



House of Representatives

General Assembly

File No. 587

January Session, 2015

Substitute House Bill No. 6954

House of Representatives, April 13, 2015

The Committee on Public Health reported through REP. RITTER of the 1st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S RECOMMENDATIONS REGARDING WATER COMPANY TAKEOVER PROCEEDINGS AND CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR THE EXPANSION AND CONSTRUCTION OF PUBLIC WATER SYSTEMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-81q of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 Any municipality may, upon approval by its legislative body or in
4 any town in which the legislative body is a town meeting, by the board
5 of selectmen, abate for a period of up to ten years all or a portion of the
6 property taxes due on and after July 1, 1997, for property owned by an
7 entity that has acquired a water company pursuant to the provisions of
8 section 16-262n, as amended by this act, or 16-262o, as amended by this
9 act. The acquiring entity shall only be entitled to an abatement for
10 those costs incurred by such entity to make improvements on the
11 infrastructure and related property of the acquired water company,

12 when such improvements were ordered by the Public Utilities
13 Regulatory Authority [or] and the Department of Public Health and
14 necessary in order for the entity to provide continuous, adequate water
15 service.

16 Sec. 2. Section 16-19 of the general statutes is amended by adding
17 subsection (i) as follows (*Effective October 1, 2015*):

18 (NEW) (i) A water company, as defined in section 16-1, shall file
19 with the Department of Public Health, at the time such water company
20 files a proposed amendment of its existing rates with the Public
21 Utilities Regulatory Authority pursuant to this section, a list of all
22 other water companies, as defined in section 16-262n, as amended by
23 this act, that the water company proposing an amendment has
24 voluntarily acquired since its most recent general rate case.

25 Sec. 3. Section 16-19z of the general statutes is repealed and the
26 following is substituted in lieu thereof (*Effective October 1, 2015*):

27 In any proceeding pursuant to section 16-19, as amended by this act,
28 on a rate amendment proposed by a water company, as defined in
29 section 16-1, the Public Utilities Regulatory Authority shall consider
30 including the cost to the company of purchasing, owning or retaining
31 land for water supply protection or future water supply use in the
32 current rate base of the company, subject to the following conditions:
33 (1) The land shall be included in a water supply plan filed and
34 approved pursuant to section 25-32d or shall otherwise be approved
35 by the Commissioner of Public Health pursuant to the general statutes
36 or regulations adopted under the general statutes; (2) the land shall
37 include (A) an area necessary for surface and groundwater supply
38 protection, (B) the impoundment area, (C) a well site, or (D) other
39 appropriate appurtenances such as a tank site or filtration plant site or
40 other necessary facilities; and (3) the purchase, ownership or retention
41 of the land is found by the authority to be prudent considering cost,
42 availability and need. The authority may not require any such
43 company to sell any such land owned by such company as of October
44 1, 1997, except as provided in section 16-262n, as amended by this act,

45 or section 16-262o, as amended by this act.

46 Sec. 4. Section 16-46 of the general statutes is repealed and the
47 following is substituted in lieu thereof (*Effective October 1, 2015*):

48 (a) No public service company shall cease operations as a public
49 service company, dissolve or terminate its corporate existence without
50 the consent of the Public Utilities Regulatory Authority. [except a
51 water company, as defined in section 16-262n, shall not cease its
52 operations, or unilaterally discontinue the provision of water service to
53 customers without the consent of both the Public Utilities Regulatory
54 Authority and the Department of Public Health. Upon receipt of a
55 request from a water company to cease its operations or discontinue
56 the provision of water service, the Public Utilities Regulatory
57 Authority, in conjunction with the Department of Public Health, shall
58 hold a public hearing and issue a final decision setting forth the actions
59 the water company shall take to ensure a continuous supply of potable
60 water at adequate volume and pressures, in accordance with the
61 procedures and criteria set forth in sections 16-262n to 16-262q,
62 inclusive.]

63 (b) Any public service company may, with such consent, [or in the
64 case of a water company, as defined in section 16-262n, for which a
65 decision has been issued pursuant to section 16-262o, such water
66 company shall,] dissolve and terminate its corporate existence in the
67 manner provided for dissolution and termination by such company's
68 charter or certificate of incorporation, provided, if such charter or
69 certificate requires stockholder approval, such approval shall be by not
70 less than two-thirds of the voting power of the shares entitled to vote
71 thereon. If there is no provision for dissolution and termination in such
72 charter or certificate, such company may, with the consent of the
73 Public Utilities Regulatory Authority, [or in the case of a water
74 company, the consent of both the Public Utilities Regulatory Authority
75 and the Department of Public Health,] dissolve and terminate its
76 corporate existence in any manner provided in part XIV of chapter 601
77 in the case of a company organized with capital stock or part XI of

78 chapter 602 in the case of a company organized without capital stock.
79 Such dissolution and termination shall take effect upon (1) for a
80 corporation, the filing with the Secretary of the State of a certificate of
81 dissolution, and (2) for an unincorporated entity, the filing of a
82 certificate of dissolution with the Public Utilities Regulatory Authority,
83 [and the Department of Public Health.] In the event of such cessation,
84 dissolution or termination, all claims and rights of creditors shall
85 constitute liens upon the property and franchises of the company and
86 shall continue in existence as long as may be necessary to preserve the
87 same.

88 Sec. 5. Section 16-262m of the general statutes is repealed and the
89 following is substituted in lieu thereof (*Effective October 1, 2015*):

90 (a) As used in this section and section 8-25a, "water company"
91 means a corporation, company, association, joint stock association,
92 partnership, municipality, state agency, other entity or person, or
93 lessee thereof, owning, leasing, maintaining, operating, managing or
94 controlling any pond, lake, reservoir, stream, well or distributing plant
95 or system employed for the purpose of supplying water to fifteen or
96 more service connections or twenty-five or more persons for at least
97 sixty days in any one year.

98 (b) No person, including, but not limited to, a water company may
99 begin the construction of a water supply system for the purpose of
100 supplying water to fifteen or more service connections or twenty-five
101 or more persons for at least sixty days in any one year, and no person
102 [or entity] including, but not limited to, a water company, except a
103 water company supplying more than two hundred fifty service
104 connections or one thousand persons, may begin expansion of [such] a
105 water supply system, without having first obtained a certificate of
106 public convenience and necessity from the Department of Public
107 Health.

