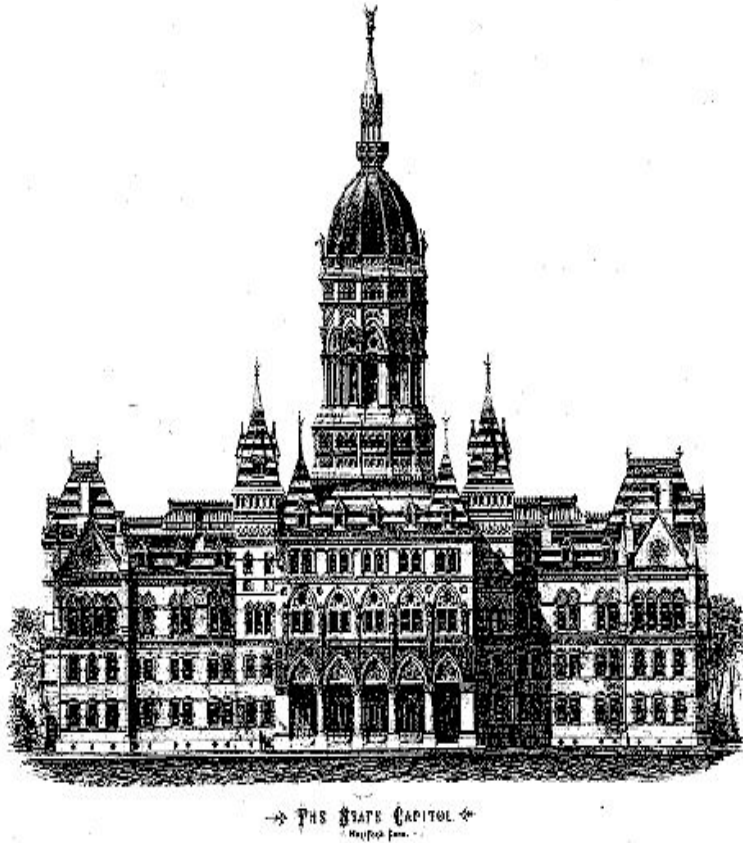


STATE OF CONNECTICUT GENERAL ASSEMBLY
2015 REGULAR SESSION REPORT



UTILITIES STATE GOVERNMENT ORGANIZATION

2015 ANNUAL MEETING

Norwich, Connecticut

**PRESENTED BY:
EVERSOURCE ENERGY
UIL HOLDINGS CORPORATION**

**State Legislative Profile
2015 - 2016**

STATE	Connecticut
CAPITAL CITY	Hartford
Governor	Dannel P. Malloy (D) – 1st Term
General Elections	Constitutional Officers every 4 years General Assembly every two years
LEGISLATIVE SESSION	Long Session 1st Wednesday after the 1st Monday in January (odd numbered year). Adjourns 1st Wednesday after the 1st Monday in June. Short Session 1st Wednesday after the 1st Monday in February (even numbered year). Adjourns 1st Wednesday after the 1st Monday in May.
SENATE	36 Members 21 Democrats 15 Republicans
Presiding Officer	Lt. Governor Nancy Wyman (D)
Senate Leader	Senate President Pro Tempore Martin Looney (D)
Majority Leader	Senator Bob Duff (D)
Minority Leader	Senator Len Fasano (R)
HOUSE OF REPRESENTATIVES	151 members 87 Democrats 64 Republicans
Presiding Officer	Speaker of the House Brendan Sharkey (D)
Majority Leader	Joseph Aresimowicz (D)
Minority Leader	Themis Klarides (R)

Utility Committee

Joint Committee on Energy & Technology

24 members

3 Senators – 2 Democrats, 1 Republican

21 Representatives – 15 Democrats,

9 Republicans

Senate Co-Chair – Senator Paul Doyle

House Co-Chair – Representative Lonnie Reed

REGULATORY BODY

Public Utilities Regulatory Authority

**(a Bureau within the Department of Energy and
Environmental Protection)**

Members (3)

Chairman Arthur House (D)

Commissioner Jack Betkowski (D)

Michael Caron ®

Members are appointed by the Governor with the consent of the General Assembly. The terms first Director appointed after 2011 serves a 5 years term. The second and third appointees serve 4 and 3 years respectively. All future apointmens are for a 4 year term. Minority party representation is required.2015 Connecticut General Session Review

