we have not done a comprehensive analysis of whether these changes in this bill will yield the desired results.

12 years ago members of this circle were asked to vote on deregulation. Whether you supported it or you didn't, you were asked to trust the chairs of the committee at that time. Put your trust in a bill that was so complex many people didn't know what it did. They heard the words, it's going to save and reduce our rates, so you know what, let's just go for it and we'll try it. And here we are today.

And I believe we're asking you to do the same thing, ladies and gentlemen, today with this bill before you. There are many, many changes enumerated in this bill. The first of which creates -- well takes the department of utility control and breaks it up. It says we're not going to create two divisions, and we're going to call it the CETA, C-E-T-A, Connecticut Energy Technology Authority. And contained within the CETA is what is known as the Department of Public Utility Control and then also the acronym of DRED, the Division of Research and Energy and Technology. And there shall be a procurement individual who will go out and buy the power. It says that in the bill. But then there's also going to be three bureau chiefs contained in that.

And then we heard that there's going to be a

working group that's going to back fill the agency. Now does that make sense to you? We're going to create an agency, we're going to hire a person, we're going to put them over there. We don't know where "there" is yet. And then we're going to have a working group study how we're going to create the agency, even though we're creating the agency in statute. It's kind of like putting the cart before the horse, don't you think?

If I may, Madam President, through you, a few questions to Senator Fonfara.

THE CHAIR:

Senator Fonfara.

Can you prepare yourself for questions, sir. You have the floor, you may proceed Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

Through you, what would be the make-up of the new CETA group? I'm concerned more with staffing levels, the anticipated number of employees and funding for that. Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. That will be decided by the working group, or recommended by the working group, of which the chairs and ranking members will be -- I believe the majority members of that working group and ranking members of the Energy and Technology Committee. The recommendations of the working group will be forwarded to the energy and technology group and then to the Energy and Technology Committee and then acted on by the Legislature.

Through you.

THE CHAIR:

Senator Witkos, you have the floor, sir.

SENATOR WITKOS:

Thank you, Madam President. I was kind of confused as to this group goes to that and then it goes back to this group and then the group's going to report back to the CETA group and everything will happen. It's kind of like put it all together, turn it all around and that's what it's all about. And here we are. The bill speaks of conducting a study by the academy of science and engineering. Could the Senator describe what -- who is the Connecticut academy of science and engineering and their expertise? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. It is, as the title indicates, it's an organization of engineers, scientists and others who have done a number of studies for the Legislature and for the Energy and Technology Committee in the past. And I think that -- I think that answers the question, through you.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President. Does the academy -- are they a quasi-public agency? Are they affiliated with a school? Is it a consulting firm? Do they work for a college? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. To the best of my recollection, it's a non-profit organization that offers itself to the Legislature to address complex issues that we, in this building, would not have the capacity to undertake. Through you.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President. And when I understand it's a non-profit organization, there's still a cost associated with doing the study, so would the good Senator have an idea as to the cost of the study to have the academy of science and engineering do that study for the Legislature? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President, I do not.

THE CHAIR:

You have the floor, sir, Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President, and through you, to Senator Fonfara, while we don't know how much money the study would cost, do we know where the funds to fund that study would come from? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. The DPUC would contract with the academy. Through you.

THE CHAIR:

Senator Witkos, you may proceed.

SENATOR WITKOS:

Thank you and, through you, Madam President, if the DPUC contracts out for that to pay for that service, where does the DPUC get their money from, their revenue stream? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. As all of these expenses do, through ratepayer assessment. Through you.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

If a clarification, the ratepayer assessment is our ratepayers throughout the State of Connecticut, both commercial and residential. Is that not correct, through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President, yes.

THE CHAIR:

You have the floor Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President. And if the Senator could explain, we have the academy of science and engineering reporting back to the working group by November 1, 2011. Yet the working group has to report back to the Energy Technology Committee their findings by January 1, 2011. So we have a working group that are not comprised of engineers reporting back to the Energy Technology Committee, and the professionals out there that we're paying for, report back 11 months after the working group has to report to the Energy Technology Committee for their recommendations. I think there's a drafting problem in the bill because why would we pay for a study that we'll never. And when I say "we" pay for the study, I mean every ratepayer in the State of Connecticut is going to be paying for that study. That is one of the costs associated in the bill.

Through you, Madam President, to Senator Fonfara.

Do you believe the division of research energy and technology will be similar in size and scope to the New York equivalent? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

I'm sorry, Madam President. Could the gentleman repeat the question?

SENATOR WITKOS:

Thank you, certainly. The state of New York has a division similar to what we're trying to establish here in the State of Connecticut. And do you think that the goal of Connecticut would be to have something similar in size and scope, the scope meaning the duties that we're trying to establish in this bill as New York does?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. I'm not sure which organization Senator Witkos is referring to. If he could be a little bit more specific.

THE CHAIR:

You have the floor, Senator Witkos.

SENATOR WITKOS:

Thank you. The division I'm referring to is the
NYSERDA.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Again, the
determination of the scope -- of the scope of the
responsibilities of this unit, the research bureau,
would (a) be recommended by the academy and then
brought to the department and then recommended to us
in terms of what should be done. That's a couple of
step process to look at whether -- what the size of
this unit should be. Right now we don't have one.
NYSERDA has been around for many years. It has grown
over the years and the focus on this would be to, as I
said in my opening remarks, to help us to have a
facility, which we don't have right now, to understand
how to grow an energy-based economy, how to support
renewables in this state that are based in
Connecticut, to keep the dollars here in Connecticut,
to support technology development as well in our
economy. Another opportunity that we do not take
advantage of very well in my opinion in this state,

and the research arm would be there to help the Legislature, help regulators and that division of the new authority to be able to have information and so study different approaches as it relates to energy and technology. Through you.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor, Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President. We often look to other entities or potentially other states to see if they have something that we're aspiring to do or become. Why reinvent the wheel? If they have a successful organization or division in this case that work well for them, why should Connecticut go out and start anew. We should copy some of their ideas and maybe tweak them a little bit to our liking and maybe correct the problems that they've made. If they've discovered the problems, we certainly don't want the problems that they've discovered, so we'll take the good and kind of throw out the bad. And the reason why I brought up the NYSERDA to the chamber -- Senator, I'm finished questioning for just a few minutes. You don't have to stand. Is because of the

cost of the NYSERDA. Our DPUC budget is roughly \$11.6 million per year with 141 employees. The NYSERDA, which is in New York, their budget last year was \$31 million with only 288 employees. And why is it that the budget is almost double with not that many extra employees? It's because of those type of employees. The engineers, their procurement folks, research people. They command high salaries. And those salaries will be borne by the ratepayers of the State of Connecticut.

Remember in the onset -- in the opening remarks, the ultimate goal is to reduce the cost of electricity to our residents to the State of Connecticut. We used to be number two on the list. I tell you, if we pass this piece of legislation tonight unamended, we will become number one. I brought up the examples of NYSERDA and I wanted to touch base a little bit about the establishment of the CETA group, the authority, because it goes back to the process, Madam President. After the months of public hearings and many of the bills were heard on an individual basis, but they were never combined into a conglomerate of bills. So I kind of said the hokey pokey a little bit earlier, I turned it all about, and here we have a bill. Well,

when the bill was being worked on, the two co-chairs and I applaud their efforts of working together spent many hours together, alone without the republicans in the room. Is that right? No, it is not. And when it was brought to the chair's attention, the doors were opened, and I thank them for inviting us in. It might have been overlooked, but the discussions began. And when we're talking about complex issues such as this, the rest of the people weren't at the table either. Where was OPM? Where was the DPUC? The DPUC, the agency talking about breaking in half. They weren't there. Not until the very end, were they invited in. The attorney general's office was there. The office of consumer counsel was there, and the republicans were there along with the chairs, but the DPUC and the OPM were not part of the initial discussion phase. And then I saw something I never thought I'd see. A note posted on the energy technology door that said, "Technical amendments are welcome, but substantive policy changes, basically, keep to yourself."

Can you imagine that? We're talking about changing our energy policies in the State of Connecticut. We don't want input from suppliers. We don't want input from generators. No, you're

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disallowed, and by the way, you have 24 hours to get them to us. Otherwise you're SOL. Can you imagine? Billions of dollars. Billions with a "b." 24 hours, I believe at the time, it was 129-page bill to get them to us. And I was part of the conversations and thanks in large part to Senator Fonfara. And I listened as many of those folks came in and they abided by the rules and they didn't offer substantive changes and they had their technical changes, and they were saying the way the bill is, isn't getting you where you want to be. And they were asking, well what do you mean? Well, they brought the bill back and they had teams of lawyers who deal with these issues every day, eight hours a day. And I'm sure it was a sleepless night for those folks, the council members that had to get their recommendations back to the Energy and Technology Committee by noon the next day. And I don't blame our LCO attorneys because they've been working around the clock with many, many, many changes. But when you have a team of attorneys saying you need to tweak this, because we know where you want to go, but it doesn't get you there. And still to move forward with those -- I enumerated earlier about the studies. One being 11 months before the other

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one. That's just one example. As I read through the bill, I became more concerned about some of the areas and one of those areas was the part about the electronic home appliance efficiencies. Connecticut is adopting a California standard? From the east coast, to the west coast. How do we adopt California standards? More importantly, why are we adopting California standards? Because state standards are not effective in creating efficiency gains, folks. You will create a patchwork across these United States by allowing individual states to say you must have an efficient rating in this state, but it may not conform to the same efficiency rate in that state. And by the way, the bill says if it's passed and signed into law, that if there's a product on the market and California doesn't have a code -- an efficiency code, then any other states that are in this multistate agency that we belong with, we have to adopt theirs. So can you imagine if little Rhode Island who is a member adopts an efficiency standard of televisions must be at 97 percent efficient. Otherwise they can't be sold. And California doesn't have that. We have to adopt Rhode Island's. You know what's going to happen to televisions in our state? They're going to be

non-existent. You're going to have to go out of state to buy a TV. And one of the reasons why I have concerns in particular about this section of the bill is that many folks go to a discount store because of economies to purchase these appliances, whether it's a toaster, a television, a CD player, and you can see a wide range of products and prices. You could start at the lower end and I'll give you an example. For an audio-- a DVD player, \$150. Those can go owl the way up to the 700-dollar range and people will buy according to their ability to pay and the quality of the product that they want. If this bill passes, you can say good-bye to the \$150, and the 300 and the \$400 item, because they may not be as energy efficient, so they're off the shelves in Connecticut. But hopefully you've saved up your pennies, because you're paying \$500 and \$700 for the items because that's all we have. Unless you go to a neighboring state and you can give your neighboring state your tax dollars.

While the State of Connecticut is in a huge deficit, we're going to be chasing our residents out of the State of Connecticut on the six percent sales tax, because they're not going to be able to afford the bottom line of the item. This bill will create

confusion in the marketplace. The technology of these items grows so rapidly and changes so frequently. How many of you have the old-style, flip-up cell phones and how much of you have the new iPhones. The time span of those from research/development to the market was rapid. Imagine in that time frame if we had these efficiency standards and all of it you had they just get dropped off on the shelves and now they're no longer able to be sold in the State of Connecticut. That is the wrong direction for Connecticut.

As far as the solar piece goes. Now I consider myself an environmentally friendly person. In fact, I personally like solar, but the portions in this bill will raise ratepayers fees astronomically. The sections of the bill which allow for renewable energies, if you met their goals, we're looking at 1.5 to \$2 billion over 20 years. 1.5 to \$2 billion. But there is a cap. So all those advocates out there that are saying, yes, great, great, look at all those programs we can get into -- we can get involved in. Renewable energy, green energy, great thing for Connecticut. It should be is, but guess what? The program is going to open and it's going to close the same day because while we have these goals of

providing financial incentives and assistance and loans for wind power, hydropower, thermal power, we can't afford it.

Can we afford to add another \$150 million to ratepayers expense? Because everything we do in this bill is going to affect ratepayers dollar -- ratepayers in the State of Connecticut electric bills. We've heard from our business community that the cost of doing business in Connecticut is outrageous and one of the number one issues is the cost of energy. Well guess what, you pass this, you're raising that. And when we talk about affordability, remember we have a no shutoff law in the State of Connecticut and we've just passed that deadline so they can be shut off. There are 64,044 residents in the cue to be shut off in the State of Connecticut. 21,000 are waiting for their matching payment program.

So the net of that is 42,648 residents will have their utilities shut off. Why? Because it's too expensive and they can't pay their bills. Do you think that number is going to go down? Certainly not. Every single thing in this bill is going to raise ratepayers costs. The speculation is how much is it going to raise. We talked about the laddering effect

and how we procure our electricity. The laddering effect has worked so far for the State of Connecticut. We buy our electricity on a three-year sliding scale. We know today, that next year and the year after, we are guaranteed that our electric rates will go down by 10 percent each year. And you could say, do you have a crystal ball, Senator Witkos? How do you know that? I know that because we've already bought the electricity out those two years. We purchased it already.

We can't say that for 2012, because we haven't bought all of 2012. But last year it went down 10 percent, this year it's going 10 percent and next year, it's going down 10 percent and it's because of the laddering effect. Because we maintain a constant level and there are no spikes in our electric rates, like you might see in other states. Depending on when you take that picture as to comparing our rates to another state's rates. They may be down three cents a kilowatt, we may be up. But if you did an overall average, we don't succumb to those spikes because of the way we purchase. But there are some very good things in the bill, that we'll go over in a few minutes when I call my amendment.

And I find it odd when we talk about providing discounts, low -- providing lower rates for folks. And in the bill it says it should be at 60 percent of the median income. And I try to think, well we always assimilate and associate things with income and in our building we talk a lot about the federal poverty level, and I was curious as to what we provide at the federal poverty levels. So I did a little research, with some help. And at the 150 percent poverty level for a family of four, okay? That's making \$33,000 a year. Those folks are eligible for the earned income tax credit, food stamps, HUSKY aid for children, HUSKY aid for parents/caregivers, school breakfast, school lunch program and utility assistance. That's at the federal poverty level, family of four, \$33,000.

If the person makes \$20,000 more, guess what? You're on your own. But, you're still eligible for the lower discount rate for electricity. How is it that we won't provide shelter and food for somebody at that level but we'll certainly give them a discounted rate on their utility bills? It makes no sense to me. Shouldn't they be matched up?

The bill talks about project 150. Now project 150 is a project that actually came into being back in

1998. Back then it was known as project 100. And the numeric at the end stands for the amount of mega watts that's supposed to be generated. And through the years, nothing happened and back in I think it was '05, it became project 150. And the cost of project 150 will soon be borne by ratepayers because the utility companies have already signed the contracts, they are building these generating facilities, biomass, trash to energy, fuel cells, ten locations spread throughout the State of Connecticut. At a cost of 100s of millions of dollars and who's paying for it? Ratepayers. Do you kind of see a constant theme in my argument? The cost of shifting to ratepayers.

When all we're saying is our electric bills are too high, we keep adding more and more and more on. These hundreds of millions of dollars in the project 150, that's already been passed into legislation. The next time the DPUC adjusts the rates, you're going to see it. There's nothing we can do about that now. They're in the works. Contracts have been signed. What we can do is to slow down the rate so we can reduce our rate and I think that's what the people of Connecticut are asking for and demanding for.

The programs are so great that the cap that is

placed upon them basically will be the same result as the clean energy fund. It opens up and everybody gets in the pipeline and then the program shuts down. And then people become frustrated. We ought to have an ad in the paper that says "While supplies last." Bait and switch. That's what we're doing at the capital. Bait and switch. Because we're not being honest with everybody. We're saying we're giving you millions of dollars, tens of millions of dollars and we're not really. Not with the cap buried in there. And as this bill moves forward, we're going to be discussing the budget bill pretty soon and in that budget bill it removes 35 percent of the conversation fund. That is downright wrong. That is ratepayers money to be used for energy efficiency.

The one program we should not touch that actually can reduce electric rates, we're raiding. And you want to increase the cost of ratepayers to more funds so we can raid it and put it in the general fund? No. I urge the chamber's rejection on the amendment before us.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Witkos.

Will you remark? Senator Kane.

SENATOR KANE:

Thank you, Madam President. Good evening.

THE CHAIR:

Good evening, sir.

SENATOR KANE:

Senator Witkos' remarks have led me to a great number of questions, through you, Madam President, can you ask a few questions to the proponent of the amendment?

THE CHAIR:

Please phrase your question.

Senator Fonfara, would you prepare yourself, sir.

SENATOR KANE:

Thank you, Madam President.

Does this new Connecticut Energy and Technology Authority, I believe I have the acronym right, is that really renaming the DPUC or creating a new agency? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, madam speaker. It renames the organization. It establishes a second division. On

one side, you'll keep the Department of Public Utility Control, which will actually become the Division of Public Utility Control. Nothing on that side would change. It would continue to maintain its responsibilities with respect to regulating utilities and other responsibilities in that regard that are in statute and regulation. And we'll create a second division which would establish a division where research, energy and technology would be located. Through you.

THE CHAIR:

Thank you, sir.

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

So it's not creating a new agency, but we are creating a new bureaucracy. Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President.

To the contrary, as the gentleman, I'm sure, is aware and the circle is aware, that Connecticut has

some of the most disparate elements across the state that have responsibilities for energy. And as a matter of fact, in 2007 our governor proposed in her budget address, creating an energy department for the very reason that I just stated. That we in Connecticut have energy offices of one kind or another located in many different places. And she then called for the creation of an energy department. And while we're not calling this an energy department, in many respects, they will have the same kinds of responsibilities that the governor had suggested to the Legislature that we do. And for the same reasons, because we're inefficient.

We are costing taxpayers many more dollars right now because of that decentralization and because of -- people aren't talking to each other the way they should, because they're not working together. They don't see each other. They aren't able to benefit from the opportunities to work in the same place and communicate. And this will begin that process.

Through you.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President. So through you, the existing structure, DPUC is not doing what this new division will be suggested it do? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Again, it is the beginning of the consolidation of a number of offices and agencies that currently are occupying space around the state, and in particular in the Hartford area, that have responsibilities with respect to energy in this state. And we will begin the process of consolidating them at the new authority under the responsibility of the same five commissioners who currently run the Department of Public Utility Control. Through you.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President. I'm sorry, I guess I'm unsure then because you're saying that we're

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consolidating but we're create a new division. Is it truly a consolidation when there's a new creation? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Again, it is consolidating the many agencies that exist under one roof. So there's organization, there's coordination, there's efficiency, and getting away from this alphabet soup of operations that we have around the state that our own governor in 2007 described very accurately in her budget in proposing an energy department. Through you.

THE CHAIR:

Thank you, sir. You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President. I guess that's what I can't get my arms around is the creation of a new division is in some way a consolidation when in my mind if we look to be efficient, we make the existing agency do what this new agency is supposed to be created for, when if they're not being efficient, why

can't we make them more efficient. I guess that's what happens in government as opposed to the private sector. We just create another division to make ourselves more efficient, when in fact, we're making the actual bureaucracy larger, which creates inefficiency. Can you, through you, Madam President, explain the costs of this new division?

THE CHAIR:

Senator Fonfara, you have the floor.

SENATOR FONFARA:

Through you, Madam President. As I indicated earlier to Senator Witkos, with respect to his question, the working group that will report back to the Energy and Technology Committee next January will work through the fall to come up the recommendation as to what agencies would come under the new DRED, the division of research energy and technology. And with the charge of consolidating the various office was and departments currently operating in the State of Connecticut, but not operating in a single -- under a single agency and a single authority. Through you.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President. Through you, this new division will have bureau chiefs assigned to it. Through you, is that true, Madam President?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Yes.

THE CHAIR:

You have the floor Senator Kane.

SENATOR KANE:

Thank you, Madam President. And through you, how much is the cost for those new bureau chiefs. Through you

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. That too will be part of the responsibility of the working group. Through you.

THE CHAIR:

Thank you, sir. You have the floor, Senator Kane.

SENATOR KANE:

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Well the working group that you mention and I think you -- I believe you believe you said that it will be made up of the chairs and the ranking members. Have the chairs and ranking members on the Energy Committee discussed what the possibilities of the costs for these bureau chiefs would be? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. I can only speak for myself and I have not. Through you.

THE CHAIR:

Thank you, sir. You have the floor Senator Kane.

SENATOR KANE:

Thank you, Madam President.

How about this bureau of power procurement? Is that underneath that same division or is that a new division. Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. I believe it will be under the conversation and renewable component.

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Through you.

THE CHAIR:

Thank you, sir.

You may proceed, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And the conversation and the renewable, is that
an existing division or is that a new division.

Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Currently there
are responsibilities undertaken at the DPUC regarding
conversation and there is a separate agency, the clean
energy fund and board located away from the DPUC,
which would be brought under -- at least that is
anticipated and the working group will ultimately
decide that and make recommendations back to us, but
that is what is currently anticipated. Through you.

THE CHAIR:

Thank you, sir. You may proceed Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Senator Fonfara, I hate to make you keep going up and down, because I do have plenty of questions. I'm glad you brought up the Connecticut clean energy fund. I think you said that that would be moved and I think what I've been told, what I understand, the Connecticut clean energy fund is a quasi-public agency, if I'm explaining that correctly, and the reason for that is the timeliness and the speed of contracts, and they're able to move.

Is that a danger of us moving us underneath a governmental agency, if I'm understanding it correctly? Putting us in danger with that timeliness and speed of contracts? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

Through you, and I think and that's an excellent question by Senator Kane because it's something that has been discussed and I think again the working group is the best place to make those decisions as to how to bring the best of that organization, its timeliness, its ability to make decisions quickly, which I think is in the best interests of ratepayers and projects

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and proposals, but also to be able to benefit from the coordination that would be brought about by the creation of this new division. So that's an excellent issue, an important issue that needs to be considered by the working group. Through you.

THE CHAIR:

Thank you, Senator Fonfara.

You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

So is that now in the bill or is that something that can be adjusted through the working group, that can be changed if it's found that it does not make sense that they're underneath a governmental agency. They need that speed that, I think, you and I agree upon. That's something that can be worked on through the working group? Through you, Mr. President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President.

I don't think there's anything that is off the table for the working group and clearly if they felt that it would be better to recommend that something

not happen that was envisioned early on or something else happened that wasn't envisioned, there's nothing to prevent the working group from doing that. That's the benefit of having the time where you're not distracted by other aspects of work to consider all elements and bring all the parties together.

Remember the objective here is to bring about greater efficiency, to expand the opportunities that this new division would provide for the State of Connecticut as it relates to energy and do that in a manner where thoughtful -- hopefully, thoughtful people will be coming together and to make recommendations back to the Legislature. Through you.

THE CHAIR:

Thank you. You have the floor Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I appreciate that answer. Through you, Madam President, I don't -- I don't -- I want to ask about the ISO piece in here that Senator Witkos talked about. Can you just talk a little bit about ISO New England and how it was created and why it was created. Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Yes, through you, Madam President.

The purpose is that of all the areas that have an effect on the cost of electricity for Connecticut ratepayers, it is my belief and others that the role and the effect of the independent system operator in New England, otherwise known as ISO, has as much of an affect as any other on how their rules and procedures impact Connecticut's rates in contributing our rates to our rates being as high as they are. And this process is being created and we're called for a docket at the DPUC, an examination in other words, an examination by those that we have charged with understanding these issues, these complex issues far better than we to look at the policies and procedures, the rules of the ESO and how they affect us, positively, negatively, how they might help our rate, how they might hurt our rate structure and to come back to the Legislature with findings in that regard and recommendations if they feel that there ought to be changes with respect to the system that we currently are a part of. Through you.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor
Senator Kane. You may proceed.

SENATOR KANE:

Thank you, Madam President, and I appreciate that
explanation. Has ISO New England, in its creation, in
its existence, been a success? Through you, Madam
President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. I don't know how
Senator Kane defines that word, so I'm not going to
venture a guess in trying to respond to it. Maybe the
gentleman could be a little bit clearer in what you're
seeking as an answer. Through you.

THE CHAIR:

Thank you, sir. You have the floor. You may
proceed.

SENATOR KANE:

Thank you, Madam President. Well, I guess what
I'm saying is, we joined ISO New England, it was
created as you mentioned in depth. There has to be
some outcome, some measures whether it's working or
not and because I do believe in this bill, it suggests

that we move away from ISO New England and out of that ISO New England. So if we're suggesting we do that, there must be some knowledge or some background that says, with it didn't work or it did work but we could do better. I have to believe there has to be some kind of information to make that decision upon.

Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President.

There in no way are we prejudging the fact finding efforts by the DPUC and in no way are we prejudging that and it's our objective to get facts. This is a complex field. The ISO process and how generators are compensated for delivering electricity to our state is one of the most complex areas that I have to be responsible for in my responsibility and role as chair of the Energy Committee. And because, as much as any other area, and by the way, generation costs are approximately 50-55 percent of the total bill, and the ISO rules and regulations impact on those generation costs that drive our energy rates to where they are today in a significant way, it's

important that we understand whether or not those rules and those regulations and that organization are working in the best interests of ratepayers of this state, of our economy, and all who are affected by that.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President. I'll move on.

Senator Witkos talked about this California efficiency requirement, and I'm curious how during the public hearing process businesses talked in regard to this particular piece. Were they in favor of moving toward this California efficiency requirement? Were they against it? Was there any input from the business community, from the manufacturers, from the retailers, from the wholesalers? Any input at all in regards to making a move towards this California efficiency requirement? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. I do recall that

there were Representatives of the retail community who spoke against it. I'm not certain beyond that. At this point, I wouldn't be able to represent accurately what was testified to. Through you.

THE CHAIR:

Thank you, Senator Fonfara.

You have the floor. You may proceed, Senator.

