



House Bill No. 7006

September Special Session, Public Act No. 20-5

AN ACT CONCERNING EMERGENCY RESPONSE BY ELECTRIC DISTRIBUTION COMPANIES, THE REGULATION OF OTHER PUBLIC UTILITIES AND NEXUS PROVISIONS FOR CERTAIN DISASTER-RELATED OR EMERGENCY-RELATED WORK PERFORMED IN THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) (a) (1) For the purposes of this section, "electric distribution company" has the same meaning as provided in section 16-1 of the general statutes and "emergency" has the same meaning as provided in section 16-32e of the general statutes.

(2) "Resilience" means the ability to prepare for and adapt to changing conditions and withstand and recover rapidly from deliberate attacks, accidents or naturally occurring threats or incidents, including, but not limited to, threats or incidents associated with the impacts of climate change.

(b) Not later than June 1, 2021, the Public Utilities Regulatory Authority shall initiate a proceeding to investigate, develop and adopt a framework for implementing performance-based regulation of each electric distribution company. Such framework adopted by the authority shall: (1) Establish standards and metrics for measuring such electric distribution company's performance of

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objectives that are in the interest of ratepayers or benefit the public, which may include, but not be not limited to, safety, reliability, emergency response, cost efficiency, affordability, equity, customer satisfaction, municipal engagement, resilience and advancing the state's environmental and policy goals, including, but not limited to, those goals established in section 22a-200a of the general statutes, in the Integrated Resources Plan approved pursuant to section 16a-3a of the general statutes and in the Comprehensive Energy Strategy prepared pursuant to section 16a-3d of the general statutes; (2) identify the manner, including the timeframe and extent, in which such standards and metrics shall be used to apply the principles and guidelines set forth in section 16-19e of the general statutes and to determine the relative adequacy of the company's service and the reasonableness and adequacy of rates proposed and considered pursuant to section 16-19a of the general statutes; and (3) identify specific mechanisms to be implemented to align utility performance with the standards and metrics adopted pursuant to this section and subsection (b) of section 16-19a of the general statutes, including, but not limited to, reviewing the effectiveness of the electric distribution company's revenue decoupling mechanism. The authority may also initiate a proceeding to investigate, develop and adopt a framework for implementation of performance-based regulation for gas and water companies, as defined by section 16-1 of the general statutes, consistent with the requirements and provisions of this section.

Sec. 2. Subsections (a) and (b) of section 16-19 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) No public service company may charge rates in excess of those previously approved by the Public Utilities Control Authority or the Public Utilities Regulatory Authority, except that any rate approved by the Public Utilities Commission, the Public Utilities Control Authority

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or the Public Utilities Regulatory Authority shall be permitted until amended by the Public Utilities Regulatory Authority, that rates not approved by the Public Utilities Regulatory Authority may be charged pursuant to subsection (b) of this section, and that the hearing requirements with respect to adjustment clauses are as set forth in section 16-19b. For water companies, existing rates shall include the amount of any adjustments approved pursuant to section 16-262w since the company's most recent general rate case, provided any adjustment amount shall be separately identified in any customer bill. Each public service company shall file any proposed amendment of its existing rates with the authority in such form and in accordance with such reasonable regulations as the authority may prescribe. Each electric distribution, gas or telephone company filing a proposed amendment shall also file with the authority an estimate of the effects of the amendment, for various levels of consumption, on the household budgets of high and moderate income customers and customers having household incomes not more than one hundred fifty per cent of the federal poverty level. Each electric distribution company shall also file such an estimate for space heating customers. Each water company, except a water company that provides water to its customers less than six consecutive months in a calendar year, filing a proposed amendment, shall also file with the authority a plan for promoting water conservation by customers in such form and in accordance with a memorandum of understanding entered into by the authority pursuant to section 4-67e. Each public service company shall notify each customer who would be affected by the proposed amendment, by mail, at least one week prior to the first public hearing thereon, but not earlier than six weeks prior to such first public hearing, that an amendment has been or will be requested. Such notice shall also indicate (1) the date, time and location of any scheduled public hearing, (2) a statement that customers may provide written comments regarding the proposed amendment to the Public Utilities Regulatory Authority or appear in person at any scheduled public hearing, (3) the Public Utilities Regulatory Authority telephone number for obtaining

