

**Representative Policy Board**  
**South Central Connecticut Regional Water District**  
90 Sargent Drive, New Haven, Connecticut

or

**\*\*Dial-in by phone**

+1 469-965-2517.,71366382# United States, Dallas

Phone conference ID: 713 663 82#

**AGENDA**

**Regular Meeting of Thursday, October 24, 2024 at 6:30 p.m.**

- I Safety Moment
- II Public Comment: The time limit granted to each speaker shall be three (3) minutes. Residents and customers may address the Board.
- III Approval of Minutes – September 26, 2024 meeting
- IV Communications
  - A. Ten-Year Model Presentation dates – *ALL RPB members are invited to attend:*
    - a. November 4, 2024 at 5:00 p.m. – Finance Committee
    - b. November 18, 2024 at 5:30 p.m. – Consumer Affairs Committee
  - B. RPB Quarterly Dashboard Report
- V Items for Consideration and Action
  - A. Nominating Committee’s recommendation regarding the appointment of Authority member for the term beginning January 1, 2025
  - B. Final Decision – 2025 Rate Application
  - C. Third Quarter 2024 Representative Policy Board Compensation
- VI Reports
  - A. Finance Committee
  - B. Land Use Committee
  - C. Consumer Affairs Committee
  - D. Nominating Committee
  - E. Executive Committee
  - F. Authority/Management
- VII Adjourn

**\*\*Members of the public may attend the meeting in person or via conference call. For information on attending the meeting and to view meeting documents, please visit <http://tinyurl.com/yyxk7xcs>. For questions, contact the board office at 203-401-2515 or by email at [jslubowski@rwater.com](mailto:jslubowski@rwater.com).**

# SAFETY MOMENT

Is your workplace or home fireproof? Each year, the National Fire Protection Association (NFPA) celebrates National Fire Safety Month in October. Fire safety awareness in the workplace should be second nature and should be translated into our personal lives to keep our loved ones safe in the event of a fire at home.

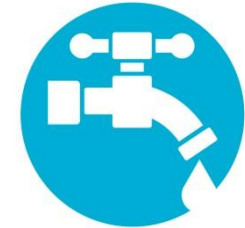
Follow the steps below to ensure that your workplace and homes are fireproof:

1. Eliminate Clutter
2. Designate Smoking Areas
3. Maintain fire extinguishers
4. Use and store chemicals safely
5. Limit the accumulation of flammable or combustible materials
6. Ensure emergency exits routes are in place

Service – **Teamwork** – Accountability – **Respect** – Safety

Safety is a core company value at the Regional Water Authority .  
It is our goal to reduce workplace injuries to zero.

**Tap Into  
Safety**



Regional Water Authority



 Regional Water Authority

## Representative Policy Board

South Central Connecticut Regional Water District

September 26, 2024

### Minutes

A regular meeting of the Representative Policy Board (“RPB”) of the South Central Connecticut Regional Water District took place on Thursday, September 26, 2024, at 90 Sargent Drive, New Haven, Connecticut and via remote access. Chair Harvey presided.

### **PRESENT**

#### **RPB**

Ansonia	Thomas P. Clifford III
Beacon Falls	Peter Betkoski(R)
Bethany	Brian Eitzer(R)
Cheshire	Timothy Slocum
East Haven	Michelle Verderame(R)
Guilford	Charles Havrda
Hamden	Stephen Mongillo(R)
Killingworth	Jamie Mowat Young
Madison	Joseph A. Oslander
North Branford	Peter DeSantis(R)
New Haven	Naomi Campbell
North Haven	James X. DiCarlo(R)
Orange	Jasper J. Jaser
Prospect	Robert E. Harvey, Jr.
Seymour	Michael H. Horbal
West Haven	Mark Levine(R)
Woodbridge	T. Gregory Malloy

#### **Regional Water Authority**

David Borowy  
Kevin Curseaden  
Catherine LaMarr  
Mario Ricozzi  
Suzanne Sack

#### **Management**

Larry L. Bingaman  
Rochelle Kowalski  
Elizabeth Calo  
Jim Hill  
Sunny Lakshminarayanan  
Premjith Lakshman Singh  
Kevin Watsey

#### **Counsel**

Raquel Herrera-Soto, Murtha Cullina

#### **Absent**

Branford	Vacant
Derby	Frank Pepe
Milford	Richard Smith
Governor’s Rep	Vincent M. Marino

#### **Office of Consumer Affairs**

Jeffrey M. Donofrio

#### **Staff**

Jennifer Slubowski

### **Call to Order**

Chair Harvey called the meeting to order at 6:31 p.m. He acknowledged Mr. Watsey, the RWA’s Director of Public Affairs, who presented a commemoration from Governor Lamont to the RWA, in recognition of the RWA’s 175<sup>th</sup> Anniversary.

### **Safety Moment**

Chair Harvey reviewed the Safety Moment distributed to members.

### Public Comment

Chair Harvey offered the opportunity for members of the public to comment. There were no members of the public present at the meeting.

