



**Testimony  
Elizabeth Gara  
Connecticut Water Works Association (CWWA)  
Before the  
Energy Committee  
March 10, 2011**

**RE: OPPOSE - SB-1140 An Act Concerning the Department of Public Utility Control's Jurisdiction**

*The Connecticut Water Works Association, Inc. (CWWA) is an association of public water supply utilities serving more than 500,000 customers, or population of about 2½ million people, located throughout Connecticut. Membership in the Association is open to all Connecticut water utilities: investor-owned, municipal and regional authorities. As purveyors of public water supplies, our members have an obligation to provide sufficient quantities of high-quality water at a reasonable cost to consumers of the communities served.*

**CWWA opposes provisions in the bill which would extend jurisdiction of the state Department of Public Utility Control over issues relative to corporate governance, holding company transactions and board operations. This is an overreaching measure that will interfere with the day-to-day activities of a water utility and undermine its ability to operate effectively and efficiently to meet its obligation to provide a safe, adequate supply of water to its customers.**

Water utilities are often required or encouraged to takeover failing small water systems, which benefits customers as well as the overall public health. Utilities may also merge for other considerations. We are concerned that SB-1140 would create unnecessary barriers for utilities interested in merging or required to takeover failing systems. Under current law, DPUC must consider whether the new owner is suitable and whether there will be any adverse impact on utility service.

Because SB-1140 would make it more difficult for utilities to merge, we are concerned that it would serve to diminish the value of the shares of the utility even if no merger was contemplated. This would negatively impact shareholders as well as ratepayers because by diminishing value, it makes it more expensive and more difficult for a utility to borrow money needed to make improvements to infrastructure or other needs. For example, if a utility has to borrow money they may have to issue stock and the diminished value of the stock will require them to pay more to borrow money and make it more difficult to borrow money.

We also are concerned that it would be difficult to quantify the savings associated with any mergers, rendering the effect of any merger on share value unpredictable. We therefore urge lawmakers to oppose SB-1140. We believe the DPUC has adequate opportunity under the current statutes to ensure that a company's rates are appropriate and that they are not over-earning as a result of mergers or any other operational considerations.