**STATE OF CONNECTICUT**
**PUBLIC UTILITIES REGULATORY AUTHORITY**

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| APPLICATION OF CONNECTICUT | : | DOCKET NO. 26-03-15 |
| WATER COMPANY TO AMEND | : | |
| ITS RATE SCHEDULES | : | OCTOBER 22, 2026 |

# BRIEF OF WILLIAM TONG, ATTORNEY GENERAL FOR THE STATE OF CONNECTICUT

William Tong, Attorney General for the State of Connecticut ("Attorney General"), hereby submits his brief regarding the Connecticut Water Company's ("CT Water" or the "Company") Application to Amend its Rate Schedule ("Application") filed on May 11, 2026. In its Application, CT Water proposed an increase of its rates by $28.8 million or 21.4 percent. Application, 1. The Company subsequently adjusted its proposed increase to $25 million or 18.6 percent during this proceeding. LFE-01-SP03, A-1.0 (issued October 5, 2026).

For the reasons stated herein, the Attorney General respectfully submits that the Public Utilities Regulatory Authority ("PURA" or the "Authority") should reject the bulk of CT Water's rate hike request. The Company has failed to meet its burden of showing that its proposed rates are just and reasonable. Instead, the evidence in this proceeding shows that CT Water's proposed rate increase is unjustified and unaffordable for its ratepayers.

## I. EXECUTIVE SUMMARY

The rates proposed by CT Water exceed levels that could be considered just and reasonable. First, CT Water's proposed return on equity ("ROE") is simply too high. The Company's proposed ROE of 10.0 percent is based upon a flawed analysis and is inconsistent with current market conditions and recent Authority decisions. The Attorney General recommends that CT Water's ROE be reduced to 8.3 percent for the reasons fully explained herein. Second, the Company's proposed capital structure is uneconomic and burdensome.

Third, the record in this proceeding shows that CT Water has overstated several of its proposed expense items. These expense items include board of director fees, executive liability, shareholder expenses, and rate case expenses.

The adjustments proposed herein by the Attorney General would reduce CT Water's proposed revenue requirements by about $19 million. These adjustments reflect unnecessary and excessive expenses that should not be paid by ratepayers. Other parties, including the Office of Consumer Counsel ("OCC") and the Authority's Office of Education, Outreach and Enforcement ("EOE"), have also identified additional excessive and unnecessary costs in this Application. The Attorney General believes that eliminating or severely reducing these costs is necessary to bring rates to levels that are just and reasonable.

This is CT Water's third application to increase its rates since 2020, and during that time its net income has grown on average 9.2% per year, rising from $21 million in 2020 to $32 million in 2025. Hearing Tr. 9/21/26, 164-165. As the Authority is well aware, Connecticut residents have been facing increasing high costs and affordability issues. Inflation in the United States is accelerating. The Bureau of Labor Statistics reported the consumer price index rose 3.7 percent over the past 12 months. Connecticut consumers—especially those living on fixed or limited incomes—are unable to endure any further increases in their cost of living. These customers need the Authority and all the participants in this proceeding to ensure that the water utility rates approved here will be no more than absolutely necessary.

## II. CT WATER'S APPLICATION

CT Water serves approximately 108,000 water customers in 60 communities across the state and 3,000 wastewater customers in Southbury Connecticut. Patla, Pre-Filed Testimony ("PFT"), 5-6. CT Water proposes to increase its rates by $25 million above what is currently

authorized in rates. LFE-1, Schedule A-1.0. This proposed increase includes a requested return on equity ("ROE") of 10.0 percent. Patla PFT, 20; D'Ascendis PFT, 5-7. This proposed ROE is 70 basis points higher than the Authority approved for CT Water in its rate case less than three years ago. Final Decision, Docket No. 23-08-32, *Application of the Connecticut Water Company to Amend Its Rates* (Mar. 3, 2026),1; Patla PFT, 5. CT Water claims the new rate increase is necessary because of "a historical confluence of circumstances affecting the water industry: aging infrastructure, emerging contaminants, climate change and cybersecurity." Patla PFT, 3-4.

