

ENERGY AND TECHNOLOGY COMMITTEE

HOUSE BILL NO. 5783: AAC ELECTRICITY MARKET INCENTIVE REBATES

MARCH 7, 2008

TESTIMONY OF THE

DEPARTMENT OF PUBLIC UTILITY CONTROL

The Department of Public Utility Control (DPUC or Department) has serious concerns regarding Raised Bill No. 5783. The Department understands that the first section of the bill, subsection (a), would require that the DPUC conduct a proceeding to determine the cost of service for power generators which are currently unregulated by the Department and under the exclusive jurisdiction of the Federal Regulatory Commission (FERC).

This is extremely problematic for the Department which lacks any jurisdiction over such entities to be able to compel them to provide us with commercially sensitive and proprietary information in which to conduct a proper examination as requested by this proposal. Moreover, in the absence of such companies willingness to participate in a such a proceeding, the Department is left to its own means to develop such cost studies and rate of return. Under typical rate regulations a company has the right to have its rate based on actual costs not by proxy. Therefore, for the Department to undertake its own investigation to establish a particular company's costs challenges the case law created on ratemaking and raises fundamental due process concerns.

The last section of the bill, subsection (d) would require the Department to establish a market incentive recovery charge or "windfall tax" for each nuclear and coal power generator operating in the state. However, in Connecticut the ability to levy taxes is not a power which resides within Title 16 of the Connecticut General Statutes. This power is reserved for the Department of Revenue Services which has all the necessary authority and processes to levy and collect taxes. Therefore, the Department does not believe it has the authority to fulfill this responsibility in the manner proposed by this bill.