



Senate

General Assembly

File No. 108

January Session, 2013

Substitute Senate Bill No. 807

Senate, March 25, 2013

The Committee on Energy and Technology reported through SEN. DUFF of the 25th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING WATER INFRASTRUCTURE AND CONSERVATION, MUNICIPAL REPORTING REQUIREMENTS AND UNPAID UTILITY ACCOUNTS AT MULTI-FAMILY DWELLINGS.

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

1 Section 1. (NEW) (*Effective from passage*) The Public Utilities
2 Regulatory Authority shall authorize rates for each water company, as
3 defined in section 16-1 of the general statutes, that promote
4 comprehensive supply-side and demand-side water conservation. In
5 establishing such rates, the authority shall take into consideration state
6 energy policies, the capital intensive nature of sustaining water
7 systems that minimize water losses and the competition for capital for
8 continued investments in such systems. Such rates shall consider (1)
9 demand projections that recognize the effects of conservation, (2)
10 implementation of metering and measures to provide timely price
11 signals to consumers, (3) multiyear rate plans, (4) measures to reduce
12 system water losses, and (5) alternative rate designs that promote
13 conservation.

14 Sec. 2. (*Effective from passage*) The Public Utilities Regulatory
15 Authority shall initiate a docket to identify water and energy
16 conservation programs implemented by any water company that
17 would be eligible for recovery in a general rate case, provided such
18 company demonstrates with information and data available to the
19 public that the expenses for such programs were reasonable and
20 prudent which include, but are not limited to, measures in an
21 approved water supply plan pursuant to section 25-32d of the general
22 statutes. On or before January 1, 2014, the Water Planning Council, in
23 conjunction with the Energy Conservation Management Board, shall
24 submit a report to the authority that identifies and recommends
25 conservation programs for consideration by the authority in such
26 docket or for incorporation into the Conservation and Load
27 Management Plan developed pursuant to section 16-245m of the
28 general statutes. The programs to be recommended by the Water
29 Planning Council, in conjunction with the Energy Conservation
30 Management Board, may include, but not be limited to, the use of
31 renewable energy resources, meter equipment and technology to
32 promote timely price signals and programs for consumers including
33 monthly billing, water audits and leak detection programs.

34 Sec. 3. (NEW) (*Effective from passage*) (a) For purposes of this section,
35 (1) "revenue adjustment mechanism" means a mechanism that
36 reconciles in rates the difference between the actual annual revenues of
37 a water company and the revenues authorized for such company by
38 the Public Utilities Regulatory Authority in such company's most
39 recent general rate case, and (2) "water company" has the same
40 meaning as provided in section 16-1 of the general statutes.

41 (b) (1) The authority shall not render any draft or final decision in a
42 general rate case of a water company pending before the authority on
43 the effective date of this section without approving a revenue
44 adjustment mechanism for such company.

45 (2) After approval of a revenue adjustment mechanism pursuant to
46 subdivision (1) of this subsection, such mechanism shall be authorized

47 by the authority annually thereafter until such time as such company
48 files its next general rate case. Such company shall file with the
49 authority an annual reconciliation of actual revenues to allowed
50 revenues that shall include a report of the changes in water demands
51 and any measures such company has taken to promote water
52 conservation.

53 (c) (1) On or after the effective date of this section, and before a
54 water company, with actual annual revenues at least one per cent less
55 than the revenues authorized by the Public Utilities Regulatory
56 Authority in the most recent general rate case, files for its next general
57 rate case pursuant to section 16-19 of the general statutes, such
58 company may request, and the Public Utilities Regulatory Authority
59 shall initiate, a docket for a limited reopener to approve a revenue
60 adjustment mechanism.

61 (2) After approval of a revenue adjustment mechanism pursuant to
62 subdivision (1) of this subsection, such mechanism shall be authorized
63 by the authority annually thereafter until the earlier of (A) the sixth
64 year after the last general rate case, or (B) such time as such company
65 files its next general rate case. Such company shall file with the
66 authority an annual reconciliation of actual revenues to allowed
67 revenues that shall include a report of the changes in water demands
68 and any measures such company has taken to promote water
69 conservation.

70 (d) (1) A water company may request during a general rate case
71 filed pursuant to section 16-19 of the general statutes, and the Public
72 Utilities Regulatory Authority shall approve, a revenue adjustment
73 mechanism.

74 (2) After approval of a revenue adjustment mechanism pursuant to
75 subdivision (1) of this subsection, such mechanism shall be authorized
76 by the authority annually thereafter until such time as such company
77 files its next general rate case. Such company shall file with the
78 authority an annual reconciliation of actual revenues to allowed
79 revenues that shall include a report of the changes in water demands

80 and any measures such company has taken to promote water
81 conservation.

82 (e) A revenue adjustment mechanism approved pursuant to
83 subsection (b), (c) or (d) of this section shall be implemented through a
84 modification to the authorized rates or a rate surcharge or recorded as
85 a deferral on the balance sheet for recovery in rates at the time of the
86 next general rate case filed by a water company pursuant to section 16-
87 19 of the general statutes. Any under-recovery or over-recovery of the
88 revenue adjustment or deferred amount of the previous year shall be
89 included in the calculation of the subsequent annual adjustment or
90 general rate case proceeding, whichever occurs first.

91 (f) Concurrent with implementation of a revenue adjustment
92 mechanism pursuant to subsection (b), (c) or (d) of this section, the
93 authority shall establish an earnings sharing mechanism that provides
94 for any earnings in excess of the allowed return on equity to be shared
95 equally between ratepayers and shareholders.

