



State of Connecticut

Office of Consumer Counsel

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Raised Bill No. 6682, AN ACT CONCERNING PUBLIC SERVICE COMPANY TRANSFER OF PROPERTY

Testimony of Mary J. Healey, Consumer Counsel

The Office of Consumer Counsel (OCC) has carefully reviewed and OPPOSES Raised Bill No. 6682, AN ACT CONCERNING PUBLIC SERVICE COMPANY TRANSFER OF PROPERTY.

This bill would exempt a specific 26-acre land parcel located in Rocky Hill, a parcel owned by a utility¹, from certain pro-ratepayer requirements found in current law. Specifically, the utility would no longer be required to apply any gains from the sale of this parcel to reduce the “stranded cost” obligations of its ratepayers.²

Stranded costs generally represent the “above-market” portion of generation assets formerly owned by CL&P or UI. Public Act 98-28, which initiated electric restructuring in Connecticut, granted these companies the right to collect all stranded costs from their customers, though it also required the companies to mitigate those costs to the extent possible. For instance, the restructuring law required the companies to apply the proceeds from their sale or lease of “any real property”, after July 1, 1998, to reduce stranded costs.

The DPUC, in a 2001 decision involving certain CL&P parcels in Stamford, held that this land sale/stranded cost rule indeed applies to all real property owned by an affected utility, even if the parcel had not been supported by company ratepayers. CL&P appealed that DPUC decision to the Connecticut Supreme Court, but lost its appeal by a unanimous vote of that court. CL&P vs. DPUC, 266 Conn 108 (2003).

¹ OCC assumes that The Connecticut Light and Power Company ("CL&P") is the utility in question. The law that RB No. 6682 would amend applies only to electric distribution companies, and Rocky Hill is in CL&P's franchise territory.

² Excluding the part of the parcel that has been in the utility's rate base.

This background shows why OCC opposes RB 6682. We see no justification for the enactment of an ad hoc exemption to existing law, one which applies only to a single land parcel. Over the last decade, ratepayers have borne enormous stranded cost obligations, and the land sale rules have played a helpful role in lowering that ratepayer burden.

This bill says it would provide for economic development in Rocky Hill, but there is no basis for this claim. While OCC has no knowledge of possible plans for this Rocky Hill parcel, enactment of this bill would in no way enhance local economic development. CL&P is already free to dispose of this parcel in any appropriate manner. The bill merely would allow CL&P to profit directly from a sale of this parcel, contrary to current law.