108 (c) For systems serving twenty-five or more residents that are not
109 the subject of proceedings under [subsection (c) of] section 16-262n, as
110 amended by this act, [or] section 16-262o, as amended by this act, or

111 section 15 of this act, an application for a certificate of public
112 convenience and necessity shall be on a form prescribed by the [Public
113 Utilities Regulatory Authority, in consultation with the] Department of
114 Public Health, and accompanied by a copy of the applicant's
115 construction or expansion plans, a fee of [one] five hundred dollars
116 and, when an exclusive service area provider has been determined
117 pursuant to section 25-33g, a copy of a signed ownership agreement
118 between the applicant and provider for the exclusive service area, as
119 determined pursuant to section 25-33g, detailing those terms and
120 conditions under which the system will be constructed or expanded
121 and for which the provider will assume service and ownership
122 responsibilities. When an exclusive service area provider has been
123 determined pursuant to section 25-33g, the application shall also be
124 accompanied by a written confirmation from the exclusive service area
125 provider, as the person that will own the water supply system, that
126 such exclusive service area provider has received the application and is
127 prepared to assume responsibility for the water supply system subject
128 to the terms and conditions of the ownership agreement. Written
129 confirmation from the exclusive service area provider shall be on a
130 form prescribed by [said authority and] the department. [Said
131 authority and] The department shall issue a certificate to an applicant
132 upon determining, to [their] its satisfaction, that (1) no interconnection
133 is feasible with a water system owned by, or made available through
134 arrangement with, the provider for the exclusive service area, as
135 determined pursuant to section 25-33g, or with another existing water
136 system where no exclusive service area has been assigned, (2) the
137 applicant will complete the construction or expansion in accordance
138 with engineering standards established by regulation by the [Public
139 Utilities Regulatory Authority] department for water supply systems,
140 (3) ownership of the system will be assigned to the provider for the
141 exclusive service area, when an exclusive service area provider has
142 been determined pursuant to section 25-33g, (4) the proposed
143 construction or expansion will not result in a duplication of water
144 service in the applicable service area, (5) the applicant meets all federal
145 and state standards for water supply systems, (6) the person that will

146 own the water supply system has the financial, managerial and
147 technical resources to (A) operate the proposed water supply system in
148 a reliable and efficient manner, and (B) provide continuous adequate
149 service to consumers served by the water supply system, (7) the
150 proposed water supply system will not adversely affect the adequacy
151 of nearby water supply systems, and (8) any existing or potential
152 threat of pollution that the [Department of Public Health] department
153 deems to be adverse to public health will not affect any new source of
154 water supply. The department, in consultation with the Public Utilities
155 Regulatory Authority, shall determine if the person that will own the
156 water supply system has sufficient financial resources, as described in
157 subdivision (6) of this subsection. Any construction or expansion with
158 respect to which a certificate is required shall thereafter be built,
159 maintained and operated in conformity with the certificate and any
160 terms, limitations or conditions contained therein.

161 [(d) The Public Utilities Regulatory Authority and the Department
162 of Public Health shall each adopt regulations, in accordance with the
163 provisions of chapter 54, to carry out the purposes of subsections (a) to
164 (c), inclusive, of this section.]

165 [(e) (1)] (d) For systems serving twenty-five or more persons, but not
166 twenty-five or more residents, at least sixty days in any one year, an
167 application for a certificate of public convenience and necessity shall
168 be on a form prescribed by the Department of Public Health and
169 accompanied by a copy of the construction or expansion plans and a
170 fee of five hundred dollars. The [Department of Public Health]
171 department shall issue a certificate to an applicant upon determining,
172 to its satisfaction, that: [(A) no] (1) No interconnection is feasible with a
173 water system owned by, or made available through arrangement with,
174 the provider for the exclusive service area, as determined pursuant to
175 section 25-33g or with another existing water system where no existing
176 exclusive service area has been assigned, [(B)] (2) the applicant will
177 complete the construction or expansion in accordance with
178 engineering standards established by regulation by the department for
179 water supply systems, [(C)] (3) ownership of the system will be

180 assigned to the provider for the exclusive service area, as determined
181 pursuant to section 25-33g, if agreeable to the exclusive service area
182 provider and the [Department of Public Health] department, or may
183 remain with the applicant, if agreeable to the [Department of Public
184 Health] department, until such time as the water system for the
185 exclusive service area, as determined by section 25-33g, has made an
186 extension of the water main, after which the applicant shall obtain
187 service from the provider for the exclusive service area, [(D)] (4) the
188 proposed construction or expansion will not result in a duplication of
189 water service in the applicable service area, [(E)] (5) the applicant
190 meets all federal and state standards for water supply systems, [(F)] (6)
191 the person that will own the water supply system has the financial,
192 managerial and technical resources to [(i)] (A) operate the proposed
193 water supply system in a reliable and efficient manner, and [(ii)] (B)
194 provide continuous adequate service to consumers served by the water
195 supply system, [(G)] (7) the proposed water supply system will not
196 adversely affect the adequacy of nearby water supply systems, and
197 [(H)] (8) any existing or potential threat of pollution that the
198 [Department of Public Health] department deems to be adverse to
199 public health will not affect any new source of water supply. Any
200 construction or expansion with respect to which a certificate is
201 required shall thereafter be built, maintained and operated in
202 conformity with the certificate and any terms, limitation or conditions
203 contained therein.

204 (e) Properties held by the Department of Energy and Environmental
205 Protection and used for, or in support of, fish culture, natural resource
206 conservation or outdoor recreational purposes shall be exempt from
207 the requirements of subdivisions (1), (3) and (4) of [subsection (c) of
208 this section and subparagraphs (A), (C) and (D) of subdivision (1) of
209 subsection (e)] subsections (c) and (d) of this section. All state agencies
210 are exempt from the fee requirements provided in subsections (c) and
211 (d) of this section.

212 [(2)] (f) The Department of Public Health [shall] may adopt
213 regulations, in accordance with the provisions of chapter 54, to carry

214 out the purposes of this [subsection] section. Such regulations may
215 include measures that encourage water conservation and proper
216 maintenance.

