Rivers Alliance of Connecticut

February 21, 2020

John S. Mirtle, Esq
District Clerk
The Metropolitan District
555 Main Street
Hartford, CT 06142

Dear Mr. Mirtle, Mr. Jellison and Commissioners,

Thank you for the opportunity to comment on the proposed revisions to District Water Supply and Sewer Ordinances.

Rivers Alliance of Connecticut opposes offering discounts for water and sewer rates specific to large-volume users for two reasons:

- The MDC must meet the challenges of paying for the ever-increasing cost of replacing and maintaining an aging and vital infrastructure. Offering a discount to those who profit from our water unfairly places the burden on average customers.
- The resource and the average customer are not adequately protected from overuse by these large volume users in the MDC's Water Supply Plan during water supply emergencies.

Water Rates From the 10,000 FT Level – Balancing value to the customer with the need to maintain infrastructure.

It is the responsibility of a utility to balance affordability, economic development, promotion of conservation, and revenue stability and resiliency. MDC is experiencing the same difficulty as many other utilities across our state and the country in meeting this challenge. As customers have gotten better at conserving water, utilities have seen a decrease in revenue but have the same bills to pay even when customers use less water.

Sadly, many customers do not understand or appreciate the value of their drinking water and wastewater services and have come to expect very reasonable rates. And in an effort to keep water and sewer charges low, spending on infrastructure (pipes, filtration plants, pumps, etc) declines. Problems with infrastructure do not go away – they only get larger and more expensive. Here in New England, our pipes are among the oldest in the nation and well beyond their expected lifespan. In 2011, the EPA estimated that $384 billion in investment would be needed nation-wide for our drinking water systems. It is unrealistic to believe that important infrastructure investments can be delayed indefinitely while still maintaining safe, reliable drinking water.

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Decision makers are rightfully sensitive to the fact that there are many customers that will struggle if rates rose to meet the demands of infrastructure investment. The MDC has worked with groups like Operation Fuel to initiate pilot programs that would bring aid to those who will be most impacted by increasing water rates. Citizens enagaging their US Senators and Congressperson for more federal funding for water and wastewater infrastructure would also mitigate some of this burden.

With the fiscal and social complexities involved, one can sympathize with the position that the MDC finds itself in regard to setting water and sewer rates. However, Rivers Alliance of Connecticut vehemently disagrees that offering a discount on both water and sewer rates to very high volume users is the responsible solution.

Inadequate protection of the resource and average customers from large-volume users.

What is especially problematic about large volume-based discounts designed to attract businesses that use hundreds of thousands to millions of gallons a day is that all other existing customers and our natural resource are not adequately protected from overuse by these businesses in MDC's emergency supply plan. According to a Water Supply Fact Sheet released by the MDC in 2016, industrial users are not required to cut back until MDC reservoirs are at 10% of total capacity. Other customers are asked to cut back on non-essential water use when reservoirs are at 75% of total capacity. . It is absolutely true that the MDC barely reached the 75% trigger during the last drought that prompted water supply emergencies in several communities. However, the MDC has clearly stated an intention to attract as many large volume water users as possible. If this goal were to come to fruition, there would be several users consuming hundreds of thousands to millions of gallons per day.

Water bottling is a seasonal business. Production peaks during hot summer months and declines for the rest of the year. So in the case of water bottling operations, this consumption would peak during months of drought when our drinking water supplies and streamflows are most vulnerable.

Water rate roulette and a matter of fair policy.

The MDC is characterizing these discounts as a "magic silver bullet" that will increase revenue so dramatically that this action will ultimately lower rates for residential customers. The claim is that discounts are needed to guarantee an increasing revenue stream from Niagara Bottling and attract other large water bottlers as well as to-be-determined large users. Niagara Bottling added a third bottling line in 2018. Apparently, business was profitable enough for the company to add an additional line without special discounts. Why give discounts when they are not needed? Unless there are undisclosed deals in the works, the promise that corporations who use large-volumes of water will be beating a path to MDC member towns to use MDC's "excess" water makes this risk of revenue loss feel like a high-stakes gamble.

Niagara Bottling is highly unlikely to ever use the 1.8 million gallons per day (MGD) 365 days a year that it's allowed to. Based on the bottler's pattern of consumption in 2019, if they were to add a 4th line, they would be likely to use 1.8 million gpd only in June, July, and August.

Other water utilities in Connecticut offer economic development rates and have variable rate structures but these structures and policies are not designed to target one user or one user type.

Regional Water Authority (RWA) in New Haven offers an economic development rate "as an incentive to encourage new commercial or industrial customers in its service area, for significantly expanding operations, or distressed businesses contemplating closing by assessing the customer at 80% of applicable water rates for the first five (5) years of occupancy." This incentive rate is neither based on volume nor is it offered in perpetuity.

Connecticut Water Company structures rates by user type (i.e. residential, commercial, industrial.) Again, this rate structure is not based on volume and applies to all customers categorically. Only 15% of water suppliers in Connecticut offer a declining block rate (the price of water goes down as the customer uses more water), which is somewhat analogous to the rate structure being proposed. This is a rate structure we should be moving away from, not moving toward, if we are to encourage sustainable use of our water resources.

Similarly, some wastewater utilities have variable sewer rate structures for customers who purchase large amounts of water but either consume a large amount of that water for products or for power generation. These rates apply to all customers who qualify and, typically, the rates are calculated after a study is carried out. This type of practice is based on a utility policy and procedure that is applied evenly. Again, this variable rate structure is not triggered by volume of water consumed.

The Bottom Line

One corporation that makes a healthy profit from a precious, limited, high quality, public trust resource is being offered a sweet deal. The burden of paying full price for the important and ever-increasing costs of protecting water quality, maintaining and replacing aging infrastructure, and taking away and treating our wastewater so that it can be put back into the waters that we rely on for recreation as well as economic development falls on every other MDC customer. If the MDC is going to offer an economic development rate or devise a variable rate structure, it should not be volume based. And efforts to attract large volume users should be matched by efforts to protect existing customers and our natural resource.

Sincerely,

Alicea Charamut
Executive Director