96 (g) The revenues authorized for a water company shall include
97 those approved pursuant to sections 16-19 and 16-262w of the general
98 statutes, as amended by this act, and shall include customer growth
99 from an acquisition approved by the authority pursuant to section 16-
100 43, 16-262o or 16-262s of the general statutes, as amended by this act,
101 since the last general rate case of such company.

102 Sec. 4. Subsection (a) of section 7-239 of the general statutes is
103 repealed and the following is substituted in lieu thereof (*Effective from*
104 *passage*):

105 (a) The legislative body shall establish just and equitable rates or
106 charges for the use of the waterworks system authorized [herein] in
107 this subsection, to be paid by the owner of each lot or building which is
108 connected with and uses such system, and may change such rates or
109 charges from time to time. Such rates or charges shall be sufficient in
110 each year for the payment of the expense of operation, repair,
111 replacements and maintenance of such system and for the payment of

112 the sums [herein] in this subsection required to be paid into the sinking
113 fund. In establishing such rates or charges, the legislative body shall
114 consider measures that promote water conservation and reduce the
115 demand on the state's water and energy resources. Such rates or
116 charges may include: (1) Demand projections that recognize the effects
117 of conservation, (2) implementation of metering and measures to
118 provide timely price signals to consumers, (3) multiyear rate plans, (4)
119 measures to reduce system water losses, and (5) alternative rate
120 designs that promote conservation. No such rate or charge shall be
121 established until after a public hearing at which all the users of the
122 waterworks system and the owners of property served or to be served
123 and others interested shall have an opportunity to be heard concerning
124 such proposed rate or charge. Notice of such hearing shall be given, at
125 least ten days before the date set therefor, in a newspaper having a
126 circulation in such municipality. Such notice shall set forth a schedule
127 of rates or charges, and a copy of the schedule of rates or charges
128 established shall be kept on file in the office of the legislative body and
129 in the office of the clerk of the municipality, and shall be open to
130 inspection by the public. The rates or charges so established for any
131 class of users or property served shall be extended to cover any
132 additional premises thereafter served which are within the same class,
133 without the necessity of a hearing thereon. Any change in such rates or
134 charges may be made in the same manner in which they were
135 established, provided, if any change is made substantially pro rata as
136 to all classes of service, no hearing shall be required. The provisions of
137 this section shall not apply to the sale of bottled water.

138 Sec. 5. Section 16-29 of the general statutes is repealed and the
139 following is substituted in lieu thereof (*Effective from passage*):

140 The Public Utilities Regulatory Authority shall, annually, on or
141 before December thirty-first, or June thirtieth in a municipality which
142 has adopted a uniform fiscal year, furnish to every municipality or
143 department thereof owning, leasing, operating or managing a plant for
144 the supplying or furnishing of any public utility, except water service,
145 blanks for annual reports in such form as the authority may prescribe.

146 Each such municipality or department shall return one of such reports
147 to the authority on or before the following May thirty-first, or the
148 following October thirty-first in a municipality which has adopted a
149 uniform fiscal year, with all questions thereon fully answered. The
150 authority may, for good cause shown, grant an extension of such
151 deadlines of up to sixty days, provided such municipality or
152 department desiring an extension files a request, in writing, setting
153 forth the reasons for such a request. All reports shall be for the year
154 ending December thirty-first, or June thirtieth in a municipality which
155 has adopted a uniform fiscal year and shall be sworn to by the general
156 superintendent of the plant or utility for which the report is required
157 and by such other person or persons as may be designated by such
158 municipality or department. Each such municipality or department
159 shall make such annual reports strictly according to the form provided
160 and, if it finds it impracticable to answer all the items in detail as
161 required, shall state in the report the reasons why such details cannot
162 be given. No such municipality or department shall be excused from
163 giving such details for the reason that it does not keep its accounts in
164 such manner as will enable it to do so. The authority may prescribe the
165 method for keeping the accounts pertaining to such utility, except
166 water service, and all other utilities reporting to the authority. When
167 any such report seems to the authority defective or erroneous, it may
168 notify the municipality making the same and require the amendment
169 of such report within fifteen days from the time of giving such notice;
170 and the authority may examine the officers, agents, employees, books,
171 records, accounts, vouchers, plant and equipment of such municipality
172 or department pertaining to such utility, except water service, and may
173 correct such items in such report as, upon such examination, the
174 authority may find ought to be corrected.

175 Sec. 6. Section 16-262v of the general statutes is repealed and the
176 following is substituted in lieu thereof (*Effective from passage*):

177 For purposes of this section:

178 (1) "Eligible projects" means those water company plant projects not

179 previously included in the water company's rate base in its most recent
180 general rate case and that are intended to improve or protect the
181 quality and reliability of service to customers, including (A) renewal or
182 replacement of existing infrastructure, including mains, valves,
183 services, meters and hydrants that have either reached the end of their
184 useful life, are worn out, are in deteriorated condition, are or will be
185 contributing to unacceptable levels of unaccounted for water, or are
186 negatively impacting water quality or reliability of service if not
187 replaced; (B) main cleaning and relining projects; (C) relocation of
188 facilities as a result of government actions, the capital costs of which
189 are not otherwise eligible for reimbursement; [and] (D) purchase of
190 leak detection equipment or installation of production meters, and
191 pressure reducing valves; (E) purchase of energy efficient equipment
192 for water company operations; (F) capital improvements necessary to
193 comply with flow regulations adopted pursuant to section 26-141b;
194 and (G) reasonable and necessary system improvements required for a
195 water system acquisition approved by the authority.

