



STATE OF CONNECTICUT

**PUBLIC UTILITIES REGULATORY AUTHORITY
TEN FRANKLIN SQUARE
NEW BRITAIN, CT 06051**

**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**

March 25, 2026

By the following commissioners:

David Arconti, Jr.
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DECISION

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DECISION

I. INTRODUCTION

A. SUMMARY

The Authority approves the application for a change of control over Aquarion Company (Aquarion) filed by Aquarion Water Authority (AWA), South Central Connecticut Regional Water Authority (RWA), and Eversource Energy (Eversource, collectively with AWA and RWA, Applicants) subject to certain conditions and orders contained herein. In reaching this decision and applying the governing statutes and relevant standards of review, the Authority finds that AWA is financially, technologically, and managerially suitable to acquire Aquarion, and that AWA and Aquarion can reasonably be expected to continue the provision of safe, adequate, and reliable service to customers. The more challenging finding, and the one that the Authority reaches only after careful scrutiny of the record and the “totality of circumstances,” is that the transfer of ownership as structured by Sections 34 to 42 of the June Special Session, Public Act 24-1 (Public Act 24-1) is in the public interest.

The Authority does not reach this decision lightly. With a fiduciary duty to its shareholders, Eversource cannot be faulted for seeking to realize the maximum “market” value of this corporate asset through a bidding process for its transfer. However, the \$2.35 billion purchase price, which includes a significant acquisition premium, agreed to by AWA, a public corporation, places the proposed transaction on the knife’s edge of a public interest finding. Ultimately, however, the opportunity to lower capital and other costs associated with AWA’s tax-advantaged public authority ownership model provides a sufficient counterbalance to the substantial debt service required to finance the transaction. In brief, the long-term perpetual benefits to ratepayers of AWA’s cost structure favor finding the Proposed Transfer to be in the public interest.

This approval should not be construed as a blanket endorsement of the ownership transfer or the transaction that effectuates it. The Authority identified several salient issues that warrant subsequent consideration and possible remediation by AWA, RWA, or the General Assembly. Notably, the governance structure established under Public Act 24-1 creates potential fiduciary conflicts, provides inequitable municipal representation, and lacks an effective independent consumer advocate as exists for PURA-regulated utilities. The Authority is encouraged by the willingness and interest shown by the Applicants and members of the legislature to address these persistent concerns given that the structure and operation of AWA is outside the Authority’s jurisdiction post-transfer.

A myriad of valid issues were raised by ratepayers, municipalities, the Attorney General, and the Office of Consumer Council. Although the Authority approves the change of control application, subject to the conditions and orders herein, the Authority finds that this transfer of ownership was enabled by and is essentially a creature of statute. As such, the remedy to many of the parties’ concerns can be found by revisiting the enabling legislation.

B. BACKGROUND OF THE PROCEEDING

In June 2024, the General Assembly passed Public Act 24-1, An Act Concerning Motor Vehicle Assessments For Property Taxation, Innovation Banks, The Interest On Certain Tax Underpayments, The Assessment On Insurers, School Building Projects, The South Central Connecticut Regional Water Authority Charter And Certain State Historic Preservation Officer Procedure (Public Act 24-1 or Enabling Legislation), which was signed by Governor Lamont on July 1, 2024. Public Act 24-1 is a 140-page omnibus legislation covering a half dozen topics. Sections 34 to 42 of Public Act 24-1 amended Special Act 77-98, to expand RWA's powers, allow for the creation of AWA, and required PURA approval of AWA's ownership and operation of Aquarion.¹

On January 27, 2025, Eversource announced that it had entered into a definitive agreement to sell Aquarion to AWA.² On April 4, 2025, pursuant to General Statutes §§ 16-43 and 16-47 and Conn. Agencies Regs. §§ 16-43-1 et seq. and 16-47-1 et seq., AWA, RWA, and Eversource submitted a joint application to the Authority requesting approval of a change of control in which AWA will acquire Aquarion from Eversource, including all direct and indirect subsidiaries, including: Aquarion Water Company (AWC), Aquarion Water Company of Connecticut, Inc. (AWC-CT), and The Torrington Water Company (TWC) (Proposed Transfer or Application).

On November 19, 2025, the Authority issued its decision denying the application. Decision, Nov. 19, 2025, 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 (November Decision). The Applicants appealed the November Decision, and, on January 15, 2026, the Superior Court of New Britain sustained the appeal, remanding the matter to the Authority for further proceedings. Aquarion Water Authority v. Public Utilities Regulatory Authority, Superior Court, judicial district of New Britain, Docket No. CV-25-6101571-S, p. 9 (January 15, 2026) (Remand Decision).

The Remand Decision's central holding was fairly narrow. Specifically, the court held 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 the 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." *Id.*, p. 15. The court reached this conclusion because "[t]hese provisions were expressly mandated by the legislature in Public Act 24-1," and "PURA's general authority must yield to the specific statutory mandates" *Id.* Importantly, the court also held that "PURA retains its general regulatory authority under applicable statutes to make any decision with respect to these issues that is otherwise within PURA's regulatory authority and discretion and

¹ Special Act 77-98 created the RWA and was subsequently amended by Special Act 78-24, Special Act 84-46, Special Act 99-12, Special Act 02-85, Special Act 03-11, Special Act 13- 20, Special Act 17-5, Special Act 18-04, and Special Act 24-7.

² https://www.sec.gov/Archives/edgar/data/72741/000110465925006447/tm254636d1_ex99-1.htm

not specifically mandated by Public Act 24-1 or any other statute.” Id., p. 16. More specifically, the court concluded that:

PURA is expressly required to consider, inter alia, the “public interest” in deciding whether to approve the application . . . [and] balancing the various statutory and policy considerations that may go into determining whether the [Applicants] have met their burden to show that approval of the application is in the “public interest” is inherently a decision that should be made in the first instance by the responsible administrative agency, here, PURA.

Id., pp. 17-18. Accordingly, PURA’s broad authority to consider the public interest is delimited by the Remand Decision to the extent PURA “must yield” to “the explicit, plain decisions made by the legislature and set forth in statute” when evaluating the Proposed Transfer under General Statutes § 16-11, 16-22, and 16-47(d). Id., p. 15.

C. APPLICANTS

Eversource is a Massachusetts voluntary association and is the holding company of Aquarion. Application, p. 5. Aquarion is a Delaware corporation headquartered in Bridgeport, Connecticut, and is a wholly owned direct subsidiary of Eversource. Application, p. 3. Aquarion is the parent “holding company,” as defined in General Statutes § 16-47(a)(1), of AWC. Id. AWC has five wholly owned direct operating subsidiaries: AWC-CT, TWC, Aquarion Water Company of Massachusetts, Inc., Aquarion Water Company of New Hampshire, Inc., and Abenaki Water Company. Id. In total, AWC’s regulated utilities provide the public water supply and distribution services for approximately 226,000 customers, or more than 780,000 residents in 73 cities and towns in Connecticut, Massachusetts, and New Hampshire. Id. AWC-CT and TWC are Connecticut public service companies that provide water services under General Statutes §§ 16-1(a)(3) and (6). Id., pp. 3–4. AWC-CT is Eversource’s largest subsidiary water company and serves 218,000 customers, or more than 685,000 residents in 57 municipalities. Application, p. 3. TWC serves 10,200 customers, or approximately 37,000 people in five municipalities. Id., p. 4.

RWA is a Connecticut public corporation chartered by Special Act 77-98. RWA was created in January 1980 from the investor-owned utility New Haven Water Company. Application, p. 9. RWA is the second-largest water utility in the state and provides water to 432,000 people across 15 municipalities. Id., pp. 9–10. The RWA operating area and territory (RWA service area) is formally known as the South Central Connecticut Regional Water District and includes the following 20 municipalities: Ansonia, Beacon Falls, Bethany, Branford, Cheshire, Derby, East Haven, Guilford, Hamden, Killingworth, Madison, Milford, New Haven, North Branford, North Haven, Orange, Prospect, Seymour, West Haven, and Woodbridge. Kowalski and Teixeira PFT, p. 14.

AWA is a new Connecticut public corporation created by Public Act No. 24-1. The Enabling Legislation authorizes AWA to acquire and operate Aquarion as a water authority. Public Act No. 24-1 §§ 35–37; Application, p. 5. In addition to creating AWA,

the Enabling Legislation empowers RWA to borrow funds and issue bonds or notes to finance the acquisition of Aquarion. Application, p. 11.

D. APPLICANTS' PROPOSAL

1. Overview

The Applicants request approval of a purchase-and-sale agreement between Eversource, AWA, and RWA in which AWA will acquire “all of the issued and outstanding shares of common stock of Aquarion.” Kowalski and Teixeira Prefiled Test., Apr. 4, 2025, p. 4. As a result of the Proposed Transfer, AWA will take ownership of Aquarion. Id. The Proposed Transfer involves the acquisition by AWA of the entire Aquarion business, including all operations, functions, earnings, and cash flow. Applicant Rebuttal Test., Jul. 18, 2025 (Applicant Rebuttal), p. 4.

Under the purchase and sale agreement, AWA will acquire Aquarion for approximately \$2.4 billion: \$1.6 billion in cash and \$0.8 billion in net debt. Application, p. 16. The purchase will be a stock purchase where AWA will purchase all common stock of Aquarion for \$0.01 per share and become the sole owner of Aquarion. Id. Following the transfer, Aquarion will become a subsidiary of AWA. Id. The Proposed Transfer will close following all regulatory approvals. Id.

Following the close of the Proposed Transfer, RWA and AWA would be governed by an eleven-member board of directors shared by both entities, with six directors indirectly appointed by municipalities in the RWA service area and five appointed by the AWA service area. Special Act 77-98 § 37(c). The AWA RPB is not currently active and would need to be established post-closing. Id., § 4. Until it is established, the RWA RPB assumes the responsibilities of the AWA RPB. Id. AWA and RWA will share the same chief executive officer and the same chief financial officer. Application, p. 13. The Office of Consumer Affairs – which is already established for RWA and advocates for RWA customer interests – will act on behalf of both AWA and RWA customers. Id. As the Expanded Authority Board has not yet been established, the AWA is currently governed by the RWA Board under temporary powers granted by the Enabling Legislation. See Special Act 77-98 § 5(b).

Because Aquarion subsidiaries operate in Massachusetts and New Hampshire, the Proposed Transfer is subject to regulatory approvals by the Massachusetts Department of Public Utilities, the New Hampshire Public Utilities Commission and the Maine Public Utilities Commission.³ Kowalski and Teixeira PFT, p. 44. Petitions to those state commissions were filed on April 4, 2025. Id. After the close of the transfer AWA plans to sell the Massachusetts and New Hampshire subsidiaries (Aquarion Water Company of Massachusetts, Inc., Aquarion Water Company of New Hampshire, Inc., and Abenaki Water Company) to a third party. Id., p. 45.

³ Eversource subsidiary Public Service Company of New Hampshire is a Maine public utility.

2. Proposed Governance Structure

As a legislative creation, the governance structure of the AWA is defined by Special Act 77-98, as amended. The following provisions are part of the statutory framework and cannot be modified by PURA or parties without legislative specification or delegated authorization.

a. Representative Policy Board

Under Section 4 of Special Act 77-98, the RWA is partially governed by a representative policy board (RPB), which consists of municipal representatives appointed to three-year terms by the chief elected officials of each municipality within the RWA's service area, plus one appointee by the governor. Special Act 77-98 § 4(a). With the passage of Public Act 24-1, Special Act 77-98 was modified to create a parallel RPB for the AWA service area. See Special Act 77-98 § 37(a). After its establishment, two separate RPBs would exist, one each for the RWA and AWA service areas. Each municipality selects a single representative to be placed on the RPB for their service area. See Special Act 77-98 §§ 4(a), 37(a). The AWA RPB has vacancies for 60 representatives, one for each of the 59 municipalities in the AWA service area, plus the governor's appointee. Interrog. Resp. ADJ-3. No specific credentials or experience are required for its members. See Hr'g Tr., Jul. 28, 2025, 506:22–507:5.

The RPB's approval is required for various large-scale projects enumerated in the statute, including procurement of existing wastewater systems, capital projects above \$3.5 million, and noncore business ventures above \$1.5 million. Special Act 77-98 § 52. Rate applications also require RPB approval. Interrog. Resp. RRU-3. When RPB approval is required, it is obtained with "a majority of the total weighted votes" of the RPB, excluding vacancies. Id. The votes of RPB representatives are weighted according to a formula in Special Act 77-98, as follows:

In voting upon all matters before the Aquarion representative policy board, the vote of each member from a city or town shall be accorded a weight, determined as follows: The sum of (1) the quotient obtained by dividing the number of customers in the city or town from which such member is appointed by the total number of customers in all cities and towns from which members have been appointed, taken twice, and (2) the quotient obtained by dividing the number of acres of land owned by the authority within the city or town from which such member is appointed by the total number of acres of land owned by the authority in all cities and towns from which members have been appointed, shall be divided by three, the quotient thereof multiplied by one hundred and the product thereof shall be rounded to the nearest whole number. The weighted vote of the member appointed by the governor shall be one.

Special Act 77-98 § 37(c). The RWA RPB uses an identical weighting formula. See Special Act 77-98 § 4(b).

Rate applications are either approved or disapproved by RPB vote. See Interrog. Resp. RRU-13. Disapproval is proper when the rate application would produce excessive or insufficient revenue. See id. With a total pool of 101 votes, an RPB majority requires 51 votes. See Interrog. Resp. ADJ-8, Att. 1.

RWA is currently governed by a seven-member board of directors. Special Act 77-98 § 5(a). The Proposed Transfer would reform the RWA board into an eleven-member board of directors, the “Expanded Authority Board”. Id., § 5(c); Interrog. Resp. ADJ-6. The Expanded Authority Board would simultaneously act as the board of the AWA, with the same eleven individuals forming an interlocking directorate that governs both entities by simultaneously holding positions on both boards. See Application, p. 7; Interrog. Resp. OCC-45. The Applicants maintain that the members of the Expanded Authority Board will own “fiduciary responsibility to both AWA and RWA as separate entities.” Interrog. Resp. ADJ-06.

Members are elected to the Expanded Authority Board by their RPB, with six members elected by the RWA RPB and five by the AWA RPB. Special Act 77-98 § 5(c). The Applicants plan to elect five current members of the RWA board of directors to five of the six RWA-elected seats on the Expanded Authority Board. See Application, Ex. AWA-AQ-10; Interrog. Resp. OCC-13.

The Expanded Authority Board exercises most of the governance functions of the entity, including the powers to “dispose of real or personal property; to construct and develop a water supply system; to purchase or to sell water [. . .]; to borrow money; to issue bonds or notes; and to do anything necessary or convenient to carry out the powers granted to it by the Enabling Legislation.” Application, p. 7; see also Special Act 77-98 § 47 (authorizing the Expanded Authority Board to establish rates, subject to RPB approval).

b. Office of Consumer Affairs

Under Section 15(a) of Special Act 77-98, the RWA RPB established the Office of Consumer Affairs (OCA), which acts as “an independent advocate for customers” and, among other roles, represents consumer interests in rate proceedings and disputes. See Application, pp. 8–9. The OCA also participates in the AWA’s Consumer Affairs Committee meetings, attends the AWA Representative Policy Board meetings, and reviews applications submitted to the AWA Representative Policy Board on various matters, including capital project approvals and rate proceedings. Interrog. Resp. OCC-39. The OCA has access to RWA’s records and is authorized to appear and participate in any regulatory or judicial proceedings, federal or state, in which the interests of such consumers may be involved. Id. The OCA also provides input and advice on capital and operating budgets. See Interrog. Resp. OCC-107.

