



STATE OF CONNECTICUT

OFFICE OF CONSUMER COUNSEL

Ten Franklin Square
New Britain, Connecticut 06051

TELEPHONE
(860) 827-2900
Voice & TDD

FAX
(860) 827-2929

October 22, 2010

To: The Regulation Review Committee:

The Office of Consumer Counsel (OCC) is the State of Connecticut's statutory advocate for all utility ratepayers. OCC seeks to ensure just and reasonable rates and reliable utility service for customers of Connecticut's electric, gas, telephone, and water utilities. OCC's advocacy includes the promotion of beneficial policies for ratepayers, such as the conservation of water and energy resources. OCC participates actively in proceedings before Connecticut State Agencies, the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission (FCC), and state and federal courts.

OCC herewith recommends *rejection* of the proposed stream flow regulation, as currently drafted.

OCC appreciates the Department of Environmental Protection's efforts to implement Public Act 05-142 through the drafting of new stream flow standards and regulations. These standards and regulations which are required to balance environmental, public health, safety and economic interests to meet the needs of the residents and businesses of the state, would apply to all rivers and streams, promote and protect usage for recreation, and be based on natural variations of flow and the best available science.

As the statutory advocate for utility ratepayers, OCC believes that the draft regulations as submitted to the committee appear to inadequately protect existing public drinking water supply sources. The draft regulations would likely limit the amount of water supplies available for public health, safety, industry and recreation and jeopardize the ability of public water suppliers to meet their obligations to serve their customers, many of whom are the clients we serve.

The proposed regulations will also impose a heavy burden on investor owned, municipal and regional water utility entities, requiring hundreds of millions of dollars of new capital expenditures to comply with new stream flow standards. This will also result in tens of millions of dollars of annual water rate increases for customers of the State's public water systems to support the capital and operating costs of compliance, monitoring and reporting requirements. While these extraordinary costs and societal changes may be an unintended consequence of these proposed regulations, since the economic burdens fall only on the citizens who are customers of public water systems, they appear discriminatory and would improperly use water utility bills as a form of hidden taxation.

Last, but certainly not least, the effect of these proposed regulations on available water supply and water rates could drastically impact economic development in many communities as they plan future water supply and smart growth policies. This could in turn directly impact economic recovery and job growth as the State tries to recover from the worst economic conditions since the Great Depression.

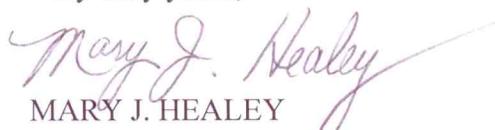
OCC has always worked closely and cooperatively with other State Agencies and stakeholders to resolve important public policy goals. OCC is prepared to assist in developing balanced regulations that meet the mandate of the statute and the needs of the residents of Connecticut. These are important regulations and standards, but there are critical public policy and economic goals that must be protected before they can be adopted in order to protect the State's current and future public water supply, as well as the economic and well-being of the public water suppliers and their customers.

We therefore urge committee members to reject the proposed regulations and advise DEP to take a more balanced approach to developing stream flow regulations by:

- Requiring DEP to first classify the rivers and streams using criteria that ensures that such classifications will be balanced based on the needs of all water users,
- Focusing on those rivers and streams with documented stream flow issues;
- Eliminating provisions regulating groundwater because they exceed the scope of the legislative mandate and impose untenable burdens on agriculture, golf courses, manufacturers and water companies; and
- Building in protections for a water system's safe yield and margin of safety.

These changes will help ensure that the regulations are appropriately balanced, as intended by the legislature, and result in a win-win situation for Connecticut's environment, its water consumers and promote the state's interests in public health, safety, economic development, recreation, and agriculture.

Very truly yours,


MARY J. HEALEY
CONSUMER COUNSEL

Cc: Commissioner Kevin DelGobbo, DPUC Chairman
Commissioner Anthony Palermino, DPUC
Commissioner John Betkoski, DPUC
Commissioner Amalia Vasquez Bzdyra, DPU
Commissioner Anna Ficeto, DPUC