196 (2) "Authority" means the Public Utilities Regulatory Authority.

197 (3) "Infrastructure assessment report" means a report filed by a
198 water company with the authority that identifies water system
199 infrastructure needs and the company's criteria for determining the
200 priority for eligible projects related to infrastructure.

201 (4) "Pretax return" means the revenue necessary, after deduction of
202 depreciation and property taxes, to produce net operating income
203 equal to the water company's weighted cost of capital as approved by
204 the authority in the company's most recent general rate case multiplied
205 by the new original cost of eligible projects.

206 (5) "Reconciliation adjustment" means the difference between
207 revenues actually collected through the water infrastructure and
208 conservation adjustment and the amount allowed under the WICA for
209 that period for the eligible projects. The amount of revenues
210 overcollected or undercollected through the adjustment will be
211 recovered or refunded, as appropriate, as a reconciliation adjustment

212 over a one-year period commencing on April first.

213 (6) "Water company" means a water company, as defined in section
214 16-1, that has filed for approval an individual infrastructure
215 assessment report to support a request for a WICA adjustment.

216 (7) "Water Infrastructure and Conservation Adjustment (WICA)"
217 means an adjustment applied as a charge or credit to a water company
218 customers' rates to recover the WICA costs of eligible projects.

219 (8) "WICA costs" means the depreciation and property tax expenses
220 and associated return on completed eligible projects.

221 (9) "WICA revenues" means the revenues provided through a water
222 infrastructure and conservation adjustment for eligible projects.

223 Sec. 7. Subsection (i) of section 16-262w of the general statutes is
224 repealed and the following is substituted in lieu thereof (*Effective from*
225 *passage*):

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

235 Sec. 8. Section 16-262s of the general statutes is repealed and the
236 following is substituted in lieu thereof (*Effective from passage*):

237 (a) (1) In the case of a proposed acquisition of a water company that
238 is not economically viable, as determined by the Public Utilities
239 Regulatory Authority in accordance with the criteria provided in
240 subsection (b) of section 16-262n, by a water company that is
241 economically viable, as determined by the authority in accordance

242 with said criteria, upon petition of the acquiring water company and
243 after notice and hearing, the authority may allow the acquiring water
244 company to implement, and revise quarterly thereafter, a rate
245 surcharge applied to the rates of the acquired water company or of
246 both the acquiring water company and the acquired water company,
247 as determined by the authority, that would recover on a current basis
248 those costs of such acquisition, including a reasonable acquisition
249 premium, and of needed improvements to the acquired water
250 company's system, to the extent the authority deems such costs
251 appropriate. The regulations adopted by the authority pursuant to
252 section 16-262o shall apply for purposes of this section.

253 (2) The Public Utilities Regulatory Authority may allow the
254 recovery of such reasonable acquisition premium when it is
255 demonstrated that such proposed acquisition shall provide benefits to
256 customers by (A) enhancing system viability, or (B) avoiding capital
257 costs or savings in operating costs, or as otherwise determined by the
258 authority. If an acquisition premium is authorized, the excess of the
259 acquisition cost over the depreciated original cost shall be added to the
260 rate base to be amortized as an addition to expenses over a reasonable
261 period of time with corresponding reductions in the rate base.

262 (b) In the case of a proposed acquisition of a water company that is
263 not economically viable, as determined by the Public Utilities
264 Regulatory Authority in accordance with the criteria provided in
265 subsection (b) of section 16-262n, by a water company that is
266 economically viable, as determined by the authority in accordance
267 with said criteria, the authority may, as part of the acquiring water
268 company's next general rate case, award a premium rate of return to
269 such acquiring water company when it is demonstrated that such
270 proposed acquisition will provide benefits to customers by (1)
271 enhancing system viability, or (2) avoiding capital costs or saving in
272 operating costs, or as otherwise determined by the authority.

273 (c) In lieu of all or part of a rate surcharge, the authority may allow
274 the acquiring water company to defer such costs of such acquisition for

275 subsequent collection as part of its next general rate case.

276 Sec. 9. Subsection (a) of section 16-262e of the general statutes is
277 repealed and the following is substituted in lieu thereof (*Effective from*
278 *passage*):

279 (a) Notwithstanding the provisions of section 16-262d, wherever an
280 owner, agent, lessor or manager of a residential dwelling is billed
281 directly by an electric, electric distribution, gas, telephone or water
282 company or by a municipal utility for utility service furnished to such
283 building not occupied exclusively by such owner, agent, lessor, or
284 manager, and such company or municipal utility or the electric
285 supplier providing electric generation services has actual or
286 constructive knowledge that the occupants of such dwelling are not
287 the individuals to whom the company or municipal utility usually
288 sends its bills, such company, electric supplier or municipal utility
289 shall not terminate such service for nonpayment of a delinquent
290 account owed to such company, electric supplier or municipal utility
291 by such owner, agent, lessor or manager unless: (1) Such company,
292 electric supplier or municipal utility makes a good faith effort to notify
293 the occupants of such building of the proposed termination by the
294 means most practicable under the circumstances and best designed to
295 provide actual notice; and (2) such company, electric supplier or
296 municipal utility provides an opportunity, where practicable, for such
297 occupants to receive service in their own names without any liability
298 for the amount due while service was billed directly to the lessor,
299 owner, agent or manager and without the necessity for a security
300 deposit; provided, if it is not practicable for such occupants to receive
301 service in their own names, the company, electric supplier or
302 municipal utility shall not terminate service to such residential
303 dwelling but may pursue the remedy provided in [section] sections 16-
304 262f, as amended by this act, and 16-262t, as amended by this act.

