



OLR RESEARCH REPORT

August 8, 2011

2011-R-0277

LEGISLATIVE ACTION ON CTA CHARGE ON ELECTRIC BILLS

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You asked for a description of the legislature's actions this past session regarding the competitive transition assessment (CTA) on electric bills.

During the 2011 regular session the legislature reversed a provision of the 2010 budget act that would have extended the period that electric company customers must pay the CTA.

By law, electric company customers pay the CTA to cover the companies' stranded costs. These are costs that the companies incurred with the approval of the Department of Public Utility Control (DPUC), but whose continued recovery was jeopardized by the partial deregulation of the electric industry in 1998. Connecticut Light and Power's (CL&P) stranded costs were largely paid off at the end of 2010 and the costs for United Illuminating (UI) will be paid off in 2013. Before the passage of the 2010 budget act (PA 10-179), the CTA was scheduled to be reduced as the stranded costs were paid off and eliminated once they were fully paid.

PA 10-179 authorized the state to issue revenue bonds backed by the CTA and the conservation charge on electric bills to provide up to \$956 million to the state's General Fund. It extended the CTA through the term of the bonds. It allowed DPUC to establish different start dates for the extension for CL&P and UI customers, so long as all customers ultimately paid comparable amounts. It also allowed DPUC to provide funding for the transfer from other sources, including an assessment on

municipal electric utility customers. However, neither existing law nor PA 10-79 provided a mechanism to assess these customers.

These provisions were the subject of a lawsuit, based in part because the assessment was not applied to municipal utility customers. As a result, the bonds were not issued and the CTA was not extended. In the 2011 session, the legislature eliminated the state treasurer's authority to issue the bonds and barred the use of the CTA to secure and pay them (PA 11-61). Thus, the law reverts back to provisions that applied before the passage of PA 10-179. CL&P's CTA has been reduced and UI's CTA will expire in 2013.

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