



General Assembly

Substitute Bill No. 348

February Session, 2012

* SB00348PD 042012 *

AN ACT CONCERNING WATER CONSERVATION.

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

1 Section 1. (NEW) (*Effective from passage*) (a) The Public Utilities
2 Regulatory Authority shall authorize rates upon application by any
3 water company, as defined in section 16-1 of the general statutes, that
4 promote water conservation. Such rates may include: (1) Rate designs
5 that promote conservation including, but not limited to, inclining block
6 rates, seasonal rates, peak period rates and drought rates, to reduce
7 outside or other discretionary water use, (2) the implementation of
8 measures to provide timely price signals for consumers, (3) multiyear
9 rate plans, (4) measures to reduce system water losses, and (5) funds
10 for consumer programs that promote conservation through education
11 and incentives or rebates for the retrofit of fixtures and appliances with
12 water-efficient fixtures and appliances.

13 (b) The authority shall initiate a generic docket to identify water and
14 energy conservation programs that, if implemented by water
15 companies pursuant to subsection (a) of this section, would be eligible
16 for recovery in a water company general rate case, provided the water
17 company demonstrates that the expenses for such programs are
18 reasonable and prudent. On or before July 1, 2012, the Water Planning
19 Council, established pursuant to section 25-33o of the general statutes,
20 shall submit a report to the authority and the Energy Efficiency Board

21 within the Department of Energy and Environmental Protection that
22 identifies recommended conservation programs and measures for
23 consideration by the authority during such generic docket and for
24 possible inclusion in the comprehensive conservation and load
25 management plan prepared pursuant to section 16-245m of the general
26 statutes. The measures to be considered by the Water Planning Council
27 in making such recommendations shall include, but not be limited to:
28 (1) The use of renewable energy supplies, (2) meter equipment and
29 technology designed to promote timely price signals, and (3) programs
30 for consumers such as monthly billing, customer water audits, leak
31 detection programs, and rebates for the retrofit of fixtures and
32 appliances with water-efficient fixtures and appliances.

33 Sec. 2. (NEW) (*Effective from passage*) (a) The Public Utilities
34 Regulatory Authority shall authorize a water conservation and
35 sustainability adjustment charge or credit, in accordance with
36 subsections (b) and (c) of this section, whenever any water company,
37 as defined in section 16-1 of the general statutes, demonstrates that
38 during the twelve-month period that is the subject of such adjustment
39 such water company: (1) Did not recover the revenues authorized by
40 the authority pursuant to sections 16-19 and 16-262w of the general
41 statutes, as amended by this act, and (2) did not exceed such water
42 company's authorized rate of return by more than one hundred basis
43 points for any calendar year.

44 (b) (1) Any water company that intends to seek a water conservation
45 and sustainability adjustment charge or credit pursuant to subsection
46 (a) of this section shall indicate in such water company's rate
47 application filed pursuant to section 16-19 of the general statutes that
48 such water company will seek a water conservation and sustainability
49 adjustment charge or credit.

50 (2) Any water conservation and sustainability adjustment charge or
51 credit approved pursuant to subsection (a) of this section may be
52 assessed as a rate adjustment charge or credit on customer bills. Such
53 water conservation and sustainability adjustment charge or credit shall

54 be: (A) Calculated as a percentage based on the difference between the
55 actual revenues such water company collected during the subject
56 twelve-month period and the revenues authorized pursuant to the last
57 general rate case of such water company, (B) applied as a charge or
58 credit rate to customer bills for the twelve-month period following
59 approval by the authority pursuant to this section, (C) applied to all
60 customer classes, except public fire accounts, (D) applied on customer
61 bills rendered on or after April first of the calendar year in which such
62 adjustment is approved, and (E) in effect at the rate authorized each
63 year until new base rates are approved by the authority during the
64 next general rate case of such water company. The amount of such
65 conservation and sustainability adjustment shall be reset to zero as of
66 the effective date of any new base rates approved for such water
67 company pursuant to section 16-19 of the general statutes and shall be
68 reset to zero if such water company exceeds the authorized rate of
69 return by more than one hundred basis points for any calendar year.
70 Such water company shall include in new base rates any remaining
71 amounts due for any surcharge or credit authorized pursuant to this
72 section for the calendar year in which such new rates are approved.
73 For the purposes of this section, the revenues authorized for such
74 water company shall not be adjusted for customer growth, except that
75 the revenues authorized for such water company shall include
76 authorized revenues for any customers acquired by such water
77 company through an acquisition approved by the authority pursuant
78 to section 16-262n of the general statutes.

