



SECTION 6: THE WATER SECTOR

1.1 M CUSTOMERS

Connecticut's water is an essential natural resource that must be carefully maintained and distributed in order to ensure long-term, safe, available, and affordable water service. Within the state boundaries are over 6,000 miles of rivers and streams, at least 2,000 lakes and reservoirs, and groundwater resources that supply Connecticut residents with water.[1] These public water systems and resources are jointly regulated by PURA, DEEP, and the Department of Public Health (DPH). DEEP is responsible for administering the Aquifer Protection Area Program, establishing land use regulations and standards, and monitoring, assessing, and reporting water quality. DPH oversees the safe and adequate supply of drinking water for Connecticut's population by regulating the purity of all public water systems, while PURA regulates the costs, rates, infrastructure, conservation mechanisms, and business operations of Connecticut's investor-owned water utilities.

Together, PURA, DEEP, and DPH coordinate their roles in protecting Connecticut's water resources through their membership on the Connecticut Water Planning Council (WPC), which is chaired by PURA Vice Chairman Jack Betkoski. The WPC was founded in 2001 through Public Act 01-177, [An Act Establishing a Water Planning Council](#), with the purpose of "address[ing] issues involving the water companies, water resources, and state policies regarding the future of the state's drinking water supply." The WPC jointly prepared the State Water Plan in 2018 with a goal of balancing public water supply needs, economic development, recreation, and ecological health. The WPC is now used to guide Connecticut's water strategy, policies, and actions.

KEY WATER SECTOR TOPICS IN 2023

Water Conservation

Despite typically receiving plentiful precipitation, Connecticut is not exempt from experiencing drought conditions. Though Connecticut is not currently experiencing drought conditions, PURA continuously works to ensure that utility rate designs encourage conservation and responsible water use, particularly through a regulatory tool called the Water Infrastructure Conservation Adjustment (WICA) surcharge. The WICA process enables the Authority, in consultation with OCC, to administer a rate adjustment mechanism for the purpose of funding eligible water infrastructure improvement projects completed by PURA-regulated water companies between rate cases. Under the WICA program, ratepayers pay the rate-case-approved rates, plus an additional WICA surcharge to recover the costs of approved improvements. Pursuant to Conn. Gen. Stat. § 16-262w(i), the amount of WICA charged between general rate case filings cannot exceed 10% of the water company's approved annual revenue requirement.

When companies propose new WICA projects, the Authority analyzes the proposals against the following criteria:

- It is eligible for WICA Program treatment under Conn. Gen. Stat. § 16-262v(1). Specifically, the project is eligible if it:
- Improves or protects the quality and reliability of service to customers including:
 - renewal or replacement of existing infrastructure ... [that has] either reached the end of its useful life, are worn out, are in deteriorated condition, are or will be contributing to unacceptable levels of unaccounted for water, or are negatively impacting water quality or reliability of service if not replaced;
 - covers main cleaning and relining projects;
 - relocation of facilities as a result of government actions, the capital costs of which are not otherwise eligible for reimbursement; [and]
 - purchase of leak detection equipment or installation of production meters, and pressure reducing valves;
- Benefits customers by improving water quality, system integrity, or service reliability;
- Adheres to the criteria established for determining priority of infrastructure projects; and
- There is a sufficient level of investment in infrastructure.

In 2023, PURA issued WICA decisions on Semi-Annual Filing Reports (SAFR) filed by the Connecticut Water Company (Docket Nos. 20-12-30WI05 and 20-12-30WI06), the Hazardville Water Company (Docket No. 12-07-07WI19), the Jewett City Water Company (Docket No. 20-10-31WI01), and the Torrington Water Company (Docket No. 10-05-01WI26). These decisions authorized one or more of the following: new projects as WICA-eligible; modifications to projects previously identified as WICA-eligible; and/or an

increase in the WICA surcharge (up to 10% of the approved revenue requirement in total) to recover costs associated with completed WICA projects. A summary of these decisions is in Table 13 below:

Table 13: 2023 WICA Decisions by Company

Docket Number	Company	Decision Date	New Approved WICA Project Types	Cumulative Completed WICA Investments	Current Surcharge
20-12-30WI05 20-12-30WI04 20-12-30WI06	Connecticut Water Company	3/22/2023 3/29/2023 9/25/2023	Water Mains, pressure reduction valves, customer-side service line replacement	\$70,762,974	7.38%
12-07-07WI19	Hazardville Water Company	12/20/2023	Water Mains	\$2,699,624	9.98%
20-10-31WI01	Jewett City Water Company	9/20/2023	Water Mains	\$616,092	3.4%
10-05-21WI26	Torrington Water Company	3/29/23	Water Mains, relocation / replacement of fire hydrants and service lines owned by the Company	\$5,161,380	9.96%

The Authority also reconciled any under- or -over-collection of the previously-authorized WICA surcharge, resulting in either an additional surcharge to customers in the event of an under-collection and a credit to customers in the event of an over-collection, through the following decisions: Aquarion Water Company (Docket No. 13-02-20WI24); Connecticut Water Company (Docket No. 20-12-30WI04); the Hazardville Water Company (Docket No. 12-07-07WI19); and the Torrington Water Company (Docket No. 10-05-01WI25).