2014 Connecticut General Session Recap

Overview

The 2015 Connecticut Legislature's Regular Session ended at midnight on Wednesday, June 3. However, the tone of the session goes back to 2014. Then candidate for re-election Governor Malloy promised no new taxes. In February 2015 the governor unveiled his proposed budget that included significant programmatic cuts to many items including safety net programs which are normally sacred to the constituent base of the Connecticut Democrat majority in the Legislature. The budget also postponed taxed cuts enacted in previous terms, including another extension of the 20% corporate tax surcharge and changed the manner in which R&D and other tax credits can be used and other tax provisions. They called the latter "closing loopholes" and the tax cut postponements were not called tax increases, though the lower tax bite did not occur.

Needless to say, the session was dominated by the state biennial budget debate. The last few days and hours of session were largely dominated by strong and vocal disagreements over the state budget/tax package, which had an impact on the passage of other legislation, including a key energy policy.

Following the Governor's unveiling of his budget in February, the Republicans countered with their own budget proposal before legislative Democrats offered their own budget. These three competing proposals, or portions of them, were ultimately melded into a single final proposed budget that was agreed to between Governor Malloy and the legislative Democrats (and without the Republicans at the table much to their dismay).

The budget/tax package finally passed both chambers on the last day... with minutes to spare – 28 minutes to be exact. The House, after an early morning debate, passed it with a narrow 73-70 margin while the Senate passed it 19-17, at 11:32 p.m.

Some highlights:

- \$19.8 billion in FY 2016, \$20.5 billion in FY 2017. Spending growth: 4.1 percent in FY 2016, 3.3 percent in FY 2017.
- The spending side of this budget relies on a controversial new interpretation of the spending cap to exempt contributions to pensions and other retirement savings plans as "indebtedness". It also takes a slightly different approach toward calculating allowable spending growth, using personal income data on a calendar year basis rather than the fiscal year.

- Restores major funding for social services and education programs compared with Gov. Malloy's proposal.
- Would require more than \$1.1 billion in revenue beyond that recommended by the governor. Over two fiscal years, the package boosts taxes by about \$1.5 billion and cancels close to another \$500 million in previously approved tax cuts. Increases were ordered in income, sales, corporation and hospital taxes.
- Authorizes the launch of keno gaming and relies on \$325 million in borrowing to cover payments on other debt. The latter move drew warnings from the state treasurer that it could harm the state's reputation with Wall Street investors.
- Invests substantially in transportation – funded in part by a percentage of the state sales tax.
- Led by the state's business trade association CBIA, a few of the state's major employers led including GE, Aetna, Travelers and Boehringer-Ingelheim all voiced strong opposition to the state budget and the final tax package. Most notably, the business community focused their opposition on the unitary reporting and retroactive cuts to R&D tax credits.
 - Implements mandatory combined reporting (unitary reporting requirement) upon passage and applicable to income tax year 2015 and thereafter.
 - Limits the use of loss carry forwards against the corporate income tax to 50 percent of net income in any income year when computing the amount of tax due.
 - Increases the sales-and-use tax rate for computer and data processing services from 1-percent to 2-percent in 2016 and from 2-percent to 3-percent in 2017. Note: This is one of the few business-to-business services taxes to survive.
 - Lowers from 70 percent to 50.01-percent the maximum percentage to which tax credits may be used against the total liability under the corporate income tax.
 - Extends the 20-percent surcharge on corporate income tax for 2016-17, phasing out the surcharge after the biennium.
 - Creates new top marginal income tax rate of 6.99-percent for higher income earners.
 - Reduces property tax credit phase out thresholds in 2016 and reduces the credit from \$300 to \$200 in 2017.

The legislature was not able to finish its work on budget implementation bills and, accordingly, will have to come back in for a special session at a later date, likely before the start of the new fiscal year on July 1st.

The Governor also proposed sweeping modifications to the criminal justice systems in his Second Chance proposals; however, the clock ran out on the legislation and there's talk of including this in the call for the Special Session.

On the energy front, the Eversource (then Connecticut Light & Power) rate application in 2014 also brought some angst in 2015. The initial application requested a sharp increase of the residential basic customer (BSC) charge to \$30 based on the usual utility's Cost of Service Study. The regulators approved an increase to \$19.25, which is still considered high by customers and legislators. The leaders of partisan caucuses in the House and Senate as well as what seemed like every member of the General Assembly endorsed or introduced bills to reduce the BSC or set it at a flat \$10.00 level. The magic \$10 had no logical basis other than California's BSC is at that level. AARP and several unions jumped on the bandwagon and made the flat BSC their legislative priority.

