

Representative Policy Board
South Central Connecticut Regional Water District
Via Remote Access**

AGENDA

Regular Meeting of Thursday, November 18, 2021 at 6:30 p.m.

- I Safety Moment
- II Approval of Minutes – October 21, 2021 meeting
- III Communications
 - A. Regional Water Authority Ethics and Gift/Profit Disclosure Report for the Period ending November 30, 2021
- IV Items for Consideration and Action
 - A. 2022 Calendar Year RPB Regular Meeting Dates
- V Reports
 - A. Finance Committee
 - B. Land Use Committee
 - C. Consumer Affairs Committee
 - D. Authority/Management
- VI Adjourn

**Members of the public may attend the meeting via remote access. 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.

Topic: RPB Regular Meeting

Time: Nov 18, 2021 06:30 PM Eastern Time (US and Canada)

Join Meeting (*via conference call*)

Dial by your location

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Meeting ID: 839 2370 2567

Passcode: 906728

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

SAFETY MOMENT

YOUR CARBON FOOTPRINT AND HOW TO REDUCE IT

A carbon footprint is the total amount of greenhouse gases (including carbon dioxide and methane) that are generated by our daily activities. Carbon emissions directly affect humans causing respiratory diseases and problems with brain function. The average carbon footprint for a person in the United States is 16 tons, one of the highest in the world.

To reduce your carbon footprint:

- Eat more plant foods and less animal foods
- Use other methods of transportation (public transportation, carpools, etc.)
- Switch to a low-carbon energy provider
- Reduce, reuse, and recycle waste
- Rethink fashion choices
- Choose energy efficient appliances

To find your carbon footprint visit: <https://www3.epa.gov/carbon-footprint-calculator/>

Service – Teamwork – Accountability – Respect – Safety

Tap Into
Safety



Regional Water Authority



 Regional Water Authority

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

Minutes of October 21, 2021 Meeting

The regular meeting of the Representative Policy Board (“RPB”), of the South Central Connecticut Regional Water District, took place on Thursday, October 21, 2021, via remote access. Chairman Ricozzi presided.

PRESENT

RPB

Ansonia	Thomas P. Clifford III
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.
Seymour	Michael H. Horbal
West Haven	T. Gregory Malloy
Woodbridge	Mark Levine
Governor’s Rep	Vincent M. Marino

Absent

Beacon Falls	Peter Betkoski
Derby	Frank Pepe

Regional Water Authority

Anthony DiSalvo
David Borowy
Kevin Curseaden
Catherine LaMarr
Suzanne Sack

Management

Larry L. Bingaman
Rochelle Kowalski
Edward O. Norris III
Jeanine Reckdenwald
Premjith Lakshman Singh

Counsel

Bruce McDermott

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. Harvey, seconded by Mr. Clifford, the RPB approved the minutes of its September 23, 2021 special meeting as distributed, with 99 total weighted votes cast in the affirmative.

Ansonia (3)	Aye	Guilford (4)	Aye	No. Haven (5)	Aye
Beacon Falls (0)	Absent	Hamden (10)	Aye	Orange (3)	Aye
Bethany (5)	Aye	Killingworth (2)	Aye	Prospect (1)	Aye
Branford (6)	Aye	Madison (6)	Aye	Seymour (1)	Aye

Cheshire (4)	Aye	Milford (10)	Aye	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)	Aye

Communications

Chair Ricozzi:

- Reported that the RWA has developed its Ten Year Model and will be discussing it with RPB members at the November meetings of the Finance Committee and Consumer Affairs Committee. All RPB members are invited to attend the meetings.
- Noted that the RPB Quarterly Dashboard Report was included in the meeting package; questions should be addressed to the Finance Committee.
- Communicated that management is requesting a change to the RPB's monthly meetings for the 2022 calendar year. He stated that the meetings would be held on the fourth Thursday of each month, instead of the third Thursday, to allow management an additional week to gather financial information to report to the board. The months of November and December 2022 would be exempt from the change to avoid conflicts with the holidays. Chair Ricozzi will work with members to resolve conflicts. Ms. Slubowski will prepare calendar meeting dates for 2022 with both scenarios for the board's approval at its November meeting.
- Stated that 3rd quarter 2021 mileage forms were distributed and should be submitted to the board office.

