



STATE OF CONNECTICUT  
EXECUTIVE CHAMBERS

M. JODI RELL  
GOVERNOR

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## **Governor Rell Urges Business Owners to Join the Fight Against Two-Zone Energy Pricing Scheme**

*'FERC Needs to Hear from the Real World,' Governor Says*

Governor M. Jodi Rell today asked Connecticut business owners to join her in telling federal regulators that the two-zone energy pricing scheme planned for the state is likely to cause enormous economic damage and cost jobs.

"I know full well that these are not easy financial times for running a business of any size," Governor Rell said. "Expenses such as energy, insurance and raw materials can steadily eat away at profit margins. When they do, business growth lags and job creation falls off dramatically. Now the Federal Energy Regulatory Commission is threatening to impose an entirely new set of charges – costs that will definitely not result in any immediate benefit and may never lead to the intended improvements in our electric power grid.

"FERC needs to hear from the real world – the people who juggle costs every day and spend years building a successful business while fending off ill-considered regulation such as this that threatens to undo all their hard work," the Governor said. "I am asking business owners to join me in communicating directly with regulators. They can explain the damage this untried and unfair plan would do to both their bottom line and their ability to create new jobs and strengthen our economy."

The FERC plan – known as Locational Installed Capacity, or LICAP – would create two pricing zones in Connecticut, with the goal of encouraging power companies to build new generating plants to serve areas where prices for electricity are higher. However, the plan requires no commitment from power companies to actually build the plants, nor does it do anything to address what FERC has identified as the biggest issue facing the state – the lack of transmission capability in southwestern Connecticut.

Meanwhile, power companies would collect substantially higher revenues from

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homeowners and businesses in Connecticut. The costs to ratepayers in Connecticut alone are estimated at almost \$3.7 billion over the first five years, and nearly \$13 billion for all of New England during the same period.

The average residential ratepayer could see an increase in his or her electric bill of between \$15 and \$25 per month – an increase of up to 33 percent. For a typical small business, LICAP would result in electric bill increases of approximately \$75 to \$125 per month. Moreover, power-dependent industrial businesses may simply not be able to absorb an increase of up to 33 percent in their electric bills.

“I have fought this plan since taking office,” the Governor said. “I have written FERC on many occasions, and the Department of Public Utility Control and the Office of Consumer Counsel, joined by the Attorney General, have made numerous filings opposing the plan. Our Congressional delegation succeeded in getting a ‘Sense of the Congress’ resolution expressing concerns about LICAP inserted in the federal energy bill the President signed this summer. FERC has agreed to delay imposing LICAP for six months – but appears determined to see LICAP imposed over our objections.

“We are not about to stop expressing our concerns to FERC,” Governor Rell said. “But I believe it can only help for business owners to add their perspective to the discussion.”

Business owners should write to FERC at this address:

Federal Energy Regulatory Commission  
888 First Street NE  
Washington, D.C. 20246

Letters should refer to Docket No. ER 03-563.

More information about the Governor’s efforts to fight LICAP is available on her Web site at [www.ct.gov/governorrell](http://www.ct.gov/governorrell) .