### Minutes

On motion made by Mr. Malloy and seconded by Mr. Horbal, the RPB approved the minutes of its August 22, 2024 regular meeting and the September 5, 2024 special meeting as distributed, with 77 total weighted votes cast in the affirmative.

Ansonia (3)	Aye	Guilford (4)	Aye	No. Haven (5)	Aye
Beacon Falls (0)	Aye	Hamden (10)	Aye	Orange (3)	Aye
Bethany (5)	Abstain	Killingworth (2)	Aye	Prospect (1)	Aye
Branford (6)	Vacant	Madison (6)	Aye	Seymour (1)	Aye
Cheshire (4)	Aye	Milford (10)	Absent	West Haven (8)	Aye
Derby (2)	Absent	New Haven (13)	Aye	Woodbridge (3)	Aye
East Haven (6)	Aye	No. Branford (8)	Aye	Gov. Rep. (1)	Absent

### Communications

Chair Harvey stated that the Nominating Committee distributed the Criteria to be Used in Recommending an Appointment of a Candidate to the Five Member Authority for RPB review and comment.

### Item for Consideration and Action

Mr. Slocum moved for approval of the following resolution:

**WHEREAS**, the South Central Connecticut Regional Water Authority (the “Authority”) proposes to issue its Bonds which may be issued as Project Loan Obligations delivered to the State of Connecticut (the “Bonds”) in accordance with Special Act 77-98, as amended, of the General Assembly of the State of Connecticut (the “Act”) and the Water System Revenue Bond Resolution, General Bond Resolution, adopted by the Authority and approved by the Representative Policy Board of the South Central Connecticut Regional Water District (the “RPB”) on July 31, 1980, as amended and supplemented (the “General Bond Resolution”); and

**WHEREAS**, the Act authorizes the Authority to issue its bonds from time to time but subject to the approval of the RPB.

### **NOW THEREFORE BE IT RESOLVED THAT:**

1. The Bonds shall not exceed Eight Million Five Hundred Thousand Dollars (\$8,500,000) in aggregate principal amount or so much as may be necessary after deducting grants or other sources of funds available for the Project (as hereinafter defined). It is expected that the Authority will receive grant funding in the amount of 75% of the contract cost but not exceeding \$5,000,000.
2. The Bonds may be issued as obligations in one or more series pursuant to the General Bond Resolution and a supplemental resolution to be adopted by the Authority for each series of Bonds, each of which shall specify the amount of the Bonds, the purposes for which the Bonds are to be issued, the date or dates, maturities, sinking fund installments if any, interest rates, series, denominations, form, redemption prices, security provisions and such other details of the Bonds as the Authority shall determine in accordance with the limits established by the General Bond Resolution and hereby.

3. The purposes of the Bonds shall be (I) to finance or refinance the cost of planning and efforts associated with inventory development for certain capital improvements to the water system of the Authority related to the Lead Service Line-Planning Project; (II) to provide funds for deposit to the Capital Contingency Fund and the Debt Reserve Fund, as necessary pursuant to the General Bond Resolution and as permitted by the Internal Revenue Code of 1986, as amended and (III) to pay costs of issuance (the “Project”).
4. The Bonds may be sold by negotiation as serial or term bonds with stated maturities and may be sold in a private or direct placement to a bank or the State of Connecticut.

Mr. Jaser seconded the motion. The chair called for the vote and the RPB approved the resolutions, with 82 total weighted votes cast in the affirmative.

Ansonia (3)	Aye	Guilford (4)	Aye	No. Haven (5)	Aye
Beacon Falls (0)	Aye	Hamden (10)	Aye	Orange (3)	Aye
Bethany (5)	Aye	Killingworth (2)	Aye	Prospect (1)	Aye
Branford (6)	Vacant	Madison (6)	Aye	Seymour (1)	Aye
Cheshire (4)	Aye	Milford (10)	Absent	West Haven (8)	Aye
Derby (2)	Absent	New Haven (13)	Aye	Woodbridge (3)	Aye
East Haven (6)	Aye	No. Branford (8)	Aye	Gov. Rep. (1)	Absent

## Reports

**Finance Committee** – Mr. Slocum reported that the committee met on September 9, 2024 to review and discuss the Lead Service Line – Planning financing resolution for recommendation to the RPB. The Committee also received a quarterly update on RPB approved capital projects.

**Land Use Committee** – Mr. Levine, Chair of the RPB Land Use Committee, reported that the Committee met on September 11, 2024 at Lake Saltonstall and received an update on the Furnace Pond chestnut harvest.

The Committee’s next meeting on October 9, 2024 will be the Committee’s annual pizza dinner. All RPB members are invited to attend.

**Consumer Affairs Committee** – Ms. Campbell, Chair of the RPB Consumer Affairs Committee, reported that the Committee met earlier in the week with management to receive an update on the Lead and Copper Rule Revisions.

The Office of Consumer Affairs reported that he was working on the memorandum for tonight’s public hearing for the 2025 Rate Application.

Ms. Campbell also stated that she has been working with Mr. Singh, the RWA’s Chief Information Digital Office & Vice President of Customer Care, on a list of topics for future Committee meetings.

