

STATE OF CONNECTICUT
PUBLIC UTILITIES REGULATORY AUTHORITY
DOCKET NO. 22-07-01

APPLICATION OF
AQUARION WATER COMPANY OF CONNECTICUT
TO AMEND ITS RATE SCHEDULES

APPLICATION

FOR APPROVAL TO AMEND RATES

AUGUST 29, 2022

I. INTRODUCTION

Aquarion Water Company of Connecticut (“Aquarion” or the “Company”) submits this Application to the Public Utilities Regulatory Authority (“PURA” or the “Authority”) for approval of amended rate schedules. This Application is filed pursuant to §§ 16-19 and 16-19e of the Connecticut General Statutes (“Conn. Gen. Stat.”) and §§ 16-1-46 and 16-1-53 *et seq.* of the Regulations of Connecticut State Agencies (“R.C.S.A.”), including PURA’s Standard Filing Requirements (“SFR”). The Company’s proposed rate schedules are included in the SFR schedules filed with this Application.

Prior to submitting this Application, the Company filed with PURA on July 1, 2022 a letter to provide notice of its intention to file this Application in conformance with the requirements of R.C.S.A. §§ 16-1-22(b) and 16-1-53a. Consistent with those requirements, the notice was also provided to the Governor of the State of Connecticut, the chief executive officers of the municipalities located within the Company’s franchise area, and to the Office of Consumer Counsel.

II. STATEMENT OF APPLICATION

A. Overview

The Company’s Application requests an increase in base rates for a three-year period for the rate years beginning March 15, 2023 (Rate Year 1), March 15, 2024 (Rate Year 2) and March 15, 2025 (Rate Year 3). This rate filing is necessary to address operating revenue deficiencies of approximately \$27.5 million for Rate Year 1; an additional approximately \$13.6 million for Rate Year 2; and an additional approximately \$8.8 million for Rate Year 3.

The Company's operating revenue deficiency for the three-year rate period is primarily attributable to the amount of capital expenditures devoted to the Company's water systems for the purpose of providing safe and reliable water service. Through August 2022, the Company will have invested more than \$740 million in water utility infrastructure improvements since its last general rate filing to serve customers. Rates now need to be updated to reflect these additional investments in the system.

This application and the enclosed pre-filed testimony and exhibits also demonstrate that a rate amendment is necessary to meet the requirements of a modern, reliable water infrastructure system, consistent with ever-increasing health and environmental regulatory standards. Although the Company has worked hard to implement industry-leading work practices and to achieve operating efficiencies, it has been nine (9) years since the Company's last rate case in 2013 and it is necessary at this time for the Company to realign its rates with the underlying cost structures to ensure a safe and reliable water supply, including preservation of public health and fire protection.

B. Facts In Support Of The Application

The facts that PURA is expected to rely upon in consideration of the Company's rate request in this Application are stated in the pre-filed testimony, SFR schedules and exhibits provided with this Application and sponsored by the following witnesses:

1. Overview of Rate Application. Donald J. Morrissey, President and Chief Operating Officer, summarizes the Company's overall application.
2. Capital Program. Daniel R. Lawrence, Vice President of Engineering and Real Estate, discusses the Company's capital program and an overview of the Company's overall planning and capital program.

3. Revenue Requirements. Debra Szabo, Director of Rates & Regulation, and Joshua Unger, Manager of Rates and Regulations, both support the calculation of the Company's projected revenue deficiency.
4. Human Resources, Benefits, Staffing & Customer Service. Lucy A. Teixeira, Vice President of Administration, addresses human resources, benefits, staffing and the Company's customer service organization.
5. Operations. Robert J. Ulrich, Vice President of Connecticut Operations, addresses the Company's operations, conservation efforts and non-revenue water.
6. ROE & Capital Structure. Joshua C. Nowak, an Assistant Vice President with Concentric, Inc., provides expert testimony regarding the Company's return on equity and capital structure.
7. Depreciation. Ned W. Allis, of Gannett Fleming Valuation and Rate Consultants, LLC, provides expert testimony on the Company's increased depreciation expense.
8. Rate Design & Cost of Service Study ("COSS"): John F. Guastella, of Guastella Associates, LLC, presents the Company's proposal on rate design study and its cost of service study.

The Company's Application will also be supported by information to be provided in responses to data requests, hearing testimony and late-filed exhibits as may be filed by the Company, and such other facts as may properly become a part of the record in this proceeding.

C. Applicant

The legal, name, address and principal place of business of the applicant in this case are as follows:

Aquarion Water Company of Connecticut
835 Main Street
Bridgeport, CT 06604

The Company is a corporation specially chartered by the Connecticut General Assembly. Aquarion serves approximately 207,000 customer connections, representing a population of approximately 685,000 customers in 56 municipalities across the State of Connecticut.

D. Contact Information

The name, title, and addresses of the persons to whom communications regarding this Application are to be addressed are as follows:

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III. REQUEST FOR RELIEF

The Company respectfully requests approval of the amended rate schedules and proposals filed with this Application. The Company seeks approval to implement new rates to recover the following amounts:

- (a) Rate Year 1: An operating deficiency of \$27.5 million for the 12-month rate year period beginning March 15, 2023;
- (b) Rate Year 2: An incremental, additional operating deficiency of \$13.6 million for the 12-month rate year period beginning March 15, 2024; and
- (c) Rate Year 3: An incremental, additional operating deficiency of \$8.8 million for the 12-month rate year period beginning March 15, 2025.
- (d) Additional Approvals: In addition, the Company requests approval of its (i) proposed rate design, (ii) lead service line replacements deferral, (iii) low income discount rate, (iv) bad debt write-off deferral, (v) property tax adjustment mechanism, (vi) “Fee Free” proposal that relieves customers from a service fee when they pay via credit card, and (vii) other proposals described in the pre-filed testimony and exhibits filed in support of this Application.

Dated this 29th day of August, 2022.

AQUARION WATER COMPANY OF CONNECTICUT

Donald J. Morrissey

Donald J. Morrissey
President and Chief Operating Officer
Aquarion Water Company of Connecticut

CERTIFICATION

This is to certify that on this 29th day of August, 2022, the foregoing document was filed with the Public Utilities Regulatory Authority, and copies of the foregoing document were served upon each person designated on the Authority's official service list in this proceeding.

Vincent P. Pace

Vincent P. Pace