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information concerning the schedule for public hearings on the proposed amendment, and (4) whether the proposed amendment would, in the company's best estimate, increase any rate or charge by twenty per cent or more, and, if so, describe in general terms any such rate or charge and the amount of the proposed increase, provided no such company shall be required to provide more than one form of the notice to each class of its customers. In the case of a proposed amendment to the rates of any public service company, the authority shall hold one or more public hearings thereon, except as permitted with respect to interim rate amendments by subsections (d) and (g) of this section, and shall make such investigation of such proposed amendment of rates as is necessary to determine whether such rates conform to the principles and guidelines set forth in section 16-19e, or are unreasonably discriminatory or more or less than just, reasonable and adequate, or that the service furnished by such company is inadequate to or in excess of public necessity and convenience, provided the authority may (A) evaluate the reasonableness and adequacy of the performance or service of the public service company using any applicable metrics or standards adopted by the authority pursuant to section 1 of this act, and (B) determine the reasonableness of the allowed rate of return of the public service company based on such performance evaluation. The authority, if in its opinion such action appears necessary or suitable in the public interest may, and, upon written petition or complaint of the state, under direction of the Governor, shall, make the aforesaid investigation of any such proposed amendment which does not involve an alteration in rates. If the authority finds any proposed amendment of rates to not conform to the principles and guidelines set forth in section 16-19e, or to be unreasonably discriminatory or more or less than just, reasonable and adequate to enable such company to provide properly for the public convenience, necessity and welfare, or the service to be inadequate or excessive, it shall determine and prescribe, as appropriate, an adequate service to be furnished or just and reasonable maximum rates and charges to be made by such company. In the case of a proposed

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amendment filed by an electric distribution, gas or telephone company, the authority shall also adjust the estimate filed under this subsection of the effects of the amendment on the household budgets of the company's customers, in accordance with the rates and charges approved by the authority. The authority shall issue a final decision on each electric distribution or gas company rate filing within [one] three hundred fifty days from the proposed effective date thereof. [, provided it may, before the end of such period and upon notifying all parties and intervenors to the proceedings, extend the period by thirty days.] The authority shall issue a final decision on all public service company rate filings, except electric distribution or gas company rate filings, within two hundred days from the proposed effective date thereof.

(b) If the authority has not made its finding respecting an amendment of any electric distribution or gas company rate within [one] three hundred fifty days from the proposed effective date of such amendment thereof, or [within one hundred eighty days if the authority extends the period in accordance with the provisions of subsection (a) of this section] if the authority has not made its finding respecting an amendment of any public service company rate, except electric distribution or gas company rate, within two hundred days from the proposed effective date of such amendment thereof, such amendment may become effective pending the authority's finding with respect to such amendment upon the filing by the company with the authority of assurance satisfactory to the authority, which may include a bond with surety, of the company's ability and willingness to refund to its customers with interest such amounts as the company may collect from them in excess of the rates fixed by the authority in its finding or fixed at the conclusion of any appeal taken as a result of a finding by the authority.

Sec. 3. Subsections (a) and (b) of section 16-19a of the general statutes are repealed and the following is substituted in lieu thereof (*Effective*

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November 1, 2020):

(a) (1) The Public Utilities Regulatory Authority shall, at intervals of not more than four years from the last previous general rate hearing of each gas and electric distribution company having more than seventy-five thousand customers, conduct a complete review and investigation of the financial and operating records of each such company and hold a public hearing to determine whether the rates of each such company are unreasonably discriminatory or more or less than just, reasonable and adequate, or that the service furnished by such company is inadequate to or in excess of public necessity and convenience or that the rates do not conform to the principles and guidelines set forth in section 16-19e. In making such determination, the authority shall consider the gross and net earnings of such company since its last previous general rate hearing, its retained earnings, its actual and proposed capital expenditures, its advertising expenses, the dividends paid to its stockholders, the rate of return paid on its preferred stock, bonds, debentures and other obligations, its credit rating, and such other financial and operating information as the authority may deem pertinent.

(2) The authority may conduct a general rate hearing in accordance with subsection (a) of section 16-19, in lieu of the periodic review and investigation proceedings required under subdivision (1) of this subsection.

