



General Assembly

February Session, 2004

Raised Bill No. 377

LCO No. 1452

01452_____ET_

Referred to Committee on Energy and Technology

Introduced by:
(ET)

**AN ACT CONCERNING AN INFRASTRUCTURE REPLACEMENT
ADJUSTMENT CHARGE FOR WATER COMPANIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) Notwithstanding the
2 provisions of chapter 277 of the general statutes, a water company, as
3 defined in section 16-1 of the general statutes, as amended, may file
4 with the Department of Public Utility Control a rate schedule
5 establishing an infrastructure replacement adjustment charge. The
6 department shall conduct a contested case proceeding to establish such
7 charge through which the subject water company may recover, on a
8 quarterly basis, depreciation expenses and pretax return associated
9 with improvements specified in subsection (b) of this section.

10 (b) Eligible improvements are those water company plant projects
11 that (1) do not increase revenues by connecting the distribution system
12 to new customers; (2) are in service; (3) were not included in the water
13 company's rate base in its most recent general rate case; and (4)
14 construct, renew or replace existing facilities or are new facilities,
15 including, but not limited to, the elimination of dead ends which, in
16 the judgment of the department, have the potential to negatively

17 impact the quality and reliability of service to customers or which
18 represent the relocation of existing facilities as a result of government
19 action for which the company was not reimbursed.

20 (c) The infrastructure replacement adjustment charge shall not be
21 more than ten per cent of the applicable rate class cap of a water
22 company designated as a Class C water company by the department
23 and not more than seven and one-half per cent of the applicable rate
24 class cap of a water company designated as a Class B water company
25 by the department. Within any twelve-month period, the
26 infrastructure replacement adjustment charge shall not exceed the rate
27 established for each water company class cap.

28 (d) The department shall adopt regulations, in accordance with the
29 provisions of chapter 54 of the general statutes, to implement the
30 provisions of this section including, but not limited to, filing, public
31 notice and customer billing requirements.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

Statement of Purpose:

To create an infrastructure replacement adjustment charge to allow water companies to recover depreciation expenses and pretax return associated with certain plant improvements.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]