

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

AGENDA

Regular Meeting of Thursday, October 21, 2021 at 6:30 p.m.

Via Remote Access**

- I Safety Moment
- II Approval of Minutes – September 23, 2021 special meeting
- III Communications
 - A. Ten-Year Model Presentation dates – All RPB members are invited to attend:
 - a. November 8, 2021 at 5:00 p.m. – Finance Committee
 - b. November 15, 2021 at 5:30 p.m. – Consumer Affairs Committee
 - B. RPB Quarterly Dashboard Report
 - C. 2022 RPB Annual Meeting Dates Discussion
- IV Items for Consideration and Action
 - A. Nominating Committee’s recommendation regarding the appointment of Authority member for the term beginning December 3, 2021
 - B. Final Decision: Authority’s 2021 Rate Application
 - C. Third Quarter 2021 Representative Policy Board Compensation
- V Reports
 - A. Finance Committee
 - B. Land Use Committee
 - C. Consumer Affairs Committee
 - D. Nominating Committee
 - E. Authority/Management
- VI Adjourn

<p>**Members of the public may attend the meeting via conference call. For information on attending the meeting and to view meeting documents, please visit https://www.rwater.com/about-us/our-boards/board-meetings-minutes?year=2021&category=1435&meettype=&page=. For questions, contact the board office at 203-401-2515.</p>

Topic: RPB Regular Meeting

Time: Oct 21, 2021 06:30 PM Eastern Time (US and Canada)

Join Zoom Meeting (*via conference call*)

Dial by your location

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Meeting ID: 890 9777 4115

Passcode: 197974

For more information contact the board office at 203-401-2515 or by email at jslubowski@rwater.com.

SAFETY MOMENT

WHAT IS DEFORESTATION AND WHY DO I CARE?

Deforestation is the activity of clearing the forest cover or trees without replacements. This leads to the destruction of the quality of land, weather and climate.

Why Do I Care?

There are numerous species that depend on the forest habitats for survival, breeding and development. Approximately 80% of the world's species live in tropical rainforests; and

Deforestation leads to the change in climate, which leads to an altered weather pattern and result in extreme heat or too much rainfall. Such changes in weather patterns contribute to the plummeting of the agricultural production; and

Deforestation also lowers the quality of living conditions and leads to the emergence of various problems that may lead to death; and

Lastly, trees play a critical role in facilitating the continuity of the water cycle which aids to maintain a balance between the water in the atmosphere and the water on land.

TapInto
Safety



Regional Water Authority



Service – Teamwork – Accountability – Respect – Safety

 Regional Water Authority

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

Minutes of September 23, 2021 Meeting

A special meeting of the Representative Policy Board (“RPB”), of the South Central Connecticut Regional Water District, took place on Thursday, September 23, 2021, via remote access. Chair Ricozzi presided.

PRESENT

RPB

Ansonia	Thomas P. Clifford III
Beacon Falls	Peter Betkoski
Bethany	Brian Eitzer
Branford	Mario Ricozzi
Cheshire	Timothy Slocum
East Haven	Michelle Verderame
Guilford	Charles Havrda
Hamden	Stephen Mongillo
Killingworth	Jamie Mowat Young
Madison	Joseph A. Oslander
Milford	Richard Smith
New Haven	Naomi Campbell
North Branford	Peter DeSantis
North Haven	Anthony Rescigno
Orange	Jasper J. Jaser
Prospect	Robert E. Harvey, Jr.
West Haven	T. Gregory Malloy
Woodbridge	Mark Levine
Governor’s Rep	Vincent M. Marino

Absent

Derby	Frank Pepe
Seymour	Michael H. Horbal

Regional Water Authority

Anthony DiSalvo
David Borowy
Kevin Curseaden
Suzanne Sack

Management

Larry L. Bingaman
Rochelle Kowalski
Edward O. Norris III
Jeanine Reckdenwald
Premjith Lakshman Singh
Debra Bradley
Rita DelVasto
Michael Gianni
Robert Olejarczyk

Office of Consumer Affairs

Jeffrey M. Donofrio

Staff

Jennifer Slubowski

Call to Order

Chair Ricozzi called the meeting to order at 6:30 p.m.

Safety Moment

Chair Ricozzi reviewed the Safety Moment distributed to members.

Minutes

On motion made by Mr. Malloy, seconded by Ms. Young, the RPB approved the minutes of its August 19, 2021 meeting as distributed, with 88 total weighted votes cast in the affirmative.

