



General Assembly

January Session, 2009

Raised Bill No. 6514

LCO No. 3744

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Referred to Committee on Energy and Technology

Introduced by:
(ET)

**AN ACT CONCERNING LOWERING CONSUMER ELECTRIC COSTS
AND SUPPORTING ENERGY EFFICIENCY.**

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

1 Section 1. (NEW) (*Effective from passage and applicable to sales on and*
2 *after January 1, 2009*) (a) Each company that owns an electric generating
3 plant in the state, including any affiliates or subsidiaries of such
4 company regardless of where such affiliates or subsidiaries are located,
5 shall remit fifty per cent of its windfall profits from the generation,
6 manufacture, sale or other disposition of electricity or rights to
7 electricity generated or manufactured at such electric generating plant
8 in the state.

9 (b) Windfall profits from the generation, manufacture, sale or other
10 disposition of electricity or rights to electricity shall include all revenue
11 in excess of twenty per cent return on equity as classified by the
12 Federal Energy Regulatory Commission according to the uniform
13 systems of accounts prescribed in 18 CFR Part 101, accounted for as if
14 the company owning an electric generating plant in the state and any
15 of its affiliates or subsidiaries maintained their books and records
16 according to such uniform system of accounts, for operations within

17 the taxable quarter.

18 (c) (1) With respect to each company that owns an electric
19 generating plant in the state, windfall profits shall include all revenue
20 derived by any affiliate or subsidiary of such company owning a
21 Connecticut electric generating plant, regardless of where the affiliate
22 or subsidiary is located, from the sale or other disposition of electricity
23 or rights to electricity from the Connecticut electric generating plant to
24 any buyer in any state by such affiliate or subsidiary of such company
25 owning a generating plant in the state.

26 (2) Revenue derived from the sale or other disposition of electricity
27 or rights to electricity from a Connecticut generating plant by any
28 affiliate or subsidiary of a company that owns such electric generating
29 plant, regardless of where such affiliate is located, shall be attributed to
30 the revenue of the company that owns the electric generating plant in
31 the state as if the sale or other disposition of electricity or rights to
32 electricity by such affiliate or subsidiary were made directly by the
33 company that owns the electric generating plant in the state. Such
34 revenue from such affiliates or subsidiaries attributed to a Connecticut
35 electric generating plant shall be reduced by the reasonable operating
36 expenses of such affiliate or subsidiary properly allocated to the sale or
37 other disposition of electricity or rights to electricity generated or
38 manufactured by the electric generating plant in the state and shall be
39 determined as if the affiliate or subsidiary were subject to the uniform
40 system of accounts prescribed by the Federal Energy Regulatory
41 Commission in 18 CFR Part 101 for regulated entities.

42 (d) The Department of Public Utility Control shall determine the
43 actual capital structure of any Connecticut generating plant, the actual
44 capital structure of the parent company of any Connecticut generating
45 plant or the standard or representative capital structure in the industry
46 to compute the taxpayer's return on equity. The department shall
47 determine which capital structure shall be the most appropriate in the
48 same manner it determines the appropriate capital structure for

49 ratemaking purposes of public service companies.

50 (e) On or before the last day of January, April, July and October of
51 each year, each company that owns an electric generating plant in the
52 state shall provide to the Department of Public Utility Control, on
53 forms prescribed or furnished by the department and signed by its
54 treasurer or the person performing the duties of treasurer or by an
55 authorized agent or officer, (1) the name and location of such company
56 or affiliate or subsidiary of such company, (2) the amount of all
57 revenue derived from the generation, manufacture, sale or other
58 disposition of electricity or the rights to electricity from the electric
59 generating plant in the state, by such company or any of its affiliates or
60 subsidiaries for the quarter ending with the last day of the preceding
61 month, (3) the amount of all expenses attributable to the generation,
62 manufacture, sale or other disposition of electricity or the rights to
63 electricity from the generating plant in the state, by such company or
64 any of its affiliates or subsidiaries for the quarter ending with the last
65 day of the preceding month, (4) the return on equity from the
66 generation, manufacture, sale or other disposition of electricity or
67 rights to electricity, (5) the revenue in excess of a twenty per cent
68 return on equity from the generation, manufacture or sale of electricity
69 or the rights to electricity, and (6) the amount due to the state on the
70 windfall profits.

