



**Connecticut Water Company Application to Amend Customer Rates
Notice of the Public Utilities Regulatory Authority Public Comment Hearing on Rate Application**

Connecticut Water Company (CWC) filed a general rate case application with the Connecticut Public Utilities Regulatory Authority (PURA) on January 15, 2021, proposing to change the rates charged to customers. This notice provides information on the request and how customers can provide comments to PURA on the application.

Connecticut Water provides high-quality water and customer service to more than 105,000 customers, or more than 360,000 people, in 60 towns across the state. The Heritage Village Water Company (HV) was merged with and into CWC in 2019 and that system is included as its own rate division within CWC in this application. The HV system provides service to 5,000 water and 3,000 wastewater customers in the communities of Southbury, Middlebury and Oxford. Connecticut Water is regulated by the PURA for rates and service and cannot adjust its rates or charges without PURA approval.

To recover the costs of investments made in the company's water systems and maintain the level of service for our customers, the company has proposed a company-wide increase of approximately \$20.2 million in annual revenues. The proposed changes and new rates may differ for each of the company's 10 rate divisions based on a detailed cost of service study and their existing rates. Details on the proposed changes for you as a customer of **CWC's Heritage Village Division that lives within the Heritage Village Condominium Community** are included below.

PURA Public Hearing

PURA has scheduled a Public Comment Hearing for this application (Docket 20-12-30) via remote access on the following dates:

April 6, 2021 at 6:30 pm
April 7, 2021 at 6:30 pm

An additional Public Comment hearing focused on the application for the Heritage Village Division water and wastewater rates will be held via remote access on:

April 7, 2021 at 3:00 pm

There are **evidentiary hearings** scheduled for April 13-16, April 20-21 and May 5-7, 2021. These may be continued or rescheduled as deemed necessary by PURA. The schedule for the docket is available on PURA's website at <https://portal.ct.gov/pura>.

Information concerning the scheduling for public hearings on the proposed application can be obtained from PURA by calling (800) 382-4586. The remote access web link for the Notice of Hearing for Public Comment can be found on the Calendar of Events at <https://portal.ct.gov/pura> or at www.ctwater.com/ratecase.

After registering, you will receive a confirmation email with information about joining the meeting.

Anyone who wishes to provide comments regarding the application may do so by:

- participating in any of the Authority's public hearings via remote access,
- writing to PURA at 10 Franklin Square, New Britain, Connecticut 06051, or
- sending an e-mail to PURA.ExecutiveSecretary@ct.gov.

All correspondence, written or electronic, should refer to Docket Number 20-12-30.

Proposed Change in Heritage Village Water and Wastewater Rates

Heritage Village (HV) Division includes both water and wastewater charges, with a mix of flat rate and metered rates within the Village. The HV division has the lowest rate of any of the CWC divisions and the proposed changes in this application are being made relative to your current rates and do not increase the HV rates to the level of other CWC divisions. While the percentage increase for water is about the same as the overall company average of 20% in the application, the amount of the increase on a daily basis for HV customers (9 to 19 cents per day) is less than the typical CWC customer's increase of 35 cents per day. The average metered residential usage reflected within the Village is based on actual usage of 4,857 gallons per quarter, and is lower than the average usage shown for the remaining customers served by the HV division.

A **metered residential water customer** that uses the Village average of 4,857 gallons per quarter, or about 1,619 gallons per month, would see an increase of about 19-cents per day, or \$5.76 per month, which is an increase of approximately 40.25% above the charge currently authorized by PURA. A metered residential wastewater customer using the Village average of 4,857 gallons of water per quarter would see a **decrease** of about 2 cents per day, or about 49 cents per month, which is 1.61% **below** the charge currently authorized by PURA.

