



House of Representatives

General Assembly

File No. 18

January Session, 2005

House Bill No. 6590

House of Representatives, March 7, 2005

The Committee on Energy and Technology reported through REP. FONTANA of the 87th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE TRANSFER OF TITLE IN THE ACQUISITION OF A WATER COMPANY.

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

1 Section 1. Section 16-262o of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The Department of Public Utility Control, in consultation with
4 the Department of Public Health, upon a determination that the costs
5 of improvements to and the acquisition of the water company are
6 necessary and reasonable, shall order the acquisition of the water
7 company by the most suitable public or private entity. In making such
8 determination, the department shall consider: (1) The geographical
9 proximity of the plant of the acquiring entity to the water company, (2)
10 whether the acquiring entity has the financial, managerial and
11 technical resources to operate the water company in a reliable and
12 efficient manner and to provide continuous, adequate service to the
13 persons served by the company, (3) the current rates that the acquiring

14 entity charges its customers, and (4) any other factors the department
15 deems relevant. Such order shall authorize the recovery through rates
16 of all reasonable costs of acquisition and necessary improvements. A
17 public entity acquiring a water company beyond the boundaries of
18 such entity may charge customers served by the acquired company for
19 water service and may, to the extent appropriate, as determined by the
20 governing body of the public entity, recover through rates all
21 reasonable costs of acquisition and necessary improvements.

22 (b) Notwithstanding the provisions of any special act, the
23 Department of Public Utility Control shall extend the franchise areas of
24 the acquiring water company to the service area of the water company
25 acquired pursuant to this section.

26 (c) On and after December 1, 1989, in the case of any proposed
27 acquisition of a water company for which the Department of Public
28 Utility Control has provided notice of a hearing pursuant to section 16-
29 262n, the department may, to encourage and facilitate such acquisition,
30 and shall, if it orders such acquisition, require the acquiring water
31 company, as defined in section 16-1, to implement, and revise
32 quarterly thereafter, a rate surcharge applied to the rates of the
33 acquired water company or of both the acquiring water company and
34 the acquired water company, as determined by the department, that
35 would recover on a current basis all costs of such acquisition and of
36 needed improvements to the acquired water company's system. Such
37 surcharge may be designed to recover one hundred per cent of the
38 revenues necessary to provide a net after-tax return on investment
39 actually made in the acquisition and improvement of the acquired
40 water company, at a rate of return equivalent to that authorized for the
41 acquiring water company in its last general rate proceeding. The
42 department shall, not later than December 1, 1989, adopt regulations,
43 in accordance with chapter 54, to carry out the purposes of this section.

44 (d) Not later than sixty days after the issuance of an order for an
45 acquisition pursuant to this section, the acquired water company shall
46 properly execute and record all documents necessary to complete the

47 transfer of title to all real and personal property that is the subject of
 48 the acquisition order, including, but not limited to, land, structures,
 49 easements, and every estate, right or interest therein, to the entity
 50 ordered to acquire such water company. If the acquired company fails
 51 to transfer title in accordance with this subsection, the acquiring
 52 company shall notify the Department of Public Utility Control of such
 53 failure to act. Upon receipt of such notice, the department shall
 54 petition the Superior Court to enforce the provisions of its acquisition
 55 order. Nothing in this subsection shall deprive any entity of the
 56 compensation rights set forth in section 16-262q.

| | | |
|---|---------------------|---------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>from passage</i> | 16-262o |

ET *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 06 \$ | FY 07 \$ |
|-------------------------------|--------------------|-----------------|-----------------|
| Public Utility Control, Dept. | CC&PUCF - None | None | None |

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact: None

Explanation

The bill impacts the process in which a title is transferred. The bill has no fiscal impact on the Department of Public Utility Control.

OLR BILL ANALYSIS

HB 6590

AN ACT CONCERNING THE TRANSFER OF TITLE IN THE ACQUISITION OF A WATER COMPANY**SUMMARY:**

By law, the Department of Public Utility Control (DPUC) can order a water company to acquire another water company that is failing or that has failed to comply with DPUC or Department of Public Health orders. This bill requires the acquired water company to properly execute and record all documents needed to complete the transfer of title to the acquiring entity within 60 days after the DPUC order. If the acquired company fails to do so, the acquiring company must notify DPUC. The requirement applies to all of the real and personal property subject to the acquisition order, including land, structures, and easements. Upon receiving the notice, DPUC must petition the Superior Court to enforce its order. These provisions do not affect any entity's rights to compensation.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Report

Yea 16 Nay 0