305 Sec. 10. Subsection (a) of section 16-262f of the general statutes is
306 repealed and the following is substituted in lieu thereof (*Effective from*
307 *passage*):

308 (a) (1) Upon default of the owner, agent, lessor or manager of a
309 residential dwelling who is billed directly by an electric, electric
310 distribution, gas or telephone company or by a municipal utility for
311 electric or gas utility service furnished to such building, such company
312 or municipal utility or electric supplier providing electric generation
313 services may petition the Superior Court or a judge thereof, for
314 appointment of a receiver of the rents or payments for use and
315 occupancy or common expenses, as defined in section 47-202, for any
316 dwelling for which the owner, agent, lessor or manager is in default.
317 The court or judge shall forthwith issue an order to show cause why a
318 receiver should not be appointed, which shall be served upon the
319 owner, agent, lessor or manager or his agent in a manner most
320 reasonably calculated to give notice to such owner, agent, lessor or
321 manager as determined by such court or judge, including, but not
322 limited to, a posting of such order on the premises in question.

323 (2) A hearing shall be had on such order no later than seventy-two
324 hours after its issuance or the first court day thereafter. The sole
325 purpose of such a hearing shall be to determine whether there is an
326 amount due and owing between the owner, agent, lessor or manager
327 and the company, electric supplier or municipal utility. The court shall
328 make a determination of any amount due and owing and any amount
329 so determined shall constitute a lien upon the real property of such
330 owner. A certificate of such amount may be recorded in the land
331 records of the town in which such property is located describing the
332 amount of the lien and the name of the party in default. When the
333 amount due and owing has been paid the company, electric supplier
334 or municipality shall issue a certificate discharging the lien and shall
335 file the certificate in the land records of the town in which such lien
336 was recorded.

337 (3) The receiver appointed by the court shall collect all rents or
338 payments for use and occupancy or common expenses forthcoming
339 from or paid on behalf of the occupants or residents of the building or
340 facility in question in place of the owner, agent, lessor, manager or
341 administrator. The receiver may also petition the court to obtain any

342 remedy available under chapter 906 against such owner, agent, lessor
343 or manager in order to recover amounts due as determined under
344 subdivision (2) of this subsection and continuing charges for such
345 utility service until all such charges and other costs have been paid.

346 (4) The receiver shall pay the petitioner or other supplier, from such
347 rents or payments for use and occupancy or common expenses for
348 electric, gas, telephone, water or heating oil supplied on and after the
349 date of his appointment. The owner, agent, lessor or manager shall be
350 liable for such reasonable fees and costs determined by the court to be
351 due the receiver, which fees and costs may be recovered from the rents
352 or payments for use and occupancy under the control of the receiver,
353 provided no such fees or costs shall be recovered until after payment
354 for current electric, gas, telephone and water service and heating oil
355 deliveries has been made. The owner, agent, lessor or manager shall be
356 liable to the petitioner for reasonable attorney's fees and costs incurred
357 by the petitioner, provided no such fees or costs shall be recovered
358 until after payment for current electric, gas, telephone and water
359 service and heating oil deliveries has been made and after payments of
360 reasonable fees and costs to the receiver. Any moneys from rental
361 payments or payments for use and occupancy or common expenses
362 remaining after payment for current electric, gas, telephone and water
363 service or heating oil deliveries, and after payment for reasonable costs
364 and fees to the receiver, and after payment to the petitioner for
365 reasonable attorney's fees and costs, shall be applied to any arrearage
366 found by the court to be due and owing the company, electric supplier
367 or municipal utility from the owner, agent, lessor or manager for
368 service provided such building. Any moneys remaining thereafter
369 shall be turned over to the owner, agent, lessor or manager. The court
370 may order an accounting to be made at such times as it determines to
371 be just, reasonable, and necessary.

372 Sec. 11. Subsection (a) of section 16-262t of the general statutes is
373 repealed and the following is substituted in lieu thereof (*Effective from*
374 *passage*):

375 (a) (1) Upon default of the owner, agent, lessor or manager of a
376 residential dwelling or dwellings who is billed directly by a water
377 company or by a municipal water utility for water service furnished to
378 such building or buildings, such company or municipal utility may
379 petition the Superior Court or a judge thereof, for appointment of a
380 receiver of the rents or payments for use and occupancy or common
381 expenses, as defined in section 47-202, for any dwelling or dwellings
382 for which the owner, agent, lessor or manager is in default. The court
383 or judge shall forthwith issue an order to show cause why a receiver
384 should not be appointed, which shall be served upon the owner, agent,
385 lessor or manager or his agent in a manner most reasonably calculated
386 to give notice to such owner, agent, lessor or manager as determined
387 by such court or judge, including, but not limited to, a posting of such
388 order on the premises in question. If a petition or petitions are filed by
389 a single petitioner regarding more than one building under the same
390 ownership, the court shall, if practicable, appoint a common receiver
391 for all such buildings and, if filed as separate actions, may consolidate
392 such petitions and treat them as a single action.