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

East Haven (6) Aye

No. Branford (8) Aye

Gov. Rep. (1) Aye

Communications

Chair Riconzi:

- Stated that members should have received the updated Criteria from the Nominating Committee for Authority member. Mr. Havrda, Chair of the Nominating Committee, will discuss the Criteria during the committee updates.
- Reported that there have been no changes to RPB reappointments for 2021.

There were no items for consideration and action.

Reports

Finance Committee – Mr. Slocum, Chair of the Finance Committee, reported that the Committee met earlier in the month to receive an update from management on the Lead & Copper Rule and its impacts on the RWA. The next meeting is scheduled for October 4, 2021.

Land Use Committee – Mr. Betkoski, Chair of the Land Use Committee, reported that the Committee met earlier in the month at Lake Chamberlain in Bethany. The committee met with management to receive an update on new fishing trails. The next meeting will take place at Lake Saltonstall on Wednesday, October 13, 2021 at 4:30 pm and will include a pizza dinner. All RPB members are invited to attend.

Consumer Affairs Committee – Mr. Mongillo, Chair of the Consumer Affairs Committee, reported on the Committee meeting earlier in the week. The committee met with management to receive an update on the Lead & Copper Rule. The OCA reported no active consumer issues. He has been reviewing the rate increase proposal for the preparation of his memorandum, which was distributed to the RPB.

At 6:40 p.m., Mr. Rescigno entered the meeting.

Nominating Committee – Charles Havrda, Chair of the Nominating Committee, reported that the Committee met on August 31st and met with Mr. DiSalvo, Vice Chair of the Authority, and Mr. Bingaman, President & CEO of the South Central Connecticut Regional Water Authority, to discuss responsibilities of Authority members and status of the incumbent.

The Committee also made two additions to the Criteria to address requirements related to communication and knowledge of technical and engineering processes. The Criteria was distributed to RPB members for comment. The deadline for RPB members to respond is Friday, September 24, 2021. The Committee will meet in early October to finalize the Criteria and make a recommendation to the RPB at its October meeting.

Executive Committee – Chair Riconzi, Chair of the Executive Committee, reported on the Committee meeting earlier in the week. The committee met with management, in executive session, to receive a business strategy update. The committee also discussed future trends for in-person meetings and long reaching agenda items.

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

Mr. DiSalvo, Acting Chair of the Audit-Risk Committee, reported on the Committee meeting earlier in the day. The committee met with representatives from CliftonLarsonAllen to receive a cyber audit vulnerability assessment and to receive a presentation of the Authority's FY 21 Audit results.

Mr. Curseaden, Chair of the Commercial Business Committee, reported on the meeting earlier in the day. The Committee adopted a revised charter that will be distributed to RPB member's tomorrow. The committee also met with management, in executive session, to receive a commercial business update.

Mr. Borowy also reported that the Authority reviewed special topics for FY 2022 and FY 2023.

Ms. Reckdenwald provided on update on the status of COVID at the RWA, which included:

- Status of COVID cases at the RWA
- Vaccination rate
- Mask mandate
- Mid-day cleanings and weekend Clorox 360 treatments
- Status of actions for past due accounts

Mr. Bingaman reviewed revenues and operating and maintenance expenses through August 31, 2021. He reported maintenance test coverage of 114%, with no shortfall. He reported that the projection also takes into account the conversion of quarterly billing to monthly billing. Mr. Bingaman noted that there is still uncertainty regarding the short and long-term impacts of the pandemic, including on employment levels and customers' ability to pay.

He also reported that as of September 22, 2021 raw storage levels are at 90%, compared to the long-term average and last year's levels of 71%.

At 6:59 p.m., the meeting adjourned.