The next meeting is on October 21, 2024.

**Nominating Committee** – Mr. Clifford, Chair of the RPB Nominating Committee, reported that the Committee met earlier in the month with the Authority Chair and RWA President & CEO, to discuss the Criteria for Authority Member. The Criteria was refined to include experience with artificial intelligence and mergers & acquisitions (“M&A”), and Post M&A.

The Committee is scheduled to meet with the incumbent Authority member on Monday, September 30<sup>th</sup>.

**Authority/Management** – Mr. Borowy, Chair of the Authority, reported on the Authority Meeting earlier in the day. He stated that the Authority also met as the Audit-Risk Committee.

Ms. LaMarr, Chair of the Audit-Risk Committee, reported that at the Committee meeting earlier in the day. The committee met with the RWA’s auditor, CliftonLarsonAllen, to receive the results of the FY 2024 Audit. The auditor reported a clean audit with no incidents of non-compliance.

Mr. Borowy reported that the Authority also met as the Commercial Business Committee and the Compensation Committee. He acknowledged Mr. Curseaden, chair of the Committees, who reported that both meetings were held in executive session.

The Commercial Business Committee met with management to receive an update on the RWA’s commercial strategy and the FY 2025 first quarter results. The Committee also received an acquisition update.

Mr. Curseaden also reported that at the special meeting of the Compensation Committee meeting earlier in the day, the committee met with the RWA’s President & CEO to review a self-evaluation.

Mr. Bingaman, the RWA’s President and CEO, reviewed revenues, operating and maintenance expenses for the month ended August 31, 2024 and stated the projected maintenance test for FY 2025 is 117%, with no shortfall.

He also reported that as of September 16, 2024 raw water storage was at 83%, compared to the long-term average of 71% for the same period last year.

Chair Harvey acknowledged Atty. Donofrio, OCA, who had nothing to report.

Chair Harvey reported that management would provide an acquisition update that would be required to be held in executive session. At 6:53 p.m., on motion made by Mr. Clifford and seconded by Ms. Young, the RPB voted unanimously to convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(A)(B), pertaining to trade secrets and commercial and financial information. Present in executive session were RPB members, Regional Water Authority members, management, Counsel, Office of Consumer Affairs, and staff.

The chair called for the vote and the RPB voted to convene in executive session, with 82 total weighted votes cast in the affirmative.

Ansonia (3)	Aye	Guilford (4)	Aye	No. Haven (5)	Aye
Beacon Falls (0)	Aye	Hamden (10)	Aye	Orange (3)	Aye
Bethany (5)	Aye	Killingworth (2)	Aye	Prospect (1)	Aye
Branford (6)	Vacant	Madison (6)	Aye	Seymour (1)	Aye
Cheshire (4)	Aye	Milford (10)	Absent	West Haven (8)	Aye
Derby (2)	Absent	New Haven (13)	Aye	Woodbridge (3)	Aye
East Haven (6)	Aye	No. Branford (8)	Aye	Gov. Rep. (1)	Absent

At 7:00 p.m., the RPB came out of executive session. No votes were taken in, or as a result of executive session.

Chair Harvey reminded members of the Derby Tank Dedication Ceremony on Thursday, October 10, 2024 at 10:00 a.m. Members should RSVP to the board office or Mr. Watsey.

Representative Policy Board  
September 26, 2024

As there was no further discussion, at 7:01 p.m., on motion made by Mr. Malloy and seconded by Ms. Campbell, the RPB voted to adjourn the meeting with 82 total weighted votes cast in the affirmative, the meeting adjourned.

Ansonia (3)	Aye	Guilford (4)	Aye	No. Haven (5)	Aye
Beacon Falls (0)	Aye	Hamden (10)	Aye	Orange (3)	Aye
Bethany (5)	Aye	Killingworth (2)	Aye	Prospect (1)	Aye
Branford (6)	Vacant	Madison (6)	Aye	Seymour (1)	Aye
Cheshire (4)	Aye	Milford (10)	Absent	West Haven (8)	Aye
Derby (2)	Absent	New Haven (13)	Aye	Woodbridge (3)	Aye
East Haven (6)	Aye	No. Branford (8)	Aye	Gov. Rep. (1)	Absent

Respectfully submitted,

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Jamie Mowat Young, Secretary

(R) – Attended remotely.