SENATOR KANE:

Thank you, Madam President. I appreciate that answer. How about -- um, the procurement of power and our ability to fluctuate with the market be it short-term or long-term. I believe part of this bill says that we cannot enter into agreements for a certain period of time, I don't know if it was six months or longer or shorter. I thought there was an issue in regards to this. And I just ask the chair of the Energy Committee what your opinion is on that as far as the purchasing or procurement of power in relation to this short-term versus long-term policy. Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President. I appreciate the

gentleman's question. And I do sincerely because I think it is illustrative for folks who may not spend time doing these issue -- working on these issues, and the more people understand, I think more people will appreciate the value of the bill or the amendment before us. But specifically to the question, currently, and I'll try to be as succinct as possible with respect to this, current the way Connecticut utilities and they're the entities charged with purchasing power for customers whoever not gone out into the retail market.

And roughly that is a very small percentage of industrial or large commercial customers and as you shrink in size and in terms of size of the commercial customer, an increasing percentage has not left into -- go into the retail market to buy their power from a private provider, if you will, and as you move closer to the residential/small business and then the residential market, a much larger percentage of those customers remain under what is called standard service. Where the utility while not owning a generation is the purchaser of that generation from private providers and then provides that electricity for the vast majority of residential customers still

and a smaller percentage of businesses that still remain to get their electricity that way.

That process of purchasing electricity was created back, I'm not remembering exactly, less than ten years ago under law in which it said we're going to buy this power in blocks of time, six months as you indicated, over a three year period, rolling process. And it was designed that way by the former Chairman of the public utility control commission to stabilize rates and insulate ratepayers from rate shock and that has worked.

The down side of it that many believe is that it insulates ratepayers so well that it doesn't allow the process to take advantage of buying opportunities for power in shorter term means that could benefit ratepayers and some have called this current system probably the most inefficient way to benefit ratepayers. And to give you how to illustrate that for everyone, in the best way I that know of, Connecticut ratepayers who remain on standard service and the majority of our residential constituents are on standard service, are paying for power that was purchased two, maybe three years ago, certainly two years ago when natural gas prices were much higher

than they are today, and since natural gas sets the price for electricity in Connecticut, that means that the price of electricity at that time was much higher. It was purchased at that time and we are today paying for electricity that was purchased two years ago. And so, therefore, we are paying much higher prices today than what the market would bear or is offering.

This new approach says for a smaller percentage of the load of that amount of energy has to be purchased, you're able to go out and purchase it in a more strategic way, a more aggressive way, so that if you have opportunity to buy that power, you do so. If it's in a very short period of time, then the procurement administrator with the utilities would make that decision. If it's, I believe, more than six months in time, then the Department of Public Utility Control commissioners would approve that. And not to steal my colleagues thunder here, but an example of how that works is through CMEEC, which is the municipal cooperative here in the State of Connecticut. I believe that's about six or seven towns and they have measurably lower rates than we do and they purchase all of their power in this strategic portfolio management approach. Through you, Madam

President.

THE CHAIR:

Thank you, Senator Fonfara.

You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I guess in your answer you said that we are paying higher rates today based on higher gas prices of two years ago? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through me -- through you, Madam President, yes.

THE CHAIR:

You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I guess that leads me to my next question. If that means that we are paying higher rates because of the transportation of the gas, of the energy to our state, wouldn't it make sense then to have more sources of creation of that energy here rather than rely on the transportation, maybe alternative vehicles to produce the energy here? Through you, Madam

President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. First of all, this is natural gas we're talking about and because our generation sources here in Connecticut, on most days the price is set and it goes back to the issue with the ISO that I spoke about earlier, but on most days, electricity in Connecticut, the price of it is set by natural gas, being the clearing price and that gets really esoteric, but when the utilities go out and purchase that electricity, they do that in a rolling process over three years. And so what might be the price of electricity that they are contracting for and they just, I believe United Illuminating just did this last week, they're buying power for 2011 now. And that price gets blended in with the year before, the year after and it keeps rolling in that manner.

So if the price of electricity that you're buying in year 3 is higher or lower than it is in year 1, when you blend that together, it effects the price. Today the price of electricity much lower than it was three years ago or two years ago because the price of

natural gas, due to the economy, due to some discovers of how to bring natural gas out of the earth, have dramatically lowered the price of natural gas, leading to the lower prices of electricity. On the spot market or the retail market today.

But again, because of the means by which we purchase electricity for standard service customers, which was designed to protect ratepayers from huge swings in prices, it's worked. But many would argue that it's not working to the advantage of the consumer of the -- electricity users of this state, across the state, because of this lag, because of the inability to purchase opportunistically when there's a good opportunity to buy electricity cheaply, they're not able to do it under the current system. Through you.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President, and you know, to your example about buying for 2011 and then mixing that in with the price, I think Senator France would call that dollar cost averaging in his business. But I still am a bit hung up on that because basically what you're

saying is we're going out -- well first of all, we're paying a greater price because of gas prices in 2008. Now potentially, we have lower prices and we'll mix that into the rate, which will then lower over the whole period. Then why would we risk, if it's working, I think you said that, the volatility of a shorter market. Wouldn't that be more risky to that, what we've been talking about? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. There's no question that it does introduce a degree of greater risk, but you hope and you put people in charge of this that know how to buy, as with CMEEC. They look at the markets. They pay a lot of attention to opportunities out there. If it makes sense to buy electricity for a month period, two-month period, a six-month period, or buy long for a year or for two years, they have that ability. That's not the case currently under the current system. And while there is a degree of added risk, there's a degree of added benefit that comes with that.

The way it was structured back some years ago, that was not the consideration of how to take advantage of opportunities that came along. I wouldn't say the sole, but the primary objective, was to insulate ratepayers and there's been some reconsideration of that policy with the introduction, gradually, not all at once, allowing the department to consider this on a 10 percent, a 15 percent, a 20 percent basis of the overall load to see how it goes, with the ability to close it down if they felt it wasn't working well. But also the ability to open it up further and buy more and more of their power that way if they felt that was advantageous to ratepayers. And by the way, the private market does this this way every day. Through you.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor. You may proceed, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

In fact, your answer just led me to my last question about the private sector and the alternative providers out there. Have we seen that this step or move towards deregulation that we've had over the last

few years is finally starting to work. People are understanding that there is choice out there and that they're getting educated on all the new choices available and they are finally seeing some lower rates. Would you agree that it is working and we should continue moving in that direction, and if so, doesn't this bill contradict what we agree upon?

Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Couldn't agree more that it's working. And I along with others on the Energy Committee who believe in the retail market, who believe in the competitive market, have stood strong against some efforts to try to reverse these gains. I continue to do so. My colleague Senator Witkos continues to do so. Senator Duff continues to do so. So resist any efforts that return to a day of a single provider that I find to be very inefficient.

But introducing new opportunities for those who have decided not to leave, for whatever reason, and it is their right. Connecticut did not decide when we deregulated to take all retail -- all customers and

send them out into the retail market. They gave people a choice to stay and have the utility purchase the power for them. They also gave them a choice to move into the retail market. That market is beginning to grow and this provision simply enables those who have stayed home, if you will, not left the mother nest, if you will, the opportunity to benefit from different ways of purchasing their power. I for one do not believe that the means to creating a robust, efficient, positive retail market, that we should artificially keep rates for all other customers who haven't left the nest, if you will, high. I don't think that's appropriate. I think the retail market ought to win and I want it win, but I believe that it should win by working hard, being smarter, thing more aggressively, not by using the law or regulations that create the margin to attract customers by artificially keeping, through means that we've spoken about, keeping that rate higher. Through you.

THE CHAIR:

Thank you, Senator Fonfara.

You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And I appreciate all the Senator's answers and actually enjoyed the dialogue considering how complicated an issue this is. I guess I just have one last question and I will continue to listen to the debate as it progresses.

I do believe there's also, in regards to this retail market, some issues in regards to the administrative costs and what I think is that, from what my understanding is, the administrative costs are currently being taken care of, overcome by the CLMP, the UI. And in this bill, that administrative cost will now move to that retail market. Through you, Madam President, do you believe that these retailers then -- will then push that costs or -- relay that cost, pass that cost on to the end user or the consumer? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. I apologize. Senator Kane, my aide who has a knack for talking to me just as someone's asking me a question, as hardworking as she is, could I ask you to repeat the question.

THE CHAIR:

Thank you, Senator Kane for your indulgence.

SENATOR KANE:

Thank you, Madam President. Of course. My question, I guess was there's I believe an issue in the bill, not necessarily a large issue compared to what we've talked about for the last 25 minutes or so, about in relation to administrative costs. And currently right now, CLMP and UI take care of or pay for those administrative costs. I believe under this bill those administrative costs will now be put upon the retail market, the alternative providers. My question to you, if that is true, which I believe it is, will those providers then be forced to relay that same cost on to the end-user, to the consumer, which will incur a higher cost for the consumer in the long run? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. It was always anticipated and not objected to by the retail market that they would pay the costs incurred by them exclusively. And this bill attempts to do that. It

establishes that the Department of Public Utility Control will create the process through a docket of determining what are the costs that have been created solely by the retail market. What are the costs that are borne solely, or should be borne solely by the standard service customer and what are the costs that are jointly, for the system and all customers, irrespective of whether they're in the retail market or in the standard service -- remain with standard service would pay. I think that's fair and as I've said, the retail providers have said repeatedly that they understand that that's their responsibility and they should pay that. Through you.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President. But, and I -- that is okay except for the fact that they will then pass that along to the consumers. Is that to be believed? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. It the extent that the system is paying if costs that ordinarily would be borne by the retail companies, but because the utilities are providing services such as single billing, that those costs are not currently something that normal companies that didn't have this process would have to pay for, and are being avoided currently. This simply says let's create a system that would allocate those costs appropriately. But not one more dime, and that's something that was important to me and others, that there not be an inappropriate cost-shift on to retail customers that should be borne otherwise. Through you.

THE CHAIR:

Thank you, sir. You have the floor, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I thank Senator Fonfara for all his answers. He certainly is well versed in the subject, and I appreciate it. I will continue to listen to the debate and to try to understand more. I do believe there will be more debate on the topic and look forward to it. Thank you, Madam President.

THE CHAIR:

Thank you, sir. Senator LeBeau, will you remark?

SENATOR LeBEAU:

Thank you, Madam President. Good to see you up there this evening. Good evening.

THE CHAIR:

And good to see you, sir, always.

SENATOR LeBEAU:

Thank you. Question for the proponent of the bill.

THE CHAIR:

Please phrase your question, sir.

SENATOR LeBEAU:

Senator Fonfara, you mentioned you few moments ago and in an aside conversation we were having, we were talking about CMEEC, I think I've been got that right. And I believe there are six or seven towns that belong to CMEEC in the State of Connecticut and they have significantly lower -- let me just ask that as a question. Do they have significantly lower electricity rates?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Significantly, I'm not sure where that falls out, but their rates are measurably lower than ours, yes.

THE CHAIR:

Thank you, sir. Senator LeBeau, you have the floor.

SENATOR LeBEAU:

I've heard 15-20 percent. 20 percent is the ballpark figure. 20 percent would be a significant, in my opinion, reduction in our rates. And how does this bill parallel. I want to make this clear. Does this bill or how does this bill parallel what CMEEC is currently doing, what those towns are currently doing to get a 20 percent reduction in rates.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. To the extent that their rates are lower than CLMP or United Illuminating's rates, that it's related to the manner in which power is purchased and it's not entirely because of that. There are other factors. But with respect to this component, yes. Their entire portfolio, to my knowledge, is bought in this

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strategic or opportunistic approach, where they study the market, they have people every day observing when there is an opportunity to buy power on a day-ahead market, a week-ahead, a month, two months, three months, in different strips and different approaches. It's an interesting approach, much like Senator Frantz may have been referring to earlier about, it's very much like Wall Street in the manner that financial institutions. As a matter of fact many of the financial institutions are in this business because they understand risk and they're well trained in that regard.

Our system does not take advantage of that opportunity, currently. Through you.

THE CHAIR:

You have the floor, Senator LeBeau.

SENATOR LeBEAU:

Madam President. Thank you. Thank Senator Fonfara for that explanation. So essentially, there is a model out there right within Connecticut of 169 cities and towns, six of seven already doing this and through at least a portion of -- through this different purchasing mechanism, a mechanism you call a strategic purchasing mechanism, they are getting

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significantly lower rates, but the rest of the Connecticut is not doing that. But now we have -- now we have a bill that will allow all of Connecticut to enjoy the fruits of that trade. That we will have an opportunity to receive those lower rates because of the bill that we are about to vote on, if this bill is passed?

THE CHAIR:

Thank you, Senator LeBeau. You have the floor, Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Yes

THE CHAIR:

You have the floor Senator LeBeau.

SENATOR LeBEAU:

Well I -- let me just continue with that, Madam President. Let me pursue that because, you know, I walk outside this door and I see people in the galleries and nothing -- a lot of good friends up in the galleries, but you hear opposition to this bill and I hear this is going to raise our costs. But we have this example right in front of our very noses of a method that can reduce our costs and yet we're being told our costs are going up. I find -- I find that

very mysterious and frankly this was, I think, really enlightening to me to learn about the differences in costs between the current rates that we pay and the other cities and towns in Connecticut in CMEEC. And Senator Fonfara, can I -- I'm going to ask you why is it that such opposition to this bill when we have a means and we're being told that costs are going -- not going to go down, but they're going to go up. Can you -- it's speculation on your part, Senator and may not be appropriate. But if you want to take a shot at it, I would be glad to hear your answer.

THE CHAIR:

Senator Fonfara, do you care to respond, sir?

SENATOR FONFARA:

Through you, Madam President.

With respect to this particular issue, I think there are those who may understand that the current approach to how standard service customer electricity is being purchased does not provide for an adroit -- a, you like that word, I love that.

SENATOR KANE:

(Speaking French.)

THE CHAIR:

You have the floor, Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

An ability to take advantage of information and knowledge for the benefit of our ratepayers and you put it best when you saw that there is a system already -- and many people in this state, many people in this circle have over the years cited CMEEC as an example of how to manage electricity and to it in a cost-effective way. And again, I just want to say for the benefit of everyone, that it's not entirely a fair comparison because there are added costs that we require the investor-owned utilities to provide that we do not require of the CMEEC.

But putting that aside, this approach is certainly one of the reasons why they may be enjoying lower rates than the investor-owned utilities, CLMP and United Illuminating. Through you.

THE CHAIR:

Thank you, sir.

You have the floor, Senator LeBeau.

SENATOR LeBEAU:

Thank you, Madam President.

Senator Fonfara, let me continue with this then.
So if we were able -- if we were able to actually

reduce our rates, say 10, 12, 15 percent, not own the 20 percent, but the 10, 12, 15 -- say 10 percent. What effect would that have on the utility companies that are now vying for our business? We talked earlier, Senator Kane was talking about the competitive nature of the state and that we are seeing reduced rates. We are seeing competitors come into the market. I get my mailings and I take a look at the mail and I see lower rates offered, 10, 11, 12 percent.

What effect, if we could lower the cost on the standard offer, in a sense, what effect would it have on those companies? What effect would it have on their rates? What do you think would happen?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

Through you, well it remains to be seen. My hope is as a strong supporter of the retail market, is that we would not see the market dissolve. That the retail companies that have moved into Connecticut and have enjoyed recent success here in providing lower cost for electricity on the generation side of the bill,

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that they would find other means to compete. That they would lower their rates further, if possible, to continue to keep the customers they have and to attract new customers. That they would partner with energy service companies to find ways to provide additional savings for the customer, whether they be commercial or industrial or residential.

That component on the residential side has not -- and I would also like to say, on the commercial and industrial side, has not evolved yet to where it could. There are additional savings to be found in that partnering. But because this market is still fairly young, most companies are making -- are staking their claim on solely providing the commodity, meaning selling electricity only. Some are beginning to partner. Some are beginning to move into creating energy efficiency opportunities so that there is even additional savings. But your point is well taken, that if the standard service price were to drop, in order to retail customers to maintain their market share or grow their market share, they're going to have to think faster, smarter, be more aggressive, bring additional opportunities for ratepayers. And who does that benefit? It benefits all of us. It

benefits all of us. And the standard service should serve as, if you will, a (inaudible) as encouraging the market to move more manipulatively rather than to simply be a high water mark, if you will. Through you, Madam President.

THE CHAIR:

Thank you, Senator Fonfara. You have the floor, Senator LeBeau.

SENATOR LeBEAU:

Thank you, Madam President.

Let me just conclude. So as I understand it, this is not necessarily a question Senator Fonfara, but as I understand it, we have an opportunity with this bill to at least for a portion -- through the purchasing costs, to have a significant reduction in the cost of electricity under the standard offer. And then there may be a second effect, kind of a ripple effect that go through the markets to potentially reduce our electric costs even more. This sounds like a classic win-win. We win and then we win again. Obviously it is a market.

There are other costs out there. There are costs of fuel oil; there are costs of natural gas. They will go up and down and that will be reflected in the

cost of electricity. But this approach that you're proposing tonight seems to be very sensible, and one that I hope that we will adopt. Thank you, Madam President.

THE CHAIR:

Thank you, Senator LeBeau.

Will you remark?

Senator Duff.

SENATOR DUFF:

Thank you, Madam President. Good afternoon.

THE CHAIR:

Good evening to you. You have the floor.

SENATOR DUFF:

Thank you, madam.

Madam President, as we debate this bill tonight, I know it's not lost on any of us that we all want lower energy prices. There's not a legislator in this building who sees his or her constituents and understands the struggles and problems we all face with high energy bills.

We could probably debate until (inaudible), tomorrow or longer about what gives us the prices that we have. Back in 1998 when deregulation took place, long before I was here, I'm sure there was the same

debate about high electric price. But we can discuss the fact that we are a net importer of energy. That we use gas and oil. We do not use coal. We have very strict air quality standards. We are a part of the RGGI system. There's a number of different reasons why we have high electric prices. And I know that the good Chairman of the Energy Committee and all of us have always worked, along with the ranking members and others, in a very, very bipartisan way to try and do what we can to help lower electric prices and give people relief.

Unfortunately, a lot of it -- our energy prices are reflected because of the market that's out there. Whether or not gas prices are high, what's happening in the world economy, if there is problems in the Mideast, if there's problems where we're importing our natural gas from. So some of it is out of our control. Most of it is out of our control. However, we have tried very, very hard to do what we can to give the consumers the relief possible.

I've served on the Energy and Technology Committee now for eight years. Two of those years in the house, I was the Vice-chair and I've been Vice-chair since I've been in the Senate. This is

probably, I am chair of the Banks Committee as many of you know, though that has -- as a committee has complicated legislation, I must say that being on energy and technology economy, I don't know that there is a committee in this Legislature that has probably -- has more complicated legislation than the Energy and Technology Committee.

It's actually, I had joked to myself that reading this bill -- I've read it over a number of times already and that I've finally gotten to the point where I can understand most of what is in the legislation. It takes a few years because the legislation is complicated and it is sometimes difficult to understand. But we all do our best and we all have the best of intentions to help -- try to help our constituents.

This legislation -- this amendment that we have here today is filled with lots of good things that I think would be good to bring back to our constituents. Unlike the ranking member on the committee, I do believe that the TV and efficiency standards are something that we should push forward. We've pushed in our committee for greater standards over the years, whether it's for appliances or TVs or any kind of

electronics to try and help bring people the relief that they need.

The investments in renewable energy. Very laudable. We should be doing that. We have a clean energy fund and a conversation fund that are lauded throughout the nation. The pace program. I commend Senator Fonfara for putting this in the bill because I know that this may not have always been something that he was always enthusiastic about, but I know that he's listened to a lot of people and has been a great leader on this and that is -- this is part of the bill.

Senior rate relief. Who would be against helping our seniors and folks who are of lower income and who need help in a little relief.

The code of conduct for retailers when they're going door to door and trying to gather new business. The boiler replacement program. These are all laudable goals, great things that I think are pieces of a bill that would certainly make a fine bill together.

My concern is in some of the other parts of the amendment that will eventually become the bill. I have some concerns about the Connecticut energy and

technology authority, and the fact of -- even it is a study or putting this working group together and how we're actually bringing people together in hiring them and how that will actually be rolled out.

I'm concerned about the bureau the power procurement and how that is going to work and if that is going to be a back door for a power authority, which is something that I know the Chairman and I have been on the same page about over the last few years. What we have right now, Madam President, is -- we have had deregulation since 1998. We haven't been very successful in the deregulated market until I would say probably the last couple years. I think we're finally at the cusp of having real competition in the marketplace. Finally getting to the point where the market is taking hold, consumers are rallying, they're understanding the process and we're getting to the point where people know that they have a choice in the retail supplier markets.

Just at that time. Just at that time where people are finally understanding the options that they have, we are, I believe using subtle ways of taking people's choices away. And I believe that ends up hurting consumer choice. It ends up hurting the

retail market and ultimately it ends up potentially raising prices as well.

I'm glad that we have the retail supply. I'm glad that we have the changes that have come about over the last couple of years. But what I don't like in this amendment are some of the -- some of the subtle changes. Such as the IRP that is in lines 730 and 741, integrated resource plan, that is paid for by the systems benefit charge. We put that together in a bipartisan bill back in 2007. And through this, with the solar aspect of it, we're going to have to do another integrated resource plan which could potentially cost ratepayers. I appreciate what the amendment says about the 15 percent change, lowering of rates in general and 10 percent for folks who are of lower means, have less means.

But those numbers are again laudable goals, but there's nothing in the amendment that says how we're actually going to get there. So I know we're all trying to work very hard towards the same goal. I know everybody's interests are very sincere. I know that the Chairman of this committee, somebody who I respect very highly and very much and I enjoy working with him, has worked very hard on this and that -- it

is -- I stand here reluctantly to oppose the amendment.

I would hope that at some point whether -- I'm not sure what's going to happen with the legislation, but I hope that at some point, we can -- if this passes and it becomes the law, then so be it. If it does not, then we can all come back and put together some legislation that will bring together the parts that we all can agree on and that we all can bring back to our constituents to say that we have helped in this great debate for energy relief.

Again, I want to commend Senator Fonfara for all of his hard work and his dedication to this issue. Sometimes we can agree to disagree and sometimes, we're all pretty pragmatic on the Energy and Technology Committee, so there are times when we have to part ways. But, and this may be one of those times, but I do again, appreciate his work and I thank you for your time. I hope that we can get a bill that we can all agree on. Thank you.

(The President in the Chair.)

THE CHAIR:

Thank you, Senator Duff.

Senator Frantz, you have the floor, sir.

SENATOR FRANTZ:

Thanks, Madam President, I appreciate that. I think there's no doubt in anybody's mind here tonight that in terms of the end result, the end game here, there is nearly 100 percent overlap of the two circles of thinking and maybe perhaps multi-- different approaches to the enigma, the riddle of how to lower relatively speaking our energy costs here in the State of Connecticut. From an economic development point of view, this has been a huge impediment and it's something that I am really happy to see is constantly being addressed here. Whether it's the right way or the wrong way, at least it's on the radar screen in a big way. It's a big spot on the radar screen and I know that Senator Fonfara has worked very, very hard on this, with his committee and in conjunction with other committees as well and once again, there's no question that the ultimate goal here is something that we all share.

However, when we start to go -- you knew there was going to be a however, -- it's not that bad a "however" because it's really more of a question mark

that I have. But whenever there is an approach that creates a new division, a new agency, a new branch of government, my radar always goes up and says -- and asks myself, where is this all going. Where is it going to be? Not so much when you and I are in public office, but 25 and 50 years down the road. I think it was 1862 or '64 that Abraham Lincoln started the United States Department of Agriculture to address many of the issues that are somewhat similar to what we're facing here in the energy markets and today the budget is about is hundred 35 or \$140 billion per year and even the inspector general in Washington has a very difficult time telling you plus or minus 25 percent how many people work at that particular agency. We have no idea how many people work there and apparently, it's growing.

We know that agriculture as an industry in our country is not growing. In fact, it's basically stopped and it's certainly been a much lower employer than it was in ages past, decades ago. Yet that department continues to grow and that's what I'm particularly concerned about here. And hopefully Senator Fonfara, the proponent of this bill, this amendment could address the built-in protections or

provisions there are to prevent this agency under the new name of Connecticut Energy and Technology Authority with the Division of Public Utility Control and the division of research and energy technology. How that would, in fact, not grow beyond what you feel is a reasonable level and, in fact, doesn't add to the cost itself, to what we're trying to get, which is lower electricity costs in Connecticut.

So Madam President, through you, that is a question.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

Through you, Senator Frantz, I think the answer to your question, a legitimate one. One that I share, firstly goes back to what I said earlier to Senator Witkos' questions, and I believe Senator Kane's. And that is currently, we have all of these entities with the exception of research somewhere in Connecticut, somewhere in the greater Hartford area paying rent, operating -- occupying space, doing the work in many respects, but in different places and not coordinated. Not under one roof. The primary objective is to do

that. To bring it under one roof. Not to create an energy department.

I for one have a lot of confidence in the DPUC. I have great confidence in its chairman. I think he is an excellent Chairman and does a great job and we are lucky to have him. And I believe we need to strengthen that organization to be the effective energy department that our governor had called for and others in this building have called for through proposed legislation and through many conversations and many outside of here who said why don't we have an energy department. Why don't we have one place where we focus on what has become a very important area of our economy. Remember, it wasn't too long ago that energy was a necessity, but it wasn't a huge cost center for business, and for residential consumers of energy as well.

There was a term used not too many years ago called "Too cheap to meter" when they talked about electricity. It was a necessary, but not a meaningful expense. That world has changed and most likely will never return, unfortunately. And not to mention its impact on this that some believe we go to wars over energy. We lose our sons and daughters and brothers

and fathers and mothers because some believe, and maybe rightfully so, because of our addiction to the oil drug. And so we need a place that we can think about these things and we can make better decisions, smarter decisions, and have those people be under the auspices of a -- as bipartisan a regime as you can get.

