

QUARTERLY REPORT OF THE INDEPENDENT CONSUMER ADVOCATE OF THE
METROPOLITAN DISTRICT COMMISSION

APRIL—JUNE 2019

CUSTOMER ISSUES

Approximately 10 individual customer issues were addressed this quarter. Total customers involved in these issues totaled many more since several of the issues involved more than one customer. High bills and shutoffs involved 3 customers. A number of potential customers in Glastonbury raised issues as to the cost of connection to MDC and the availability of connections. Some of these customers wanted a connection and cost was less important. Others opposed the extension of main since under MDC ordinances they would be subject to assessments whether or not they connected to the water main.

Other customer complaints related to high water pressure causing damage to appliances and whether MDC is responsible for customer costs related to finding a sewer blockage when the blockage was in fact in MDC pipe in the ROW.

Two customer complaints took considerable time to resolve. One involved billing a small condo in West Hartford for private fire protection. Private fire protection is billed based on the number and size of the connections. MDC had been billing for 4 such connections when in fact there were 2. MDC did provide a refund for such overbilling for 6 years notwithstanding that the overcharge had existed for almost 30 years. The refund amounted to over \$11,000. In addition the MDC made a waste adjustment related to water leaks for over \$5,000. The second complaint also involved a West Hartford condo and concerned responsibility for maintenance and repair and replacement of a sewer connection in the ROW. This issue has not yet been fully resolved.

Beginning in 2019, the MDC imposed a cross connection inspection charge to be levied against customers who had such connections. These include both large customers and residential customers who have installations like irrigation systems which require backflow preventers. While the Advocate supports cost based rates and this charge falls into that category, there are a myriad of problems with the way the charge has been implemented. These include procedural and substantive issues. These issues first arose at the very end of the quarter and at this time have not been resolved. More time will be spent on this issue next quarter.

SEWER AD VALOREM CHARGES

The MDC collects the bulk of the costs of operating and maintaining the sanitary sewer system through an ad valorem charge to each of the member municipalities. The charge is based on relative taxable grand lists. Some years ago, the municipalities and MDC commissioned a study of this charge and alternative methods for collecting these costs. (Raftellis Study). A final draft of that report was provided to the parties and a meeting held to discuss it in April. The Consumer Advocate reviewed the study methodology and identified several areas of concern. For example, the sanitary sewer system is de

facto also the storm sewer system in several municipalities. That is, in wet weather, for a variety of reasons, rain water finds its way into the sanitary system and is conveyed to the wastewater treatment plant. The cost of this conveyance and treatment is substantial. The Raftellis study did not identify this cost as impacting cost recovery alternatives. Another area of concern is that the Raftellis study assumed equal average water consumption by residential customers throughout the district. Given the great variety of housing in the district, this equality among customers in the different towns is counter intuitive. Further the average consumption per customer assumed by Raftellis is different than the corresponding consumption used in preparing the Integrated Long Term Plan issued by the MDC in December 2018. These issues need to be addressed before any decisions based on this report are made.

CUSTOMER MEETING

By statute the Consumer Advocate is required to hold a meeting with consumers every October in the same meeting room in which the MDC holds its meetings. That meeting was held in October, 2018 in Hartford in the evening. Several consumers desired another meeting to be held during the day in another municipality. To meet this request, the Consumer Advocate held a meeting in May during the day in West Hartford. That meeting was well attended and a variety of issues were discussed. Many comments centered on the sewer ad valorem issue discussed above. Questions were also raised regarding the Clean Water Project Charge. Going forward, the advocate intends to hold the statutory meeting as well as one other in the District.

FINANCE

Given the high bills for water and sewer service, considerable attention was paid to finance issues. These included review of the draft Audit Report for 2018, continued discussion of the bond program and how it could be revised to lower costs (longer maturity dates, breaking up big issues into smaller ones), and how to address the continued reduction in water consumption. With regard to water consumption, the Advocate addressed this issue at a meeting of a subcommittee of the Water Bureau. He stressed the importance of understanding why consumption continues its downward trend, the importance of determining the cost causation for various services and how to better align costs and rates. He also addressed the concept of economic development rates and how they might be implemented.

The Advocate also addressed the amount of the regulatory fee being charged by MDC to offset the charge by the State Department of Public Health for its Primacy Fee. The MDC was charging an amount that would have raised approximately \$400,000 to pay this fee. In fact the MDC was only being charged approximately \$250,000 by the Department. MDC has agreed to bring the charge into alignment with the actual fee being paid. After establishing the appropriate reserve, this reduction will save consumers approximately \$100,000 during 2019.

Financial issues will receive increased scrutiny in the coming quarter as the 2020 budget process begins.

AFTERWORD

This quarter has proven to be an active one both on behalf of individual customers as well as more generic issues. Immediate and verifiable benefits to customers exceeded \$100,000. In the long run, the broader and long term issues may prove more important. In the coming quarter, budget issues, resolution of the cross connection issues, and cost based rates are likely to predominate.