UNAPPROVED

**Representative Policy Board**  
**Dashboard Metric - 1Q FY25**

Metrics	Quarter ended 08/31/23 (1Q FY 2024)	Quarter ended 5/31/24 (4Q FY 2024)	Quarter ended 8/31/24 (1Q FY 2025)
<b>Financial Metrics</b>			
<i>Coverage</i>	Budget: 1.14 w/o draw	Budget: 1.14 w/o draw	Budget: 1.14 w/o draw
	Projected: 1.14 w/o draw	Projected: 1.34 w/o draw	Projected: 1.17 w/o draw
<i>Draw Requirement</i>	Budget: \$0 million	Budget: \$0 million	Budget: \$0 million
	Projected: \$0 million	Projected: \$0 million	Projected: \$0 million
<i>Capital Expenditures to Budget (Note 1)</i>	Budget: \$52.520 million	Budget: \$44.876 million	Budget: \$55.791million
	Result: <b>\$8.032 million/15.3% of total fiscal year budget</b>	Result: <b>\$43.728 million/97.4% of total fiscal year budget</b>	Result: <b>\$9.207 million/16.5% of total fiscal year budget</b>
<i>Aged Account Receivables - Total Water (Note 2)</i>	Feb 2020: \$6,659,551	Feb 2020: \$6,659,551	Feb 2020: \$6,659,551
	Aug 2023 : <b>\$7,137,670 (+7.2%)</b>	May. 2024 : <b>\$5,552,139 (-16.6%)</b>	Aug. 2024 : <b>\$5,384,765 (-19.1%)</b>
<i>Aged Account Receivables - Residential (Note 2)</i>	Feb 2020: \$5,833,160	Feb 2020: \$5,833,160	Feb 2020: \$5,833,160
	August 2023 : <b>\$6,755,012 (+15.8%)</b>	May 2024 : <b>\$5,213,602 (-10.6%)</b>	Aug. 2024 : <b>\$5,092,672 (-12.7%)</b>
<i>Pension Market Values (Note 3)</i>	Aug 2023 Mkt. Value: \$68,995,451	May 2024 Mkt. Value \$75,327,269	Aug 2024 Mkt. Value \$78,836,659
	June 2023 Mkt. Value: \$68,894,215	March 2024 Mkt. Value \$75,224,237	June 2024 Mkt. Value \$75,780,869
	June Return: <b>8.85% Cal</b>	May Return: <b>13.87% Fiscal</b>	June Return: <b>5.68% Cal</b>
	Actuarial Return Assumption: 6.75%	Actuarial Return Assumption: 6.75%	Actuarial Return Assumption: 6.75%
<b>System Metrics</b>			
<i>Average Daily Production (Draft) to Budget (MGD)/Prior Year (MGD)</i>	Prior Year: 55.730 MGD	Prior Year: 43.680 MGD	Prior Year: 49.111 MGD
	Result: <b>49.111 MGD</b>	Result: <b>42.322 MGD</b>	Result: <b>50.477 MGD</b>
<i>Disinfection By-products</i>	Target: 100%	Target: 100%	Target: 100%
	Result: 100%*	Result: <b>100%*</b>	Result: <b>100%*</b>
	* As of June 30, 2023, updated	* As of March, 2024 updated	* As of June, 2024 updated



**Representative Policy Board  
Dashboard Metric - 1Q FY25**

Metrics	Quarter ended 08/31/23 (1Q FY 2024)	Quarter ended 5/31/24 (4Q FY 2024)	Quarter ended 8/31/24 (1Q FY 2025)
<i>Net Unaccounted For Water</i>	Target: 10.0%	Target: 10.0%	Target: 10.0%
<i>(annualized)</i>	Result: 11.65% for the annualized	Result: <b>13.12% net for the annualized</b>	Result: <b>12.22% net for the annualized</b>
	period of June 2022 to May 2023	<b>period of March 2023 to February 2024</b>	<b>period of June 2023 to May 2024</b>
<i>Service Disruptions (Notes 4 and 5): Due to Main Breaks</i>			
<i>Number of Disruptions</i>	Result: 4	Result: 9	Result: 6
<i>Number of Customers Impacted</i>	Result: 78	Result: 101	Result: 180
<i>Avg. Period Customers are w/o Water (hrs.)</i>	Target: 6	Target: 6	Target: 6
	Result: 3.44	Result: 4.03	Result: 4.91
<i>Water Quality (Note 5): Discolored Water - System/Hydraulics</i>			
<i>Number of Complaints</i>	Result: 105	Result: 158	Result: 148

Notes:

Note 1: Excludes State and Redevelopment, Growth Fund, and contingency/reserve. Percentage is of fiscal year budget

Note 2: Reflects aged receivables over 90 days - total water and total residential. Comparison is to pre-pandemic level

Note 3: Fiscal year-end based on audited financials. Other quarters based on latest available reports and net returns

Note 4: This metric may be later expanded to other types of service disruptions with the same statistics

Note 5: This metric may be later expanded to include time to resolve and time to respond w/associated targets

# Representative Policy Board

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**South Central Connecticut Regional Water District**

90 Sargent Drive, New Haven, Connecticut 06511-5966 / 203-401-2515

<http://www.rwater.com>

To: Representative Policy Board

From: Thomas P. Clifford III, Chair  
Nominating Committee for Authority Member

Date: October 10, 2024

Re: Nominating Committee Recommendation for Regional Water Authority Member  
for the term beginning January 1, 2025

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At its meeting on October 7, 2024, the Nominating Committee (“Committee”) voted unanimously to recommend Suzanne C. Sack for reappointment to the Five Member Authority (“Authority”) of the South Central Connecticut Regional Water District (“RWA”), commencing on January 1, 2025 and serving until January 1, 2030. A copy of Ms. Sack’s resume is attached.

