



**Niagara Bottling, LLC  
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**Testimony of Niagara Bottling, LLC  
FOR INFORMATIONAL PURPOSES regarding Raised Bill No. 422,  
AN ACT CONCERNING RESIDENTIAL WATER RATES, PUBLIC DRINKING WATER SUPPLY EMERGENCIES  
AND SELLERS OF BOTTLED WATER  
Before the Planning & Development Committee  
March 11, 2016**

To Senator Catherine A. Osten, Representative Philip J. Miller, Co-Chairs, and all sitting members of the Connecticut Planning & Development Committee:

Thank you for allowing Niagara Bottling, LLC, (Niagara) to submit written testimony on Raised Bill No. 422, "AN ACT CONCERNING RESIDENTIAL WATER RATES, PUBLIC DRINKING WATER SUPPLY EMERGENCIES AND SELLERS OF BOTTLED WATER."

Niagara opposes this legislation because it includes provisions that unfairly target one user of a community's water supply: the bottled water industry. This legislation would remove the current autonomy that municipal water systems have to make decisions based on specific circumstances and the best interests of the local community. Additionally, the bottled water industry is responsible for as much as \$2.05 billion in total economic activity in the State of Connecticut but SB-422 is likely to have an adverse effect on this sector of the economy.

***Section 1***

Bottled water is a safe, healthy, and convenient option for consumers, and it is the best hydration source when either tap water or consumer health is compromised. We therefore find it concerning that SB-422 would seek to prioritize the sale of water to residential customers, during a public drinking water supply emergency, without regard for the nature or quality of such use. It is unlikely that the Committee intends to prioritize the sale of water for non-essential uses during a public drinking water supply emergency but SB-422 fails to differentiate between essential and non-essential uses. Unlike other commercial users, bottled water companies are uniquely suited and qualified to provide clean and safe drinking water in emergency situations; especially when local or municipal treatment systems might otherwise be compromised.

Niagara believes that during any emergency situation resident access to safe and clean drinking water should be of paramount importance. Unfortunately, the intent of SB-422 is likely to have lasting unintended consequences. SB-422 fails to differentiate between essential and non-essential uses while also failing to account for the broader economic impacts that arise from targeting a specific sector of the economy. We would urge the Committee to consider that the highest and best use of water during a public drinking water supply emergency is human consumption which is exactly the aim of any



bottled water operation. To discriminate against such use risks greater misuse of limited water supplies while penalizing entities that seek to provide local access to safe and clean drinking water.

## **Section 2**

It is clearly in the best interests of the residents of state of Connecticut to encourage individuals and entities to understand the importance of natural resources and reduce unnecessarily wasteful practices. Indeed there is no more efficient or beneficial use of water than for human consumption. Bottled water companies provide access to safe, healthy, clean drinking water for human consumption and remain resolute community partners during natural disasters or whenever local community tap water supplies are compromised. SB-422 unfairly targets an industry that serves the public good but fails to consider how other industries utilize the same water resources. In doing so, the proposal does not take into consideration the economic and fiscal impacts to local municipalities who benefit from their community bottling companies.

SB-422 attempts to treat one commercial water user differently from all other commercial users. By alienating a specific business sector, SB-422 could have negative economic consequences throughout the state. The bottled water industry has a very positive impact on Connecticut's economy: companies in Connecticut that manufacture, distribute and sell bottled water employ as many as 2,278 people in the state and generate an additional 3,962 jobs in the state through supplier and ancillary industries. The jobs currently generated by the bottled water industry in Connecticut, are good jobs, paying an average of \$86,900 in wages and benefits. Collectively the bottled water industry is responsible for as much as \$2.05 billion in total economic activity in the state. However, if SB-422 is enacted, it would serve as a disincentive for bottled water companies to locate new facilities or expand existing operations within the cities and towns in Connecticut.

By seeking to establish minimum water rates for the bottled water industry, SB-422 would discourage economic activity and commercial investment. Bottled water companies often pay massive impact and capacity fees for the privilege of receiving municipal water supplies. These fees enable water authorities to complete necessary infrastructure upgrades, perform system maintenance, and acquire new water sources. In turn, municipal water providers have historically had some flexibility to negotiate volumetric rates to help offset the large capital investments made by bottling companies in the municipal water system and to attract new bottling companies to a given area. Without the investments made by bottled water companies and similarly situated water users these municipal water providers would often be forced to increase residential water rates in order to cover the costs of system maintenance and infrastructure upgrades<sup>1</sup>. Consequently, rate reductions for bottled water companies actually serve to keep residential water rates depressed. SB-422 would effectively usurp the autonomy of

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<sup>1</sup> *The Metropolitan District Water Supply Facts* publication acknowledges that "drinking water consumption in the MDC's service area has decreased by over twenty seven percent, and as a result the recurring costs associated with providing drinking water are distributed over a decreasing amount of water sold." The proposed Niagara facility would be serviced by MDC and Niagara's investment would help fund community infrastructure.



municipalities in Connecticut to negotiate rates with bottled water companies in order to attract local investment, increase employment, create a sustainable revenue base, and adequately provide the services their residents need in a cost effective manner.

### ***Section 3***

The provision in SB-422 regarding sewer rates doesn't take into account the actual use of the water by bottling companies. In many cases, sewage rates are based on the assumption that the amount of water leaving a commercial facility or residence is nearly equal to the amount that comes into the facility or home. However, that is not the case for bottled water facilities. On average, only 1.32 liters of water (including the liter of water consumed) are used to produce one liter of finished bottled water. This means the vast majority of the water coming into a bottled water plant is used for bottling purposes and does not exit the facility through the sewage line. In comparison, for the average commercial or residential user, nearly all the water that enters the facility will come back out through a public sewage system. Because of the uniquely efficient manner in which bottled water companies utilize water and the reduced impacts their operations have on the sewer system, relative to other water users, it makes sense to allow municipalities the flexibility to establish rates based upon the actual impacts to the wastewater system that each user generates.

For all of the foregoing reasons, we respectfully request that the Committee reject SB-422 in its entirety.

Respectfully submitted,

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