Currently, the OCA is staffed by one part-time attorney, who is paid on an hourly basis for time worked. See Interrog. Resp. OCC-37. Between 2022 and 2024, the OCA staff worked an average of 157 hours annually. See Interrog. Resp. OCC-96. The OCA may also engage expert consultants as needed for rate applications or other matters, a power it has utilized twice since 2020, when it engaged two consultants for the

replacement of RWA's customer information system. See Late File Ex. 6. The OCA is not appointed to a specific term, serves at-will, and may be replaced by the RPB at any time. See Hr'g Tr., Jul. 24, 2025, 166:12–17.

Post-transfer, the duties of the OCA would expand to include AWA customers, and both RWA and AWA would be served by the same OCA. Special Act 77-98 § 48. RWA's budget for the OCA for fiscal year 2026 is \$60,000. See Late File Ex. 15, Att. 1. The OCA budget has been \$60,000 since fiscal year 2022. Id. The Applicants anticipate that the OCA budget would increase post-transfer. Interrog. Resp. AG-14.

3. Proposed Financial Transaction Structure

AWA plans to issue tax-exempt debt to finance approximately \$2.3 billion of the financial transaction to effectuate the Proposed Transfer, with additional financing provided through a taxable \$100 million private placement note. Application, p. 20. Table 1, below shows the composition of bond instruments expected for AWA to finance the transaction.⁴ In preparation for the Proposed Transfer, and prior to submitting the binding bid to acquire Aquarion, the AWA obtained a private rating assessment from Moody's of A1 for senior debt and A2 for subordinate debt. Id., pp. 21–22. Additionally, AWA obtained private indicative investment grade ratings from S&P Global Ratings of A- for senior debt and BBB+ for subordinate debt. Id., pp. 23–24. AWA retained Bank of America as the senior underwriter and Barclays as the junior underwriter for the tax-exempt financing, and Bank of America is providing bridge financing. Id. The Applicants contend that based on the results of the AWA financial model, AWA possess the financial capability and resources to acquire and control Aquarion. Id., p. 23.

Table 1: Transaction Debt Financing Composition

Description	Value (\$, in millions)
Senior Acquisition Bonds	1,524
Senior CapEx Bonds	282
Subtotal Senior Bonds	1,806
Subordinate Acquisition Bonds	625
Private Placement Note	100
Subtotal Subordinate Bonds	725
Total Bond Principal	2,531

See Late Filed Ex. 2, Att. 2

As part of the Proposed Transfer, AWA would, as a public entity, make payments in lieu of taxes (PILOT) to communities in AWA's Connecticut service territory. Id., p. 41.

⁴ The exact financing amounts will be known at the close of the transfer. Debt financing values shown in Table 1 are approximate and reflect relatively small variations present in financial terms – both sale price and financing – illustrated in filings throughout this evidentiary record. See e.g., Application, p. 20; Late Filed Ex. 2, Att. 2.

Upon closing of the transfer, the PILOT would reflect the same level of real and personal property tax payments made to communities as prior to the transfer, which would provide tax-revenue continuity for the municipalities. Id.

4. Offers of Compromise

During the proceeding, the Applicants made an effort to resolve contested issues through settlement with other parties and intervenors. The settlement discussions failed; however, on October 1, 2025, the Applicants filed a motion requesting the Authority approve an “Offer of Compromise,” consisting of “commitments that the Applicants have developed for PURA to order as conditions for approval of the transaction.” Motion No. 31, p. 1. On October 16, 2025, the Applicants filed a modified offer of compromise incorporating “certain ‘additional conditions’ identified by [OCC].” Motion No. 32, p. 1 (Modified Offer of Compromise or MOC).

The Modified Offer of Compromise contained the following pre-closing commitments: (1) Eversource will contribute \$10 million to AWA’s rate stabilization fund “to be used as a rate credit to partially offset the impact of one or more rate changes that will occur after closing”; (2) the Applicants will provide the Authority with a filing identifying the minimum PILOT to be paid to each of the 59 municipalities in the AWA service territory, equal to AWC-CT’s most recent property tax payments in July 2025; (3) the Applicants will file the cost-allocation policy for costs shared by AWA and RWA; and (4) the conflict-of-interest policy for the AWA board will be filed with the Authority. Motion No. 32, pp. 7–8.

Additionally, the Modified Offer of Compromise contained the following post-closing commitments: (1) AWA will not remove \$16.8 million in various annual rate credits included in Aquarion’s current rates; (2) a promise that “AWA’s rates and charges will be set independent of the RWA’s, pursuant to the AWA’s general bond resolution” without blending, and will solely cover “costs on the AWA system, addressing capital investment and operating expense changes”; (3) a rate freeze for AWA customers for six months after closing; (4) AWA will create a “Special Transition Committee” of “majority AWA representatives” to establish a transition plan and “to support the knowledge transfer and training on all aspects of the authority model”; (5) a nonspecific promise to “add sufficient staffing” to the OCA “to address customer concerns for each authority”, to require RPB approval for all capital projects above \$2 million, as opposed to the statutory \$3.5 million, and “the AWA and RWA boards may consider proposing legislative changes to the representation and/or structure of the boards”; (6) the AWA will implement low-income programs analogous to the ones currently utilized by Aquarion and RWA; (7) AWA will implement customer satisfaction metrics such as surveys; and (8) AWA will provide armed law enforcement to patrol the Centennial Watershed State Forest. Id., pp. 8–10. The motion also contains a commitment to follow federal water quality regulations and statutes, and to honor any preexisting obligations with collective bargaining units. Id., pp. 11–12.

The Authority marked Motions Nos. 31 and 32 as moot since the November Decision denied the Application at that time.

The parties and intervenors disagree as to what the Modified Offer of Compromise represents and whether it is admissible evidence. See Applicants' Joint Remand Brief, pp. 9-10; OCC Written Exceptions, pp. 5-10; Towns' Joint Written Exceptions, p. 10. The MOC is part of the record; however, the MOC is not in the record for purposes of establishing the existence of a fact that is material to the Authority's analysis.⁵ Rather, the MOC is just as its name suggests – an offer. See Motion No. 32, p. 3 (“The Applicants' Modified Offer of Compromise sets forth commitments in response to specific concerns raised by the parties throughout this proceeding, including issues relating to rates, governance and other areas.”).

Accordingly, the Authority does not rely upon the MOC to resolve any contested issues of fact or to support any conclusions of law. Rather, the Authority considers the MOC as a series of commitments for which the Companies have expressed a willingness to undertake if the Application is approved. Given that the Authority approves the Application, the MOC served to inform the Authority's development of conditions to which the approval is subject.

E. CONDUCT OF THE PROCEEDING

On April 4, 2025, the Applicants applied for approval of a change of control of Aquarion and its direct and indirect subsidiaries AWC, AWC-CT, and TWC, pursuant to General Statutes § 16-47 and Conn. Agencies Regs. §§ 16-47-1. Application, p.1. The Proposed Transfer will result in AWA having ownership and control of AWC, AWC-CT, and TWC, public service companies and water companies as defined in General Statutes §§ 16-1(a)(3) and (6). Application, pp.1–2.

The Authority held a noticed virtual public comment hearing on June 25, 2025. The Authority held noticed evidentiary hearings on July 24 and 28, 2025,⁶ which continued to July 29, 2025,⁷ at PURA's Offices, 10 Franklin Square, New Britain, CT. The Authority also held a late filed exhibit hearing on August 8, 2025.

Parties and intervenors filed 34 motions over the course of the proceeding.⁸ Parties and intervenors had the opportunity to file briefs on or before August 22, 2025, and reply briefs on or before August 27, 2025.

⁵ Ayuso v. Comm'r of Correction, 215 Conn. App. 322, 381–82 (2022) (“Relevant evidence’ means evidence having any tendency to make the existence of any fact that is material to the determination of the proceeding more probable or less probable than it would be without the evidence.”).

⁶ Procedural Order and Notice of Hearing dated July 8, 2025, scheduled the Evidentiary Hearing date for July 17, 2025. On July 16, 2025, pursuant to the ruling on Motion No. 27, the Evidentiary Hearing date was rescheduled to July 24 and 28, 2025. See Motion No. 27 and Notice of Hearing Cancellation & Rescheduled Hearing Notice.

⁷ See Notice of Continued Hearing.

⁸ The commissioners have reviewed all of the motion filings, objections, and associated rulings. Any motions pending as of the issuance of this Decision are denied or moot.

The Authority heard oral arguments on September 15, 2025. The Applicants filed an offer of compromise on October 1, 2025. The offer was modified by a subsequent filing on October 16, 2025.

On November 19, 2025, the Authority issued its decision denying the Proposed Transfer. The Applicants appealed the decision to the Superior Court of New Britain (Court) on December 12, 2025, and on January 15, 2026, the Court issued the Remand Decision remanding the decision for reconsideration on various grounds.

On February 4, 2026, the Authority issued a scheduling order for further proceedings consistent with the Remand Decision. Parties and intervenors had the opportunity to file remand briefs on or before February 17, 2026, and reply remand briefs on or before February 27, 2026.

The Authority issued a Proposed Final Decision on March 6, 2026 and provided parties and intervenors with the opportunity for written exceptions on March 11, 2025, and oral argument on March 16, 2026.

F. PARTIES AND INTERVENORS OR PARTICIPANTS

The Authority recognized the following as parties to this proceeding: Aquarion Water Authority, 835 Main Street, Bridgeport, CT 06606; South Central Regional Water Authority, 90 Sargent Dr., New Haven, CT 06511; Eversource, 107 Selden St, Berlin, CT 06037; OCC, 10 Franklin Square, New Britain, CT 06051; and the Commissioner of the Department of Energy and Environmental Protection (DEEP), 79 Elm Street, Hartford, CT 06106.

The Authority granted intervenor status to the following: the Connecticut Office of the Attorney General (OAG); the Department of Public Health (DPH); the Connecticut Metropolitan Council of Governments (MetroCOG); Western CT Council of Governments (WestCOG); the Towns of Fairfield, New Canaan, Ridgefield, Westport and Wilton; Save the Sound, Inc.; National Association of Water Companies (NAWC); and the Connecticut Water Company.

G. POSITION OF THE PARTIES AND INTERVENORS

OCC actively participated in this proceeding, issuing over one hundred interrogatories, conducting cross-examination during the evidentiary and late filed exhibit hearings, and filing a brief. OCC urges the Authority to deny the Application. OCC Brief, p. 36. OCC notes that Aquarion is the largest investor-owned water utility in Connecticut, and as such, the Proposed Transfer will have a substantial impact on the public. Id.

OCC's main concern is that the transfer, if approved, results in Aquarion, an investor-owned utility (IOU) currently regulated by the Authority, becoming a quasi-public entity. OCC Brief, p. 1. OCC argues that while converting an IOU to a nonprofit public water system has potential benefits, such a change in this case comes with trade-offs, including decreased economic regulatory oversight, which raises concerns over quality of service and cost control. Id., p. 2. OCC also asserts that Aquarion's rate savings model is flawed and unlikely to deliver relative savings to ratepayers. Id., pp. 8–9. Considering

the above factors, OCC concludes that the Authority should deny the present application as the Applicants failed to demonstrate, pursuant to General Statutes § 16-22, that the proposed transfer of assets or franchise is in the public interest. Id., p. 36.

OAG also participated in this proceeding, issuing 18 interrogatories, conducting cross-examination during the evidentiary and late filed exhibit hearings and by filing a letter in lieu of brief (OAG Letter). OAG urges the Authority to deny the application arguing the Applicants failed to meet the burden under General Statutes § 16-47 and the application failed to provide critical protections for customers and therefore does not serve the public interest. OAG Letter, p. 1. First, OAG asserts the application promises unaffordable year-by-year rate increases starting in 2027 through 2035 of between 6.5 and 8.35 percent annually, followed by additional anticipated increases every five years thereafter. Id.

Second, OAG argued that the proposed consumer advocate structure, in the form of the OCA, does not adequately protect customers and fails to inspire confidence that consumer voices will be heard. Id., p. 2. Lastly, if the application is approved, OAG argues that customers will lose the benefit of PURA's independent oversight, resulting in a lack of regulation and transparency of the largest water company in the state. Id., pp. 2–3. OAG requests the Authority reject the application in its current form; however, if the Authority chooses to approve the sale, OAG asks PURA to address the above issues as well as incorporate additional consumer protections. Id., pp. 3–4.

NAWC participated in this proceeding by conducting cross-examination during the evidentiary and late filed exhibit hearings and filing a brief. NAWC urges the Authority to reject the application as the Applicants failed to meet their burden of establishing that AWA has the required financial, technological, and managerial capabilities to provide safe, adequate, reliable service in the public interest. NAWC Brief, p. 26. NAWC emphasizes that this transfer will end PURA's regulatory oversight over Aquarion to the detriment of customers, which further harms the public interest. Id., p. 5.

MetroCOG participated in this proceeding, issuing 66 interrogatories, providing expert testimony, conducting cross-examination during the evidentiary and late filed exhibit hearings and by filing a brief. MetroCOG asks the Authority to deny the application because it has not proven RWA has the management capabilities under General Statutes § 16-47 to take leadership in Aquarion nor has it attempted to prove Aquarion alone could meet the standard of General Statutes § 16-47. MetroCOG Brief, p. 31. Further, the transfer has not been demonstrated to be in the public interest under General Statutes § 16-22, and the transfer will not promote local control under General Statutes § 16-11. Id.

Save the Sound, Inc. (Save the Sound) also participated in this proceeding, issuing eight interrogatories, providing expert testimony, conducting cross examination during the evidentiary hearings and by filing a brief. In its brief, Save the Sound focuses on the Class III lands currently owned by Aquarion that need to be protected in this transfer. Save the Sound Brief, p. 6. Save the Sound states conserving these lands protects Connecticut's natural resources, protects water supplies, provides critical habitat for wildlife and can be utilized for public outdoor recreation. Id., p. 3. Therefore, Save the

Sound recommends any approval should include transfers to the state, municipalities, and land trusts of all Class III land currently owned by Aquarion that is greater than ten acres or that provides conservation value. Id. Further, conservation easements should be placed on these transfers to ensure the use of the land as open space and require AWA to invest a minimum of \$1.36 million annually in land conservation over the next 25 years. Id.

The Towns of Fairfield, New Canaan, Ridgefield and Westport (Towns) participated in this proceeding, providing testimony, conducting cross examination during the evidentiary hearing and by filing a brief. The Towns note that all 25 towns in the MetroCOG and WestCOG regions are united in opposition to the Proposed Transfer and urge the Authority to deny the application. Towns Brief, pp. 14–15. The Towns assert the “self-serving Enabling Legislation” would eliminate PURA oversight and thus the application of the prudence standard for capital expenditures, enable easier approval for rate increases, reduce municipal tax revenue, and give RWA a controlling majority of Aquarion Board seats. Id., p. 14. Specifically, if the application is approved, loss of PURA oversight could result in a rise in rates and spending that will no longer be scrutinized. Id. pp. 14–15. Further, the proposed PILOT mechanism will not cover post-closing improvements on real property, causing a reduction in municipality revenues year after year. Id., p. 15. Lastly, the Towns state policy and business decisions affecting Aquarion customers will be made by RWA representatives who have a conflict of interest. Id.

