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STATE OF CONNECTICUT PUBLIC UTILITIES REGULATORY AUTHORITY

03/15/2023

PURA Orders Rate Decrease for Aquarion Water Customers

Commissioners vote 2-1 to reduce revenue requirement, rates for 207,000 customers

(New Britain, CT – March 15, 2023) – The Connecticut Public Utilities Regulatory Authority (PURA or the Authority) today approved a Final Decision that rejects Aquarion Water Company’s proposed multi-year distribution rate increase and instead reduces current customer rates effective immediately.

The PURA commissioners at Wednesday’s Regular Meeting voted 2-1 to approve the [decision](#) in Docket No. 22-07-01. Chairman Marissa P. Gillett and Commissioner Michael A. Caron voted to approve the decision, and Vice Chairman John “Jack” Betkoski III dissented.

Today’s action will decrease the average residential customer’s total bill by approximately \$67 per year. Under the decision, the Authority approves an annual revenue requirement for Aquarion in the amount of \$195,561,690 in base rates for the rate year commencing on March

15, 2023, and a return on equity (ROE) of 8.70%. This authorized annual revenue requirement represents a decrease of almost \$2 million, or 1%, compared to current levels, and, paired with the Water Infrastructure Conservation Adjustment (WICA) surcharge being reset to \$0, results in an 11% decrease in Aquarion customers' rates. Conversely, Aquarion requested an approximately \$37 million increase in distribution revenues and a 10.35% ROE.

Additionally, the decision authorizes a new three-tier pricing structure for Aquarion residential single-family customers designed to encourage conservation by sending appropriate pricing signals to higher-volume users. The initial consumption rate tier, which applies to the first 9 hundred cubic feet (CCF) of usage per month, will capture 76% of customer bills based on an historic usage analysis. Other approved rate design includes a Low-Income Rate Assistance Program (LIRAP) that will provide a 15% credit to qualifying residential customers on their total monthly bill.

In total, PURA's ruling reduced the company's requested revenue requirement by over \$10.7 million for O&M expenses that Aquarion failed to adequately demonstrate would benefit ratepayers. These include costs such as those associated with Aquarion's share of costs linked to its 2017 merger with Eversource (\$4.9 million); outside legal costs related to this rate case (\$390,000); industry and non-industry membership dues (\$300,712); charitable donations (\$81,491); entertainment expenses (\$37,812), among others.

Importantly, the company is obligated by law to provide safe, adequate, and reliable service to all customers regardless of the company's failure to demonstrate the need for a rate increase in this proceeding. Moreover, Aquarion has access to a unique interim rate adjustment mechanism known as WICA that will allow them to make incremental strategic water quality and conservation investments up to \$19.6 million through their next rate case proceeding should the need to do so arise.

Docket Overview

In August 2022, Aquarion submitted an application that requested

PURA approval to amend the company's existing rate schedules. This kicked off a [200-day proceeding](#) at the Authority that included four public comment hearings, several days of field audits and inspections, seven days of evidentiary hearings, two days of late filed exhibit hearings, oral arguments and the issuance of several hundred discovery requests.

Aquarion's last rate case was completed in 2013. Today, the Bridgeport-based company serves 207,000 customers in 56 Connecticut municipalities.

Resources:

- [Final Decision](#)
- [Decision Summary Document](#)
- [Frequently Asked Questions](#)
- [Regular Meeting \(YouTube\)](#)
- [Aquarion's Service Territory Map](#)
- [Rate Case Information](#)
- [Tips for Conserving Water](#)

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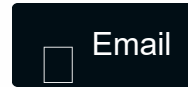
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Contact: Taren O'Connor

Taren.Oconnor@ct.gov

860-999-3498

Joe Cooper
Joe.Cooper@ct.gov
860-944-9459



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