

TESTIMONY

**Robert Wesneski
President
Avon Water Company
Before the Environment Committee
March 16, 2012**

RE: SUPPORT – SB-348, An Act Concerning, Water Conservation

Avon Water Company fully supports SB-348 which will assist water utilities in pursuing opportunities to promote aggressive water conservation measures.

Under the current ratemaking structure, water companies are penalized for efforts to reduce water and energy consumption. SB-348 will address this by ensuring that the rates charged when conservation is achieved meet the established revenue requirements to recover our operating costs and maintain system viability.

These rates may include rate designs that promote conservation such as inclining block rates, seasonal, peak period or drought rates, implementation of measures to provide more timely price signals for consumers, multiyear rate plans, measures to reduce system water losses, and funds for consumer programs to promote conservation through education and incentives or rebates for water efficient fixtures and appliances.

The bill also establishes a water conservation and sustainability adjustment charge or credit for a water company provided the company demonstrates that in the 12 month period subject to the adjustment the company it has not recovered the allowed revenues approved by the Department or has not exceeded their allowed rate of return pursuant Section 16-19 subsection (g),

It also includes provisions that expand WICA eligible projects to include the purchase of energy efficient equipment or investments in renewable energy supplies and capital improvements necessary to achieve compliance with stream flow regulations. WICA is an existing ratemaking tool authorized by the legislature in 2007 that allows for interim rate adjustments for PURA regulated companies for eligible projects that improve system reliability, water quality and reduce water loss through main breaks and leaks.

These provisions eliminate disincentives to water conservation that exist in the current rate structure. By addressing these issues, SB-348 will assist water companies in meeting critical energy and environmental goals that will position Connecticut as a leader in protecting river and stream flows and reducing the carbon footprint associated with very energy intensive distribution and water treatment systems.

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