The Committee adopted the selection guidelines at its meeting on October 7, 2024, which it submitted for comment to the Representative Policy Board at its meeting on September 26, 2024.

Ms. Sack has served as a member of the Authority since April 2017 and currently serves as Chair of the Strategic Planning Committee. She also served as Chair of the Pension & Benefit Committee from 2017 to 2023.

Ms. Sack also serves as Chair of the Haddam-Killingworth Regional School District Board of Education and acts as treasurer and Chair of the Finance Committee, Chair of the Personnel Committee, and Chair of the Strategic Capital Planning Committee.

After careful consideration and discussion, the Committee agreed that Ms. Sack’s leadership style, financial knowledge, business background, not-for-profit utility, and board governance experience have contributed to the Five Member Authority and the RWA.

Very truly yours,



Thomas P. Clifford III  
Chair, RPB Nominating Committee

cc: David Borowy, Authority Chair  
Larry Bingaman, President and CEO  
Suzanne C. Sack, Authority member

Attachment

**REPRESENTATIVE POLICY BOARD**

OCTOBER 24, 2024

**PROPOSED RESOLUTION**

*(Nominating Committee's recommendation for Authority member beginning January 1, 2025)*

**RESOLVED**, that Suzanne C. Sack be, and hereby is, reappointed as a member of the South Central Connecticut Regional Water Authority, effective January 1, 2025, with her term to extend until January 1, 2030 and until her successor is appointed as has qualified.

DRAFT

## **Representative Policy Board**

### **South Central Connecticut Regional Water District**

**Issuance Test Rate Application**

**:**

**October 24, 2024**

#### Final Decision of the Representative Policy Board

A. The Applicant's Request

On July 29, 2024, the South Central Connecticut Regional Water Authority (“RWA” or the “Applicant”) submitted an application to the Representative Policy Board (“RPB”) for an increase in its water rates and charges sufficient to generate an additional \$5.332 million in annual revenues over base period revenues (the “Application”). This is an increase of 3.8% over water and non-water revenues collected during the historic period of the twelve months specified in Section 619A(1) of the Applicant’s General Bond Resolution. The effect of this Application on the water bill of the RWA’s typical residential customer would be an increase of approximately \$1.90 per month or \$0.06 per day, or approximately 4.0%. The Application was filed pursuant to the statutory authority set forth in Section 14 of Special Act No. 77-98, as amended, (“Section 14”).

B. Participants

The following parties participated in the proceedings:

- RWA
- The district’s Office of Consumer Affairs (“OCA”). The OCA is authorized by Section 15 of Special Act No. 77-98, as amended, to act as the advocate for consumer interests in all matters that may affect water customers in the district.

C. Statutory Standard

Pursuant to the legislation cited in paragraph A above, the RWA is charged with establishing just and equitable rates and charges for use of the water supply system. The RWA is authorized to change such rates or charges from time to time, with the approval of the RPB. The legislation requires that these rates or charges be established so as to provide sufficient funds in each year, with other water

supply related revenues, if any, to pay the cost of maintaining, repairing and operating the water supply system, to pay the principal of and interest on outstanding water supply bonds, to meet the requirements of any resolution authorizing or securing such bonds, to make payments in lieu of taxes (“PILOT”) to constituent municipalities, to provide for the maintenance, conservation, and recreational use of RWA land, and to pay all other reasonable and necessary expenses of the RWA and the RPB allocable to the water supply system. For purposes of analyzing the present Application, the key criterion is meeting the requirements of the General Bond Resolution, in particular the “issuance test.”

D. Notice and Procedures

In accordance with Section 1-225a of the Connecticut General Statutes, the RPB was permitted to hold the hearing on the Application in person, and via remote access, and procedural requirements were met. On August 22, 2024, the RPB voted unanimously to accept the Application as complete and called a public hearing for Thursday, September 26, 2024 at 7:00 p.m. The RPB designated Jamie Mowat Young (Killingworth Representative) to serve as Presiding Member at the public hearing.

As required by Section 10 of Special Act No. 77-98, as amended (“Section 10”), the RPB published in the *New Haven Register* and the *Connecticut Post* the date, time, and place of the public hearing to be held by the RPB to consider the Application. The notice was published on August 24, 2024. A notice of the hearing was also filed in the Office of the Clerk of each city and town within the district and with the Office of the Secretary of the State of Connecticut. The notice was posted on the RWA website. The Applicant filed, as supplementary material, responses to written pre-hearing questions submitted by the OCA.

