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February 8, 2019

Justin S. Milardo
Connecticut Department of Public Health
Drinking Water Section
410 Capitol Avenue, MS#12DWS
PO Box 340308
Hartford, CT 06134-0308

RE: Comments - Proposed Safe Drinking Water Primacy Assessment Language

Dear Mr. Milardo:

Aquarion Water Company respectfully submits the following comments on the Department of Public Health's proposed language regarding the future assessment of the Safe Drinking Water Primacy Assessment fee, which was published for comment on January 10, 2019.

The United States Environmental Protection Agency (EPA) has designated the state Department of Public Health (DPH) as the state agency in Connecticut with primacy over public water systems and drinking water issues. DPH's Drinking Water Section plays a vital role in ensuring that Connecticut has safe, quality public water supplies to meet the public health, safety and economic development needs of residents and businesses.

Aquarion considers the DPH Drinking Water Section to be a highly valued partner in our efforts to ensure the adequacy and purity of our public drinking water. We support DPH's continued role as the lead agency in the state responsible for protecting the availability and safety of the state's public water supplies and recognizes that reductions in state and federal funding have resulted in reduced staffing levels, jeopardizing its primacy role. Accordingly, Aquarion and CWWA worked with the department to develop a mechanism for generating revenues to assist the department in maintaining staff needed to support its primacy role.

At the same time, water companies are under considerable pressure to maintain reasonable water rates, which is challenging given ever increasing operating costs associated with goods and services, maintaining and replacing infrastructure, and meeting stringent state and federal water quality standards. We are therefore very concerned with any proposal that may further increase costs to our customers.

Please consider the following points:

■ **Fees Must be Limited** – As proposed, the fee would be capped at \$5 per service connection, giving the department broad latitude to almost double the existing \$2.57 per service connection fee. Aquarion recommends that an annual cap be set at a level not to exceed the Consumer Price Index for the Northeast region.

The proposed language fails to cap the total amount of revenues that may be generated from the fee, raising concerns that fees may be increased by the department with little notice or opportunity for comment. In addition, given the state's continued budget challenges, we are concerned that revenues generated from the fee may be used to support other non-primacy related activities and/or staff within the department, unfairly burdening water company customers.

To address these issues, Aquarion recommends the establishment of an advisory commission which includes representatives of water systems reflecting the various sizes and forms of ownership, and members of the public. Other states, including Maine and Missouri, have established such commissions which have proven beneficial in providing the public and regulated entities with greater transparency regarding how funds are used to support the department's primacy role.

In addition, the proposed language should require the legislature to determine an equitable fee after review and consideration of state and federal funding and staffing requirements. Fee increases should be limited under the proposed language to ensure that water company customers are not bearing the burden of funding all of the positions required to support the department's primacy role.

Accordingly, Aquarion recommend that the language in Section 1(c) be revised to provide that the fee is based on the costs to support the department's ability to maintain primacy under the federal Safe Drinking Water Act *less any amounts received from state or federal funds*. As currently drafted, the proposed language suggests that the fee will be used to fully fund the department's primacy staffing needs regardless of the amount of state and federal funding received.

■ **Sunset the Fee** – Aquarion recommends that the proposed language include a "sunset" provision to ensure that the fee does not permanently shift the burden of program costs to water company customers.

■ **Primacy Costs Must be Equitably Borne by all Systems** - As proposed, Transient Systems are only required to remit \$150 every 5 years even though the Drinking Water Section acknowledges that they spend significant time and resources in regulating these small systems. Extending the period between billings will help minimize the administrative burden on the department but the Transient Systems should be required to pay a minimum of \$500 every 5

years to ensure that costs associated with maintaining adequate staffing to support the department's primacy role are equitably borne by all water systems.

■ **Tie Basis for Assessment to Billing** - For community water systems, the language continues to use "service connections" to determine the basis for the assessment. However, it is more appropriate to use "customer connection" defined as "the total number of billed customer accounts of the water company but shall not include accounts used for fire service purposes only" as the basis for assessment. This language better ties the assessment to the billing system and will provide greater consistency for water companies and their customers.

■ **Appeal Provision** – The proposed language should include a process for water companies to address discrepancies regarding the number of connections that the department is using to determine the basis for assessment. Aquarion recommends the addition of language providing water companies with the opportunity to notify the department within 30 days of receiving the number of connections regarding any discrepancies along with supporting documentation. The department would be required to review and make a determination regarding whether to revise the number of connections within 30 days.

■ **Greater Focus on Accountability & Efficiency** – The reporting mechanism included in the proposed language should be strengthened to ensure greater transparency regarding how fees are used to support primacy activities. In addition, the proposed language should be expanded to ensure that the department undertakes efforts to streamline operations and regulatory processes and makes efficient use of existing staff and resources. For example, the state Department of Energy & Environmental Protection relies on general permits to regulate various activities, which provide a streamlined mechanism that reduces administrative burdens on regulated entities and department staff. The proposed language should direct the department to adopt general permits for various activities, streamline various reporting forms and implement a licensed water professional program to alleviate the burden on existing department staff and resources.

Accordingly, the proposed language in Section 2 (j) should be revised to include information on: 1) the resources, activities and costs undertaken to support the department's primacy role; 2) the portion of the budget which is funded from other state or federal sources; 3) the amount of time the department spends in regulating water systems by type, and 4) the department's efforts to streamline permitting and other regulatory approval processes.

■ **Large Water Systems – Customer Count** – Currently, large water systems that own multiple systems receive separate bills for each system resulting in differences in the cost per customer and administrative burdens in processing separate payments. For future assessments, the proposed language should provide that the number of customers subject to the assessment should be based on the total number of customers of all the community water systems owned and operated by one company.

■ **Delinquency Rates** – Water companies are required to remit the full assessment to the department. However, as discussed in meetings with the department, Aquarion is concerned that there is no way to reconcile delinquency rates and nonpayment of customer bills. We recommend that Section 2 (g)(1) be revised to address this concern by providing that the amount billed the customer is the pro rata share of the assessment *plus a percentage of the fee that reflects the average of the uncollectible water customer bills incurred by the water company in the past three years.*

■ **Interest** - Similarly, Section 2(i) should be clarified to provide that interest is limited to any outstanding balance and not the total assessment.

■ **Timing of Billing** – Aquarion has heard from many water companies that the due dates of March 1 and May 1 do not provide sufficient time to collect the fees in a timely manner. As proposed, there are only two months between the due to dates to collect the remaining 50% of the assessment. These timelines should be extended to facilitate compliance with the collection and remittance of the fees.

Thank you for the opportunity to comment on the proposed language. Aquarion stands ready to work with the department and the Office of Policy and Management to fully address these issues.

Sincerely,


John J. Herlihy