Both UIL Holdings and Eversource Energy strongly challenged the proposal to change the BSC to a flat charge. Along the way we acquired an unlikely ally, the Office of Consumer Counsel, the consumer advocate in Connecticut. She proposed that the charge include charges that do not vary with usage such as meters, service connection, customer service and billing. The EDCs also proposed similar language jointly while we still believed that the PURA has enough authority to set the BSC at a level they consider appropriate. Eventually the proposal was agreed to, only to die on the House Calendar (more below regarding Senate Bill 570).

The "fixed basic service charge" train was not the only pre-session energy issue driver in 2015. The Department of Energy and Environmental Protection (DEEP) issued its draft Integrated Resource Plan (IRP). The IRP called for procurement of additional electricity resources from renewables, hydro and demand response. It also called for procurement of additional gas pipeline capacity for electric generation. The resources procurement is meant to reduce the cost of electricity during the New England winter peak periods due to constrained pipeline capacity. These costs have ranged between \$3-\$6 billion over the last few years. Gas pipeline capacity is mostly held by local distribution companies (LDCs) under firm contracts. Electric gas-fueled generators take gas on an interruptible basis and in the spot market leading to higher costs in the winter months when gas is used mostly for heating. The costs of these procurements will be paid for by electric ratepayers. Additional discussion below.

SPECIAL SESSION

The Special Session held on June 29th to adopt budget implementers produced some relief from the increased business taxes. The Connecticut Business and Industry Association (CBIA), which led the business community's fight during the regular session kept up the pressure in the period

leading from Sine Die on June 3rd to the June 29th Special Session. CBIA's campaign achieved some of the intended results in mitigating the increased costs on the business community. The unitary (combined tax reporting) was postponed until the next fiscal year and the sales tax on data processing was reduced from 3% to the 1% in effect before the June 3rd budget. In all, the legislature reduced expenses by approximately \$178 million, short of the Governor's proposal of \$235 million. The remaining tax increases, reductions in the use of tax credits and postponed or cancelled tax cuts still raised revenues by \$1.8 billion.

The implementer also include some energy items that were left stranded in Senate Bill 570 or other bills that failed to be called in the House of Representatives after passing the Senate. The descriptions of these items will be included later on in the report under the bills that passed section.

Energy & Technology Committee

For the third time in the last five sessions, the Energy & Technology Committee saw its leadership change. Senator Paul Doyle (D-Wethersfield) replaced outgoing chair Bob Duff, who was elected Senate Majority Leader. Doyle joined Rep. Lonnie Reed (D-Branford) as committee leaders.

In addition, there were new ranking members (Rep. Tim Ackert and Sen. Paul Formica, a freshman Senator), which led the committee to hold several "informational sessions" about general energy topics early in the session, including one of the components of the electric bill, most likely spurned by the recent Eversource request to increase its basic service charge. Another informational session was called, "Utility 2.0 – the Utility of the Future," which UIL's Roddy Diotalevi was one of the presenters.

Overall, the Committee moved 35 bills, 18 of which had an impact on UIL Holdings' companies. Several bills had substitute language, and both chairs emphasized that all bills were "works in progress" which resulting in UIL Holdings being involved to craft new language and such on many important bills.

The budget debate also left its mark on the Energy & Technology Committee. While the committee was able to pass one priority bill, **SB 1078 - An Act Concerning Affordable and Reliable Energy**; another bill, **SB 570 - An Act Concerning Electric Budget Bill Fees and Grid Modernization**, was held captive by legislative leaders as retribution for the Energy Co-Chairs, who both cast "no" votes on the budget on the final day of session. Some of its provisions were adopted in the budget implementer SB 1502.

The 2015 regular and special sessions were yet another year in which Eversource Energy and UIL Holdings continued a strong working relationship and coalition building for most issues affecting our regulated electric and gas distribution companies.

