

PARTNER CONTENT

Proposed sale of Aquarion Water sparks debate over rates and local control

by John Henry Smith | Connecticut Public
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Construction on the Easton reservoir on March 6. CREDIT: SHAHRZAD RASEKH / CT MIRROR

A proposed \$2.4 billion sale of Aquarion Water Company to the nonprofit Aquarion Water Authority (AWA) has ignited fierce debate across Connecticut. Supporters of the sale, including the South Central Connecticut Regional Water Authority (RWA), tout long-term benefits and local control. The AWA would essentially merge Aquarion and the RWA into a single nonprofit utility.

Opponents of the sale warn the sale could lead to higher water bills and less state

oversight. Former Aquarion CEO Charles Firlotte represents 25 towns in the Fairfield County area opposing the sale to the Aquarion Water Authority.

“Post sale, rates are going to rise,” Firlotte said, “because this organization is not efficient.”

Both sides expect rising rates

Both sides agree that water rates are going up. The questions are how much and for what reason?

Firlotte pointed to statements from the RWA that suggest rates could increase by 65% over the next decade. He blamed the RWA’s operational inefficiencies and Aquarion’s purchase price.

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“There’s a whopping \$2.4 to \$2.6 billion that’s going to be put on the backs of Aquarion customers,” Firlotte said.

RWA Chief Financial Officer Rochelle Kowalski acknowledged that 65% is the projected rate increase, but said that has nothing to do with Aquarion’s acquisition price.

“Rates will not go up due to the acquisition itself. Rates will go up regardless of ownership due to required infrastructure investment,” Kowalski said. She said the rate increases will largely go toward planned capital investments in systems and facilities totaling about \$2 billion over that 10-year span.

Efficiency claims and savings debate

Firlotte also questioned RWA’s claim that the sale would save \$350 million over 10 years, citing the RWA’s current rates as evidence against efficiency.

“If they’re so efficient, why are their rates 30% higher today?” he asked. “I have no idea what their assumptions are into that \$350 million savings they’re projecting.”

Kowalski said the savings estimate came from a third-party M&A advisor using the previously authorized weighted average cost of capital. She added that the analysis was formally submitted to state regulators.

“It wasn’t wild assumptions,” she said. “We’ve responded to an interrogatory in that regard.”

Ownership and local control

On the question of ownership, Kowalski said local control would bring long-term stability and accountability.

“Aquarion has been sold either three or four times in approximately the last 20 to 25 years,” she said. “This provides for long-term stability.”

But Firlotte said the deal was set in motion without public input, pushed through via legislation crafted in a special session.

“It was not illegal,” Firlotte said, “but it’s unfair and it’s inappropriate.”

He also criticized the sale’s origins, linking it to financial losses at Aquarion’s parent company, Eversource Energy.

“Eversource is selling Aquarion because they got into a bad business investment in offshore wind ... Aquarion is a sacrificial lamb.”

Rate structure concerns

While critics like Firlotte point to RWA’s higher rates as a red flag, Kowalski said there are no plans to blend rate structures between customers currently served by Aquarion or RWA.

“Multiple reasons cause rates to vary by utility,” she said, including differences in population density, commercial versus residential customer mix, and infrastructure design.

In explaining Aquarion’s lower water rates, she noted Aquarion’s size allows it to spread fixed costs across more customers, which lowers the per-user cost.

Regulatory oversight

Firlotte expressed concern that state regulators at the Public Utilities Regulatory Authority would lose dominion over Aquarion the moment the deal is approved.

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“The day PURA approves the deal is the day they no longer have any jurisdiction whatsoever over Aquarion,” he said.

What’s next

Kowalski said the process is still moving through regulatory review in Connecticut, as well as in Massachusetts and New Hampshire. If approved, she expects the sale to close by the end of the year.

“This provides for local ownership, stable infrastructure investment, and long-term benefits for customers,” she said.

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