## III. DISCUSSION

### A. The Authority Should Reject CT Water's Proposed ROE and Capital Structure

In its Application, CT Water proposed that the Authority approve a ROE for the Company's shareholders of 10.0 percent. D'Ascendis PFT, 4. This ROE, if approved, would be the highest authorized return for any of the State's principal regulated public service companies. In its most recent rate case decision, PURA authorized the United Illuminating Company a base return of 9.45 percent, less 20 basis points in penalties reducing UI's functional return to 9.25 percent. *See* Reconsideration Final Decision, Docket No. 24-10-04, *Application of the United Illuminating Company to Increase its Rates and Charges* (Mar. 30, 2026), 1. The Yankee Gas Services Company has an authorized ROE of 9.48 percent. *See* Reconsideration Final Decision, Docket No. 24-12-01, *Application of the Yankee Gas Services Company d/b/a/ Eversource Energy to Amend Its Rate Schedules*, Decision, (Mar. 11, 2026), 1. The Connecticut Natural Gas Corporation and the Southern Connecticut Gas Company are authorized to earn a 9.2 percent ROE. Final Decision, Docket No. 25-11-13, *Remand of the Application of Southern Connecticut Gas Company to Amend Its Rate Schedules* (Sept. 16, 2026), 1; Final Decision, Docket No. 25-11-14 *Remand of the Application of Connecticut Natural Gas Corporation to Amend Its Rate Schedules* (Sept. 16, 2026), 1. The Aquarion Water Company – the formerly regulated entity

most similarly situated to CT Water – received a return of 8.7 percent. Final Decision, Docket No. 22-07-01, *Application of Aquarion Water Company of Connecticut to Amend its Rate Schedule* (Mar. 15, 2023), 1. Connecticut Light and Power is currently authorized a ROE of 9.25 percent. Final Decision, Docket No. 17-10-46, *Application of the Connecticut Light and Power Company d/b/a/ Eversource Energy to Amend its Rate Schedules* (Apr. 18, 2018), 18.

CT Water's requested ROE is 70 basis points higher than the next highest ROE among the state's regulated utilities. The Company has presented no explanation for why a relatively low risk operation such as a water utility should be awarded the highest authorized ROE of any of the State's regulated public service companies. All of the electric and gas distribution companies listed above present higher risk profiles for investors than water companies. As noted by the Office of Consumer Counsel's cost of capital expert:

> The exact beta calculations are not as important as illustrating the well-known fact that utilities are very low-risk companies. The fact that the utility industry is one of the lowest risk industries in the country should not change from year to year.

Garrett PFT, 18, fn 21.

CT Water's excessive ROE request is based upon a flawed and unreliable cost of capital analysis. First, CT Water proposed a capital structure that includes a relatively high level of equity. In addition, CT Water's testimony in support of its proposed ROE of 10.0 percent contains errors that have distorted the Company's discounted cash flow ("DCF"), risk premium model ("RPM") and capital asset pricing model ("CAPM") analyses and inflated its proposed ROE. As a result, the Company's proposed ROE is higher than other similarly situated water utility companies and substantially higher than the levels recently approved for Connecticut's other public service companies.

The Attorney General generally supports the OCC's cost of capital testimony presented by David Garrett as well as the Authority's Education, Outreach and Enforcement ("EOE")

testimony presented by Aaron Rothschild. The EOE recommends a ROE of 8.33 percent, Rothschild PFT, 8, and the OCC recommends a ROE of 8.3 percent, Garrett PFT, 5. Adjusting CT Water's proposed ROE from 10.0 percent to 8.3 percent would result in a rate reduction of approximately $11.5 million per year.[1] The Attorney General believes that these two estimates converge neatly at the 8.3 percent range and that these estimates form the reasonable starting point for the Authority to determine an appropriate ROE.

**1. <u>The Authority Should Reject CT Water's Proposed Capital Structure</u>**

In its Application, CT Water proposed a capital structure of 54 percent common equity and 46 percent debt. LF-1, Attachment A-1.0; D'Ascendis PFT, 18. The Authority should reject the Company's proposed capital structure because it is economically inefficient and does not fairly balance the interests of the Company and its ratepayers. The cost of equity is much higher than the cost of debt. The Company projects its cost of equity as 10 percent, its cost of long-term debt less than half as 4.52 percent. Garrett PFT, 6. Moreover, because of the income tax responsibility associated with the use of common equity in the capital structure, that form of capital is nearly three times more costly than debt capital. Increasing the Company's equity component relative to less expensive debt raises the overall cost of capital and, therefore, is unnecessarily expensive for ratepayers. Rothschild PFT, 23; Garrett PFT, 53. This is particularly inappropriate where, as here, the Company's proposed equity levels are higher than the equity levels of the proxy group used by both CT Water and the OCC; Garrett PFT 56, as well as substantially higher than CT Water's own parent company H2O America. Garrett PFT, 57. Indeed:

> since CWC is a wholly owned subsidiary of H2O America, CWC's "equity" is funded by H2O America. Since H2O has a debt ratio of 55%, this means H2O

[1] This $11,461,477 represents 170 basis points difference in ROE times CT Water's pretax revenue requirement of $6,742,045 for each 100 basis points. LF-1, Schedule A-1.0 A, Line 41.