Respectfully submitted,

Robert E. Harvey, Jr., Secretary

Representative Policy Board
Dashboard - 1Q FY22

Metrics	Quarter ended 8/31/20 (1Q FY 2021)	Quarter ended 5/31/21 (4Q FY 2021)	Quarter ended 8/31/21 (1Q FY 2022)
Customer/Stakeholders			
Combined Customer Satisfaction & Reputation (Note 1)	Target: 96% +/-2%	Target: 96% +/-2%	Target: 96% +/-2%
	Results: 93.1%*	Results: 93.1%*	Results: 93.1%*
	*Period ending March 2020, most recent available	*Period ending March 2020, most recent available	*Period ending March 2020, most recent available
Underlying Credit Rating	S&P rating AA-, affirmed 10/2019	S&P rating AA-, affirmed 10/2019	S&P rating AA-, affirmed 10/2019
	Moody's rating Aa3, affirmed 10/2019	Moody's rating Aa3, affirmed 10/2019	Moody's rating Aa3, affirmed 10/2019
Water Rates	Update to be provided with the next Official Statement	Update to be provided with the next Official Statement	Update to be provided with the next Official Statement
Financial Metrics (Note 2)			
Accrued Metered Water Revenues to Budget (000 omitted)	Budget: \$28.174 million	Budget: \$102.878 million	Budget: \$28.384 million
		Budget Org: \$104.712 million	
	Result: \$30.429 million	Result: \$108.012 million	Result: \$30.324 million
Other Net Revenues to Budget	Budget: \$1.376 million	Budget: \$5.734 million	Budget: \$1.409 million
	Result: \$1.555 million	Result: \$5.667 million	Result: \$1.470 million
O&M Expenditures to Budget (Note 2)	Budget: \$13.915 million	Budget: \$56.200 million	Budget: \$14.750 million
	Result: \$12.772 million	Result: \$55.054 million	Result: \$13.335 million
Capital Expenditures to Budget (Note 3)	Budget: \$4.683 million	Budget: \$19.281 million	Budget: \$4.749 million
	Result: \$3.355 million	Result: \$18.550 million	Result: \$3.986 million
Cash Collections (Water and Fire Service)	Budget: \$22.60 million	Budget: \$101.381 million	Budget: \$30.247 million
	Result: \$31.76 million	Result: \$117.333 million	Result: \$32.896 million
Coverage	Budget: 1.14 w/draw	Budget: 1.14 w/draw	Budget: 1.14 w/draw
	Projected: 1.14 w/draw	Projected: 1.28 w/o draw	Projected: 1.14 w/o draw
Draw Requirement	Budget: \$12.045 million	Budget: \$12.045 million	Budget: \$922 thousand
	Projected: \$4.961 million	Projected: \$0 million	Projected: \$0 million
System Metrics			
Average Daily Production (Draft) to Budget (MG/D)/Prior Year (Note 4)	Prior Year: 51.816 MGD	Prior Year: 42.504 MGD	Prior Year: 56.883 MGD
	Result: 56.883 MGD	Result: 45.209 MGD	Result: 53.416 MGD
Disinfection By-products	Target: 90%	Target: 90%	Target: 90%
	Result: 100%*	Result: 100%*	Result: 100%*
	* As of June 30, 2020, updated	* As of Mar. 31, 2021, updated	* As of June 30, 2021, updated
	quarterly based on calendar year	quarterly based on calendar year	quarterly based on calendar year
Net Unaccounted For Water (annualized)	Target: 10.0%	Target: 10.0%	Target: 10.0%
	Result: 10.35% for the annualized	Result: 11.88% for the annualized	Result: 11.64% for the annualized
	period of June 2019 to May 2020	period of April 2020 to March 2021	period of June 2020 to May 2021
Reservoir Levels (% full)	75% vs. 74% LTA	97% vs. 93% LTA	92% vs. 74% LTA

Notes:

Note 1: Metric is Northeast Average for Customer Billing & Payment

Note 2: Excludes impact of governmental accounting standards for pension and opeb and may include expenses from non-revenue fund sources

Note 3: Excludes State and Redevelopment and contingency. FY 2021 and FY 2022 also excludes capital funded by Growth Fund

Note 4: FY 2021 and FY 2022 is vs. prior year

REPRESENTATIVE POLICY BOARD
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
OCTOBER 21, 2021

PROPOSED RESOLUTION

(Nominating Committee's recommendation of RWA Member for the term beginning December 31, 2021)

RESOLVED, that David J. Borowy, be, and hereby is, reappointed as a member of the South Central Connecticut Regional Water Authority, effective December 31, 2021, with his term to extend until December 31, 2026 and until his successor is appointed and has qualified.

Representative Policy Board
South Central Connecticut Regional Water District

Application for Rate Increase :

October 21, 2021

Final Decision of the Representative Policy Board

A. The Applicant's Request

On July 19, 2021, 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 \$7.911 million in annual revenues over base period revenues (the "Application"). This is an increase of 6.5% 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 average residential customer would be an increase of approximately \$10.85 per quarter, \$3.62 per month, or .12 cents per day, or approximately 6.3%. 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 and interest on outstanding bonds, to meet the requirements of any bond resolution, to make payments in lieu of taxes (“PILOT”) to constituent municipalities, to provide for the maintenance and recreational use of RWA land, and to pay all other reasonable and necessary expenses of the RWA. 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 149 of Public Act No. 21-2, effective July 1, 2021, the RPB was permitted to hold the hearing on the application by remote access and various procedural requirements were met. On August 19, 2021, the RPB voted unanimously to accept the application as complete and called a public hearing for Thursday, September 23, 2021 at 7:00 p.m. The RPB designated Richard Smith (Milford) 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 rate Application. The notice was published on August 21, 2021. 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 witness: Rochelle Kowalski, RWA’s Vice President of Financial Reporting and Analysis. This witness 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 \$45 million dollars, during the eighteen-month period covered by the rate application, will be dedicated to the capital program and is consistent with the presented fiscal 2022 to fiscal 2026 five-year capital plan. The capital spending