E. Public Hearing

At the public hearing, the applicant provided sworn testimony from the following witnesses: Rochelle Kowalski, RWA’s Vice President & Chief Financial Officer, and Charles DelVecchio, the RWA’s Controller. These witnesses testified regarding the financial and operating condition of the RWA, actions taken to mitigate the requested rate increase, and that an annual average of approximately

\$61.0 million dollars, during the 18-month period covered by the rate application, excluding monies to be held in reserve at the end of fiscal year 2025, would be dedicated to the capital program. A few of the larger projects requiring funding during the 18-month period covered by the Application included the Lake Whitney Dam & Spillway Improvements, completion of the Customer Information System Replacement, Customer Lead Service Line replacements, Lake Gaillard Water Treatment Plant HVAC, and Lake Gaillard and Lake Saltonstall Electrical Improvements. The Applicant also provided actions to implement efficiencies in capital and operating expenditures since January 2023, which included lower interest expense associated with the May 2024 refinancing reduction in debt service of approximately \$76,000, the use of approximately \$50.7 million of internally generated funds reducing debt service by \$3.2 million, and Connecticut Drinking Water State Revolving Fund (“CT DWSRF”) and Congressional Directed Spending grants reducing debt service by approximately \$282,000, resulting in an overall debt service reduction of approximately \$3.6 million.

Representative Policy Board members inquired about projections, expenses, issuance test, customer savings and benefits, strategic initiatives, non-core impact, and timing.

The OCA stated that the additional revenue is necessary to meet the issuance test and to avoid shortfalls while continuing to fund essential capital projects. The rates are just and equitable and the increase aligns with the Authority’s long term plan and mission to provide high quality water services while promoting the preservation of watershed land and aquifers. For these reasons and others provided in the OCA’s memorandum to the RPB dated September 20, 2024, the OCA was in support of the Application.

No members of the public were present at the public hearing.

The following exhibits were entered into the record for the Application:

Exhibit A - RWA’s Application dated July 29, 2024.

Exhibit B - Notice of Public Hearing published on August 24, 2024 in the *Connecticut Post* and the *New Haven Register*

Exhibit C - OCA’s First Set of Interrogatories dated August 28, 2024.

Exhibit D - RWA's Response to OCA's First Set of Interrogatories dated September 20, 2024.

Exhibit E - OCA's Memorandum dated September 20, 2024, recommending approval of the Application.

Exhibit F – Application presentation from the September 26, 2024 public hearing.

These exhibits are more completely listed in Exhibit B. The RWA's Application, responses to interrogatories, sworn testimony provided by the representative of the RWA at the public hearing, and the presentation handout comprise the "Application."

F. Analysis

The RWA continues to face significant financial challenges: a declining trend in draft of approximately 1.0% annually since 1999, and the RWA has worked continuously over the past 15 years to implement efficiencies in both capital and operating expenditures. In addition, the RPB recognizes that the Application: (1) incorporates the lower interest expense associated with the May 2024 refinancing reducing debt service by approximately \$76,000 in the maximum debt year in this Application; (2) incorporates the use of approximately \$50.7 million of internally generated funds, lowering the debt service by approximately \$3.2 million, and (3) includes both CT DWSRF and Congressional Directed Spending grants and projected grants, and other savings resulting in lower debt service of approximately \$282,000, for a total debt service savings of approximately \$3.6 million. The Application continues the 114% coverage requirement and includes a \$1.75 million increase in depreciation expense to continue to improve internal generation of funds that are necessary to sustain reserves, fund a portion of the capital program, and reduce debt leverage as developed in collaboration with the Authority, the RPB, and management to strengthen the RWA and help fund its capital program. Through the internal generation of funds, about 55% of the capital program in this Application is funded without having to issue debt, thereby helping to reduce leverage.

At the same time, the RPB is mindful of the impact the proposed rate increase will have on RWA customers who are experiencing financial hardship, increased taxes, and other economic pressures.

After considering all the evidence presented, the RPB agrees that the requested increase is required if the RWA is to issue the additional bonds necessary to fund its capital improvement program. The issuance test of the General Bond Resolution requires the Applicant to demonstrate that it will have sufficient net revenue after operating expenses to pay the projected debt service on any bonds outstanding in the current year and in any future year, as well as on its bonds currently proposed. The revenue requirement was calculated using the most historically conservative income projection the RWA is authorized to utilize. Additional detail concerning the Application of this financial test to the Applicant's current and future financial circumstances is set forth in the Application. The RPB recognizes the rate increase will provide the RWA with the funds necessary to maintain its capital improvement program, reduce debt leverage, and continue essential maintenance programs to provide the level of service from January 2025 through June 2026.

Applying the issuance test to the facts before the RPB, and mindful of its statutory charge to maintain the fiscal soundness of the RWA, and to ensure a safe and effective public water supply system, we conclude that the proposed Application should be approved. Separately stated findings of fact and conclusions of law are attached hereto as Exhibit A.





