



**STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITY CONTROL**

**THE PUBLIC HEALTH COMMITTEE**

**House Bill 5477: AAC THE CLEAN WATER ACT AND STREAM FLOW  
REGULATIONS**

**March 12, 2010**

**TESTIMONY OF COMMISSIONER JOHN W. BETKOSKI**

The Department of Public Utility Control (Department) objects to House Bill No. 5477, particularly to the Section which pertains to this Department, Section 2 (c), for the reasons outlined below. Section 1 and Section 2 of this bill place new requirements and prohibitions on the Department of Public Health (DPH) and the Department of Environmental Protection (DEP) concerning sewage disposal systems and basin water. The Department will not opine on the Raised Bill's proposed provisions regarding DPH and DEP and leaves any discussion of those sections to the affected agencies. However, the Department does have serious concerns regarding Section 2 of this bill.

Specifically, Section 2 (c) of this bill would require the Department to initiate a docket to examine the potential impact of the DEP's stream flow regulations on water companies and on water ratepayers. Such examination requires, but is not limited to, six areas of assessment. There are 21 regulated investor-owned water systems in Connecticut.

As a preliminary matter, the use of the term water companies would need to be clarified. For purposes of these comments, the DPUC assumes this to mean those regulated by the DPUC. However, if that is not the case, the DPUC would like the opportunity for further comment.

The DEP's proposed stream flow regulations have been a contentious issue with water companies. However, that discussion is ongoing and being vetted in several arenas including the DEP's formal process and in Water Planning Council discussions.

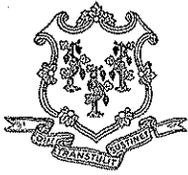
The Raised Bill requires that the DPUC conduct a docket to examine the economic impact of such proposed regulations. The Raised Bill delineates a minimum of 6 areas of examination for the DPUC to consider. Three (3) of those areas are specific to each Water Company and the other three are more generic. On the assumption that the impact of the proposed regulations will be different for each company, the Raised Bill would require a separate analysis of three items for each of the 21 water companies regulated by the DPUC. Therefore, the Department is being asked to conduct a minimum of 63 separate analyses in six months time. This would entail 21 conclusions to cost out what the potential rate impacts may be, as well as to determine what rate mechanisms, if any, might aid each company.

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## STATE OF CONNECTICUT DEPARTMENT OF PUBLIC UTILITY CONTROL

The Requirement contemplated in the Raised Bill Section 2 (c) is onerous, unnecessary and would involve a lengthy review that may take more time than the 180 days as proposed.

It is respectfully suggested that DEP needs merely to provide the water companies a more clear understanding of what will be required under the proposed regulations. Only DEP knows what those full requirements will be. With that knowledge, each water company can estimate the monetary impact to them. Once the cost to comply is known, it is a simple matter to get a “ball park” figure of the cost to ratepayers. An in-depth analysis of hypothetical scenarios and estimated costs by the DPUC is far less important than a clear understanding by the water companies of what is being required of them. If the DEP wants a reality check of those estimates, the Department could give its considered opinion based on past precedent. However, that is not the normal function of the DPUC. The DPUC tests the prudence of actual construction costs.

In regard to the other “assessments” in the Raised Bill, the DPUC makes the following observations.

Item 2, (appropriate ratemaking mechanisms to recover costs) is unnecessary as the Department already has such mechanisms.

Item 4, (the impact on compliance with state and federal water quality regulations) involves an area (water quality) that is statutorily assigned to the Department of Public Health as the primary regulator.

Item 5 (how ratemaking can be modified to encourage conservation) is something that the DPUC considers and weighs against competing interests in nearly every rate docket. However, using ratemaking to encourage conservation can result in undesirable unintended consequences. That discussion is ongoing in all public utility arenas.

Item 6 (mechanisms for funding or assisting in funding compliance with such flow regulations in a manner equitable to all water users in the state) is both unclear and beyond the ability of the DPUC to effectuate; other than to pass through the costs to ratepayers in a more timely manner to encourage lending institutions to finance these measures.

The Department thanks the Committee for this opportunity to testify.

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