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Subject: CT decoupling model

Chairman Hall,

A couple months ago Acting Public Counsel James Owen suggested we take a look at Connecticut's water decoupling mechanism as a potential model for Missouri. I've attached a copy of the law, passed in 2013, for your reference. The Revenue Adjustment Mechanism is prescriptive, but it includes a consumer safeguard of 50/50 earnings sharing above the ROE (section 3(f) on page 4).

Another interesting aspect of the bill was that it included an expansion of the Water Infrastructure and Conservation Adjustment (their ISRS) to include necessary system improvements to acquired systems, as well as a reasonable acquisition premium (page 7 section 6; page 9 section 8). We thought you might find this approach of interest as a way to encourage the acquisition of and investment in small troubled systems.

We appreciate your time and attention to the challenges facing the water industry, and look forward to continuing our discussion of potential regulatory and legislative reforms.

Best,
Christine

(See attached file: Connecticut SB 807 RSM_2013.pdf)

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