



House of Representatives

General Assembly

File No. 588

January Session, 2015

Substitute House Bill No. 6984

House of Representatives, April 13, 2015

The Committee on Energy and Technology reported through REP. REED of the 102nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REVENUE ADJUSTMENT CHARGES FOR WATER COMPANIES.

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

1 Section 1. Subdivision (2) of subsection (d) of section 16-262y of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2015*):

4 (2) After approval of a revenue adjustment mechanism pursuant to
5 subdivision (1) of this subsection, such mechanism shall be authorized
6 by the authority annually thereafter until [such time as such] the later
7 of the sixth year after either the company (A) files its next general rate
8 case, (B) causes the initial establishment of such revenue adjustment
9 mechanism, or (C) participates in its reopened rate case, and either (i)
10 rate levels are reset by the authority, (ii) WICA surcharges are rolled
11 into base rates, or (iii) other authorized changes in rates are made
12 pursuant to a settlement agreement or other action by the authority.
13 After such six-year period, the authority may authorize continuation of
14 the revenue adjustment mechanism for up to an additional three-year

15 period upon request by the company, pursuant to a filing with the
 16 authority at least ninety days before the revenue adjustment
 17 mechanism is due to be discontinued. The authority shall act on such
 18 request within such ninety-day period in an uncontested proceeding.
 19 Such company shall file with the authority an annual reconciliation of
 20 actual revenues to allowed revenues that shall include a report of the
 21 changes in water demands and any measures such company has taken
 22 to promote water conservation. As used in this section, "WICA" has the
 23 same meaning as "Water Infrastructure and Conservation Adjustment
 24 (WICA)", as provided in section 16-262v.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	16-262y(d)(2)

Statement of Legislative Commissioners:

In section 1(2), "of the general statutes" was deleted for consistency with existing statutes and the last sentence was rephrased for clarity.

ET *Joint Favorable Subst. -LCO*

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:** None**Municipal Impact:** None**Explanation**

The bill, which extends the duration of the revenue adjustment mechanism that the Public Utilities Regulatory Authority (PURA) approves for investor-owned water companies through a company's general rate case, has no fiscal impact.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**sHB 6984*****AN ACT CONCERNING REVENUE ADJUSTMENT CHARGES FOR WATER COMPANIES.*****SUMMARY:**

This bill extends the duration of the revenue adjustment mechanism (RAM) that the Public Utilities Regulatory Authority (PURA) approves for investor-owned water companies through a company's general rate case. In general, a RAM allows a company to reconcile any difference between its PURA-approved revenue and its actual revenue through an annual rate adjustment without going through a full rate case proceeding each year. (For example, if a company earns less than PURA allowed it to earn, it may increase rates the following year to make up the difference.) The law allows these water companies to implement a RAM through their general rate cases or, under certain limited circumstances, between rate cases.

Under current law, when PURA approves a RAM in a general rate case, it must be annually reviewed and authorized until the company's next rate case, at which point, the rates are adjusted to provide the company's approved revenue and a new RAM may be approved at the company's request. The bill instead requires a RAM approved in a general rate case to be annually reviewed and authorized until the later of six years after the company:

1. files its next rate case;
2. initially establishes a RAM; or
3. participates in a reopened rate case where (a) PURA resets rate levels, (b) Water Infrastructure and Conservation Adjustment surcharges are rolled into base rates, or (c) other authorized rate

changes are made under a settlement agreement or other PURA action.

(Presumably, when a RAM is established through a general rate case, six years after the company's next rate case will always be the latest of the above thresholds.)

After the six-year period, the bill allows PURA to extend the company's RAM for an additional three years at the company's request. A company must file a request for an extension at least 90 days before its RAM expires, and PURA must act on the request in an uncontested proceeding before the RAM expires.

EFFECTIVE DATE: October 1, 2015

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 23 Nay 0 (03/24/2015)