



Preliminary FERC Ruling May Lead to Savings on Transmission Costs

On March 22, 2016, Judge Sterner for the Federal Energy Regulatory Commission (“FERC” or “Commission”) issued a preliminary ruling as to complaints for relief from certain regional transmission costs filed by the Office of Consumer Counsel and its allies, including Attorney General George Jepsen, the Connecticut Public Utilities Regulatory Authority, Massachusetts Attorney General Maura Healey, and several other parties. In the complaints, the OCC and its allies argued that ratepayers are overcompensating utility companies such as Eversource and United Illuminating Company as to the return on investment set by FERC for transmission lines.

In the key part of the ruling, which would still need to be approved by the full Commission, Judge Sterner found that the base return on investment for the period from late 2012 through March 2014 should be 9.59 percent, with a maximum of 10.42 percent after incentives, whereas the figures that had been in place were 10.57 percent for the base and 11.74 percent with incentives, respectfully. Thus, the authorized returns dropped by approximately 1%.

Although OCC and its allies had pressed for even greater reductions, OCC is pleased that FERC has recognized that the returns being earned by utilities for transmission investments were unreasonably inflated given the prevailing conditions in the capital markets. If the Judge’s ruling is confirmed by the full Commission, OCC estimates that Connecticut ratepayers will receive refunds of approximately \$58 million.



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