8. The cost allocation and rate design incorporated in this Application is based on a study performed by Raftelis Financial Consultants, Inc. in July 2021. The purpose of this study was to evaluate the cost of operations and physical characteristics of the system and customers' demand for water. There are no rate design changes being proposed in this Application. The rate design continues to reflect a volumetric charge on a per ccf (100 cubic feet) basis applicable to each meter size; the service charge also varies by meter size.
10. The Application for a rate increase is in conjunction with the RWA's issuance of its Water System Revenue Bonds (the "Bonds"). As such, this Application is an "Issuance Test Rate Application," defined in the RPB Rules of Practice as a rate application "where all or a portion of the rate increase is based upon revenues needed to cover for debt service of a new bond issue, Connecticut Drinking Water State Revolving Fund ("CT DWSRF") and Water Infrastructure Finance and Innovation Act ("WIFIA") loans for capital expenditures. The Application also includes long-term financing associated with a July 2024 acquisition.
11. The issuance test requires that the RWA's historical revenues plus any necessary increase are sufficient to cover pro forma revenue requirements, including 114% of costs associated with debt service, including principal and interest payments on the Bonds, DWSRF project loan obligations, and WIFIA, as applicable.
12. In the Application, the RWA uses January 2025 through December 2025 to compute pro forma expenses.
13. In the Application, the RWA chose a 12-month period from November 2023 through October 2024 (the "historic period"), which had \$130,301,000 in net water sales collections, \$9,592,000 in non-water sales, \$5,026,000 in interest income, and \$680,000 in Build America Bonds subsidy, for a total of \$145,599,000 in estimated collections. The total of the water and non-water revenues for the historical period is \$139,893,000. The Applicant selected the historic period representing the lowest cash collections (at the time of the Application) in the 18 months preceding the issuance of the bonds and demonstrates a lower historical revenue than if the RWA selected a 12-month period with higher cash collections.
14. The RWA's total projected revenue requirements for the pro forma year are \$142,418,000 as set forth below:

- (a) The RWA projects \$73,295,000 as the total operating and maintenance expense for the pro forma year as more particularly described in the Issuance Test tab of the Application.
  - (b) The RWA projects \$9,523,000 as the total Payment in Lieu of Taxes (“PILOT”) expense for the pro forma year as set forth in the Issuance Test tab of the Application. The estimated PILOT expense is based upon estimated Grand Lists and mill rates as of October 1, 2023 and estimates associated with the Grand List and mill rates as of October 1, 2024.
  - (c) The RWA used \$54,323,000 in pro forma expenses related to debt service on its bonds and DWSRF project loan obligations outstanding. This total is based on the total of \$47,652,000 in maximum aggregate debt service in fiscal year 2029, multiplied by the 114% coverage requirement under the issuance test.
  - (d) The RWA used \$3,040,000 in pro forma expense related to principal and interest payments on the proposed bonds and project loan obligations. This total is based on the total of \$2,667,000 in payments on the Bonds in 2029, multiplied by the 114% coverage requirement under the issuance test. These debt service amounts are estimated, assuming a yield (cost) of 4.75% and a principal amount approximately \$21.5 million, excluding approximately \$1.6 million premium. This Application also includes approximately \$20.4 million of financing through CT DWSRF and WIFIA.
  - (e) The RWA used \$10,750,000 related to depreciation in compliance with the General Bond Resolution.
15. The RWA reduced its \$150,931,000 in revenues by \$680,000 to reflect the Build America Bonds subsidy in the 12-month historical period and \$5,026,000 to reflect the interest income in the 12-month historical period for a total minimum amount of \$145,225,000 to be raised from water and non-water revenues in the pro forma year under the issuance test.
16. The difference between the minimum amount to be raised from water and non-water revenues (\$145,225,000) and the historical period total for water and non-water revenues (\$139,893,000) is \$5,332,000, which represents the minimum additional revenue requirement needed under the issuance test for the pro forma year.
17. The issuance test in the Application does not include an allocation from the Rate Stabilization Fund.

18. The RWA was able to begin replenishing the Rate Stabilization Fund in fiscal years 2011, 2012 and 2013, bringing the balance to the established target of \$10 million.
19. The Application reflects a capital improvement program of an annual average of approximately \$61 million.
20. This Application incorporates the lower interest expense associated with the May 2024 refinancing reducing debt service by approximately \$76,000 in the maximum debt year. Prior refinancing also favorably impacts this Application.
21. This Application also incorporates the use of approximately \$50.7 million of internally generated funds. This lowers debt service by approximately \$3.2 million.
22. Savings include CT DWSRF and Congressional Directed Spending grants and projected grants, and other savings resulting in lower debt service of approximately \$282,000.
23. The Application includes a \$1.750 million increase in depreciation expense to further improve internal generation of funds, provide a portion of the capital program, and reduce debt leverage.
24. In this Application, the Authority proposes to issue approximately \$23.1 million of the new RWA water system bonds to fund its program of capital improvements for approximately eighteen months, from January 2025 to June 2026. The new debt issue also includes the long-term financing associates with the July acquisition. The RWA is also proposing to finance approximately \$20.4 million through the CT DWSRF and WIFIA to take advantage of favorable interest rates on the debt financing as well as grant funding availability.
25. OCA's memorandum dated September 20, 2024, provided its opinion that the Applicant acted reasonably in the selection of the historic period and projection of the revenue needs of the RWA. The OCA recognizes the Application as a necessary tool for the successful execution of the RWA's long-term plan and recommended approval of the Application.
26. The water and related charges established by the RWA are just and equitable rates and charges, which together with other available funds, will provide the RWA with funds in amounts sufficient for the purposes set forth in Section 14 of the RWA's enabling legislation, but not in excess of such amounts.
27. The RWA continues to face significant financial challenges: a declining trend in draft of approximately 1.0% annually since 1999, the RWA has worked continuously over the past 15

