

March 19, 2012

Connecticut General Assembly
Committee on Energy and Technology
Legislative Office Building
Hartford, Connecticut 06106

Subject: Opposition to SB-449: An Act Concerning Municipal Water Rates

Ladies and Gentlemen:

Norwich Public Utilities (NPU) is a municipal electric utility serving the City population of approximately 40,000. NPU is also a municipal water provider serving a population of approximately 39,000 in the City of Norwich and the surrounding towns of Bozrah, Franklin, Lebanon, Ledyard, Lisbon, Montville, and Preston. Water rates are established in accordance with Connecticut General Statutes Section 7-239 with the public notice and public hearing requirements met. This Statute provides adequate opportunity for those served by the public utility to be heard concerning all proposed rates and charges.

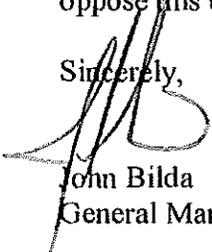
While the proposed legislative change is drafted narrowly to apply to a specific utility, the bill establishes an unnecessary precedent relative to municipal regulations. Furthermore, the arbitrary selection of ten percent has no bearing relative to cost of the service or ability to pay.

Tighe & Bond, an engineering and environmental consultant, annually performs a rate survey of Connecticut water suppliers. Of the 57 suppliers (municipal, private, and regional) responding to the 2011 rate survey, the average annual cost for water is \$414.67. A 10% increase on that amount is \$41.47 or approximately \$3.46 per month. The highest respondent's annual charge was \$729. A 5% increase on that rate is \$36.45, or about \$3.04 per month. The lowest respondent's charge is \$155 and a 20% increase is \$31 or \$2.58 per month. Based on the proposed legislation, PURA could have approval authority over a \$2.58 per month increase but would not for a \$3.04 per month increase.

Also, this regulation could be easily circumvented by annual 8% rate increases whereas flat rates for five years with a one-time 12% increase would trigger the PURA review.

This proposed regulation change is unnecessary, arbitrary, and burdensome and we request you oppose this bill.

Sincerely,


John Bilda
General Manager