BILLS THAT PASSED

SB 1078 – AAC Affordable and Reliable Energy

<http://www.cga.ct.gov/2015/FC/pdf/2015SB-01078-R000616-FC.pdf>

This bill allows the Department of Energy and Environmental Protection (DEEP) commissioner, in consultation with others, to issue multiple solicitations for long-term contracts for various energy resources. Such solicitations must be for:

- Energy efficiency
- Passive demand response measures and smaller capacity Class I and Class III renewable energy sources;
- Larger capacity Class I renewable energy sources and verifiable large-scale hydropower and any associated transmission; and
- Natural gas resources, including (a) interstate natural gas transportation capacity, (b) liquefied natural gas, (c) liquefied natural gas storage, (d) natural gas storage, or (e) any combination of these.

It also allows the DEEP commissioner to seek proposals for energy storage, Class II resources, and existing hydropower in certain circumstances.

The bill also allows the DEEP commissioner to hire consultants to assist with evaluating proposals. If he finds proposals in the ratepayers' best interests, he may select one or more such proposals and direct the electric companies to enter into long-term contracts. Agreements entered into as a result of solicitations authorized by the bill are subject to the Public Utilities Regulatory Authority's (PURA) approval.

The bill limits (1) all contract terms to 20 years; (2) selected proposals for demand response, renewable resources, and hydropower, in the aggregate, to 10% of the total load served by the state's electric companies; and (3) the total aggregate capacity of selected contracts.

- DEEP bill that UIL had major concerns as the EDCs would be required to enter into public policy contracts and the resulting impact of the long-term contracts on the corporation's balance sheet.
- Did not include "remuneration" for EDCs but there is strong cost recovery language and in legislative intent during the House debate on the bill.

- DEEP will oversee the three-pronged procurement process to curb the winter price spikes.

The bill includes other New England states in the procurement (if approved).

SB 928 – AAC Shared Clean Energy Facilities

<http://www.cga.ct.gov/2015/TOB/s/pdf/2015SB-00928-R03-SB.pdf>

- Revised to 2-year pilot (from 3-years) with DEEP soliciting proposals up to 6 MW (2 in UI, 4 in Eversource service territories).
- UIL testified in support of the “pilot” despite the findings of the CASE study last winter that recommended against a full-fledged community solar program.

This bill requires the Department of Energy and Environmental Protection (DEEP), in consultation with the electric distribution companies (EDCs, i.e., Eversource and United Illuminating), to establish a two-year pilot program to support the development of shared clean energy facilities. In general, a shared clean energy facility under the bill is a clean energy-powered electricity generating facility to which customers subscribe for a (1) percentage interest in the total amount of electricity produced or (2) set amount of electricity produced. The subscriber's share of the electricity produced is then used to offset the subscriber's electric costs at another billing meter identified by the subscriber.

The bill requires DEEP, by January 1, 2016, to develop and issue a request for proposals (RFP) to develop shared clean energy facilities from entities that (1) own or operate such facilities to benefit subscribers or (2) contract with third parties to build, own, or operate them. Under the RFP, DEEP must select a project or projects with a total nameplate capacity rating (i.e., generating capacity) of up to

1. Two megawatts (MW) in the service area of an EDC that serves 17 or fewer cities and towns (United Illuminating) and
2. Four MW in the service area of an EDC that serves more than 17 cities and towns (Eversource).

The bill specifies that the selected projects together must not exceed a nameplate capacity rating of six MW.

Under the bill, DEEP must establish a billing credit for the facilities' subscribers and consumer protections for subscribers and potential subscribers that at least include disclosures that must be made when selling or reselling a subscription.

Starting within one year after being awarded the projects by DEEP, the bill requires each recipient to submit three successive annual reports to DEEP and the Energy and Technology

Committee with information on its facility's status. By January 1, 2018, DEEP must file a report with the Energy and Technology Committee that (1) analyzes the pilot program's success, (2) identifies and analyzes the success of similar programs in other states, and (3) recommends whether a permanent program should be established, and if so, any necessary legislation.

HB 6838 – AAC AN ACT CONCERNING THE ENCOURAGEMENT OF LOCAL ECONOMIC DEVELOPMENT AND ACCESS TO RESIDENTIAL RENEWABLE ENERGY

<http://www.cga.ct.gov/2015/FC/pdf/2015HB-06838-R000920-FC.pdf>

- Governor's bill to get 300 MW of residential solar in the state before 2022 and financed on the EDC balance sheet. UIL offered changes to "timely" cost recovery language, which was included in the bill.

This bill expands the Connecticut Green Bank's residential solar investment program and standardizes certain steps in the municipal permitting process for installing residential solar systems.

