



OCC ENTERS SETTLEMENT AGREEMENTS WITH THE TORRINGTON WATER COMPANY AND AVON WATER COMPANY

On April 30, 2015, the OCC entered into a Settlement Agreement with the Torrington Water Company (TWC) and petitioned the Public Utilities Regulatory Authority (Authority) for a limited reopener of TWC's last rate proceeding, Docket No. 08-03-19. The purpose of the Settlement Agreement was to reopen TWC's 2008 rate case in order to fold-in the Company's water infrastructure and conservation adjustment (WICA) surcharge into base rates. The fold-in of WICA is bill neutral. The Settlement resets WICA to 0% and allows TWC to continue to have a mechanism to recover a return of and on its investment in infrastructure replacement projects until its next rate case. As a result of the Settlement, TWC has been able to avoid filing a rate case and has agreed to a base rate freeze until July 1, 2017. A Decision from the Authority is expected in August.

On June 9, 2015, the OCC entered into a Settlement Agreement with the Avon Water Company (AWC) that addressed AWC's WICA, revenue adjustment mechanism (RAM) and current overearnings position. AWC petitioned the Public Utilities Regulatory Authority (Authority) for a limited reopener of AWC's last rate proceeding, Docket No. 09-10-08.

The Settlement with AWC's accomplishes all of the following:

1. Avoid a full rate case for some time, with Avon committing to a base rate freeze until July 1, 2017;
2. Roll-in WICA to base rates and reset at 0%, which allows AWC to start over again with new WICA projects ;
3. Refund \$277,433 of 2014 overearnings as a bill credit;
4. Measure Avon's future earned ROE based on a capital structure comprised of 60% equity and 40% debt;
5. Refund \$56,164 of revenues previously collected through AWC's RAM and discontinue RAM on a going forward basis;

If approved by PURA, AWC's customers will see bill decreases of \$333,597 over the next year. A Decision from the Authority is expected by September.