CWC, DEEP, DPH, and WestCOG all actively participated in the proceeding, though these participants did not file briefs during the evidentiary proceeding. CWC conducted cross-examination during the evidentiary hearings. DEEP issued 11 interrogatories and conducted cross-examination during the evidentiary and life filed exhibit hearings. DPH conducted cross-examination during evidentiary hearings. WestCOG issued 52 interrogatories and filed a joint brief with MetroCOG during the remand proceeding.

H. PUBLIC COMMENT

The Authority held one virtual public comment hearing on June 25, 2025, where approximately 21 individuals were in attendance⁹ and 16 provided testimony to the Authority. The Applicants gave a brief introduction at the start of the session before the admission of public comment.

Of the 16 commentators, 15 opposed the application and one approved. Public Hr’g. Tr., June 25, 2025, 13:22–17:14, 17:21–20:5, 20:9–21, 21:2–24:19, 24:22–26:18, 26:21–29:11, 29:17–31:11, 31:15–34:7, 34:11–36:12, 36:23–37:16, 38:1–39:16, 40:12–45:10, 45:13–46:21, 47:10–49:11, 49:15–51:15, 51:22–56:11. The elected officials¹⁰ that provided testimony echoed similar concerns about the application, including: lack of the

⁹ The number of hearing attendees includes members of the public, state agency staff, and Aquarion staff members.

¹⁰ The following legislators provided testimony at the virtual comment hearing: Senator Tony Hwang, Senator Ryan Fazio, Representative Savet Constantine, First Selectman Bill Gerber, First Selectman Dionna Carlson, First Selectman Rudy Marconi, First Selectwoman Jen Tooker, Mayor Laura Hoydick, First Selectwoman Vicki Tesoro, Representative Joseph Gresko, and First Selectman Toni Boucher.

transparency in the legislative process; loss of PURA oversight, which will cause higher rates for residents if the sale to RWA is granted; reduction of tax revenue for affected towns and concerns about water quality and customer service. Id., 14:8–19, 18:7–12, 30:1–2, 15:25–16:18, 18:13–19:1, 20:16–21, 24:10–19, 25:10–16, 30:14–31:5, 31:21–32:17, 39:3–8, 15:8–19, 30:1–8, 33:6–24, 34:23–25, 38:13–17, 36:2–5.

Representative of MetroCOG, Charles Firlotte, asserts the enabling legislation was not transparently developed and the resulting application is unfavorable for customers. Id., 42:2–5, 42:16–20, 43:1–3. Mr. Firlotte also agrees with legislators that towns are rightfully concerned about property taxes and the RWA PILOT payments will not fill the void of foregone property taxes. Id., 43:24–44:3. Marc Lemcke spoke on behalf of Smart Water Connecticut and argued the Proposed Transfer should not be approved because of Aquarion’s historical lack of expense planning, and because AWA’s proposal provides insufficient transparency and scarce independent oversight. Id., 48:20–49:7. Mr. Lemcke praised RWA’s water quality but asserts AWA’s business model is “not legitimate” and Aquarion’s inefficiencies have been brought to light due to PURA’s increased transparency. Id., 47:17–48:11. Mr. Lemcke also agrees with the legislators who had indicated that the proposed governance structure in the application will not provide sufficient oversight. Id., 48:14–18.

Rob Powelson spoke on behalf of the NAWC and asserted that the transfer is not in the public interest. Id., 52:22–24, 53:22–55:5. A customer expressed concerns that the transfer will affect water quality, raise rates, cause a loss in tax revenue, and result in a loss of representation in small towns. Id., 50:2–23. Lastly, Mr. Sheehan, President of the Greater New Haven Chamber of Commerce, expressed sentiments of approval of the RWA, stating the organization is highly engaged and supportive of economic development. Id., 45:21–46:6.

Through the close of the evidentiary record on August 15, 2025, the Authority received 22 written comments, with 15 against the Proposed Transfer, six in support, and one neutral. Included in this total were letters from several elected officials. Senator Tony Hwang opposes the Proposed Transfer because of a lack of transparency in the legislative process, a threat to revenue from watershed land, and loss of regulatory oversight and consumer accountability. Senator Hwang Corresp., June 25, 2025. Shelton Mayor, Mark Laretti, states Aquarion is a large and well-established company in Connecticut and claims that the sale to RWA will result in loss of PURA oversight and will financially benefit Eversource at the expense of customer rates and, thus, does not serve the public interest. Shelton Mayor Laretti Corresp., June 12, 2025. State Representative Anne Hughes expressed similar concerns over the lack of PURA oversight and her belief it will negatively impact customer rates and quality. State Representative Hughes Corresp., Aug. 15, 2025. Rep. Hughes also stated she was troubled by the legislative history of the Enabling Legislation, stating that it “was advanced without meaningful public input, passed during a special legislative session, and hidden in an omnibus bill. . . .” Id., p. 2.

State Representative Christopher Rosario urged PURA to reject the transfer because he felt the proposed board would not properly represent Aquarion customers

and would not have PURA's oversight to the detriment of customers. Representative Rosario Corresp., Aug. 15, 2025. Rep. Rosario argues RWA customers currently pay 30% more than Aquarion customers and experienced rates hikes of 45% versus Aquarion's 8.5% under PURA oversight. Id. Members of the Connecticut General Assembly¹¹ representing Danbury, Bethel, New Fairfield and Ridgefield expressed similar sentiment that the transfer will result in a loss of independent oversight, resulting in higher customer rates and poor customer service. Conn. General Assembly Corresp., Aug. 15, 2025. The Connecticut General Assembly Black and Puerto Rican Caucus¹² (CGABPRC) asserts if the sale is approved Aquarion customers would become a minority on the proposed government board, which would deny communities and specifically communities of color participation in decisions that affect their daily lives. CGABPRC Corresp., Aug. 8, 2025.

Additionally, a bipartisan group of State Senators and Representatives sent a letter to PURA expressing doubts that the Proposed Transfer is in the public interest, indicating that the General Assembly is prepared to enact clarifying legislation, and that PURA's regulatory review was intended to be a cornerstone of the passage of the Enabling Legislation, while also urging PURA to resist rushing its deliberations of the Remand Decision. See Representative Steinberg, et. al. Corresp., March 5, 2026.

Further, CGABPRC argues Aquarion is a responsible and effective utility provider and there is no evidence the Proposed Transfer will improve service, equity or affordability. Id. Additionally, State Senator Stephen Harding argues the proposal was rushed through the legislature with a lack of transparency and the sale threatens municipal revenues derived from property taxes essential for education, infrastructure and emergency services. Senator Harding Corresp., Aug. 29, 2025. Lastly, Laura Hoydick, Mayor of Stratford, echoed Senator Harding's municipal revenue concerns and argues the proposed PILOT program will not cover the loss of property tax revenue. Mayor Hoydick Corresp., June 25, 2025. Further, Mayor Hoydick argues the proposed board will not properly represent customers and does not want the cost of the acquisition to be passed down to ratepayers. Id.

Several entities submitted testimony in opposition of the Proposed Transfer. NAWC argues the results of the Proposed Transfer will fall short of what is needed to operate such a complex utility. NAWC Corresp., June 23, 2025. Additionally, NAWC asks PURA to consider the importance of rates and access to reliable and safe drinking water. Id. The Southern Connecticut Black Chamber of Commerce (SCBCC) provided testimony opposing the transfer, arguing it will disproportionately harm communities of color in the region and impose financial burdens on small employers who cannot easily absorb rising utility costs. SCBCC Corresp., August 7, 2025. The Bridgeport Regional

¹¹ The following legislators signed the correspondence: State Senator Julie Kushner (24th), Senator Ceci Maher (26th), State Representative Raghieb Allie-Brennan (2nd), State Representative Savet Constantine (42nd), State Representative Farley Santos (109th), State Representative Bob Godfrey (110th), State Representative Aimee Berger-Girvalo (111th), and State Representative Ken Gucker (138th).

¹²The following legislators signed the correspondence: Representative Antonio Felipe (130th), Representative Fred Gee (126th), Representative Christopher Rosario (128th), Representative Travis Simms (140th), Senator Herron Gaston (23rd).

Business Council (BRBC) expressed concerns over the lack of PURA oversight, increased customer rates, and PILOT payments being an insufficient substitute for property taxes. BRBC Corresp., Aug. 15, 2025.

The Government Oversight Committee in the Connecticut General Assembly (GOC) opposed the application and asserts the sales process bypassed legislative and regulatory protocols with no opportunity for public input. GOC Corresp., Aug. 8, 2025. GOC also expressed concerns about the negative impact of the sale on customers resulting from the lack of independent oversight. *Id.* Lastly, MetroCOG¹³ urged against the transfer, asserting it would raise ratepayer rates, remove independent regulatory oversight of a necessary utility, and cause towns to lose a voice in decisions that affect rates and water supply. METROCOG Corresp., Aug. 14, 2025.

Customers also voiced their opinions in opposition to the Proposed Transfer, similar to those of the public comment hearing. Overall, the customers argued there is no benefit to the ratepayer and concerned customers would see higher rates and diminished service quality. See, e.g., Malone Corresp., May 8, 2025 and Buch Corresp., May 8, 2025.

Several elected officials, organizations and customers wrote testimony in support of the Proposed Transfer. Guilford First Selectman Matthew Hoey supports the sale, asserting that it would serve RWA customers' interests will be protected and provide them with affordable, high quality water service. First Selectman Hoey Corresp., June 2, 2025. Killingworth First Selectman Eric Couture urges PURA to approve the acquisition as RWA is dedicated to the safety and upkeep of its infrastructure, focusing on public benefit and not just corporate profits. First Selectman Couture Corresp., June 23, 2025.

The Greater New Haven Chamber of Commerce (GNHCC) expressed support for the sale, stating RWA operates on a not-for-profit basis and reinvests revenues into system improvements and environmental stewardship. GNHCC Corresp., June 25, 2025. GNHCC also champions RWA's involvement in the community and asserts the Proposed Transfer will lead to operational efficiencies, long-term cost containment and improvised responsiveness, which would benefit businesses, residents and local governments. *Id.* Further, GNHCC states water is essential to everyday life and fundamental to economic development and RWA's stewardship offers the promise of long-term planning, environmental sustainability and reinvestment in infrastructure. *Id.* The Association of

¹³ The following representatives signed the correspondence: Danbury Mayor Roberto Alves, Southbury First Selectman Jeffrey Manville, New Milford First Selectman Pete Bass, Ridgefield First Selectman Rudy Marconi, Easton First Selectman David Bindelglass, Shelton Mayor Mark Lauretti, Wilton First Selectman Toni Boucher, Redding First Selectwoman Julia Pemberton, New Canaan First Selectwoman Donna Carlson, Bridgewater First Selectman Curtis Read, Bethel First Selectman Dan Carter, Norwalk Mayor Harry Rilling, Greenwich First Selectman Fred Camillo, Monroe First Selectman Terry Rooney, Newtown First Selectman A. Jeffrey Capeci, Stamford Mayor Caroline Simmons, Brookfield First Selectman Steve Dunn, Middlebury First Selectman Edward B. St. John, Bridgeport Mayor Joseph Ganim, Trumbull First Selectwoman Jennifer Tooker, Stratford Mayor Laura Hoydick, Westport First Selectwoman Jennifer Tooker, New Fairfield First Selectwoman Melissa Lindsey, Fairfield First Selectwoman Christine Vitale, Sherman First Selectman Don Lowe, and Darien First Selectman Jon Zagrodzky.

Metropolitan Water Agencies (AMWA) also approves of the Proposed Transfer arguing that public ownership of water systems will lead to greater regulatory compliance and offer lower rates compared to private ownership. AMWA Corresp., June 30, 2025. A former water Connecticut water utility executive also voiced approval of the Proposed Transfer, stating RWA has a track record of outstanding service, clean water, and ongoing infrastructure investments, and will provide new customers with similar advantages. Chiaraluce Corresp., May 16, 2025; See also Leonard Corresp., June 23, 2025.

Lastly, Save the Sound, Inc. neither supported nor opposed the Proposed Transfer, but expressed concerns over the ramifications the sale would have on protected land and watershed lands. Save the Sound Corresp., June 24, 2025.

II. STANDARD OF REVIEW

The Proposed Transfer implicates a number of statutes in Title 16. Under General Statutes § 16-47, no person or entity may “exercise or attempt to exercise control over any . . . water company . . . without first making written application to and obtaining the approval of the Public Utilities Regulatory Authority, . . .” General Statutes § 16-47(b)(1). Similarly, no person or entity may “take any action that causes it to become a holding company with control over a . . . water company . . . without first making written application to and obtaining the approval of the authority.” General Statutes § 16-47(c)(1). “Holding company” is defined as “any corporation, association, partnership, trust or similar organization, or person” with control over a regulated company. General Statutes § 16-47(a)(1).¹⁴

Upon receipt of an application for approval of change of control over a regulated company, the Authority “shall investigate and hold a public hearing . . . and thereafter may approve or disapprove any such application in whole or in part and upon such terms and conditions as it deems necessary or appropriate.” General Statutes § 16-47(d)(1).¹⁵ In particular, the Authority shall evaluate the following:

- (1) the financial, technological, and managerial suitability and responsibility of the applicant; and
- (2) the ability of the holding company to provide safe, adequate, and reliable service to the public through the company's plant, equipment, and manner of operation if the application were to be approved.

Id.¹⁶

¹⁴ Authority approval of the Proposed Transfer is also required under Section 42 of Public Act 24-1.

¹⁵ Counsel for Eversource acknowledged that PURA has the authority to set conditions. During oral argument (at 6:01:24), Attorney Kimball stated “if you see things you want to change there, . . . set conditions. Set them, right. You have the power to do that. If anybody said you don’t, you do. And now the judge has confirmed that. If you want there to be more staffing, you want there to be more budget, say it.” YouTube, Docket No. 25-04-03 - Oral Arguments - Aquarion Change of Control, uploaded March 16, 2026. <https://www.youtube.com/watch?v=fASKJFdixul&t=12307s> (transcript not yet available).

¹⁶ Additionally, the Authority may only grant approval of applications under General Statutes § 16-47(c)(1) “if the holding company effects a change in the composition of the board of directors to include a proportional percentage of Connecticut-based directors equivalent to the percentage that Connecticut service areas represent of the total service areas covered by the holding company.”

The purpose of General Statutes § 16-47 is “to assure to the state of Connecticut its full powers to regulate its public service companies, to increase the powers of the Public Utilities Regulatory Authority and to promote local control of the public service companies of this state.” General Statutes § 16-11.

The Proposed Transfer is also subject to General Statutes § 16-22, which places on the applicant in any proceeding involving “the transfer of ownership of assets or a franchise of a public service company . . . the burden of proving . . . that said transfer of assets or franchise is in the public interest.”