Regarding the solar investment program, the bill:

1. allows the program to support up to 300 megawatts (MW) of new residential solar photovoltaic (PV) installations by the end of 2022, instead of requiring it to provide 30 MW of PV installations by that time;
2. requires the program to end on the earlier of December 31, 2022 or when it achieves 300 MW of installations;
3. creates solar home renewable energy credits (SHRECs) which are owned by the Green Bank and generated when certain residential PV systems produce electricity;
4. requires EDCs to purchase SHRECs from the Green Bank under a master purchase agreement negotiated between each EDC and the Green Bank;
5. expands the program's funding sources to include proceeds from the Green Bank's sale of SHRECs to the EDCs; and
6. allows the EDCs to recover their costs for purchasing the SHRECs through a reconciling (adjustable) component of their electric rates, as determined by the Public Utilities Regulatory Authority (PURA).

Regarding the municipal permitting process, the bill requires each municipality, by January 1, 2016, to incorporate residential solar PV systems in their building permit application process or use a residential solar PV system permit application supplement. It also allows municipalities to (1) post applications online, (2) permit electronic filing, and (3) waive certain fees. Under the bill, municipalities must inform a permit applicant whether the application is approved or disapproved within 30 days of receiving an application.

The bill requires the Green Bank, in consultation with the state building inspector, to implement a residential solar PV system permit training seminar for municipal officials developing a permitting process.

SB 575 – AAC Electric Rate Transparency

<http://www.cga.ct.gov/2015/TOB/s/pdf/2015SB-00575-R03-SB.pdf>

- This bill increases the number of off-site hearings that the PURA must hold on matters involving changes to an EDC's rates, charges, or public accommodation (i.e., rate cases). Current law requires PURA to hold at least one rate case hearing in a town within a subject company's service area. The bill instead requires hearings in at least (1) two towns for a company that serves 17 or fewer towns (UI) and (2) three towns for a company that serves more than 17 towns (Eversource).

SB 573 – AAC Concerning Variable Electric Rates

<http://www.cga.ct.gov/2015/ACT/pa/pdf/2015PA-00090-R00SB-00573-PA.pdf>

- **Eliminates variable rates by third-party electric suppliers. Passed Senate on 5/19; Passed House on 5/27.**
- **One question in House debate: do customers go back to “standard service” if no action is taken by customer. There is language in SB 570 that requires PURA to study this issue. SB 570 was not adopted by the House. The provision to address this issue was included in SB 1502 – budget implementer.**

Starting October 1, 2015, this bill prohibits retail electric suppliers from (1) entering into variable rate contracts for residential electric generation services or (2) automatically renewing such contracts or causing them to be renewed.

The law, unchanged by the bill, allows suppliers to charge residential customers a month-to-month variable rate after their contract expires if they meet certain notice requirements and other conditions. The bill requires the Public Utilities Regulatory Authority (PURA), by October 1, 2015, to begin a proceeding to develop recommendations and guidance on what (1) type of rate structure is best suited for residential customers who allow a fixed contract with a supplier to expire and begin paying a month-to-month rate and (2) rate increase is just and reasonable when it is needed under these circumstances. PURA must report its findings to the Energy and Technology Committee by January 1, 2016.

The bill specifies that a “residential customer” for these purposes is one who contracts with a supplier for generation services at residential premises for domestic purposes only. The definition also applies to provisions under existing law that, among other things, (1) require

suppliers serving such customers to meet certain notice requirements, and (2) limit the early cancellation fees that suppliers can charge to such customers.

HB 6991 – AAC Commercial Property Clean Energy Program (PA 15-21)

- This bill allows third-party capital providers to participate in the Green Bank's C-PACE program. Under current law, the Green Bank provides financing through the C-PACE program for energy efficiency or renewable energy improvements on certain commercial properties in participating municipalities. The property owner repays the cost of the improvements through an assessment on the property, backed by a lien.
- Signed by Governor (PA 15-21) on May 26.

SB 6020 – An Act Concerning Anaerobic Digestion.