(b) In [the] any proceeding required under subdivision (1) of subsection (a) of this section, or in any rate hearing pursuant to section 16-19, the authority [may approve performance-based incentives to encourage a gas or electric distribution company to operate efficiently and provide high quality service at fair and reasonable prices] shall consider the implementation of financial performance-based incentives and penalties and performance-based metrics. Notwithstanding subsection (a) of this section, if the authority approves such

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performance-based incentives and penalties for a particular company, the authority shall include in such approval a framework for periodic monitoring and review of the company's performance [in regard to criteria specified by the authority, which shall include, but not be limited to, the company's return on equity, reliability and quality of service. The authority's periodic monitoring and review shall be used in lieu of the periodic review and investigation proceedings required under subdivision (1) of subsection (a) of this section. If the authority determines in the periodic monitoring and review that a more extensive review of company performance is necessary, the authority may institute a further proceeding in accordance with the purposes of this chapter, including a complete review and investigation described in subdivision (1) of subsection (a) of this section] pursuant to metrics developed by the authority.

Sec. 4. (NEW) (*Effective from passage*) Notwithstanding any provision of the general statutes, in exercising its discretion regarding whether to allow the recovery through rates of any portion of the compensation package for executives or officers or of any portion of any incentive compensation for employees of any electric distribution company, gas company or water company, as defined in section 16-1 of the general statutes, the Public Utilities Regulatory Authority shall consider whether to require that any such compensation that is recoverable through rates be dependent upon the achievement of performance targets established pursuant to section 1 of this act.

Sec. 5. (NEW) (*Effective from passage*) Not later than November 1, 2020, the Public Utilities Regulatory Authority may initiate a proceeding or proceedings to consider the implementation of an interim rate decrease, low-income rates and economic development rates for customers of electric distribution companies, pursuant to its authority in subsection (g) of section 16-19 of the general statutes and sections 16-19e and 16-19oo of the general statutes.

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Sec. 6. Subsection (b) of section 16-43 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective November 1, 2020*):

(b) A public service company shall obtain the approval of the Public Utilities Regulatory Authority to (1) issue any notes, bonds or other evidences of indebtedness or securities of any nature, (2) lend or borrow any moneys for a period of more than one year for any purpose other than paying the expenses, including taxes, of conducting its business or for the payment of dividends, or (3) amend any provision of an indenture or similar financial instrument if such amendment would affect the issuance or terms of any such notes, bonds or other evidences of indebtedness or securities. The authority shall approve or disapprove each such issue or amendment within [~~thirty~~] sixty days after the filing of a written application for such approval unless the applicant agrees to an extension of time. If not disapproved within said [~~thirty~~] sixty days or within such extension, such issue shall be deemed to be approved. The authority shall not require a company to issue its common stock under terms or conditions not required by the general statutes. The provisions of this subsection shall apply to a community antenna television company only with regard to any noncable communications services which the company may provide.

Sec. 7. Subsection (d) of section 16-47 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2021*):

(d) The Public Utilities Regulatory Authority shall investigate and hold a public hearing on the question of granting its approval with respect to any application made under subsection (b) or (c) of this section and thereafter may approve or disapprove any such application in whole or in part and upon such terms and conditions as it deems necessary or appropriate. In connection with its investigation, the authority may request the views of the gas, electric distribution, water,

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telephone or community antenna television company or holding company which is the subject of the application with respect to the proposed acquisition. After the filing of an application satisfying the requirements of such regulations as the authority may adopt in accordance with the provisions of chapter 54, but not later than thirty business days after the filing of such application, the authority shall give prompt notice of the public hearing to the person required to file the application and to the subject company or holding company. Such hearing shall be commenced as promptly as practicable after the filing of the application, but not later than [thirty] sixty business days after the filing, and the authority shall make its determination as soon as practicable, but not later than [one] two hundred [twenty] days after the filing of the application, provided it may, before the end of such period and upon notifying all parties and intervenors to the proceedings, extend the period by thirty days, or unless the person required to file the application agrees to an extension of time. The authority may, in its discretion, grant the subject company or holding company the opportunity to participate in the hearing by presenting evidence and oral and written argument. If the authority fails to give notice of its determination to hold a hearing, commence the hearing, or render its determination after the hearing within the time limits specified in this subdivision, the proposed acquisition shall be deemed approved. In each proceeding on a written application submitted under said subsection (b) or (c), the authority shall, in a manner which treats all parties to the proceeding on an equal basis, take into consideration (1) the financial, technological and managerial suitability and responsibility of the applicant, (2) the ability of the gas, electric distribution, water, telephone or community antenna television company or holding company which is the subject of the application to provide safe, adequate and reliable service to the public through the company's plant, equipment and manner of operation if the application were to be approved, and (3) for an application concerning a telephone company, the effect of approval on the location and accessibility of