> America is using debt to finance the purchase of CWC's equity – a strategy known as "double leveraging." This results in excess profits to the utility since the cost of debt is notably lower than the cost of equity. If PURA approves CWC's proposed capital structure, it would allow H2O America to earn a windfall equity return on debt that was borrowed at lower rates – at the expense of customers.

Garrett PFT, 57.

The Authority should impute a capital structure with a lower equity to debt ratio. The OCC's witness proposes an equity ratio of 49.00 percent. Garrett PFT, 59. The EOE's witness proposes an equity ratio of 51.00 percent. Rothschild PFT, 8. The Authority has consistently imputed more reasonable capital structures on utilities when their proposed structure has become unduly burdensome for ratepayers, both as a means to reduce costs and to guide and encourage companies to adjust their debt to equity levels appropriately. The Authority should make a similar adjustment here. Reducing the Company's proposed capital structure from 54 percent equity to 50 percent equity will reduce CT Water's revenue requirement by an additional $3 million a year.[2]

**2. The Authority Should Reject CT Water's Discounted Cash Flow Analysis and Risk Premium / Capital Asset Pricing Model Analyses of the Cost of Equity**

The Authority should reject the Company's cost of capital testimony because of its upward bias, particularly with its estimated growth rates, then those presented by the OCC or the EOE. The Attorney General generally supports the principal reliance upon the DCF as opposed to determinations of market risk premium. The OCC and the Company used the same

[2] The $3.0 million represents a twenty-two basis points reduction in the Company's weighted cost of capital from 7.477 percent to 7.258 percent. Based upon the Company's Rate Year rate base of $971.1 million, a twenty-two basis point reduction reduces utility operating income by $2,136,000. Using a revenue conversion factor of 1.3796 to estimate the revenue requirement for the 50 percent equity component yields an additional $811,000 for a total revenue requirement reduction of $2.947 million. LF-1, Schedule D-1.0.

combination of water and gas companies as the relevant proxy group for the DCF analysis.[3] Garrett PFT, 12. The EOE used ten of the eleven companies used by CT Water. Rothschild PFT 32. The OCC, EOE and the Company employed the constant-growth DCF and the capital asset pricing models ("CAPM"). Rothschild PFT, 32; D'Ascendis PFT, 5-6. OCC's witness, however, identified a number of distortions to the Company's testimony and cost of capital analysis generating an upward bias in the results. Specifically, the OCC's witness concluded that:

> Mr. D'Ascendis's DCF Model results are overstated primarily because of his use of an unsustainably high growth rate. Mr. D'Ascendis assumes an average long-term growth rate as high as 10.6% in this DCF Model (for California Water Service Group ("CWT")), which is nearly three times greater than long-term projected U.S. GDP growth. Likewise, the average growth rate he used for each of his proxy companies exceeds GDP growth over the long-run. The growth rate estimates published by the various sources Mr. D'Ascendis relies upon are short-term estimates over several years. This means, for example, that an analyst from S&P Capital projects that CWT's earnings will grow by 10.6% per year over the next several years. However, it is Mr. D'Ascendis who extrapolates that projection to effectively assume that CWT will grow its earnings by 10.6% every year in perpetuity, which is impossible. As this growth rate far exceeds projected GDP growth over the long-run, it is unsustainably high. As a result, Mr. D'Ascendis's DCF Model results overstate CWC's cost of equity in my opinion.

Garrett PFT, 30-31.

EOE's expert similarly concluded that the Company's growth estimates clearly distorted the Company's expected earnings. Specifically, Rothschild concluded that "the debate over risk-free rates and beta coefficients typically impacts the final cost of equity results by 10 to 30 basis points. However, Mr. D'Ascendis's growth rate assumption impacts his results by hundreds of basis points, across more than one model." Rothschild PFT, 20. As a result, Rothschild testified that the Company's proposals, "[i]f adopted, would overcharge customers by $13.1 million annually." Rothschild PFT, 68.