- This bill extends, by two years, the Connecticut Green Bank's anaerobic digestion pilot program. The program supports sustainable practices and economic prosperity of Connecticut farms and other businesses by using organic waste with on-site anaerobic digestion facilities to generate electricity and heat. Currently, the three-year pilot program ends this year and the Green Bank must report to the Energy and Technology Committee, by January 1, 2016, on the program and whether it should continue. The bill extends the reporting deadline by two years to January 1, 2018.
- The Green Bank's assistance under the program can take the form of loans, grants, or power purchase agreements. It may approve no more than five projects under the program, each with a maximum size of three megawatts and a maximum cost of \$450 per kilowatt. The bank must allocate \$2 million annually from the Clean Energy Fund for the program.

SB 1502 – AN ACT IMPLEMENTING PROVISIONS OF THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017 CONCERNING GENERAL GOVERNMENT, EDUCATION AND HEALTH AND HUMAN SERVICES.

<http://www.cga.ct.gov/2015/BA/2015SB-01502-R00SS1-BA.htm>

IDENTIFICATION VERIFICATION FOR UTILITIES (Formerly in SB121)

Under the bill, public service companies (i.e., utilities) that require a potential customer to disclose his or her Social Security number (SSN) must verify the SSN before opening a new account to ensure that it does not belong to a minor (i.e., someone under the age of 18). The bill requires public service companies to cross reference the provided number with the customer's (1) legal name, (2) aliases, (3) date of birth, (4) current address, and (5) phone number. Under the bill, the public service company may use a third-party company to verify this information.

The bill also makes minors immune from liability for payment of an unpaid bill to a public service company for services an adult obtained by fraudulently using the minor's SSN.

EDC PROPOSAL FOR GRID-SIDE ENHANCEMENTS (Formerly in SB 570)

The bill allows electric distribution companies (EDCs) to submit proposals to DEEP for a pilot program to build, own, or operate grid-side system enhancements, including energy storage systems, to demonstrate and investigate how distributed energy resources (DER) can be reliably and efficiently integrated into the electric distribution system in a way that maximizes the value they provide to the electric grid, electric ratepayers, and the public. The proposal must complement and enhance (1) the programs, products, and incentives available through the Connecticut Green Bank and the Connecticut Energy Efficiency Fund, (2) DEEP's Z-REC and L-REC programs, and (3) other similar programs that support DER deployment.

Under the bill, “grid-side system enhancements” are investments in distribution system infrastructure, technology, and systems designed to enable DER deployment and allow for grid management and system balancing. They include energy storage systems, distribution system automation and controls, intelligent field systems, advanced distribution system metering, communication, and systems that enable two-way power flow.

DEEP must evaluate the proposals and may approve them if they show how (1) grid-side system enhancements can be reliably and cost-effectively integrated into the electric distribution system and (2) they maximize the value provided to ratepayers. Any proposal DEEP approves must also be reviewed and approved by the Public Utilities Regulatory Authority (PURA). PURA must approve a proposal if it concludes that investing in the enhancement is reasonable, prudent, and provides value to ratepayers.

The bill allows the EDCs to enter into joint ownership agreements, partnerships, or other contractual agreements for services with private entities to carry out the proposals. Until its next rate case, an EDC must recover its costs for the proposals from all of its customers through a fully reconciling component of all EDC customers' electric rates. At the next rate case, the costs must be recoverable through the company's base distribution rates (i.e., they are incorporated into the company's regular distribution rates).

DEEP must evaluate the approved proposals and submit a report to the Energy and Technology Committee by January 1, 2017. The report must evaluate the performance, costs, and benefits associated with grid-side system enhancements procured under the bill.

CLASS I PROPERTY TAX ABATEMENT (Formerly in SB 570)

The law requires the DEEP commissioner, under certain conditions, to solicit proposals from Class I renewable energy sources built on or after January 1, 2013. If a proposal meets certain

conditions, the commissioner can require an EDC to enter into a PURA-approved power purchase agreement with the proposal's Class I facility.

For assessment years starting on and after October 1, 2015, the bill allows municipalities to abate up to 100% of the property taxes due for any tax year for any Class I renewable energy source subject to one of these power purchase agreements. The abatement (1) cannot be for longer than the power purchase agreement's term and (2) must be approved by vote of the municipality's legislative body, or if the legislative body is a town meeting, by a vote of its board of selectmen.

LIMITED RESIDENTIAL FIXED CHARGE (Formerly in SB 570)

The next time an EDC files a request to amend its rates, the bill requires PURA to adjust the company's residential fixed charge so that it only recovers the fixed costs and operation and maintenance expenses directly related to metering, billing, service connections, and providing customer service. The bill exempts rates for residential electric heating services from the fixed charge limit.