As you know, the five commissioners of each party -- members of each party. So it's as bipartisan as you can get. They're not going to be faced with a democratic energy department commissioner or a republican energy department commissioner, but a mix of folks who more often than not put those issues. You don't hear about that at the DPUC very often. At least I don't. They work collaboratively for the best interests of the people of this state. I think that's the right place to do this.

But I'll answer the second part of the question this way: Nothing will be done there that you and anybody in this circle who is fortunate enough to be back next January, will have a say in. Those decisions will be made by this body and the body downstairs and by the governor. Through you, Madam President.

THE CHAIR:

Thank you, Senator Fonfara.

You have the floor, Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

Through you, I appreciate the answer. That was an excellent answer. I always like to think, Madam President, of the analogy of -- because we're so -- we're big believers in the free markets and competitive markets. It is what has allowed us to become the greatest country in the world and it's allowed for a great deal of accountability and competition in the marketplace for whatever you want to call it, fill in the blank -- automobiles, other forms of energy, any kind of product that you can think of, any kind of service that you can think of. I like to think of the airline industry as a terrific analogy for one of the most competitive, very important and strategic industries in the United States of America, but one that is a great example of how you can, if properly regulated or let's say deregulated and properly set up in terms of a competitive environment, you can wring out all of the excess costs.

And this is in a highly complex industry too that's capital intensive, with highly complicated and high tech products that are used, many of them built here in Connecticut, which is a wonderful thing. Another great star industry from our past. But the example is a great one because what it does is it shows you that, in fact, if there are proper policies in place, you can wring out all excess profits. You can bring down costs to the bare minimum, yet you can still have a system that is as close to 100 percent reliable and safe, which kind of defies all odds, but it works. It really works. In fact, it works so well that -- and I find this hard to believe.

You will too, I'm sure, since the Wright brothers flew over 100 years ago, the airline industry has lost more money than it has cumulatively earned since the day they took off from Kitty Hawk. It's remarkable. We as consumers have benefited dramatically. Can you imagine 20, 25 years ago, before People's Express came along and Southwest Airlines came along, that you could fly from Bradley International Airport to Tampa Bay for \$69? It's a little more than that nowadays, but when they first introduced those flights, for a couple years, that's what it cost. For under \$100 you

could still fly to places in aircraft that cost \$125 million with professional crews. So I'm a big believer in the free markets, again if properly set up and property ruled by the federal government, in this case.

And I think that if we have the same thing in the energy markets, in particular the electrical markets, we've got ourselves a great thing going for the consumer in Connecticut. I'm a big believer in as many different players in the marketplace -- in the retail marketplace, in particular. So that there is that competitive element that keeps everybody honest. And so if we go back to the issue of ISO New England for a minute, through you, Madam President, Senator Fonfara, the story you were telling us before, which I think is exactly right on the money. Two years ago natural gas prices were higher. We looked in for a two and a half or three-year contract, I believe it was and we're paying the higher prices right now. I believe that they don't look so good those contracts don't look so good today. But it could have gone the other way.

And, again, going back to the airline industry, if you look at the one airline that has made money

consistently for the last six or seven years, with the exception of one quarter, southwest airlines was able to do so because they engaged in fuel hedges for on average two and a half years. They averaged into some favorable pricing, when no one else in the marketplace was doing it, because they couldn't afford it or because they didn't have the foresight or because the organization was so big, there wasn't the creative thinking nor the flexibility to go out on a limb and take positions in Jet A going forward. It worked magnificently for them. They made money when everybody else lost billions of dollars in the industry. United airlines decided they were going to catch up strategically to southwest airlines about 18 months later and sure enough, they took the wrong side of that trade.

They ended up losing 6 to \$700 million in one year on incorrect fuel hedges, that particular year or year and a half. So it can come back and bite you. So we all have to remember that when you're taking these hedges, things can work against you and so, I would be really interested in seeing the data going back even further to see what in fact, has worked for us and what hasn't worked for us. And I'm not sure

that we here in the circled to can come to the conclusion that going shorter term is necessarily going to be a better thing for Connecticut.

If southwest airlines had gone forward three months instead of two and a half years and that's an average number, they would not have made out nearly as well. Their dollar cost average would have been much, much -- about 70 percent higher than what, in fact, it was because they made that commitment for a two and a half year period on average. If we put ourselves in that kind of position here in Connecticut and we make the right bet, we're saving consumers tons of money. So through you, Madam President, to Senator Fonfara, what I'd like to do is get a feel for how you think this body -- if this is enacted into law -- how this body would be making those kinds of decisions.

You've indicated that they would be going more short-term, roughly six months, I think you were saying versus longer term, two to three to four-year contracts, which may be the right call. Maybe not. But how would you as one of the most power people in Connecticut determining policy for energy, electricity going forward, how would you instruct them to deal with this whole issue of taking positions and duration

of those positions?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President.

The bill calls for in the first year that the utilities in their service area that they would be responsible for that purchasing. They handle that in conjunction with the DPUC and others currently in this more stable, less strategic approach. It's called the full requirements, where they put out an RFP and those entities that will put together the full package of power for a six-month period and then they bid on that for the right to provide that power. That's the utility oversees that currently and then ultimately is approved through the DPUC. The utility in our proposal would do that more aggressive, strategic buying in conjunction with the procurement officer in the first year.

And the department would evaluate that to determine how successful it was. I suspect the department will allow relatively small amount, maybe 15 percent, maybe less, maybe a little more, somewhere in that neighborhood of the remaining portfolio, and

I'll just, for those that don't know -- the utilities have purchased everything for 2010 already and I believe almost everything for 2011 and have begun to purchase for 2012. So what the utility with the procurement officer, if this were to pass, would be procuring for 2012 in that more aggressive way.

And again, only 15 percent of that very small portion, I say 15. I am anticipated it being like that. But it could be more. It could be less. The department will make that determination based on the information they have. It's a very prudent organization. I don't anticipate them jumping out there and doing something wild and crazy. I think they'll take very methodical steps to see how this work and if the approach is proven to be advantageous in lowering rates, I suspect they'll continue to look at it, to advance it, and to make it more of a part of the portfolio purchasing power. Through you.

THE CHAIR:

Thank you, Senator Fonfara.

You have the floor, Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

Another question for Senator Fonfara. Through

you, Madam President, the companies that I've work with, the larger companies that I've worked with in commodity purchasing and commodity selling. It seems that there's an inverse relationship between the size of the company and the willingness to take some risk and go out on a limb, which if properly hedged can deliver a far superior results to the bottom line of that particular company, than by engaging in what typically happens at larger companies, which is committee meeting after committee meeting. Group think starts to enter into the thinking process and you end up with flawed decisions.

Again, like united airlines did with -- a few years ago, with their incorrect side of the trade hedges with respect to Jet A going forward about 18 months or so. They ended up just in about three days losing a whole lot of money during that 18-month period because prices turned against them.

How can we avoid that? It's Connecticut state government any way we look at it. It's an agency and I understand the intent is a great one, and it's one that could absolutely work, but how do we guard against what I think we're all so concerned about within state government which is there tends to be a

little bit less of a propensity to take risks in decision-making, which often times does lead to the very best result? Through you, Mr. President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President.

Good to see you again this evening.

THE CHAIR:

Good to see you too, sir.

SENATOR FONFARA:

Through you, sir. Excellent question Senator Frantz. And one I happen to agree -- share your concern about. Because we would be embarking on this, we've asked the entity to -- that is currently doing this, with respect to CLMP, they purchase this way in New Hampshire currently and they have experience with it. United Illuminating does not have a subsidiary or a sister organization where they do this and they don't do it. In Connecticut, there's a more strategic buying, they would have to assemble a team to do that, working in conjunction with the procurement officer.

This is not ever envisioned and I would not support this being done in-house by a state agency. I

think you need people who maybe your term, skin in the game, if you will, who understand risk. Who understand some these corporations or companies have, and I'm sure you're familiar with them more than I, have meteorologists, have MIT graduates in mathematics. This is a very complex business and you want very good people doing this. And I think because we're starting off in this minimalist way, and because in the case of CLMP, they have a track record in New Hampshire, that we're willing to go down this road. And it's for a very small portion of the load, 2012 and going beyond, that we think we're pretty well insulated from any really bad decisions and can learn from it in probably the least risky way possible, but enable the process to be examined and to determine who is best to buy.

And in fact, in the bill -- in the amendment it says, if it's determined that the utility is not doing a good job at it, that we would examine through an RFP process who else might be better suited to do this. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. That's a great answer. I think Senator Fonfara has demonstrated that he understands good decision-making process and commodity markets and that is a wonderful sense of comfort and relief for me. I can tell you, we're in the coffee business and if you do not have a strong background and a strong constitution, you will never be able to make the right decision in terms of being able to go long, short and hedge in a variety of different ways to make sure that you're at least making some money. That's why so many people in that business, because the companies have grown to be too big don't do very well at all. The smaller, more strategic you are, the more niche of a market you're in, the better you're going to do.

Back through you, Mr. President, to the amendment itself, there's one aspect of it that I do need to ask you a few questions about and would like to address. And that is the somewhat ironic part about the amendment, the bill, which will be the bill, which is we're trying to collectively lower costs for consumers. And I think there is definitely some Merit to many of the points of this bill, of this amendment. But when you get to the section on renewable energy, the commitment to that sector and I don't know and I'm

not sure anybody knows, how much it's really going to cost to purchase 25 mega watts of wind generation, 15 mega watts of low-lead hydroelectricity, 5 mega watts of other class 1 renewable energy sources. I don't know if anybody has the data on that in terms of today's prices. However, we know for a fact that it's going to add to the cost of energy. So we have one component of this bill which seems to drive energy electric prices down and then we have another component of it which we know is going to drive it up by an unknown factor.

And Senator Witkos before mentioned a number of up to \$2 billion over 20 years. That's \$100 million, if my math is correct, every year to support it. Is it noble? Absolutely. Does it make the world greener and cleaner? Absolutely, no question about that. But the big question mark is what's the cost of that commitment to making our air and streams and water -- bodies of water cleaner. So through you Mr. President, can we just get an idea of what the proponent, what Senator Fonfara's rough estimate would be to that commitment in this amendment to renewable energy?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President. First and foremost because much of what we're doing here particularly in the solar area will be driven by the anticipated growth in this market whereby costs of solar, which are coming down dramatically now, have done so in the last couple of years, as this market grows that it continues to see costs of solar declining and that will further mitigate any additional costs to ratepayers. But as you know, I believe is a rate -- is a cap on the exposure to ratepayers as this program ramps up. Meaning there has been a governor, if you will, put on the cost of these programs, if we were not to see the kinds of economies of scale, the growth -- and by the way, just to let people know about the solar program, which is the most significant investment in renewables that we're making.

This bill is the result -- this portion of the bill is the result of work done by a group of stakeholders, including chair -- a working group that was chaired by the current Chairman of the DPUC, Kevin DelGobbo, that set out to find out how could we grow a solar industry in Connecticut. Sustainable, job

creating, economic opportunities. And they commissioned the (inaudible) report that -- that reported on how to grow in industry in a manner to make it self-sustaining where it could compete with electricity that they call brown electricity, electricity off the grid, that is fueled by other sources than renewable. And that report essentially has been codified here.

And it is designed to support the development of this industry, to grow in industry that currently is on a very weak leg because the current mechanism of funding it is not working. It is a -- it is an up-down, start-stop kind of industry and you being the businessperson that you are, knows that no business can be sustained in that manner. And the (inaudible) report set out to determine how can we change this? How can we build a sustainable industry for residential solar, for commercial and industrial solar and for large scale projects that would be grid connected? This bill, this portion of the bill is that product.

But to -- so it was designed to operate in a way that would make it self-sustaining so in some seven, eight, ten years, this industry would be able to stand

on its own two feet without further subsidies. That's what this is, but there is a further governor, which is the rate -- which is the cap that says at no time, at no time shall rates increase by more than, at the maximum, 1 percent of utility revenues. And we project that at the outset to be approximately \$1 to 1.50 additional a month on the average ratepayers bill.

Now I have to tell you that this program will not begin to ramp up until 2000 -- late 2012, 2013 and at that point the impact on ratepayers will be about 25 cents on the average ratepayer. So that rate cap, that impact cap will send the message to the market, if you want the ability to deploy this level of solar, you've got to get your costs down. You've got to be able to compete so that you get the subsidy. You will not be able to impact ratepayers. So it is -- I think it's a well crafted, thoughtful approach, which by the way parenthetically went through the house last year unanimously, without a single opposition vote. This is the same language here this year as it was last year. Through you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. Through you, Mr. President. Thank you very much for those very articulate answers. I appreciate that very much and I agree with you that ideally one day with a great deal of luck, brains, intelligence, we'll be in a world where these renewable sources of energy are, in fact, going to be much cheaper to produce than they are today and certainly much cheaper than it is to buy a BTU of natural gas or a gallon of diesel or any other source of fuel that creates our electricity for us these days.

The final part of the bill that I'd like to talk about for a minute and ask a question or two about is the suggestion that we adopt the California standards for electronic devices. Some of the data that I've seen regarding automobiles and this is a different piece of equipment -- kind of equipment. However, it's analogous in the sense that it adds a cost to -- an automobile in California as we know has had the highest EPA standards and mileage standards in the country. These days the disparity between what California requires and a state that does require the same sort of efficiency and emission standards as

California, is on average about \$1,000 a car. If you take the average cost of a car today, let's call it \$20,000, that's 5 percent of the cost of the car and if you're buying an HD TV, haven't done that lately, but let's take a guess. Maybe they cost \$1,000.

So you're adding \$50 to the price of that television, if there is an analogy there and I have to believe there is, we're increasing the cost to the consumer. And I don't know what your household is like on any given day, but in our household, we've got iPods, i-this, i-that, iMacs and all kinds of computers and TVs going on at the same time. We have just hundred -- dozens of electronic devices. And there's no question that we spend a lot of money as Americans and Connecticut residents on electronic devices through the year. And I'm just concerned that we're adding to the cost of that by adopting the California standards.

And so I'm going to ask you a tough question, while you're being whispered to in your ear -- how, through you Mr. President, Senator Fonfara can we assure that we're not adding too much cost for the consumer ultimately on these electronic devices as we basically will as a nation to every car bought in the

country after a certain date in 2011, I believe it is, to the tune of roughly 5 percent of the original cost of that particular item?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Thank you, Mr. President.

Through you, I feel fairly confident that these standards will not have the affect -- the feared affect that you have articulated. I'm give you some examples as to why.

This month, the month of May 2010, the new energy star 4.0 standard for televisions, maybe for other things as well, but for televisions in particular, is being adopted. It is the same standard as the 2013 California standard. So you're going to see that become the norm that people will be looking for and many do already look for energy star as the model or the standard. That's being adopted this month.

In May of 2012 a new energy star 5.0 standard will be adopted. That's even more stringent than the 2013 California standard that we're adopting and won't take effect until 2013.

Fully 25 percent of televisions that are on the

market today, 25 percent meet the 2013 California standard. And we expect that 75 percent of the new TV models will meet the new energy 4.0 California standard by the end of this year. 75 percent. So I don't think, based on that information and when I heard this, I became convinced that this was an appropriate thing to do. Not to impose upon manufactures and retailers today. And by the way, this bill is written in a way that says that if you have in stock televisions whose efficiency levels do not meet the 2013 standard -- January 2013 standard in December, then all that stock is available and eligible to be sold. You don't have to take it off your shelves. I don't have to remove it. It's eligible to be sold and you will not be violating these provisions. After that -- but again, today in 2010, fully 25 percent of televisions meet this standard and we're some three years away. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President. I will leave it at this. There's been some excellent answers and I will

say this, that for this particular public office holder, any piece of legislation that brings the free market closer to the consumer, unimpeded, without regulation or unnecessary regulation. Rules are important, but allowing the free market to work is just as important. Again, it's what's made our country the best country in the world. It's what in the past has made our state the greatest state in the country. Our electricity costs are working against us these days. We need to improve it and I am for anything that brings the competitive market, free market closer to the consumers.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further?

Senator Boucher.

SENATOR BOUCHER:

Good evening, Mr. President.

THE CHAIR:

Good evening.

SENATOR BOUCHER:

Mr. President, I rise -- thank you. I rise to comment on this particular proposal, not necessarily because that would be my first impulse, but primarily

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because I have received so many phone calls, emails on this particular subject. In fact, it really replicated a great deal of last year's controversial bill 1098, if we recall, when there was an outpouring of public comment. And it's interesting, the particular constituents that have contacted me. A number of them were some senior, single women, living alone on a fixed income that were very concerned and fearful that somehow their electric bill was going to go up because they had ventured into the new deregulated marketplace in the last couple of years and have found such an advantage to them, that many reported having a 30 percent decrease in their electric bill.

I know that's something that would please my colleague on the side of the aisle, Senator Fonfara, because I know that he has been a real strong advocate and has worked extremely hard to see that deregulation actually started to work in Connecticut. We were here during those early days when there was so much concern and doubt as to whether we could actually do this. And in fact, in the last two years, apparently, great success has occurred. Over 300,000 new customers have been brought to a multitude of different suppliers.

But unfortunately, it seems like this session, time and again, we are seeing a bill that has a couple of components to it and as was mentioned before, the first component having to do with solar power, solar energy is something that we all strongly support and welcome a great deal, and in fact, has produced some responses within my district to companies that are very much involved in the solar industry who are writing me to say that without this particular section, they feel that the solar industry that's been built in Connecticut over the last several years will effectively cease to exist and with it hundreds of jobs that have been created. So they feel very strongly, almost as strongly as the other emails and letters and phone calls that I receive, even until quite late at night, that talk about the fact that section 2 and other sections, Connecticut residents are finally comfortable with having a choice for their electric generation provider. Please don't take that choice away from us. We're saving money during very difficult economic times. A single female and partners of a small company -- expenses are high. Switching electric providers is helping me and please, please vote no against this bill.

So it's very difficult for some of us. Because on one hand, it's doing a wonderful thing. On the other hand, it's doing the reverse. It's really threatening them. And I am also concerned, I believe that we've had many discussions about budget proposals that would in fact, continue levying those stranded costs on our electric bills in order to close a budget gap. And if in fact, this bill should go into effect, would it compound that problem?

I received a number, and it's amazing how many of these small, very small companies happen to reside in the towns that we represent. Many of them who represent that over 330,000 residents and businesses of such as Public Power, LEVCO Energy, Positive Energy, North American Power, Discount Power, Starion Energy, Reese, Conn Energy, Energy Plus, VERDE Energy and on and on. This by the way is very good news, and I think Senator Fonfara would be heartened to hear all of these names who are incredibly concerned about this -- various sections of this proposal, primarily section 10, 11, 13 and 16. So they are also concerned because they represent about 2600 employees that are concerned about some of the sections of this bill going through, that it would threaten their

livelihood. It could potentially make it not sustainable for them to continue to provide this service.

The bottom line for them, I think and their biggest concern they've outlined in their communication with some of us, is that they will -- various sections of this proposal, increase the cost of doing business for the electric supplier to the point where we'll be unable to offer the citizens of Connecticut savings over the utility rates which rank among the highest in the nation, which would cost these consumers in the state the savings that the Legislature gave them when they approved deregulation.

So you can see our dilemma here for some of us that are trying to understand this bill and trying to find ways to support it, because as we've just noted, that a good section of it. The solar energy and alternative section is something we would really want to approve. But then, you know, I reread some of the information that we received from our OPM Chief Bob Genuario. And having known Bob Genuario for a very long time when he was once a Senator, State Senator for the Town of Darien and the City of Norwalk, and knowing him well in this role that he's taken on, a

difficult role during some of our most difficult times, I know for a fact that he has only the best interests of the state and its residents at heart.

He doesn't speak for one special interest or another, but for the state and its residents and I reread his communication to us where he feels very strongly that the ultimate budgetary implications of this proposed registration -- legislation, as well the potential likelihood of adversely effecting ratepayers presents a significant deterrent to achieving the voiced intent of the proposal. And he remarks as we might feel as well, the frustration with Connecticut that is being subject to ISO decisions making -- that may not necessarily always align with the goals that we have for our state.

He is very concerned about alternative route Connecticut would take to lead to greater costs or consequences for the ratepayer when suggesting going a different way than we currently go and is hoping that we leave that up to the federal regulators, rather than having Connecticut do this right now. Because he feels that leaving ISO New England could leave Connecticut with remaining financial obligations to the regional transmission owners for regional assets.

And which he believes, this is anticipated to cost billions of dollars. He's concerned that the operational and reserve requirement costs for Connecticut could be substantial and that other options, such as long-term COS contracts already available to Connecticut to the extent needed and overbuilding could increase ratepayer's obligations and subject us to reasonable market rule penalties.

Particularly, I think he underscores that if the language contained remains as it is and passes, this evening or tomorrow, it would not have the support of this administration and I think he doesn't use that term very lightly. So it makes me wonder in debating all of this, where we're going to be at the end of the day. And feeling that it may not be an equitable proposal because it actually impacts all energy types which would result in a significant increase in fees that could be borne only by electric ratepayers of Connecticut light and power and United Illuminating.

This does raise a lot of significant concerns. It puts some of us in a very difficult position, because on one hand we want to support this bill. It has a tremendous component, a positive component. On the other hand it raises tremendous concerns that we

are causing additional burdens during a very difficult time to those people and a lot of my constituents that can't afford a higher cost when just they felt that they had gotten relief at a critical time when their own pay may be reduced, that they may feel more in jeopardy with regards to their jobs and costs in Connecticut are so high and there's potential for additional tax increases around the corner.

So as I said, I am very concerned about this bill being passed this evening, simply because it raises so much serious questions and I certainly welcome any response to some of the issues just mentioned on the part of my constituents. And as I said, it's just going to be difficult to bring home just half a loaf in this particular proposal.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Boucher. Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President. Nice to see you here this evening.

THE CHAIR:

Good to be here, sir, with you.

SENATOR McLACHLAN:

I rise to express some reservation about the amendment before us, but in doing so, I really wanted to say thank you to the chair of energy and technology, Senator Fonfara for numerous hours I know that you've been spending on this. The rumor has it that you've been here until 4:00 in the morning some evenings trying to make sure this legislation came together. And I applaud your efforts, and as I read the bill, I agree with what I've also heard so far this evening, that this bill has some really good, good ideas. It has some terrific ideas that are forward thinking as it relates to alternative energy. It has some great ideas about how we can be more productive and efficient in energy use in Connecticut.

My perception of the energy business in Connecticut is really as a layperson. I heard some of my colleagues say that the energy and technology economy, in fact, I think it was Senator Duff saying that the Energy and Technology Committee clearly has some of the most difficult, complicated legislation that comes before the Connecticut general assembly and I would agree with that statement. I've tried to follow that committee because I'm a little bit interested in energy and it is very complicated.

But layperson's perception of energy in Connecticut is that deregulation generally speaking has been sort of a mixed bag as far as consumers go and since we've had choice in Connecticut, choice of energy suppliers, it seems that businesses have embraced the idea far greater, far faster than residential customers have. And now, after these 12 years, I guess since deregulation occurred, it is in fact, now that residential users are really catching up and taking advantage of some of the 30, I understand, alternative suppliers that are available in the Connecticut market. That's a good sign. I think it's a good sign that people are embracing the choices they have in the energy market and are now beginning to see some cost savings in their energy bills. That's good. That's good news.

This legislation I mention has some very good ideas. I'll try to focus on the ones that I think are the highlights. Developing a comprehensive plan is a good idea. Looking forward -- I always think planning ahead is a good idea, but frankly, I think it should be in partnership with the power companies and the goal of lowering the cost of electricity instead of a new agency of government. I think government has to

work with the open markets. Has to work with our energy companies and let us be a little bit more creative in our thought process of how to be more efficient and have less expensive energy options.

I'm very happy to see lots of focus on alternative energy incentives. Solar market. I come from Danbury and we are the proud home of Fuel Cell Energy, a very prominent and thriving alternative energy company. And I'm happy to see fuel cells mentioned in this legislation as a future focus for the economy of Connecticut. Fuel Cell Energy is in Danbury and Torrington and United Technologies is involved in that business. So it's good that we're focusing on industries that already exist here and helping them to grow and prosper.

The solar market, I've had lots of conversations with solar suppliers, installers and manufacturers over the last month or so. And have learned an awful lot about that business and I think that we should fertilize the ground of Connecticut for us to have fertile ground to build those businesses. Those are good jobs to have and we should be thinking about that. That's all good, economic development activity that we as a Legislature should spend a lot of our

time and energy on. And you're trying to do that and I see that. I think that our chair of the Department of Public Utility Control is a brilliant guy. I'm a big fan of Commissioner Kevin DelGobbo. I think the State of Connecticut is very fortunate to have someone with his talent, with his expertise in the business. He came up through the ranks and learned the business on the legislative side and we're fortunate to have Kevin in that role. And I believe that we should continue to look out to Kevin for assistance in future crafting of energy legislation. But I fear that this is not the right legislation for this time and I say that because I have a general sense that it's just reaching too far and too fast. Now, those of you who have been at this for a long time would say perhaps that you think it is running at a snail's pace and you, you know, you really want to get this over the finish line. And frankly, that reminds me of late last year when Washington, D.C. was trying to the big, big legislation over the finish line. And I would urge us not to rush something that is so dramatic and such a big change without a little bit more thought and a little bit more sensitivity to our financial crisis that we face right now.

It's my sense that the Connecticut Energy and Technology Authority that is proposed frankly is an unwelcomed expansion of state government at a time when we really should be talking about shrinking state government. Now I understand there are good arguments for this mold that has been proposed. The problem with the proposal is that somebody has to pay for it and that is the ratepayers. So the residents of Connecticut now have to have some increased costs in their monthly utility bill, electric bill, so fund the cost of expanding government. And I have a very difficult time entertaining that idea in this very difficult time where we're facing critical budget shortfalls all across state government. And I think because of all of that, this is not the right time to be entertaining the expansion of state government.

