



TESTIMONY OF ERIC J. BROWN
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CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION
before the
ENVIRONMENT COMMITTEE
March 16, 2012

My name is Eric Brown and I serve as associate counsel with the Connecticut Business & Industry Association (“CBIA”). On behalf of our 10,000 large and small member companies throughout Connecticut, we are pleased to provide comment on:

Raised Bill No. 375: An Act Concerning Reimbursement Under the Underground Storage Tank Petroleum Clean-up Program

and

Raised Bill No. 348: An Act Concerning Water Conservation

CBIA believes both of these bills need additional work and should not be adopted in their current form. However, we believe with continued dialogue among key stakeholders, better legislative outcomes achievable prior to the end of the current legislative session

Raised Bill No. 375: An Act Concerning Reimbursement Under the Underground Storage Tank Petroleum Clean-up Program

CBIA would first like to thank the Department of Energy and Environmental Protection (DEEP) – Commissioner Daniel Esty and Deputy Commissioner Macky McCleary in particular, for quickly grasping that seriousness of the crisis facing many businesses, especially small businesses with respect to the Underground Storage Tank Cleanup Fund (“UST Fund”) and for making it a top priority for the agency over the past several months.

Further, we agree with many of the principles and goals the DEEP formulated at the outset of their efforts to find a fair and equitable solution to this difficult situation. These included:

- Fully funding those claims already reviewed and approved by the UST Fund Board:
- Establish a process whereby other pending applications to the fund can be quickly triaged and prioritized such that the most significant and/or clear-cut cases could be quickly processed, prioritized and funded as money becomes available; and
- Get the DEEP out of the “insurance business” recognizing that these are not core skills of agency personnel.

While we believe there is substantial agreement on these goals, there are many possible pathways to achieve those them. Unfortunately, many of those who would be most impacted by the inevitable phase-out of the current program, have determined that the path laid out in this bill is not the appropriate one.

CBIA hopes that all parties involved recognize that there is time to continue dialogue and collaboration and that a better path can be charted well before the end of this legislative session. We encourage DEEP and those directly impacted by the phase-out of the program continue constructive conversations. CBIA stands ready to assist in whatever way we can to help in that process.

Raised Bill No. 348: An Act Concerning Water Conservation

CBIA appreciates the legitimate needs of water companies to charge rates that allow for much needed maintenance and upgrades of water infrastructure, which is critical to their ability to provide efficient and reliable service for business and residential customers alike. We also recognize that water usage has significantly declined over the past several years and there is a need to find ways to insure these companies can remain viable in the face of this declining water use.¹

However, CBIA is concerned that manipulating the price of this commodity, purely to provide for even further declines in water use risks an over-manipulation of the marketplace – especially with respect to the business sector where strong incentives already exist for minimizing discretionary water usage and the ability to modulate water usage in conjunction with peak-demand pricing is minimal or non-existent.

The 2012 report on water rates and conservation prepared by the Water Planning Council Advisory Committee, which looked at possible approaches to rate pricing warned:

“It was generally understood that these suggested rate design concepts are intended to target discretionary use, particularly outside watering where customers have control and the greatest opportunities may be with residential customers.”

“[Such approaches] should properly consider how they would impact commercial and industrial operations and not unduly impact their businesses yet still capture opportunities to reduce their discretionary use (e.g. lawn irrigation).”

