



House of Representatives

General Assembly

File No. 324

February Session, 2022

House Bill No. 5201

House of Representatives, April 6, 2022

The Committee on Energy and Technology reported through REP. ARCONTI of the 109th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING PUBLIC HEALTH CONCERNS IN THE ACQUISITION OF WATER COMPANIES.

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

1 Section 1. Subsection (a) of section 16-262o of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2022*):

4 (a) The Public Utilities Regulatory Authority, in consultation with the
5 Department of Public Health, upon a determination that the costs of
6 improvements to and the acquisition of the water company are
7 necessary and reasonable, shall order the acquisition of the water
8 company by the most suitable public or private entity. In making such
9 determination, the authority shall consider: (1) The geographical
10 proximity of the plant of the acquiring entity to the water company, (2)
11 whether the acquiring entity has the financial, managerial and technical
12 resources to operate the water company in a reliable and efficient
13 manner and to provide continuous, adequate service to the persons
14 served by the company, (3) the current rates that the acquiring entity

15 charges its customers, (4) public health concerns, including, but not
 16 limited to, any closed or active consent decrees or deficiencies identified
 17 by the Department of Public Health relating to the water company, and
 18 ~~[(4)]~~ (5) any other factors the authority deems relevant. Such order shall
 19 authorize the recovery through rates of all reasonable costs of
 20 acquisition and necessary improvements. A public entity acquiring a
 21 water company beyond the boundaries of such entity may charge
 22 customers served by the acquired company for water service and may,
 23 to the extent appropriate, as determined by the governing body of the
 24 public entity, recover through rates all reasonable costs of acquisition
 25 and necessary improvements.

| | | |
|---|-----------------|------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | October 1, 2022 | 16-262o(a) |

ET *Joint Favorable*

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:** None**Municipal Impact:** None**Explanation**

Expanding the scope of review in accordance with the bill would have no fiscal impact on the Public Utility Control as the agency could accommodate it without requiring additional resources.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**HB 5201*****AN ACT CONCERNING PUBLIC HEALTH CONCERNS IN THE ACQUISITION OF WATER COMPANIES.*****SUMMARY**

This bill requires the Public Utilities Regulatory Authority (PURA) to consider public health concerns when determining whether a water company (e.g., a distressed water system, see BACKGROUND) should be acquired by another entity.

By law, if PURA, in consultation with the Department of Public Health (DPH), determines that the costs to acquire and make improvements to a water company are necessary and reasonable, it must order the water company to be acquired by the most suitable public or private entity. Existing law requires PURA to consider the following when making its determination:

1. the acquiring entity's plant's geographic proximity to the water company;
2. whether the acquiring entity has the financial, managerial, and technical resources to reliably and efficiently operate the water company and provide continuous, adequate service;
3. the current rates the acquiring entity charges its customers; and
4. any other factors PURA deems relevant.

The bill requires PURA to also consider public health concerns related to the water company, including any closed or active consent decrees or deficiencies DPH identifies.

EFFECTIVE DATE: October 1, 2022

BACKGROUND***Water Companies Subject to Acquisition Orders***

By law, a water company subject to PURA's authority to order acquisitions is defined as the following:

1. a business, person, or lessee that owns, leases, maintains, operates, manages, or controls any pond, lake, reservoir, stream, well, or distributing plant or system used to supply water to at least two service connections or 25 people or
2. a deficient well system serving properties within a defined geographic area in which at least 25 people are served by private wells that (a) do not meet public health standards for potable water; (b) had funding discontinued for filters to respond to documented groundwater contamination; (c) are otherwise unable to serve existing properties with adequate water quality, volume, or pressure; or (d) limit on-site resolution of documented wastewater disposal issues in the system (CGS § 16-262n).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 26 Nay 0 (03/22/2022)