217 Sec. 6. Section 16-262n of the general statutes is repealed and the
218 following is substituted in lieu thereof (*Effective October 1, 2015*):

219 (a) As used in this section, sections 16-262o to 16-262q, inclusive, as
220 amended by this act, and section 16-262s, as amended by this act,
221 "water company" means either (1) a corporation, company, association,
222 joint stock association, partnership, municipality, other entity or
223 person, or lessee thereof, owning, leasing, maintaining, operating,
224 managing or controlling any pond, lake, reservoir, stream, well or
225 distributing plant or system employed for the purpose of supplying
226 water to not less than two service connections or twenty-five persons,
227 or (2) a deficient well system serving existing properties within a
228 defined geographic area with not less than twenty-five persons served
229 by private wells that (A) do not meet public health standards for
230 potable water, (B) have had funding discontinued for filters provided
231 pursuant to subsection (a) of section 22a-471 to respond to documented
232 groundwater contamination, (C) are otherwise unable to serve the
233 existing properties with adequate water quality, volume or pressure,
234 or (D) limit the on-site resolution of documented wastewater disposal
235 issues in the system.

236 [(b) The Public Utilities Regulatory Authority, in consultation with
237 the Department of Public Health and the Department of Energy and
238 Environmental Protection, may review the economic viability of a
239 water company, except a municipal water company, based upon
240 performance measures of the company's stability and financial
241 condition, technical and managerial expertise and efficiency, and
242 physical condition and capacity of plant. The Public Utilities
243 Regulatory Authority shall make recommendations for improvement
244 or provide counseling to a reviewed water company to assist in
245 improving the company's economic viability.

246 (c) Whenever any water company fails to comply with an order

247 issued pursuant to section 16-11, 25-32, 25-33 or 25-34, concerning the
248 availability or potability of water or the provision of water at adequate
249 volume and pressure, or if the Public Utilities Regulatory Authority
250 determines a water company does not possess economic viability
251 pursuant to subsection (b) of this section, the Public Utilities
252 Regulatory Authority, the Department of Public Health and, when its
253 participation is required, the Department of Energy and
254 Environmental Protection, may, or following a request from a water
255 company filed pursuant to section 16-46, shall, after notice to public
256 and private water companies, municipal utilities furnishing water
257 service, municipalities or other appropriate governmental agencies in
258 the service area of the water company, conduct a hearing in
259 accordance with the provisions of sections 4-176e, 4-177, 4-177c and 4-
260 180 to determine the actions that may be taken and the expenditures
261 that may be required, including the acquisition of the water company
262 by a suitable public or private entity, to assure the availability and
263 potability of water and the provision of water at adequate volume and
264 pressure to the persons served by the water company at a reasonable
265 cost.]

266 (b) The Department of Public Health, in consultation with the Public
267 Utilities Regulatory Authority, may review information to determine
268 the sustainability of a water company, except a municipal water
269 company, that shall include, but not be limited to (1) a review of the
270 water company's stability and financial condition, (2) the water
271 company's technical and managerial expertise and efficiency, and (3)
272 the physical condition and capacity of the water company's plant. The
273 department may provide counseling to such water company and may
274 issue such orders to such water company as the department deems
275 necessary for the water company to maintain sustainability. If the
276 department, in consultation with the authority, determines that the
277 water company is not sustainable, the department and the authority
278 shall initiate a proceeding to determine the most suitable entity to
279 acquire the water company. The department and the authority shall,
280 after notice to public and private water companies, municipal water
281 companies, municipalities and other appropriate governmental

282 agencies operating in the service area of the water company, and after
283 offering an opportunity for a hearing, issue a final decision stating the
284 actions the water company and the most suitable entity shall take and
285 the orders with which the water company and the most suitable entity
286 shall comply to ensure the availability and potability of water and the
287 provision of water at adequate volume and pressure to the persons
288 served by the water company at a reasonable cost. The department and
289 the authority shall determine the most suitable entity in accordance
290 with subsection (b) of section 16-262o, as amended by this act. Any
291 decision issued by the department pursuant to this subsection shall
292 constitute a permit issued by the Commissioner of Public Health
293 pursuant to sections 25-32 and 25-37d.

294 (c) Notwithstanding the provisions of any special act, the
295 department and the authority shall extend the franchise area of the
296 acquiring entity to include the service area of the water company
297 acquired pursuant to this section.

298 (d) In the case of any proposed acquisition of a water company by
299 another water company, as defined in section 16-1, for which the
300 department and the authority has offered an opportunity for a hearing
301 pursuant to this section, the authority shall require such acquiring
302 water company to implement, and revise quarterly thereafter, a rate
303 surcharge applied to the rates of the acquired water company or of
304 both such acquiring water company and the acquired water company,
305 as determined by the authority, that would recover on a current basis
306 all costs of such acquisition and of needed improvements to the
307 acquired water company's system in accordance with regulations
308 adopted by the authority concerning surcharges. Such surcharge may
309 be designed to recover one hundred per cent of the revenues necessary
310 to provide a net after-tax return on investment actually made in the
311 acquisition and improvement of the acquired water company, at a rate
312 of return equivalent to that authorized for the acquiring water
313 company in its last general rate proceeding.

314 (e) Not later than sixty days after the issuance of a final decision

315 pursuant to this section, the acquired water company shall properly
316 execute and deliver to the acquiring entity all documents necessary to
317 complete the transfer of title to all real and personal property that is
318 the subject of the final decision, including, but not limited to, land,
319 structures, easements, and every estate, right or interest therein. If the
320 acquired water company fails to deliver such documents in accordance
321 with this subsection, the acquiring entity shall notify the department
322 and the authority of such failure to act. Upon receipt of such notice, the
323 department and the authority shall petition the Superior Court to
324 enforce the provisions of their final decision. Nothing in this
325 subsection shall deprive any entity of the compensation rights set forth
326 in section 16-262q, as amended by this act.

327 Sec. 7. Section 16-262o of the general statutes is repealed and the
328 following is substituted in lieu thereof (*Effective October 1, 2015*):

329 (a) [The Public Utilities Regulatory Authority, in consultation with
330 the Department of Public Health, upon a determination that the costs
331 of improvements to and the acquisition of the water company are
332 necessary and reasonable, shall order the acquisition of the water
333 company by the most suitable public or private entity. In making such
334 determination, the authority] (1) Whenever a water company requests
335 to cease operations as a water company or to unilaterally discontinue
336 the provision of water service to consumers, the Department of Public
337 Health and the Public Utilities Regulatory Authority shall initiate a
338 proceeding and, after notice to public and private water companies,
339 municipal utilities furnishing water service, municipalities and other
340 appropriate governmental agencies in the service area of the water
341 company, and after offering an opportunity for a hearing, issue a final
342 decision stating the actions such water company or another entity shall
343 take, that may include acquisition of the water company by a suitable
344 public or private entity, to assure the availability and potability of
345 water and the provision of water at adequate volume and pressure to
346 the persons served by the water company at a reasonable cost, and any
347 expenditures that may be required to be made by such water company
348 or other entity.