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management and operations and on the proportion and number of state resident employees. The authority shall only grant its approval of an application filed on or after January 1, 2021, made under subsection (c) of this section, if the holding company effects a change in the composition of the board of directors to include a proportional percentage of Connecticut-based directors equivalent to the percentage that Connecticut service areas represent of the total service areas covered by the holding company.

Sec. 8. Section 16-243p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective November 1, 2020*):

(a) An electric distribution company may recover its costs and investments that have been prudently incurred as well as its revenues lost resulting from the provisions of sections 16-1, 16-19ff, 16-50k, 16-50x, 16-243h to 16-243q, inclusive, 16-244c, 16-244u, 16-244x, 16-245d, 16-245m, 16-245n, 16-245z, 16-262i, 16a-40l and 16a-40m and section 21 of public act 05-1 of the June special session. The Public Utilities Regulatory Authority shall, after a hearing held pursuant to the provisions of chapter 54, determine the appropriate mechanism to obtain such recovery in a timely manner which mechanism may be one or more of the following: (1) Approval of rates as provided in sections 16-19 and 16-19e; (2) the energy adjustment clause as provided in section 16-19b; or (3) the federally mandated congestion charges, as defined in section 16-1.

(b) No electric distribution company shall recover its costs associated with its attendance or participation in any rate-making hearing before the authority.

[(b)] (c) Electric distribution companies shall be authorized to earn an incentive, as provided in section 16-19kk, for costs prudently incurred by such companies pursuant to this section.

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Sec. 9. Section 16-32i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The Public Utilities Regulatory Authority shall review the performance of each electric distribution company and gas company, as those terms are defined in section 16-1, after any emergency, as defined in section 16-32e, (1) in which more than ten per cent of any such company's customers were without service for more than forty-eight consecutive hours, or (2) at the authority's discretion. The authority, upon a finding that any such company failed to comply with any standard of acceptable performance in emergency preparation or restoration of service in an emergency, adopted pursuant to section 16-32h, or with any order of the authority, shall make orders, after a hearing that is conducted as a contested case in accordance with chapter 54, to enforce such standards or orders and may levy civil penalties against such company, pursuant to section 16-41, not to exceed a total of [two and one-half] four per cent of such electric distribution or gas company's annual distribution revenue, for noncompliance in any such emergency. In determining the amount of any penalty, the authority shall consider whether such company received approval and reasonable funding allowances, as determined by the authority, from the authority to meet infrastructure resiliency efforts to improve such company's performance. Any such penalty shall be assessed in the form of [a credit to] credits to the accounts of ratepayers of such electric distribution or gas company. Any such penalty shall not be included as an operating expense of such company for purposes of ratemaking.

Sec. 10. (NEW) (*Effective from passage*) (a) For the purposes of this section, "emergency" has the same meaning as provided in subdivision (1) of subsection (a) of section 16-32e of the general statutes and "electric distribution company" has the same meaning as provided in section 16-1 of the general statutes.

(b) Notwithstanding any other provision of the general statutes, on

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and after July 1, 2021, each electric distribution company shall provide to residential customers of such company a credit of twenty-five dollars, on the balance of such customer's account, for each day of distribution-system service outage that occurs for such customers for more than ninety-six consecutive hours after the occurrence of an emergency.

(c) Any costs incurred by an electric distribution company pursuant to this section shall not be recoverable.

(d) Not later than fourteen calendar days after the occurrence of an emergency, an electric distribution company may petition the authority for a waiver of the requirements of this section. Any petition for a waiver made under this subsection shall include the severity of the emergency, employee safety issues and conditions on the ground, and shall be conducted as a contested case proceeding. The burden of proving that such waiver is reasonable and warranted shall be on the electric distribution company. In determining whether to grant such waiver, the authority shall consider whether the electric distribution company received approval and reasonable funding allowances, as determined by the authority, to meet infrastructure resiliency efforts to improve such company's performance.

