

OFFICE OF FISCAL ANALYSIS

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sHB-6777

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

As Amended by House "A" (LCO 8256)

House Calendar No.: 227

Senate Calendar No.: 575

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 26 \$ | FY 27 \$ |
|---|----------------|----------|----------|
| Department of Energy and Environmental Protection | 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 calculations.

Primary Analyst: SB
Contributing Analyst(s):
Reviewer: PR

6/2/25

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.

House "A" makes procedural and clarifying changes that do not result in a fiscal impact.

The Out Years

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

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.