“These approaches assume the systems are fully metered and could require more *advanced meter reading technology* to provide timely information to customers on their actual usage so they would know how much of their allotment they are using.” “While there are a number of

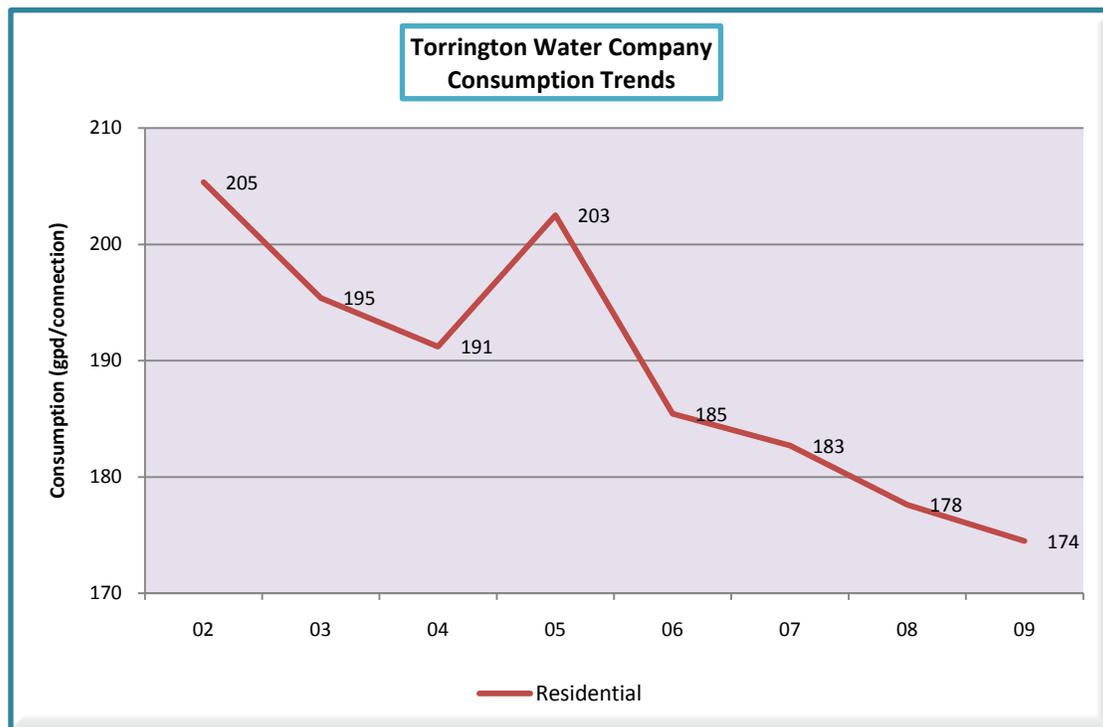
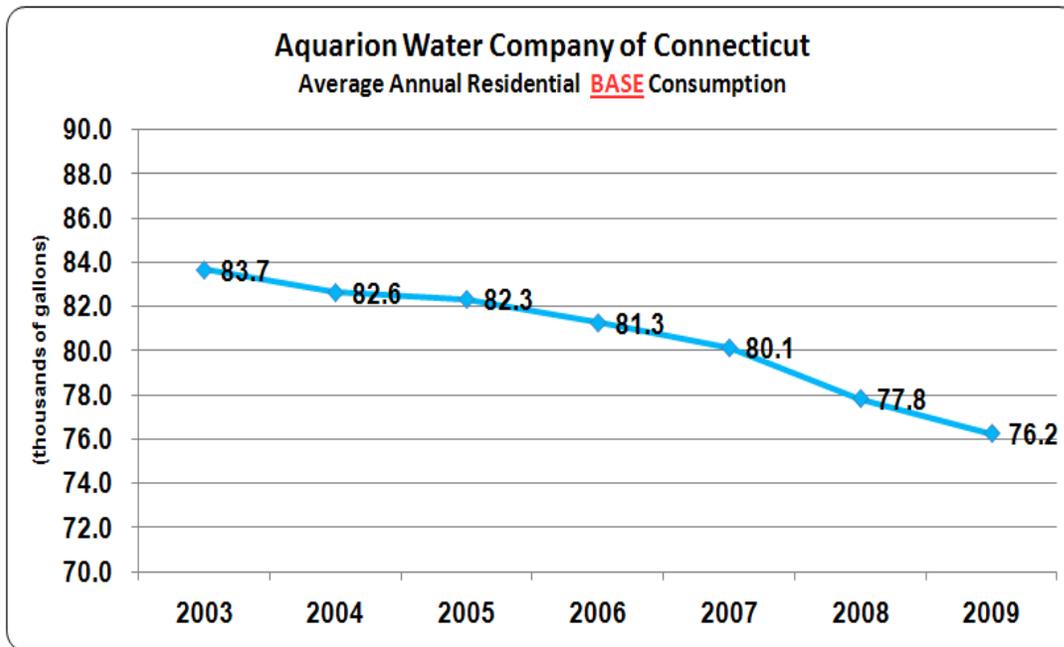
¹ See attached charts from the 2012 Water Planning Advisory Committee Report on Water Rates and Conservation.

