The Energy and Technology Committee

February 24, 2009

Raised Bill No. 6514, AAC LOWERING CONSUMER ELECTRIC COSTS AND SUPPORTING ENERGY EFFICIENCY

Testimony of

The Office of Consumer Counsel

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The Office of Consumer Counsel (OCC) has carefully reviewed Raised Bill No. 6514, AAC LOWERING CONSUMER ELECTRIC COSTS AND SUPPORTING ENERGY EFFICIENCY and would be interested in hearing further details about it from other stakeholders.

This bill would impose a windfall profits tax on power plants in the state that are receiving revenue from regional markets and/or bilateral contracts in excess of twenty per cent return on their investment. Under Section 2 of the bill, the plant is allowed to keep 50 per cent of the excess, and the other 50 percent would go to ratepayers for rate relief and to support conservation measures.

Some have predicted that a windfall profits tax may bring hundreds of million dollars in ratepayer benefits annually in the form of rate relief and support for conservation measures. Obviously, OCC is interested in proposals that may bring ratepayer relief of this magnitude.

OCC would like to see legislative authorization for the Department of Public Utility Control (DPUC) to (i) analyze the profit levels of power plant owners in the state to determine the potential magnitude of this issue (with the power plant owners' voluntary participation, but without such participation if necessary), and (ii) additional potential means for addressing high earnings levels, including regional market changes and long-term contracts.