



General Assembly

**Amendment**

January Session, 2009

LCO No. 9303

\*HB0642609303HDO\*

Offered by:  
REP. MCCLUSKEY, 20<sup>th</sup> Dist.

To: Subst. House Bill No. 6426      File No. 960      Cal. No. 340

(As Amended by Senate Amendment Schedule "A")

**"AN ACT IMPROVING BROADBAND ACCESS."**

1      After the last section, add the following and renumber sections and  
2      internal references accordingly:

3      "Sec. 501. (NEW) (*Effective from passage and applicable to sales on and*  
4      *after January 1, 2009*) (a) Each company that owns an electric generating  
5      plant in the state, including any affiliates or subsidiaries of such  
6      company regardless of where such affiliates or subsidiaries are located,  
7      shall remit fifty per cent of its windfall profits from the generation,  
8      manufacture, sale or other disposition of electricity or rights to  
9      electricity generated or manufactured at such electric generating plant  
10     in the state.

11     (b) Windfall profits from the generation, manufacture, sale or other  
12     disposition of electricity or rights to electricity shall include all revenue  
13     in excess of twenty per cent return on equity as classified by the  
14     Federal Energy Regulatory Commission according to the uniform

15 systems of accounts prescribed in 18 CFR Part 101, accounted for as if  
16 the company owning an electric generating plant in the state and any  
17 of its affiliates or subsidiaries maintained their books and records  
18 according to such uniform system of accounts, for operations within  
19 the taxable quarter.

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

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

44 (d) The Department of Public Utility Control shall determine the  
45 actual capital structure of any Connecticut generating plant, the actual  
46 capital structure of the parent company of any Connecticut generating  
47 plant or the standard or representative capital structure in the industry

48 to compute the taxpayer's return on equity. The department shall  
49 determine which capital structure shall be the most appropriate in the  
50 same manner it determines the appropriate capital structure for  
51 ratemaking purposes of public service companies.

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

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

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

78 (h) Notwithstanding subsections (a) to (g), inclusive, of this section,  
79 upon approval by the Department of Public Utility Control, any

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

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

114 to (g), inclusive.

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

121 Sec. 502. (NEW) (*Effective from passage*) (a) The Department of Public  
122 Utility Control shall establish an Electricity Ratepayers Relief Fund  
123 which shall be held separate and apart from all other funds or  
124 accounts. Any balance remaining in the fund at the end of any fiscal  
125 year shall be carried forward in the fiscal year next succeeding. The  
126 department shall deposit all amounts collected pursuant to section 501  
127 of this act into said fund.

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