In addition, the Authority’s review of the Proposed Transfer is to be conducted in accordance with the principles enumerated in General Statutes § 16-19e(a).¹⁷ These principles serve as important guideposts for the Authority by establishing foundational concepts such as public service companies being “fully competent to provide efficient and adequate service to the public” and performing “with economy, efficiency and care for public safety,” as well as requiring rates to “be sufficient, but no more than sufficient,” and to “reflect prudent and efficient management of the franchise operation.” *Id.*

III. AUTHORITY ANALYSIS

A. JURISDICTION

Aquarion is a holding company as defined by General Statutes § 16-47(a)(1). See Application, p. 3. Aquarion’s operating subsidiaries include two Connecticut water companies (AWC-CT and TWC) and three out-of-state operations (Aquarion Water Company of Massachusetts, Inc., Aquarion Water Company of New Hampshire, Inc., and Abenaki Water Company). Application, pp. 3–4.

The AWA is a newly created Connecticut public corporation specially chartered under Public Act No. 24-1. AWA was granted the authority to acquire Aquarion and to operate it as a separate water authority. Public Act 24-1, §§ 35 and 37. Under the proposed transaction, AWA will acquire control of Aquarion, the holding company of water

¹⁷ General Statutes § 16-19e enumerates the following principles: “(1) That there is a clear public need for the service being proposed or provided; (2) that the public service company shall be fully competent to provide efficient and adequate service to the public in that such company is technically, financially and managerially expert and efficient; (3) that the authority and all public service companies shall perform all of their respective public responsibilities with economy, efficiency and care for public safety and energy security, and so as to promote economic development within the state with consideration for energy and water conservation, energy efficiency and the development and utilization of renewable sources of energy and for the prudent management of the natural environment; (4) that the level and structure of rates be sufficient, but no more than sufficient, to allow public service companies to cover their operating costs including, but not limited to, appropriate staffing levels, and capital costs, to attract needed capital and to maintain their financial integrity, and yet provide appropriate protection to the relevant public interests, both existing and foreseeable which shall include, but not be limited to, reasonable costs of security of assets, facilities and equipment that are incurred solely for the purpose of responding to security needs associated with the terrorist attacks of September 11, 2001, and the continuing war on terrorism; (5) that the level and structure of rates charged customers shall reflect prudent and efficient management of the franchise operation; and (6) that the rates, charges, conditions of service and categories of service of the companies not discriminate against customers which utilize renewable energy sources or cogeneration technology to meet a portion of their energy requirements.”

companies (AWC-CT and TWC) engaged in the business of supplying service in Connecticut. Accordingly, pursuant to General Statutes § 16-47(c)(1) and Section 42 of Public Act 24-1, PURA approval is required.

Notably, upon completion of the proposed transaction, “[neither the Public Utilities Regulatory Authority nor any successor board or commissioner shall have jurisdiction of any kind over [AWA], a subsidiary corporation, the Aquarion representative policy board or the rates fixed or charges collected by [AWA].” Special Act 77-98, § 61, as amended by Public Act 24-1. Consequently, although PURA approval is required to effectuate the acquisition, PURA’s jurisdiction over AWA and Aquarion is extinguished upon closing.

B. PUBLIC INTEREST

1. Public Interest Standard

In any hearing involving the change of ownership of a public service company, the applicant bears the burden of proving that the transfer “is in the public interest.” General Statutes § 16-22. At the request of the Authority, the parties briefed a number of issues extensively, including the application of the public interest standard to the Application. The Authority values the analysis, citations, and arguments provided by the parties.

As noted in Section II. Standard of Review, the public interest standard is independent from the suitability standards codified in General Statutes § 16-47(d). See, e.g., Decision, Oct. 19, 2000, Docket No. 00-01-11, Application of Consolidated Edison, Inc. and Northeast Utilities for Approval of Change of Control, pp. 16–17 (“As 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.”).¹⁸

The suitability standard in General Statutes § 16-47(d) evaluates whether an applicant is qualified to control or operate a public service company, whereas the public interest standard evaluates whether the Proposed Transfer advances public policy or otherwise promotes a public benefit. As the November Decision found that AWA and RWA were not managerially suitable to control Aquarion, the Authority conducted a truncated review of the Proposed Transfer under the public interest standard, focusing primarily on the acquisition premium, resultant costs, and property taxes. Specifically, the Authority noted “misgivings” and found that “[d]espite meeting financial suitability and responsibility requirements, and the Applicants’ assertion of future cost savings, the acquisition premium and expected rate increases merit further Authority scrutiny in any future proceeding.” November Decision, pp. 23-24.

Here, the Authority again reviews the Proposed Transfer to determine if the Applicants have met their burden of demonstrating the change of control is in the public

¹⁸ In the Remand Decision, the Superior Court stated “the plaintiffs argued that § 16-22’s ‘public interest’ requirement is effectively coextensive with the statutory considerations set forth in § 16-47(d). The court rejects such a reading of § 16-22 for three reasons.” Remand Decision, p. 9 n. 2. The Court clarified that “PURA is expressly required to consider, inter alia, the ‘public interest’ in deciding whether to approve the application.” Id., p. 17.

interest. This review abides by the Remand Order which instructs that “[i]n exercising its general regulatory authority under General Statutes § 16-11, 16-22, and 16-47(d), PURA’s general authority must yield to the specific statutory mandates set forth by the legislature in Public Act no. 24-1.” Remand Decision, p. 15.

Determining whether a specific change of control is in the public interest requires the Authority to weigh a spectrum of considerations. Unlike the suitability standard under General Statutes § 16-47(d), the public interest standard under General Statutes § 16-22 does not benefit from any statutory clarification or exposition. In fact, other than to place the burden of proof on the applicant to establish a transfer is in the “public interest,” General Statutes § 16-22 is silent on the meaning or scope of this statutory standard, suggesting a degree of regulatory discretion.

Absent a statutory definition, the Authority must construe “words and phrases . . . according to the commonly approved usage of the language.” General Statutes § 1-1(a). Public interest is commonly defined as “a specific public benefit or stake in something.”¹⁹ Relevant case law indicates the term should be construed broadly. Specifically, the Supreme Court noted that “no definition of the concept of public interest can be contained within the four corners of a formula.” Hanks v. Powder Ridge Rest. Corp., 276 Conn. 314, 330 (2005). After considering judicial opinions in other states, the Court concluded that “the ultimate determination of what constitutes the public interest must be made considering the totality of the circumstances of any given case against the backdrop of current societal expectations.” Id. (citations and internal quotations marks omitted).

Consistent with this expansive definition, courts have held that a statutory directive to protect the public interest is to be construed broadly. See Southern New England Telephone Co. v. Dept. of Public Utility Control, 261 Conn. 1, 29–31 (2002) (SNET)(interpreting General Statutes § 16-247f(a), which requires the Authority to “regulate the provision of telecommunications in the state in a manner designed to . . . protect the public interest.”). In SNET, the Court determined that “[i]n light of the remedial purposes of the statute, we read this authority broadly so as to effectuate the legislature’s intent.” Id. at 30. This premise is echoed by the Superior Court with respect to this Proposed Transfer. Remand Decision, p. 18 (concluding that PURA must engage in a “balancing of various statutory and policy considerations that may go into determining . . . the ‘public interest’”)

Notably, the court in SNET looked to related statutory provisions to establish the relevant public interest. Specifically, the Court identified an “aspect of the public’s interest, as set forth in § 16-247a, is in high quality, affordable telephone service.” Id., at 29-30. Accordingly, the statutory scheme established by the legislature provides the foundation from which to determine the relevant public interest.

¹⁹ “Public interest.” Merriam-Webster.com. Merriam-Webster (August 1, 2021); see also, Black’s Law Dictionary (11th ed. 2019) (“1. The general welfare of a populace considered as warranting recognition and protection. 2. Something in which the public as a whole has a stake; esp., an interest that justifies governmental regulation.”)

Here, Title 16 provides specific guidelines forming the core public interest in transfers involving a public service company. First, General Statutes § 16-19e(a) enumerates principles to be considered when evaluating the operations or transfers of regulated utilities. Through this statute, the General Assembly established that the public interest includes, among other things (1) “efficient and adequate service to the public,” (2) “public safety and energy security, so as to promote economic development,” (3) rates that are “sufficient, but not more than sufficient”, and (4) nondiscriminatory “rates, charges, conditions of service and categories of service.” Similarly, General Statutes § 16-19(a) affirms a public interest in “just, reasonable and adequate” rates. More specifically, General Statutes § 16-11 states that § 16-47 is intended to “promote local control of the public service companies of this state,” These provisions are largely consistent with the statutory requirement for financial, technological, and managerial suitability in General Statutes § 16-47. Given the direct and substantial impact of electric, gas, water, and telephone services on the general public, the General Assembly has understandably articulated a very broad view of the public interest through the Title 16 statutory scheme.

In addition to looking to the statutory scheme as an expression of the public interest by the legislature, PURA must, in certain circumstances, defer to the specific determinations made by the legislature in exercising its authority or discerning public interest. Where the legislature has spoken on an issue, PURA must reconcile the broad statutory scheme of Title 16 with legislative determinations on specific issues. See Remand Decision, p. 15 (finding that “PURA’s general authority must yield to the specific statutory mandates set forth by the legislature in Public Act no. 24-1.”).

As such, in assessing whether this change of control, including the financial transaction that effectuates it, is in the public interest, the Authority will consider the “totality of circumstances” through the lens of Public Act 24-1 and the concurrent statutory scheme under General Statutes § 16-11, 16-19(a), 16-19e(a), 16-22, and 16-47, which both delineate and delimit regulatory discretion in such circumstances.

2. Authority Analysis

Here, the Authority finds that the Applicants have satisfied their burden of proving that the Proposed Transfer is in the public interest. In reaching this conclusion, the Authority considered the financial terms of the transaction, implications for local control, and the public authority ownership model.

a. Financial Terms of the Transaction

The statutory scheme under Title 16 leaves no doubt that cost and, thus rates, are a predominant concern in the regulation of monopoly utilities. See, e.g., General Statutes § 16-19(a) (rates must be “just, reasonable, and adequate.”); General Statutes 16-19e(a) (five of the six enumerated principles pertain directly or indirectly to rates, including that rates must “be sufficient, but no more than sufficient” and must “reflect prudent and efficient management of the franchise operation.”). Accordingly, there is a strong public interest in ensuring that a change of control of a regulated utility does not adversely affect

the cost of service.²⁰ Two aspects of the financial transaction that effectuate the Proposed Transfer will likely have significant (and countervailing) effects on Aquarion's rates: the \$2.35 billion purchase price, including the acquisition premium, paid to Eversource, and the cost savings available under the public authority ownership model.

As discussed below, the Proposed Transfer includes a substantial acquisition premium that will factor into the debt costs included in Aquarion rates. However, these additional costs must be balanced against the anticipated cost advantages of the public authority ownership model associated with capital financing and tax status. In sum, the Applicants have demonstrated that the Proposed Transfer will advance the public interest by achieving long-term perpetual capital and other cost savings to ratepayers associated with the public authority ownership model.

i. Acquisition Premium

Under the Proposed Transfer, AWA would acquire Aquarion for a base purchase price of \$2.35 billion. Application, Ex. AWA-AQ-3, p. 2; Application, p. 20. The Applicants expect to sell the Aquarion subsidiaries in New Hampshire and Massachusetts for \$100 million in separate transactions should the Proposed Transfer be approved.²¹ Hr'g Tr., Jul. 29, 2025, 742:9–13. Accordingly, the base purchase price for the Connecticut portion of the Proposed Transfer is \$2.25 billion. See Table 2, below. As of December 31, 2024, the reported net plant for Aquarion's Connecticut operations was approximately \$1.756 billion. Interrog. Resp. RRU-56. This creates an excess purchase price over net plant for Aquarion's Connecticut operations of approximately \$494 million (\$2.250 billion - \$1.756 billion = \$494 million), otherwise known as an acquisition premium.²² The amount of the acquisition premium is relevant to the public interest because, unlike in acquisitions by investor-owned utilities where all or a portion of the premium can be allocated to investors when setting rates, the acquisition premium here would be paid entirely by Aquarion rate payers.

²⁰ Neither RWA nor AWA are subject to Title 16, including General Statutes §§ 16-19 and 16-19e. Consequently, the Authority is not determining or evaluating the future rates of AWA. Rather, the Authority recognizes a public interest in just and reasonable rates and is weighing that interest in assessing the Application.

²¹ AWA agreed to sell Aquarion Water Company of Massachusetts Inc., Aquarion Water Company of New Hampshire, Inc., and Abenaki Water Co., Inc. to Unitil Corporation for \$100 million. See, Murtha Cullina Corresp., May 9, 2025; Interrog. COG-29, fn. 1; see also, Unitil Announcement, May 6, 2025, available at: <https://investors.unitil.com/news-releases/news-release-details/unitil-purchase-three-water-companies-massachusetts-and-new>. Although the Applicants included a sale price of \$150 million in the Application for these same out-of-state assets, the Applicants "will not be submitting any change or supplement to the existing petition in Connecticut as a result of the Massachusetts and New Hampshire filings." Murtha Cullina Corresp., May 9, 2025. Accordingly, the specific details of the Unitil Corporation sale are not fully represented in this proceeding, including the difference between the \$150 million included in the Application for the out-of-state assets and the final sale price of \$100 million. Nor is any unknown acquisition premium from Unitil accounted for.

²² An acquisition premium is defined as "the amount by which the purchase price of the transaction exceeds the utility's book value." See Decision, June 6, 2014, Docket No. 13-07-13, Joint Rev. of the Pub. Utilities Regulatory Auth. & the Department of Public Health for Approval of Application of Aquarion Water Co. of Connecticut & the City of Derby for Aquarion Water Co. to Acquire the Assets of the E. Derby Waterworks, p. 12.

The Applicants subsequent adjustments to the \$494 million acquisition premium categorize \$263 million as the “fair market value” of the Aquarion assets. Tr., 243:12–244:4. Finally, the Applicants categorize \$131 million as “workforce and reputational value.” Tr., 746:11–17. According to the Applicants, the remaining \$100 million (\$494 million - \$263 million - \$131 million = \$100 million) is accounted for as “goodwill.” Tr., 746:23–747:3. **Error! Reference source not found.**, below, summarizes the Applicants’ representation of the transaction and the components of the acquisition premium allocated to Connecticut.

Table 2: Acquisition Premium and Applicants’ Adjustments (\$ in millions)

Category	Out-of-State Assets (\$)	Connecticut (\$)	Total (\$)
Transaction Price	100	2,250	2,350
Subsidiary Sale Proceeds	(100)	-	(100)
Transaction Price after Subsidiary Sale Proceeds		2,250	2,250
Less: Plant Net Book Value		1,756	1,756
Subtotal: Acquisition Premium		494	494
Less: Fair Market Value		263	263
Less: Workforce and Reputational Value (intangibles)		131	131
Goodwill		100	100

The Applicants assert that these amounts do not account for the change in the net plant between December 31, 2024, and closing of the transaction and assert that the goodwill portion of the acquisition premium after adjustments will likely be less than \$100 million, because of an expected increase in Aquarion net plant over the past several months. Tr., 746:23-747:10. When asked if the Applicants had an updated purchase price or valuation from consultants the Applicants responded “[n]ot at this time.” Tr., 747:25–748:7. Additionally, the Applicants indicated that the appraisers are still working on the fair market value adjustment and certain clauses within the purchase-and-sale agreement, which will not be known until close of the Proposed Transfer. Tr., 748:4–7.

