

**QUARTERLY REPORT OF THE INDEPENDENT CONSUMER ADVOCATE FOR
THE METROPOLITAN DISTRICT COMMISSION
OCTOBER—DECEMBER, 2018**

INDIVIDUAL CUSTOMER ISSUES

Approximately nine individual customer issues were handled during this quarter. As in the last quarterly report, the transition to a 25 day period in which to pay bills (as opposed to 30 days previously allowed) has continued to cause confusion. As a result several inquiries were made regarding this issue. Inquiries tailed off in December and hopefully there is a better understanding of the transition. Additional time was spent on resolving the sewer user charge issue discussed in the last quarterly report.

CUSTOMER MEETING

In October the statutorily required meeting was held at the MDC Training Center. Attendance was light-about ten customers and two MDC commissioners. The meeting was recorded. Issues discussed included the 25 day billing period discussed above, the size of water and sewer bills, the projections for future increases, and the impact of Niagara on water supply and rates. Plans for next year include more frequent customer meetings and greater publicity in advance of the annual meeting.

BUDGET AND RATES

The majority of time this quarter was devoted to analyzing the proposed 2019 budget and the resulting rates. Budget materials were distributed in October and November and there were several meetings with staff. In addition, the Advocate attended four MDC committee meetings devoted to the budget. The proposed budget reflected several items which had been discussed with staff—more rational private fire protection rates and charges for back flow prevention device inspection. These charges had the effect of reducing the charge that other customers would have to pay. In addition, the overall budget was reduced by approximately \$600,000 reflecting a reduced payroll estimate due to anticipated vacancies.

Rates for individual services were also discussed. The biggest change from the rates proposed concerned an effort to institute a declining block rate for the largest customer and a significant reduction in that customer's Clean Water Project charge. Both those proposals were withdrawn and did not go forward. The Advocate did propose a true economic development rate which would incentivize new businesses by reducing the rates charged for water for a fixed number of years. The rate was rejected on the grounds that it was not permitted by the MDC charter. Efforts will be made to revise the charter to permit such temporary measures.

The Advocate also raised an issue regarding the Sewer User Charge applied to certain large customers, tax exempt properties, and manufacturing facilities. Pursuant to the MDC Ordinances this charge is to be supported by a Cost of Service Study performed every two years. Such a study had not been produced for at least ten years. MDC finally produced what purports to be such a study supporting the rate proposed.

INTEGRATED LONG TERM CONTROL PLAN

Since the mid-2000s, MDC has been under orders to reduce its sanitary sewer overflows and its combined sewer overflows. These reductions were to be accomplished primarily through the construction of two large storage tunnels—one in southwest Hartford and one in northwest Hartford. Every 5 years the plan to reduce such overflows (Long Term Control Plan) is required to be updated and submitted to DEEP. During the last five years, MDC extensively surveyed its existing sewer collection system and found it to be in a serious state of disrepair. Such disrepair allowed rain and ground water to infiltrate the sewer collection system causing significantly increased flows. MDC determined that it needed to integrate its long term control plan with a plan to improve its sewer collection facilities. As a result its required 2018 update to DEEP consists of an Integrated Long Term Control Plan (ILTCP) which addresses both the improvements required to address the overflows and the improvements required to the existing sewer collection system.

The Advocate has begun a review of the ILTCP. Based on its initial review, the Advocate is supportive of the integrated approach. It does not make a lot of sense, for example, to construct massive storage tunnels costing tens of millions of dollars, if the sewer collection system is not functioning as intended. However the ILTCP, as formulated, does raise several significant issues. First, the plan extends compliance with sewer overflows an additional 20 years. To some degree this is unavoidable given the state of disrepair of the sewer collection system, a condition apparently not considered when the original Long Term Control Plan was adopted. Second, the MDC proposal shifts capital costs for much of the improvement to the sewer collection system from the ad valorem tax to individual customers via the Clean Water Project Charge. It is not clear this shift is either required or desirable. Third, and most importantly the ILTCP, if adopted as is, will result in annual sewer increases for individual customers of approximately 4% for the foreseeable future. When coupled with water rate increases in excess of 5% per year, rates will simply not be affordable for a large percentage of MDC customers. Rates will increase well above EPA estimated “affordability” levels for many customers in Hartford and East Hartford and for lower income customers in the other MDC member municipalities as well.

The Advocate anticipates substantial additional time devoted to this issue in the coming months as DEEP conducts its analysis of the ILTCP.

MISCELLANEOUS

Two other issues required some attention in this quarter. First, Operation Fuel, after a successful first year, did make some adjustments for 2019. Fortunately, MDC has agreed to continue this program and expand it somewhat by instituting a check off system whereby customers can make additional contributions which Operation Fuel can then distribute to customers in need of aid. Given the above discussion regarding affordability, continuation and expansion of this program is vital.

Second, a large section of West Hartford suffered a failure of the sewer collection system which caused sewerage to back up into basements and onto property of customers. The cause of this failure appears to be related to the installation of sewer pipe lining. MDC personnel addressed the issues expeditiously and comprehensively so that customer damage and inconvenience was minimized. Follow up to determine the precise cause of the failure is necessary.

AFTERWORD

This quarterly report marks the conclusion of the first year of the existence of the Independent Consumer Advocate. While some strides have been made—giving customers an independent voice to resolve individual customer complaints, implementing Operation Fuel to assist customers in need, independent review of MDC budget and rates—there is much yet to accomplish. Year two will focus on financing of capital improvements and the rate impact, the ILTCP and its affordability, rate design and cost of service, and additional customer initiated issues.

Respectfully Submitted,

David Silverstone

Independent Consumer Advocate