

## House Republican Press Release

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### **REP. CHAPIN INTRODUCES BILL TO LOWER ENERGY COSTS FOR CONSUMERS**



#### *Legislation Would Reduce State Taxes on Utility Companies*

HARTFORD--- Legislation introduced by State Rep. Clark Chapin, R-New Milford, would provide a much-needed break in electricity bills for local residents. House Bill 5359, An Act Concerning a Reduction in the Utilities Companies Tax, has been referred to the Legislature's Energy and Technology Committee.

Under the legislation co-introduced by Rep. Chapin and Rep. Pamela Z. Sawyer, R-Bolton, any such reduction in utility taxes would be required to be reflected in the rates charged to consumers, who have experienced skyrocketing electricity costs since early 2006. Connecticut Light and Power (CL&P) customers were subject to a 22.4 percent rate increase last year. In December, the company received Department of Public Utility Control (DPUC) approval to enact an additional 7.7 percent increase on residential and commercial customers, which took effect at the beginning of January. Consumers will feel that impact with the next bills they receive, said Rep. Chapin.

“Reducing the taxes on utility companies is the only direct impact the Legislature can have on the cost of electricity since DPUC is the regulating authority that sets the rates,” said Rep. Chapin. “Last year’s numbers show that a 40% reduction in the utilities tax would put roughly \$60 million back into the pockets of the rate payers.”

The dramatic increases in electricity costs have been attributed to both the deregulation of the industry and rising costs of generating fuel. Deregulation legislation approved by the Legislature in 1998 was intended to lower rates for residents and businesses, end electric monopolies and encourage new power plants. The deregulation bill initially established rate caps at 10 percent below 1996 rates. The caps, which expired in 2005, were intended to safeguard consumers until a free market for power was in place. However, industry competition envisioned when deregulation was established has not occurred.

“Since the DPUC maintains that recent increases are justified, the Legislature needs to do what we can to provide relief to consumers. With an anticipated surplus this year in excess of \$500 million, the state can afford to absorb this revenue loss to provide immediate relief to residents and business owners,” Chapin added.