The Authority concurs with the Applicants’ in finding that the sale of out-of-state assets will constitute actual cash receipts that will offset the total purchase price and determine the financing requirements of the transaction in Connecticut. However, the adjustments for “fair market value” and “workforce and reputational value” must be considered separately. Both are recognized in the GAAP basis of accounting applicable to commercial acquisitions. See Tr., 744:14–16; 745:10–747:22; Applicant Rebuttal, p. 4; Hr’g Tr., Jul. 29, 2025, 747:14–18.

A key concern of the Authority’s is the acquisition premium’s impact on AWA’s Connecticut ratepayers. AWA plans to finance the \$2.35 billion purchase price, including

the entire acquisition premium for the transaction, through the issuance of approximately \$2.3 billion of tax-exempt debt and a \$100 million private placement note. Kowalski and Teixeira PFT, p. 21. Consequently, whether the acquisition premium is labeled as “fair market value,” “workforce and reputational value,” or “goodwill” is largely irrelevant, as AWA ratepayers will cover through their monthly water bill, the principal and interest on the acquisition premium.²³

Given the scale and complexity of the financial transaction that will effectuate the Proposed Transfer – particularly the out-of-state asset sales and the acquisition premium – the Authority finds that additional post-closing reporting is necessary for a transparent transition from Aquarion’s IOU model to the public authority ownership model. After closing, AWA shall file as compliance transparent accounting of the final values, terms, and conditions of the financial transaction for the Aquarion change of control as a whole and for its separate Connecticut, Massachusetts, and New Hampshire subsidiaries. This reporting shall include, but is not limited to, a detailed accounting for all three states of the financial terms of the asset sales (cash, assumed debt, any reserve balances, and acquisition premia, measured as price above net book value, from ratepayers or shareholders); the total amount, instruments, and rates for the amounts to be financed by AWA; and AWA’s resulting capital structure, cost of capital, and anticipated changes to the cost of service from pre- to post- transfer closing due to changes in costs.

Notably, the cost of premia paid to acquire regulated investor-owned utilities need not be allocated to ratepayers; shareholders may be expected to cover this cost based on their financial interest in the transaction. In such transactions, the Authority continues to regulate the rates of the acquiring utility, and thus those of the acquired utility, and has used its rate authority to prevent the recovery through rates of the acquisition premium, including for fair market value, workforce and reputational value, and goodwill from ratepayers. Hr’g Tr., Jul. 28, 2025, 364:2–6; see also Decision, Oct. 27, 2017, Docket No. 17-06-30, Application of Eversource Energy and Macquarie Utilities Inc. for Approval of a Change of Control, p. 26. To reiterate, fair market value adjustments are generally not allowed by regulators in Connecticut for transactions between investor-owned utilities. Tr., 364:2-6. The discretion to disallow recovery of the acquisition premium from ratepayers is not available here because, post-transfer, the Authority will have no economic regulatory jurisdiction over Aquarion and, under the public authority ownership model, there is no shareholder revenue source to cover the premium.

ii. Cost Savings

The Proposed Transfer will convert Aquarion from an investor-owned public service company to a public not-for-profit water utility. As demonstrated in this proceeding, the public authority ownership model can be beneficial to customers due to the effects of financing and income tax costs. See Application, p. 20. The cost savings from a lower cost of capital can ultimately be passed on to ratepayers. This cost savings

²³ The Authority is not persuaded by the Applicants’ argument that the acquisition premium is already accounted for in Aquarion’s current rates. Applicant Brief, p. 46. AWA will be financing the additional \$494 million though debt — the cost of which will be borne entirely by Aquarion rate payers because there are no shareholders.

opportunity is significant for water utilities like Aquarion that require large capital investments to maintain safe and reliable service.²⁴ Though some of the assumptions used by the Applicants to estimate future cost savings may be speculative, there is little doubt that the lower cost of debt-only financing and tax-exempt status realized by AWA's public authority ownership model will produce perpetual cost savings.

(a) Financial Model Assumptions

The Applicants presented 10-year financial models for Aquarion under current investor-owned utility ownership and AWA under public ownership to demonstrate the cost savings of the Proposed Transfer (Applicants' Models). See Late Filed Ex. 2, Atts. 1, 2, and 3; Late Filed Ex. 2 Supplement, Att. 1. The Applicants forecast anticipated savings of \$366.367 million over 10 years for customers under the Proposed Transfer.²⁵ Late Filed Ex. 2 Supplement, Att. 1. Understanding the inherent uncertainty of forecasts, a number of the Applicants' assumptions may overestimate the savings, namely: (1) Aquarion's starting rate base and revenue requirement; (2) the assumed frequency of rate cases; and (3) Aquarion's capital structure.

The Applicants projected a December 31, 2025 ending rate base of \$1.345 billion for Aquarion; however, Aquarion's actual rate base ending December 31, 2025 was \$1.296 billion. Late Filed Ex. 2 Supplement, Att. 1A (Worksheet "IOU RRQ (AWC - CT)", cell M38); Order No. 2 Compl., Docket No. 86-09-06RE01, DPUIC Financial Operational Review Big 9 Review of CL&P UI SNET SCG CNG CT WTR CT- American WTR BHC NY TEL- Compliance Filing Placeholder, Feb. 2, 2026, p. 1. Thus, the starting rate base of the Applicants' model was inflated by approximately \$49 million. The Applicants' Models also use a revenue requirement that is \$10.67 million higher than Aquarion's current revenue requirement,²⁶ which carries forward each year of the 10-year forecast. Together, these rate base and revenue requirement assumptions increase costs for Aquarion as compared with AWA.

The Applicants' Models also assume a rate case frequency and allowed revenue requirement increases that diverge from historical precedent. Specifically, the Applicants' Models assume that Aquarion would submit six rate applications over the next ten years. Hr'g Tr., Aug. 8, 2025, 825:11–21; Late Filed Ex. 2, p. 1. The Applicants' Models also assume that 100% of the requested revenue requirement would be approved by the Authority. See, Late Filed Ex. 2 Supplement, Att. 1a. According to the Company, the more frequent rate applications will be driven primarily by the need to incorporate prudent capital investments into rate base. Hr'g Tr., Jul. 29, 2025, 784:14–785:4; Tr., 784:2–23 ("The way that things seem to be working right now with ratemaking in Connecticut is . . .

²⁴ Since 2017, Aquarion has invested \$900 million in infrastructure and plans to invest \$1 billion over the next 10 years. Application, p. 19; Hr'g Tr., Jul. 29, 2025, 785:1-3.

²⁵ The models estimate the savings by forecasting the revenue requirements for 10 years for both the IOU model (for Aquarion) and public authority ownership model (for AWA).

²⁶ The models shows \$206.33 million of current revenue requirement for Aquarion. Late Filed Ex. 2, Att.1 (tab "IOU RRQ", cell M109). Aquarion's authorized base revenue requirement is \$195.66 million. Decision, July 31, 2024, Docket No. 22-07-01RE01, Application of Aquarion Water Company of Connecticut to Amend Its Rate Schedule, p. 13. The model inflates the revenue requirement by \$10.67 million (206.33 – 195.66 = 10.67).

we need to come in more frequently to get more regular rate base resets”).²⁷ Aquarion argues that its history of rate changes is not predictive, and that the frequency of rate applications must increase. Eversource Reply Brief, pp. 13–14. These assumptions drive up the comparative investments of Aquarion under the investor-owned utility model. In the past fifteen years, Aquarion has sought three base rate increases²⁸ and rate amendment increases have never been granted at the level requested by Aquarion, with the Authority allowing 51% to 65% of the requested amount.²⁹ The Authority finds that estimates of more frequent or higher rate increases by Aquarion are speculative and thus may overstate forecasted savings from the transfer.

Finally, though the Applicants’ Models uses a 6.46% weighted average cost of capital (WACC) for Aquarion, the WACC is derived in the models from an equity component of 53.10% of its capital structure when Aquarion’s approved equity component is 50.35%. Hr’g Tr., Aug. 8, 2025, 834:12–23; Decision, Mar. 15, 2023, Docket No. 22-07-01, Application of Aquarion Water Company of Connecticut to Amend Its Rate Schedules, p. 33. A higher equity proportion, as used in the Applicants’ Models, drives higher imputed tax expense, increasing the revenue requirement for Aquarion as compared to AWA, which has no equity. Though the specific assumptions discussed here can be challenged, the Authority again acknowledges the inherently speculative nature of modeling assumptions.

(b) Public Authority Ownership Model Cost Savings

Despite the challenges of forecasting future cost of service, the Authority finds that AWA’s ability to finance future investments with lower-cost debt will ultimately result in a lower cost of capital compared to Aquarion’s current financial structure. Specifically, the Applicants claim the lower cost of capital under the public authority ownership model can potentially result in a benefit of up to \$366 million to AWA ratepayers in the first ten years following the transfer. Application, p. 21; Late Filed Ex. 2, Att. 1A. The equity layer for AWA will be eliminated as AWA will be capitalized exclusively with debt. AWA’s capital structure reduces its revenue requirement through the elimination of equity capitalization and the associated tax implications from the eliminated equity returns. In the public authority ownership model there are no equity returns, and thus no income taxes that are also recoverable from ratepayers. In addition to AWA’s tax-exempt status, the Applicants

²⁷ Aquarion notes that in the prior 10 years a number of other factors led to longer delays in rate cases, including Repair Tax Deduction Credit and the change of control with Eversource. Hr’g Tr., Aug. 8, 2025, 980:10-23.

²⁸ See, Docket No. 10-02-13, Application of Aquarion Water Company of Connecticut for Amended Water Service Rate Schedules, Docket No. 13-02-20, Application of Aquarion Water Company of Connecticut to Amend Its Rates, and Docket No. 22-07-01, Application of Aquarion Water Company of Connecticut to Amend Its Rate Schedules.

²⁹ In 2010, the Authority authorized a revenue requirement increase of \$15.25 million, which was 65% of Aquarion’s request of \$23.5 million. Decision, Sep. 8, 2010, Docket No. 10-02-13, Application of Aquarion Water Company of Connecticut for Amended Water Service Rate Schedules, p. 3. In 2013, the Authority authorized a revenue requirement increase of 13.9 million, which was 51% of Aquarion’s request of \$27.2 million. Decision, Sep. 24, 2013, Docket No. 13-02-20, Application of Aquarion Water Company of Connecticut to Amend Its Rates, p. 1.

claim that AWA's debt will be rated higher than Aquarion's current debt ratings, which may further lower the cost of capital. Id.

The Applicants' Model uses a weighted average cost of capital of 6.46% for Aquarion, comprised of 3.92% cost of debt and 8.70% cost of common equity. Late Filed Ex. 2 Att. 1. The Applicants' Model projects annual savings in the range of \$8 to \$43 million, for the first ten years with a cumulative benefit to AWA ratepayers of approximately \$366 million. Id. As discussed in the prior section, the actual cost savings are uncertain. However, other things being equal, it is certain that AWA's public authority ownership model will produce a lower revenue requirement compared to Aquarion's existing IOU model due to the structural absence of income taxes and a lower overall cost of capital, including the ability to finance with tax-advantaged debt. The key differences in the components of revenue requirements under the IOU model and the public authority ownership model are illustrated in Table 3 below.

Table 3: Illustrative Comparison of Investor-Owned Utility (IOU) vs. Public Authority Ownership Model Revenue Requirement

Revenue Requirement Component	Public Authority Ownership Model
Expenses	
O&M	Comparable to IOU
Depreciation	Comparable to IOU
Sales and Payroll Taxes	Comparable to IOU
Property Taxes	Payments in Lieu of Taxes (PILOT)
State Taxes	No State income taxes
Federal Taxes	No Federal income taxes
Expense Total (a)	Lower expenses vs. IOU
Rate Base with Rate of Return	Generally not applicable ³⁰
Capital Structure	
Shareholder Equity	No equity capital, returns, or dividends
Long-term Debt	Tax-advantaged cost of debt vs. IOU
Weighted Average Cost of Capital	Based on the cost of debt only
Overall Cost of Capital (b)	Lower cost of capital vs. IOU
Revenue Requirement (c) = (a) + (b)	Lower revenue requirements vs. IOU

³⁰ Rate base is an IOU ratemaking construct to which the overall rate of return is applied that may not be present in a public authority ownership model.

The Authority finds that the structural absence of an equity component and the advantages of AWA's debt will reduce financing costs ultimately borne by AWA ratepayers. Whether under the IOU model or the public authority ownership model, significant capital investment needs are expected for the utility's water distribution systems, and lower capital and other costs will mitigate the impact on ratepayers. However, there is a high degree of uncertainty about when and to what extent cost savings will be realized by AWA. This is due to both the inherent uncertainty of forecasts and the Proposed Transfer's acquisition premium.

Despite the Applicants' claims that customer rates will not increase as a result of the transaction, including the acquisition premium, there is no other monetary source by which to fund this portion of the transaction price. As a result, although the lower cost of capital for AWA provides immediate benefits for new investments, the benefits associated with the transfer of the existing assets are muted for the term over which the acquisition premium is financed and recovered in customer rates. This dynamic results in a degree of inter-generational inequity where today's Aquarion ratepayers will not receive the full benefits of the Proposed Transfer until a distant future period. However, once the acquisition premium has been recovered from ratepayers, the benefits of AWA's relatively lower cost of capital and tax-exempt status will persist in perpetuity. Accordingly, particularly given anticipated ongoing investment needs, the Authority finds that the long-term benefit to ratepayers of AWA's lower cost of service is in the public interest.

iii. Revenue Requirements and Rates

The parties offer starkly different views regarding the financial transaction effectuating the Proposed Transfer in terms of revenue requirements and rates. The Applicants contend the transaction is "a unique opportunity [that] will never again present itself," and that "[n]o other transaction can match the long-term cost savings" Applicants' Brief, p. 25; Applicants' Written Exceptions, p. 1. By contrast, opponents of the Proposed Transfer present a rather dystopian view of the financial transaction. One in which PURA "condemns [Aquarion customers] to years of constant rate increases that provide them with no benefit." OCC Written Exceptions, p. 2. Needless to say, reality is somewhere in between.

The financial details of the Proposed Transfer are material. Eversource conducted a bidding process that they contend established a market value for Aquarion in the range of \$2.35 billion. RWA/AWA participated in this bidding process and submitted an offer that it believed, and still believes, would allow it to own and operate Aquarion in a manner consistent with its statutory authority. Still, a relevant legal and policy question is whether the public authority ownership model as extended by the General Assembly for this specific purpose is compatible with a market (or "fair market") value acquisition of a public service company. See Applicant Rebuttal, p. 4.

As part of PURA's examination to determine whether the Proposed Transfer is in the public interest under General Statutes § 16-22, the Authority reviewed current rates and projected rate increases. AWA states it will not implement a rate change for Aquarion following completion of the transfer. Kowalski & Teixeira PFT, p. 37. AWA expects a

minimum of six months post-closing of the transfer to proceed through an initial rate application. Interrog. Resp. RRU-19. Absent the Proposed Transfer, the Applicants state that it would be necessary for Aquarion to file a rate case with PURA in 2025 showing a revenue deficiency of approximately \$64 million with an effective date no later than mid-2026. Kowalski & Teixeira PFT, p. 38.

