

# OFFICE OF FISCAL ANALYSIS

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<http://www.cga.ct.gov/ofa>

sHB-6777

## AN ACT CONCERNING WATER UTILITY SYSTEMS AND WATER QUALITY AND TREATMENT SURCHARGES.

### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
DEEP/PURA <sup>1</sup>	CC&PUCF - Cost	395,841	395,841

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

***Municipal Impact:*** None

#### ***Explanation***

The bill results in an additional annual cost to the Public Utilities Regulatory Authority (PURA), beginning in FY 26, of approximately \$395,841, associated with the establishment of a process and approval of various water companies to recover expenses for certain projects that meet state or federal drinking water regulations.

PURA would require two additional full-time staff to complete the requirements contained within the bill. The new positions would include: one full-time Utilities Examiner 2, with an approximate annual salary of \$113,000 (plus 94,083 in fringe benefits) and one full-time Associate Research Analyst, with an approximate annual salary of \$103,000 (\$85,758 in fringe benefits). The new staff would be responsible for assisting with the establishment of the approval process, assisting with the water quality and treatment assessment reports, and surcharge

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<sup>1</sup>The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 83.26% of payroll in FY 26.

calculations.

### ***Rate Payer Impact Statement***

The bill authorizes a specific mechanism for cost recovery outside of a rate case and allows a surcharge up to 15% of the water company's annual retail water revenues to be collected. This could result in increased costs for rate payers, as it is anticipated that water companies will recover costs for eligible projects. Based on an average monthly residential bill (of approximately 6,000 gallons per month) and the currently authorized revenue requirement of the largest existing water companies, (assuming the companies max out the 15% surcharge) a monthly rate payer increase of approximately \$5 to \$12 would be incurred. However, if the full 15% surcharge is not realized, the monthly increase to rate payers would be less.

### ***The Out Years***

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