Mr. Havrda, Chair of the RPB Nominating Committee read the communication recently sent to RPB members regarding the Nominating Committee's recommendation for the appointment of Authority member:

At its meeting on October 5, 2021, the Nominating Committee ("Committee") voted unanimously to recommend David Borowy for reappointment to the board of the South Central Connecticut Regional Water District ("RWA"), commencing on December 31, 2021 and serving until December 31, 2026.

The Committee adopted the selection guidelines, which it submitted for comment to the Representative Policy Board. After careful consideration, the Committee agreed that Mr. Borowy's financial background, leadership, and commitment to the Authority have contributed highly to the RWA.

Mr. Borowy has a substantial financial background and experience in board governance. He has also served as an elected Town Council member in the Town of Cheshire for nine years, as Deputy Mayor, and has served for two years as the Mayor and CEO of Cheshire. He currently serves as the Budget Committee Chair and is involved in various other community activities.

Mr. Borowy has served on the Authority since 2017 and currently serves as Chairman of the Authority and the Strategic Planning Committee. He has also held the following positions while on the board: Chairman of Audit-Risk Committee and Chairman of the Non-Core Revenue Committee (now the Commercial Business Committee)

Mr. Havrda moved for approval of the following resolution:

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.

Mr. Slocum seconded the motion. The Chair called for the vote and the RPB voted to approve the resolution, as presented, with 99 total weighted votes cast in the affirmative.

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

Mr. Slocum stated that Mr. Borowy not only acts as Chair for the Authority, but also serves the Town of Cheshire, as a town council member. He commented that Mr. Borowy is qualified and his demeanor and temperament make him perfect for the position.

RPB members congratulated Mr. Borowy on his reappointment to the Authority.

Mr. Smith moved for adoption of the following resolution:

RESOLVED, that, the proposed Findings of Fact, Conclusions of Law and Final Decision of the Representative Policy Board (“RPB”) with respect to the South Central Connecticut Regional Water Authority’s Application for a Rate Increase (#21-03), dated July 19, 2021, a copy of which is attached to these minutes, be, and hereby is, approved in the form submitted to the meeting; and be it further

RESOLVED, that the RPB of the South Central Connecticut Regional Water District hereby approves the water rates and related charges set forth in the 2021 issuance test rate application (the “2021 Rate Application”), filed by the South Central Connecticut Regional Water Authority (the “Authority”) with the RPB on July 19, 2021; and be it further

RESOLVED, that the water rates and related charges set forth in the 2021 Rate Application and attached hereto shall become effective upon the delivery of all or a portion of the Authority’s Water System Revenue Bonds, a portion of which may be issued as Project Loan Obligations delivered to the State of Connecticut (the “Bonds”). The Bonds are currently expected to be delivered on or about January 5, 2022. The water rates and related charges affected by this resolution will be adjusted at the time of the sale of the Bonds in accordance with the table on page 31 of the 2021 Rate Application to reflect the interest rate on the bonds and resulting debt service; and be it further

RESOLVED, that the water and related charges established by the Authority, and approved herein, are hereby found to be just and equitable rates and charges which, together with other available funds, will provide the Authority with funds in amounts sufficient for the purposes set forth in Section 14 of the Authority’s enabling legislation, Special Act 77-98, as amended, but not in excess of such amounts.

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 RPB hereby approves the issuance of the Authority’s Bonds in an aggregate principal amount not to exceed Fifty-One Million Dollars (\$51,000,000).
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 to finance or refinance the cost of certain capital improvements to the water system of the Authority from approximately January 5, 2022 through June 30, 2023 in accordance with a certain capital improvement plan adopted by the Authority on June 17, 2021, as may be amended from time to time, to provide funds for deposit to the Capital Contingency Fund, Debt Reserve Fund, and Operating Reserve Fund, as necessary pursuant to the General Bond Resolution and as permitted by the Internal Revenue Code of 1986, as amended and to pay costs of issuance.
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. Malloy seconded the motion. The Chair called for the vote and the RPB voted to approved the resolution, as presented, with 99 total weighted votes cast in the affirmative.

