



General Assembly

**Amendment**

January Session, 2001

LCO No. 7779

Offered by:

REP. GIANNAROS, 21<sup>st</sup> Dist.

SEN. DAILY, 33<sup>rd</sup> Dist.

SEN. PETERS, 20<sup>th</sup> Dist.

REP. RACZKA, 100<sup>th</sup> Dist.

SEN. GAFFEY, 13<sup>th</sup> Dist.

REP. ALTOBELLO, 82<sup>nd</sup> Dist.

To: Subst. House Bill No. 6176

File No. 177

Cal. No. 149

**"AN ACT CONCERNING WATER COMPANY CHOICE."**

1 Strike out everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. (a) Not later than July 1, 2001, the Department of Public  
4 Utility Control shall conduct a contested case proceeding, pursuant to  
5 chapter 54 of the general statutes, to determine a fair purchase price for  
6 any assets of the Eastern Connecticut Regional Water Company,  
7 Incorporated, used to provide water service to and located in the  
8 towns of Durham and Middlefield. The department shall calculate a  
9 separate fair purchase price for those portions of said company in each  
10 of said municipalities. The purchase price shall be calculated as the  
11 sum of the following: (1) The current net book value of the assets to be  
12 sold multiplied by the purchase price paid by the owner of the  
13 company, as approved by the Department of Public Utility Control in  
14 Docket No. 98-12-20, divided by the net book value of Eastern  
15 Connecticut Regional Water Company, Incorporated, as of June 2,

16 1999; and (2) a rate of return equal to the sum of the average prime  
17 lending rate multiplied by the portion of the purchase price premium  
18 associated with the assets to be sold. For purposes of this section, (A)  
19 current net book value includes planning and engineering costs  
20 associated with an expansion of water service in said municipality,  
21 which costs would have been eligible for inclusion in the rates of said  
22 company on or after the date of any sale pursuant to this section; and  
23 (B) the portion of the purchase price premium associated with any  
24 asset which shall be sold pursuant to this section shall be calculated by  
25 taking the net book value of the assets to be sold, as of June 2, 1999,  
26 divided by the net book value for the entire company as of June 2,  
27 1999, multiplied by the purchase price premium recorded on the books  
28 of Eastern Connecticut Regional Water Company, Incorporated,  
29 pursuant to Docket No. 98-12-20.

30 (b) Not later than ninety days from the date of determination of the  
31 department pursuant to subsection (a) of this section, each such  
32 municipality shall inform the department of whether such  
33 municipality intends to purchase the system at the fair purchase price  
34 determined by the department pursuant to subsection (a) of this  
35 section. The department shall inform the company of the  
36 municipality's intent to purchase the system and such company shall  
37 file with the department an application, pursuant to section 16-43 of  
38 the general statutes, to sell such portion to the municipality at the fair  
39 purchase price determined by the department pursuant to subsection  
40 (a) of this section. If such municipality elects not to purchase that  
41 portion of the company providing service in such municipality, any  
42 contiguous municipality may, not later than thirty days from the date  
43 of the refusal of the municipality in which such company provides  
44 service, inform the department of its intent to purchase the portion of  
45 said company. The department shall inform the company of the  
46 contiguous municipality's intent to purchase the system and such  
47 company shall file with the department an application, pursuant to  
48 section 16-43 of the general statutes, to sell such portion to the  
49 contiguous municipality at the fair purchase price determined by the

50 department pursuant to subsection (a) of this section. Any application  
51 filed pursuant to this subsection shall be deemed to be in the public  
52 interest and the provisions of section 16-22 of the general statutes shall  
53 not apply to any application filed by a water company pursuant to this  
54 subsection. Notwithstanding section 7-234 of the general statutes, any  
55 sale resulting from the approval of an application filed pursuant to this  
56 subsection shall be deemed to comply with section 7-234 of the general  
57 statutes and the respective franchise jurisdictions are hereby amended  
58 in accordance with section 7-234 of the general statutes.

59 Sec. 2. This act shall take effect from its passage."