393 (2) A hearing shall be had on such order no later than seventy-two
394 hours after its issuance or the first court day thereafter. The sole
395 purpose of such a hearing shall be to determine whether there is an
396 amount due and owing between the owner, agent, lessor or manager
397 and the company or municipal utility. The court shall make a
398 determination of any amount due and owing and any amount so
399 determined shall constitute a lien upon the real property of such
400 owner. A certificate of such amount may be recorded in the land
401 records of the town in which such property is located describing the
402 amount of the lien and the name of the party in default. When the
403 amount due and owing has been paid, the company or municipality
404 shall issue a certificate discharging the lien and shall file the certificate
405 in the land records of the town in which such lien was recorded.

406 (3) Not more than ten days after receipt of the order of appointment
407 by the receiver, such receiver shall provide written notice to all
408 occupants of the building or buildings, delivered separately to each

409 dwelling unit, stating that the receiver has been authorized to collect
410 all rents or payments for use and occupancy or common expenses, as
411 defined in section 47-202, due from such occupant and that the owner,
412 agency, lessor or manager, as the case may be, is prohibited from
413 collecting such rents or payments for use and occupancy or common
414 expenses. The notice shall include the address to which payments are
415 to be made and a telephone number at which the receiver can be
416 contacted. The notice shall be in plain and simple language and shall
417 be written in English and in Spanish. A copy of the court order
418 appointing the receiver and authorizing the collection of rents shall be
419 attached to the notice.

420 (4) The receiver appointed by the court shall collect all rents or
421 payments for use and occupancy or common expenses forthcoming
422 from the occupants of the building or buildings in question in place of
423 the owner, agent, lessor or manager. The court may authorize the
424 receiver to make reasonable repairs and provide reasonable
425 maintenance to the premises, as determined by the court, the
426 reasonable cost of which shall be added to the total amount due and
427 owing from the owner, agency, lessor or manager. The receiver may
428 also petition the court to obtain any remedy available under chapter
429 906 against such owner, agent, lessor or manager in order to recover
430 amounts due as determined under subdivision (2) of this subsection
431 and continuing charges for such water service until all such charges
432 and other costs have been paid.

433 (5) The receiver shall pay to the petitioner, other supplier or
434 receiver, as is appropriate, from such rents or payments for use and
435 occupancy or common expenses from such building or buildings, in
436 the following priority: (A) For electric, gas, telephone, water or heating
437 oil supplied on and after the date of his appointment and for the
438 reasonable cost of repairs and maintenance made or provided
439 pursuant to subdivision (4) of this subsection; (B) for such reasonable
440 fees and costs determined by the court to be due the receiver; (C) for
441 reasonable attorney's fees and costs incurred by the petitioner; and (D)
442 for any arrearage found by the court to be due and owing the company

443 or municipal utility from the owner, agent, lessor or manager for
444 service provided such building or buildings. The owner, agent, lessor
445 or manager shall be liable for all such costs. Any moneys remaining
446 thereafter shall be turned over to the owner, agent, lessor or manager.
447 The court may order an accounting to be made at such times as it
448 determines to be just, reasonable and necessary.

449 Sec. 12. Subsections (d) and (e) of section 22a-2d of the general
450 statutes are repealed and the following is substituted in lieu thereof
451 (*Effective from passage*):

452 (d) Wherever the words "Department of Environmental Protection"
453 are used or referred to in the following sections of the general statutes,
454 the words "Department of Energy and Environmental Protection" shall
455 be substituted in lieu thereof: 1-84, 1-206, 1-217, 2-20a, 4-38c, 4-66c, 4-
456 66aa, 4-89, 4a-53, 5-142, 7-131e, 7-151a, 7-151b, 7-252, 8-387, 10-282, 10-
457 291, 10-413, 10a-119e, 12-63e, 12-263m, 13a-142b, 13a-142c, 13a-142d,
458 13b-38a, 14-386, 15-129, 15-130a, 15-140e, 15-140f, 15-140j, 15-154, 15-
459 155, 16-19h, 16-19o, 16-50j, 16-50k, 16-50p, 16-243q, 16-244d, 16-244j, 16-
460 245l, 16-245y, 16-262m, 16-262n, 19a-197b, 19a-320, 20-420, 21-84b, 22-
461 11f, 22-11g, 22-11h, 22-26cc, 22-91e, 22-455, 22a-1d, 22a-2a, 22a-2c, 22a-
462 5b, 22a-6, 22a-6f, 22a-6g, 22a-6l, 22a-6p, 22a-6r, 22a-6u, 22a-6x, 22a-6cc,
463 22a-10, 22a-11, 22a-20a, 22a-21, 22a-21a, 22a-21b, 22a-21c, 22a-21i, 22a-
464 21j, 22a-21k, 22a-22, 22a-25, 22a-26, 22a-26a, 22a-27j, 22a-27l, 22a-27s,
465 22a-29, 22a-33, 22a-40, 22a-47a, 22a-58, 22a-61, 22a-66z, 22a-68, 22a-115,
466 22a-118, 22a-119, 22a-122, 22a-123, 22a-126, 22a-132, 22a-133v, 22a-
467 133w, 22a-134i, 22a-135, 22a-170, 22a-174, 22a-174l, 22a-186, 22a-188a,
468 22a-196, 22a-198, 22a-200b, 22a-200c, 22a-200d, 22a-207, 22a-208a, 22a-
469 209f, 22a-223, 22a-233a, 22a-239a, 22a-244, 22a-245a, 22a-247, 22a-248,
470 22a-250, 22a-255h, 22a-256m, 22a-256y, 22a-259, 22a-260, 22a-264, 22a-
471 275, 22a-314, 22a-315, 22a-336, 22a-352, 22a-355, 22a-361, 22a-363b, 22a-
472 416, 22a-426, 22a-446, 22a-449f, 22a-449l, 22a-449n, 22a-454a, 22a-475,
473 22a-477, 22a-509, 22a-521, 22a-601, 22a-629, 22a-630, 22a-635, 23-5c, 23-
474 8, 23-8b, 23-10b, 23-10d, 23-15, 23-15b, 23-19, 23-20, 23-24a, 23-32a, 23-
475 61a, 23-65f, 23-65h, 23-65i, 23-65k, 23-67, 23-68, 23-72, 23-73, 23-101, 23-
476 102, 23-103, 25-32d, [25-33p,] 25-37d, 25-37e, 25-37i, 25-43c, 25-102e, 25-

