



**Testimony  
Elizabeth Gara  
Executive Director  
Connecticut Water Works Association (CWWA)  
Before the  
Energy Committee  
March 20, 2012**

**CWWA opposes SB-449, An Act Concerning Municipal Water Rates.**

Although we appreciate that the bill is narrowly drafted to address a particular situation, we are concerned that it opens the door for state regulation of municipal water rates in ways that will add unnecessary costs to water bills.

Municipal water rates are already subject to regulation on the local level. There are currently 31 municipalities that operate their own water system. Under current law, the local legislative body sets the rates after a public hearing. The rates must be “just and equitable” and sufficient in each year for the operation, repair, replacement and maintenance of the system. Municipal water customers can and do make their concerns known at the public hearings, as well as directly with public officials. In addition, there are several special districts that have been established to provide water service and the rates are set by the district residents.

Overall, municipal water rates and water rates in general, remain fairly low. According to a study compiled by Tighe & Bond, the average annual cost of water per household in 2011 was \$415. This is less than \$35 per month to meet a household’s water supply needs. Under the bill, an increase of just 10% would trigger additional regulatory review even though, for the average household, this may be an increase of only \$3.50 per month.

We are sensitive to the need to ensure that residents have the opportunity to voice concerns regarding proposed increases in water rates, particularly given the difficult economy. However, we believe this should be accomplished at the local level rather than as part of a PURA review. For municipal water companies, this is an issue of home rule.

In addition to adding another layer of regulation, PURA review would increase water rates because the costs for staffing and consultants at PURA are borne by regulated utilities based on operating revenues. Creating a mechanism to allow PURA to review municipal rates will only pave the way for unnecessary state regulation that will add costs onto water customer bills.

*The Connecticut Water Works Association, Inc. (CWWA) is an association of private, municipal and regional public water supply utilities serving about 2½ million people located throughout Connecticut.*