[3] The relatively small sample size of regulated water companies reduces the financial data necessary to support a robust DCF analysis. Consultants for the Company, OCC and the EOE responded to the paucity of reliable data by including in their proxy group analysis entities that were not water companies.

In addition, the Company's discounted cash flow analysis used a growth rate exclusively based upon three-to-five-year earnings forecasts as evidence those optimistic growth rates would continue indefinitely. This should not be done.

> It is not appropriate to mechanically use analyst EPS growth rate projections in a constant growth DCF model, as Mr. D'Ascendis has done, because relatively short-term growth rate projections (5-years), even if accurate, may not be realistic to achieve in the long-term. Using unrealistically high growth rates in the constant growth DCF model can significantly inflate the cost of equity.

Garrett PFT, 71. Because CT Water selectively used an unsustainably high expected growth rate, its DCF model overestimates the true cost of capital and, therefore, its recommended return on equity.

Finally, the Company's witness included an additional 15 basis points for "floatation costs." D'Ascendis PFT, 57-59. Flotation costs are the transactional costs associated with the issuance of new stocks. The Attorney General has consistently argued that it is inappropriate to force ratepayers to absorb transaction costs like these. As noted by the OCC's witness, the Company has not incurred any "out-of-pocket" costs associated with the stock issuance. Garrett PFT, 51. Moreover, any underwriter fees, similar to commissions on home sales, are already fully accounted for by both purchasers and sellers in any transaction, and there is no justification for shareholders to receive any additional compensation to account for costs "they have already considered and agreed to." *Id*. It is even more inappropriate where, as here, it appears that CT Water has not and does not anticipate incurring any such costs. On the contrary, any potential new issuance of common stock would inure to the ***benefit*** of CT Water shareholders.

> The common stock of water utility companies is currently selling well above book value—the median market-to-book ratio of Mr. D'Ascendis's own Water Utility Proxy Group was 195.1% as of March 31, 2026, and every company in his group trades above book. As a result, when a water company sells new common stock, the effect is for the book value per share to increase. This makes selling new common stock a net profit to water utility companies, not a cost.

Rothschild PFT, 83.

As noted above, reducing CT's ROE as described above would reduce CT Water's rate increase by approximately $12 million a year. Reducing the Company's proposed capital structure from 54 percent equity to 50 percent equity would reduce CT Water's revenue requirement by an additional $3 million a year. These adjustments alone would eliminate over 60 percent of the Company's requested rate increase of $25 million.

### B. The Authority Should Reject CT Water's Proposed Revenue Requirements

The Authority has clearly stated that allowable operating expenses must "reflect prudent and efficient management of the franchise operation." Final Decision, Docket No. 25-11-13, *Remand of the Application of Southern Connecticut Gas Company to Amend Its Rate Schedules* (Sept. 16, 2026), 97 (citing Conn. Gen. Stat § 16-19e(a)(5)). It is the Company that bears the burden of proving that expenses under consideration for inclusion in rates are just and reasonable. *Id*.

In its Application, CT Water overstated several revenue and expense items. Taken together with the Attorney General's recommended changes to the Company's proposed ROE and capital structure, the revenue and expense adjustments eliminate the need for a large portion of the Company's requested rate increase.

#### 1. The Authority Should Reject Ratepayer Funding of Board of Director Fees

The Company included $537,937 for Board of Directors fees in its proposed revenue requirement, reflecting the test year expense of $507,440 adjusted for inflation as per Schedule C-3.22. OCC-58. These fees should not be principally funded by ratepayers.

Even if the Authority agrees with the Company that it is required to maintain a Board of Directors and that such expenses were prudently incurred, the Authority still should disallow the

vast majority of Board of director expenses. As the Authority noted in the 2026 Southern Connecticut Gas Company's remand final decision:

> the Authority also considers whether an adjustment to the Company's otherwise prudently incurred expenses are warranted to reflect just and reasonable rates and to provide appropriate protection to the relevant public interests, including whether it is fair for ratepayers to compensate the Company in full for its prudent BOD expenses when shareholders are benefiting from the BOD. General Statutes § 16-19e(a); *see also Aquarion Water Co. of Connecticut*, No. HHB-CV-6089616-S, 2025 WL 3641396, at *2.

Final Decision, Docket No. 25-11-13, *Remand of the Application of Southern Connecticut Gas Company to Amend Its Rate* Schedules, (Sept. 16, 2026), p. 155. The Authority, when setting just and reasonable rates, may:

> take into account factors such as economics, public policies, accounting principles, fairness to the parties, and the context and intent of any prior agreements entered into by the utility, and to balance those figures entered into by the utility, and to balance those factors by a process of reasoned decision-making. . . . [PURA] is not required, however, to place determinative weight on any single factor.