Why not just start with the working group that's talked about. Why not just start with a more detailed planning process. You know, again, some would say Senator McLachlan, that's what we've been doing for years. We've been talking and talking and now we've got to do it. And my suggestion is you've come up with some great ideas, but you've also come up with ideas that I'm hearing may cost residents of the State

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of Connecticut and businesses of the State of Connecticut well over a billion dollars over many years coming forward. That's an increase. That's raising costs to live and do business in Connecticut and so I suggest that at this time, at this time, we must postpone this idea and continue planning until we can find new ideas that are less expensive.

The California standards frankly makes me very nervous. And I say it makes me nervous because I'm always suspect of why any state would want to adopt just what California is doing, just because they're the biggest state. Now we all know that California has a reputation of being the most environmentally responsible -- they claim to be the most environmentally responsible state in the United States. Well frankly, I'm not sure that is an accurate statement. One of the challenges with lots of the standards that exist in California is increased costs. Now if we can adopt energy efficiency and reduce our carbon footprint per se and we can do that without breaking the bank, then we should do that. But we shouldn't just reach out for what we're perceiving to be a good idea without having a clear, very clear picture about what is the financial impact

for the residents and businesses of Connecticut.

My friend Senator Witkos raised what I think are some very good points about the cost of appliances here in the State of Connecticut. And so if it's a 200 or \$300 increase cost in an appliance, a television set, those are very important considerations that we should be making. You know, if you're going to buy a \$4,000 television set, \$200 may not mean much to you, but let's face it. Look around your constituents. How many of your constituents are buying \$4,000 television sets. They're buying \$350 television sets and it's a stretch. They're buying a \$500 television set and it's a big Christmas holiday gift for their family. So when you're talking about dramatic increases in the cost of appliances, think twice. It may not mean much to your comfortable home budget, but to most people in Connecticut, it's a lot of money.

So I thank Senator Witkos for raising that point. I really hadn't given that much thought until I listened to his debate earlier this evening.

Multistate appliance standards collaborative and discussed in this legislation. But as I understand it, it says multistate, but we have 50 states and that

collaborative is only half a dozen states. That leaves me pause for why has it not been embraced much more widely at this point. If those standards are so good and so important, why are we just going to be state number six or state number seven to embrace this idea. It seems to me that we should pause and think longer and harder about that idea.

If we're talking about increasing electricity rates and that's what it is, you have to add money, you have to add charges to the monthly electric bills to pay for some of these good ideas in here. I don't think this is the time to do it. When I talk to small business owners, like one who I introduced to you in this circle at lunchtime today, they all talk to me about the high cost of doing business in Connecticut. And the simplest and most common complaint you will hear from anyone doing business in Connecticut is the cost of electricity. And so I don't think we should be talking about increasing costs of electricity at this time in this economy.

I think Connecticut residents want less government, not more government. And I do believe that this legislation is really expanding the bureaucracy of the State of Connecticut and I don't

think that's the right step to take at this time. Once again, Senator Fonfara, I want to thank you for your work and that of your committee. I know you've really put your heart and soul into this. I think you've got some genuine good ideas here. But I just encourage you to stay focus on what the free market can do. I think that's what's best for the residents of Connecticut.

Thank you, Mr. President.

THE CHAIR:

Will you remark on Senate amendment A? Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

I had the pleasure of being in the chamber for most, if not all of the debate on this bill this evening. And Senator Fonfara has done a not surprisingly commendable job in articulating the reasons for this bill and the benefits of this bill. But Mr. President, I'm conflicted because I for one see the merit of ramping up our investment in solar technology. I know there's a pent up demand in the world for greater assistance in converting people to solar electricity. And yet, Mr. President, there are

other components of this bill which give me great pause, not the least of which is the apparent desire to dictate the methodology by which power is produced.

And Mr. President, I just had a couple of questions through you, if I may, to Senator Fonfara, because this is an area not for the faint of heart. And I don't -- I've never had the pleasure of serving on the Energy and Technology Committee and Senator Fonfara is an individual whose expertise I respect greatly. So through you, Mr. President, a couple questions to Senator Fonfara.

THE CHAIR:

Senator Fonfara. Please proceed, sir.

SENATOR RORABACK:

Thank you, Mr. President. When the price of oil went up, the price of energy went up, electric bills skyrocketed and we all heard from our constituents. Then when the price of oil went down -- we heard the same thing about gas prices, right? When it goes up, you can watch them put the things up -- you know, on the placards that day. The price goes up and when the price of oil goes down on the world markets why is there such a lag in seeing the price of gas go down. Similarly when the price of energy went down, my

constituents called me up and said why isn't my electric bill going down? If the reason it went up is because energy prices went up, why doesn't it go down when energy prices go down? So I call the DPUC, and they say, well -- or I call the power company and they say the reason for that is they will go down but approximate won't be for 18 months or two years when these contracts kick in.

So through you, Mr. President, do I understand it correctly that one of the reasons we don't get the benefit of immediate price reductions when energy costs drop is because of the process we've developed for buying power which commits us to future contracts. Through you, Mr. President, I know that's a long question, but it's a complicated premise that I'm trying to draw out interest the good Senator. So through you, Mr. President, Senator Fonfara, is that one of the reasons we have to wait for energy prices -- for electric prices to come down is because we buy power through a complicated series of futures that we secure. We're buying now for two years down the road. Through you, Mr. President, Senator Fonfara.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President. Yes. The initial method of buying power for standard service customers. Those are the customers again who have decided not to venture out into the retail market where increasing numbers are. But those who have decided to stay with the utility buying their power, the standard service method for purchasing was designed with the focus on stability, not on trying to identify the best price possible for power. And so they designed this rolling average, three-year mechanism that is designed to insulate the customer from larger swings in the price of energy when something like energy or fuel costs rise, as they did dramatically last summer. Through you.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President. So in a time when fuel prices are rising, electric customers should say hallelujah, thank God, we have purchased these long-term contracts and we're not feeling the immediate rate shock of a dramatic rise in energy prices. But Mr. President, I'm guessing that

similarly when you have that stability, the price you pay for stability is that when prices go down, you don't get the benefit of a declining price. So Mr. President, through you to Senator Fonfara, would it be totally off the wall to compare what the state is doing to what each of us does as homeowners. We can buy heating oil. I can enter -- my heating oil dealer calls me up in July and says, I'll give you your heating oil for \$2.50 a gallon all winter if you'll commit to pay that price now. And I think do I want that stability of knowing what my oil price is going to be in July or do I want to roll the dice and come December, oil might be \$5 a gallon or it might be a \$1.50 a gallon. But in exchange for the stability of being able to plan for around \$2.50 a gallon, I take that price and the trade off is if the price goes down, I'm stuck with that higher price. The security is if the price goes way up, I'm protected from that. So through you, Mr. President, is that vaguely or generally what the state's system is designed to achieve? Through you, Mr. President, Senator Fonfara.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President. Precisely. The only difference being is that in your scenario the homeowner is not bound by law to enter into it -- this more stable means, which is the CASE for standard service currently. Through you.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

I thank you, Mr. President. And to that point, it seems that if we in our wisdom tell the power company this is how you have to buy your power, right? By law, you have to have use this three-year rolling average thing, it seems pretty rough of we as elected officials to then criticize them when fuel prices -- when energy prices decline and they can't take advantage of them because they've done what we've told them to do, which is to secure these long-term contracts. Through you, Mr. President. I don't -- again, I'm not on the Energy Committee, but I just get the sense of what happened was we placed a bet in order to have stability and we lost that bet because energy prices fell more than we anticipated. So now we're trying to unscramble the egg to put ourselves in a position where we wouldn't lose that bet. But who's

to say that energy prices don't rise again and then we're back criticizing the power company because they didn't those long-term contracts in place. Through you, Mr. President, Senator Fonfara, is that a risk?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President. No question that you introduce more risk, but more opportunity through this approach and just about everyone who spends any time in this field, and I'm not talk being legislators. We're lay people compared to -- even members of the Energy Committee are lay people compared to the folks who do this every day and are trained in it and make their living at it, but most people, if not everyone who spends time in this, will say that over the long haul, the closer you can get to the market price, the better you are and that consumers of that are better off. Through you.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President. I guess particularly in a deregulated environment where consumers are being

invited to purchase their power from other sources, I'm not convinced the government playing a greater role in long-term power purchasing is the right way to go. And as I said, I like the solar provisions of this bill, if we were voting on them standing alone. They would have my vote, but because of the other sections of the bill, I can't support it. It hurts me to say that because I know how hard Senator Fonfara has worked and I thank him for his work and I thank him for his answers.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on Senate A? Will you remark further on Senate A? If not -- Senator Fonfara.

SENATOR FONFARA:

I don't know if I had asked for a roll call vote

--

THE CHAIR:

I had asked for it. I think they said you did.

SENATOR FONFARA:

Thank you.

THE CHAIR:

If not, Mr. Clerk, please call for a roll call

vote. The machine will be open. Please keep the door clear. Please in the front, so people can come in and vote.

THE CLERK:

An immediate roll call vote has been ordered in the Senate. Will all Senators please return to the chamber. An immediate roll call vote has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

Have all Senators voted? 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 Senate Amendment
Schedule "A."

Total number voting	33
Necessary for Adoption	17
Those voting Yea	20
Those voting Nay	13
Those absent and not voting	3

THE CHAIR:

Senate "A" passes.

Will you remark further on Senate Bill 493? Will you remark further on Senate Bill -- Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

While the debate focused on several, several different pieces of material, I wanted to go back before I call my amendment and just clarify three things that I heard that I believe needed clarification.

When the conversation between the two Senators regarding the CMEEC, the municipal authority, where the example was given, aren't their rates at least 15 percent lower than the ones that we're current experiencing, and that if we pass now the bill that we'll experience the same.

Mr. President that is not comparing apples-to-apples, I went and did a little research and come to find out, the reason why the CMEEC is enjoying those rates that they currently do is because they are operating under old contracts prior to the deregulation. So no wonder. They have contracts from 20 years ago that they're operating under. That's why it's cheaper. Let's not put out false information so people have unrealized expectations as to what will

come. That's number one.

The study of the ISO will cost ratepayers approximately \$3 million. That's the average cost of doing the study on the ISO by the DPUC, borne by ratepayers. And I was surprised upon reading a little bit closer in the bill and because of previous bills that we debated here in the chamber, that in the code of conduct piece there's a provision that says if someone was ever arrested and convicted on a theft charge, pick pocketing, shop lifting, they can never work under that industry, according to those guidelines. Hopefully we can come back and fix that because I would hate to see somebody that made a mistake in their teen years and in their adult life become an expert in this field and not be allowed to work because we passed a law that says if you were convicted the of shop lifting, you're excluded.

And the other provision I would like to say is while we're ramping up the bill to procure all this solar energy, we should slow it down. Because the price of making the solar energy is going to come down. Right now, when new products come on the market, as consumers we say, well let me wait. Because as soon as it comes on the market, it's going

to be really expensive. I'll wait until the price comes down. The more people start buying it, the prices will drop accordingly. And that's what I'm asking that we should do on the solar side. Buy some, but not buy it all right away. As the price drops down, we'll get more for our money.

And I will, Mr. President, state to you that I believe the underlying bill can be made better with a few adjustments and I'm going to be addressing those adjustments in an amendment that I'm about to call. But I want to say thank you to Senator Fonfara for working with me, being my mentor over the past two years on the Energy and Technology Committee. He's been a great teacher for such a very, very complex subject matter, and it takes patience, especially when you're dealing with me and taking me through the baby steps on learning this procedure and he's done a yeoman's job. We spoke after 10:00 every night, Friday, Saturday and Sunday, trying to hammer out an agreement that everybody we thought could agree to.

With that, Mr. President, the Clerk has in his possession LCO 5573. I ask that it be called and I be allowed to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5573, which will be designated Senate
Amendment Schedule "B." It's offered by Senator
Witkos of the 8th District.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. I move adoption.

THE CHAIR:

Motion on adoption and summarization. Seeing no
objection, please proceed, sir.

SENATOR WITKOS:

Thank you, Mr. President.

Ladies and gentlemen, there are some excellent,
excellent components of the underlying bill. This is
a strike-all amendment and this amendment retains
those excellent portions in the underlying bill, but
removes the very costly ones and the ones that don't
make any sense.

The first part of the debate focused on breaking
up the DPUC and forming two separate divisions and
then creating a working group to back fill it. This
amendment says we're going to create a working group.

The same people that are contained in the underlying bill, and then they're going to report back and say how do we structure the CETA authority. Because I'm a strong believer that if we can move everybody into one house, we may reduce the cost. But let's put the horse before the cart, the way it should be. The working group will come together. They will report by January 1 of this year.

We're not asking for a long time out. January 1 of this year. They're going to report back to the Legislature with any recommendations for either regulations or legislative changes that must be met. And in that analysis by the working group, they will determine the types of employees, the number of employees, where it should be located, the roles of the agencies. It's built in and I think we can study the New York, the NYSEDA that I spoke of earlier, at no cost to ourselves. We need to reach out to other agencies. Do the fact finding. That's what the section 1 of this bill does -- of the amendment.

Section 2 provides the low-income rate that the original bill does. For the folks that just cannot pay their bills, let's help them out. We may not have as many shut offs if there was a rate people could

afford. And this is no new dollars. No new ratepayer dollars. What the amendment does, it says it creates another program and allows the DPUC Commissioner to examine the programs and possibly terminate some programs that don't make any sense. But this is one program that if you don't meet the 60 percent of a median income, you can get a special rate for your electric bill.

I agree that we should allow the utilities to procure or manage 15 percent of their portfolio. Because they may be able to buy electricity at a better rate than going out on the wholesale market.

There's a section in the bill that allows for combined heating power and furnaces, for an incentive. To replace inefficient gas burners or oil furnaces and to make it affordable to folks so they can do it. Because these are major purchases and maybe that's the reason why people can't do this in their homes or in their businesses. Wouldn't it be great if you could replace the furnace in your home or business and keep paying the same amount of money that you do every month, but you're making it up because of the efficiency in that unit we all benefit from that. That's what's in this amendment.

This amendment allows for condominium associations to apply for their public buildings, for their club houses, their common areas, to purchase green energy, solar initiatives out of the clean energy fund. It makes them eligible.

This amendment provides an earmark of \$5 million out of the clean energy fund for fuel cells. We believe Connecticut is the fuel cell capital of the world. Designed and manufactured right here. What a way to promote a business in our state.

The amendment also provides for a time of use meters and a time of use option. It makes the utilities notify their customers of that. And people might say, what is a time of use meter? What is a time of use option? The utility company will designate a minimum of a four-hour period of which the price of electricity will be higher than normal. But for the other remaining 20 hours, it will be cheaper. So if you know you're going to be out of your house in the middle of the day, say if they set the hours of 1:00 p.m. to 4:00 p.m. -- 1:00 p.m. to 5:00 p.m., you don't turn your air conditioning on. You don't turn your TVs on. You keep your dryer, all the big, big energy users. You get in that habit and then you can

save overall your electric rates. That's what's in this amendment.

There's also the same language in the underlying bill of reducing energy costs by 15 percent. And I think that's a laudable goal, and it's a goal that we will meet. As I stated earlier, we already have that through the utilities purchasing the power over the next two years. 10 percent each year. We've already met the goal.

And lastly, in this amendment, it provides for a 3 percent designation out of the clean energy fund for distressed municipalities. It gives a little extra to the distressed municipalities and the underserved communities, so they can become partners with the efficiency that we're still trying to promote in the State of Connecticut.

And Mr. President, I would ask the chamber's adoption. What I've removed out of this, I've removed the biggest piece, which was the \$2.0 billion goal set forth in the renewable energy portion. But this amendment does provide \$30 million of new money for class one renewable solar. I think we have a growing industry here in Connecticut. As a matter of fact I met with a company and they showed me a picture of

their company picnic from three years ago. There were 12 people standing around in a small circle. Two years later, he showed me a picture of his company at their company picnic, and they had close to 45 members. I mean, how great is that. We're providing jobs in the State of Connecticut. But we need to do so at a responsible rate.

This amendment provides an additional \$30 million for the solar industry. And Mr. President, I hope that we can pass this amendment and send it downstairs, have it pass there and be signed into law by the governor. Thank you. I urge adoption.

THE CHAIR:

Thank you, sir.

Will you remark further?

Senator Meyer.

SENATOR MEYER:

Thank you, Mr. President.

Through you to Senator Fonfara, if I might.

Senator, through you, Mr. President, we've just been informed that the governor, governor RELL has proposed to meet our budget deficit. To meet it in part by hitting the energy conservation and efficiency fund. That fund has total annual income of about

\$82 million, and she has proposed to use 35 percent of that for debt service on certain economic recovery revenue bonds. That's a hit actually of about \$29 million. And my question through the president to you, is do you know if we do this, what effect it will have on the energy bill?

THE CHAIR:

Senator Meyer, we're talking to Senate Amendment "B." You're asking about the bill.

SENATOR MEYER:

Oh, I'm sorry.

THE CHAIR:

That's quite all right, sir.

SENATOR MEYER:

I apologize.

THE CHAIR:

Oh, that's quite all right.

SENATOR MEYER:

We've been in a caucus and I didn't know that.

THE CHAIR:

I understand. It happens.

SENATOR MEYER:

Okay. I'll come back to that, if I might, at the appropriate time.

THE CHAIR:

Okay. Yes, sir. Will you remark further on Senate "B?"

Senator Fonfara, I think you were going to stand. Thank you.

SENATOR FONFARA:

Thank you, Mr. President.

Mr. President, I very, very reluctantly rise to oppose the amendment. My friend Senator Witkos and I have worked as he said very closely together on this legislation and he and I share many, many, many similar thoughts and beliefs about what needs to be done regarding energy in this state. And they're reflected both in the underlying amendment that has now been adopted and in the amendment currently before us.

And I know that his intentions are sincere in offering this amendment. He could have approached me over the last couple of days with an amendment with far less, but he did not and I am grateful to him for that. And for his well intended considerations. Not only in our conversations, but in terms of what is reflected in this amendment before us right now.

I'll simply say that I would ask for the chamber

to not accept the amendment because it does not contain three areas I believe are important that we move forward with. One, that it does not have a residential solar component. And by the way, that would not require any additional funds on the part of rate payers because it does earmark funds currently within the clean energy fund.

Secondly, it does not have the appliance standards that we spoke about earlier and lastly, it does not have the direction regarding the reorganization of the DPUC. And so for those purposes, I would ask that the amendment be defeated.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on Senate "B?" Will you remark further on Senate about?

Senator Debicella.

SENATOR DEBICELLA:

I thank you, Mr. President. Mr. President, first my hat's off to Senator Fonfara and Senator Witkos for sustaining themselves through this very, very long but important debate.

Mr. President, I rise in favor of this amendment

and I rise in favor of it because it takes a bill that would otherwise increase government bureaucracy and increase energy costs and replace it by keeping some of the good parts of the bill and adding others to one that will set us in the right direction to lower energy costs.

Mr. President, if you look at the good parts of the underlying bill that this amendment keeps, Senator Witkos talked about them. They are things that help the poor with their energy costs. Things that help move us in the direction of environmentally friendly alternative energy, whether there are things like fuel cells or \$30 million to help incent the adoption of solar power. Meters to actually help folks reduce unnecessary demand. Something that everyone would agree would actually help us lower the cost of energy.

But to Senator Fonfara's point, this does remove some things from the underlying bill. And in my opinion, Senator Fonfara had three that he did not like were removed. I actually have three that I do like that were removed.

One is -- the last one Senator Fonfara mentioned, which was the splitting up of the DPUC and the creation, essentially of two new government

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bureaucracies. And Mr. President, I've never seen a situation where two bureaucracies somehow work better than one bureaucracy. We have seen time and time again in state government when we create complexity, it drives up cost and slows down decision-making and I think that's exactly what this underlying bill would do. And it would naturally increase our budget deficit because if you create two new bureaucracies, they're all going to all of a sudden need their own finance people, they're own HR people, all the things that drive up costs.

Secondly, what this bill eliminates is volatility in energy prices in favor of stability. Earlier -- excuse me, earlier in the debate, Senator Fonfara said, yes, there is risk in this underlying bill. There is risk and going away from the three-year purchasing agreements and toward the spot market. And Mr. President, anytime you're going to the spot market, you might do better, you might do worse. We're increasing volatility and what we've seen in the market in the last couple of years with dramatic swings in oil prices and energy prices, is that businesses and residential consumers are going to see a lot more variability in their costs under this bill.

Finally, Mr. President, I actually think that the underlying bill hurts competition and consumer choice in a way that this amendment doesn't, by removing some of the hindrances to it. Things like bilateral agreement that actually cut out the small guys, that actually don't allow the consumer to have as much choice in the market. This impacts actually businesses much more than residential. Residential customers are mostly on UI and CLMP. But our business community uses alternative energy providers all the time. I've heard statistics upwards of 80 or 90 percent of businesses are actually using alternative energy providers. Don't know if it's that high, but it's definitely much higher than residential.

And Mr. President, all in all, we have to look at the fundamental issue that's facing us with energy. The fundamental issue is one of supply and demand. What this amendment does is it attempts to decrease unnecessary demand while trying to increase supply. And there's a lot more that needs to be done that we can't do in this chamber and that we can't do in this amendment. We need to do things on the federal level to actually increase our supply of energy, whether it

is through alternative energy or more traditional sources of energy to actually help our environment and get off of foreign oil. Greater supply will equal lower prices.

So Mr. President, I believe the amendment before us today is not a panacea, and I don't think Senator Witkos would say it's a panacea. But it is a step in the right direction, whereas the underlying bill will take us in the direction of reregulation and in the direction of more bureaucracy and higher rates.

I encourage adoption of the amendment. Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark? Senator Fonfara.

SENATOR FONFARA:

Mr. President, when the vote is made, I would ask that it be done by roll call, please.

THE CHAIR:

A roll call will be ordered. Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President. For a second there, we had them outnumbered.

THE CHAIR:

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Circle the wagons. There you go.

SENATOR MCKINNEY:

Well, while they're having food in your caucus room Senator Fonfara, you've saved the day. Mr. President, I rise in support of the amendment and I don't think I can say what the amendment does better than what Senator Witkos has said. I first wanted to start my comments with complimenting Senator Witkos. He made mention that this was his first term on the Energy Committee and I think it's evident that he and Senator Fonfara have a have good working relationship.

These are some of the more complex issue, not only that we deal with as legislators, but that we deal with as a society. I dare say, we don't only hear from our constituents, but I hear from my own family members as to why are electric bills are so high. Why when prices are coming down, their bills are still going up. How do you explain this, as Senator Roraback so eloquently said, you know, you can see the gas stations literally raising the prices by the hour, but when the price of oil comes down, they're not so quick to get out and lower the prices.

So people are frustrated. They're angry. Small businesses across the State of Connecticut struggle

with the extraordinary costs of energy and I think Senator Witkos in his first term as ranking member of this important committee has done an extraordinary job and his speech earlier today was one of the best that I've heard in this Senate in some time.

Mr. President, I think the message and the key to this amendment is two-fold. One, let's not go too fast. When we're talking about investing in solar, that's a good program, but let's not go too far. The other message is that we can't change everything all at once, and when you think about the potential unknown consequences of one huge power authority, and what may occur should the underlying bill pass, I think the better course of action, the wiser course of action is to pass this amendment. Obviously, many of the underlying pieces are identical or very similar to important underlying pieces in the bill as amended by Senator Fonfara. But this is one of taking and making progress one step at a time. Not jumping into a whole new unchartered world that could and in my opinion, would end up in higher electric rates for the people of the State of Connecticut.

So I would urge adoption of this amendment.

Thank you.

THE CHAIR:

Thank you, sir.

Will you remark further on Senate "B?" Will you
remark further on Senate "B?"

If not, Mr. Clerk, please call for a voice vote
-- no, I'm kidding -- roll call vote. The machine
will be opened.

THE CLERK:

Immediate roll call has been ordered in the
Senate. Will all Senators please return to the
chamber. Need roll call has been ordered in the
Senate. Will all Senators please return to the
chamber.

THE CHAIR:

Have all Senators voted? 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 Senate Amendment
Schedule "B."

Total number voting	33
Necessary for Adoption	17
Those voting Yea	11

Those voting Nay 22

Those absent and not voting 3

THE CHAIR:

Amendment "B" fails.

Will you remark further on Senate Bill 493?

Senator Meyer.

SENATOR MEYER:

Thank you, Mr. President. I think this is a little more timely.

THE CHAIR:

Actually, I can play the tape back if you would like.

SENATOR MEYER:

Thank you.

THE CHAIR:

Go ahead, sir.

SENATOR MEYER:

Through you, Mr. President, to Senator Fonfara. Senator, there's a budget proposal that would take in round figures \$29 million from the energy conservation and efficiency fund and use it for the payment of the principal and interest on revenue bonds. The same proposal also would seek to generate income from a new loan fund called the green Connecticut loan fund,

which has current income of -- annual income of \$18 million. And I know I'm throwing you a curve ball in asking you this question, but we're going to -- we're being asked to vote on this budget tomorrow. And do you have an opinion as to, through you Mr. President. Does the good Senator have an opinion as to whether or not the taking of these funds would affect the energy bill that's before us tonight?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President. I do not have an opinion. Through you.

THE CHAIR:

Senator Meyer. That's it, okay.

SENATOR MEYER:

Senator, you didn't have an opinion? I didn't hear the words.

THE CHAIR:

I believe, sir, he said he did not.

SENATOR MEYER:

Okay, thank you, Mr. President.

THE CHAIR:

You're welcome.

Will you remark further on Senate Bill 493?

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President. I rise this evening for the purpose of an amendment.

THE CHAIR:

Please proceed, sir.

SENATOR McLACHLAN:

Thank you, Mr. President.