349 (2) If the department and the authority determine there will not be
350 an acquisition of such water company, the final decision shall set forth
351 the actions the water company shall take and the orders with which
352 the water company shall comply to ensure the availability and
353 potability of water and the provision of water at adequate volume and
354 pressure to the persons served by the water company at a reasonable
355 cost.

356 (3) If the department and the authority determine that the water
357 company shall be acquired, the final decision shall state the actions the
358 water company and the most suitable entity shall take and the orders
359 with which the water company and the most suitable entity shall
360 comply to ensure the availability and potability of water and the
361 provision of water at adequate volume and pressure to the persons
362 served by the water company at a reasonable cost. The department and
363 the authority shall determine the most suitable entity in accordance
364 with the provisions of subsection (b) of this section. Any decision
365 issued by the department pursuant to this subdivision shall constitute
366 a permit pursuant to sections 25-32 and 25-37d.

367 (4) Whenever a water company fails to comply with an order issued
368 by the department pursuant to section 25-32, 25-33 or 25-34 concerning
369 the availability or potability of water or the provision of water at
370 adequate volume and pressure, the department and the authority may
371 initiate a proceeding, as described in this subsection.

372 (b) (1) When an exclusive service area provider has been determined
373 pursuant to section 25-33g and such exclusive service area provider is
374 the exclusive service area provider for the geographic area in which
375 the water company is located, such exclusive service area provider is
376 the most suitable entity to take over the water company.

377 (2) If an exclusive service area provider has not been determined
378 pursuant to section 25-33g, the department and the authority, in
379 making the determination regarding the most suitable entity to acquire
380 the water company, shall consider: [(1)] (A) The geographical
381 proximity of the plant of the [acquiring entity] potentially suitable

382 entities to the water company, [(2) whether the acquiring entity has]
383 (B) the financial, managerial and technical [resources] capability of
384 each potentially suitable entity to operate the water company in a
385 reliable and efficient manner and to provide continuous, adequate
386 service to the persons served by the company, [(3)] (C) the current
387 rates [that the acquiring entity charges its] each potentially suitable
388 entity charges its customers, and [(4)] (D) any other factors the
389 [authority deems] department and the authority deem relevant. Such
390 order shall authorize the recovery through rates of all reasonable costs
391 of acquisition and necessary improvements. A public entity acquiring
392 a water company beyond the boundaries of such entity may charge
393 customers served by the acquired company for water service and may,
394 to the extent appropriate, as determined by the governing body of the
395 public entity, recover through rates all reasonable costs of acquisition
396 and necessary improvements.

397 [(b)] (c) Notwithstanding the provisions of any special act, the
398 [Public Utilities Regulatory Authority] department and the authority
399 shall extend the franchise areas of the acquiring water company to
400 include the service area of the water company acquired pursuant to
401 this section.

402 [(c)] (d) On and after December 1, 1989, in the case of any proposed
403 acquisition of a water company by another water company, as defined
404 in section 16-1, for which the [Public Utilities Regulatory Authority has
405 provided notice of] department and the authority have offered an
406 opportunity for a hearing pursuant to [section 16-262n] this section, the
407 authority [may, to encourage and facilitate such acquisition, and shall,
408 if it orders such acquisition,] shall require [the] such acquiring water
409 company [, as defined in section 16-1,] to implement, and revise
410 quarterly thereafter, a rate surcharge applied to the rates of the
411 acquired water company or of both the acquiring water company and
412 the acquired water company, as determined by the authority, that
413 would recover on a current basis all costs of such acquisition and of
414 needed improvements to the acquired water company's system. Such
415 surcharge may be designed to recover one hundred per cent of the

416 revenues necessary to provide a net after-tax return on investment
417 actually made in the acquisition and improvement of the acquired
418 water company, at a rate of return equivalent to that authorized for the
419 acquiring water company in its last general rate proceeding. The
420 authority shall, not later than December 1, 1989, adopt regulations, in
421 accordance with chapter 54, to carry out the purposes of this section.

422 [(d)] (e) Not later than sixty days after the issuance of [an order for
423 an acquisition] a final decision pursuant to this section, the acquired
424 water company shall properly execute and deliver to the acquiring
425 [water company] entity all documents necessary to complete the
426 transfer of title to all real and personal property that is the subject of
427 the [acquisition order] final decision, including, but not limited to,
428 land, structures, easements, and every estate, right or interest therein,
429 to the entity ordered to acquire such water company. If the acquired
430 water company fails to deliver such documents in accordance with this
431 subsection, the acquiring [company] entity shall notify the [Public
432 Utilities Regulatory Authority] department and the authority of such
433 failure to act. Upon receipt of such notice, [the authority] the
434 department and the authority shall petition the Superior Court to
435 enforce the provisions of [its acquisition order] the final decision.
436 Nothing in this subsection shall deprive any entity of the
437 compensation rights set forth in section 16-262q, as amended by this
438 act.

439 Sec. 8. Section 16-262p of the general statutes is repealed and the
440 following is substituted in lieu thereof (*Effective October 1, 2015*):

441 Any recipient of an order pursuant to section 16-262n, as amended
442 by this act, section 16-262o, as amended by this act, or section 15 of this
443 act shall make improvements it determines are necessary within a
444 reasonable time after transfer of the water company to the acquiring
445 entity to assure the availability and potability of water and the
446 provision of water at adequate volume and pressure to the persons
447 served by the water company. The water company shall immediately
448 take the steps necessary for the transfer of the water company to the

449 acquiring company, municipal water authority, municipality or other
450 public or private entity.

451 Sec. 9. Section 16-262q of the general statutes is repealed and the
452 following is substituted in lieu thereof (*Effective October 1, 2015*):

453 Compensation for the acquisition of a water company pursuant to
454 section 16-262n, as amended by this act, section 16-262o, as amended
455 by this act or section 15 of this act shall be determined by the
456 procedures for determining compensation under section 25-42 or by
457 agreement between the parties, provided such agreement is approved
458 by the Department of Public Health and the Public Utilities Regulatory
459 Authority, [in consultation with the Department of Public Health,
460 after] or only the department, after offering an opportunity for a
461 hearing. [, approves such agreement.] The provisions of this section
462 shall not apply to the sale of a private water company to a municipally
463 owned and operated water company providing service in such
464 municipality. In such cases, if the parties determine compensation for
465 such acquisition by agreement the sale may proceed without the
466 approval of the [Public Utilities Regulatory Authority] department.

