



Testimony
Elizabeth Gara, Executive Director
Connecticut Water Works Association (CWWA)
Before the Energy & Public Utilities Committee
March 1, 2016

RE: SB-103 - AN ACT CONCERNING THE RESPONSIBILITIES OF THE PROCUREMENT MANAGER OF THE PUBLIC UTILITIES REGULATORY AUTHORITY AND MINOR REVISIONS TO ENERGY-RELATED STATUTES.

CWWA supports Section 1 and 2 of SB-103, with minor revisions.

As stewards of the state's water resources, CWWA member utilities recognize the importance of promoting conservation and system reliability to preserve and protect water supplies to meet the future public health and safety needs of the state.

The state's Water Infrastructure Conservation Adjustment Program (WICA) was established in 2007 to authorize interim rate adjustments to support projects needed to improve water quality and address issues related to the reliability of the system. The program has successfully addressed the critical need to promote the timely, proactive replacement of aging water infrastructure and assist the state in meeting environmental goals.

Sections 1 and 2 of SB-103 are intended to clarify the terminology used in the statutes which will help ensure that in administering these provisions, a company's earnings are determined in a consistent manner. However, we respectfully request that this language be further clarified by providing that a company's earnings are measured based on the rolling twelve month periods ending with the two most recent consecutive financial quarters.

In addition, provisions in Section 2 of the bill regarding instances when a company exceeds its authorized rate of return under WICA should be revised. Under existing law, if it is determined that a company has exceeded its allowed rate of return, the WICA charge is reset to zero. Although this provision was aimed at protecting consumers, given the importance of replacing aging infrastructure and upgrading water systems to protect the quality of Connecticut's public water supplies and the savings associated with the WICA process, it is not warranted.

The tragedy involving water supplies in Flint, Michigan has underscored the need to ensure that water system infrastructure is well-maintained. Fortunately, Connecticut has adopted a number of laws and programs to ensure that our public water supplies are safe and reliable. For private water utilities, the WICA charge has proven an effective tool in facilitating the replacement of aging infrastructure and supporting investment in more efficient technologies and infrastructure.

CWWA believes this provision should be revised to reduce the WICA charge to customers by an amount sufficient to offset any excess earnings, rather than reset WICA to zero. This is consistent with the manner in which administrators addressed the issue with one of the smaller private water companies in Connecticut.

This revision also makes sense inasmuch as there is a process in place requiring an annual reconciliation and adjustment to the WICA charge which ensures that the company does not over or undercollect charges from customers. This same process should be applied to adjust the charge when earnings exceed the amount previously approved by PURA.