Flat Rate Customers

Category	Present Quarterly Rate	Proposed Quarterly Rate	Proposed Increase per Day	Percent Increase as Proposed	Present Quarterly Rate	Proposed Quarterly Rate	Proposed Increase per Day	Percent Increase as Proposed
	Water				Wastewater			
Flat Rate Berkshire*	\$61.61	\$73.87	13-cents	19.90%	\$181.25	\$232.15	56-cents	28.08%
Flat Rate Carriage House*	\$39.18	\$46.98	9-cents	19.91%	\$120.21	\$153.97	37-cents	28.08%
Flat Rate All others*	\$51.98	\$62.32	11-cents	19.89%	\$148.92	\$190.74	46-cents	28.08%

The rate is the 2015 PURA approved charge and does not include WRA surcharges or credits.

The cost for fire service within Heritage Village is billed to the individual customers rather than the municipality and that charge will increase from \$10.19 to \$10.95 per quarter.

PURA Process to Review the Application

PURA will conduct a thorough review of Connecticut Water's application, examining the investments made by the company since its last filing and the costs for providing water service to customers. PURA's review of the company's application is a formal legal proceeding with extensive testimony and documentation, evidentiary hearings with cross-examination of company witnesses and opportunities for public comment.

The purpose of the proceeding is to set rates that reflect the cost of providing water service in a fair and balanced manner and encourage the utility to operate efficiently and remain financially sound. There will be no change in customer rates until PURA has completed the rate process. PURA has up to 200 days from the January 15th filing to issue a decision and any approved rate increase would go into effect soon after.

Details of the Application

Since the CWC's last general rate application in 2010, the company has invested more than \$265 million in drinking water infrastructure and technology that is not included in current customers' rates. This includes over \$10 million of additional plant placed in service in the HV water and wastewater system since their 2014 rate application that is not reflected in current rates. These investments in projects have been completed and are benefitting customers through increased reliability, safe drinking water, wastewater compliance and cybersecurity measures. In addition to infrastructure investments, current rates do not fully reflect the costs

for operational needs such as power, treatment chemicals, and state and local taxes that have increased since CWC's last general rate case decision.

Recovering on these investments and supporting current operating expenses is necessary to maintain the reliability of our water and wastewater systems, comply with state and federal water quality standards, meet environmental regulations and protect the integrity of technology systems to serve current and future customers with safe drinking water and reliable service.

Steps to Mitigate Customer Impacts

Rate Stayout

We understand that there is never a good time to request a rate increase, and taken steps to control costs to minimize the impact of this increase for our customers. We have honored the rate stay out agreed upon in our 2019 merger with SJW Group and in the 2016 Agreement with the Town of Southbury which prevented us from filing for a rate increase until January 2021.

The last rate decision in HV was in 2015 and reflected the significant investments made to upgrade the wastewater treatment plant to meet environmental regulations. Had HV remained a separate company we believe they likely would have had to seek a rate increase sooner and for a higher amount than currently being requested for that system.

Proposed Rate for Income Eligible Residential Customers

Recognizing the financial challenges facing some of our customers on fixed incomes or who have been impacted by COVID, the rate application includes a proposal to provide a 15% bill credit for residential customers that meet income eligibility requirements through a new Water Rates Assistance Program (WRAP). In addition, the Company will continue its H₂O - Help to Our Customers program to provide financial assistance and/or payment plans to support customers who may be experiencing challenges to maintain uninterrupted water service. In keeping with the 2016 Agreement with the Town, there is a dedicated fund for assistance to customers of Heritage Village.

Rates to Encourage Water Conservation

As we consider it our responsibility as a water company to encourage responsible stewardship of our water resources, the application proposes a rate design to promote water conservation. It includes a two-step rate for residential customers so that water usage that exceeds 15,000 gallons per quarter is charged at a higher rate than for base domestic needs. Higher water usage is typically related for frequent lawn watering or other outdoor use.

For More Information:

If you have any questions about the proposed rates, the public hearing, or how to submit comments on the application, you may contact PURA at (800) 382-4586, call Connecticut Water at (800) 286-5700 or email the Company at CustomerService@ctwater.com.

More information about the Company and the pending rate case are available at www.CTWater.com/ratecase or check Connecticut Water Company's site at www.ctwater.com for information.