

Testimony of Peter Galant
Planning & Development Committee
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**SB 422 AAC Residential Water Rates, Public Drinking Water Supply Emergencies
and Sellers of Bottled Water**

My name is Peter Galant and I am a Vice President at Tighe & Bond consulting engineers in Shelton and leader of their Water Technical Practice Group. I have been in the public water supply industry in Connecticut for more than 25 years, including 17 years with Aquarion Water Company. I am a past President of, and active member in, the Connecticut Water Works Association (CWWA) and have been involved in numerous public water supply related policy, regulatory, and legislative initiatives in the State including development of the Department of Energy and Environmental Protection's (DEEP's) Minimum Streamflow Standards and I am currently a member of the State Water Plan Science and Technology Committee.

I am presenting testimony today on behalf of the Metropolitan District (MDC) in opposition to **SB 422 entitled An Act Concerning Residential Water Rates, Public Drinking Water Supply Emergencies and Sellers of Bottled Water**. The Bill, as drafted, would unnecessarily hamper the State's ability to adequately respond to public water supply emergencies and have unintended consequences for all classes of public water supply customers.

Section 1 of the Bill requires the State Department of Public Health (DPH) to prioritize residential water use over commercial and industrial use during a public water supply emergency. A public water supply emergency includes the contamination of water, failure of a water supply system or the shortage of water. In these emergencies the State should have all conservation options available to restore adequate public water supply. While potable water use should clearly be a top priority, there are many non-potable residential uses of water that can be effective targets of conservation with minimal impact on the State's residents. Residential uses such as lawn watering, pool filling and car washing can provide significant reductions in water demand during an emergency.

Industrial and commercial customers should similarly be required to reduce water use in an emergency, but there are public health and economic reasons that make it more difficult and impactful for non-residential water users to reduce water use. Nurseries and landscapers can lose revenue and inventory without adequate water, schools and day care centers can't stay open, restaurants need water for dish washing and facilities like hospitals and dialysis centers need water to provide essential public health services. It is inappropriate to prioritize all residential water use over these commercial uses.

Section 2 of the Bill controls the rates that bottlers can charge commercial customers for bottled water. It is unclear how this provision would be implemented, or whether the intent of

the language is rather to limit the rate that public water suppliers can charge for supplying water to bottled water plants. If so, it would be a concerning precedent for the legislature to regulate rate treatment for a single customer type or to use water and sewer rates as a vehicle for planning and development.

There are legitimate reasons, in addition to economic development, to offer water at a lower rate to large commercial/industrial users. Traditional ratemaking approaches develop rates for classes of customer based on the cost of providing service to those customers. In Investor Owned Utility (IOU) rate cases there is significant expert testimony on this topic. Service to large users can be less costly than to residential customers because they require fewer services (meter reads, billing, collections, customer service representatives) per gallon of water sold than smaller customers. Perhaps more significantly, large users tend to use water more consistently throughout the year than residential users. This means that the utility's infrastructure does not need to be designed for 2 – 3 times the customer's annual average demand, which results in a correspondingly lower unit cost of providing service that can be passed on to the customer. These concepts can apply similarly to sewer rates.

The benefit of increased water sales to all of a water company's customers should also not be overlooked. Having an increased sales base allows a company to invest in needed system improvements and replacement of aging infrastructure with reduced pressure on rates. Even with discounted rates, large commercial/industrial customers can help keep water affordable for residential customers.

In conclusion, I ask that the Committee reject SB 422 as proposed. It is contrary to State-wide emergency planning and standard utility ratemaking practice.