The Clerk should have LCO Number 5165. I ask that he call the amendment and grant me leave to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5165, which will be designated as Senate Amendment Schedule "C" and it's offered by Senator McLachlan of the 24th District.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President. This amendment --

THE CHAIR:

Excuse me, Senator McLachlan. Do you move

adoption on that, sir?

SENATOR McLACHLAN:

Sorry. Thank you. I move this amendment.

THE CHAIR:

There is a motion on the floor for adoption and summarization. Seeing no objection, please proceed, sir.

SENATOR McLACHLAN:

Thank you, Mr. President.

This amendment shifts our conversation this evening a bit about the utility business and the interaction of state government with Connecticut residents. I'd like to summarize briefly what the amendment does as it relates to approval of cell towers in the State of Connecticut.

Currently, cell towers are approved solely by the Siting Council of Connecticut. And a simple majority allows for the placement of a cell tower following an application process.

What I'm asking for with this amendment is when there is local opposition to particular cell tower application, when I say in opposition, I'm saying specifically land use board review and opposition. That it then would require the Siting Council to have

a supermajority of seven of their nine members voting yes to approve the cell tower application. So in fact, we just raised the bar. One little step. In asking for a closer view of an application. Not unlike what currently occurs in the land use process in the State of Connecticut. For instance in the City of Danbury where we have a planning commission and a zoning commission. And if the planning commission should in some way offer a negative report on a proposal, then it requires a supermajority of the zoning commission to change a zone on a particular property.

So that's what we're asking you to consider this evening with this amendment. But I just want to briefly, because of the late hour, paint a picture of what happened in Danbury.

A bankrupt church who was essentially looking for someone to purchase their property was approached by a cell tower developer and signed an agreement for a cell tower site and tower on the property and the church. This church, who had struggled for years apparently, was challenged trying to stay alive, so to speak, and was offered a pretty nice income, rental as part of this agreement with the cell tower developer.

The problem is that the church is in the middle of a pretty nice residential neighborhood. In fact, the site where the cell tower ultimately was approved is somewhere around 140 feet to a neighbor's swim be pool. So the point is that we looked at this as a negative intrusion on a neighborhood and felt that we should, we meaning the City of Danbury, should assist the cell tower developer in their application and try to find alternate sites. Encourage them to look at alternate sites before they proceed with this application. In fact, in my former role as chief of staff total mayor in the City of Danbury, I personally scouted, located and presented to cell tower developer three possible locations where they may find alternative installation of a cell tower in reasonably close proximity to the area in which they were looking for coverage.

Now all of those three sites were not as easy to put together a deal with the property owner, but they were all identified by an engineer that was hired by the City of Danbury. Basically, we were working as a cell tower developer ourselves trying to assist the cell tower developer in finding alternate sites. Because they already had a deal, there was no

incentive for them really to aggressively look for alternate sites. So we took it upon ourselves as the administration of the City of Danbury to aggressively try to find alternate sites.

Ultimately, all of those sites were rejected for various reasons by the applicant. Not by the Siting Council, but by the applicant. Because it's not required of the Siting Council to push them as hard as we were pushing them to look at alternate sites. The point being here is that because there's no incentive to aggressively look for alternate sites when there is neighborhood opposition, it seems to me that we should hold the applicant to a higher level of approval.

Now I understand that there are federal laws related to the siting of cell towers that require the creation of the Siting Council. And most people would say the Siting Council is working very well. In fact, the executive director Derrick Phelps is doing a fine job and the Chairman of the Siting Council has a job I would never want because when it comes to NIMBY in politics we all know, it's a very tough road to hoe. They're doing a good job. They're doing the best job they can do with what they have. But I think that this is an extra tool in the process that just holds

the approval process to a supermajority and asks the Siting Council to have seven of nine yeas votes before they approve a contested location.

So this location, and I'll wrap up quickly now, this location in Danbury, was ultimately contested by the City of Danbury, using city taxpayer funds, including engineers, lawyers, not counting the in-kind time of city employees studying the site, participating in court action. The City of Danbury spent \$100,000 to fight a cell tower application.

Those two folders on my desk are just part of the docket application related to this case. And this cell tower application was approved. Now I'm not a scientist. I'm not an engineer. I'm a politician and I'll grant that. But in this case, I don't think this was the right decision and what I do think is if the Siting Council feels that this is the right decision, then let us make them have a supermajority. Cell towers Siting Council decisions are tough. I understand that clear as a bell. I just think that this Legislature should take one small step to honor local control, local decision-makers, local residents a little bit more in this process. Because right now, I have a whole neighborhood of thousands of residents

of the City of Danbury who feel like they were abandoned by the State of Connecticut in this decision. And because of that, I ask this body to seriously consider and vote in favor of this amendment.

Thank you, Mr. President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Thank you, Mr. President. And Mr. President, if I could ask when the vote is taken if it could be taken by roll.

THE CHAIR:

A roll call will be ordered, sir.

SENATOR FONFARA:

Thank you, Mr. President.

Mr. President, I again reluctantly rise to oppose the amendment and I do so because I have been and continue to be a strong advocate for the autonomy of the Siting Council, an agency that stands with no peer in this country in terms of taking a universal look at how we site facilities that on average most people don't want in their neighborhood, in their backyard, if their town, but we know that if we're going to be

-- to have the required ability to turn on our lights when we want them and with do, and to be able to call someone and have someone answer on the other end of the line, and we do. And almost every other not just creature comfort, but requirement under -- to keep our economy going, that we need to be able to make these decisions in hopefully the most objective way possible. I think most of us agree that that's difficult to do when we as elected officials are asked to do that for a proposal that is effecting our constituents. That's the beauty of the Siting Council that we have in this state. And most of us really don't credit it for what it is. And they have to make tough decisions and they have to make decisions that when it's in our backyard, we don't like and I certainly understand the reason why this proposal is before us this evening.

I would ask the chamber to vote it down because we need to continue to have this organization have the autonomy that it has, but make sure, and I think there is legislation that is pending before us this year that will require that the Siting Council take consideration of some of the very issues the Senator McLachlan has raised. And I intend to take seriously

his concerns that he has raised this session and here tonight so that there is the balance that is necessary. The balance that is necessary when the Siting Council considers issues that understanding what a neighborhood, what a community and what a municipality may be dealing with when something is suggested to be located in one neighborhood or one area versus another. I take that certain very, very seriously.

But unfortunately, I would ask that we defeat the amendment. Thank you, Mr. President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

I rise in support of the amendment and I thank Senator McLachlan for bringing it out. Mr. President, Senator Fonfara is correct. We ask a lot of the Siting Council. They have a hard job to do and Senator McLachlan's amendment doesn't go nearly as far as many people would like for it to go. So in terms of striking a reasonable balance in restoring a respectful relationship between our municipalities and the state agency charged with siting

telecommunications facilities, it's not asking too much that the Siting Council be convinced, be firmly convinced that a location is an appropriate location in a case where a municipality firmly believes that it's the wrong location.

Mr. President, I think this amendment is a first step in restoring an appropriate balance and I support it enthusiastically and urge others to do so as well. Thank you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

I stand in favor of Senator McLachlan's proposed amendment. And I will say this. That some decisions are just so difficult that the suggested change in the number of votes requires for the Siting Council to make a final decision on the location of, for example, a cell tower, is something that could be a great value. And there is a lot of give and take in the analysis of these different proposals, particularly when it comes to something like a cell phone tower because of the unknown health effects. We are all familiar with the telecommunications act of 1996 which

clearly prescribes that you cannot use that as a criteria or set of criteria in making decisions. However, there are lots of studies out there that would indicate that maybe we should, in fact, take that into account. So you can envision situations like Senator McLachlan's situation in his district, but you can also think of some of the other ones, such as the ones we've had in our district where there are locations that are so ridiculously close, these are proposed locations, so ridiculously close to a school that, in fact, the height of the tower deems that if it were to fall a certain direction, it would in fact, fall on that property.

So you have the physical potential danger there. Never mind whatever else might be lurking up there. Who knows what it is. The fact that the number required would seven. In other words a supermajority to make a final decision on the location of a cell phone tower near a sensitive area. The fact that it rises to that level could in certain circumstances make a huge difference.

There's no question that the Siting Council provides a great deal of value in making these decisions when it comes to other facilities. When it

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comes to cell phone towers, there's that mixed feeling in the community. Yes, we want our service and we want it to be ubiquitous, but we don't necessarily want that cell phone tower anywhere near us. We've had people suggest in our district that 5,280 feet, one whole mile is the minimum amount that should be required between a dwelling and where a cell phone tower is located. That's obviously taking it to an extreme. So net-net, this amendment to me makes sense because it's not going to change most decisions that the Siting Council makes in its normal course of business. However, in those very unusual cases, we may have one or two of those in our town, in our district right now where it could make all the difference. It may only move a cell phone tower 150 feet or 150 yards one direction or the other, but that could make a great deal of difference in terms of people's peace of mind when it comes to health issues or other issues that he might have.

So I stand in support of the amendment and urge the circle to vote in favor. Thank you, Mr. President.

THE CHAIR:

Thank you, sir. Will you remark further on

Senate Amendment "C?" Will you remark further on
Senate amendment "C?"

If not, Mr. Clerk, please call for a roll call
vote. The machine will be opened.

THE CLERK:

Immediate roll call has been ordered in the
Senate. Will all Senators please return to the
chamber. Immediate roll call has been ordered in the
Senate. Will all Senators please return to the
chamber.

THE CHAIR:

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

THE CLERK:

Motion is on adoption of Senate Amendment
Schedule "C."

Total number voting	34
Necessary for Adoption	18
Those voting Yea	9
Those voting Nay	25
Those absent and not voting	2

THE CHAIR:

The amendment fails.

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

Through you, a couple of questions for the
proponent of the bill.

THE CHAIR:

Senator Fonfara. Please proceed, sir.

SENATOR KANE:

Thank you, Mr. President.

Earlier when I asked a series of questions and I
think we had a very good dialogue in regard to the
bill, I never talked about the solar piece of this
piece of legislation. And I would like to go through
that, if I could.

In regards to the solar piece that I think a lot
of it is very good. I'd be curious to know who will
likely take advantage of those solar subsidies.
Through you.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President.

It is our hope that it will grow the solar
industry in Connecticut from one that is fledgling

right now, on the brink of leaving the state and will encourage those companies that are here to stay here and encourage more companies to develop here and come to Connecticut and build this industry. It is anticipated that we can realize somewhere in the neighborhood of between 5,000 and 6,000 direct and indirect jobs in the solar industry from the development of this program. Through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

And will the elderly and the people with low-incomes be able to take advantage of this program? Through you, Mr. President,

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President.

Absolutely. Part of the bill directs 3 percent of the funds from the renewable fund to be directed towards underserved areas in the state. And nothing in this program will prohibit those entrepreneurs, those solar businesses from pursuing avenues in which

seniors senior complexes and low-income housing complexes can participate in this program. Through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. I thank Senator Fonfara for his answers.

THE CHAIR:

Thank you, sir.

Will you remark further on Senate Bill 493, as amended by Senate "A?" Will you remark further?

If not, Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

Have all Senators voted? 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:

The motion is on passage of Emergency Certified
Bill 493 as amended by Senate Amendment Schedule "A."

Total number voting	34
Necessary for Adoption	18
Those voting Yea	20
Those voting Nay	14
Those absent and not voting	2

THE CHAIR:

The bill as amended passes.

Senator Handley.

SENATOR HANDLEY:

Thank you, Mr. President. For a point of
personal privilege.

THE CHAIR:

Please proceed, ma'am.

SENATOR HANDLEY:

Actually, it's perhaps more an announcement. The
four members of the circle who are retiring this year
have provided some food for the members of the circle
and for staff and aides who are here. So please go to
the old judiciary room and have a bite to eat.

THE CHAIR:

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
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Thank you, Mr. Speaker.

SPEAKER DONOVAN:

The motion is for immediate transmittal of all items that need further action in the Senate. Is there objection? Is there objection? Hearing none, the bills are immediately transmitted.

Is there any business on the Clerk's desk?

THE CLERK:

Mr. Speaker, favorable reports on Senate bills.

SPEAKER DONOVAN:

Representative Olson.

REP. OLSON (46th):

Yes. Thank you, Mr. Speaker.

I waive the reading of the bills and ask that they be tabled for the calendar.

SPEAKER DONOVAN:

Without objection, so ordered.

Will the Clerk please call Emergency Certified Bill Senate Bill 493.

THE CLERK:

Senate Bill Number 493, AN ACT REDUCING ELECTRICITY COSTS AND PROMOTING RENEWABLE ENERGY, LCO Number 4880, introduced by Senator Williams and Representative Donovan.

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SPEAKER DONOVAN:

Representative Johnston, for what reason do you rise?

REP. JOHNSTON (51st):

Mr. Speaker, I'm a little upset that Representative Cafero's motion didn't carry the day. But I will be recusing myself from voting on this matter and will be leaving the Chamber for a possible conflict of interest.

SPEAKER DONOVAN:

The Chamber will stand at ease.

(Chamber at ease.)

SPEAKER DONOVAN:

Representative Vickie Nardello.

REP. NARDELLO (89th):

Thank you, Mr. Speaker.

I move passage of the emergency certified bill in concurrence with the Senate.

SPEAKER DONOVAN:

Can we please have order the Chamber. I know it's late and there's a bat flying around the place, but I ask that we conduct ourselves in a professional

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manner.

Thank you very much.

REP. NARDELLO (89th):

Mr. Speaker.

SPEAKER DONOVAN:

Hold on, please.

REP. NARDELLO (89th):

Mr. Speaker, would you like me to repeat what I just said? I move passage of the emergency certified bill in concurrence with the Senate.

SPEAKER DONOVAN:

The question is passage of the emergency certified bill in concurrence with the Senate.

Representative Nardello, you may proceed.

REP. NARDELLO (89th):

Thank you, Mr. Speaker.

Mr. Speaker, the Clerk has an amendment, Senate Amendment "A," LCO 5273. Would the Clerk please call the amendment and may I be allowed to summarize?

REP. CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero, for one reason do you rise?

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REP. CAFERO (142nd):

Mr. Speaker, I object to summarization.

SPEAKER DONOVAN:

We have an objection to summarization.

Representative Merrill.

REP. MERRILL (54th):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Merrill, for what reason do you
rise?

REP. MERRILL (54th):

Mr. Speaker, I make a motion that we suspend our
rules for the purpose of taking up the summarization.

SPEAKER DONOVAN:

The motion is to -- suspension of the rules.

REP. CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Point of order.

SPEAKER DONOVAN:

What's your point of order, sir?

REP. CAFERO (142nd):

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Point of order, Mr. Speaker, I ask that the gentlewoman please refer to the rule for which she wants suspended.

SPEAKER DONOVAN:

The Chamber will stand at ease.

(Chamber at ease.)

SPEAKER DONOVAN:

The House will please come back to order.

When we last left there was a question to Majority Leader Merrill, questioning the -- what rule was being suspended.

Representative Merrill.

REP. MERRILL (54th):

Yes. Thank you, Mr. Speaker.

I would move for suspension of the joint rules, of Joint Rule 16 for the specified purpose of allowing summarization of the bill, this bill before us right now.

SPEAKER DONOVAN:

The question before the Chamber is suspension of the rules for the reading of the bill, according to -- or in summarization of the bill, according to Rule 16.

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We will have --

REP. CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

I'm sorry. Could she read the rule that was --
could the Majority Leader please repeat the rule that
she's requesting be suspended?

SPEAKER DONOVAN:

Representative Merrill.

REP. MERRILL (54th):

Yes. Through you, Mr. Speaker, its rule, Joint
Rule 16.

SPEAKER DONOVAN:

We'll now have a roll call. The roll call is to
have --

REP. CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero, for what reason do you
rise.

REP. CAFERO (142nd):

Is this a debatable motion?

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SPEAKER DONOVAN:

It is not. The motion is for suspension of the rule is non debatable. So the -- for suspension will be vote green. It requires a two thirds vote. To oppose the suspension will be red. The machine is now open.

REP. CAFERO (142nd):

Mr. Speaker. Mr. Speaker, point of order.

SPEAKER DONOVAN:

Representative Cafero, what's your point of order.

REP. CAFERO (142nd):

Mr. Speaker, the bill or the suspension of the rule, and the rule that the Majority Leader has referred to refers to the first reading of bills and resolutions. This is before us -- is an amendment.

SPEAKER DONOVAN:

Representative Cafero, you actually have made a statement. There was no point of order.

Do you have a question or a point of order?

REP. CAFERO (142nd):

I believe I did. I made a point of order, Mr. Speaker, that the rule that the Majority Leader has referred to in asking that it be overruled refers

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to a bill or resolution.

And my objection to summarization was with regard to the amendment called by Representative Nardello. And I don't believe that you ruled on my objection prior to the Majority Leader making her motion to suspend the rules.

SPEAKER DONOVAN:

The Chamber will stand at ease.

(Chamber at ease.)

REP. CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Mr. Speaker, at this time I will withdraw my objection to summarization.

SPEAKER DONOVAN:

Representative Cafero, just to make sure I think we do it right, I think Representative Merrill has to withdraw her motion to suspend.

Representative Merrill.

REP. MERRILL (54th):

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Mr. Speaker, yes. I would withdraw my motion to suspend.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

I would withdraw my objection to summarization, Mr. Speaker.

SPEAKER DONOVAN:

All right. Thank you, everybody.

All right. Representative Merrill --
Representative Nardello --

I believe --

Will the Clerk please call LCO Number 5 -- the Clerk apparently had called LCO Number 5273.

Representative Nardello seeks leave of the Chamber for summarization. Any objection to summarization?

Hearing none, Representative Nardello, you may proceed with summarization of the amendment.

REP. NARDELLO (89th):

Thank you, Mr. Speaker.

Mr. Speaker, I'd like to start at this 3:30 in the morning by saying that no major bill is done without a great deal of help. And I have a few people

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to think before we start.

SPEAKER DONOVAN:

If you could -- not to be technical, but we're talking about the summarization of the amendment. You may remark on the bill afterwards.

REP. NARDELLO (89th):

In that case, not a problem. Okay.

Mr. Speaker, Section 1 and 2 establishes the Connecticut Energy and Technology Authority as the successor to the Department of Public Utility Control and creates two divisions within it.

Section 3 discusses the responsibilities of the Connecticut Energy and Technology Authority. Section 4 creates a working group to develop plans to implement organizational and structural changes in the establishment of the Energy and Technology Authority and the Division of Research Energy and Technology.

Section 5, our appliance standards, and it updates Connecticut's list of energy-efficient appliances to include certain consumer electronics: TVs, DVD players and compact audio players.

Section 6 changes the way that we define class III resources in terms of combined heat and power, and what it does is it gives it a seasonal consideration

in terms of its 50 percent efficiency.

Section 7 is the energy conservation and management board and it must be -- report annually to the Energy and Technology and Environment Committees on its electric conservation programs and the report must include documentation of reduction in cost for ratepayers through existing systems, which is a change.

Section 8 is the Clean Energy Fund Board, and it reports annually to the DPUC on the fund's activities and the bill requires that the report discuss the condominium program established in Section 29 of this bill.

Section 9 is the law that requires electric companies to develop an integrated resource plan that meets customers' needs through savings from conservation of electric generation. The goal is to reduce costs and increase options for doing so. And this bill specifically requires the plan to reduce electric costs and provide options for doing so.

Section 10 requires the current IRP to indicate options to reduce electric costs by at least 15 percent by July 1st of 2012 and maintain that reduction for at least five years.

Section 11 is a low-income discount and requires the DPUC to conduct a proceeding to create discounts for electric customers whose household income is up to 60 percent of the state median income.

Section 12 is the property assessed clean energy section. It allows municipalities to establish a loan program for financing sustainable energy improvements qualifying property.

Section 13 is procurement and the electric companies must provide standard service to small and medium-size electric customers who do not choose a competitive supplier. The bill requires the DPUC to conduct a proceeding every two years to determine whether it would benefit ratepayers to have an entity other than the electric companies procure power. It modifies the rules governing the procurement and among other things, eliminates the laddering of the wholesale contracts.

Section 14 and 15 are technical in nature.

Section 16 modifies the billing information that must be provided when a supplier chooses to provide billing and collection services to customers.

Section 17 is regarding retail rules and it imposes rules governing all sales and solicitation of

generation services by a supplier, aggregator or its agent that are conducted by mail, door-to-door, telephone or electronic means. The bill also imposes additional requirements on suppliers to confirm that the customer has actually ordered the service from them.

Section 18 is time-of-use rates. It requires suppliers to offer a time-of-use rate that reduces rates for nonpeak use.

Section 19 is residential solar incentives.

Section 20 and 21 is long-term power purchase contracts with developers of solar.

Section 22 requires the DPUC to provide a comprehensive solar feasibility survey for facilities owned and operated by the State.

Section 23 is a feed-in tariff, which requires electric companies to file with the DPUC approval for a tariff for a large solar-roof connected projects of 1 megawatt or larger.

Section 24 requires the DPUC, in consultation with the Clean Energy Fund and Energy Efficiency Fund, to develop coordinated programs for solar thermal.

Section 25 requires the DPUC to increase incentives available for solar and solar thermal.

programs that have parts built here in Connecticut by 5 percent, and an additional 5 percent if it's in a distressed municipality or one with an enterprise zone.

Section 26 creates a funding cap for all the solar programs described. It starts at 45 percent of the revenues of all electric companies. It goes to .75 and ends at 1.0 of those revenues.

Section 27 requires the Clean Energy Board to establish and administer a pilot for fuel cells in state buildings.

Section 28 requires the DPUC to order each electric company to notify that its customers -- that it has time-of-use meters.

Section 29 allows the Clean Energy Fund with the DPUC to establish a program to provide grants to condominium associations.

Section 30 is the standard service procurement plan.

Section 31 requires the Connecticut Energy and Technology Authority to establish a pilot loan program to provide financial incentives to electric and gas company customers.

Section 32 and 33 establish funding for a loan

program that funds loans for replacement boilers, gas and oil.

Section 34 is -- requires the technology authority to require the ECMB to direct 3 percent of its funds for energy and conservation to municipalities with enterprise zones and the same requirement applies to 3 percent of the Clean Energy Fund.

Section 35 requires CETA to initiate request for proposals for one bilateral contract for electricity that is to reduce rates.

Section 36, CETA must review transmission lines and determine whether or not we would be able to buy power over a new transmission line that comes into our area.

Section 37 and 38 establishes CETA as an executive branch agency.

Section 39 is an ISO docket, where the DPUC must initiate a proceeding to identify the impact on Connecticut ratepayers and New England for the wholesale market power of ISO New England and the rules that it uses.

Section 40 allows municipalities specifically to enter into performance-based energy contracts with

energy management firms.

And Section 41 is technical.

I move adoption of the amendment, Mr. Speaker.

SPEAKER DONOVAN:

The question is on the adoption of the amendment.

Will you remark? Will you remark on the amendment?

Representative Nardello.

REP. NARDELLO (89th):

Thank you, Mr. Speaker.

Mr. Speaker I want to begin by saying that no major bill is done without a great deal of help.

I'd like to first thank the Speaker and I have to do that especially because it was the Speaker that put together an electric rate working group that met through the entire month of January. And without that we would not have some of the ideas that you see in this bill.

And I'd also like to thank a few other people. Richard Kehoe from the Attorney General's Office put in hours and hours and hours of work to make this bill what it is today. Joseph Rosenthal from the Office of Consumer Counsel also put in hours and hours of work, I must say, on their own time.

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Paul Nunez who is my right-hand man during all of this and certainly attended to all of my needs, and I have to thank him for that. Melissa Buckley who's sitting over there, and is still here at quarter to four in the morning from the Senate side, who really has done a yoeman's job at getting this through the Senate along with Leslie O'Brien.

And last but not -- well, not last, excuse me -- Representative Sean Williams for his input. He did have input into this bill, some of his ideas are of this.

but last, but not least, I'd like to thank my Senate Cochair, Senator John Fonfara. The conventional wisdom was that my Senate cochair and I could never work together, and a lot of people believed that. And they believed that energy policy would never be done with the two of us chairs.

We have very different styles and we have very different beliefs, but we spent hours talking and getting to know each other. We came to understand what was important to each of us, and we stood strong through some intense lobbying. We learned to respect each other and I think in politics it is very important to know how to do that. So Mr. Speaker, I

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thank him from the bottom of my heart for all the work he has done on this bill as well.

Now, why is this bill important? That's what we need to talk about now. The first thing this bill does, it does more efficient implementation of electric policy by making changes at the DPUC. It recognizes that we need expertise in the areas of conservation, renewables, procurement of power and research. We renamed the Public Utility Control Authority to the Connecticut Energy and Technology Authority. We divide it into two divisions, one for ratemaking and one for electric policy. The policy division will have three bureaus: Conservation and renewables, research and electricity procurement.

It's one-stop shopping, Mr. Speaker, and it's a one point of accountability. We are looking for accountability, coordination and evaluation in our electric policymaking.

This bill also decreases the demand for electricity. The bill decreases usage by providing incentives for the replacement of old furnaces and boilers. This bill reduces electricity usage by making it easier for consumers to pay for more efficient heating oil and natural gas furnaces. This

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bill makes it easier for consumers to invest in efficiency by allowing for payments over time on the electric bill or the tax bill.

And this bill creates efficiencies and reduces uses for -- buy having TVs that will be required to have higher efficiency standards, which will save most people just on the TV portion 18 to 30 dollars per year. I didn't know TVs cost that much, but I guess they do.

This bill is about investing and increasing renewable energy, and I think I will stop for one moment there to just say that with the huge oil spill that we are dealing with, this becomes more critical -- than ever that we invest in renewable energy so we are not held hostage to fossil fuels.

The bill makes it more affordable for people to invest in renewable energy by allowing them to pay for it over time. The bill invests in solar, wind, hydro and fuel cells. The bill helps us to meet our renewable portfolio standard. It does it by investing in in-state technologies. It's time that we start building in state, that we look at renewables and say, what do we do here and how do we help people here in Connecticut?

