

WATER SUBMETERING: What is it and who is impacted?

If you are an individual homeowner or business owner and a customer of a regulated water company, your water service is probably directly metered by your water company, all your customer service is provided by this company, and the rates you are charged are regulated by the Public Utilities Regulatory Authority (PURA).

However, some residences and businesses are not individually metered for water, e.g., some apartments, mobile home parks, business condominiums. Their water is master metered and the landlord, apartment owner condominium association or other entity, is the customer of the water company. In these situations, a landlord, or other applicable entity, may apply to the PURA for approval of water submetering.

Under a submetering scenario for an apartment building, meters provided by the landlord measure individual unit usage. The individual units are then billed by the landlord for the unit's usage. The meters are not provided or maintained by the water company and the apartment residents are not water company customers.

The OCC's view is that submetering has positive aspects, such as providing a conservation incentive, but it should only be approved when there is some benefit, or at least does no harm, for the water users, and the submetering entity guarantees that it will provide the same protections, e.g., measurement accuracy, customer service, as a water company provides.

The following are excerpts from the OCC's Brief in a submetering application case involving a mobile home park, Docket No. 10-09-02, *Application of Red Hill Park for Water Submetering*.

I. APPLICATION SUMMARY

Red Hill Park LLC (Red Hill), the Applicant in this proceeding (Applicant), is the owner of a mobile home park (Park) with 97 residences. (Application Ex. B-1) The Applicant proposes to charge \$9.61 per month (Response to Interrogatory WA-19; Tr. 05/26/11, pp. 26-29) to each of its 97 residential accounts in order to cover the costs that it believes are associated with water submetering. Currently, there is no individual metering for the Park homes. Connecticut Water Company (CT Water) provides water to the Park via two metered pipelines; one is a one-inch line and the other is a two-inch line. Red Hill is the customer of CT Water and it currently recovers what it pays for water through residents' lease payments.

Red Hill proposes to use a vendor, Utility Business Solutions (UBS) (Application Exhibits A-7 through A-12), to provide submeter services, including monthly meter reading, billing, and collection. UBS would remit to Red Hill the monies it collects from Park residents. Red Hill would pay UBS \$6.00 per month for each submeter account it services. In addition, Red Hill would charge residents \$3.61 to cover present and future costs related to the submeters, and the meter charges from CT Water for the two pipelines previously mentioned. (Response to Interrogatory WA-19) The \$6.00 for UBS plus the \$3.61 meter-associated charge means that Red Hill is proposing that Park residents pay \$9.61 per month in order to have submetering.

The information on the record indicates that Park residents use an average of 3.3k gallons per account per month, or 9.9k gallons per quarter and 39.6k gallons annually. (Tr. p. 74, l. 20-21; pp. 75-77; LFE-1, pp. 5-7)

II. PROBLEMATIC ISSUES

B. Usage, Potential Conservation and Benefit to Residents

Generally, the OCC agrees with the Authority that water conservation is good for all users. (Tr. 07/07/11, p. 62) Some of the benefits include preservation of water, a precious resource; savings of electricity through reduced pumping, and savings for consumers through reduced variable expenses. According to the Applicant, the average Park residence uses 3.3k gallons per month, or 39.6k gallons annually. The OCC notes that in the July 14, 2010 Decision of the Department of Public Utility Control in Docket No. 09-12-11, Application of the Connecticut Water Company for Amended Rates, the average residential consumption used for the CT Water Main Division, was approximately 64k gallons (Decision, pp. 45 and 47), or 60% higher than the Park's average use. The OCC would classify Park usage as low. Due to this already low usage, the potential for conservation stemming from submetering is very limited.

The possibility of any economic benefit from submetering for Park consumers is also very limited. Consider that CT Water's volumetric charge is \$7.34 per thousand gallons and the proposal is for the Park accounts to pay \$9.61 monthly for submetering. In order just to break even, the average Park residence would have to use 1.3k gallons less per month ($\$9.61 \text{ submetering charge} / \$7.34 \text{ per kgallon} = 1.3\text{k gallons}$).

C. Size of the Monthly Submetering Charge

The OCC notes that a number of other submetering plans approved by the then-Department of Public Utility Control have a \$3. submetering charge. (Tr. 07/07/11, p. 63; see Docket No. 10-08-07) The OCC believes that the charge of \$9.61 is out of line for submetering. Interrogatory Response WA-19 shows the vendor's cost categories. From its \$6. charge, UBS does not appear to be making an exorbitant amount of money. The cost issue appears to derive from the type of meter used and the greater involvement of the premises management. For example, UBS is doing on-site meter readings versus the remote readings in other submetering plans. In addition, other residential management companies have taken on some of the submeter billing and collection as just an added management duty, rather than having a vendor take on the duties. For example, UBS is mailing bills to the residents versus having Red Hill management including the bill with the monthly rental/lease. UBS is handling collections versus having Red Hill management handling the collections. The net result, however, is that the monthly charges are too high.

D. Verification of the CT Water Bill

LFE-1 contains three CT Water bills for the 1" meter serving the Park. The bills are monthly, yet they cover overlapping periods. In addition, the usage appears oversized. According to Red Hill, the use on the meter is fairly consistent at 31k gallons per month. (Tr. 07/07/11, p. 67, l. 16-19) Yet, for these three bills, the usage is: 36k gallons; 61k gallons and 92k gallons. Red Hill should be resolving this issue with CT Water and, as would seem appropriate, be getting a refund for the fixed and volumetric charges. The OCC recommends that the Authority's Decision clarify that it is Red Hill's responsibility to verify the bill from CT Water and, when appropriate, seek refunds.

E. Proposal to Test Meters Every 20 Years

The OCC believes that one of the standards for submetering should be that submetered accounts receive the same level of service as direct customers of a water company. The meter testing standard approved for CT Water should be the same for Park submeters.

III. CONCLUSION

For all the reasons cited above, the OCC recommends that the Authority reject the Red Hill submetering plan without prejudice. If Red Hill can develop a lower-cost plan, provide proper notification to Park residents and provide the same standard as CT Water for customer services, then OCC recommends that the Authority take such revised plan under consideration.