

**STATE OF CONNECTICUT  
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION  
PUBLIC UTILITIES REGULATORY AUTHORITY (PURA)**

Public Hearing – February 10, 2015

Energy & Technology Committee

Testimony Submitted by PURA Vice-Chairman John Betkoski

Thank you for the opportunity to provide testimony on the following bill.

**PROPOSED SENATE BILL NO. 569 - AN ACT CONCERNING  
COMMUNITY WATER SYSTEMS**

This bill seeks to improve the financial capacity and system viability of the state's small community water system.

There is a great deal of activity occurring in Connecticut around water issues and the bill's stated intent is consistent with those activities.

The State Water Planning Council (WPC) which is comprised of representatives from the Department of Energy and Environmental Protection (DEEP), Department of Public Health (DPH), Office of Policy & Management (OPM) and Public Utilities Regulatory Authority (PURA) has been charged by the legislature with preparing a statewide water plan by 2017 and submitting it to the General Assembly for review and consideration. The planning effort is well underway.

There is a Water Planning Council Advisory Group (WPCAG), which is made up of representatives of water utilities, various other business and industry interests, various environmental and recreation interests, agricultural interests, regional councils of government and public health districts that advise the WPC as it prepares the state water plan.

Last year, PURA in response to Section 47 of Public Act No. 13-298 An Act Concerning Implementation of Connecticut's Comprehensive Energy Strategy and Various Revisions to the Energy Statutes, commissioned an independent study (Townesley Report) of the financial viability and system capacity of Connecticut's small community water companies. PURA will make the report available to the Committee upon your request. The objectives of the Townesley Report, in part, were to review potential factors affecting the costs necessary to maintain and operate community water systems (CWS) safely and effectively, and to look at the potential benefits that could be derived from creating a financial assistance account to help these systems defray the costs of essential infrastructure improvements. The study also looked at ways to avoid creating future problematic systems and situations. It

recommended that PURA consider implementing an initial rate setting policy for new CWS' requiring some regulatory oversight to help ensure that the initial established rates are cost-based (i.e. cover expenses and provide a reserve fund for improvements and emergencies).

The WPC asked the WPCAG to review the report and recommend any follow up actions or legislative changes to support the viability of small water systems. That resulted in the establishment of the Small Systems Work Group (which includes representatives from PURA, Office of Consumer Counsel, Department of Public Health, Department of Energy and Environmental Protection, water utilities and other interested stakeholders) in 2014. The Small Systems Work Group has reviewed and is now formulating recommendations based on the Townsley study.

The Small Systems Work Group meets monthly and is currently reviewing the processes from the creation of small systems through the acquisition of such systems. They are looking to simplify and streamline procedures now in place to promote greater opportunities for success and to better assure customers in those systems will have quality water and service. The work group is considering how to ensure that appropriate rates and governance are established for any new small systems so they can maintain viability. They are also examining ways to systematically identify small systems that are at risk for failure and to provide tools for regulators to use to promote compliance and appropriate funding sources.

Upon review of the proposal, PURA would suggest that the DPH take the lead in identifying the community water systems that are having financial difficulties, as they have historically performed this work. PURA will make its staff available to provide assistance to DPH. We have discussed this with representatives of DPH who are in agreement with this arrangement.

We look forward to working with the legislature and other stakeholders on these important water issues.

Thank you again for the opportunity to provide testimony on this proposal. If you should require any additional information, please contact Nicholas E. Neeley, PURA's Legislative Liaison, at 860-827-2625 or [Nicholas.Neeley@ct.gov](mailto:Nicholas.Neeley@ct.gov).