years to implement efficiencies in both capital and operating expenditures. This Application includes the following efficiencies achieved subsequent to the January 2023 rate application: (1) incorporates the lower interest expense associated with the May 2024 refinancing reducing debt service by approximately \$76,000 in the maximum debt year in the Application and prior refinancing also favorably affects the Application; (2) financing requirement in the Application incorporates the use of approximately \$50.7 million of internally generated funds. This lowers debt service by approximately \$3.2 million; and (3) savings also includes both CT DWSRF and Congressional Directed Spending grants and projected grants, and other savings resulting in lower debt service of approximately \$282,000. Together these actions result in debt service savings of approximately \$3.6 million, which benefits customers through a lower increase in water rates.

28. About 55% of the capital program in the Application is funded without having to issue debt, thereby helping to reduce leverage.
29. RWA has taken steps to implement efficiencies in both capital and operating expenditures to mitigate rate increases and continues to pursue expanding commercial revenue sources and pursue alternative financing and grants.

### **Conclusions of Law**

1. The RWA's Application for an increase in its water rates and charges was filed pursuant to the statutory authority set forth in Section 14 of RWA's enabling legislation.
2. Notice of the public hearing to consider the Application for an increase in water rates and charges and to allow interested persons, including water users and property owners within the district, to be heard was properly made pursuant to Section 10 of the RWA's enabling legislation.
3. Based upon the above Findings of Fact, the RPB concludes that the RWA's proposed Application meets all requirements for approval, including the requirements of the issuance test and applicable law.

Exhibit B

**South Central Connecticut Regional Water District  
Representative Policy Board**

**2025 Rate Application**

**Exhibits**

<b>Exhibit Number/Letter</b>	<b>Exhibit Name</b>
A	2025 Rate Application submitted to RPB on July 29, 2024 (“Application”).
B	Notice of Public Hearing published on August 24, 2024 in the CT Post and the New Haven Register.
C	OCA’s First Set of Interrogatories dated August 28, 2024.
D	Management’s responses dated September 20, 2024 to OCA’s First Set of Interrogatories dated August 28, 2024.
E	OCA Memorandum dated September 20, 2024 recommending approval of the Application.
F	Application Presentation – September 26, 2024

**REPRESENTATIVE POLICY BOARD**  
OF THE  
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

OCTOBER 24, 2024

PROPOSED RESOLUTION

*(Approval of Authority's 2025 Rate Application dated July 29, 2024)*

**RESOLVED**, that the proposed Findings of Fact, Conclusions of Law and Final Decision of the Representative Policy Board, with respect to the South Central Connecticut Regional Water Authority's Application for the 2025 Rate Application, dated July 29, 2024, which copy is attached hereto, be and hereby is, approved in the form submitted to the meeting.



Q3 2024

Month	July														August							September										
	9	10	10	16	17	18	19	22	22	23	25	25	29	31	12	14	19	20	22	22	27	27	28	5	9	11	12	16	24	26	26	30
T. P. CLIFFORD III						X	X	X			XX		X		X	X				XX	X	X	X		XX	X		X			XX	X
P. BETKOSKI			X								XX				X					XX		X			XX		X				XX	
B. EITZER			X								XX				X					XX	X	X	X								XX	X
VACANT																																
T. SLOCUM					X						XX		X		X		X		X	XX	X	X			XX	X					XX	
F. PEPE																																
M. VERDERAME	X										XX		X		X											X				XX		
C. HAVRDA	X		X					X			XX	X	X		X		X			XX	X	X			XX	X	X		X		XX	
S. A. MONGILLO					X			X			XX						X			XX	X	X			XX			X		XX		
JAMIE MOWAT YOUNG	X				X			X			XX		X		X	X	X			XX	X	X	X		XX	X	X	X		XX	X	
J. A. OSLANDER			X								XX				X					XX					XX		X			XX		
R. SMITH																	X			XX					XX			X				
N. CAMPBELL								X		X	XX				X		X			XX	X				XX	X		X		X	XX	
PETER DESANTIS			X								XX				X					XX		X			XX					XX		
A. P. RESCIGNO							X		X		XX																					
J. J. JASER	X										XX		X		X					XX	X	X			XX	X		X		XX	X	
R. HARVEY	X	X	X		X			X	X		XX		X		X	X	X			XX	X	X			XX	X		X	X	XX		
M. HORBAL			X								XX				X					XX					XX					XX		
T. G. MALLOY			X	X											X					XX	X	X			XX		X			XX		
M. LEVINE			X		X			X			XX		X		X	X	X			XX	X	X	X		XX		X	X	X	XX	X	
V. M. MARINO	X				X						XX				X					XX	X	X			XX	X				XX		
JAMES X. DICARLO																				XX					XX					XX		

Key: F=Finance, C=Consumer, E=Executive, L=Land Use, R=RPB, A=Ad Hoc, N=Nominating, RW=Authority, T=Town