(e) On or before January 1, 2021, the Public Utilities Regulatory Authority shall initiate a proceeding to consider the implementation of the residential customer credit and waiver provisions of this section and establish circumstances, standards and methodologies applicable to each electric distribution company and necessary to implement the provisions of this section, including any modifications to the ninety-six-consecutive-hour standard in subsection (b) of this section. The authority shall issue a final decision in such proceeding on or before July 1, 2021.

Sec. 11. (NEW) (*Effective from passage*) (a) For the purposes of this section, "emergency" has the same meaning as provided in subdivision

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(1) of subsection (a) of section 16-32e of the general statutes and "electric distribution company" has the same meaning as provided in section 16-1 of the general statutes.

(b) On and after July 1, 2021, each electric distribution company shall provide to each residential customer compensation in an amount of two hundred fifty dollars, in the aggregate, for any medication and food that expires or spoils due to a distribution-system service outage that lasts more than ninety-six consecutive hours in duration after the occurrence of an emergency.

(c) Any costs incurred by an electric distribution company pursuant to this section shall not be recoverable.

(d) Not later than fourteen calendar days after the occurrence of an emergency, an electric distribution company may petition the authority for a waiver of the requirements of this section. Any petition for a waiver made under this subsection shall include the severity of the emergency, employee safety issues and conditions on the ground, and shall be conducted as a contested case proceeding. The burden of proving that such waiver is reasonable and warranted shall be on the electric distribution company. In determining whether to grant such waiver, the authority shall consider whether the electric distribution company received approval and reasonable funding allowances, as determined by the authority, to meet infrastructure resiliency efforts to improve such company's performance.

(e) On or before January 1, 2021, the Public Utilities Regulatory Authority shall initiate a proceeding to consider the implementation of the compensation reimbursement and waiver provisions of this section and establish circumstances, standards and methodologies applicable to each electric distribution company and necessary to implement the provisions of this section, including any modifications to the ninety-six-consecutive-hour standard in subsection (b) of this section. The

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authority shall issue a final decision in such proceeding on or before July 1, 2021.

Sec. 12. (NEW) (*Effective from passage*) (a) As used in this section, "electric distribution company" has the same meaning as provided in section 16-1 of the general statutes.

(b) Not later than January 1, 2021, each electric distribution company shall submit to the joint standing committee of the General Assembly having cognizance of matters relating to energy, in accordance with the provisions of section 11-4a of the general statutes, and the Public Utilities Regulatory Authority the following:

(1) A cost-benefit analysis identifying the resources expended in response to the last five storm events classified as a level three, four or five. Such analysis shall include a review of the number of line crew workers and shall distinguish between line crew workers (A) directly employed by the electric distribution company and working full time within the state, (B) directly employed by the electric distribution company working primarily in another state, and (C) hired as contractors or subcontractors.

(2) An analysis of any such company's (A) estimates concerning potential damage and service outages prior to the last five storm events classified as a level three, four or five, (B) damage and service outage assessments after the last five storm events classified as a level three, four or five, (C) restoration management after the last five storm events classified as a level three, four or five, including access to alternate restoration resources via regional and reciprocal aid contracts, (D) planning for at-risk and vulnerable customers, (E) communication policies with state and local officials and customers, including individual customer restoration estimates and the accuracy of such estimates, (F) infrastructure, facilities and equipment, which shall include, but not be limited to, an examination of (i) whether such

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infrastructure, facilities and equipment are in good repair and capable of meeting operational standards, (ii) whether such company is following standard industry practice concerning operation and maintenance of such infrastructure, facilities and equipment, (iii) the age and condition of such infrastructure, facilities and equipment, (iv) whether maintenance of such infrastructure, facilities and equipment has been delayed, and (v) whether such company had access to adequate replacement equipment for such infrastructure, facilities and equipment during the course of the last five storm events classified as a level three, four or five, and (G) compliance with any emergency response standards adopted by the authority.

(c) Not later than January 1, 2021, the authority shall initiate a docket, or incorporate into an existing docket, to review the report provided by each electric distribution company pursuant to subsection (b) of this section. The authority shall submit the final decision of such docket, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

(d) After issuing its final decision in the docket initiated pursuant to subsection (c) of this section, the authority shall establish standards for minimum staffing levels for any electric distribution company for outage planning and restoration personnel, including linemen, technicians and system engineers, tree trimming crews and personnel responsible for directing operations and communicating with state, municipal and regional officials. Such staffing standards may reflect different staffing levels based on the severity of any emergency.