If we do not invest in renewables, in a few years we will be out of compliance with the renewable portfolio standard, and then we'll be subject to noncompliance payments of 5.5 cents per kilowatt hour. It's millions of dollars.

So there is two good reasons to do this. One, we want to invest in state and provide in-state jobs; and two, because we want to avoid those payments.

This bill is about reducing electric rates. We can no longer sustain having the highest electric rates in the country. If you look at Connecticut as it's compared to other New England states, Connecticut is 10 to 14 percent higher than other New England states.

We are modifying the current plan on resources to ask the DPUC to come up with options to reduce rates by 15 percent next year and for the next years. And I ask the question, and the question I ask is: You know, CL&P has Western Massachusetts Electric, it has Public Service New Hampshire, and if you look at their rates in those states, they're significantly lower than here. Shouldn't we be asking why?

Shouldn't somebody at the DPUC say why is it that Connecticut is different than other New England

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states.

We need to change the way we buy power for standard service customers, those of CL&P and UI. Today's conditions are market conditions and they demand flexibility in the buying of power. Our current system is very proscriptive and often results in higher than necessary prices because can't respond to market changes. And buying power differently can reduce rates by an estimated 5 to 10 percent.

We need to allow cities and towns who invest solar energy, that way they can reduce their upfront cost. Solar arrays operate during peak times, reducing our peak demand and lowering cost for all customers.

This bill helps low-income families and seniors. And the way it does this is that it acknowledges that customers that are low income pay a much higher portion of their income in electricity costs. We are asking the DPUC to develop a low-income rate that will lower costs for customers.

This bill is about chasing -- changing ISO rules. ISO New England adopts the rules of our market. There's an organization within ISO called NEPOOL, which makes the recommendations to ISO and it's made

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up primarily of generators, transmission owners and electric companies. Connecticut regulators have no vote in this organization. This is an industry-driven organization and it focuses on reliability not on price. We are subjected to market rules which we must follow, but we have no ability to influence.

Market rule number 1 is a prime example, where low-class generators are paid at the highest market clearing price. In what other industry do you make a bid of, say, 5 cents, because you think that's what it costs you to produce the product and then you get the highest possible price, if somebody else bids it at 10 cents you get it anyways. Our ratepayers are being hurt by these administered markets and we must seek change.

We are asking the DPUC to examine the effect of all these ISO rules and determine their impact on Connecticut electricity prices and then make recommendations for change.

The bill also seeks cheaper supplies of electricity. We are looking at transmission line opportunities. We are looking at long-term contracts with existing generators. The bill helps Connecticut businesses. The fuel cell business will be more

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competitive. We are using combined heat and power projects to reduce electricity costs for business, and we're developing a solar industry in Connecticut in a sustainable and orderly manner. The bill protects retail supply customers.

Now, Mr. Speaker, in this wonderful discussion that we've had about all of this, one of the biggest things that my colleagues here in this room have heard about is complaints from the retail suppliers. And I got this e-mailed to me, and on this e-mail there were a number of things that were stated. And I looked through it, there was only one thing that was actually in the bill. The rest of it was incorrect.

The bill does not require credit checks for new consumers. The bill does not require two bills. The bill does not increase costs by two cents and it doesn't eliminate on-line enrollments. It doesn't have mandated switching fees and doesn't have minimum time requirements to stay. But yet, this was given out to many people and it just gives you an idea of how much we do here to confuse people. And I find that problematic, because I think for colleagues that was difficult to have to hear all of those things.

This bill provides consumer protections for those

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buying electricity from alternative suppliers. It requires written contracts with clear terms. It limits termination fees and provides rules for energy brokers. And it changes practices for door-to-door sales.

In summary, Mr. Speaker, this bill takes a major step toward a cleaner, more efficient and more affordable energy future for Connecticut's families, businesses and municipalities. It increases the use of solar, wind and fuel cells and other renewable energy sources that cut pollution and reduce dependence on oil and other fossil fuel. It creates innovative financing programs to help families and business invest in energy efficiency and renewable technology that cuts costs.

Long-term financing is going to help each of us be able to buy that solar array to do that energy efficiency that we so need. It creates jobs in the 21st century in clean energy. It cuts pollution by building solar and other in-state renewables that will produce enough power for 100,000 homes. It streamlines Connecticut energy planning by making it more efficient and effective. And it requires that we find out why Connecticut has higher rates than other

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New England states, and ask those rates to be brought down 15 percent.

In sum, it seeks out long-term strategies to reduce rates and reduce the impact of unfavorable markets.

Mr. Speaker, it has been a very interesting process to go through this bill and there's been a great deal of research that has gone into it, and I would ask my colleagues to support this bill this evening -- or shall I say, this morning.

SPEAKER DONOVAN:

Thank you, Representative.

Will you care to remark further on the amendment?

Care to remark further on the amendment?

Representative Williams of the 68th district.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And good morning.

SPEAKER DONOVAN:

Good morning, sir.

REP. WILLIAMS (68th):

As we stand here and sit here at ten of four the night before, or I guess the morning of the last night of this legislative session, we're debating a bill that's 80-something pages long, and I think, though,

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there was some groans throughout this chamber. It's fair to say that that is the reason that Representative Cafero objected to summarization.

That we have an 86-page bill, 80-something page bill that's been plopped down in front of us, that's been negotiated behind closed doors, that's had a very poor process from the beginning, that contains many new concepts in it that did not have a public hearing. And that would have substantial ramifications on our electricity prices here in the state of Connecticut.

In fact, this bill is so big that it's being called the biggest energy bill in the State of Connecticut since deregulation. And, of course, we all remember deregulation, even those of us who didn't serve here in the Legislature in 1998 when deregulation was passed. There's a lot of people who think it was a really bad idea. There's a lot of people who happen to think it was a really good idea.

But ladies and gentlemen, what's pretty universally held is that most folks who voted on the deregulation bill, didn't know much about what was in it. They hadn't read the bill. They didn't really understand the concepts. They were told by the chairs and by the leadership, trust us. This is a good idea.

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This will save consumers money. This will be good for businesses. Trust us. This is good. And the Legislature did that. The Legislature trusted those folks and here we are today.

Now whether or not you agree or disagree with deregulation and whether or not you think it was a good or bad idea, I think it's universally held that most people didn't know what was in that bill. And so by having the Clerk read the bill earlier this morning, or potentially having the Clerk read the bill earlier this morning, at least somebody would have read this bill. At least somebody would have understood what was in it, because he would have had to read each and every detail to us here this morning before we voted on it.

So ladies and gentlemen, Representative Nardello is a hard-working, a very diligent chairman here in the Connecticut General Assembly and I can't take anything away from her on that. But that doesn't make this a good bill. And just because she and Senator Fonfara, her Senate cochairman, are getting along now after a few years of very obvious disagreement, doesn't mean we should be going the bill today. Just because two people who disagreed for many years are

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now agreeing doesn't mean we should be doing a bill here this morning, the biggest bill we've done since 1998.

That means we should be really vetting this bill. We should be really studying it. We should be really understanding what it does before we cast a vote on this yea or nay.

Ladies and gentlemen, we had a session this year where we came into it after a few years of disagreement. There's -- everyone knows there's philosophical disagreements on the energy and technology committee. Some people are pro market. Some people are more pro regulation. I happen to be more pro market. Representative Nardello happens to be more pro regulation, and that's perfectly acceptable.

But that has had a chilling effect on the energy and technology committee in the last few years. And it's been very obvious to anybody who pays any attention to what goes on here in this building.

And so knowing that, we haven't had a major bill in this committee since 2007, and prior to that since 2005. We've had no bill in the last few years. We should recognize that we should put aside our

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philosophical differences and figure out a way to get something done. Because there has been a lot of good proposals in the last few years that this Legislature could have adopted and could have become law had, we put those philosophical differences aside. But instead we saw time and time again, the House bill will go up to the Senate, a Senate bill comes down to the House like two ships passing in the night. And then by the end of the session, lo and behold, we got nothing.

So the beginning of the session, I think we all had a really good-faith effort. In fact, I always tell people that started at the Connecticut Power and Energy Society dinner that's held every year in Cromwell, where we spoke to members of the -- or people from the industry and Senator Fonfara and Representative Nardello and myself all agreed we should put those philosophical differences aside and we should come together and this should be the year that we finally do a bill.

And we went into the session and we had public hearings. We negotiated, we debated, we had some good bills, we had some bills that we liked, some bills we didn't like, as with any other committee in this

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building.

But then after our committee JF deadline, something went wrong. All of a sudden we started having negotiations behind closed doors! The Republicans were not invited at the beginning, we found out about them; we wound up in the negotiations. To the credit of the chairs, they eventually allowed us into the room. Didn't have the DPUC there. Didn't have the siting council there. Didn't have many of the other consumer advocates in the room that should have been there. And so the process that led us to today was not good.

And it culminated last -- I think it was last Tuesday, when a 170-page draft was left -- which has transformed into what we see here this evening -- or this morning. 170-page draft that was dropped in the Energy and Technology Committee offices for review, and attached to it was a memo.

And that memo invited readers of the draft to give comment. It invited those readers to give comment not on the substance of the bill, not on the policies that were laid out, but only on the technicalities of the bills -- of the bill.

So -- so what we're saying to the world was,

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don't come and tell us why we're wrong. Don't tell us why the policy is bad. Just tell us where we put a period in the wrong place, or maybe where we spelled a word wrong.

So ladies and gentleman, just setting up that process and on that process alone, we should take a very serious and critical look at this bill before we vote on it, because God forbid someone makes the same mistake that many did in 1998 and regrets the vote that they made.

Mr. Speaker, through you, I have a few questions to the proponent of the amendment.

SPEAKER DONOVAN:

Please proceed, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, Section 1 of the amendment that's before us deals with the change from the existing Department of Public Utility Control to what is now going to be called the Connecticut and Energy -- Connecticut Energy and Technology Authority, is that correct?

Through you.

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Yes.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And what additional roles and responsibilities will this new Connecticut Energy and Technology Authority have versus what the DPUC currently has under its current structure?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

The Connecticut Energy and Technology Authority is the successor to the Public Utility Control Authority, which now houses the Department of Public Utility Control. So in this new entity it will have also a division of public utility control which will not change at all from what it is today. It's a ratemaking division. But it will have a new section,

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a new division that will be a policy making division.
And it is going to have conservation and renewables,
it's going to have the procurement of power, and
research. There will be three positions in that area.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

So through you to Representative Nardello, is it
my understanding that there will now be two arms of
the what is now the DPUC, which is becoming CETA, that
of a regulatory -- one arm being a regulatory body and
the other arm being a policy-making body?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

That's correct.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, is there any -- has there been

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any thought given to the fact that the now existing regulatory body, which is not necessarily a policy-making body, we here in the Legislature being the policy-making body, that there may be some conflict between the regulatory end of the CETA and the new policy making end?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

They have different functions.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I'm not sure that that answers the question. The question being, is there a conflict between the two roles? Many times a regulatory role conflicts with a policy making role.

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

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Through you, Mr. Speaker.

There's no expected conflict. It's, again, they serve two different roles.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, who would pay for the cost of operation of the new Connecticut Energy and Technology Authority?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

It is paid through for the assessments on the companies, as it is paid for now.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through what charge is that on our electric bills?

SPEAKER DONOVAN:

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

That actually isn't a charge on your electric bills. That is actually an assessment that the companies pay in order to support the DPUC.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Does the DPUC, as it currently exists, have an executive director?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Yes, the DPUC does.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, will the existing DPUC director continue to retain his

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responsibility at the new Connecticut Energy and
Technology Authority?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

There are two divisions. They're separate, and
we have not changed any of the duties or the personnel
in the ratemaking division.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, who would be in charge of -- who
would be serving in a similar role of executive
director at the new -- the new division that is being
created --

SPEAKER DONOVAN:

Representative --

REP. WILLIAMS (68th):

-- which does not currently exist?

Through you.

SPEAKER DONOVAN:

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

There is no executive director in the new position. There are three bureaus created, conservation and renewables, electric power procurement and research. And as the bill states, the only position -- there will only be one position that will happen from this vote today, and that is a procurement position, because we need that immediately to change our procurement.

What we did in the next section of the bill is we created a working group. And I must say we did this in response to the administration's concerns and the DPUC's concerns. We did listen to you. What you said is, we possibly might have forgot something. That's why it's not 183 pages. It's now 83 pages. And I thought, you know, that's very possible. We've tried to be diligent here, but sometimes people can forget. And maybe somebody has a better idea.

So what we did is the authority doesn't go into effect for one year, except for the procurement position, and then we've assembled a task force of all the agencies, the ranking members, and the chairs of

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the committee, to work this out and bring it back to us so that we can then approve it next year.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, you stated in your last response that the procurement bureau chief is now needed. Why is the procurement bureau chief needed in order to change our procure -- to have a change in our procurement rules and laws?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

His role is going to be to come up with a procurement plan and work with the utilities on their procurement.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, in

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order to change our procurement laws through, would it be fair say that we do not need, we do not absolutely need a procurement bureau chief to be installed at the Department, at the new CETA?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

We believe that this model is the best model for getting to rate reduction and to work with the utilities to develop a plan in order to do a procurement plan.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, I guess just to be clear the terms "we need" and I -- "we believe" are two different terms. So, again, it is not a necessity to have a new procurement bureau chief, a new state position created in order to carry out these laws.

Believing is one thing. And I can accept if someone believes that we need a new procurement bureau

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chief, but it is not necessary. We do not need this person. Am I correct in that assessment?

Through you.

SPEAKER DONOVAN:

Representative William -- I mean, Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

That is an opinion that you are expressing, and what we have come to find after our research is that indeed we do need a procurement person who will oversee the procurement plan and that we will get the best results based on that.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And who does that now?

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

The electric utilities do the procurement at the current time.

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SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Through you to Representative Nardello, could you please articulate the process that the utilities go through right now in terms of procurement, that you believe is -- needs to be improved? What is it that we need? Why do we need to change this? What are they not doing right now that we need to change; that we need to create a new bureau, a new state agency essentially within an agency in order to do this?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

It's not a new state agency. It's rather one individual who will be responsible for procurement and developing the procurement plan. And the reason that we followed this model is that we are changing the way we procure power. And if we're going to make power more flexible we have several different types of contracts, and if what we're going to do is try to

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assemble a portfolio with very different types of contracts, three-month, six-month, one-year, two-year, depending on what the needs may be, then that requires a little more oversight than the current process that we have now which is a different process.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, I guess I'm not clear as to why it is that we can't continue to rest the responsibility of procurement where it exists today without changing and creating a new -- what we're saying is we're creating a bureau. It was maybe an employee, but we're creating a bureau, right? So I guess I'm curious as to why we can't do that today under our existing structure?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

As I stated previously, we believe that a procurement manager will lead to the best results and

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lead to lower rates by being able to manage the portfolio, help develop the plan and then report back to the agency.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, I understand that we believe that. And I understand what the new process is. I'm trying to figure out, through you, what it is that does not exist? What actually does not exist in the current structure that we need to -- that -- for the reason why we're contemplating this?

I understand why we're -- I understand that we're doing it. I'm trying to figure out what specifically in our procurement process now is not working.

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Let's start with we have the highest rates in the country and I think that's not working for me. But the second thing that's not working is that what we

have done is we have proscribed in law a very strict procurement process. That's why it's very different. It has to be laddered. It has to be done in a certain matter with certain types of contracts. It has to be all in, which means that we have to buy -- buy all of the components of electricity that are needed to provide our electric power.

It means that we only have ten people to choose from because we do all in. And so instead of having ten people, we're going to have many more people, and we'll assemble a portfolio of individual components, and in doing so, we seek to lower electric rates and there have been other areas where this has been done. As a matter of fact, it's done by CMEEC in this state itself. They came in and talked to us, and they said -- and we talked to them for quite some time to say, how do you get lower rates? What is it that you do differently? And this is what they told us. We talked to also some other people who do power procurement and I also talked to a couple of consultants.

So based on that, it is our conclusion that we would need to change the way we procure because it needs to be more flexible. We are in a market

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condition. Markets change. And so you want to be able to react as quickly as possible.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, I accept all or at least most of the changes in the way that we procure power in terms of the goal of reducing our energy costs, the laddering, changing our laddering rule, I think makes sense; reacting to market conditions I think makes sense; giving more flexibility in the procurement process, I think that makes sense; creating a situation where there's more bidders, I think that makes sense.

That doesn't answer the question of why do we need a new person, why do we need a new state employee to do that? Why can't we change -- give all those tools, the changes that they need without hiring somebody new or new -- or one or more new employees. Right now we're saying there's one. But why do we need to create this new government division to do this? Why can't we make all the changes that you suggested under the current structure?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

I will state again, it's not a new government division. It's one individual. And we would like that person to have expertise in procuring power. And we would like that person to be able to oversee this process and make sure that the residents of the State of Connecticut are getting the best possible price.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, do the people who currently procure power not have adequate expertise to do what they're doing?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

The current process is very different as we have it now versus what we've proposed.

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SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Do the people who -- through you, do the people who currently procure power, if given the new tools that are contemplated in this amendment, do those people not have the level of expertise to carry out the functions that are being required in the -- in the amendment?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

We feel we'd be better served by an individual who has specialty in this area.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Through you, the people who do this now, do they or do they not -- would they or would they not be considered specialists or expert in this area?

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Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Each of the incumbent utilities has someone that procures power for them.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I'm not sure that answers my question through.

Through you, do those people have the level of expertise or do they not have the level of expertise to carry out the procurement process if they were given the new tools that are being contemplated in this amendment?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Those individuals are employees of the utility and that's the biggest change here.

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SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

I'm sorry, Mr. Speaker. I -- I'm not trying to be difficult, but I don't believe I'm getting an answer to my question. My question is: If we gave those people the tools that are being contemplated here, do we believe they do or do not have the expertise to use those tools in the best interest of ratepayers?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

The process is the procurement individual will develop a plan and have the expertise and work with the utilities. That's how the process is going to work.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Mr. Speaker, this is not a good way to make policy. I'm trying to get an answer to this question.

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Again, the stated reason for why we're going to do this, why we're going to create this new employee at CETA, is because we want somebody with the proper level of expertise to oversee the procurement process with the new tools that we're going to give them. And my question is, the individuals who currently procure power, do they or do they not have the level of expertise to procure power if we were to give them these new tools?

I'm not looking for an answer as to what we're doing. I know what we're doing. You explained that. I'm asking you, would they have the level of expertise if we gave them these new tools? Simple question.

Through you.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

We would be better served with an individual who has special expertise in this area.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Through you to Representative Nardello, how long would it take to draft and post the job specifications

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for this type of a new job and do the testing and all the hiring procedures that are associated with this? And especially given our last interaction just now on the floor with regard to the level of expertise that's needed, it sounds like this person is an extraordinarily rare person. And so I'm curious how long it would take in order to do this?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

It would go through the normal hiring process as any other employee of the Department of Public Utility Control.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And could this be done -- could that process be completed in the time frame given the proposed dates that are in the amendment?

Through you.

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Yes.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

This seems like a fairly aggressive time schedule, and maybe I'm incorrect in reading the amendment. When is the effective date of the section which would require the individual to be hired?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

If you'll give me one moment to look at the back of the bill.

Through you, Mr. Speaker, July 1st of 2011.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

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So almost one year from today. One year and a few months from today, we will be up and running with a new procurement bureau chief, assuming we have applicants, qualified applicants, who will now be in charge of this new procurement office, or at least in charge of overseeing these new procurement rules, is that correct?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Yes, that's the expectation.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, the OFA fiscal note suggests that Sections 1 through 3 of this bill, I'm assuming because of the section that we're talking about right now, will result in significant costs beginning in fiscal year '12 by expanding the administration of the Public Utility Control through the creation of two offices assigned

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to oversee energy procurement for standard offer in the implementation of several programs.

Through you to Representative Nardello, how much would that significant cost be?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

That can't be answered because we actually haven't put that in place. Remember, we're going to have a working group who's going to part of putting this together, and once they do that then we can assess those costs.

There will be some costs, we just don't know what they're going to be, and I don't expect them to be large, because we're not creating a new agency. We are creating three bureaus within the department for three different functions with three different people at the current time.

So again, it will up to the working group to decide that, but we don't need a large number of employees.

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Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, has there been a salary and benefit package contemplated for this new very expert individual who will be hired to oversee procurement for the state of Connecticut?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

That will be up to the hiring people who hire for the State and the Department of Public Utility Control and their hiring process.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Is it correct that under existing law the executive director of the DPUC has the authority currently to manage the day-to-day operations of -- of the agency, the setting of policies, allocating resources, entering contracts, hiring staff, et

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cetera?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Yes, that's correct.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, why wouldn't the current executive director then be overseeing or -- and if I'm incorrect in reading the bill, reading the amendment -- why wouldn't the current executive director be in charge of that function or those functions for this new division?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Because it is our belief that we were not going to change anything in the ratemaking division, and we

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feel pretty certain that he has enough work in that division and doesn't need any more.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

So who would the future employees of this second division report to?

Through you.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

They'd report to the Commissioners.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

So those employees would be managed on day-to-day basis by our commissioners, is that correct?

Through you.

SPEAKER DONOVAN:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

They would report to the Commissioners. I don't

know that they need to be managed on a day-to-day basis, but they would report to the commissioners.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Well, Mr. Speaker, through you, that's a little bit confusing then. So there will be employees of the second division, who will report directly to commissioners, but will not be managed by anyone?

Through you.

(Deputy Speaker Orange in the Chair.)

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you Mr. -- through you, Madam Speaker, excuse me.

They are responsible for their own areas, and they are going to be reporting to the commissioners. They have an area of responsibility, which, by the way, is set out in the bill, so --

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And I understand that they have responsibilities that are in their own areas, but I'm curious as to items such as discipline and things like that. Would our commissioners be executing those functions under this scenario?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

We were putting in place three different areas of concentration. If the task force decides that they need to have someone else, that will be up to the task force. It is our belief that this is all that we need. But ultimately, the reorganization will be the task force's decision.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Maybe I -- I hope that Representative Nardello misspoke. Is it that it ultimately will be the task force's decision or will it ultimately be the

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Legislature's decision?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

At 4:25 in the morning, it is the task force recommendation, but it will be ultimately our decision.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you to Representative Nardello, why is it that the executive director, who currently exists in our statute, would not be managing the employees of the second division?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

If I recall the conversation --

DEPUTY SPEAKER ORANGE:

Madam.

REP. NARDELLO (89th):

Through you, Madam Speaker. I'm so sorry.

If I recall the conversation correctly, actually there was a concern that you expressed about having an additional person as well, so at the current time what we said was that we would just have the three concentrations. So we would not have the other individual because that individual is executive director of the ratemaking division and I believe he has, again, a workload that he manages. And to manage three different bureaus, or three different individuals with three different concentrations, I think would be more than he can handle.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And now through you to Representative Nardello, then if we don't contemplate the executive director being the manager of these potential new employees and if we don't contemplate a second director managing these employees and the employees would be reporting directly to the commissioners, I guess the question --

it begs the question: Would these employees be responsible to the chairperson of the new authority or would they be responsible to the -- all of the commissioners?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It would be to the chairperson of the commission.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And does -- is there an anticipation as to how big the division of research energy and technology may be?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The bill actually calls for a study by the Connecticut Academy of Sciences to, again, present

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recommendations as to what should be involved in that research division. And again, we've not hired anybody in those areas of conservation and renewables.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And moving on to Section 10, which is the procurement section, I believe, of LCO -- of the new LCO that's before us, it is contemplated that the utilities, we're going to give our electric utilities some new tools with which to procure electricity here in Connecticut, is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Yes, that's correct.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And could Representative Nardello outline what

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some of those new tools are?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The -- we are going to give them more flexible procurement powers, so that they can, instead of procuring as they do now in a very proscribed manner, actually be able to do it more flexibly, to be able to react to market conditions, and to assemble a portfolio.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Does this section contemplate a 15 percent reduction in electricity prices?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I will have to check the correct section. If

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you'll give me a moment.

DEPUTY SPEAKER ORANGE:

You may have a moment, ma'am.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Section 10, which deals, by the way, with integrated resource plan, which is different than procurement, does contemplate a 15 percent reduction in electricity prices, because what we're doing in that section is directing the DPUC to look at options for reducing the price by 15 percent.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So if I'm an electricity customer here in Connecticut, I'm going to be pretty excited if this bill becomes law, because the Legislature is saying we're going to do our best to get you a 15-percent rate reduction.

Through you, Madam Speaker, how would that happen?

DEPUTY SPEAKER ORANGE:

Representative Nardello.

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REP. NARDELLO (89th):

Through you, Madam Speaker.

What we have found is that Connecticut is 10 to 15 percent higher than all the other New England states. And while we understand that we are never going to have electric rates as Georgia has or some of the other states, we do beg the question of why are we so much higher than the other New England states.

So we picked the 15 percent number because we believe it's reasonable to assume that if we change certain things, we should be able to get on a par with the other New England states.

Now clearly we do not have the expertise to do that study here. So therefore, we've directed the DPUC to come up with options for reducing rates by 15 percent. They will actually have to do some analysis. And that's what we're doing here, information gathering analysis and getting us to a 15-percent reduction. It's not unreasonable in light of what the other New England states' electric rates are.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

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And through you to Representative Nardello, you know, I know of few people who spend as much time, effort and energy in the field of electricity and trying to reduce rates as you do Representative Nardello, so I know how much time you spend, or I think I know how much time you spend reviewing testimony, talking to people and going to meetings, et cetera.

So I know for a fact that there's been a lot of options laid at your doorstep for how we can potentially reduce electricity rates here in Connecticut because many times those same options have been laid at my doorstep as well.

