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Judge's Preliminary Decision on Transmission Rates Favorable to New England States and Electric Utility Customers

For immediate release

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HARTFORD – A federal administrative law judge has agreed with Connecticut and the New England states that earnings paid to electric transmission owners are too high, a decision that could mean substantial savings for the region's utility customers if approved by the Federal Energy Regulatory Commission.

Governor Dannel P. Malloy, Attorney General George Jepsen, Consumer Counsel Elin Swanson Katz and John Betkoski, vice-chairman of the Public Utilities Regulatory Authority, today applauded the preliminary decision and urged FERC to approve the lower rate recommended by the administrative law judge.

Transmission charges appear as a line item on electric bills and represent the cost of delivering high-voltage electricity from generation plants to the utility's local distribution network.

"Since taking office, we have made it a priority to bring cheaper, cleaner and more reliable energy to residents," said Governor Malloy. "I am proud to say that we have made progress, and are now the only New England state to see a significant drop in the cost of electricity. Naturally, this ruling is outstanding news for consumers and goes a long way toward supporting our goal of reducing the cost of electricity for residents and businesses."

Attorney General Jepsen called Tuesday's ruling "a step in the right direction for consumers. If FERC concurs with the judge's findings, Connecticut customers alone could save \$30 million to \$40 million annually in transmission charges."

Consumer Counsel Katz noted that "for years, New England utilities have been receiving exorbitant returns from customers for transmission lines. As anyone with a bank account knows, returns of over 11% are out-of-step with current financial conditions. We are pleased that FERC has agreed so far that customers have a right to relief from these excessive charges, based on the persuasive evidence offered by our broad coalition of consumer representatives."

Betkoski, PURA's vice chairman, agreed. "This action results from our strong and constant focus on doing everything possible to bring down electric rates for Connecticut residents and businesses. All costs borne by ratepayers -- be they transmission charges or funding for ISO-New England's budget-- must be carefully scrutinized and challenged when they are excessive."



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The Independent System Operator- New England (ISO-NE) is the organization that operates New England's electric grid.

In September, 2011, the states challenged the 11.14 percent return on equity (ROE) that transmission owners are allowed to charge customers for their facilities. Approximately 25 percent of the region's transmission costs are paid by Connecticut customers.

The states said a reasonable earnings rate would be 9.2 percent, which is more in line with what local utility companies are allowed to collect from customers to maintain their distribution systems, which deliver electricity to customers' homes and businesses.

In his ruling Tuesday, Administrative Law Judge Michael J. Cianci, Jr. determined a rate of 9.7 percent going forward would be just and reasonable.

The states have asked FERC to extend the deadline for briefs to be filed in the case to October 24. Once briefs are filed, there is no deadline governing when FERC must issue a decision.

Assistant Attorneys General John Wright and Michael Wertheimer, with Associate Attorney General Joseph Rubin, are assisting the Attorney General with this matter. Assistant Attorney General Clare Kindall, Energy department head, represents PURA. Principal Attorney Joseph Rosenthal is assisting the Consumer Counsel on the case.

[Click here to view the Administrative Law Judge's decision.](#)

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