



Testimony
Elizabeth Gara, Executive Director
Connecticut Water Works Association
Before the Energy & Technology Committee
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The Connecticut Water Works Association (CWWA), a trade association of municipal, regional and private water companies, appreciates the opportunity to comment in **support HB-5346 - AN ACT CONCERNING THE SALE OF MUNICIPAL WATER SUPPLY AND WASTEWATER UTILITY ASSETS.**

HB-5346 simply creates a process for addressing situations where a municipality wants to transfer its water and wastewater systems to another entity. A municipality may not be in a position to fund ongoing maintenance or necessary upgrades to the system to meet stringent state and federal standards.

As a result, some municipalities may want to transfer these systems to another party, such as a private water system. However, there is currently no way of appropriately determining the value of such assets and authorizing the recovery of the costs of acquisition in the private water company's rate base.

Under the bill, the fair value of the system is based on the average of two professional appraisals. The water company acquiring the system will be allowed to include the price negotiated with the town or the appraised value of the system, whichever is lower, in its rate base. The Public Utilities Regulatory Authority (PURA) will approve rates and any applicable surcharges that customers of the acquired system will pay.

Recognizing that municipalities are interested in divesting themselves of aging water and wastewater infrastructure, six states have adopted similar legislation to provide a clear process for facilitating the transfer of such systems: California, Pennsylvania, New Jersey, Indiana, Illinois and Missouri. The legislation has also benefited the customers of these systems by ensuring that the availability of safe, reliable drinking water supplies.

CWVA recognizes that PURA has some reservations about this proposal due to state budgetary constraints and limited agency staff. In addition, we have received questions regarding the impact on wastewater systems.

Given the limited timeframe of the short session, it is unlikely that we will be able to address these concerns this session. However, we intend to continue discussions with PURA, the Office of Consumer Counsel, and others regarding this important issue.

Thank you for your consideration.