So I guess what I'm curious about is, we're talking about we think we can get to a 15 percent rate reduction. The Legislature believes we can get there, so how is it that we don't have some of those options? Or do we have some of those options in this section? And if we don't, why hasn't the Legislature adopted some of those options in recent years?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I don't know of any study that the DPUC did to make a recommendation to the Legislature as to how to reduce rates. This is what we're asking here. We're asking them to study, to look at this and make a recommendation so that we can implement it.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Through you to Representative Nardello, then it stands to reason that there's a possibility that the DPUC won't find a possible 15 percent rate reduction, clearly not in the near term, because we know that we didn't get into this problem over night. And we know that we're not going to get out of this problem over night. So knowing that, if the DPUC can't find a 15 percent rate reduction, what happens?

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It is our expectation they will be able to find a 15 percent rate reduction based on looking at the

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rates in other states, based on looking at what our own utilities charge in other states. It begs the question: Why are we paying so much here when CL&P has Western Mass Electric, which is a lot less than we pay, and has Public Service New Hampshire which is a lot less?

Now we've had some speculation about why that is, but I think I'd like to see that in writing from the DPUC so that I can have an authority who has expertise in this say to me, this is what we think the problem is and this is what we think you should do.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And is this contemplation of a 15 percent rate reduction strictly a financial analysis or would it also take into account environmental or other concerns? And the reason I ask that is because the State of Connecticut has resisted nuclear and clean coal and other low-cost/low-carbon emissions-type options for generating power, which some other states that have lower electricity prices actually use. And so I guess my question is, are those things all on the

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table?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The options, there's many options that are on the table. And what I would say to you is that the other New England states have very similar rules in terms of environmental regulations. New England is noted for the fact that we are in -- very environmentally conscious. So therefore, they are not that different than we are.

The perfect example is Massachusetts. They're stricter than we are in many areas. So again, I don't think that's where the concern is. I think, rather, we need to look at what exactly is causing us to be much higher than other New England states. And I'm expecting the DPUC to do that and make a recommendation.

And there are many options. I'm not limiting their options. It doesn't limit their options, but it is an expectation that they will look at the financial reasons, or in addition to that, reasons why we are

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higher.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And it's my understanding that our electric utilities have already procured a large amount of our load for 2012, or a large amount of power supply for 2012, and those contracts have already been approved. Is that Representative Nardello's understanding?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

They have procured, I believe, for most of 2010 and some of 2011.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And so if that's the case then if they're sort of committed to those contracts, is it reasonable to expect a 15 percent price decrease?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Yes, I believe it is reasonable because there may be other options we're not considering.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

But if the largest cost driver certainly is the power supply contracts; then what options would be outside of the realm of power supply contracts that could reduce prices by 15 percent?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

New sources of generation, long-term contracts with existing generators; there's a number of things. But I don't want to be limiting here. There's a number of things that can be considered.

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DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And we're going to be giving these utilities, our two utilities here in Connecticut this brand-new role. Are both of our utilities staffed and equipped to take on these new procurement rules -- or roles?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It is my understanding that they are, and they are willing to do this and actually want to work with a procurement manager. They have told us that. They have no problem doing that.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Oh, thank you, Madam Speaker.

I think it's my understanding that Northeast Utilities, our far larger utility, is fully staffed and equipped, in fact, has met with us and sort of

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laid out some of the parameters that they would accept, but I'm not so sure that United Illuminating is fully equipped and staffed.

And I believe it was in a letter to the chairs and ranking members -- and I could be wrong about the letter, it could have been an e-mail or a public hearing -- that they said that they won't be ready to do this for a year. And so I'm wondering if there's any conflict in the amendment that requires -- that will -- that would, at least give them an out in terms of these procurement rules.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO - (89th):

Through you, Madam Speaker.

I've actually talked to their procurement individual and he is the one that has said to me at UI that he has no problem with this, and, yes, he will be ready. And, yes, he will work with the procurement manager. And, yes, he will work with the procurement plan.

DEPUTY SPEAKER ORANGE:

Representative Williams.

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REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And at what percentage would the -- would these new tools be capped? This is a, sort of a test and sort of a new trial run, and I'm curious as to what percentage is this -- this new test, which may ultimately wind up being very beneficial to ratepayers, what percentage would this test be capped?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That will be the determination of the Department of Public Utility Control.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you to Representative Nardello, that's interesting to me, because Northeast Utilities has very clearly stated that they would like no less than 5 percent and no more than 10 percent of the available load to allow them to manage the portfolio

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with these new tools.

And the Department of Public Utility Control, I believe, has asked for a 20 percent cap to be put on these new tools, although that I may be wrong, it may be 15. Either way, they're both asking for caps and we have not put these caps into the amendment and I'm curious as to why.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

What we have found in the past is when we put procurement in statute inevitably there were problems with that. We have made this flexible. It is up to the DPUC. They will do a proceeding and determine what they feel the right number is. And they will be able to support those, those numbers by their proceeding, and then the decision will be made, and that is what the utilities will have to live by. It may be different for each of the different utilities.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

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Thank you, Madam Speaker.

But with regard to this experiment that we're going to be doing, which ultimately may wind up being good for ratepayers, if the two people that are most -- or the two entities that are most interested in being involved in this, the DPUC and Northeast Utilities, have asked for a cap because of the market signals that it may send, that these new tools may send, why wouldn't we grant that to them, at least on a trial basis? And then if it works, it works. And if it doesn't, then we can take it out of statute.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It can capped by the DPUC. It's just that they have to make the decision. We're not making the decision for them.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Through you to Representative Nardello, I'm not

so sure that that makes a whole lot of sense, because the DPUC -- it's not so much about the DPUC being able to cap the new rules on procurement to protect themselves against themselves, but I think it's more about the market signals that this sends to those generators or wholesalers who are bidding into the Connecticut market, that they may inject a higher level of risk premium because of these new tools that are being given to the utilities that, again, may be very good and very beneficial for ratepayers, but if the DPUC asked for it because of those market signals and the people that are going to do the procurement ask for it, then why did we say, we know better?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

First of all, I would not say to you that any utility has made the statement that you have made. Maybe they've made it to you, but they haven't made it to me. So that's not supported by that.

And in terms of the DPUC, we've made it very clear that they can certainly take market signals into

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condition -- into consideration, but they will be making the decision. We are going to give them the flexibility. The ultimate responsibility is theirs and they will be able to, again, support their decision and that's the -- that's their role. They are the regulators. That is their role. We are not the regulators.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Well, we are setting, through you, Madam Speaker, a percentage in statute. We're setting the 15 percent target for decreasing electricity rates, so we're happy to set a percentage in statute earlier in this section, but for some reason when it comes to giving the utilities tools that could potentially be very harmful to ratepayers, we're saying, no, we're not going to cap this. We're going to leave it up to somebody else, even though, by the way, that somebody else wants these tools. And the people that are going to do it want these tools.

I met personally with Jim Shuckerow who does these, these procurements for Northeast Utilities, as did you, and he said he wants no more than 10 percent

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of a cap.

Through you, Madam Speaker, why is it that we have said no to the DPUC when they are the entity that is going to be doing this?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

If Mr. Shuckerow wants a 10 percent cap, then he and CL&P can go to the DPUC and present why they should only have a 10 percent cap and the DPUC will make the decision.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you to Representative Nardello, why is it then that earlier in this section we are willing to set a 15 percent target decrease, a percentage, a hard percentage decrease in electric rates, but later in this section we're saying, ha-ha, we don't like to do percentages?

Through you.

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DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It is not about not liking to do percentages.

It's about flexibility procurement, which is a separate topic.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you to Representative Nardello, if it's about flexibility, then why wouldn't we say to the DPUC in the earlier section that talks about a 15 percent price decrease, do the best you can, get the absolute maximum savings you can get for our customers, and we're not going to put a cap on it?

I know that -- by the way, understanding that it says, at least 15 percent, why wouldn't we make it flexible to say, do the best you can and come up with the absolute maximum price decrease that you can get for our customers?

Through you.

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Because we believe, having looked at the rates of the other states, and if you want me to list all the rates I will, our rates are significantly higher. And based on that, our assumption is that there is something that Connecticut is doing differently. We need to find out what that assumption is, and I don't think it's unreasonable to expect that we would be at a par with other New England states.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Okay. Thank you, Madam Speaker.

And through you to Representative Nardello, is it your understanding through public statements from Connecticut Light & Power, that their standard service prices are -- have already declined 10 percent on the generation side and that they're scheduled to come down somewhere thereabouts 10 more percent in each year of 2011 and 2012?

Through you.

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I'm not aware of any public statement in writing that that's the case.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Through you to Representative Nardello, are you aware that wholesale power prices have declined and are scheduled to continue to decline?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Yes, wholesale power prices have declined.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So if wholesale power prices have come down, is it still reasonable to expect that we can get even

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more percentage, another 15 percent decrease, through these new tools?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The bill actually says that it's 15 percent from the time that this bill is passed, so there's a set date that we're comparing it to.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you to Representative Nardello, the new authority is given some new powers, including that power to sign a long-term contract for generation. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Would you cite the line that you're concerned

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about?

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I can check to make sure, but I believe it is in Subsection B.

Thank you, Madam Speaker.

Actually, I have the actual line number. Through you, it's line 833.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That line actually refers to the -- what we're putting in here is that they must go out to a private wholesaler first if they're going to seek new sources of generation. And what it says is that you can't actually offer long-term contracting if you're going to go out, that there will be no incentives. In other words, the private generator must be willing to do this without incentives. Long-term contracting in this particular section would be an incentive that wouldn't be allowed.

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DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Well, thank you, Madam Speaker.

I'm just -- that answers my question. I'm just trying to make sure that it does allow for that.

Through you, Madam Speaker.

Is there a need for new generation here in Connecticut. It's, I think, been widely held through our public hearing process that after the issuance of awards and the REP that we created, actually in the Energy Independence Act in 2005, that we may not need more generation here in Connecticut.

Through you -- so my question is, do we need more generation?

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

For capacity we may not need more generation, but the question becomes do we need more generation to lower prices? And no one has done that analysis, so that's what we're asking about in the new IRP.

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Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you to Representative Nardello, I think we know based on history throughout the United States throughout free markets that sometimes entering into a long-term contract can lead to a very long-term contract at an above-market rate that the consumer, whoever that consumer is in whatever market we're discussing, winds up with an above-market contract.

Through you, Madam Speaker to Representative Nardello, what happens in that circumstance if this new authority that we're creating and procurement bureau chief enters into an agreement like that?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It would not be the new bureau chief that would enter in that type of contract. You're talking about a contract for generation which would be done through an RFP process through the department of -- through the department and the CETA would be responsible for

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that to put out the RFP. That's a different process than the procurement process.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

The RFP process, am I correct in understanding, that it would be a fair, open, competitive process where merchant generators are putting up private capital and then assuming all of the risk and those merchant generators would be competing with each other?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The bill states that initially it would go to a private generator to see if we're not -- whether or not they would want to take this on. And if they did not, and our experience has been that no private generator is willing to bid -- build generation without some sort of subsidy. And if the state ratepayers are going to subsidize them then we're

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going to ask for something in return, so then it becomes a different request.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Through you to Representative Nardello, what is that? What is that different request? I'm not -- I'm unclear on that.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It would be up to the DPUC, but the contract would be structured in way to benefit ratepayers. So that means that if you are going to have a contract for generation, then it better lower our costs.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Does that presuppose then that a merchant generator who assumes all of the risk and who also makes a profit does not lower -- will not lower costs

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and rates for ratepayers?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I think you are confused in this section. This is when you go out for new generation. And we have said that the first thing that would happen is it would be offered to a merchant generator. If they don't -- aren't willing to come and participate based on no subsidy, then the next thing that would happen is we would put it out with a subsidy with the understanding that if -- again, you're getting a long-term contract with a subsidy, then in turn, it has to benefit ratepayers.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And in that same section it allows the authority to use financial assistance and include ratepayer guarantees. Could Representative Nardello explain specifically what that means from a policy

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implication?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It's actually what we did in the last plant that we built. What we did was we actually had ratepayer guarantees for the Kleen Energy plant, which is not operating, however, we paid to build that plant. The ratepayers of Connecticut are -- are paying for that plant and its capacity. So there were subsidies from the ratepayers. That's what we're talking about.

Now, how those subsidies are structured would be up to the DPUC. It could be for capacity. It could be in terms of a contract to buy the energy, but that would not be our decision. That's a DPUC decision.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And in line -- lines 826 and 827 the term "other interventions" is used. And I'm curious as to what "other interventions" means.

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Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

We want to leave open to the Department of Public Utility Control to have other options, long-term purchasing may be an option, there may be other incentives that can be offered in terms of getting a good deal for ratepayers. So it's not specific for a reason. That would be up to the Department to determine.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And in terms of the 15 percent rate decrease that we're contemplating, would ratepayer guarantees or financial assistance be factored into the net 15 percent decrease that the state hopes to achieve? In other words, if we were to commit a significant amount of ratepayer dollars to a particular project and then rates were to come down a certain percentage, would that be factored in, in terms of the potential success

of the options that were given to us by the new department?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I think, again, there may be some confusion here. That refers only to a rate reduction. The ultimate judge of that is that we can get our rates down by 15 percent. So again, the options that the DPUC puts on the table..will be up to them.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I'm not sure there is confusion, and maybe there is, but I guess what I'm trying to figure out is if the DPUC commits a certain number of dollars to a new program, to new generator, to new renewables, to new things like that, I guess I don't -- we can only assume that that would be factored into the 15 percent decrease that we're trying to target.

So if we add a few dollars to the ratepayers'

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cost then the decrease that we see would have to take into account the new spending that we have committed.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It's -- I think you're getting past where we're -- we were going with this. Okay. The DPUC is going to do an analysis. And in that analysis it will look to find what are the options for reducing rates, and then they will make those suggestions. Nothing will happen immediately, then it will implemented, but first they're going to give us the options for rate reduction. And I'm sure that there are several options.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And moving on, we create this Department of Research -- I believe it's called Research Energy and Technology. Would that department or the new authority as a whole have the authority to repeal

certain policy decisions that might be cost drivers, things that increase our cost? There's, for better or for worse, environmental concerns, environmental regulations that may drive our costs, other things outside of the actual commodity of the energy that increases our cost. And I'm curious, through you, if this new authority would have the authority to repeal a change in any of those regulations?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It would be the process, they would make recommendations, but ultimately it would be the commissioners who would make the decisions.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you, on the issue of procurement, the new tools that we're giving to the Department to do procurement, would the risks and benefits of the full requirements' procurement rest solely with the

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standard service customers, or could those potential cost overruns be stuck into some other nonbypassable charge that all ratepayers would pay?

And I think there was a concern raised several times during our public hearing process, and I know that -- I'm sure that Representative Nardello remembers this that in the State of New Hampshire, an NU subsidiary, Public Service New Hampshire, has similar tools and took what many would probably refer to as a bad gamble, and invested or lost \$94 million. And of course, customers fled and went to some competitive suppliers like we have here in Connecticut. We have many retailers here in Connecticut.

And so that \$94 million somebody had to pay for that, right? And what they tried to do, or one of the options that they suggested was to stick that \$94 million in a charge that everybody pays, thus raising rates for everybody for a bad gamble that they took. And so I, just for clarification or maybe even for legislative intent purposes, I want to make sure that it is not the intention of this legislation to allow our utilities to try to stick all customers with a cost overrun for a bad gamble, and also not to allow

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the authority to stick all customers with the cost overrun for a bad gamble.

And consequently, through you Madam Speaker, just to make sure also that all of the benefits of these new tools, should they be successful, that those would also only lie and benefit -- lie with and benefit standard service customers.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The benefits will be borne by standard service customers as well as the risks, and is clearly stated in the bill. And while I don't know all the particulars that you are talking about, I do know that New Hampshire rates are quite a bit lower than ours. So, I just need to state that for the record.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So to be clear, again, all the risks and all the benefits would lie solely -- it's the intention of

this legislation for those risks and benefits to solely lie with standard service customers. Cost overruns, the standard service customers pay for; price decreases, standard service customers benefit from.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That is correct.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

And thank you, Madam Speaker.

This section appears to also open the door for the utilities to build and own generation assets which, if I'm correct, that would lead to a significant departure from our existing framework that we have and that we've had for many years, we've had for many years for a reason. And it's unclear to me if the State would also be able to get into the generation business, or at least open the door for the State to be in a generation business. Am I correct in

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that assumption?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Could you cite which line you're concerned about because I don't believe that's the case? But maybe I can -- if you'd give me the line cite, I can answer your question.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I'll need a moment.

DEPUTY SPEAKER ORANGE:

You may have a moment, sir.

REP. WILLIAMS (68th):

Madam Speaker, in line 823 it would appear to me that stating that, in reviewing new sources of generation the plan shall determine whether the private wholesale market can supply additional resources or whether state financial assistance, long-term purchasing of electricity contracts or other

interventions are need to reach that goal.

I guess it was the -- to me it's unclear if other interventions or the term "state financial assistance" could include a utility building a generation asset and then owning a generation asset.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

They could not do that unless the recommendation was made by the DPUC and it would have to be approved. They could make that recommendation if they believed it would lower rates, but it wouldn't be enacted. The bill doesn't allow the utilities to own generation. It rather says that if that's one of the options that is believed to lower costs then they would make a recommendation as such.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Do our current statutes currently prohibit the utilities being in the generation business?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Yes, they do.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

So, in effect, the proposal would represent a departure from our existing statute.

Through you..

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

No, it wouldn't because it's a recommendation, and we would have to enact it.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I think the point I'm not clear on is that we would have to change the statute upon recommendation

from the authority, is that where I'm misunderstanding this?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That is correct.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Moving on to Section 11 where a low-income discount rate is contemplated. Through you, to Representative Nardello, what type of a discount rate is contemplated? Although I don't believe it's laid out in the Amendment, I'm curious as to what percentage is contemplated in order to make this actually effective.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The expectation is that we would be able to achieve a 5 percent rate discount. However, the bill states that if it's less than 10 percent then, again, the DPUC must come back to us and make recommendations as to how we might achieve a 10 percent rate discount.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you, it's my understanding that it is the intent of this legislation to prevent any type of a cost shift so that other ratepayers who, as we all know, already pay amongst the highest electricity rates in the country, are not subsidizing the cost of this low-income discount rate. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That is correct.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

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Thank you, Madam Speaker.

Could Representative Nardello explain how it is that that happens?

DEPUTY SPEAKER ORANGE:

Representative Nardello, do you care to answer, ma'am?

REP. NARDELLO (89th):

Yes. Through you, Madam Speaker.

The DPUC is directed to look at all current programs, to make an evaluation of whether or not they should be modified or terminated or consolidated in some way. They're also to look at something that's been in statute for a very long period of time, which is the OPM purchasing pool that we set up whereby low-income electric load would be combined with the state facilities load because it's complementary, which might, again, yield a lower price. So there's a number of avenues we've given them in order to do that.

DEPUTY SPEAKER ORANGE:

Thank you, Madam.

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So is it my understanding that there are potentially a significant enough number of programs, or at least a significant number of dollars allocated to certain programs that would be so significant that the discount rate could reach the percentages that Representative Nardello indicated earlier?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That is correct.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

What types of programs might be eliminated as a way to pay for this low-income discount rate?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

If you'll give me a moment, please.

Madam Speaker, okay. We do have a number of programs. We have energy assistance, arrearage forgiveness, arrearage forgiveness that's voluntary and mandatory, we have conservation assistance, we have another set of conservation assistance, we have life-threatening and serious protections from shutoffs, although that is -- that will not be able to be changed. We have some fuel oil conservation. We have the purchasing pool.

So we have a number of programs that are currently -- and we do also have some programs at DSS, although DRUC cannot mandate that those programs be changed, they can look at them and determine whether or not we should make some recommendations there. So there are a number of programs that currently exist that need to be reviewed.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So are these programs that we're determining are currently unnecessary or are they programs that are currently and potentially benefiting other low-income customers or other customers to pay their utility

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bills?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I would not characterize them as unnecessary, but the whole point of this is to do this more efficiently and more effectively. So you look at all of the programs. Determine whether or not you can do some consolidation. Determine whether or not one may be better than the other and then from that you make some determinations and recommendations as to how to fund this low-income discount.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So there is no opportunity for there to be a cost shift through other ratepayers through this program?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

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Through you, Madam Speaker.

No, there is not.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

In Section 12, could Representative Nardello explain how the municipal energy efficiency loan program works? I've had a number of municipal officials who I've approached personally and said, you know, would you be involved in this or would you be interested in this? And the potential risks, at least in their opinion, outweighed the benefits.

And for the benefit of the Chamber, I would ask Representative Nardello to explain how that would work, how it would benefit municipalities and maybe more specifically, how it is that their bond rating and potential capital investment would not be negatively affected?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The PACE program is a program whereby bonds are issued by the municipality. The proceeds of those bonds are used to fund loans for renewable energy and energy efficiency. Those loans are then paid back on the individual's tax assessment.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So this could result in an increase in property taxes for property owners in a municipality that takes advantage of this program. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It is a voluntary program and it would be in response to the fact that you either put -- you did some sort of upgrade to your house. So it's not as if you're suddenly going to get a rise in your property taxes. It's going to be to pay back whatever renewable technology or efficiency technology that you decided to fund.

What it does, it allows you to pay for it over time. That's the difference here. And so, what people are inclined to do this -- because that you can't afford the upfront costs. Who's going to spend 10, 20 or 30 thousand dollars to upgrade their house in terms of energy efficiency? Most of us can't do that. This allows you to do it over time. It's voluntary for the municipality. It's voluntary for the individual.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker:

Will this provision, this specific provision require an additional disclosure by home sellers?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Yes, it would, in terms of, I mean, there's a -- there will be lien on the property based on this.

DEPUTY SPEAKER ORANGE:

Representative Williams.

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REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And in line 925, I believe, the term "in the public interest" is used to describe this, and I'm curious as to whether -- as to what that means in terms of this program. Does -- does "public interest" mean exclusively financial interest?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

.. Through you, Madam Speaker. ..

That is up to the municipality to determine.

It's permissive.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So there could be a circumstance under which this is not financially beneficial to a municipality, it's -- I'm sorry, to taxpayers, but the municipality is making the determination as to whether it is in the public interest. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The -- this requires a hearing process. It is not that the municipality is suddenly going to decide to do this. And there's a whole process for doing this. It's issuing a public notice, providing an opportunity for public comment regarding this.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So there could be a public hearing notice then and nobody shows up, like, you know, we all experience this in our lives, we're all elected officials and -- participate in public hearings and things like that.

So there could be a situation whereby, in fact, maybe very often is the situation whereby there's very little, if any, interest in the public hearing process, and this winds up happening. That's always been the concern, as Representative Nardello knows, about municipal aggregation.

And I'm curious if the public hearing -- is there

any more of a process than there might be for the potential siting of a cell phone tower or something like that?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

This is actually comparing apples to oranges. Basically what you're doing is setting up a voluntary program. There's nothing that requires anyone to -- to participate in this program. It is the municipality's decision whether or not it wants to issue bonds for this purpose. So that is totally voluntary. And again, totally voluntary in terms of the individual who wishes to participate, they would only participate if they would like to have their upfront cost of efficiency and renewables funded.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

It's voluntary to the extent that the customer chooses to have the application installed on their

home or their building, but it's not voluntary to the extent that they're a taxpayer in a municipality that's issuing bonds. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The person would have to apply for this. They don't -- there's going to be an application process. You don't just suddenly get this. So there's an actual affirmative. The person affirmatively decides to participate in this through an application. It has to go through loan, you know, considerations and all the other things that you do when you're getting, you know, going to be paying a loan.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I guess I'll leave this issue alone only to the extent that the municipality is creating this new program and so they're involved in it, and the taxpayer who pays taxes to that municipality doesn't

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have the choice, but I'll leave that issue alone.

In line 936, it deals with related energy audits. And I'm curious if this strictly refers to utility audits or does this allow other vendors to do utility audits?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It's not specific to utility audits. What we're trying to get at here is if you're going to spend a lot of money on your house, you should have an energy audit first. That's really the first order of business. Who conducts it is up to the individual.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Well, I -- thank you, Madam Speaker.

I think that's my question, though, if it's up to the individual, is there a qualified list of vendors that they must select from? I mean, and I'm sure -- I don't mean to be flip. I don't think Representative Nardello is indicating that just anybody can do an

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energy audit, but is there a qualified list of vendors from which the consumer has to choose from?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The consumer would be able to choose whatever vendor that was available to do this. They would just have to certify that they had the energy audit.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

But are those -- through you, are those vendors certified in something that gives them credibility within the energy world to be auditing people's home and buildings, et cetera?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

This doesn't contemplate that level of detail.

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What it does is require an energy audit before the person can get the loan. That's the bottom line. When you go to the loan officer you're going to have to present a piece of paper that says, I got an energy office -- audit. It will be up to the loan officer whoever is, you know, doing this, to say, yes, this qualifies. This is a vendor that we know.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And in line 942, it allows the municipality to partner with another municipality or a state agency. Obviously that's a bilateral contract or an agreement that's being entered into by the municipality, and in the case of my question, the state agency, what costs would be associated with the state partnering with a municipality on a program like this?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I don't anticipate any costs. It would work with

the -- the individual town would decide to partner with another town or with the state agency. I don't anticipate any cost.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Could Representative Nardello give an example or a scenario by which a municipality would partner with the state agency under this -- on this part of the bill?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

If you will give me one moment, please.

Through you, Madam Speaker.

I believe it could possibly be the Connecticut Housing Finance Authority or possibly -- I'm -- I honestly, at this point, would have to check on the agencies that would be qualified for this.

DEPUTY SPEAKER ORANGE:

Representative Williams.