Water Industry Consolidation

As part of PURA's responsibility overseeing the provision of safe, clean, reliable, and affordable utility service, the Authority must evaluate and consent to any water company's application to cease operations. Specifically, PURA will consider how the water company plans to ensure that there is a continuous supply of clean water at adequate pressure and volume, regardless of whether they are the operating company. [2]

On September 30, 2022, PURA received a joint application from Aquarion and the town of New Hartford in Docket No. 22-09-18, Joint Application of the Town of New Hartford and Aquarion Water Company of Connecticut for Approval of the Transfer of Water and Wastewater System Assets, requesting consent and approval for Aquarion to acquire New Hartford's Water System and Wastewater System, and for New Hartford to cease operations as a water company. Aquarion stated it would pay New Hartford \$8 million to acquire all the assets related to those systems. The New Hartford Water System, which is regulated by DPH as a community public water system, serves 404 residential users, 40 commercial users, 8 industrial users, and 6 New Hartford-owned buildings in New Hartford. The Wastewater System, which is classified as a Municipal Sewerage System and is regulated by DEEP, serves a population of approximately 900, with 218 customers, 213 of which are also customers of the Water System. Following acquisition, Aquarion stated that it planned to spend \$358,500 on improvements to the Wastewater System to protect existing wells and the drinking water aquifer.

PURA's consent in acquisitions is dependent on findings, in consultation with DPH, regarding the suitability of Aquarion to acquire the Water Systems and the expenditures required to reasonably operate the system. The Authority considers a number of factors for a Water System acquisition, identified by statute, that include: (1) the geographic proximity of the plant of the acquiring entity to the water company; (2) whether the acquiring entity has the financial, managerial, and technical resources to operate the water company in a reliable and efficient manner and to provide continuous, adequate service to the persons served by the company; (3) the current rates that the acquiring entity charges its customers; (4) public health concerns, including, but not limited to, any closed or active consent decrees or deficiencies identified by DPH relating to the water company; and (5) any other factors the Authority deems relevant.

In conducting their analysis, the Authority and DPH found that Aquarion was suitable to acquire the assets of the Water System. Further, in evaluating whether the acquisition of the New Hartford Water System will impact existing ratepayers, PURA found that anticipated revenues will exceed the estimated cost of service for the Water System by \$408,252. Consequently, the acquisition did not indicate a financial deficiency, and no surcharge was required by existing ratepayers.

Conversely, Connecticut law limits PURA's jurisdiction over the transfer of Wastewater

Systems to evaluating the necessity and reasonableness of an acquiring entity's proposed expenses and directing any reasonable improvements to the plant infrastructure such that it is in the public interest.[3] In other words, the Authority's approval is not required for Aquarion and New Hartford to complete the Wastewater

System transfer. In this proceeding, Aquarion instead requested PURA's approval of an initial rate for existing Wastewater System customers set equal to the rate they had been paying as customers of New Hartford. Importantly, Aquarion did not file this request as a rate application or an interim rate increase.[4] Without one of these applications, PURA has no statutory authority under which to establish the rates for Aquarion for this set of customers. Instead, the Authority will review the acquisition of the Wastewater System, the expansion of plant, and proposed rates in accordance with all relevant statutes in a future rate proceeding.

Additional Water Acquisition Resources

- [New Hartford Acquisition Decision](#)

[1] DEEP, Connecticut's Water Resources, <https://portal.ct.gov/DEEP/Water/Connecticuts-Water-Resources>

[2] See Conn. Gen. Stat. § 16-262n(c).

[3] See Conn. Gen. Stat. § 16-11

[3] See Conn. Gen. Stat. § 16-19(a); Conn. Gen. Stat. § 16-19(d)

2023 WATER SECTOR DECISIONS

Docket Number	Title	Decision Date
22-07-01	Application of Aquarion Water Company of Connecticut to Amend Its Rate Schedule	3/15/2023
20-12-30WI05	Application of The Connecticut Water Company for a Water Infrastructure Conservation Adjustment Semi-Annual Filing	3/22/2023
20-12-30WI04	Application of The Connecticut Water Company for its Annual Reconciliation of its Water Infrastructure and Conservation Adjustment	3/29/2023
10-05-01WI26	Application of Torrington Water Company for a Water Infrastructure & Conservation Adjustment	3/29/2023
22-09-18	Joint Application of the Town of New Hartford and Aquarion Water Company of Connecticut for Approval of the Transfer of Water and Wastewater System Assets	8/9/2023
20-10-31WI01	Application of Jewett City Water Company for Approval of Water Infrastructure and Conservation Adjustment and Semi-Annual Filing Report	9/20/2023
20-12-30WI06	Application of The Connecticut Water Company for its Water Infrastructure Conservation Adjustment Semi Annual Filing Report	9/25/2023
12-07-07WI19	Application of Hazardville Water Company for a Water Infrastructure Conservation Adjustment Semi Annual Filing Report	12/20/2023