(internal quotation marks omitted) *Aquarion Water Co.*, 352 Conn. at 389–90 (quoting *OCC v. DPUC*, 279 Conn. at 593–94).

Historically, the Authority has approved a 25 percent ratepayer, 75 percent shareholder split of these costs. Reconsideration Final Decision, Docket No. 24-12-01, *Application of Yankee Gas Services Company d/b/a Eversource Energy to Amend Its Rate Schedules* (Mar. 11, 2026), 94; Reconsideration Final Decision, Docket No. 24-10-04, *Application of the United Illuminating Company to Amend its Rate Schedule* (Mar. 3, 2026), 150; Final Decision, Docket No. 23-08-32, *Application of the Connecticut Water Company to Amend Its Rates* (Mar. 3, 2026), 109; Final Decision, Docket No. 22-08-08, *Application of the United Illuminating Company to Amend Its Rate Schedule* (Aug. 25, 2023), 147–148. The Attorney General recommends the Authority apply that same allocation in this case.

### 2. The Authority Should Reject Ratepayer Funding of Executive Liability Insurance and Shareholder Expenses

In its Application, the Company included $146,720 for executive liability insurance. *Application Schedule C-3.13p2*. In support of its request that ratepayers fund these costs, CT Water states only that insurance and risk management functions to support regulated utility operations and provide benefits to customers. Even if accurate, however, this is not enough to justify why these costs should be recovered entirely from ratepayers. Koenig Surrebuttal p. 16-17. As noted by Koenig, "[a]n incidental ratepayer benefit is not sufficient to justify requiring ratepayers to bear the full cost of an expense that primarily benefits shareholders." *Id.* Moreover, the lawsuits executives would be subject to that this insurance would cover are principally brought by the Company's own shareholders.

The Authority should reject CT Water's request for ratepayers to fund 100 percent of executive liability insurance and, consistent with past rate decisions, allow no more than 25 percent of this cost be allocated to ratepayers. This is consistent with the Authority's decision in CT Water's last rate case. *See* Final Decision, Docket No. 23-08-32 *Application of the Connecticut Water Company to Amend its Rates* (June 28, 2024), 109.

Additionally, in its Application, CT Water included $874,106 in shareholder expenses in its cost of service. OCC-54. Similar to the Board of Director fees, the Company uses broad discussion of several categories of corporate costs to defend the ratepayers' funding of shareholder expenses. Dixon Rebuttal, 9.

As Koenig aptly points out "a fundamental principle of ratemaking is that costs should be assigned to those who primarily benefit from them." Koenig Surrebuttal, 10. In fact, shareholder expenses are incurred to benefit the Company's owners by supporting corporate governance and other shareholder-related activities. Koenig PFT, 9. Therefore, the Attorney

General recommends the Authority disallow recovery of the entirety of shareholder expenses from ratepayers.

### 3. The Authority Should Reduce CT Water's Vacancy Reserve

In its Application, the Company incorporated a vacancy reserve of 10 vacant positions in the rate year. Dixon PFT Ex. A.4; Application Sch. C-3.2. However, the Company's response to RRU-006 noted the negative 10 positions utilized in the proceeding was based on amounts authorized in the prior case as well as consistent with actual historical amounts at the time, but since then, vacancies have increased. RRU-006. Notably, the 3-year normalization of the quarterly vacancy reserve shows that the Company has had 21 open positions on average. Koenig PFT, 22-23. Koenig recommends, and the Attorney General agrees, the vacancy rate should be added as it more accurately reflects normalized recent levels experienced by the Company, resulting in a $919,945 reduction. *Id.*

### 4. The Authority Should Reject CT Water's Proposed Blanket Inflation Adjustment

In the Company's Application, the Company proposes applying a 6.01 percent blanket inflation adjustment to all O&M expenses the Company did not adjust from the test year to the rate year. Dixon PFT, 25. As the Authority is well aware, the Company bears the burden of demonstrating the rate case expenses are reasonably forecasted, and consistent with the requirements that pro forma adjustments be known and measurable. *See* Koenig Surrebuttal, 6-7. Koenig highlights the very real risk that applying a blanket inflation factor risks over collecting from customers, and as demonstrated by the Company's historical data, these expenses are highly variable and increase at different rates. *Id.*

Additionally, in CT Water's last rate case, the Authority found that applying a broad inflation index to be an "imprecise methodology" and was "not necessarily predictive" of the

Company's actual rate year costs. Final Decision, Docket No. 23-08-32, *Application of the Connecticut Water Company to Amend Its Rates* (Mar. 3, 2026), 114-115. In fact, the Authority also highlighted the concern that:

> this methodology allows a utility to cherry-pick which expenses are escalated by inflation and which are escalated by known and measurable changes. With a utility incentivized to project higher expenses, this methodology likely results in broad-based inflation serving as the floor for expense escalation, thereby creating further upward pressure on rates.