477 102f, 25-128, 25-131, 25-157, 25-157a, 25-157b, 25-157n, 25-175, 25-201,
478 25-206, 25-231, 26-6a, 26-15, 26-15a, 26-15b, 26-17a, 26-27b, 26-31, 26-
479 40a, 26-55, 26-55a, 26-59, 26-66a, 26-66b, 26-72, 26-86f, 26-105, 26-142a,
480 26-157d, 26-192k, 26-300, 26-304, 26-314, 28-31, 29-28, 29-36f, 30-55a, 32-
481 1e, 32-9t, 32-9dd, 32-9kk, 32-9ll, 32-11a, 32-23d, 32-23x, 32-242, 32-242a,
482 32-726, 46b-220, 47-46a, 47-64, 52-557b, 53-204, 53-205, 53-206d, 53a-44a,
483 53a-217e, 54-56g and 54-143.

484 (e) Wherever the words "Department of Public Utility Control" are
485 used or referred to in the following sections of the general statutes, the
486 words "Public Utilities Regulatory Authority" shall be substituted in
487 lieu thereof: 1-84, 1-84b, 2-20a, 2-71p, 4-38c, 4a-57, 4a-74, 4d-2, 4d-80, 7-
488 223, 7-233t, 7-233ii, 8-387, 12-81q, 12-94d, 12-264, 12-265, 12-408b, 12-
489 412, 12-491, 13a-82, 13a-126a, 13b-10a, 13b-43, 13b-44, 13b-387a, 15-96,
490 16-1, 16-2, 16-2a, 16-6, 16-6a, 16-6b, 16-7, 16-8, 16-8b, 16-8c, 16-8d, 16-9,
491 16-9a, 16-10, 16-10a, 16-11, 16-12, 16-13, 16-14, 16-15, 16-16, 16-17, 16-18,
492 16-19, 16-19a, 16-19b, 16-19d, 16-19f, 16-19k, 16-19n, 16-19o, 16-19u, 16-
493 19w, 16-19x, 16-19z, 16-19aa, 16-19bb, 16-19cc, 16-19dd, 16-19ee, 16-
494 19ff, 16-19gg, 16-19jj, 16-19kk, 16-19mm, 16-19nn, 16-19oo, 16-19pp, 16-
495 19qq, 16-19tt, 16-19uu, 16-19vv, 16-20, 16-21, 16-23, 16-24, 16-25, 16-25a,
496 16-26, 16-27, 16-28, 16-29, as amended by this act, 16-32, 16-32a, 16-32b,
497 16-32c, 16-32e, 16-32f, 16-32g, 16-33, 16-35, 16-41, 16-42, 16-43, 16-43a,
498 16-43d, 16-44, 16-44a, 16-45, 16-46, 16-47, 16-47a, 16-48, 16-49e, 16-50c,
499 16-50d, 16-50f, 16-50k, 16-50aa, 16-216, 16-227, 16-231, 16-233, 16-234,
500 16-235, 16-238, 16-243, 16-243a, 16-243b, 16-243c, 16-243f, 16-243i, 16-
501 243j, 16-243k, 16-243m, 16-243n, 16-243p, 16-243q, 16-243r, 16-243s, 16-
502 243t, 16-243u, 16-243v, 16-243w, 16-244a, 16-244b, 16-244c, 16-244d, 16-
503 244e, 16-244f, 16-244g, 16-244h, 16-244i, 16-244k, 16-244l, 16-245, 16-
504 245a, 16-245b, 16-245c, 16-245e, 16-245g, 16-245l, 16-245p, 16-245q, 16-
505 245s, 16-245t, 16-245u, 16-245v, 16-245w, 16-245x, 16-245aa, 16-246, 16-
506 246e, 16-246g, 16-247c, 16-247j, 16-247l, 16-247m, 16-247o, 16-247p, 16-
507 247t, 16-249, 16-250, 16-250a, 16-250b, 16-256b, 16-256c, 16-256h, 16-
508 256k, 16-258a, 16-258b, 16-258c, 16-259, 16-261, 16-262a, 16-262c, 16-
509 262d, 16-262i, 16-262j, 16-262k, 16-262l, 16-262m, 16-262n, 16-262o, 16-
510 262q, 16-262r, 16-262s, as amended by this act, 16-262v, as amended by
511 this act, 16-262w, as amended by this act, 16-262x, 16-265, 16-269, 16-