467 Sec. 10. Subsection (e) of section 16-262r of the general statutes is
468 repealed and the following is substituted in lieu thereof (*Effective*
469 *October 1, 2015*):

470 (e) Notwithstanding any provision of subdivision (4) of subsection
471 (a) of section 16-19e, the authority, if it deems appropriate, may award
472 a premium rate of return to a provider water company, as defined in
473 section 16-1, in accordance with the provisions of subdivisions (1), (2),
474 (3) and (5) of subsection (a) of section 16-19e, on any water system
475 [which the] that such provider water company voluntarily acquires or
476 acquires pursuant to an order issued under section 16-262n, as
477 amended by this act, or section 16-262o, as amended by this act.

478 Sec. 11. Section 16-262s of the general statutes is repealed and the
479 following is substituted in lieu thereof (*Effective October 1, 2015*):

480 (a) (1) In the case of a proposed acquisition of a water company that
481 is not [economically viable] sustainable, as determined by the
482 Department of Public Health, in consultation with the Public Utilities
483 Regulatory Authority in accordance with the criteria provided in
484 subsection (b) of section 16-262n, as amended by this act, by a water
485 company, as defined in section 16-1, that is [economically viable]
486 sustainable, as determined by the department and the authority in
487 accordance with said criteria, upon petition of [the] such acquiring
488 water company and after notice and hearing, the authority may allow
489 [the] such acquiring water company to implement, and revise
490 quarterly thereafter, a rate surcharge applied to the rates of the
491 acquired water company, or of both [the] such acquiring water
492 company and the acquired water company, as determined by the
493 authority, that would recover on a current basis those costs of such
494 acquisition, including a reasonable acquisition premium, and of
495 needed improvements to the acquired water company's system, to the
496 extent the authority deems such costs appropriate. The regulations
497 adopted by the authority pursuant to section 16-262o, as amended by
498 this act, shall apply for purposes of this section.

499 (2) The Public Utilities Regulatory Authority may allow the
500 recovery of such reasonable acquisition premium when it is
501 demonstrated that such proposed acquisition shall provide benefits to
502 customers by (A) enhancing system [viability] sustainability, or (B)
503 avoiding capital costs or savings in operating costs, or as otherwise
504 determined by the authority. If an acquisition premium is authorized,
505 the excess of the acquisition cost over the depreciated original cost
506 shall be added to the rate base to be amortized as an addition to
507 expenses over a reasonable period of time with corresponding
508 reductions in the rate base.

509 (b) In the case of a proposed acquisition of a water company that is
510 not [economically viable] sustainable, as determined by the [Public
511 Utilities Regulatory Authority] department, in consultation with the
512 authority, in accordance with the criteria provided in [subsection (b)]
513 of section 16-262n, as amended by this act, by a water company, as

514 defined in section 16-1, that is [economically viable] sustainable, as
515 determined by the department and the authority in accordance with
516 said criteria, the authority may, as part of [the] such acquiring water
517 company's next general rate case, award a premium rate of return to
518 such acquiring water company when it is demonstrated that such
519 proposed acquisition will provide benefits to customers by (1)
520 enhancing system viability, or (2) avoiding capital costs or saving in
521 operating costs, or as otherwise determined by the authority.

522 (c) In lieu of all or part of a rate surcharge, the authority may allow
523 [the] such acquiring water company to defer such costs of such
524 acquisition for subsequent collection as part of its next general rate
525 case.

526 Sec. 12. Subsection (a) of section 16-262y of the general statutes is
527 repealed and the following is substituted in lieu thereof (*Effective*
528 *October 1, 2015*):

529 (a) For purposes of this section, (1) "revenue adjustment
530 mechanism" means a mechanism that reconciles in rates the difference
531 between the actual revenues of a water company and allowed
532 revenues, (2) "actual revenues" means the revenues received or
533 accrued by a water company for water sales for a calendar year,
534 including sales for resale and approved miscellaneous charges,
535 authorized by the Public Utilities Regulatory Authority pursuant to
536 sections 16-19, as amended by this act, and 16-262w, and those
537 revenues authorized for customers acquired pursuant to section 16-43,
538 16-262n, as amended by this act, or section 16-262o, as amended by this
539 act, [or 16-262s] since the last general rate case of the company, (3)
540 "allowed revenues" means revenues for a water company for water
541 sales for a calendar year, including sales for resale and approved
542 miscellaneous charges, authorized by the authority pursuant to
543 sections 16-19, as amended by this act, and 16-262w, and shall include
544 customer growth from an acquisition approved by the authority
545 pursuant to section 16-43 [] or by the Department of Public Health and
546 the authority pursuant to section 16-262n, as amended by this act, or

547 section 16-262o, as amended by this act, [or 16-262s] since the last
548 general rate case of such company, and (4) "water company" has the
549 same meaning as provided in section 16-1.

550 Sec. 13. Section 16-262z of the general statutes is repealed and the
551 following is substituted in lieu thereof (*Effective October 1, 2015*):

552 The Public Utilities Regulatory Authority, in consultation with the
553 Department of Public Health, may, upon application of a water
554 company, as defined in section 16-1, order such water company to
555 extend its system to serve properties that the authority determines are
556 served by a deficient well system, as described in subdivision (2) of
557 subsection (a) of section 16-262n, as amended by this act, if the
558 authority determines that the net costs of extending water service are
559 reasonable. The cost recovery, rates and charges of such extension shall
560 be treated in the same manner as provided for acquisitions pursuant to
561 section 16-262n, as amended by this act, or 16-262o, as amended by this
562 act. [or 16-262s.]

563 Sec. 14. (NEW) (*Effective October 1, 2015*) (a) Except as provided in
564 subsection (b) of this section, no water company, as defined in section
565 16-262n of the general statutes, as amended by this act, shall cease its
566 operations or unilaterally discontinue the provision of water service to
567 customers or be voluntarily acquired by an acquiring entity, as defined
568 in section 15 of this act, without the approval of the Department of
569 Public Health and the Public Utilities Regulatory Authority pursuant
570 to section 16-262n of the general statutes, as amended by this act, or
571 section 16-262o of the general statutes, as amended by this act, or the
572 approval of the department pursuant to section 15 of this act.