benefits from such technology, **the costs associated with its implementation can be significant and need to be considered relative to other capital needs of the utility.”**

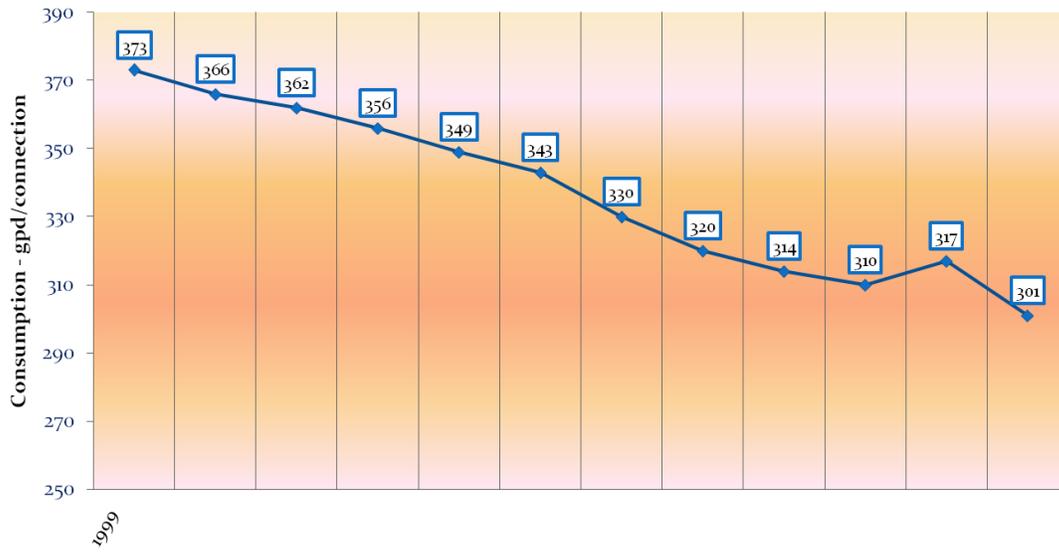
Further, CBIA warned during the multi-year debate on stream flow regulations that there would be a price to pay for a new, substantial, state-wide regulatory program affecting every river, stream and creek in the state. In section 61, we see this manifested in the authority to raise water rates to meet the capital costs incurred by water companies for complying with this new program. Again, we have no objection to water utilities recuperating these compliance costs. “The cat is out of the bag” as they say – and there’s nothing that can be done about it now. But we ask you to consider that this and other needs like infrastructure repairs and upgrades are already placing upward price pressures on water rates in an era of declining usage. That, together with the climate forecasts of increased precipitation in the northeast, render these portions of the bill that seek to artificially raise the price of water purely for disincentivizing its use, are at best, premature and untimely in our fragile economic times. CBIA would be happy to work with the committee and water utilities to modify this proposal to better meet the needs of the water utilities without unnecessarily burdening businesses.

Thank you for this opportunity to share our perspective on these bills.

Connecticut Utilities – Water Consumption Trends



Regional Water Authority - Base Consumption Trends



Connecticut Water Company - Winter Quarter Base Use