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REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I guess, and through you, what types of engagement would an agency like the Connecticut Housing and Finance Authority partner with a municipality for in this type of a program?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

They would do that in order to get better loan reserves, better, lower interest rates. This is what -- the reason why you would do that. So you would -- your program would actually be less, a lower-cost program.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Through you, so could this have a potentially negative impact on the state's bond rating?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

No, that's not anticipated. What you're only -- the only thing you're trying to achieve here is economies of scale.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

But if we're saying that the project could get a better interest rate if it's partnered with a state agency, then that, certainly a creditor would look at that as a potential liability on a balance sheet. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

No. It's anticipated they would work with the state agency to develop the loan fund.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Okay. Thank you, Madam Speaker.

So that makes more sense. So they would be working with the agency to create the loan fund, but would not be partnering -- the State would not be putting up any capital or partnering from a loan perspective with state dollars. Is that correct?

Through you.

REP. NARDELLO (89th):

Through you, Madam Speaker --

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

I'm sorry.

Through you, Madam Speaker.

That's correct.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And in line 969, one of the options is to impose requirements and criteria to ensure that the proposed energy improvements are consistent with the purpose of the program. Who would be making that judgment?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The municipality and whatever administrator helps them setup the program.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Does -- do most municipalities have the level of expertise to be able to answer that effectively?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

The bill contemplates they could higher a third-party administrator to do this.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And if they did not hire a third-party administrator, would they have the level of expertise to answer that question?

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I really can't answer that for the individual municipalities. I think it will be different for different municipalities.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

I think it would be fair to say that most municipalities don't have that level of expertise, but we can move on.

Section 13. Now, hypothetically, if the DPUC was to move procurement from the utility to a third party after bidding out procurement, and I believe that could happen after a review by the DPUC, is it possible that it could go back to the utility?

Through you.

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

If they were to move from a utility to another entity, the contract is for two years. And if they weren't happy with the contract after two years and wanted to change, they could go to either another entity or the utility.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And this requires, I believe, the DPUC to enter -- this section, I should say, requires the DPUC to enter into contract with one or more class I renewable sources. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Again, if you'd give me the line cite, I'd better able to answer your question.

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Representative Williams.

REP. WILLIAMS (68th):

Need a moment, Madam Chair -- Madam Speaker.

Madam Speaker, in line -- through you to Representative Nardello, in lines 1447 through 1453, I believe.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That section actually refers to what's already in statute which is Project 150. And -- and we already do that. That's current law as it is now.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Well, through you to Representative Nardello, and in -- I was referencing the whole sentence, but in lines 1450 through 1453, that's new language.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That's correct. Those lines are new language, because what it does is allows them to do projects for 25 megawatts of wind, 15 megawatts of low-head hydro, and 5 megawatts of other class I renewed -- renewable energy sources.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

So that's the question I was asking. It allows the department; it does not require the department.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

This is actually through Project 150. So it doesn't require them. It allows them. They're going to have to meet all the criteria of any other project. So if they don't meet that criteria, they're not going to be funded.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

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Thank you, Madam Speaker.

I guess just to be clear though, through you to Representative Nardello, this is a requirement not an allowance?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Yes, it does require them to include wind, hydro, and other class I renewable sources in the portfolio.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Okay. Thank you, Madam Speaker.

So if we are -- with the understanding that it is a requirement, why have we determined the number of megawatts per class I renewable source that we are requiring the department to purchase?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Based on wind availability and low-head hydro

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availability.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

How did we come to the conclusion that each of these types of class I sources are being required, that we're requiring the DPUC to purchase? How did we come to 25 megawatts of wind and 15 megawatts of low-head hydro, et cetera?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Based on what the possibilities were for Connecticut.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

When you say -- through you to Representative Nardello, when you say, what the possibilities were, is that the ceiling? When you say, the possibilities?

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Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Yes. We're not going to be looking at more than 25 megawatts or 15 megawatts of low-head hydro.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And are these renewables that we're contemplating here less expensive from a ratepayer impact perspective than the solar provisions that are in the other sections of the bill?

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I would be unable to answer that because it would have to see how the contract is structured. Because Project 150 is really a project by which developers develop that particular wind project, then they go and they get a contract with the utilities to provide

this. And it's no different than any other Project 150 project. It's just a matter that it's going to be wind or hydro.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And in Section 39, I believe, it refers to a study of why or how the State may exit a regional system operator, otherwise known as ISO New England.

This is a study that, if I'm correct in reading the language, would require the DPUC to study the impact of this and report back to the Legislature. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

That is correct.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And then I assume that at that point the Legislature would make a determination as to whether or not to leave ISO. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It isn't necessarily the ISO. The rec -- there is going to be a recommendation whether to leave ISO or not to leave ISO. The point is it needs to be considered and studied. And then if you'll -- and the section calls a report to the General Assembly.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And would the DPUC be giving other recommendations? They would recommend joining another system operator, perhaps creating a Connecticut-specific ISO, options like that. Would the DPUC be giving us those options as well?

DEPUTY SPEAKER ORANGE:

Representative Nardello.

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REP. NARDELLO (89th):

Through you, Madam Speaker.

The language states that such a proceeding shall include but not be limited to a review of the accountability of said independent system operator, consideration of strategies and mechanisms that might mitigate the adverse impacts of Market Rule Number 1 may have on wholesale generation projects, and may reduce Connecticut's reliance on the wholesale power market, but not limited to long-term contracts, consideration of cost benefits. So it's proscribed in there.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And the State of Maine, some years ago, studied this very same issue, and I think it's fair to say that Maine is a very different animal than Connecticut is in terms of our transmission and distribution and generation of electricity, that Maine has a, more of a surplus of capacity. And Connecticut certainly, at least until recently, did not.

And so Maine came to the conclusion, and again,

their frustration, which I share and I think many of our colleagues share with ISO, Maine's frustration with ISO was for a very different reason than I think what our frustration is and what it continues to be.

And is Representative Nardello aware that Maine studied this issue and ultimately after many months of discussion and because of cost, decided not to leave the ISO?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

Yes, I'm aware of that. But Maine is not Connecticut and Connecticut has to make its own decisions.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And I certainly would agree. Maine took 18 months to make this decision. I believe that the study requires the DPUC to report back to us, I think within six months, if I'm correct. Is that correct?

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Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

If you'll give me one moment to check the language.

Through you, Madam Speaker.

Yes, the report is due back before January 1st of 2011.

DEPUTY SPEAKER ORANGE:

Representative Williams...

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And so understanding that, is it -- is this maybe a little bit quick in terms of what we're asking the DPUC to turn around an extraordinarily major study that would have very severe cost implications to the State of Connecticut, certainly the other states in terms of our -- whether we decide to pull out of ISO or not or whether we decide to create a Connecticut-specific ISO, it seems rather quick.

If it took Maine 18 months to figure this out, why did we say Connecticut, you're limited to -- the

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Connecticut DPUC you're limited to six months in terms of this review?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mister -- Madam Speaker. I'm so sorry, again. It does so happen this time of the morning.

The answer to that would be that we would have liked to report prior to the next legislative session, but like many reports that all of us in this room know about, they don't always come exactly when we want them to. So certainly if the DPUC came to us and said, we needed additional time, I'm sure we would allow them that. It is our hope that it could be completed by that time.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And through you to Representative Nardello, what is the price tag associated with this study?

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

It's within available appropriations.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And what is the -- has there been a projection on cost as to what this study would be?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

No, there has not.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Madam Speaker, through you to Representative Nardello, are you aware that Levitan & Associates, which is the same outfit that the OCC is using currently to review the Connecticut Integrated Resources Plan, those same folks have determined that

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this study comes with a price tag of somewhere between 1.75 and 2 million dollars, and that the DPUC agrees with this cost.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I would have liked to have thought that they had the expertise in house to do some research on their own. If they need an additional consultant, then that's a decision that they have to make, and if it's not within available appropriations then they're going to need to tell us that.

DEPUTY SPEAKER ORANGE:

Representative Sean Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker Linda Orange.

Is -- through you to Representative Nardello, is it possible then if there are -- if the available appropriations do not exist that we can conduct this study elsewhere?

Through you.

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Representative Nardello.

REP. NARDELLO (89th):

Through you, Madam Speaker.

I would hope, as I said, that we have the resources within our own agencies to do this.

DEPUTY SPEAKER ORANGE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Moving back to Sections 17 and 18, the consumer protection sections of this amendment. It appears that -- well, take a step back.

At the beginning of the session, the Office of Consumer Counsel and the DPUC submitted a joint proposal to the Energy and Technology Committee to create ways that we could create a consumers code of conduct -- a suppliers code of conduct, I should say, for retail suppliers.

And as Representative Nardello and others know, in 2007 when we created the last big energy law that we created here in Connecticut out of the Energy Committee, the retail supply issue was a very hot issue. And we created a situation whereby at that time we had somewhere in the neighborhood of 10,000

customers, small business and residential customers who had chosen to go into the market and choose a competitive supplier.

And shortly thereafter, leading up until just the other day, they were somewhere in the neighborhood of 330,000 residential and small business customers. So I think we could all agree that that was a great success, but the problem is that there are a lot of suppliers in the market who are bad actors, who are doing things that, that they're marketing to customers, preying on customers, switching customers without them knowing it. Many of us know that term to be "slamming".

And the consumer protection provisions that are in this legislation vary slightly, as I understand it, from what the Office of Consumer Counsel, the ratepayers advocate, and the DPUC submitted.

Can Representative Nardello explain how?

(Deputy Speaker O'Rourke in the Chair.)

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

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Through you, Mr. Speaker.

I'm not sure I understand your question. Explain how -- what's the "how" referring to?

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Through you, Mr. Speaker.

How are these provisions different from what the OCC and the DPUC submitted to us as a committee at the beginning of this session?

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Just a little history for everybody. The OCC did come to agreement with the DPUC, but it was on a code of conduct for brokers, and they're only involved brokers.

As a matter of fact, the OCC helped to write these provisions in this bill, so I would tell you that they were supportive of them.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

So if I am a retail supplier and I employed college kids or people who knock on doors and ask people to sign up and change their electricity service from their incumbent utility to a competitive supplier, can I knock on somebody's door at 6:30 at night under this provision?

Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

No, it's limited to -- six o'clock is the latest you can do that.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker -- Mr. Speaker.

Through you to Representative Nardello, would I be able to employ that same employee to go to a place of business, a deli let's say, or some other small business, a video store, and ask them to switch and to sell that person on switching from the higher-cost utility to my lower-cost supply product?

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Through you.

DEPUTY SPEAKER O'ROURKE:

Representative --

REP. WILLIAMS (68th):

I'm sorry. At 6:30 at night?

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

This provision only applies to customers of a hundred kilowatt demand and under, so it's really basically almost all residential customers and small businesses.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Through you to Representative Nardello, a deli or a general store would apply, I think, in that situation. And so my concern is that a deli that's open at -- until 9 o'clock at night may not be able to avail themselves of the opportunity for somebody to come in and sell them a lower-cost electricity supply.

Through you.

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DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

If they can't get there between ten and six, I feel sorry for them. I think that most -- that's an eight-hour window period.

So -- and I don't think I'd want to be buying electricity at seven o'clock at night and trying to figure out whether I was getting a good deal.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

But maybe I do. I own the deli, I'm busy during the day. I'm getting deliveries. I'm dealing with customers who are coming in for lunch and picking up dinner orders, and maybe my only time that I'm not busy is at 6:30 at night.

Now, this is not presuming that, you know, it's so late that somebody can't be seen. The customer decides that. Why are we saying to a deli owner, you can't have somebody drop in and sell you electricity service at 6:30 at night?

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Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

These are municipal restrictions. Generally municipalities restrict between ten and six, and that's why those hours were chosen.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Nardello, you know, it's interesting we're here at 5:30 in the morning making a decision on the biggest electricity bill since deregulation, but somebody can't make a choice to purchase their own electricity at 6:30 at night.

But what if the deli owner wants that person? Why -- what problem are we looking to resolve? What problem are we looking to resolve when people are selling a very reasonable commodity, the commodity of electricity, like -- which is, in terms of the sales transaction, not unlike any other product, and

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they're -- what problem are we trying to resolve where the deli owner can't make the decision at 6:30 at night to switch his electricity supplier from CL&P to Direct Energy?

Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Again, we're following the municipal restrictions.

DEPUTY SPEAKER O'ROURKE:

Representative Williams, will you remark?

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

If I sell milk, if I'm a milk vendor, I can go to the deli and sell my milk at 6:30 at night, but I can't sell electricity service to that person at 6:30 at night. Why is that in this proposal?

Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello, you care to answer that question again?

REP. NARDELLO (89th):

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Through you, Mr. Speaker.

The individual can come between ten and six.
Those are the rules for door-to-door sales.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I'm -- I'm -- I think my question is for -- what is the problem that we are seeking to address where someone selling electricity can't go into a deli at 6:30 at night? If you sell other commodities, if I sell pencils or widgets or milk, I can go into a store and sell it at 6:30 at night. But what we're saying here is that you can't sell electricity at 6:30 night. Why are we putting that restriction on the business owner? What -- what problem does that solve?

Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

We're trying to establish standards and they're uniform standards.

DEPUTY SPEAKER O'ROURKE:

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Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I guess I'm unclear. And so someone who may own a deli who a salesman decides he wants to take that person out to dinner to sell them a lower-cost electricity service, could they, outside of that business, sell electricity service at their -- at the place where they're dining, through you, at 6:30?

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

This section refers to door-to-door sales. That's someone showing up at your door to sell you electricity.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Have there -- through you, have there been complaints, significant complaints from small business owners that there have been predatory salespersons after 6 o'clock at night coming to their business?

Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

In response to some of the retailers, we did limit this to a hundred kilowatt demand and under. So we did address their concerns and that was what they had requested us to do, and we did it.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I guess I'm -- that leaves unresolved to me the question of why a deli owner can't purchase electricity at 6:30 at night from someone who sells that electricity, and frankly, I think it puts a restriction on that person, the salesperson's ability to earn a living if you can't -- you're saying, this is one of the only places I think we're saying you can't do business outside of 10 a.m. to 6 p.m. And certainly a lot of business transactions and sales happen when people are slower at their business or when they're at home, so I guess I'm not sure. I'm

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still not clear as to what the problem is that we're resolving.

But moving onto the third-party verification issue, do we currently require third-party verification when a customer calls into our electric utilities to switch suppliers?

Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

I don't believe I know the answer to that question. I'm not absolutely sure and I don't want to give an incorrect answer.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

It's my understanding that in legislation we passed years ago, that we required a third-party verification of any customer who -- small business or residential customer who chose to switch to a retail supplier. In fact, we've continued to have this debate over the years as to whether we should do away

with the third-party verification system, and instead do a recorded phone call that's mandated to be saved by the supplier so that there's a stronger consumer protection.

So that if Joe Doakes calls into Direct Energy or -- or Supplier X and says, I'd like to switch my electricity service, that that phone call is recorded from start to finish, so that -- and saved, so that if there is a potential for slamming, if there are customers who are being slammed, switched without their knowledge, we can always go back to the tape, as they say.

So, it's just a little bit troubling to me that we don't know whether the existing statute has third-party verification in it, as that is a major provision in terms of our consumer protections.

But moving on to the solar sections, which I believe are 19 through 26. I believe in line 2265, there's a limitation of 8 percent that is forced on the utilities. Is that correct? Or is that still in this section?

Through you, Mr. Speaker.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

Before I answer that question, I did look into the bill and the current language, and yes, we do require third-party verification. It's under the current language section. So I wanted to answer that question for you.

And the second, in terms of the 8 percent, yes, that is an 8 percent rate of return.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, we've had some significant dollar figures thrown around as to what the solar program would cost. We've not had significant figures on what the benefit would be necessarily. But for the benefit of the Chamber, I would ask Representative Nardello to explain the cost of the solar program.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

The cost of the solar program is capped for the

entire program. It is, at first, a one-half percent of all retail revenues of the electric companies, which is \$24 million. It then ramps up in two years to about \$36 million, and then at two years later, it goes to 48, about 48 to 50 million dollars.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

The DPUC had Levitan & Associates analyze this program, and I'll run through some of the numbers that they gave us. They assume that the wholesale energy costs are about \$80 a megawatt hour, and the cost of class I renewable energy credits range from 16 to 30 dollars per megawatt hour.

That the Project 150 provisions that are in here, which I did not ask Representative Nardello to explain, the cost of would be between 2 and 6 million dollars. Section 20 of the bill, with regard to the solar projects, if you assume the solar cap at a 15-year period of \$4.3 million, the solar tariff with, again, the solar cap, is 20 to 35 million dollars.

Solar thermal would be somewhere between 8 and 37 million dollars. And with -- and that's under the

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cap. The CHP provisions that we have in this bill are 4 to 6 million dollars; the furnace incentive program, 3 to 23 million dollars. So they assume that the total ratepayer cost for all of the programs that are laid out in this legislation including the solar cap -- so coming under solar cap, are 106 to 268 million dollars.

Through you Mr. Speaker to Representative Nardello, the 15 percent decrease that we hope to achieve, is that enough to overcome all of this and actually start saving ratepayers money?

. Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

First of all, I would, yes, differ with your numbers. And let's start with the fact that the DPUC was part of the KEMA study that was ordered that these numbers were taken from, by the way. What we recommended for solar came directly from the KEMA study that was done by Kleen Energy with the DPUC.

The solar energy projects are going to cost initially 70 cents per month. The combined heat and

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power for businesses are going to cost 12 cents per month. The fuel oil burner and furnace efficiency upgrades are going to cost 12 cents per month, and the renewables are going to cost 3 cents per month, which is a total of 97 cents per month.

Now let me just be very clear, that's not 97 cents that tomorrow, when we pass this bill, that suddenly is going to show up on your bill. What's going to happen is as these projects over time are built, they will flow into rates. So it's going to take probably at least two years before you see anything from this. In the meantime, we've asked for a 15 cent -- percent reduction on the average bill of \$130. That's \$19.50 per month.

Now let's just say we don't hit that goal and we just hit 5 percent. That's still 6.50 per month. It's a lot more than what we're talking about. This is an investment, an investment in renewables. This is the time to do this. And you must also take into consideration that if we do not do this, and if we bump up against the RPS standard, which we will in a couple of years, we will be paying alternative compliance payments at 5.5 cents a kilowatt hour. And I believe that that would not be in the interest of

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ratepayers.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Mr. Speaker, I'm going to wrap up shortly, because it's almost 6 o'clock in the morning, but I guess to sort of summarize this, we know -- and whether you dispute the number that the DP -- I mean, listen, the DPUC is where we invest all of our faith in the energy world. Every time we want to do a bill but we're too nervous to do it, we ship it over to the DPUC and we have them do a study. Every time we get an analysis done, we call the DPUC and bring them over here and we say, hey, help us figure this out.

So with that relationship that we have, I have to assume that the numbers that they've given us through the Levitan Group are pretty accurate. So understanding that, we know -- even if you dispute the numbers, we know there's going to be ratepayer impact. We know we're going to be investing ratepayer dollars in something that may or may not be a valuable investment, that may or may not be cross-subsidizing one public policy initiative with another. We're looking at creating jobs and spurring economic

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development, and yet, we're going to do that at the cost of ratepayers.

But the 15 percent decrease that's being referenced here is not necessarily a guarantee. Right? And I mean, we're saying we'd like the report to come back with all the options that we have.

So through you to Representative Nardello, this is not a guaranteed 15 percent rate reduction. In fact, it could be as little as zero percent if the Legislature takes no action on the recommendation. Is that correct?

Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

I don't anticipate that there would be no action by the Legislature if we could achieve a reduction in electric rates.

DEPUTY SPEAKER O'ROURKE:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Just to be clear, there is no guarantee of a 15

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percent rate reduction or anything thereabouts, but there is a guarantee of ratepayer investment, and therefore, an increase in rates? We -- we know we're making these investments. So I just want to be clear that there's going to be a ratepayer investment, but no guarantee of a rate decrease.

Through you.

DEPUTY SPEAKER O'ROURKE:

Representative Nardello.

REP. NARDELLO (89th):

Through you, Mr. Speaker.

There's not a guarantee, but a reasonable expectation.

And again, I would dispute the numbers. And we all know that if an agency doesn't want to do something or opposes a bill, what they do is they inflate the numbers. And I'm just afraid that in this case, that might be exactly what's happening.

It -- I'm not, again, it's just sometimes an inflation. It doesn't -- isn't -- I'm not trying to malign the DPUC. It's just something that happens in this building and we all know that. And I would say to you that we have costed each of these things out. They again, come to 97 cents per month for the average

ratepayer over a period of time.

No one's rates are going to go up in this bill for -- at any time soon. Because these projects haven't been built. They have to be built. And at that time, they'll flow through rates.

And I was very carefully constructing this bill to make sure there is nothing open-ended here. I didn't allow for anything that said, well, we don't know what this is going to cost. We're going to give all these projects money. We'll see what it is afterwards.

I was very proscriptive in each one of these programs to be very clear about the amounts and how much we were going to be spending, because I am very conscious of what ratepayers pay in the state of Connecticut. And I wasn't going to do anything to raise rates.

So, again, it is my belief that while we were making a very small investment to provide in-state renewables here in Connecticut, to develop a sustained orderly solar program that will benefit everyone.

By the way, your municipalities in your towns will be able to now bid for, you know, put in applications for these projects. This is going to

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save them money. A lot more than what we're talking about here. And there, the commercial side, the medium-sized solar has been suspended since 2008.

Solar is the peaking resource. So that means it's going to reduce the peak rates, and that's going to benefit all ratepayers, and we'd have to put that in the calculation. And actually NYSERTA did a study on that and it said that it actually reduced the peak rates by a hundred dollars per megawatt hour. So, you know, again, all of this needs to be taken into consideration and in context.

DEPUTY SPEAKER O'ROURKE:

Representative Williams, will you remark?

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and I thank the Representative Nardello for her answers.

Ladies and gentlemen, only in the Connecticut General Assembly could we have a bill where we question figures that come from the Department of Public Utility Control. Where we have an energy bill where we say, we're going to invest hundreds of millions of dollars of ratepayer -- of ratepayers' money in a bunch of new projects and we're asking and hoping for a rate decrease.

We're hoping for a 15 percent rate decrease. We're hoping the DPUC will recommend to us how we can manage to do some things with rates, and say, well, we -- it's kind of reasonable to expect that we might get 15 percent. Hopefully it will happen. It may happen in the future. Only could that happen in a Legislature, only could that happen in a Legislature where the committee or cognizance over the 15 percent rate reduction hasn't passed a major bill with consensus since 2005.

I don't think it's unreasonable at all to expect that the Legislature would not take up the recommendations from the DPUC. By the way, the very same agency who we're saying, well, if they want to fudge the numbers, they can do it. If they don't like something they'll fudge the numbers, but you know what? We're going to take their recommendations.

We're going to take their recommendations and we're going to make them into law, and we're going to make everybody happy because we're going to have a 15 percent rate decrease. Only in the Connecticut General Assembly could that happen. And only in a committee that has not had a major bill and has -- has blown it, many opportunities to pass a bill into law

over the last five years by having consensus. Only in that committee can we make that case.

You know what? I can't support this bill and go back to my constituents and say, well, you know what? We just raised your rates a couple hundred million bucks, but trust us, have some faith in us. We're going to reduce your rates 15 percent. Only in the Connecticut General Assembly could somebody make that argument.

Ladies and gentlemen, but trust us, we'll do it. Trust us, we'll take-care-of-it-down-the-road attitude, ...didn't get us very far. Did it in 1998 when people voted for electric deregulation? I happen to be one of the people that thinks it's a good idea. But all those folks, many of those folks who voted for it said, I didn't know what I was voting on, and I'm not happy I did. If I had the opportunity to take that vote back, I would.

This now, as we sit here at 6 o'clock in the morning, I'm looking out here at all of you, those of you who are in here, which are few, have weary eyes, you're saying, thank God, this guy is done asking questions. We're going to be able to get on the road and we're going to go home and we'll come up a few

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hours later and finally finish our session.

Those of you who are sitting here are experiencing a little bit of deja vu. Maybe you weren't here when electric deregulation was passed in 1998, but you sure know the stories. You sure know the horror stories.

And so folks, I implore you, prior to casting your vote, think about the process that existed here. Think about what was said. Think about the fact that we're saying, trust us. Take our word for it. We didn't do this through a real good public hearing process. We told the people of Connecticut, don't comment on the policy that we're contemplating here. Don't tell us why we're wrong, because we're right. Just tell us where we made some technical problems so we're not embarrassed.

Folks, this process was deplorable. This bill will raise rates. Frankly, it does not deserve your support. And certainly, your ratepayers in your districts certainly don't deserve to have their rates increased based on what we see here.

Thank you, Mr. Speaker.

DEPUTY SPEAKER O'ROURKE:

Will you remark?

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Representative Miller.

Will you remark?

If not, staff and guests, come to --

Nobody spoke.

Then we'll try your minds. All those in favor of adoption of Senate Amendment "A," signify by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER O'ROURKE:

Those opposed, Nay.

REPRESENTATIVES:

Nay.

DEPUTY SPEAKER O'ROURKE:

The ayes have it. Senate "A" is adopted.

Will you remark further on the bill as amended?

Will you remark further?

If not, staff and guests come to the well of the House. Members take their seats. The machine will be open.

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.

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.

DEPUTY SPEAKER O'ROURKE:

Have all members voted? Have all members voted? Please check the board and ensure your vote is properly cast. If all members have voted, the machine will be locked. The Clerk will take a tally. Mr. Clerk, please announce the tally.

THE CLERK:

Senate Bill 493 as amended by Senate Amendment Schedule "A" in concurrence with the Senate.

Total Number voting	121	...
Necessary for adoption	61	
Those voting Yea	81	
Those voting Nay	40	
Those absent and not voting	30	

DEPUTY SPEAKER O'ROURKE:

The bill as amended is passed.

(Speaker Donovan in the Chair.)

SPEAKER DONOVAN:

Any announcements or introductions? Any