*Id.* at 114. The Authority should therefore disallow the blanket 6.01 percent escalation factor, and thereby further reducing O&M expenses by $565,451.

### 5. The Authority Should Reject CT Water's Proposed Rate Case Expense

In its Application, the Company requests recovery of $857,000 for rate case expenses amortized over 36 months. *Application Schedule C-3.13*. Since CT Water's last rate case, however, Connecticut passed legislation that prohibits electric, gas, pipeline, and water companies with over seventy-five thousand customers from recovering through rates direct and indirect costs associated with its attendance in, participation in, preparation for, or appeal of such rate proceedings, outside of OCC and PURA consultant costs. Conn. Gen. Stat. § 16-243p(b). In light of this statute, the Authority should disallow the recovery of rate case expenses associated with costs other than OCC and PURA consultant costs. Further, the amortization period of the total expense should be increased from 36 months to 65 months, to reflect the average time between rate cases, consistent with OCC's expert testimony. Koenig Surrebuttal, 12-13; Surrebuttal Schedule GNK-16. While the Company has expressed it would like to continue on a 3-year rate case cycle, the Company has not made any commitments to this pace of filing rate cases, and the amortization period should be adjusted accordingly.

### 6. The Authority Should Reject a Larger Portion of Industry Dues Than CT Water Advises to Account for the Unknown Lobbying Costs

Conn. Gen. Stat. § 16-243gg(a) bars recovery "through rates [of] any direct or indirect cost associated with lobbying or legislative action, as such terms are defined in section 1-91." When asked by OCC whether any of the industry associations "engaged in lobbying or advocacy activities, attempts to influence, public opinion, institutional or image-building advertising," CT Water responded:

> These organizations may engage in lobbying or advocacy activities. While the precise portion of the total activities is not known, 11% was utilized as a proxy in CWC's prior rate case. CWC is amenable to removing the lobbying portion of these dues in a future revenue requirement update.

OCC-86. That 11 percent figure was not explained further in interrogatories or testimony. The Chairman also raised questions about types of activities that could count as lobbying expenses.

> Chairman Wiehl: . . . if National Association of Water Companies regularly provided fiscal sponsorships to an association of utility commissioners, would you view that as lobbying expense?
> Ms. Koenig: I would have to review the individual situation.

As Koenig noted, this individual situation would have to be reviewed. However, CT Water has not provided this information in the record. The Company bears the burden in this proceeding, and it failed to provide information to answer concerns over lobbying making up a portion of industry dues. The Attorney General urges the Authority to adopt a more significant disallowance than the 11% CT Water said it would be amenable to using as a proxy for lobbying expenses.

### 7. Other Adjustments Proposed by OCC

The Attorney General supports the many adjustments proposed by the OCC and EOE in this matter. These include adjustments to plant, entertainment, and non-industry dues, as well as

recommendations regarding contributions in aid of construction ("CIAC"). Cumulatively, these adjustments, together with those proposed by the Attorney General, should allow the Authority to reject the great bulk of CT Water's proposed rate increase.

## IV. CONCLUSION

The $25 million per year rate increase proposed by CT Water is simply too high. The Attorney General urges PURA to reject the Application as described herein to ensure that rates are no more than just and reasonable. This includes significantly reducing the Company's proposed ROE and capital structure to reasonable levels. Taken together, these adjustments alone would account for more approximately $19 million of the $25 million increase requested. The Attorney General further urges PURA to adjust the Company's proposed expenses as discussed herein, though these specific adjustments should not be considered an exhaustive list. The Attorney General concurs with many of the other adjustments recommended by OCC and EOE in this case.

**WHEREFORE**, for the foregoing reasons, the Attorney General respectfully requests that the Authority reject CT Water's rate Application. The Authority should instead adopt the adjustments described herein to ensure that CT Water's rates are no more than just and reasonable.

Respectfully Submitted,

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