(e) The authority may establish as it deems fit any other standards for acceptable performance by any electric distribution company to ensure the reliability of such company's services in any emergency and to prevent, minimize and restore any long-term service outages or disruptions caused by such emergency.

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(f) The authority, upon a finding that any electric distribution company failed to comply with any standard of acceptable performance adopted pursuant to this section or any order of the authority, shall make orders to enforce such standards and may levy civil penalties against such company, pursuant to section 16-41 of the general statutes. Any such penalty shall not be included as an operating expense of such company for purposes of ratemaking.

Sec. 13. Subsection (a) of section 16-41 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Each (1) public service company and its officers, agents and employees, (2) electric supplier or person providing electric generation services without a license in violation of section 16-245, and its officers, agents and employees, (3) certified telecommunications provider or person providing telecommunications services without authorization pursuant to sections 16-247f to 16-247h, inclusive, and its officers, agents and employees, (4) person, public agency or public utility, as such terms are defined in section 16-345, subject to the requirements of chapter 293, (5) person subject to the registration requirements under section 16-258a, (6) cellular mobile telephone carrier, as described in section 16-250b, (7) Connecticut electric efficiency partner, as defined in section 16-243v, (8) company, as defined in section 16-49, and (9) entity approved to submeter pursuant to section 16-19ff shall obey, observe and comply with all applicable provisions of this title and each applicable order made or applicable regulations adopted by the Public Utilities Regulatory Authority by virtue of this title as long as the same remains in force. Any such company, electric supplier, certified telecommunications provider, cellular mobile telephone carrier, Connecticut electric efficiency partner, entity approved to submeter, person, any officer, agent or employee thereof, public agency or public utility which the authority finds has failed to obey or comply with any

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such provision of this title, order or regulation shall be fined, ordered to pay restitution to customers or ordered to pay a combination of a fine and restitution by order of the authority in accordance with the penalty prescribed for the violated provision of this title or, if no penalty is prescribed, not more than ten thousand dollars for each offense, except that the penalty shall be a fine, restitution to customers or a combination of a fine and restitution of not more than forty thousand dollars for failure to comply with an order of the authority made in accordance with the provisions of section 16-19 or 16-247k or within thirty days of such order or within any specific time period for compliance specified in such order. The authority may direct a portion of any fine levied pursuant to this section to be paid to a nonprofit agency engaged in energy assistance programs named by the authority in its decision or notice of violation. Each distinct violation of any such provision of this title, order or regulation shall be a separate offense and, in case of a continued violation, each day thereof shall be deemed a separate offense. Each such penalty and any interest charged pursuant to subsection (g) or (h) of section 16-49 shall be excluded from operating expenses for purposes of rate-making.

Sec. 14. (NEW) (*Effective from passage*) Not later than January 15, 2021, the Commissioner of Energy and Environmental Protection shall submit a report to the joint standing committee of the General Assembly having cognizance of matters relating to energy (1) evaluating whether Connecticut's reliance on the wholesale energy markets administered by the regional independent system operator, as defined in section 16-1 of the general statutes, benefits Connecticut ratepayers, and (2) recommending alternative approaches to better meet Connecticut's need for clean, reliable and affordable electricity generation supply in a manner that leverages competition, reduces ratepayer risk and achieves the state's public policy goals, including, but not limited to, pursuant to section 22a-200a of the general statutes.

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Sec. 15. Section 16-243y of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section:

(1) "Municipality" has the same meaning as provided in section 7-233b;

(2) "Critical facility" means any hospital, police station, fire station, water treatment plant, sewage treatment plant, public shelter, correctional facility or production and transmission facility of a television or radio station, whether broadcast, cable or satellite, licensed by the Federal Communications Commission, any commercial area of a municipality, a municipal center, as identified by the chief elected official of any municipality, or any other facility or area identified by the Department of Energy and Environmental Protection as critical;

(3) "Distributed energy generation" means the generation of electricity from a unit with a rating of not more than sixty-five megawatts on the premises of a retail end user within the transmission and distribution system;

(4) "Electric distribution company" and "participating municipal electric utility" have the same meanings as provided in section 16-1; [and]

(5) "Microgrid" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that acts as a single controllable entity with respect to the grid and that connects and disconnects from such grid to enable it to operate in both grid-connected or island mode; [.]