Aquarion and RWA rates are structured differently. For each meter size, RWA fixed charges and variable water usage rates are single-tiered (uniform by meter size) and do not include any surcharges. Interrog. Resp. OCC-8. Aquarion's rate design consists of several divisions with unique rates. Aquarion's single-family residential rates have three-tiered inclining-block rates to encourage water conservation, while residential multi-family, commercial and public authority rates are priced individually. All rates are subject to Water Infrastructure and Conservation (WICA) and Revenue Adjustment Mechanism (RAM) surcharges. Interrog. Resp. OCC-9. no plans to change Aquarion rates, or blend rates with RWA services, and rates will continue to be set as a standalone entity upon closing of the Proposed Transfer. Kowalski and Texeira PFT, p. 38. AWA has not agreed to or expressed openness to a potential rate freeze. Interrog. Resp. RRU-19. While the Applicants state that AWA will not seek a rate increase for at least six months, they also state that Aquarion is in need of a rate increase and therefore if the Proposed Transfer is approved, an AWA rate increase application will be likely after six months. Interrog. Resp. RRU-19.

Aquarion's residential monthly rates across all of its divisions (including Torrington Water Company and Valley) are lower than RWA's rates. Interrog. Resp. OCC-35, Atts. 1 and 2. Table 4: **Error! Reference source not found.** compares average monthly bills (as of May 2025) for residential Aquarion and RWA customers based on water usage of 6,000 gallons per month.

Table 4: Average Monthly Bill Comparison, May 2025 (assuming 6,000 gallons / month)

Entity	Average Res. Bill (\$)	Variance, Aquarion to RWA (\$)	Variance, Aquarion to RWA (%)
Aquarion			
Eastern Division	47.87	(17.00)	(26.2%)
Tyler-Indian Spring & Clearview	41.90	(22.97)	(35.4%)
Northern	39.41	(25.46)	(39.2%)
Torrington Water Company	52.46	(12.41)	(19.1%)
Valley	39.95	(24.92)	(38.4%)
RWA	64.87	-	-

Interrog. Resp. OCC-35, Atts. 1 and 2.

As depicted in Table 4, the average Aquarion residential customer bills are 19.1% to 39.2% lower than the average residential RWA customer bill.

To address the Applicants' assertion that Aquarion has planned immediate and frequent rate increases, AWA provided the estimated monthly bill impacts for Aquarion's Eastern Division residential customers (the company's largest division) under scenarios that assumed a PURA rate case with approved increases of 100%, 66%, 33%, and 25% of the \$64 million revenue requirement. Interrog. Resp. RRU-71. The table below shows the bill impact results under each scenario and compares the projected Aquarion Eastern Division bill increases to RWA's existing rates.

Table 5: Aquarion Eastern Division Residential Bill Impact under the Applicant's PURA Rate Case Scenario

Scenario (% of proposed \$64 million revenue requirement)	Estimated Bill Impact (\$)	Estimated Total Bill (\$)	RWA Avg. Bill as of 5/25 (\$)	Variance, Aquarion to RWA (\$)	Variance, Aquarion to RWA (%)
100%	15.10	62.97	64.87	(1.90)	(2.9%)
66%	9.97	57.84	64.87	(7.03)	(10.7%)
33%	4.98	52.85	64.87	(12.02)	(18.5%)
25%	3.78	51.65	64.87	(13.22)	(20.4%)

Id.

The data show that under each of the hypothetical revenue requirement scenarios, an Aquarion Eastern division average water bill would still be lower than an average RWA residential customer's monthly bill.

AWA's proposed rate model includes projected rate increases that would occur annually beginning in 2027 through 2035 and in five-year increments for 2040 through 2065. Interrog. Resp. OCC-42; Interrog. Resp. OCC-81, Att. 1. AWA also provided a rate model that removed the approximately \$500 million in acquisition debt. Late-Filed Ex. 21, Att. 1. Table 6, below, shows the anticipated rate increases by year for each scenario.

Table 6: Applicant Projected Rate Increases Percentages by Year

Year	Rate Increase, with Acquisition Debt	Rate Increase, without Acquisition Debt
2027	8.35%	8.35%
2028	6.85%	6.85%
2029	6.85%	6.85%
2030	6.85%	6.85%
2031	6.85%	6.85%
2032	6.85%	6.60%
2033	6.50%	6.50%
2034	6.50%	6.50%
2035	6.50%	6.50%
2040	6.0%	6.0%
2045	3.25%	3.25%
2050	2.0%	2.0%
2055	2.0%	2.0%
2060	2.0%	n/a
2065	2.0%	0%

Interrog. Resp. OCC-42; Interrog. Resp. OCC-81; Late-Filed Ex. 21, Att. 1.

As shown above, AWA anticipates proposed annual increases from 2027 through 2035. After 2035, AWA states there will be no further rate increases until 2040 and with rate applications every five years thereafter.

Several intervenors expressed concern regarding the rate impact of the Proposed Transfer to Aquarion's ratepayers. Officials from the towns of New Canaan, Ridgefield and Westport reviewed the comparative historical rate increases between RWA and Aquarion and described the differences as "alarming." Carlson, Marconi, & Tooker, July 14, 2025, Prefiled Test., p. 4. They expressed concern for their community residents who live on tight budgets, particularly senior citizens. *Id.* MetroCOG, WestCOG, and the City of Shelton, argue that the Applicants propose to cover the entire acquisition premium with debt serviced by ratepayer funds, which would increase rates above that which would be just and reasonable, and would harm Aquarion ratepayers. MetroCOG, WestCOG, and the City of Shelton, July 14, 2025, Prefiled Test., p.7. The Applicants testified that the projected annual rate increases are driven by capital investment, not acquisition debt, and that if there was no need for additional capital investment the debt would be structured differently. Hr'g. Tr., Jul. 28, 2025, 498:22–502:9.

The Authority acknowledges that the current rate differential is significant. RWA's current single residence rates range from 19% to 39% higher than comparable Aquarion rates. This comparison is relevant because the rate amendment process used by RWA will apply to AWA. Under this rate application model, between 2027 and 2035, RWA ratepayers were subject to annual rate increases that range from 6.5% to 8.5%. AWA's

rate projections reflect a similar pattern of regular rate increases experienced by RWA customers between 2017 and 2025 as shown in Table 7, below.

Table 7: RWA Approved Rate Case Increase Percentages (2017-2025)³¹

	2017	2018	2020	2022	2024	2025
Service Charge	7.0%	0.0%	6.5%	2.1%	5.5%	4.0%
Consumption Charge	7.0%	5.0%	6.5%	8.2%	5.5%	4.0%

Interrog. Resp, RRU-13, Att. 1.

Prior to the purchase and sale agreement, Aquarion had identified the need to file rate applications approximately every 18 months. Tr., Jul. 29, 2025, 723:18–24. The rate applications are driven primarily to incorporate capital expenditures into base rates. Id. The capital expenditures include Aquarion’s standard capital program as well as incremental expenditures to address new PFAS and lead abatement regulations. Tr., 723:14–18.

Since the last rate case, Aquarion has spent more than \$300 million of capital that is not yet in rate base or thus reflected in rates. Tr., 723:23–24. Here, there is immediate potential for lowering the cost of service to ratepayers under a public ownership model. If plant additions are the primary driver of the need for rate increases, there could be significant benefit to ratepayers due to the lower cost of capital and income tax effects. Kowalski and Teixeira PFT, p. 24. That said, the level of benefits (approximately \$367 million over ten years) that accrue to AWA customers as forecast by the Applicants is uncertain, in large part because the level, pace, and financing terms of future capital expenditures are not yet known. See e.g. OCC Brief, pp. 9–10; see also Section III.B.2.a.ii., Cost Savings.

In isolation and assuming substantial capital expenditures, ratepayers would likely see greater benefit to rates under a public authority ownership model via a lower cost of capital. To enhance transparency regarding its post-closing financial structure, financial performance, and customer rates, AWA shall file annually its financial statements with operating results, and rate schedules (tariffs) in effect as compliance with the Authority. Such reporting will provide transparency to the public with regard to AWA’s actual financial conditions and rates. AWA’s financial reports are also subject to examination by the State’s attorney general. See Special Act 77-98, § 53(b), as amended by Public Act 24-1 (“The attorney general may examine the books, accounts and records of the authority.”)

Finally, a relevant component of Aquarion’ balance sheet is the amount currently carried due to the excess accumulated income taxes (EADIT) previously recovered in rates with the Tax Cut and Jobs Act (TCJA).³² Interrog. Resp. OCC-77; Interrog. Resp. OCC-78. The credit balance as of July 31, 2025 totaled \$51.1 million (\$48.5 million for AWC-CT and \$2.6 million for TWC-CT). Interrog. Resp. OCC-78. Following the

³¹ Rate increases provided for 5/8” service line. See Interrog. Resp. RRU-13, Att. 1.

³² EADIT are currently amortized to reduce income tax expenses, and the unamortized balances are used to reduce rate base.

Proposed Transfer, these credits will be paid to Eversource by AWC in a non-taxable transfer.³³ Interrog. Resp. OCC-77.

Aquarion has incurred a financial benefit from the timing difference for these tax payments due to the TCJA, and Aquarion must credit this difference back to customers. Following the Proposed Transfer, Aquarion customers now served by AWA will not receive this credit, providing Eversource with a \$51.1 million benefit.

Based on record evidence, the Authority finds the Proposed Transfer will have a relatively neutral financial impact initially while providing financial benefits to AWA customers over the long term with respect to the cost of service and thus revenue requirements reflected in rates. On the one hand, AWA will generate benefits through a lower cost of capital and other projected savings shown in the Applicants' Models. On the other hand, the purchase price, inflated by the acquisition premium, will create substantial debt-service costs. Considering these circumstances in totality, the financial impact of the Proposed Transfer weighs in favor of a public interest finding.

b. Implications for Local Control

One of the "general purposes" of Title 16 is "to promote local control of the public service companies of this state, . . ." General Statutes § 16-11. Thus, the promotion of local representation and control is directly relevant to PURA's public interest analysis of the Proposed Transfer.

The term "local control" is not defined in Title 16. The term is often used to distinguish between state and municipal control with respect to issues such as zoning, education, and elections. In those contexts, local control typically refers to municipal control as opposed to state control. See General Statutes § 7-187 to 7-201. However, utilities and their operating franchises are generally no longer limited to a single municipality. See Jennings v. Connecticut Light & Power Co., 140 Conn. 650, 663–64 (1954) ("As other public service corporations came into being and spread the tentacles of their operation across town, city and county lines, the public utilities commission was created and empowered to regulate them uniformly and in recognition of a public interest above and beyond the boundary of a single city or town."). Accordingly, the term "local control" in Title 16 should be read to include a variety of geographic levels of control, including state, regional, and municipal control. In short, the purpose of "local control" under General Statutes § 16-11 is to ensure that public services companies remain within the regulatory purview of the state and, more specifically, PURA.

Here, the Authority does not find the Proposed Transfer to be inconsistent with General Statutes § 16-11 or the public's interest in local control and, in fact, a substantial degree of local representation and thus control is central to the AWA statutory governance

³³ Eversource and AWA have agreed to use Internal Revenue (IRC) Code Sec. 338(h)(10) Election for the transaction. With IRC Section 338(H)(10) election, Aquarion will transfer all deferred income tax liabilities, such as ADIT and EADIT, to its parent company, Eversource, and AWA will start to amortize the acquisition premium. After the closing of the Proposed Transfer, these deferred income tax liabilities are no longer available to reduce income tax expenses or offset rate base.

structure as compared to Aquarion. As an initial matter, AWA, like RWA, is not a public service company and, as such, is not subject to § 16-11. The statute pertains to the control of public service companies, but the definition of public service company does “not include towns, cities, boroughs, any municipal corporation or department thereof, whether separately incorporated or not, . . .” General Statutes § 16-1(a)(3). These entities, which include RWA and AWA, are subject to separate governance and regulatory structures established by the state or the municipalities themselves. As such, unlike investor-owned utilities (which are governed by a board of directors and shareholders with potentially no presence in the state), there is no need to further preserve or promote “local control” of municipal or quasi-municipal utilities. Rather, the degree of local control is dictated directly by the state or municipality through legislative action.

In this case, the governance structure for (i.e. the control of) AWA was established via Special Act 77-98, as amended by Public Act 24-1. As specified by law, each municipality in the AWA service area may appoint a representative to the AWA RPB to vote on its behalf. Special Act 77-98 § 37(a). The vote of each representative is weighted by the number of customers and company land in each municipality, which due to rounding can result in an assigned vote weight of zero. *Id.*, § 37(c). Of the 59 municipalities with seats in the AWA RPB, 30 have a weighted vote of zero and are functionally nonvoting representatives. *See* Interrog. Resp. ADJ-08, Att. 1. However, the seven highest-weighted municipalities constitute a 51-vote majority. *See id.*³⁴ This structure may disenfranchise some municipalities and, as such, be incompatible with local municipal control. November Decision, pp. 26–27. In the interest of governance transparency post-transfer, AWA shall file compliance documenting any rules, regulations, and bylaws applicable to AWA and the RPB.

As such, the AWA governance structure may benefit from further input from the municipalities. Notwithstanding this concern, the Authority defers to the General Assembly’s determination as to how the AWA will be governed or controlled and the degree of local discretion in this area. To the extent the municipalities have concerns with or objections to the governance structure of RWA or AWA, the potential remedy is through the legislative process.

c. Public Authority Ownership Model

By creating the AWA expressly to acquire Aquarion under a public authority ownership model and recognizing its fundamental public character, the General Assembly expressed, through Public Act 24-1, a legislative intent that implies a public interest in this change of control. Notably, Section 41 of Public Act 24-1 adds the following Section 34 to Special Act 77-98:

It is found and declared as a matter of legislative determination that the creation of the Aquarion Water Authority for the primary purpose of providing and assuring the provision of an adequate supply of pure water and the safe disposal of wastewater at reasonable cost within the Aquarion Regional

³⁴ The seven municipalities and their assigned vote weights are Bridgeport (9); Stamford (9); Easton (8); Fairfield (7); Goshen (7); Stratford (6), and Torrington (5). *See* Interrog. Resp. ADJ-08, Att. 1.

Water District and . . . the carrying out of its powers, purposes, and duties under sections 34 to 65, inclusive, of this act and for the benefit of the people residing in the Aquarion Regional Water District and the state of Connecticut, and for the improvement of their health, safety and welfare, that said purposes are public purposes, and that the [AWA] will be performing an essential governmental function in the exercise of its powers under sections 34 to 65, inclusive, of this act. (emphasis added)

This transaction was not possible but for the General Assembly's enacting Public Act 24-1. Of course, Public Act 24-1 does not mandate that Aquarion be transferred to AWA or another public entity. However, the sections of Public Act 24-1 related to AWA are detailed and robust, covering almost 50 pages and include a detailed governance structure, delegations of power, and rate setting. Accordingly, the Authority finds that, by affirmatively authorizing AWA to bid on and acquire Aquarion, the General Assembly has expressed its considerable interest in advancing the public ownership of this particular water utility, bringing this matter before the Authority.

The Proposed Transfer will result in the sale of Aquarion, a privately-owned subsidiary of Eversource, to AWA, a public corporation chartered by the State of Connecticut. Application, pp. 1–2. Consequently, Aquarion will be converted from an investor-owned utility (IOU) into a quasi-public entity with a very different financial structure. As described in Section III.B.2.a.ii., Cost Savings, there is material public benefit intrinsic to the public authority ownership model, consistent with perceived legislative intent in these circumstances.

i. Rate Regulation

Several criticisms of the public authority ownership model arose during this proceeding. First, upon closing, the Aquarion's finances and rates will no longer be subject to independent state regulation by PURA, and Aquarion ratepayers will no longer have OCC as a consumer advocate. Instead, as explained in Section I.D.2. Proposed Governance Structure, rate changes will be approved or rejected by a vote of the RPB, a form of local rate regulation. Interrog. Resp. RRU-13. The RPB consists of municipal representatives appointed to three-year terms by the chief elected officials of each municipality within the service area, plus one appointee by the governor. Special Act 77-98 § 4(a), § 37(a).

