



Testimony
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RE: SB-348, An Act Concerning Water Conservation

CWVA *strongly supports* SB-348, which will assist water companies in promoting water conservation.

As stewards of the state's water resources, CWVA member utilities recognize the importance of promoting conservation to preserve and protect water supplies to meet the future public health and safety needs of the state. Discussions regarding how to more aggressively promote water conservation were a natural outgrowth of our efforts to collaborate with state agencies and environmental and watershed organizations to develop balanced stream flow regulations.

Concerns about the adequacy of water supplies in some communities; difficulties in developing new sources of supply; efforts to require water companies to release significant quantities of water into rivers and stream; and public support for reducing energy and water consumption have put a sharp focus on the need to promote greater water conservation.

Under the current rate structure, however, there is some inherent tension between promoting water conservation and addressing concerns about declining revenues. Water utilities are experiencing declining revenues due to reduced demand for water stemming from more efficient plumbing fixtures and appliances, conservation and demand management measures and the recession, which has resulted in industrial layoffs and home foreclosures. At the same time, costs associated with water distribution and treatment are increasing and water utilities are also faced with increased costs associated with replacing aging infrastructure.

To address how rates could be structured to encourage rather than penalize water companies that succeed in reducing water consumption, a work group of the Water Planning Council to report on Rates and Incentives to Promote Water Conservation. The work group's report and recommendations were approved by the Water Planning Council and identifies the following components:

- Requiring DPUC to authorize rates and charges for water companies that promote water conservation through various mechanisms;
- Allowing recovery in rates for the installation of meters and equipment to promote water conservation which will allow more timely price signals;
- Supporting programs at the utility level that offer customers incentives, rebates or retrofits for more water efficient fixtures and appliances; and



CWWA strongly supports these recommendations, which have been incorporated in SB-348.

Promoting water conservation is an important public policy goal for a number of reasons. In addition to providing short-term relief during droughts and other water shortages, water conservation will help lessen the demand to develop additional supplies. It will also help reduce greenhouse gas emissions. Treating and distributing water is energy intensive. Reducing water consumption therefore reduces energy consumption as well. In addition, water conservation will be critical as companies begin to comply with the state's new Stream Flow Regulations which require water utilities to release more water from reservoirs into streams and rivers to protect the state's aquatic habitats.

The bottom line is that wasting water should not make economic sense. The provisions in SB-348 help address this by adjusting rate structures to reflect the value of water conservation.

CWWA does, however, recommend that the provisions in the bill requiring municipal and regional water companies to consider various options for promoting water conservation be deleted. Water companies are already required to incorporate conservation practices in their water supply plans, which must be prepared and submitted to the state Department of Public Health (DPH) on a regular basis. These practices may include implementing leak detection programs, using water meters to encourage the wise use of water, conducting water use audits to evaluate areas in which peak demands can be reduced and adopting water pricing strategies and educating consumers. These provisions are therefore duplicative and unnecessary.

The bill would also expand the eligibility for Water Infrastructure and Conservation Adjustment (WICA) charges authorized under Section 16-262v of the CGS. The definition of WICA eligible projects would be expanded to include additional items that are key to achieving the state's energy and environmental policies including the (1) purchase of energy efficient equipment or investments in renewable energy supplies; and (2) capital improvements necessary to achieve compliance with stream flow regulations. To encourage the additional conservation and stream flow compliance related investments without compromising continued investments in replacement of aging infrastructure, the bill proposes to expand the cap for WICA to 10% between rate cases. These provisions would further support the state's environmental goals.

Working with lawmakers and public officials, Connecticut water companies have taken important steps in promoting water conservation. SB-348 allows us build on those efforts to better preserve and protect Connecticut's public water supplies.

CWWA therefore urges your support for SB-348.

The Connecticut Water Works Association, Inc. (CWWA) is an association of private, municipal and regional public water supply utilities serving more than 500,000 customers, or population of about 2½ million people, located throughout Connecticut.