



**Testimony  
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Energy & Public Utilities Committee  
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The Connecticut Water Works Association (CWVA) appreciates the opportunity to comment on SB-570 and several related bills that seek to legislatively establish a cap on fixed fees charged by electric companies. We are concerned that these bills set a difficult precedent for all utilities by imposing restrictions on a utility's rate structure/design.

Public service companies are heavily regulated by the Public Utilities Regulatory Authority (PURA), which carefully evaluates all of a company's costs and considers cost of service studies and input from rate design experts to determine how to best distribute the authorized expenses in rates. PURA, the Office of Consumer Counsel and public service companies utilize experts with vast experience in ratemaking to draw on their considerable expertise in rate cases across the country.

PURA may approve rate categories and structures based on customer classes (residential, commercial, industrial, public authority) and/or usage levels (tiered rate structures) as well as through a combination of fixed charges and commodity charges based on the cost of service studies. The rate design then takes into account a number of factors and policies, including potential impacts on low income customers and municipal costs. In addition, PURA considers whether the rates support conservation consistent with state policies and various legislative mandates.

Rate design can be as much an art as a science and depends on the specifics of each rate application, including consideration of the company's capital and operating needs, their customer base and the demographics of the communities served. By legislatively restricting a utility's rate structure/design, this bill undermines the ability of PURA to appropriately tailor ratemaking decisions to the specifics of each case.

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