79 (c) No proposed water conservation and sustainability adjustment
80 charge or credit shall become effective until the authority approves
81 such charge or credit pursuant to an administrative proceeding that
82 shall not be deemed a contested case pursuant to chapter 54 of the
83 general statutes. The authority may receive and consider comments
84 from interested persons and members of the public at such
85 administrative proceeding. Such administrative proceeding shall be
86 completed not later than thirty days after the filing of an application by
87 a water company for such adjustment charge or credit. In the event the

88 authority fails to render a decision on any such application at the
89 conclusion of such thirty-day period, such proposed water
90 conservation and sustainability adjustment charge or credit may be
91 applied by such water company until the authority renders a decision
92 on such application, provided such water company shall refund to
93 customers any such amounts collected from such customers in excess
94 of any charges approved by the authority. Any approval or denial of
95 such application by the authority pursuant to this subsection shall not
96 be deemed an order, authorization or decision of the authority for the
97 purpose of section 16-35 of the general statutes.

98 Sec. 3. Subsection (a) of section 7-239 of the general statutes is
99 repealed and the following is substituted in lieu thereof (*Effective from*
100 *passage*):

101 (a) The legislative body shall establish just and equitable rates or
102 charges for the use of the waterworks system authorized herein, to be
103 paid by the owner of each lot or building which is connected with and
104 uses such system, and may change such rates or charges from time to
105 time. Such rates or charges shall be sufficient in each year for the
106 payment of the expense of operation, repair, replacements and
107 maintenance of such system and for the payment of the sums herein
108 required to be paid into the sinking fund. In establishing such rates or
109 charges, the legislative body may consider measures that promote
110 water conservation and reduce the demand on the state's water and
111 energy resources. Such rates or charges may include: (1) Rate designs
112 that promote conservation, including, but not limited to, inclining
113 block rates, seasonal rates, peak period rates and drought rates, (2)
114 implementation of measures to provide timely price signals for
115 consumers, (3) multiyear rate plans, (4) measures to reduce system
116 water losses, and (5) funds for consumer programs that promote
117 conservation through education and incentives or rebates for the
118 retrofit of fixtures and appliances with water-efficient fixtures and
119 appliances. No such rate or charge shall be established until after a
120 public hearing at which all the users of the waterworks system and the
121 owners of property served or to be served and others interested shall

122 have an opportunity to be heard concerning such proposed rate or
123 charge. Notice of such hearing shall be given, at least ten days before
124 the date set therefor, in a newspaper having a circulation in such
125 municipality. Such notice shall set forth a schedule of rates or charges,
126 and a copy of the schedule of rates or charges established shall be kept
127 on file in the office of the legislative body and in the office of the clerk
128 of the municipality, and shall be open to inspection by the public. The
129 rates or charges so established for any class of users or property served
130 shall be extended to cover any additional premises thereafter served
131 which are within the same class, without the necessity of a hearing
132 thereon. Any change in such rates or charges may be made in the same
133 manner in which they were established, provided, if any change is
134 made substantially pro rata as to all classes of service, no hearing shall
135 be required. The provisions of this section shall not apply to the sale of
136 bottled water.

137 Sec. 4. Subdivision (1) of section 16-262v of the general statutes is
138 repealed and the following is substituted in lieu thereof (*Effective from*
139 *passage*):

140 (1) "Eligible projects" means those water company plant projects not
141 previously included in the water company's rate base in its most recent
142 general rate case and that are intended to improve or protect the
143 quality and reliability of service to customers, including (A) renewal or
144 replacement of existing infrastructure, including mains, valves,
145 services, meters and hydrants that have either reached the end of their
146 useful life, are worn out, are in deteriorated condition, are or will be
147 contributing to unacceptable levels of unaccounted for water, or are
148 negatively impacting water quality or reliability of service if not
149 replaced; (B) main cleaning and relining projects; (C) relocation of
150 facilities as a result of government actions, the capital costs of which
151 are not otherwise eligible for reimbursement; [and] (D) purchase of
152 leak detection equipment or installation of production meters, and
153 pressure reducing valves; (E) purchase of energy-efficient equipment
154 or investments in renewable energy supplies; and (F) capital
155 improvements necessary to achieve compliance with flow standards

156 for rivers and streams established in regulations adopted pursuant to
157 section 26-141b.

158 Sec. 5. Subsection (i) of section 16-262w of the general statutes is
159 repealed and the following is substituted in lieu thereof (*Effective from*
160 *passage*):

161 (i) The amount of the WICA applied between general rate case
162 filings shall not exceed [seven and one-half] ten per cent of the water
163 company's annual retail water revenues approved in its most recent
164 rate filing, and shall not exceed five per cent of such revenues for any
165 twelve-month period. The amount of the adjustment shall be reset to
166 zero as of the effective date of new base rates approved pursuant to
167 section 16-19 and shall be reset to zero if the company exceeds the
168 allowable rate of return by more than one hundred basis points for any
169 calendar year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	7-239(a)
Sec. 4	<i>from passage</i>	16-262v(1)
Sec. 5	<i>from passage</i>	16-262w(i)

ENV *Joint Favorable Subst.*

PD *Joint Favorable*