71 (f) Each such company shall remit such amount due to the state on
72 its windfall profits for each calendar quarter.

73 (g) The amount imposed by this section is due and payable to the
74 Department of Public Utility Control quarterly on or before the last
75 day of the month next succeeding each calendar quarter.

76 (h) Notwithstanding subsections (a) to (g), inclusive, of this section,
77 upon approval by the Department of Public Utility Control, any
78 company that owns an electric generating plant in the state shall be
79 exempt from the assessment on windfall profits pursuant to said
80 subsections if such company sells all of its electric output generated in

81 the state directly to a Connecticut electric distribution company or
82 Connecticut state entity designated to purchase such power, at prices
83 substantially below the prevailing market price for all that company's
84 category of power or electric generating plant, known in the electric
85 industry as baseload, intermediate or peaking electricity or capacity.
86 The department or other state entity designated to perform this
87 function shall determine the terms on which such power will be
88 purchased by an electric distribution company or state entity and shall
89 determine whether such sale provides a substantial economic benefit
90 to Connecticut consumers sufficient to approve exemption from
91 subsections (a) to (g), inclusive, of this section.

92 (i) Notwithstanding subsections (a) to (g), inclusive, of this section,
93 upon approval by the Department of Public Utility Control, any
94 company that sells a portion of its electric output directly to a
95 Connecticut electric distribution company or Connecticut state entity
96 designated to purchase such power, shall be exempt from the
97 assessment on windfall profits pursuant to said sections in the same
98 proportion as the amount of power sold to an electric distribution
99 company or state entity is to the total electric output of such electric
100 generating plant. Such sales of a portion of an electric generating
101 company's outpoint shall qualify the electric generating company for
102 this partial exemption from said subsections (a) to (g), inclusive, if the
103 sales are at prices substantially below the prevailing market price for
104 that company's category of power or electric generating plant, known
105 in the industry as baseload, intermediate or peaking electricity or
106 capacity. The department or other state entity designated to perform
107 this function shall determine the terms on which such power will be
108 purchased by the electric distribution company or state entity and shall
109 determine whether such sale provides a substantial economic benefit
110 to Connecticut consumers sufficient to approve the proportioned
111 exemption of the electric generating company from said subsections (a)
112 to (g), inclusive.

113 (j) Notwithstanding subsections (a) to (g), inclusive, of this section,

114 any company that has entered into a contract with an electric
115 distribution company to transfer all its rights to the installed capacity
116 of a generation facility pursuant to section 16-243m of the general
117 statutes shall be exempt from this assessment on windfall profits for
118 such facility.

119 Sec. 2. (NEW) (*Effective from passage*) (a) The Department of Public
120 Utility Control shall establish an Electricity Ratepayers Relief Fund
121 which shall be held separate and apart from all other funds or
122 accounts. Any balance remaining in the fund at the end of any fiscal
123 year shall be carried forward in the fiscal year next succeeding. The
124 department shall deposit all amounts collected pursuant to section 1 of
125 this act into said fund.

126 (b) The Department of Public Utility Control shall, after a public
127 hearing, disburse funds from the Electricity Ratepayers Relief Fund as
128 follows: (1) Ten per cent of such funds to a maximum of thirty million
129 dollars to the Energy Conservation and Load Management Fund; and
130 (2) the remainder to ratepayers on a pro rata basis to directly reduce
131 ratepayers' electric bills.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to sales on and after January 1, 2009</i>	New section
Sec. 2	<i>from passage</i>	New section

Statement of Purpose:

To require owners of Connecticut electricity generating power plants to provide a percentage of their windfall profits from the sale of electricity to the state for consumer rebates and conservation.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]