512 271, 16-272, 16-273, 16-274, 16-275, 16-276, 16-278, 16-280a, 16-280b, 16-
 513 280d, 16-280e, 16-280f, 16-280h, 16-281a, 16-331, 16-331c, 16-331e, 16-
 514 331f, 16-331g, 16-331h, 16-331i, 16-331j, 16-331k, 16-331n, 16-331o, 16-
 515 331p, 16-331q, 16-331r, 16-331t, 16-331u, 16-331v, 16-331y, 16-331z, 16-
 516 331aa, 16-331cc, 16-331dd, 16-331ff, 16-331gg, 16-332, 16-333, 16-333a,
 517 16-333b, 16-333e, 16-333f, 16-333g, 16-333h, 16-333i, 16-333l, 16-333n,
 518 16-333o, 16-333p, 16-347, 16-348, 16-356, 16-357, 16-358, 16-359, 16a-3b,
 519 16a-3c, 16a-7b, 16a-7c, 16a-13b, 16a-37c, subsection (b) of section 16a-
 520 38n, 16a-38o, 16a-40b, 16a-40k, 16a-41, 16a-46, 16a-46b, 16a-46c, 16a-
 521 47a, 16a-47b, 16a-47c, 16a-47d, 16a-47e, 16a-48, 16a-49, 16a-103, 20-298,
 522 20-309, 20-340, 20-340a, 20-341k, 20-341z, 20-357, 20-541, 22a-174l, 22a-
 523 256dd, 22a-266, 22a-358, 22a-475, 22a-478, 22a-479, 23-8b, 23-65, 25-33a,
 524 25-33h, 25-33k, 25-33l, [25-33p,] 25-37d, 25-37e, 26-141b, 28-1b, 28-24,
 525 28-26, 28-27, 28-31, 29-282, 29-415, 32-80a, 32-222, 33-219, 33-221, 33-
 526 241, 33-951, 42-287, 43-44, 49-4c and 52-259a.

527 Sec. 13. Section 25-33p of the general statutes is repealed. (*Effective*
 528 *from passage*)

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>	New section
Sec. 4	<i>from passage</i>	7-239(a)
Sec. 5	<i>from passage</i>	16-29
Sec. 6	<i>from passage</i>	16-262v
Sec. 7	<i>from passage</i>	16-262w(i)
Sec. 8	<i>from passage</i>	16-262s
Sec. 9	<i>from passage</i>	16-262e(a)
Sec. 10	<i>from passage</i>	16-262f(a)
Sec. 11	<i>from passage</i>	16-262t(a)
Sec. 12	<i>from passage</i>	22a-2d(d) and (e)
Sec. 13	<i>from passage</i>	Repealer section

Statement of Legislative Commissioners:

In section 3(a), ""water company" has the same meaning as provided in section 16-1 of the general statutes" was inserted for clarity; in section

10(a)(3), "utilities" was changed to "utility service" for internal consistency; and in section 11(a)(4), "utilities" was changed to "water service" for internal consistency.

ET *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The bill requires additional criteria to be considered when the Public Utilities Regulatory Authority (PURA) and municipal legislative bodies set water company rates. These provisions may result in increased rates to all ratepayers, including the state and municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 807*****AN ACT CONCERNING WATER INFRASTRUCTURE AND CONSERVATION, MUNICIPAL REPORTING REQUIREMENTS AND UNPAID UTILITY ACCOUNTS AT MULTI-FAMILY DWELLINGS.*****SUMMARY:**

This bill establishes additional conservation-related principles that the Public Utilities Regulatory Authority (PURA) and municipal legislative bodies must consider when setting water company rates. It also requires (1) PURA and the Water Planning Council to identify and recommend conservation programs and (2) PURA to implement, under certain circumstances, a revenue adjustment mechanism to let the water companies meet their allowed revenues regardless of their customers' water usage.

The bill also:

1. increases the maximum water infrastructure and conservation adjustment (WICA) from 7.5% to 10%;
2. expands the list of WICA eligible projects to include efficiency equipment, among other things;
3. allows a water company voluntarily acquiring an economically non-viable water company to receive a reasonable acquisition premium as part of a PURA approved rate surcharge;
4. exempts municipal water utilities from an annual reporting requirement to PURA; and
5. ends a requirement for the Office of Policy and Management to prepare an annual report on the Water Planning Council's goals and recommendations.

In addition, the bill allows all utility companies to pursue post-judgment procedures against the owner of a building in receivership.

EFFECTIVE DATE: Upon passage

§§ 1, 4 - CONSERVATION-BASED RATE MAKING PRINCIPLES

The bill requires PURA to authorize water company rates that promote comprehensive supply-side and demand-side water conservation. It must also consider (1) state energy policies, (2) the capital intensive nature of supporting water systems that minimize water loss, and (3) the competition for capital to invest in water systems.

The bill requires PURA, and municipal legislative bodies setting water rates and charges for municipal water utilities, to consider:

1. demand projections that recognize conservation's effects,
2. implementing metering and measures to provide timely price signals to consumers,
3. multi-year rate plans,
4. measures to reduce system water losses, and
5. alternative rate designs that promote conservation.

To the extent that they might conflict, it is unclear what priority these new principles have in relation to the existing law's general rate making principles for PURA (CGS § 16-19e).

§ 2 - CONSERVATION PROGRAMS

The bill requires PURA to open a proceeding to identify any water and energy conservation programs that a water company has implemented and for which it could recover expenses in a general rate case. The water company must show, through publicly available information, that the program's expenses were reasonable and prudent, including measures approved in the water supply plans

required by law.