In addition to municipal representation on the RPB, the General Assembly created the Office of Consumer Affairs (OCA). Special Act 77-98 § 48. The Authority analyzed the OCA to evaluate how consumer advocacy for Aquarion customers would be affected by the Proposed Transfer. The current OCA provides a reduced level of advocacy for Aquarion customers compared to that provided by OCC due to the OCA's budget and staffing, its role in rate applications, and its level of independence.

The structure of the OCA is fundamentally different than that of OCC. Currently, the OCA is staffed by one part-time attorney, who is occasionally assisted by consultants. Interrog. Resp. OCC-37. Unlike OCC, the OCA is not an independent consumer advocate. Notably, the OCA serves at-will and can be removed at any time by the RPB.

See Special Act 77-98 §§ 40, 48; Hr’g Tr., Jul. 24, 2025, 166:12–17. Additionally, the RPB has sole authority over the OCA’s budget, including expenses for outside expert consultants. Hr’g Tr. Jul. 24, 2025, pp. 224:21–226:4. The OCA’s participation in rate setting proceedings are limited to recommending full approval or denial of the entire application without the potential for individual adjustments. Hr’g Tr., Jul. 24, 2025, 171:4–18.

Under Aquarion’s current ownership model, consumer advocacy is provided by OCC, an independent agency and a mandatory party to every PURA proceeding. OCC has full-time staff, which it supplements with outside subject matter experts as needed. During rate proceedings, OCC provides expert testimony, rate adjustment recommendations, and other input to support customer interests.

As currently staffed and operated, the OCA does not provide consumer advocacy equivalence to OCC. Consumer advocacy is particularly relevant in the context of rising costs and rates attributed to the anticipated capital investments and increased operating costs. See Hr’g Tr., Jul. 24, 2025, 93:12–94:17; Hr’g Tr., Jul. 29, 2025, 765:2–766:3. Accordingly, the Authority finds it appropriate to enhance two key features of the OCA to satisfy minimum consumer advocacy needs aligned with the public interest.

First, AWA shall increase OCA staffing post-transfer closing. The hours worked by the OCA will necessarily increase as the number of people the OCA would represent for both RWA and AWA will nearly triple the current levels under RWA alone.³⁵ The 157 annual average hours worked to represent the interests of RWA customers represents less than 8% of the 2,080 hours a full-time employee works annually. However, simply tripling the annual hours worked by the OCA is likely insufficient to account for the increased representation and complexity of the future OCA’s portfolio. Accordingly, AWA shall increase its minimum OCA staffing to a 0.5 full-time equivalent (FTE) position to augment staff resources for customer representation and advocacy.

Second, AWA shall increase the annual budget of the OCA to a minimum of \$300,000. As with staffing levels, the Authority finds that simply tripling the existing RWA OCA annual budget of \$60,000 to \$180,000 to account for an increased customer base would not necessarily account for the OCA’s expanded responsibilities and potential need to hire expert consultants for additional support with rate amendment applications. This increase in budget is intended to ensure a minimum level of funding to support customer advocacy. AWA shall file compliance demonstrating either a minimum annual 0.5 FTE OCA staffing and minimum \$300,000 annual OCA budget or an alternative minimum staffing and budget plan for the OCA with detailed justification for how the alternative staffing and budget was determined and how such alternative staffing and budget satisfies the public interest.

Although the rate review and consumer advocacy functions of the RPB and OCA are not directly equivalent to the regulation of public service companies under Title 16,

³⁵ The combined number of people served by RWA and AWA is approximately 1,117,000 (432,000 for RWA and 685,000 for AWA). Application, pp. 3, 9.

even with the expanded staffing and budget ordered herein, this framework was established by the General Assembly and has been in place for decades at RWA. The General Assembly did not amend or modify this longstanding ratemaking and advocacy framework when it expanded RWA's enabling legislation to permit the formation of AWA. Here, the continuation of the existing oversight function of the municipal representation on the RPB and OCA was a legislative choice. Accordingly, the Authority cannot find that this structure of local rate regulation and consumer advocacy is contrary to legislative intent though PURA does find it necessary and appropriate to increase staffing and budget levels to account for the expanded scope of the OCA.

Nonetheless, given the expressed opposition to the Proposed Transfer by the municipalities served by Aquarion, the ratemaking oversight framework for AWA and Aquarion may benefit from additional internal governance and policy changes post-transfer or legislative amendment.

ii. Payment in Lieu of Taxes

A second criticism of the Proposed Transfer, and the public authority ownership model in general, is that municipalities may lose property tax revenues. Here, the Applicants have committed to pay no less in PILOT than the amount that Aquarion is currently paying in property tax. Hr'g Tr. Jul. 29, 2025, 733:10–16. However, although AWA would pay PILOT on newly acquired real property, PILOT would not be paid on post-acquisition real property improvements. *Id.* For future real property to be included in PILOT following the transfer, physical construction would need to take place outside current land holdings. Hr'g Tr., Jul. 29, 2025, 736:11–17. This is the main difference between current tax provisions and the PILOT for real property. Hr'g Tr. Jul. 29, 2025, 732:5–11.

AWA would pay the PILOT on all existing personal property at the time of the transfer, and the PILOT would be prospectively adjusted for water distribution pipe additions and retirements. Kowalski and Teixeira PFT, p. 42. Water main and vehicles are the two personal properties that will continue in PILOT, other personal property categories would be recorded as of the time of the acquisition, but as they depreciate they would not be replaced. Hr'g Tr. Jul. 29, 2025, 733:3–734:5.

Upon closing, the PILOT will reflect the same level of real and personal property tax payments made to communities as prior to the transfer, providing tax revenue continuity for the municipalities. Kowalski and Teixeira PFT, 41. However, the Applicants concede that if there are no offsetting increases to property value (e.g. from revaluation, capital investment, new land or facility purchases), depreciation would cause a year-over-year decrease in PILOT payments. Interrog. Resp. OCC-28; Hr'g Tr., Jul. 28, 2025, 467:1–6. RWA states that “inflation tends to increase the PILOT as it can impact real property revaluation and also the cost of distribution main additions that are subject to PILOT.” *Id.*

The effect of the Proposed Transfer on depreciation as well as the removal of categories of taxable assets, such as real property improvements, would result in the PILOT providing decreasing tax revenues to municipalities. Aquarion is among the top

municipal taxpayers in the towns in which it operates. Firlotte PFT, p. 13. Towns have voiced their concerns with potential loss in revenue and the resulting strain on their budgets. See e.g., Carlson, Marconi, & Tooker, Prefiled Test., July 14, 2025, p. 6; see also numerous public comment outlined in Section I.H., Public Comment. Local taxes on utility property and PILOT are recoverable from ratepayers and may not substantially diverge in terms of impact if designed to generate comparable revenues. To address this concern the Applicants offered to maintain payments equal to AWCT-CT's most recent property tax payments in July 2025 to each of the 59 municipalities in the AWA service territory. See Section, I.D.4., Offers of Compromise.

Similar to the issue with rate regulation of AWA, the concerns related to municipal tax revenues and PILOT pertain to a framework specifically created by the General Assembly. Section 21 of Special Act 77-98 prescribes a PILOT program for RWA and AWA. Here, again, the legislature balanced the benefits of a public ownership model with the associated drawbacks, including the potential reduction in municipal property taxes. By addressing this issue through Section 21 of Special Act 77-98 and by declining to modify this section in Public Act 24-1, the General Assembly has spoken on this matter.

iii. Incompatible Fiduciary Duties

A third concern with the Proposed Transfer is the potential for conflicting fiduciary duties of the Expanded Authority Board, which serves both RWA and AWA. Under Connecticut law, a director owes fiduciary duty to their corporation to act in its best interests. See, e.g., General Statutes § 33-756(a). When serving as a director for multiple organizations simultaneously, the director owes separate duties to each organization. See Interrog. Resp. ADJ-06. By design, each member of the Expanded Authority Board will owe concurrent duties to both AWA and RWA. Id. Similarly, several corporate officers of RWA would hold concurrent roles in AWA post-transfer, including the CEO and CFO. Hr'g Tr., Jul. 24, 2025, 267:20-268:9; 272:21-273:17. Due to the absence of non-overlapping board members, the typical remedies of recusal and disclosure would not resolve the conflict. As such, it is unclear how members of the Expanded Authority Board can reconcile those duties should the interests of AWA and RWA ever conflict. Interrog. Resp. ADJ-17; see, e.g., Hr'g Tr., Jul. 28, 2025, 374:15-16; 375:19-22; Hr'g Tr., Jul. 29, 2025, 678:8-9.

Here again, the Expanded Authority Board is a governance structure established by the General Assembly.

iv. Ownership and Management Continuity

Another consideration of the public authority ownership model is the potential to improve Aquarion's ownership and management continuity. This is not Aquarion's first change of ownership. In 2017, less than 10 years ago, Eversource acquired Aquarion from Macquarie Group, a diversified international provider of specialist investment banking and financial services, headquartered in Sidney, Australia. See Decision, Oct. 27, 2017, Docket No. 17-06-30, Joint Application of Eversource Energy and Macquarie Utilities Inc. for Approval of a Change of Control. That investment group had in turn purchased Aquarion in 2007 from Kelda Group PLC (previously Yorkshire Water PLC), an

entity formed in 1989 as part of the privatization of the United Kingdom water industry. See Decision, Oct. 18, 2006, Docket No. 06-06-18, Joint Application of Kelda Group Inc. and Macquarie Utilities Inc. for Approval of a Change of Control. In 2000, Kelda Group had acquired Aquarion (previously BHC Company, the successor to Bridgeport Hydraulic Company). See Decision, Dec. 8, 1999, Docket No. 99-07-11, Application of Yorkshire Water PLC and Aquarion Company for Approval of a Change of Control.

The investor-owned utility model, by its nature, can be prone to ownership changes as holding companies and investment groups continuously reassess their investment strategies and portfolios of companies, as exemplified by Eversource's present decision to divest its water utility assets. Enhancing shareholder value is a key factor in divestment decisions. Thus, investor-owned utilities may experience a higher risk of ownership churn through mergers and acquisitions, managerial disruption, and non-local control. By comparison, RWA has owned and operated its water system continuously since its creation in 1980, more than 45 years. Here, AWA would provide ownership continuity and stability for the foreseeable future to the benefit of the communities and ratepayers it serves.

v. Summary

In summary, Special Act 77-98, modified by subsequent legislation, and expanded upon by Public Act 24-1 constitute a legislative decision to advance the public authority ownership model for RWA and AWA. The Proposed Transfer of Aquarion to AWA was enabled by the General Assembly and aligns with its intent.

C. FINANCIAL SUITABILITY

In accordance with General Statutes § 16-47(d)(1), the Authority reviewed the financial suitability and responsibility of AWA and RWA. The Authority finds that the Proposed Transfer satisfies financial suitability and responsibility requirements.

According to the Applicants, Aquarion's financial situation will strengthen due to lower-cost debt and greater purchasing power. Kowalski & Teixeira PFT, p. 25. RWA provided a financial forecast model (RWA Model) projecting the following items for AWA: revenue, interest income, total revenues, total operating expenses, PILOT, net cash flow, total debt service (Senior and Subordinate), net cash flow, and total capital expenditures. Interrog. Resp. OCC-42, Att. 1. The model indicates an annual increase of base rates of at least 6% per year from 2027 to 2040. See id.

In support of its financial position, AWA may access the Rate Stabilization Fund (RSF) which is a discretionary fund under RWA's General Bond Resolution (GBR). Interrog. Resp. RRU-25. If net revenues from the Revenue Fund are not sufficient to meet the debt-service coverage requirements under the GBR and monies are available in the RSF, a draw (transfer of funds) is allowed to meet the debt coverage requirement.³⁶ Id. RWA must state if money is used from the RSF to meet the covenant within a rate

³⁶ Revenues and the Revenue Fund are specific terms defined with RWA's GBR. The Revenue Fund is used to account for operating revenues from and expenses, including debt service and PILOT payments. Id.

application. Hr'g Tr., Jul. 29, 2025, 686:12–19. RWA explained why drawing from the RSF to cover the regular cost of service is not advisable. Tr., 686:13–22.

The RSF is funded through a required fiscal year-end disposition process under RWA's GBR. Interrog. Resp. OCC-104. Funds are available at the end of the fiscal year primarily due to non-cash, depreciation, and debt-service coverage. Id. If all required funds under the GBR are at or above a required level, discretionary deposits can be made, including to the RSF. Id. RWA has maintained a \$10 million target level balance in the RSF from the 2013 fiscal year-end disposition through the end of fiscal year 2025. Id. RWA has not had to draw from the RSF since fiscal year 2010 to meet its debt covenant. Hr'g Tr., Jul. 29, 2025, 688:22–689:1. Not having to draw from the RSF is viewed favorably by RWA and its credit rating agencies. Id., Tr., 689:3–5.

Like RWA, AWA would establish a RSF. Interrog. Resp. OCC-106. AWA's RSF can be discretionarily funded at the end of the fiscal year if all relevant funds are at a required level and monies are available. Id. Monies are expected to be generated primarily through the debt-service covenant. Id.

The Authority finds that the RSF serves as a reserve fund that could be used to make up for deficiencies for other funds under the GBR. The RSF would serve as a backstop with rules and restrictions for its use under the GBR. That RWA has not drawn from the RSF for years reflects in part that RSF funds are not discretionary or generally accessible. Though the amount of AWA's RSF and how it would be funded was previously unclear, Eversource's \$10 million commitment to fund the RSF³⁷ has helped resolve this issue. Reserve funds have value under the public authority ownership model however, over the long term, AWA ratepayers would likely fund any needed increase to the AWA RSF.

The Authority finds that the AWA and RWA meet the financial suitability and responsibility criteria and these entities are capable of financing and managing the purchase of Aquarion.

D. MANAGERIAL AND TECHNOLOGICAL SUITABILITY

In accordance with General Statutes § 16-47(d)(1), the Authority reviewed the managerial and technological suitability and responsibility of AWA and RWA. The Authority finds that AWA and RWA satisfy the managerial and technological suitability and responsibility requirements because Aquarion's and RWA's demonstrated capabilities can reasonably be expected to continue with AWA.

Post-transfer, AWA would retain all current AWC-CT and TWC employees and all Aquarion operating facilities. Kowalski and Teixeira PFT, p. 31. AWA would also retain the current staff and management of Aquarion. Applicant Rebuttal Test., p. 14. Further,

³⁷ On October 16, 2025 the Applicants filed a motion to approve a modified offer of compromise pursuant to Gen. Stat § 16-19jj (Motion No. 32). As part of the motion, Eversource agreed to contribute \$10M for the AWA Rate Stabilization Fund to be used as a credit to partially offset the impact of one or more rate changes that will occur after closing, exclusively as a benefit for AWA customers. Motion No. 32, p. 7.

as an affiliate of RWA, AWA could leverage RWA's experience in the transition from an investor-owned utility to a public water authority. Applicant Rebuttal, p. 7. RWA has operated as a public water authority for more than 45 years. Id. The public authority ownership model for AWA can similarly provide ownership and managerial continuity.

