



# City of Ansonia Wastewater System

- Aquarion Offer: \$56 Million (\$41.0M upfront cash payment, \$15.0M additional capital investment during the first 5 years)
- Significant upward pressure on operating expenses
  - Preventative maintenance is not being performed
  - Staffing is the subject of a CT DEEP Notice of Violation
  - Collection system maintenance is subsidized by the general fund (DPW)
  - Market for sludge disposal have increased 50% in the last 5 years
- Immediate capital needs
  - Multiple unit processes have malfunctioning equipment that needs to be repaired asap
  - Redundancy of processes is severely diminished
- CT regulatory model does not support fair market value
  - Noted in the appraisal: *"In addition, the WPCA is based in Connecticut, which has not enacted fair market legislation. Because this limits an acquiring utility's ability to set rates based on costs, it is ScottMadden's opinion that interested parties' bids at the top end of the range for the WPCA will be unlikely"*

# Benefits Under Aquarion Ownership

- Running a utility is costly and risky
  - City needs to raise rates to fund increasing O&M and capital needs
  - Costs rising faster than inflation and hard for government run utilities to gain efficiencies
- Increase staffing at the plant
  - It is difficult for the City to attract and grow a team of qualified operators
  - All existing staff will be retained with equal or better pay/benefits
  - Satisfy CT DEEP Notice of Violation related to staffing
- Investments in system improvements
  - Complete deferred maintenance backlog
  - Proactive repairs to aging collection system
- WPCA fund balance will become a rate stabilization fund (RSF)
  - Utilized over 10 years
  - RSF will mitigate needed rate increases
- Introduce Customer Assistance Programs
  - Low Income Rate Assistance Program – 15% on-bill discount for eligible customers
  - Flexible Payment Plan and voucher program

# Rate Projection<sup>1</sup>

- Ansonia increases rates 38.0% before close, but offset by RSF
- RSF tapers over 10 years-avoid large increases
- NVCOG<sup>3</sup> projected a rate of \$67/month
- Aquarion's history of rate stability:
  - Aquarion: \$45.31/month<sup>4</sup> for drinking water
  - Ansonia (from Regional Water Authority): \$55.58/month<sup>4</sup>
- Average homeowner saves over \$850 during the first 5 years when sales proceeds are considered

## Single Family Bill Estimate

	Est. Monthly Bill	Est. Increase
Today	\$ 41.47	
2025	\$ 41.47	\$ -
2026	\$ 42.72	\$ 1.24
2027	\$ 46.14	\$ 3.42
2028 <sup>2</sup>	\$ 53.06	\$ 6.92
2029	\$ 55.71	\$ 2.65

1- Based on average Ansonia billed water consumption used for calculation of sewer bill—45 kgal/yr

2- Assumes the filing of a General Rate Case with the CT Public Utilities Regulatory Authority

3- The NVCOG regionalization study in 2021 projected a year-1 bill of \$67/month for single family homes in Ansonia using 45 kgal per year of water. This estimate incorporated all anticipated savings from government run regionalization. Gross bill in Y1 under Aquarion projected to be \$57/month.

4-Based on an average annual drinking water use of 60kgal/year