

Planning and Development Committee

JOINT FAVORABLE REPORT

Bill No.: HB-5277

AN ACT AMENDING THE CHARTER OF THE SOUTH CENTRAL

Title: CONNECTICUT WATER AUTHORITY.

Vote Date: 3/15/2024

Vote Action: Joint Favorable Substitute

PH Date: 2/28/2024

File No.:

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SPONSORS OF BILL:

Planning and Development Committee

REASONS FOR BILL:

The South Central Connecticut Regional Water Authority (RWA) is a non-profit, public corporation and political subdivision of the state. It is chartered under Special Act 77-98 ("Enabling Legislation") which defines the RWA's governance and provides a framework for the conduct of its operations. The proposed amendments seek to modernize and streamline the RWA's governance structure and enhance the capacity to address challenges and opportunities in the current marketplace.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed.

NATURE AND SOURCES OF SUPPORT:

[David Borowy, Board Chair, Regional Water Authority](#)

[Robert Harvey, RPB Chair, Regional Water Authority](#)

David Borowy and Robert Harvey submitted joint testimony and stated that the RWA is chartered under Special Act 77-98, also referred to as their enabling legislation. That Act defines their governance and provides a framework for what the RWA can do. The suggested modifications represent a significant step forward in enhancing the efficiency, transparency, and effectiveness of the RWA's governing framework, as well as the communities it serves. Some of the key changes include clarifying language regarding the geographical boundaries where the RWA can conduct non-core business activity., expanding the definition of non-core

business, modifying the calculation of the total weighted RPB votes, updating RPB and Authority Board compensation, increasing the number of Authority Board members, adjusting the interest rate applied to past due bills, and adjusting for inflation the threshold for RPB approval of capital projects.

[Larry Bingaman, President & CEO, Regional Water Authority](#)

Larry Bingaman echoed his co-workers testimony and listed different proposed changes and how the RWA would benefit from them. One example is clarifying that the RWA is allowed to conduct its non-core business outside of Connecticut. By clarifying that the geographic boundary limitations do not prohibit the RWA's non-core business, the amendment will open new non-core business opportunities. He states that current enabling language is vague and should be explicit. Expanding and investing in non-core activities allows the RWA to mitigate future water rate increases for consumers. The available earnings from these businesses are transferred to the utility's Construction Fund to ease rate increases by reducing the debt financing required in support of our capital program.

[Jeffery Donofrio, Consumer Affairs Officer, Regional Water Authority](#)

Jeffery Donofrio expressed his support and listed some highlights of the proposed changes. This includes removing the 40-year maximum maturity, as the Authority does have assets with useful lives well over 40 years. Another proposed change would revise a requirement to public a concise financial statement in newspapers and providing a copy of the audited financials to the "public utilities control authority." He emphasized that the proposed changes were carefully developed and unanimously approved by the RWA's five-member Authority Board and the RPB.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Ashley Orser

Date: 3/25/24