Aquarion made several technology-related investments in recent years including IT projects to enhance business functions (e.g. customer portals, operational control systems, and meter reading systems). Kowalski and Teixeira PFT, pp. 30-31. These investments will carry over to AWA. Id., p. 30. Further, Aquarion's planned investments will continue with AWA. Id.

AWA is expected to benefit from the affiliate relationship with RWA. Currently Aquarion operates almost as a standalone entity under Eversource. Hr'g Tr., Jul. 28, 2025, 515:10–13. With RWA as an affiliate, AWA will benefit from shared experience, technologies and resources. Kowalski and Teixeira PFT, p. 27; Interrog. Resp. RRU-22. Between 2020 and 2024, RWA invested \$25 million in technology projects. Id., p. 28. One of RWA's largest technology investments involved the implementation of a customer information system to manage customer relationships. Id., p. 29. Other recent investments of RWA include upgrades to operational control, information management, financial, and security systems. Id., pp. 29. RWA will share a new leak detection technology with AWA. Kowalski and Teixeira PFT, p. 29. Additionally, Aquarion has previously contracted with RWA for water quality tests and is the largest customer of RWA's outside lab services. Id.

Both Aquarion and RWA demonstrate robust cybersecurity programs. RWA conducts tabletop exercises and internal audits, utilizes assessment services from the Department of Homeland Security, and participates (with Aquarion) in the Connecticut Cybersecurity Committee. Interrog. Resp. OCC-65. Meanwhile, Aquarion will carry over to AWA the comprehensive cybersecurity program it developed as a part of Eversource. Id. AWA will also take advantage of RWA's robust cybersecurity program through joint participation in exercises and by providing additional expertise and security measures. Kowalski and Teixeira PFT, pp. 34–35. Based on the foregoing, it is reasonable to conclude that AWA is managerially and technologically suitable to own and operate Aquarion. Accordingly, the Authority finds that the transfer meets the statutory managerial and technological suitability and responsibility requirements.

E. PROVISION OF SAFE, ADEQUATE AND RELIABLE SERVICE

The Authority must determine whether AWA will possess the ability to provide safe, adequate, and reliable water service to the public through the plant, equipment, and manner of operations if the Proposed Transfer were to be approved. General Statutes § 16-47(d)(1).

1. Reliability and Safety

The record indicates that Aquarion and RWA have the capacity to provide safe, adequate, and reliable water service to the public and that AWA will maintain this ability. Aquarion's employees and facilities will remain intact under AWA. Applicants Rebuttal,

pp. 12–13. Aquarion currently provides its customers with a safe and reliable water supply. Firlotte PFT, p. 4. It is reasonable to conclude this level of service is likely to continue under AWA management.

RWA reports fewer water main breaks than Aquarion. See Interrog. Resp. RRU-68. Between 2020 and 2024, RWA reported an average of 3.1 main breaks per 100 miles of main, while AWC-CT reported 8.7 and TWC reported 5.0. Interrog. Resp. RRU-68, p. 2. Both RWA and Aquarion may benefit from sharing resources and practices in the operation of their respective water systems.

Recently, DPH completed Sanitary Surveys for both Aquarion and RWA. See Interrog. Resp. RRU-35, Att. 1 and 2; Interrog. Resp. RRU-36; and Interrog. Resp. RRU-46. These surveys discovered both significant and deficiencies, accompanied by DPH corrective recommendations. See Interrog. Resps. RRU-35 and RRU-37. DPH ordered the correction of all significant deficiencies in the RWA system by June 10, 2025. Id. On February 28, 2025, RWA submitted a letter to DPH claiming that all significant and minor deficiencies had been corrected. Id. DPH similarly provided comments and recommendations for Aquarion’s systems after identifying two water quality violations as of June 2025. The required public notification was completed for each of the two violations and submission of the required public notification certification to the Department of Public Health was expected no later than August 2025. Interrog. Resp. RRU-44. No additional action beyond the certification submission was required. Id.

The Authority finds it reasonable to expect that AWA would suitably maintain the safe water supply currently offered by Aquarion. Water providers are required to treat water when per- and polyfluoroalkyl substances (PFAS) exceed four parts per trillion (ppt) in the water supply. Hr’g Tr., Jul. 24, 2025, 161:17–19. All Aquarion systems have been tested for PFAS and 30 of them require PFAS treatment. Hr’g Tr., Jul. 29, 2025, 728:4–25. All RWA water systems have been tested for PFAS and two wellfields require treatment. Tr., 729:22–730:4. Estimated capital costs PFAS remediation projects total \$86.555 million for Aquarion and \$9.8 million for RWA. Interrog. Resp. RRU-21; Interrog. Resp. OCC-76.

Aquarion is in compliance with EPA regulations for lead. See Lakshminarayanan and Lawrence PFT, p. 18. In 2024, the EPA implemented more stringent lead regulations that will require expanded lead service line and meter replacement programs. Id., p. 19. Complying with the new regulations will require the replacement of both the customer and company-side lead service lines by 2037. Interrog. Resp. OCC-82, p. 2. Estimated capital costs for lead line replacement projects are \$44.552 million for Aquarion and \$13.228 million for RWA. Id.

The new PFAS and lead regulations require significant capital investments. See Interrog. Resp. RRU-21. Aquarion’s capital plans include costs for PFAS remediation and expanded lead pipe replacement, which have been incorporated into AWA’s capital plan. Tr., Jul. 24, 2025, 214:24–215:3. AWA estimates \$86.6 million in PFAS removal costs between 2026 and 2029. Interrog. Resp. RRU-21. Additionally, RWA is patenting an experimental PFAS treatment on a surface water reservoir that it claims may significantly

reduce PFAS remediation costs. See Interrog. Resp. OCC-76. The Authority notes the potential relevance of RWA's PFAS treatment patent to the required PFAS projects in the Aquarion service area.

Other potential synergies identified by the Applicants include:

- (1) Meter infrastructure technology to detect long-term water loss on the distribution system;
- (2) The FIDO technology for advanced water leak detection;
- (3) Satellite technology to identify water losses through ground imaging;
- (4) Vibration analysis to identify lead service lines without excavation; and
- (5) An onsite hypochlorite generation system that converts solid sodium chloride (high purity table salt) to a water disinfectant.

See Interrog. Resp. RRU-22.

2. Customer Service

The Authority reviewed customer service metrics as a component of safe, adequate, and reliable service under General Statutes § 16-47(d)(1). The Authority requested customer service data for call center hours, and the ratio of customer service call center agents and field technicians to RWA and Aquarion customers.

The Applicants claims that there will be no change to the Aquarion customer experience or the policies and procedures used for customer service as a result of the Proposed Transfer. Kowalski & Teixeira PFT, p. 38; Interrog. Resp. RRU-28. Aquarion employees will continue in their current positions without planned staff reductions post-transition. See Kowalski & Teixeira PFT, p. 39.

Aquarion and RWA offer similar business office hours. Aquarion call center hours are Monday to Friday from 8:00 am to 5:30 pm, and RWA office hours are Monday to Friday from 8:00 am to 5:00 pm. Both Aquarion and RWA have after-hours and weekend answering services available to their customers and provisions for emergencies. Interrog. Resp. RRU-17. Both entities have similar field technician to customer ratios, at 1:8,036 for RWA and 1:8,768 for Aquarion. At 1:6,089, Aquarion has a higher ratio of customer service personnel to customers than RWA's 1:4,023. Interrog. Resp. RRU-73 and RRU-73, Att. 1. Per customer complaint log data for the previous five years, the volume of RWA customer complaints was lower than the number of complaints for Aquarion. Interrog. Resp. OCC-46. For years 2020 through 2024, Aquarion's annual number of customer complaints ranged from 2,356 in calendar year 2024, to 2,682 in calendar year 2020. Id., Att. 1. As of June 10, 2025, Aquarion logged 738 complaints. Id. For calendar years 2020 through 2024, RWA's total annual number of customer complaints ranged from six in calendar year 2020 to 82 in calendar year 2022. As of June 10, 2025 RWA logged 15 customer complaints. Interrog. Resp. OCC-46, Att. 2.

The Authority finds the customer service practices and performance metrics discussed above to be generally comparable. The Authority finds no support on the

record to suggest the Proposed Transfer would result in a significant change in the current level of customer service provided to Aquarion customers.

IV. CONCLUSION AND ORDERS

A. CONCLUSION

The Authority approves the Application for a change of control over Aquarion. AWA and RWA meet the financial, technological, and managerial suitability requirements and can reasonably be expected to enable continued provision of safe, adequate, and reliable service to customers. In addition, the Applicants have satisfied their burden of demonstrating that the Proposed Transfer, as structured by Public Act 24-1, is in the public interest based on long-term cost of service benefits to ratepayers that can ultimately be realized in perpetuity.

Opponents to the Proposed Transfer have identified a number of concerns, including the governance structure, rate-setting oversight, and rate impact. However, these concerns require remedies that are outside the Authority's jurisdiction or are insufficient to find that the Proposed Transfer, as a whole, is not in the public interest. Nonetheless these relevant concerns warrant further attention from, and possible remediation by AWA, RWA, or the General Assembly.

B. ORDERS

For orders requiring a filing, the Company shall file an electronic version through the Authority's website at www.ct.gov/pura. Submissions filed in compliance with the Authority's orders must be identified by: Docket Number, Title, and Order Number. Compliance with orders shall commence and continue as indicated in each specific order or until the Company requests and the Authority approves that the Company's compliance is no longer required after a certain date. Unless otherwise provided or determined by the Authority, filings submitted in compliance with an order shall constitute satisfaction of the order. Filings requiring Authority approval must be filed as a motion. All orders shall be considered a material condition of approval upon which the Authority has relied in its decision to approve the Application, and the Authority retains all available enforcement remedies.

1. As a condition of this approval, prior to closing, Eversource shall contribute \$10 million to the AWA Rate Stabilization Fund to be used as a rate credit for Aquarion customers. Eversource shall promptly make a compliance filing with documentation demonstrating that the funds have been deposited into an account controlled by AWA. Separately, and within thirty (30) days of closing, AWA shall make a compliance filing demonstrating that it has received the funds.
2. As a condition of this approval, prior to closing, the Applicants shall timely file compliance identifying the minimum PILOT that will be applicable to each municipality within the Aquarion or AWA service area.

3. Not later than ninety (90) days after closing, the Applicants shall file compliance containing the cost-allocation policy governing shared costs between AWA and RWA. The policy must have been ratified and made binding by a vote by either the AWA RPB or with the support of the majority of the AWA-appointed members of the Expanded Authority Board. RWA specifically may not exercise its temporary authority under Special Act 77-98 §§ 5(b) & 5(c) to ratify the policy on behalf of AWA.
4. Not later than ninety (90) days after closing, the Applicants shall file compliance containing the conflict-of-interest policy governing the actions of AWA and RWA board members. The policy must have been ratified and made binding by a vote by either the AWA RPB or with the support of the majority of the AWA-appointed members of the Expanded Authority Board. RWA specifically may not exercise its temporary authority under Special Act 77-98 §§ 5(b) & 5(c) to ratify the policy on behalf of AWA.
5. Not later than ninety (90) days after closing, AWA shall file compliance documenting any rules, regulations, and bylaws applicable to AWA and the RPB.
6. Not later than ninety (90) days after closing, AWA shall file as compliance transparent accounting of the final values, terms, and conditions of the financial transaction for the Aquarion change of control as a whole and for its separate Connecticut, Massachusetts, and New Hampshire subsidiaries. This reporting shall include, but is not limited to, a detailed accounting for all three states of the financial terms of the asset sales (cash, assumed debt, any reserve balances, and acquisition premia, measured as price above net book value, from ratepayers or shareholders); the total amount, instruments, and rates for the amounts to be financed by AWA; and AWA's resulting capital structure, cost of capital, and anticipated changes to the cost of service from pre- to post-transfer closing due to changes in costs.
7. As a condition of this approval, AWA shall fully and permanently assume from Eversource the following specified rate credits currently included in AWC-CT's rates. These credits specifically include:
 - a. Reduced revenue requirement associated with accumulated deferred income taxes (ADIT);
 - b. Reduced revenue requirement associated with excess accumulated income taxes (EADIT);
 - c. The annual credit instituted July 31, 2024 by Aquarion to return its EADIT balance to customers; and
 - d. The refund of income-tax expense resulting from the 2017 Tax Cuts and Jobs Act.

8. Effective the date of closing, AWA shall not increase the rates currently charged to customers in the Aquarion service areas sooner than within one hundred eighty (180) days.
9. Not later than ninety (90) days after closing, AWA shall file compliance demonstrating that, in coordination with RWA, it has established a Special Transition Committee, with a majority comprised of AWA representatives, to assist in the transition from an investor-owned utility to a public authority. The STC shall be responsible for establishing a transition plan and associated criteria to evaluate whether AWA has completed its conversion into a public authority. Upon completion of the conversion into a public authority, the voting of RWA and AWA board shall be bifurcated, as described in Motion No. 32.
10. During the pendency of the conversion of Aquarion into a public authority in accordance with the transition plan developed pursuant to Order No. 9 of this Decision, all capital projects exceeding \$2 million shall require AWA RPB approval following a public hearing.
11. Within one hundred eighty (180) days of closing, AWA shall file compliance demonstrating that it has established low-income affordability programs comparable to those currently in place for Aquarion and RWA.
12. AWA shall staff the OCA with a minimum of 0.5 full-time equivalent position and a minimum annual budget of \$300,000. Within one hundred eighty (180) days of closing, AWA shall file compliance demonstrating either a minimum annual 0.5 FTE OCA staffing and minimum \$300,000 annual OCA budget or an alternative minimum staffing and budget plan for the OCA with detailed justification for how the alternative staffing and budget was determined and how such alternative staffing and budget satisfies the public interest.
13. AWA shall provide armed law enforcement within the bounds of the Centennial Watershed State Forest, pursuant to General Statutes § 29-19 and in accordance with the requirements of the Natural Resources Management Agreement, as agreed with the Department of Energy and Environmental Protection.
14. AWA shall honor all obligations to collective bargaining units in accordance with the terms of the successor clause incorporated into the respective collective bargaining agreements and applicable law.
15. As a condition of this approval, prior to closing, Eversource shall return to Aquarion ratepayers revenues collected and held in escrow pursuant to the May 25, 2023 order of the Superior Court directing Aquarion to “place any revenue received from ratepayers above the rates and amounts authorized in the PURA decision dated March 15, 2023, in a separate, interest-bearing account” Docket No. HHB-CV-23-6078177-S. Within 30 days of this Decision, Eversource shall file a motion with the Authority detailing the amounts

held in escrow and the providing a process for returning the amounts to ratepayers. Upon approval from the Authority, Eversource shall credit ratepayers within 30 days.

16. Not later than April 1 for each of the ten calendar years following close of the transfer, AWA shall file its annual financial statements with operating results, and rate schedules (tariffs) in effect.

**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**

This decision is adopted by the following commissioners:



David Arconti, Jr.



Janice A. Beecher



Holly H. Cheeseman

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the decision issued by the Public Utilities Regulatory Authority, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.



Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority

March 25, 2026

Date