



OCC VICTORIOUS IN COURT REGARDING AQUARION RATES

The Office of Consumer Counsel (OCC) received a favorable ruling from the New Britain Superior Court in its appeal of the rates of the Aquarion Water Company (Aquarion). The Public Utilities Regulatory (PURA) had granted to Aquarion a \$2.73 million per year bonus as part of Aquarion's 2013 rate case because Aquarion purchased certain other water companies. A new statute authorized a bonus for water companies that further state policy by taking over other, non-viable water companies and thus ensuring continuity of service.

In granting a bonus to Aquarion, PURA cited Aquarion's purchase of United Water Company (United), Rural Water Company, and Brookfield Water Company and indicated that these three companies were non-viable when purchased, that is, that they were experiencing financial, managerial or infrastructure issues that threaten service. Aquarion spent approximately \$41 million to make these acquisitions, with the acquisition of United representing \$38 million of that figure. However, the Superior Court noted that there was evidence indicating that United was actually viable when purchased, including statements by Aquarion which referred to United's systems as being viable. Since United was such a large part of the investment relied upon by PURA to grant the bonus, the Court sent the case back to PURA to correct its error.

Now that the case has been returned to PURA, PURA will again have to decide whether Aquarion qualifies for a bonus based on past acquisitions, and if so, what the size of the bonus should be. The existing bonus has already been in rates for about eighteen months. If PURA reduces or eliminates the bonus, customers would receive a refund and reduced rates in the future.

Customers who wish to weigh in can write to the Executive Secretary, Public Utilities Regulatory Authority, 10 Franklin Square, New Britain, CT 06051. Comments may also be submitted to PURA via e-mail addressed to PURA.ExecutiveSecretary@ct.gov. You should reference "Docket No. 13-02-20" and "Aquarion's rate case."