

February 6, 2013

Email: et.testimony@cga.ct.gov

Energy & Technology Committee
Room 3900, Legislative Office Building
Hartford, CT 06106

Re: Proposed Revised Bill No. 807

Dear Committee Members:

My name is Robert W. Wesneski, President of the Avon Water Company. Our Company is an investor owned public utility servicing 4,700 customers or about 16,000 people in Avon and a small portion of Farmington and Simsbury. I am here in support of Raised Bill No. 807.

With regards to conservation; Avon Water has instituted an inclining Residential water rate as directed by PURA in an attempt to encourage customers to conserve water. The rates were developed, only after PURA approved the expenses and capital costs of the company and set a 'revenue requirement'. Once that was determined rates were developed to meet that approved revenue requirement. In our case, we moved to a rate design that was intended to promote conservation with higher unit costs for those who use more water. This new structure, along with seasonal fluctuation in water usage, however, has prevented Avon Water Company from reaching its PURA **approved** total revenues as shown below:

2009	2010	2011	2012
<u>APPROVED</u>	<u>8 MO. NEW RATES</u>	<u>FULL RATES</u>	<u>FULL RATES</u>
\$ 4,006,042	\$ 3,928,214	\$ 3,844,689	\$ 4,000,826

The Company could reapply for a rate increase at a cost of \$150,000, but this would only result in a new approved, and yet still unattainable revenue level. Under the current ratemaking structure, water companies are penalized for efforts to reduce water and energy consumption. SB-807 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.

The second area of this bill, which the Company supports, is the expansion of the WICA Program to a higher percentage level and inclusion of additional items such as radio read meters. 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. It has been very successful and this modest change will only improve the opportunities.

Thank you for your time and please approve this Bill.

Respectfully submitted,
THE AVON WATER COMPANY