573 (b) A water company, as defined in section 16-262n of the general
574 statutes, as amended by this act, that has been voluntarily acquired by
575 a water company, as defined in section 16-1 of the general statutes,
576 may cease operations without the approval of the department or the
577 approval of the department and the authority.

578 (c) Not later than thirty days after acquiring a water company, as

579 defined in section 16-262n of the general statutes, as amended by this
580 act, the acquiring entity shall file with the department, in the form and
581 manner prescribed by the department, the following information: (1)
582 The name of the acquiring entity; (2) the name of the water company,
583 as defined in section 16-262n of the general statutes, as amended by
584 this act, that has been acquired; and (3) the names, mailing addresses,
585 electronic mail addresses and telephone numbers, including
586 emergency telephone numbers, of the following: (A) The person or
587 entity that owns the acquiring entity, (B) the acquiring entity's
588 designated contact person, and (C) the acquiring entity's operator or
589 operators certified pursuant to section 25-32 of the general statutes that
590 will operate the acquired water company. For purposes of this
591 subsection, "acquiring entity" means the person, including, but not
592 limited to, a water company, as defined in section 16-262n of the
593 general statutes, as amended by this act, that acquired a water
594 company, as defined in section 16-262n of the general statutes, as
595 amended by this act.

596 Sec. 15. (NEW) (*Effective October 1, 2015*) (a) As used in this section,
597 (1) "water company" has the same meaning as provided in section 16-
598 262n of the general statutes, as amended by this act, and (2) "acquiring
599 entity" means an entity other than a water company, as defined in
600 section 16-1 of the general statutes.

601 (b) (1) In the case of a voluntary acquisition of a water company by
602 an acquiring entity, the acquiring entity and the water company
603 requesting to be acquired shall file an application on a form and in the
604 manner prescribed by the Department of Public Health. Such
605 application shall include, but not be limited to, information regarding
606 (A) whether the acquiring entity has the financial, managerial and
607 technical resources to operate the water company in a reliable and
608 efficient manner and to provide continuous, adequate service to the
609 persons served by the water company, (B) the status of the water
610 company, including whether the system or systems owned and
611 operated by such water company require improvements, and (C) the
612 rates the acquiring entity proposes to charge the customers of the

613 water company. The department shall, after making a determination
614 that such application is complete and after offering an opportunity for
615 a hearing, issue a final decision on said application stating the actions
616 the acquiring entity and the water company shall take and the orders
617 with which such acquiring entity and such water company shall
618 comply to ensure a continuous supply of potable water at adequate
619 volume and pressures and at a reasonable cost.

620 (2) The department shall not consider a request from a water
621 company under subdivision (1) of this subsection until the
622 Commissioner of Public Health has issued to such water company a
623 permit pursuant to sections 25-32 and 25-37d of the general statutes for
624 the transfer of all Class I and Class II water company land owned by
625 such water company to the acquiring entity that is conditional on the
626 department's approval of a request received from a water company
627 pursuant to this section.

628 (3) If the water company that the acquiring entity is voluntarily
629 acquiring is owned by a municipality and the municipality determines
630 that some or all of the water company land it owns contains a
631 municipal facility, including, but not limited to, a park, beach,
632 playfield, library, or building or other facility necessary and
633 convenient for carrying on the government of the municipality, the
634 municipality may apply for an exemption from subdivision (2) of this
635 subsection in the form and manner prescribed by the commissioner for
636 the water company land that contains a municipal facility.

637 (c) Not later than sixty days after the issuance of a final decision
638 pursuant to this section, the acquired water company shall properly
639 execute and deliver to the acquiring entity all documents necessary to
640 complete the transfer of title to all real and personal property that is
641 the subject of the final decision, including, but not limited to, land,
642 structures, easements, and every estate, right or interest therein. If the
643 acquired water company fails to deliver such documents in accordance
644 with this subsection, such acquiring entity shall notify the department
645 of such failure to act. Upon receipt of such notice, the department shall

646 petition the Superior Court to enforce the provisions of its final
647 decision.

648 Sec. 16. (NEW) (*Effective October 1, 2015*) (a) (1) Whenever a water
649 company, as defined in section 16-262n of the general statutes, as
650 amended by this act, is voluntarily acquired by a water company, as
651 defined in section 16-1 of the general statutes, such acquired water
652 company shall transfer to the acquiring water company all Class I and
653 Class II water company land owned by such voluntarily acquired
654 water company in accordance with the permitting requirements in
655 sections 25-32 and 25-37d of the general statutes.

656 (2) If such voluntarily acquired water company is owned by a
657 municipality and the municipality determines that some or all of the
658 Class I or Class II, or both, water company land it owns contains a
659 municipal facility, including, but not limited to, a park, beach,
660 playfield, library, or building or other facility necessary and
661 convenient for carrying on the government of the municipality, the
662 municipality may apply for an exemption from subdivision (1) of this
663 subsection in the form and manner prescribed by the Commissioner of
664 Public Health for the water company land that contains a municipal
665 facility.

666 (b) Any transfer of Class I or Class II water company land without a
667 permit as required by sections 25-32 and 25-37d of the general statutes
668 shall be invalid and void ab initio. The parties to the transaction shall
669 be required by the Department of Public Health to restore any land
670 transferred without a required permit to the condition that it was in at
671 the time of the transaction.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	12-81q
Sec. 2	<i>October 1, 2015</i>	16-19
Sec. 3	<i>October 1, 2015</i>	16-19z
Sec. 4	<i>October 1, 2015</i>	16-46
Sec. 5	<i>October 1, 2015</i>	16-262m

Sec. 6	<i>October 1, 2015</i>	16-262n
Sec. 7	<i>October 1, 2015</i>	16-262o
Sec. 8	<i>October 1, 2015</i>	16-262p
Sec. 9	<i>October 1, 2015</i>	16-262q
Sec. 10	<i>October 1, 2015</i>	16-262r(e)
Sec. 11	<i>October 1, 2015</i>	16-262s
Sec. 12	<i>October 1, 2015</i>	16-262y(a)
Sec. 13	<i>October 1, 2015</i>	16-262z
Sec. 14	<i>October 1, 2015</i>	New section
Sec. 15	<i>October 1, 2015</i>	New section
Sec. 16	<i>October 1, 2015</i>	New section

Statement of Legislative Commissioners:

In section 5(c), "authority" was changed to "Public Utilities Regulatory Authority" for clarity; and in Section 7(b)(2), "their" was changed to "its", for accuracy.

