

**REGULATIONS OF CONNECTICUT STATE AGENCIES**

**Department of Energy and Environmental Protection**

Public Utilities Regulatory Authority

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## **Municipal Electric Utilities to Become Participating Municipal Electric Utilities**

### **Sec. 16-245c-1. Definitions**

(1) “Applicant” means any municipal electric utility that applies for a license to provide electric generation services to end use customers outside of its service area using the transmission or distribution system or facilities of an electric distribution company, as defined in section 16-1 of the Connecticut General Statutes;

(2) “Electric supplier” means “electric supplier” as defined in section 16-1 of the Connecticut General Statutes;

(3) “ISO” means the New England Regional Independent System Operator;

(4) “Municipal electric utility” means a municipal electric utility established under chapter 101 of the Connecticut General Statutes or any other electric utility owned, leased, maintained, operated, managed or controlled by any unit of local government under any general statute or any public or special act;

(5) “Participating municipal electric utility” means “participating municipal electric utility” as defined in section 16-1 of the Connecticut General Statutes;

(6) “Service area” means “service area” as defined in section 16-245c of the Connecticut General Statutes; and

(7) “Stranded costs” means a municipal electric utility’s legitimate, verifiable and unmitigable generation-related costs, as identified and calculated by the municipal electric utility, which costs were made unrecoverable as a result of the municipal electric utility’s entrance into the competitive electric generation market.

(Adopted effective December 29, 1999)

### **Sec. 16-245c-2. Application to become a participating municipal electric utility**

Any application to become a participating municipal electric utility shall consist of the following:

(1) Proof of open and nondiscriminatory access to all distribution facilities the applicant owns or operates by all electric suppliers pursuant to section 16-245c-3 of the Regulations of Connecticut State Agencies;

(2) Proof that the applicant has unbundled and separated all of its generation assets and all generation-related operations and functions pursuant to section 16-245c-4 of the Regulations of Connecticut State Agencies; and

(3) A licensing application filed pursuant to section 16-245-1 to section 16-245-6, inclusive, of the Regulations of Connecticut State Agencies.

(Adopted effective December 29, 1999)

### **Sec. 16-245c-3. Open and nondiscriminatory access**

To demonstrate its capability to provide to all electric suppliers open and nondiscriminatory access to all distribution facilities it owns or operates, an applicant shall submit with its licensing application the following:

(1) All relevant tariffs for the electric transmission and electric distribution services the applicant offers, along with all supporting cost documentation and work papers for such tariffs;

(2) If the applicant proposes to recover stranded costs from customers located within its service area as it existed prior to July 1, 1998, a description of the costs to be recovered, the amount of costs to be recovered, the basis for the determination of those costs, and a description of the rate mechanism through which such costs would be recovered;

(3) Proof of the applicant's ability to coordinate activities with the ISO for purposes of allowing electric suppliers to serve end use customers of the applicant; and

(4) Proof that the applicant's electric distribution services customers are allowed to choose among electric suppliers for electric generation services on an equivalent basis with end use customers of electric distribution companies. To demonstrate such an equivalent choice, an applicant shall submit:

(A) The applicant's billing and metering protocols and any statement of terms and conditions to which electric suppliers would be expected to abide;

(B) The procedures to be used by the applicant to effectuate a change in electric supplier for its electric distribution services customers;

(C) Any municipal ordinances, regulations or bylaws that pertain to the delivery of electric generation services; and

(D) The terms and conditions under which an electric distribution services customer will be allowed to return as an electric generation services customer of the applicant after having chosen another electric supplier.

(Adopted effective December 29, 1999)

#### **Sec. 16-245c-4. Unbundled generation**

(a) If the applicant unbundled and separated all of its generation assets and generation-related operations by sale or transfer to an unrelated entity, or by transferring such assets and operations on a functional basis to one or more separate divisions of the applicant, it shall submit with its licensing application the following:

(1) A description of the process used by the applicant to unbundle and separate its generation assets and all generation-related operations and functions;

(2) Evidence that the unbundling and separation occurred, including, as applicable, documentation of sale or transfer to an unrelated entity, or of the transfer on a functional basis to one or more separate divisions, in which case the applicant shall demonstrate how the structural separation implemented safeguards against cross-subsidization, including the applicant's code of conduct established to ensure non-discriminatory access and fair dealing between the municipal electric utility, the separate division to which generation assets and generation-related functions have been transferred, and electric suppliers;

(3) Evidence that the buyer or transferee in any sale or transfer related to unbundling and separation will preserve labor agreements in effect at the time of the sale or transfer; and

(4) Testimony or other evidence supporting the unbundling and separation as meeting the requirements of section 16-245c of the Connecticut General Statutes.

(b) If the applicant unbundled and separated all of its generation assets and generation-related operations by a measure other than sale or transfer to an unrelated entity, or transferral of such assets and operations on a functional basis to one or more separate divisions, it shall submit with its application the following:

(1) Evidence and testimony demonstrating that the unbundling method selected by the applicant was necessary due to the size of the applicant and its existing structure and operations;

(2) Evidence that the unbundling method selected by the applicant will preserve labor agreements in effect at the time of the unbundling; and

(3) The applicant's code of conduct that would protect against cross-subsidization of services and contain reasonable measures to prevent the applicant from favoring its electric generation services over those of an electric supplier.

(Adopted effective December 29, 1999)