



**Testimony**  
**Elizabeth Gara, Executive Director**  
**Connecticut Water Works Association (CWWA)**  
**Before the Public Health Committee**  
**March 18, 2015**

The Connecticut Water Works Association (CWWA) supports the intent of HB-6954, An Act Concerning the Department of Public Health's Recommendations Regarding Water Company Takeover Proceedings and Certificates of Public Convenience and Necessity for the Expansion and Construction of Public Water Systems. The bill is intended to address concerns regarding small community water systems.

**Small Community Water Systems**

Small community water systems include homeowner's associations, condo associations, senior housing complexes, mobile homes and other developments where providing water is not the primary function but incidental activities of the owner(s). Not surprisingly, in Connecticut and other states throughout the United States, these small water systems often lack the financial, technical and managerial capacity to adequately maintain systems, make necessary system improvements and comply with rigorous state and federal public health and environmental laws.

When community water systems fail to meet their obligations to provide public water supplies, there is a process under Connecticut law whereby regulators can order another water company to acquire the system. In addition, some community water systems, recognizing that their revenues and/or infrastructure are inadequate, may pursue a voluntary acquisition agreement with a water company, which is subject to review and approval by state regulators.

**Study Required by PA 13-298**

Public Act 13-298 required the Public Utilities Regulatory Authority (PURA) to study the financial capacity and system viability of small community water systems that are not required to submit water supply plans. Under current law, water systems serving more than 1,000 customers are required to develop and submit comprehensive water supply plans to state regulators.

The act required the study to examine: (1) potential factors affecting the costs to maintain and operate small systems safely and effectively and (2) potential benefits of creating a financial assistance account to help them defray the costs of essential infrastructure improvements. Accordingly, PURA contracted with the consulting firm, the Townsley Consulting Group, LLC, to undertake the study.

The report included several key findings on community water systems, including: 1) There are 358 small community water systems that serve a population of less than 1,000 and are not owned by larger water companies; 2) The capital needs of the Community Water Systems could approach \$50 million over the next five years; and 3) Approximately 21 of the Community Water Systems are in poor condition, not providing adequate service, and in need of substantial work.



In addition, the report recognized that it would be beneficial in many cases for these small systems to be acquired, either voluntarily or involuntarily to ensure that customers receive adequate public water supply service. However, the report noted that the process for acquisition of water systems, including the voluntary acquisitions process, is inordinately complex and imposes significant costs on water utilities and their customers and delays the resolution of issues affecting the quality of drinking water for customers. Accordingly, the study concludes that “if the consolidation of the Community Water Systems through acquisition is to reach its potential for “voluntary” acquisitions, “streamlining” of the PURA and DPH processes needs to be implemented.”

We therefore support the intent of HB-6954 to streamline the processes for acquisition of water systems, which is critical to addressing concerns associated with small community water systems. However, as drafted, we are concerned that the language may create certain unintended consequences and warrants further review and revision.

In addition, the state’s Water Planning Council requested earlier this year that the Water Planning Council Advisory Group (WPCAG) establish a work group to recommend ways of streamlining the acquisitions process and address other issues framed in the report. We believe this group is well-positioned to work with DPH to ensure that the bill does not create any unintended consequences that may undermine the process for facilitating acquisitions.

CWWA is very hopeful that these issues can be resolved so that we can move forward on this issue.