

# Clean & Wastewater Sale/Lease (Sale) Preliminary Investigation

*(The notes contained below reflect mid 2012 contacts with regulators for the purpose of understanding their role in any potential acquisition or lease of water and sewer assets. These contacts were supplemented again in 2016, with substantially no change in content.)*

## Discovery Information

The following calls were made to organizations to determine their role, if any, that said groups would play in approving or directing the procedures associated with any planned sale or lease (conditional sale) of New Hartford's clean and wastewater assets.

DEEP (George Hicks) – No defined role in sale or lease. DEEP's role would not change if taken from "as is" model to municipal entity. Hick's office would appreciate being kept in the loop, should the option be pursued.

Office of Policy & Management (Patrick O'Brien) – O'Brien did not discern an active role for OPM according to their research of the issue.

CT Attorney General's Office (Michael Wirthheimer) - Wirthheimer heads the DPUC Unit, (now PURA) but has no control over the area in question. Statutory construct of any control issues resides with PURA (Public Utilities Regulatory Authority).

PURA (James Vocolina) - Should New Hartford pursue the lease or sale of its clean and wastewater assets to a regulated utility or private company PURA requires an Application For Sale be filed with them. The CT Department of Health also has a role to play. Vocolina also made these observations:

- There are no PURA regulatory requirements to be satisfied should New Hartford pursue total in-house management & operational control of clean and wastewater operations.
- A purchasing company could make application to treat New Hartford as a "distant operation" of an existing company instead of a separate and distinct company operation. Vocolina's observation: "That may offer some benefits for rate containment".

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- While PURA does not offer a range of value for assets, i.e. a price per customer, they have witnessed purchases at, above and below book value of Assets. In other words.... It's worth whatever someone will pay. An industry consultant has offered a guestimate at \$500 per customer.
- PURA regulates only one private wastewater operation – Heritage Village
- PURA currently has a hearing before them for Aquarian to acquire the regulated assets of United Water. (United has said that this will have no impact on its relationship to provide services to New Hartford.)
- Industry trend: Consolidation has taken Connecticut water companies from (40) to (19) in the past 18 years.

Department of Public Health (Lori Mathieu) – No action is required prior to formal agreement being established between parties to sale/lease. With an Agreement in place, a Takeover Proceeding docket is opened with PURA that triggers Health Department involvement. At that time a review of compliance issues and standing is evaluated.

Lori offered that DPH is planning to introduce an “exhaustive” revision to the regulations at the end of 2012. These will require more compliance criteria, filings and additional training for certified personnel and costs.

Mathieu suggested contacting Colchester for their experiences in owning and managing their public water system and Valley Water who oversees Plainville's system.

USDA (Mary Grasso) – No contact made at this time.