The bill requires the Water Planning Council and Energy Conservation Management Board to submit a joint report that identifies and recommends conservation programs to PURA by January 1, 2014. The recommendations can include renewable energy use, meters and technology to promote timely price signals, and consumer programs such as monthly billing, water audits, and leak detection programs. PURA can consider the report in its proceeding to identify water company conservation programs or incorporate it into the Conservation and Load Management Plan it must develop by law.

§ 3 - REVENUE ADJUSTMENT MECHANISM

The bill creates a revenue adjustment mechanism to allow a water company to make up the difference between the revenue allowed under its last general rate case and its actual annual revenue. The adjustment can be implemented through a rate modification (i.e., increasing present rates to make up the difference), a rate surcharge (i.e., an additional charge to make up the difference), or a balance sheet deferral that can be recovered in the company's next general rate case (i.e., raising future rates to make up the difference). (Existing law (CGS § 16-19kk) requires PURA to implement rate making procedures that (1) encourage conservation and (2) modify or eliminate any direct relationship between a utility company's sales volume and earnings, including the adoption of a sales adjustment clause.)

Under the bill, any under-recovery, over-recovery, or deferred amounts from the previous year's adjustment must be included when calculating the subsequent annual adjustment or general rate case, whichever occurs first. (The bill does not specify, but presumably, PURA would make these annual adjustments as part of the bill's requirement for it to annually authorize approved adjustment mechanisms.) The bill implements the adjustment mechanism through pending general rate cases, at a water company's request, and through general rate cases. Any company receiving the adjustment must file with PURA an annual reconciliation of actual revenues to allowed

revenues, and include a report on the company's water demand changes and water conservation measures.

Pending Rate Cases

The bill requires PURA to include a revenue adjustment mechanism for any water company's draft or final general rate case pending when the bill is enacted. After approving the adjustment, PURA must annually authorize it until the company's next general rate case.

Water Company Requests

The bill requires PURA to start a limited reopener proceeding to approve a revenue adjustment mechanism for a requesting water company if the company's actual annual revenues are at least 1% less than the revenue authorized under its last general rate case. Once the adjustment mechanism is approved, PURA must annually authorize it until (1) six years after the company's last general rate case or (2) the company's next general rate case, whichever comes first.

General Rate Cases

The bill requires PURA to approve a revenue adjustment mechanism at a water company's request during its general rate case. After approving the adjustment, PURA must annually authorize it until the company's next general rate case.

Earnings Sharing Mechanism

The bill also requires PURA to concurrently establish an earnings sharing mechanism that requires a water company's earnings beyond its allowed return on equity to be split between the company's ratepayers and shareholders.

Authorized Revenues

By law, a water company's authorized revenue includes revenue approved in a general rate case and WICA. The bill additionally requires that it reflect revenue from customer growth due to a PURA approved acquisition of another water company. This requirement's effect is unclear because the bill's references to the authorized revenue

used in the adjustment mechanism are specifically limited to revenue authorized in the water company's most recent general rate case.

§§ 6, 7 - WICA

The law allows a water company to receive a water infrastructure and conservation adjustment to help defray the costs of funding certain infrastructure projects between general rate cases. The bill adds to the list of WICA eligible projects:

1. energy efficient equipment purchases for water company operations,
2. capital improvements needed to comply with river and stream flow regulations, and
3. reasonable and necessary system improvements required for a PURA approved water system acquisition.

The bill increases the maximum WICA from 7.5% to 10% of the company's annual retail water revenues approved in its last rate case. Under existing law, unchanged by the bill, a company's WICA cannot exceed 5% of the approved annual revenues for any 12-month period.

§ 8 - ACQUISITION PREMIUMS

Existing law allows a water company (private or municipal) to voluntarily acquire another water company (private or municipal) deemed economically non-viable by PURA. Under these circumstances, the acquiring company can ask PURA to approve a rate surcharge to cover the acquisition costs and any improvements needed in the acquired system.

The bill allows this rate surcharge to include an additional reasonable acquisition premium. The premium is calculated by adding an acquisition's costs beyond the depreciated original cost to the rate base and amortizing it as an addition to expenses over a reasonable period of time with corresponding rate base reductions. Under the bill, PURA can allow the premium when a water company

shows that a proposed acquisition will benefit customers by (1) enhancing system viability or (2) avoiding capital costs or saving operating costs.

Instead of imposing all or part of a rate surcharge, the bill also allows PURA to let the acquiring water company defer the acquisition costs' collection until the company's next general rate case. The bill allows PURA to award an acquiring water company a premium rate of return at its next general rate case if the company shows that a proposed acquisition will benefit customers by (1) enhancing system viability or (2) avoiding capital costs or saving operating costs.

§ 5 - MUNICIPAL WATER COMPANY REPORTS TO PURA

Current law requires all municipal utility companies to submit annual status reports to PURA. The bill exempts municipal water companies from this requirement. It also exempts them from PURA's authority to (1) prescribe how to keep report-related records and (2) conduct report-related examinations.

§§ 9-11 - RESIDENTIAL BUILDING RECEIVERSHIPS

Existing law prohibits a utility company from terminating service to a residential building's tenants for nonpayment if it knows that the building's owner, and not the tenants, is responsible for the bills and the tenants cannot receive service in their own names. When a building owner defaults under these circumstances, the law allows the utilities to request that the courts appoint a receiver to collect the building's rents and fees to pay the ongoing utility bills. The bill allows a utility to additionally pursue a post-judgment procedure (e.g., a wage execution) against the owner to pay for its past due and ongoing bills. This provision applies to all utility companies, including municipal utilities.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 18 Nay 5 (03/07/2013)