also incorporates the 3Rs: Risk, Resiliency, and Redundancy, as presented with the ten-year model and for the fiscal year 2022 budget. A few of the larger projects requiring funding during the eighteen-month period covered by the rate application included improvements to the Lake Whitney Dam & Spillway Improvements, the West River Water Treatment Plant Improvements (Dissolved Air Flotation, Chemical, and Electric) project, and the Spring Street Pump Station. In FY 2020, the capital program was purposely reduced to conserve funds due to COVID-19 and the decision to delay the rate application filing that had been planned for July 2020, with a January 2021 effective date, if approved. The Applicant also provided an overview of the Application, actions to mitigate the rate increase, discussion of revenues and operating and maintenance expenses (O&M), and review of the issuance test.

There were no questions from RPB members.

The OCA provided a statement that supported the RWA's Application, as noted in his memorandum to the RPB dated September 16, 2021.

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 19, 2021.

Exhibit B - OCA's First Set of Interrogatories dated August 9, 2021.

Exhibit C - RWA's Response to OCA's First Set of Interrogatories dated August 19, 2021.

Exhibit D - OCA's Memorandum dated September 16, 2021, recommending approval of the Application.

Exhibit E – Application presentation from September 23, 2021 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 are collectively hereinafter referred to in this document and in the Findings of Fact as the "Application."

F. Analysis

The RWA continues to face significant financial challenges: a declining trend in draft of approximately 1.0% annually since 1999, more efficient appliances and fixtures, aggressive outdoor water conservation, economic conditions, seasonal weather variations, climate change that can influence both quantity of water supply and customer usage, fewer people per household, national standards and codes for water-using fixtures and appliances, commercial and industrial process efficiencies and technologies, changing culture and attitudes, and environmental concerns based in part on perception of scarcity of water supplies. The RPB recognizes that RWA has: (1) taken significant steps to implement efficiencies in both capital and operating expenditures to mitigate rate increases and continues to pursue expanding commercial revenue sources; (2) continued the 114% coverage requirement to strengthen its financial position; and (3) included an additional \$1 million increase in depreciation expense.

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 of 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 and continue essential maintenance programs to provide a high level of service.

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.

Exhibit A

Representative Policy Board

South Central Connecticut Regional Water District

Application for Rate Increase :

October 21, 2021

Findings of Fact

1. The RWA's Application, received July 19, 2021, for an increase in its water rates and charges was filed pursuant to the statutory authority set forth in Section 14.
2. The RPB Finance Committee held a meeting on August 9, 2021 to review the Application and recommended the Application to the RPB as complete.
3. At the RPB's regular meeting held August 19, 2021, the members voted unanimously to accept the Finance Committee's recommendation and a public hearing was called for on Thursday, September 23, 2021, via remote access. The RPB designated Richard Smith (Milford) to serve as Presiding Member of the hearing.
4. Notice of the public hearing to consider the Application and to allow interested persons, including water users and property owners within the district to be heard, was properly made pursuant to Sections 10 and 14 of the District's enabling legislation, which is Connecticut's Special Act No. 77-98, as amended. Notice of public hearing was published in the New Haven Register and the Connecticut Post on August 21, 2021.
5. A public hearing was held on Thursday, September 23, 2021 at 7:00 p.m., via remote access, in accordance with Section 10 of the RWA's enabling legislation.
6. The Application sought to increase water rates and charges sufficient to generate an additional \$7.911 million, or 6.5%, in revenues over the historic twelve-month period.
7. Pursuant to the Application, the water bill of the RWA's average residential customer will increase approximately \$10.85 per quarter, \$3.62 per month, or .12 cents per day, or approximately 6.3%.
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. Rates were then designed, which could generate revenues from each class of customer in accordance with the estimated cost of serving each class of customer.

