



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL

Anthony J. Palermino

Commissioner

THE ENERGY & TECHNOLOGY COMMITTEE

Senate Bill 889: AAC THE ALLOWANCE OF MUNICIPAL PROPERTY TAX EXPENSE FOR PUBLIC SERVICE COMPANIES

February 17, 2009

TESTIMONY OF COMMISSIONER ANTHONY PALERMINO

The Department of Public Utility Control (Department) would like to comment on Senate Bill No. 889. Senate Bill No. 889 would require the Department to calculate property taxes in utility company rate proceedings. The Department generally support this proposed language but notes that the bill expresses a methodology the Department currently employs and which is currently subject to litigation. Simply stated, a rate case establishes the revenue requirement a utility company should have for the prospective year. As such, sooner or later the effect of higher property taxes would be rolled into a company's rate case. Therefore, the Department, as stated in Office of Consumer Council vs. The DPUC and the Torrington Water Company complaint have argued that the property tax calculation should be based on the new mill rate.

Since this issue is currently before the courts in the above mentioned proceeding, the Department recommends that no action on this bill be taken until the issue is resolved through the legal review.

The Department appreciates this opportunity to testify and is available for any further questions.