The bill prohibits PURA, when determining an EDC's new residential fixed charges, from causing a cost-shift to other rate classes. This is meant to avoid cost shifting to C&I rates.

NATURAL GAS EXPANSION PROPERTY TAX ABATEMENT (Formerly in SB 570 and SB 213) (Formerly in SB 570)

The bill allows municipalities, by a vote of their legislative bodies or, if the legislative body is a town meeting, their boards of selectmen, to abate up to 100% of a gas company's annual personal property taxes to facilitate natural gas expansion projects. The municipality can abate the taxes for up to 25 tax years. The gas company must include the abatement when calculating the hurdle rate for gas expansion projects within the municipality.

Including a property tax abatement in a hurdle rate calculation would lower the hurdle rate and thus decrease the (1) likelihood that new customers must pay a CIAC or (2) amount of the CIAC, if applicable.

HEATING ASSISTANCE PROGRAMS

The bill requires the Low-Income Energy Advisory Board to recommend ways to improve the implementation of heating assistance programs, particularly those created to benefit low-income households, by coordinating and optimizing existing energy efficiency and assistance programs. The recommendations must consider:

The board must report its recommendations to the Appropriations, Energy and Technology, and Human Services committees by January 1, 2016.

PURA STUDY ON EXPIRING RETAIL SUPPLIER CONTRACTS (Formerly in SB 570)

PA 15-90, which prohibits third party suppliers of electricity to offer variable rate contracts, also requires PURA to develop recommendations and guidance about what generation service rate increases are just and reasonable for residential customers who allow a variable rate contract with a retail electricity supplier to expire and begin paying the supplier a month-to-month rate. The bill instead requires PURA's recommendations and guidance to be about what changes customers in these circumstances may experience regarding their rates and the terms and conditions of their service.

DISTRICT HEATING SYSTEM INCENTIVE PROGRAMS (Formerly in SB 570)

The bill requires each gas company to develop a district heating system incentive program to reduce natural gas demand in the state. It defines a "district heating system" as a thermal loop natural gas demand reduction system that (1) is located in a designated area, (2) is designed to capture at least 30 million British Thermal Units of waste heat, and (3) distributes at least 75% of that waste heat to the premises of end use customers located in the system's service area.

Under the bill, each company must submit its plan for an incentive program to the Energy Conservation Management Board and DEEP as part of its statutorily required conservation and load management plan.

The bill requires a company's incentive program to provide a one-time incentive payment to end use customers who connect to a district heating system for heating purposes on or after March 1, 2016. The payment must be based on the customer's projected natural gas demand reduction during the period the customer commits to using the heating system's services. The incentive payment to the customer cannot exceed the incentive payment made for equivalent natural gas demand reductions in the state's conservation and load management plan.

The bill allows a district heating system's owner to charge end use customers a connection charge up to an amount equal to the incentive payment that the customer received. It requires PURA to ensure that the gas company revenue needed to fund the incentive payments is provided through a fully reconciling conservation adjustment mechanism in the company's rates. The revenue to fund the incentives (1) cannot exceed \$9 million in total for the program, (2) must be in addition to the revenues authorized to fund the conservation and load management fund, (3) must be spread out over at least a two-year period once they exceed \$2 million, and (4)

must only be collected from the customers of the gas company in whose service area the district heating system is located.

OPERATION FUEL FUNDING

Starting July 1, 2015, the bill increases, from \$1.1 million to \$2.1 million, the amount that must be annually transferred from the funds collected by the systems benefit charge (SBC) to Operation Fuel, Inc. for energy assistance. It also increases the amount of the funds that Operation Fuel can use for administrative purposes from \$100,000 to \$200,000. The increase covers the reduced appropriation in the budget by both the Governor and the Appropriations Committee.

UTILITY COMPANY RECOVERY FOR TAX INCREASES

The bill allows a state-regulated utility company to defer until its next general rate case its recovery of any increased tax expenses under PA 15-244 (the budget act) that are not currently authorized in the company's rates. This change was advocated by Eversource and UIL during the regular session to be included in budget implementer legislation and carried on into the special session.

BILLS THAT DIED

There were several bill concepts that died in the Energy & Technology Committee and would have had an impact on UIL Holdings Corporation.