9. The capital spending incorporates the 3Rs: Risk, Resiliency, and Redundancy, and the approach to capital planning presented with the October 2020 ten-year model.
10. This 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 any rate increase is based upon revenues needed for debt service of a new bond issuance for capital expenditures."
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, and including principal and interest payments on the Bonds.
12. In the Application, the RWA uses January 2022 through December 2022 to compute pro forma expenses.
13. In the Application, the RWA chose a twelve-month period from December 2020 through November 2021 (the "historic period"), which had \$115,478,000 in net water sales collections, \$6,564,000 in non-water sales, \$149,000 in interest income, and \$992,000 in Build America Bonds subsidy, for a total of \$123,183,000 in estimated collections. The total of the water and non-water revenues for the historical period is \$122,042,000. The Applicant selected the historic period representing the lowest cash collections in the eighteen months preceding the issuance of the bonds and demonstrates a lower historical revenue than if the RWA selected a twelve-month period with higher cash collections.
14. The RWA's total projected revenue requirements for the pro forma year are \$131,094,000 as set forth below:
 - (a) The RWA projects \$61,672,000 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 \$9,148,000 as the total 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, 2020 and estimates associated with the Grand List and mill rates as of October 1, 2021.

- (c) The RWA used \$50,224,000 in pro forma expenses related to debt service on its bonds outstanding. This total is based on the total of \$44,056,000 in maximum aggregate debt service in fiscal year 2029, multiplied by the 114% coverage requirement under the issuance test.
 - (d) The RWA used \$2,551,000 in pro forma expense related to principal and interest payments on the proposed and refinanced Bonds. This total is based on the total of \$2,238,000 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 3.75% and an amount approximately \$43.8 million, excluding approximately \$6.9 million premium for RWA bonds, and 2.25%, or approximately \$3.5 million loan financing, through the Connecticut Drinking Water State Revolving Fund.
 - (e) The RWA used \$7,500,000 related to depreciation in conformity with the requirements of the General Bond Resolution.
- 15. The RWA reduced its \$131,094,000 revenue requirement by \$992,000 to reflect the Build America Bonds subsidy received in the twelve-month historical period and \$149,000 to reflect the interest income received in the twelve-month historical period for a total minimum amount of \$129,953,000 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 (\$129,953,000) and the historical period total for water and non-water revenues (\$122,042,000) is \$7,911,000, which represents the minimum additional revenue requirement needed under the issuance test for the pro forma year.
 - 17. As a result of a business decision made by the Applicant after the assessment of multiple factors described in its Application, 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 \$45 million and this level of spending is consistent with the 2017 GHD Capital Expenditure Forecast Audit.
20. This Application incorporates the lower interest expense associated with the July 2019 and February 2020 refinancing, reducing debt service by approximately \$990,000 in the maximum debt year. Prior refinancing also favorably impacts this Application.
21. This Application also incorporates the use of approximately \$20.1 million of internally generated funds. This lowers debt service by approximately \$1.1 million. In addition, internally generated funds are funding the first seven months of the fiscal 2022 capital program.
22. Savings include CT DWSRF and open space grants, projected DWSRF grants, and other savings resulting in lower debt service of approximately \$89,000.
23. The Application incorporates approximately \$28,000 in PILOT savings.
24. According to the Applicant, the Application includes a \$1 million increase in depreciation expense to further improve internal generation of funds necessary to replenish reserves, fund a portion of the capital program, and reduce debt leverage.
25. The Applicant expects to use the proceeds from the sale of the new Bonds for its capital program for approximately eighteen months, from January 2022 through June 2023. The RWA is also proposing to finance approximately \$3.5 million through the CT DWSRF to take advantage of the more favorable interest rates.
26. OCA's memorandum addressed to the RPB, dated September 16, 2021, 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.
27. 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.

28. The RWA continues to face significant financial challenges: a declining trend in draft of approximately 1.0% annually since 1999, more efficient appliances and fixtures, aggressive outdoor water conservation, economic conditions, seasonal weather variations, climate change that can influence both quantity of water supply and customer usage, fewer people per household, national standards and codes for water-using fixtures and appliances, commercial and industrial process efficiencies and technologies, changing culture and attitudes, and environmental concerns based in part on perception of scarcity of water supplies.
29. RWA has implemented a 114% coverage requirement, with RPB's concurrence, to strengthen its financial position. There is no change in coverage in this rate Application.
30. 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.

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

Exhibit Number/Letter	Exhibit Name
A	RWA's Application dated July 19, 2021.
B	OCA's First Set of Interrogatories dated August 9, 2021.
C	RWA's Response to OCA's First Set of Interrogatories dated August 19, 2021.
D	OCA's Memorandum dated September 16, 2021, recommending approval of the Application.
E	Application presentation from September 23, 2021 public hearing.

REPRESENTATIVE POLICY BOARD - QUARTERLY COMPENSATION - 2021									
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