PH *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Public Health, Dept.	GF - Revenue Gain	6,000	6,000
Public Utilities Regulatory Agency (PURA)	GF - Potential Savings	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a revenue gain of \$6,000 from the establishment of a \$500 certification fee for non-residential water systems and the increase in certification fee for residential water systems from \$100 to \$500. The fee revenue is based on a total of 12 certifications for water systems (residential and non-residential), annually.

The bill, which removes certificate of public necessity and involuntary acquisitions of small water companies from PURA's jurisdiction, may result in a minimal administrative savings to PURA.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6954*****AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S RECOMMENDATIONS REGARDING WATER COMPANY TAKEOVER PROCEEDINGS AND CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR THE EXPANSION AND CONSTRUCTION OF PUBLIC WATER SYSTEMS.*****SUMMARY:**

This bill makes changes to the state's (1) issuance of certificates of public convenience and necessity for water companies expanding or constructing their systems and (2) regulation of certain water company acquisitions. Among other things, it:

1. requires certain water companies to obtain a certificate of public convenience and necessity from the Department of Public Health (DPH), instead of both DPH and the Public Utilities Regulatory Authority (PURA);
2. (a) increases, from \$100 to \$500, the certification fee for residential water systems; (b) establishes a \$500 certification fee for non-residential water systems; and (c) exempts state agencies from these fees;
3. transfers primary jurisdiction over involuntary acquisitions of small water companies from PURA to DPH and establishes a new, but mostly similar process, for approving them;
4. gives DPH additional jurisdiction over voluntary acquisitions of small water companies by entities that are not PURA-regulated water companies;
5. requires DPH, or both DPH and PURA, to approve a compensation agreement between the parties to a small water

company acquisition; and

6. requires a small water company to transfer all of its Class I and Class II water company land to a large company that voluntarily acquires it.

The bill also makes minor, technical, and conforming changes (§§ 1, 3, 4, 7-8, & 10-13).

EFFECTIVE DATE: October 1, 2015

§ 5 – CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Certificate Process

By law, certain water companies must obtain a certificate of public convenience and necessity before they construct or expand their water systems. The bill requires them to obtain the certificate from DPH, instead of both DPH and PURA, thereby removing PURA from the certification process.

Under existing law, the certification requirement applies to water companies constructing or expanding a system that supplies water to 15 or more service connections or 25 or more people for at least 60 days per year. Existing law allows water companies supplying more than 250 service connections or 1,000 people to expand their systems without obtaining a permit (CGS § 16-262m).

Conditions for Issuing a Certificate for Residential Systems

The bill modifies the conditions under which DPH must issue certificates to residential water systems. By law, this includes systems serving 25 or more residents that are not subject to PURA proceedings concerning failure to comply with agency orders, economic viability, or a department order for a water company to acquire another water company.

The bill requires a certificate applicant to build or expand its water system according to engineering standards established by DPH, instead of PURA. The bill requires DPH, instead of DPH and PURA, to

issue a certificate if it finds that:

1. no interconnection is feasible with a water system owned by, or made available through an arrangement with, the provider of the exclusive service area (ESA) or with another existing water system where no ESA has been assigned;
2. ownership of the system will be assigned to the ESA provider under certain circumstances;
3. the system's owner has the financial, technical, and managerial resources to operate the proposed water supply system reliably and efficiently enough to provide continuous service (DPH must consult with PURA to determine whether the owner has sufficient financial resources);
4. the proposed construction or expansion would not result in a duplication of service in the applicable service area;
5. the system meets all federal and state standards for water supply systems;
6. the system will not adversely affect the adequacy of nearby water supply systems; and
7. a new source of water supply will not be affected by existing or potential pollution DPH deems adverse to the public health.

Existing law also establishes a separate, DPH-administered certificate process for water systems serving 25 or more people, but not 25 or more residents, for at least 60 days in one year ("non-residential systems") that parallels the process for residential systems.

Fees

The bill (1) increases, from \$100 to \$500, the certification fee for residential water systems; (2) establishes a \$500 certification fee for non-residential water systems; and (3) exempts state agencies from these fees. By law, applicants must pay the fees to DPH.

Regulations

The bill eliminates the requirement that PURA adopt regulations on the certificate process and allows, rather than requires, DPH to adopt them. By law, DPH regulations must include measures that encourage water conservation and proper maintenance.

§ 6 – INVOLUNTARY ACQUISITION OF A SMALL WATER COMPANY

Current law establishes a process under which PURA, in consultation with DPH and the Department of Energy and Environmental Protection, may review the economic viability of a small water company and order a private or public entity to acquire it if it is not economically viable. The bill transfers primary jurisdiction over such involuntary acquisitions from PURA to DPH and establishes a new, but mostly similar, process.

Under current law and the bill, a “small water company” includes (1) deficient well systems and (2) public or private entities or persons that own, lease, maintain, manage, or operate a supply source or distribution system that supplies water to at least 25 people or two service connections (CGS § 16-262n).

Review

The bill allows DPH, in consultation with PURA, to review information to determine a small water company’s sustainability. As under current law, the review must include the: water company’s stability and financial condition; technical and managerial expertise and efficiency; and physical condition and capacity of its physical plant.

The bill allows the department, instead of PURA, to counsel these water companies and issue any orders it deems necessary for them to maintain sustainability.

Determining the Most Suitable Acquiring Entity

Under the bill, if DPH consults with PURA and determines the small water company is not sustainable, they must initiate a

proceeding to determine the most suitable entity to acquire it. Current law requires PURA to make the determination in consultation with the department.

If an exclusive service area provider (ESAP) has been determined for the water company's geographic area, DPH and PURA must designate the ESAP as the most suitable acquiring entity. If an ESAP has not been determined, the bill requires DPH and PURA to consider the same factors PURA currently considers.

Final Decision

After determining the most suitable entity to acquire the small water company, DPH and PURA must issue a final decision. The decision must include actions and orders that the parties must comply with to ensure that water is available and potable and provided at (1) an adequate volume and pressure and (2) a reasonable cost.

Before issuing the final decision, DPH and PURA must:

1. notify public and private water companies, municipal water companies, municipalities, and other government agencies operating in the troubled water provider's service area and
2. offer an opportunity for a hearing (the bill does not specify to whom they must offer the opportunity or a timeframe for doing so).