- Requiring EDC's to remove stumps when removing trees.
- Requiring EDC's to credit customers for prolonged service outages.
- Prohibiting Expenditures resulting from Storm Maintenance, Improvement or Repair from being factored into Electric or Gas utility rates

SB 570 – AAC Electric Fixed Bill Fees and Grid Modernization

- Died on the House Calendar on the final day of session, probably due to retribution for Energy co-chair's "no" vote on the budget.
- Became the "omnibus" energy bill that included language from a variety of energy-related bills that cleared committee, including SB 213, HB 990, HB 6989.
- Most importantly, the \$10 fixed charge was eliminated in favor of recovery of costs related to metering, billing, service connections and customer service (UIL and Eversource suggested changes).
- "Utilities of the Future" and "Value of Solar/Renewables" studies by DEEP.
- Energy Storage RFP's and Electric Vehicle study.
- Municipal tax abatement for gas expansion, which UIL supported.
- This bill could return in the "budget implementer" in Special Session.

HB 6018 – AAC Electric Service Restoration to Serious Health Customers

- The EDCs testified against this bill, and it did clear the E&T Committee. This proposed bill would have had impacts on the overall restoration as it would severely delay and reprioritize the companies already approved restoration standards. It was billed as a PURA study; however, the language of the substitute bill required PURA to produce certain findings and restoration standards for this small population of customers. The proponent of the bill was not receptive to UIL's language concerns and after multiple revisions the proponent let it die.

HB 7055 – AAC Connecticut First

- This bill died on the House Calendar, and was intended establish or extend various tax credits to incentivize investment in brownfield remediation, green technology, cybersecurity, bioscience and various start-up and small businesses.

- UIL was active in providing language to provide a bid preference for Class I renewables on brownfields, instead of a separate program carved out of ZREC/LREC programs.

SB 1050 - AAC Abandoned Electric Generating Facilities and Corporate Responsibility

- This bill would have created requirements for power plants and other electric generating facilities that no longer produce power (English Station in UI's service territory) and (2) requires developers of power plants to include decommissioning plans with their application for a Siting Council certificate.
- Allowed towns to exercise eminent domain over the abandoned facility's tract of land for certain uses already permissible by law. It exempted towns from environmental remediation costs and reverts liability for such costs to the abandoned facility's former owner.

SB 121 – AAC Establishing ID Verification Protocols for Minors

- UIL had a neutral position on this bill, but there were concerns from legislators in urban areas and cable companies which are considered public service companies. Would require public service companies to verify a potential customer's social security number (SSN) before opening an account to ensure that the number does not belong to a minor (i.e., someone under the age of 18). The bill requires public service companies to cross reference the provided SSN with the customer's (1) legal name, (2) aliases, (3) date of birth, (4) current address, and (5) phone number. Under the bill, the public service company may use a third-party company to verify SSNs.
- The bill would also prohibit public service companies from holding customers liable for unpaid bills if (1) the customer was a minor when he or she opened the account and (2) another person opened the account using the minor's SSN.

SB 140 – AAC PURA Docket Re: Ratepayer Savings under Renewable Programs

- The bill would require PURA to initiate a docket to review and provide guidance regarding: (1) Renewable energy programs pursuant to titles 16 and 16a of the general statutes, (2) the renewable portfolio standards pursuant to section 16-245a of the general statutes, (3) long-term contracts regarding zero emission generation projects pursuant to section 16-244r of the general statutes, (4) zero emission generation projects pursuant to section 16-244s of the general statutes, and (5) power purchase contracts regarding low-emission generation projects pursuant to section 16-244t of the general statutes.

- This bill was mostly advanced by Republican leaders, which led to its demise after a favorable report by the Energy Committee.

SB 565 – AAC Energy Audits/Heating Assistance

- This bill would have modified procedures for applying, and processing applications, for energy assistance and energy conservation

SB 567 – AAC Home Energy Solutions

- UI testified on this bill and called it unnecessary; and would have increased costs to the program and ultimately, ratepayers if passed.
- This bill would have required electric companies to annually post to their Internet websites bids submitted by any business applying to be a Home Energy Solutions approved contractor, which, under the bill, is a business entity selected by an electric company to perform audit and energy conservation services under the Home Energy Solutions program. Under the bill, a bid is a price list submitted by the business for potential selection as a Home Energy Solutions approved contractor.
- Bill was adopted in the Senate but died on the House calendar.