Ansonia (3)	Nay	Guilford (4)	Aye	No. Haven (5)	Aye
Beacon Falls (0)	Absent	Hamden (10)	Aye	Orange (3)	Aye
Bethany (5)	Aye	Killingworth (2)	Aye	Prospect (1)	Aye
Branford (6)	Aye	Madison (6)	Aye	Seymour (1)	Aye
Cheshire (4)	Aye	Milford (10)	Aye	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)	Ay

Mr. Jaser thanked Mr. Smith for working with the RWA’s management team to represent the RPB at the public hearing.

On motion made by Mr. Clifford, seconded by Mr. Levine, and unanimously carried, the RPB approved its third quarter 2021 member compensation, substantially in the form submitted to the meeting, with 99 total weighted votes cast in the affirmative.

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

Reports

Finance Committee – Mr. Ricoszi, Acting Chair of the October Finance Committee meeting, reported that the Committee met earlier in the month and received the fiscal 2021 audit and financial report from the RWA’s auditors, the quarterly financial report from management, and reviewed the quarterly dashboard report. The Committee also discussed changes to the 2022 RPB meeting dates. More information can be found in the minutes.

Land Use Committee – Mr. Harvey reported that the Committee met earlier in the month at Lake Saltonstall in Branford. The Committee held its annual pizza dinner and received an update on the recreation program at Lake Saltonstall. He also reported that the committee discussed upgrades to the signage at the lake. The Committee also discussed changes to the 2022 RPB meeting dates.

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 and Gradient Planning to receive a presentation on the RWA’s 2022 Business Continuity Work Plan. Attorney Donofrio, the Office of Consumer Affairs, reported no pending consumer complaints and commented on the opportunity to provide the RWA with a historical perspective on rate increases. The Committee’s November meeting will include a review of the Ten-Year Model, all RPB members are invited to attend.

Nominating Committee – Mr. Havrda, Chair of the Nominating Committee, had nothing further to report.

Authority/Management – Mr. Borowy, Chair of the Authority, thanked members of the RPB for their support and approval of the 2021 Rate Application.

He reported on the Authority Meeting earlier in the day. He stated that the Authority met as the Pension & Benefit Committee.

Ms. Sack, Chair of the Pension & Benefit Committee, reported on the Committee meeting earlier in the day. The committee met with Morgan Stanley to hear the market commentary and to review the performance of the plans. The Committee also held a discussion regarding receiving an annual report on the RWA’s 401K Plan.

Mr. Borowy also reported that at the Authority meeting earlier in the day, the Authority received a presentation of the Ten-Year Model Updated Budget Forecasting. The presentation will be provided to members of the RPB at the November Finance and Consumer Affairs Committee meetings.

Ms. Reckdenwald provided an update on the status of COVID at the RWA and associated planning.

Mr. Bingaman reviewed revenues and operating and maintenance expenses through September 30, 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 noted that the report does not reflect changes associated with the rate application.

He also reported that as of October 18, 2021 raw water storage levels are at 87%, compared to the long-term average and last year's levels of 66%.

Chair Ricozzi acknowledged Attorney Donofrio and Attorney McDermott, who had nothing to report.

In observation of the upcoming Veteran's Day, Chair Ricozzi thanked all the veterans of the RPB, Authority and management.

At 7:25 p.m., the meeting adjourned.

Respectfully submitted,

Charles Havrda, Secretary

Attachment:

Findings of Fact, Conclusions of Law and Final Decision of the Authority's 2021 Rate Application.

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.

RPB

(Third Thursday)

2022 Proposed Meeting Dates

January 20, 2022

February 17, 2022

March 17, 2022

April 28, 2022*

May 19, 2022

June 16, 2022

July 21, 2022

August 18, 2022

September 15, 2022

October 20, 2022

November 17, 2022

December 15, 2022

**moved due to Passover*

RPB

(Fourth Thursday – except Nov. and Dec.)

2022 Proposed Meeting Dates

January 27, 2022

February 24, 2022

March 24, 2022

April 28, 2022

May 26, 2022

June 23, 2022

July 28, 2022

August 25, 2022

September 22, 2022

October 27, 2022

November 17, 2022

December 15, 2022