(6) "Resilience" means the ability to prepare for and adapt to changing conditions and withstand and recover rapidly from deliberate attacks, accidents or naturally occurring threats or incidents, including, but not

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limited to, threats or incidents associated with the impacts of climate change; and

(7) "Vulnerable communities" means populations that may be disproportionately impacted by the effects of climate change, including, but not limited to, low and moderate income communities, environmental justice communities pursuant to section 22a-20a, communities eligible for community reinvestment pursuant to section 36a-30 and the Community Reinvestment Act of 1977, 12 USC 2901 et seq., as amended from time to time, populations with increased risk and limited means to adapt to the effects of climate change, or as further defined by the Department of Energy and Environmental Protection in consultation with community representatives.

(b) The Department of Energy and Environmental Protection shall establish a microgrid and resilience grant and loan pilot program to support local distributed energy generation for critical facilities or resilience projects. The department shall develop and issue a request for proposals from municipalities, electric distribution companies, participating municipal electric utilities, energy improvement districts, and nonprofit, academic and private entities seeking to develop microgrid distributed energy generation, or to repurpose existing distributed energy generation for use with microgrids, to support critical facilities or to develop resilience projects. Any entity eligible to submit a proposal pursuant to this section may collaborate with any other such entity in submitting such proposal. The department may hire a technical consultant to support the implementation of this section using any bond funds authorized in support of microgrids or resilience.

(c) The department shall award grants or loans under the microgrid and resilience grant and loan pilot program to any number of recipients. The department shall prioritize proposals that benefit vulnerable communities. To the extent possible, the amount of loans and grants awarded under the program shall be evenly distributed between small,

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medium and large municipalities. Such grants and loans may provide: (1) Assistance with community planning that includes, but is not limited to, microgrid or resilience project feasibility, including benefit-cost analyses, (2) assistance to recipients for the cost of design, engineering services and interconnection infrastructure for any such microgrid [, and (2)] or resilience project, (3) matching funds or low interest loans for an energy storage system or systems, as defined in section 16-1, or distributed energy generation projects first placed in service on or after July 1, 2016, provided such generation is derived from a Class I renewable energy source, as defined in section 16-1, or a Class III energy source, as defined in section 16-1, for any such microgrid or resilience project, and (4) nonfederal cost share for grant or loan applications for projects or programs that include microgrids or resilience. The department may establish any financing mechanism to provide or leverage additional funding to support the development of interconnection infrastructure, distributed energy generation, [and] microgrids and resilience projects.

(d) Not later than January first, annually, for a period of five years after receiving a grant or loan under the microgrid and resilience grant and loan pilot program, the recipient of such grant or loan shall submit a report to the Public Utilities Regulatory Authority, the Office of Consumer Counsel and the Department of Energy and Environmental Protection and, in accordance with section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and energy. Such report shall include information concerning the status of such recipient's microgrid or resilience project.

[(e) On or before January 1, 2013, the department shall file a report, in accordance with the provisions of section 11-4a, with the joint standing committee of the General Assembly having cognizance of matters relating to energy, identifying other funding sources necessary

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to expand the microgrid grant and loan pilot program established pursuant to this section and any legislative changes necessary to access such funding.]

[(f)] (e) The Department of Energy and Environmental Protection, in consultation with the Connecticut Academy of Science and Engineering, shall study the methods of providing reliable electric services to critical facilities, taking into consideration the location of such critical facilities. Such study shall evaluate the costs and benefits of such methods, including, but not limited to, the use of microgrids, undergrounding and portable turbine generation, and shall make recommendations identifying the most cost-effective and reliable of such methods. Not later than January 1, 2013, the department shall submit the findings of such study, in accordance with section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology.