Under the bill, the department's final decision constitutes a DPH permit for the sale, lease, assignment, or change in use of Class I and II water lands (see BACKGROUND). Notwithstanding any special act, the bill requires DPH and PURA to extend the franchise area of the acquiring entity to include the troubled water company's service area.

Documentation

Similar to current law, within 60 days after DPH and PURA issue a final decision, the small water company must properly execute and deliver to the acquiring entity all documents necessary to complete the

transfer of all real and personal property included in the final decision. This includes land, structures, easements, and every estate, right, or interest. If the small water company fails to do so, the acquiring entity must notify DPH and PURA, who must then petition the Superior Court to enforce the final decision. The bill specifies that its provisions do not deprive an entity of compensation rights related to an involuntarily acquisition.

Acquisition by a Large Water Company

Under the bill, and similar to current law, PURA must require a PURA-regulated water company that involuntarily acquires a small water company to implement and quarterly revise a rate surcharge. PURA must determine whether to apply the surcharge to only the large water company's rates or both the large and small water companies' rates.

As under current law, the surcharge must cover the cost of the acquisition and any needed improvements to the troubled water company's system in accordance with PURA regulations. It may:

1. recover 100% of the revenues necessary to provide a net, after-tax return on investment actually made in the acquisition and improvement of the acquired water company and
2. provide the same rate of return that PURA authorized for the large water company in its last general rate case.

§§ 7, & 14-16 - VOLUNTARY ACQUISITION OF A SMALL WATER COMPANY

In general, a voluntary acquisition occurs when a small water company requests to cease operating or unilaterally stop providing water service to consumers, and PURA and DPH order an entity to acquire it.

Under the bill, when a small water company requests a voluntary acquisition, DPH and PURA must initiate a proceeding to determine if the acquisition is appropriate. They must issue a final decision after

notice and offering an opportunity for a hearing. Current law requires PURA to hold a hearing.

Final Decisions

The bill requires DPH and PURA to issue a final decision in the same manner as for involuntary acquisitions, including determining the most suitable entity to acquire the small water company, if they decide in favor of the acquisition.

Documentation

The bill requires a small water company to comply with the same documentation requirements for involuntary acquisitions described above.

Acquisition by a Large Water Company

A large water company that voluntarily acquires a small water company must comply with the same rate surcharge requirements for involuntary acquisitions described above.

Additionally, the bill requires the acquired company to transfer all of its Class I and Class II water company land according to existing law prescribing a process for obtaining a permit for these land transactions from DPH (see BACKGROUND).

The bill exempts from the transfer requirement municipally owned water companies with any Class I or Class II land that have municipal facilities on them. These facilities include parks, beaches, playfields, libraries, or other buildings or facilities that are necessary and convenient for the municipality. The DPH commissioner prescribes the form for and way to apply for the exemption.

The bill specifies that a transfer without the required permit is invalid and void. The DPH commissioner must require the parties to the land transfer to restore the land to the way it was at the time of the transaction.

§§ 14-15 – ACQUISITION BY OTHER ENTITY

The bill gives DPH additional jurisdiction when a small water company is voluntarily acquired by an entity other than a large water company. The acquiring entity and water company must file an application on a form and in a way DPH requires.

The bill requires the application to include, at least, the:

1. acquiring entity's ability, based on financial, managerial, and technical resources, to (a) operate the water company in a reliable and efficient way and (b) provide continuous, adequate service to people served by the company;
2. water company's status, including if its system or systems need improvements; and
3. rates the acquiring entity proposes to charge the water company's customers.

DPH, after finding an application is complete and offering a hearing opportunity, must issue a final decision on the application. The decision must state the actions the parties must take and the orders they must comply with to ensure a continuous supply of potable water at adequate volume and pressure and a reasonable cost.

The bill prohibits DPH from considering an acquisition request before it issues a permit for the transfer of all Class I and Class II water company land to the acquiring entity. The permit must be conditioned on DPH's approval of the acquisition request. The bill exempts municipally owned water companies from the permit requirement if the municipality determines that at least some of the land has municipal facilities. These facilities include parks, beaches, playfields, libraries, or buildings or other facilities necessary and convenient for the municipality. The DPH commissioner prescribes the form for and way to apply for the exemption.

Under the bill, within 60 days after DPH's final decision on the acquisition, the water company must properly execute and deliver to the acquiring entity all documents needed to complete the title transfer

of all involved property. The property includes such things as land, structures, easements, and every estate, right, or interest. If the company fails to do so, the acquiring entity must notify DPH and DPH must seek enforcement of its final decision in Superior Court.

§ 9 – COMPENSATION FOR WATER COMPANY ACQUISITIONS

By law, compensation for the voluntary or involuntary acquisition of a small water company may be determined by an agreement between the parties. The bill requires DPH, or both DPH and PURA, to approve the agreement after offering an opportunity for a hearing. Current law requires PURA to approve the agreement in consultation with DPH. As under current law, such approval is not required if a municipal water company acquires a private water company.

§§ 2 & 14 – DOCUMENTATION REQUIREMENTS

The bill requires any acquiring entity, within 30 days of acquiring a water company to file with DPH certain information in a form and manner DPH requires. The information includes the:

1. acquiring entity's and acquired water company's names and
2. names, email and mailing addresses, and telephone numbers for the acquiring entity's (a) owner, (b) designated contact person, and (c) certified operator of the acquired water company.

§ 2 – LIST OF ACQUIRED WATER COMPANIES FOR RATE CASES

The bill requires a large water company, when seeking to amend its existing rates with PURA, to file with DPH a list of the small water companies that it voluntarily acquired after its most recent general rate case.

BACKGROUND

Water Company Land

By law, there are three classes of water company land each with different restrictions on its sale or other disposition (CGS § 25-37c). Generally, Class I land is water company property that is closest to a supply source, e.g., within 250 feet of a reservoir. Class II land is other

property that is (1) within a watershed or (2) off a watershed but within 150 feet of a reservoir or a stream that flows into a reservoir. Class III land is other unimproved off-watershed land.

Related Bill

SB 569, favorably reported by the Energy and Technology Committee, requires PURA to establish a process to identify and monitor small community water systems having financial difficulty.

COMMITTEE ACTION

Public Health Committee

Joint Favorable

Yea 20 Nay 8 (03/25/2015)