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By Email

Mr. Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, Connecticut 06051

Re: Docket No. 25-04-03, *Joint Application of Aquarion Water Authority, South Central Connecticut Regional Water Authority and Eversource Energy for Approval of a Change of Control*

Dear Mr. Gaudiosi:

William Tong, Attorney General for the State of Connecticut ("Attorney General"), hereby submits these written exceptions to the proposed final decision ("PFD") issued by the Public Utilities Regulatory Authority ("PURA" or the "Authority") on March 6, 2026, preliminarily approving the application for a change of control filed by the Aquarion Water Authority ("AWA"), South Central Regional Water Authority ("RWA"), and Eversource Energy ("Eversource") (jointly "Applicants") (referred to herein as the "Application"). The Attorney General respectfully but strongly urges the Authority to reconsider the PFD and reject the Application. PURA's primary obligation is to protect the public interest, not just protect Eversource's bottom line, and this transaction is not in the public interest.

The record in this case has not changed since the matter was remanded back to PURA. Yet, for reasons that are unclear, PURA has retreated from its initial decision – now approving the very same application that recently rejected for lack of managerial suitability in a manner consistent with the public interest - to the profound detriment of every Aquarion customer for years to come. To be clear, nothing in the court's decision requires this reversal. The court squarely held that PURA maintains full authority to evaluate public interest and aspects of managerial suitability, and either of these reasons alone provides sufficient grounds to reject the Application.

The Authority's acknowledgment in the PFD that it continues to have serious misgivings about the financial terms offers ratepayers little solace. The fact remains that the Application should be rejected. The Applicants have failed to demonstrate that the proposed transaction is in the public interest as required by Conn. Gen. Stat. § 16-22. The Applicants have similarly failed to demonstrate their managerial suitability as required by Conn. Gen. Stat. § 16-47.

As to the public interest, if approved the proposed transaction will require Aquarion ratepayers to pay $5.895 billion in acquisition costs financed out over forty years. The PURA does not dispute the amount of these acquisition costs or that they will be borne by ratepayers. In fact, the PFD acknowledges that, "whether the acquisition premium is labelled as 'fair market value,' 'workforce and reputational value,' or 'goodwill' is largely irrelevant—Aquarion ratepayers will be paying, through their monthly water bill, the principal and interest on the acquisition premium." PFD at 25.

The massive rate increases that will result from this acquisition is alone sufficient grounds to find that the Application is not in the public interest and reject the Application. *See* Final Decision, Docket No. 00-01-11, *Application of Consolidated Edison, Inc. and Northeast Utilities for Approval of Change of Control*, p. 17-18 (October 19, 2000) (noting "[a]s a hypothetical example, there could be repugnant aspects of an application that could render a merger not in the public interest, even though the applicant itself might be suitable"); *see also* Proposed Final Decision, Docket No. 15-03-45, *Joint Application of Iberdrola, S.A., and UIL Holdings Corporation for Approval of a Change of Control,* p. 1 (June 30, 2015) (finding that although the applicants met the managerial, financial, and technological capability to acquire the Company, the applicants failed to meet their burden of proof that the proposed transaction was in the public interest as well as the ability to provide safe, adequate and reliable service; the application was withdrawn after this). PURA's hope that potential long-term savings from RWA's lower rates of borrowing will somehow offset those increases is pure folly. It is beyond dispute that any such long-term savings will not materialize in the next 40 years. Moreover, the Applicants' proposed near-term rate protections of maintaining current rates for only six months and retaining just $16.8 million in various annual rate credits currently included in Aquarion's current rates cannot reasonably be found to tip the balance of the proposed transaction in favor of the public interest – not when the cost to ratepayers exceeds $5.8 billion.

PURA should also reject the proposed Transaction because Applicants failed to demonstrate that they lack the requisite managerial suitability as required by Conn. Gen. Stat. § 16-47. In its initial decision in this case, PURA found that the Applicants lacked managerial suitability for three reasons: (1) the governance issues stemming from the incompatible fiduciary duties in the board structure; (2) substantial impairment of meaningful local representation and control due to the lack of voting representation for more than half of the municipalities in the AWA RPB, an Expanded Authority Board with a permanent majority appointed by municipalities in the AWA RPB, and lack of support for the Proposed Transaction; and (3) the consumer advocate, the Office of Consumer Affairs ("OCA"), is not an independent advocate with sufficient resources to protect AWA customers. Final Decision Docket No. 25-04-03, *Joint Application of Aquarion Water Authority, South Central Connecticut Regional Water Authority and Eversource Energy for Approval of a Change of Control*, p. 25-28 (November 19, 2025).

Upon appeal, the court reversed part of that final decision, stating that "PURA may not deny the application based on the membership of the board of directors that oversees AWA, the formula by which the votes of municipalities in Aquarion's service area are counted on AWA's RPB, or that the

consumer interests of Aquarion's customers are represented by an expanded RWA OCA." *Aquarion Water Authority, et al. v. Public Utilities Regulatory Authority*, HHB-CV-25-6101571-S (Conn. Super. Ct. Jan. 15, 2026) (Budzik, J.) at p. 15. The court, however, specifically held that PURA has full statutory authority and regulatory discretion to consider the actual operation of the OCA. Specifically, the Court stated that, "portions of the concerns raised by PURA with respect to the actual operation of OCA are within PURA's statutory authority and regulatory discretion. How these permissible regulatory concerns might ultimately affect the approval or disapproval of the application given that the court has overturned other aspects of the decision is a matter for PURA to decide in its regulatory discretion." *Aquarion Water Authority, et al. v. Public Utilities Regulatory Authority*, HHB-CV-25-6101571-S (Conn. Super. Ct. Jan. 15, 2026) (Budzik, J.) at p. 17.

The facts surrounding the OCA have not changed since PURA's initial final decision and have not changed since the court remanded the matter back to PURA for reconsideration. What PURA already found deficient in the OCA in this proceeding remains and alone is sufficient to find that the Applicants failed to demonstrate managerial suitability and reject the Transaction.

For the foregoing reasons, and for the reasons previously briefed, the Attorney General respectfully submits that the Authority reject the proposed Application. The Attorney General requests oral argument be held in the above-captioned docket.

Respectfully Submitted,

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