Sec. 16. (NEW) (*Effective from passage*) (a) As used in this section:

(1) "Public service company" and "telecommunications company" have the same meanings as provided in section 16-1 of the general statutes;

(2) "Critical infrastructure" means real property and tangible personal property, including, but not limited to, buildings, conduits, lines, fiber optic cables, poles, pipes, structures and equipment, owned or used by a public service company or a telecommunications company to generate, transmit or distribute such company's product or service in the state;

(3) "State disaster or emergency" means a disaster or an emergency event for which (A) the Governor has issued a proclamation of a disaster or an emergency pursuant to chapter 517 of the general statutes, or (B) the President of the United States has issued a declaration of the

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existence in the state of a major disaster or an emergency;

(4) "Disaster-related or emergency-related work" means repairing, renovating, installing, constructing or rendering services to critical infrastructure in the state that has been damaged, impaired or destroyed by a state disaster or emergency;

(5) "Disaster response period" means the period (A) commencing ten calendar days prior to the date of issuance of the proclamation or declaration of a state disaster or emergency, and (B) ending sixty calendar days after the Governor has proclaimed or the President has declared, as applicable, the end of such disaster or emergency;

(6) (A) "Out-of-state business" means a business entity that, in the income or taxable year immediately preceding the income year or taxable year in which the state disaster or emergency occurred, (i) was not registered with the state or any political subdivision thereof, (ii) did not submit any tax filings to the state, and (iii) did not derive income from sources within the state.

(B) "Out-of-state business" includes a business entity that (i) was present in the state or conducted operations in the state, to perform disaster-related or emergency-related work, but otherwise satisfies the provisions of this subdivision, or (ii) is affiliated with a registered business solely through common ownership but otherwise satisfies the provisions of this subdivision;

(7) "Out-of-state employee" means an employee of an out-of-state business, who does not work in the state other than performing disaster-related or emergency-related work during a disaster response period for such out-of-state business;

(8) "Registered business" means a business entity that is registered with the Secretary of the State to do business in the state prior to the state disaster or emergency; and

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(9) "Business entity" means any person that would be subject to the tax under chapter 208, 211, 212, 212b or 228z of the general statutes, if such person conducted business in the state or derived income from sources within the state.

(b) Notwithstanding any provision of title 12 of the general statutes or subsection (c) of section 14-34a of the general statutes, no out-of-state business or out-of-state employee that is present in the state or conducts operations in the state, to perform disaster-related or emergency-related work during a disaster response period, shall be deemed to have established sufficient presence in the state to require such business or employee to (1) register with the state or any political subdivision thereof; (2) be licensed by the state, provided such business or employee is properly registered, licensed or otherwise authorized under the laws of another state to perform disaster-related or emergency-related work; (3) be subject to property tax, tax on the income derived from the performance of disaster-related or emergency-related work during a disaster response period or use tax on tangible personal property temporarily in the state to aid such employee in the performance of such work; or (4) submit any tax filing to the state; except that, with respect to out-of-state employees, the provisions of subdivisions (3) and (4) of this subsection shall apply only to an out-of-state employee who is a resident of a state that has a law substantially similar to the provisions of this subsection and subsection (c) of this section or that does not impose a personal income tax.

(c) The activities associated with disaster-related or emergency-related work performed in the state by an out-of-state business that is present in the state or conducts operations in the state solely to perform such work shall be disregarded for purposes of any filing required for a tax imposed on income or gross receipts, including, but not limited to, a combined unitary tax return.

(d) Except as specified under subsections (b) and (c) of this section,

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any out-of-state business or out-of-state employee that is present in the state or conducts operations in the state, to perform disaster-related or emergency-related work during a disaster response period, shall be subject to all other applicable state taxes and fees during such period.

(e) (1) Any out-of-state business that is present in the state or conducts operations in the state, to perform disaster-related or emergency-related work during a disaster response period, shall provide, upon request by the Secretary of the State, a written statement that such business is in the state for purposes of responding to the state disaster or emergency. Such statement shall include the out-of-state business's name, state of domicile, principal business address, telephone number, electronic mail address, federal tax identification number and date of entry into the state, and may be provided electronically.

(2) The Secretary of the State may request a registered business that is an affiliate of such out-of-state business to provide the written statement and information set forth in subdivision (1) of this subsection. Such registered business shall also include the registered business's name, principal business address, telephone number and electronic mail address.

(3) No out-of-state business that has received a request from the Secretary of the State for a written statement or is an affiliate of a registered business that has received such request shall be prevented from commencing disaster-related or emergency-related work in the state prior to the provision of the written statement.

(f) Any out-of-state business or out-of-state employee who remains in the state after the disaster response period shall be subject to all other laws that provide standards to establish presence in the state and shall comply with any provision of the general statutes that becomes applicable to such business or employee due to such presence.

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Approved October 2, 2020