

November 1, 2005

Vandana Rao  
Executive Office of Environmental Affairs  
100 Cambridge Street, Suite 900  
Boston, MA 02114

Dear Ms. Rao:

The Massachusetts Water Resources Authority (MWRA) Advisory Board is an independent fiscal watchdog organization established by the Massachusetts Legislature to represent the 60 communities and 2.5 million ratepayers of the MWRA service area as part of the MWRA Enabling Act. The "Draft Water Conservation Standards" proposed a number of initiatives of significant concern. The MWRA Advisory Board offers the following comments on the Draft document.

The proposed water efficiency guidelines should be applied only to communities who face specific water supply issues. Problems for water suppliers include chronic water supply shortages, accounting for growth within the distribution system and groundwater withdrawals that place stress on local rivers or streams. The majority of water suppliers within the Commonwealth have a sufficient supply of water to avoid many of the issues the "Draft Water Conservation Standards" seek to remedy. Additionally, the overall methodology the Commonwealth utilizes to classify a river or stream as "stressed" has a number of flaws. Since the scope of Commonwealth water suppliers who face supply issues is relatively limited and the conditions of the majority of state rivers and streams is generally within historical parameters, the need for a "one size fits all" approach, as advocated by EOE, is inappropriate. The Commonwealth appears to be prescribing a remedy, where for the majority of water suppliers within the state, such relief is unwarranted.

The MWRA Advisory Board strongly encourages the Commonwealth to revise the draft document to ensure the Standards will be applied strictly to the communities with the most pressing supply and environmental issues. MWRA communities should be one of the groups exempted from the draft standards for the following reasons:

- As cited within the Introduction Section to the "Draft Water Conservation Standards", MWRA developed a highly successful water conservation program in the 1980's that resulted in dramatic reductions in overall system demand. These gains have been sustained to present. The MWRA Advisory Board believes one of the strongest incentives for conservation are price signals that represent the cost of treating and transporting water to consumers. With a projected wholesale rate increase of 49% over the next five years, MWRA water communities will be receiving a clear message via their water bills to reduce water consumption.

- MWRA is a uniquely situated water supplier where a number of the proposed water conservation standards are unsuitable. The collective capacity of the Quabbin and Wachusett Reservoirs is 477 billion gallons and the average system demand in 2004 is 220 million gallons per day (mgd). This significant reserve provides redundancy to member communities unmatched among any other Commonwealth water provider. When reviewing the Commonwealth's stated obligations to address water-use efficiency, MWRA is an active partner in helping achieve these goals:
  1. *Preserve our common stake in the Commonwealth's water resources, as part of the public trust.* MWRA has reduced system demand from above 300 mgd in the mid-1980's to 220 mgd in 2004. The significant decrease in use is attributable to a number of self-imposed measures including leak detection and repair efforts on MWRA and community pipes; retrofitting 370,000 homes with low-flow plumbing devices; extensive public information and school education programs; MWRA and community meter replacement programs; significant water and sewer retail rate increases; and, water pipeline replacement and rehabilitation projects throughout the MWRA and community systems. Changes in the plumbing code requiring the use of water efficient devices also contributed to the reduction in MWRA water use. MWRA has and continues to support water conservation measures to achieve the Massachusetts Water Conservation Commission's (WRC) stated objective to, "...ensure water is available in sufficient quantity and quality to meet Massachusetts' current and future needs and to accommodate both consumptive and non-consumptive needs." MWRA's actions since the mid-1980s to reduce water demand represents the organization's commitment to the principles advocated by the WRC.
  2. *Sustain current and future water needs.* MWRA regularly reviews system demand projections. Based on EOEА build-out analysis, MWRA forecasts system demand to be approximately 258 mgd. This estimate includes 3.5 mgd from communities currently pursuing MWRA membership. MWRA has identified a number of potential non-member communities with water deficits who may request MWRA water. Even under these aggressive growth projections, total MWRA water demand would be well under the Waterworks System's 300 mgd safe yield target. The future water needs of MWRA Waterworks communities, as well as other potential member communities, is sustainable. The facts demonstrate MWRA is actually in a unique position to serve as a resource in providing water to communities with justifiable water needs. The MWRA Advisory Board encourages EOEА to partner with MWRA to strategize how MWRA water can help ensure the long-term sustainability of at-risk Commonwealth communities.
  3. *Protect aquatic ecosystems and minimize water supply impacts.* The MWRA water supply is mainly provided through two man-made reservoirs. The creation of the Wachusett and Quabbin Reservoirs, along with a multitude of other smaller back-up reservoirs, collectively provides one of the largest open-space areas within the Commonwealth. Much of the watershed land is owned by the Commonwealth and is maintained in a natural state. MWRA annually commits approximately \$22 million for Division of

Water Supply Protection operations, debt service on land purchases and Payments in Lieu of Taxes to watershed communities. The MWRA and MWRA Advisory Board remain committed to protecting the natural state of our watersheds.

4. *Provide financial savings in the cost of water.* The Commonwealth's statement, "Increasing water use efficiency can provide an economic competitive advantage for public water suppliers and businesses by reducing operating and maintenance costs..." is somewhat misleading in the case of the MWRA. The MWRA's FY06 Current Expense Budget reflects a total water debt service obligation equating to 60% of the Water Rate Revenue Charge. In five years (FY11) debt service is projected to increase to 64% of the Water Rate Revenue Charge. MWRA continues to control direct expenses (operating and maintenance costs) by capping Direct Expense growth at 2.5% per fiscal year, with an exception to account for the impacts of new facilities. Utility and chemical costs make up only 6% of total FY06 MWRA expenses. Local water suppliers also have significant fixed costs. Reducing water use typically *increases* costs for suppliers potentially further limiting necessary resources for reinvestment and upgrading local systems.
- A number of the proposed standards and recommendations represent an unfunded mandate by the Commonwealth on water suppliers. Some of the notable recommended measures within the "Draft Water Conservation Standards" requiring a fiduciary commitment include installation of pressure reducers for residential and commercial accounts; establishment of remote reading and monthly billing of water accounts; installation of water efficient plumbing fixtures and outdoor water conservation equipment to meet the 65 gpcpd threshold; provision of residential indoor and outdoor irrigation water audits; and, requiring all industrial, commercial and institutional water users to undertake water audits. While the document does suggest reestablishing the meter replacement grant program, there is currently no commitment on behalf of the Legislature and Governor to support the program or provide any other loans or grants to support the recommended measures in the "Draft Water Conservation Standards" document.
  - The proposed Standards for leak detection exceed the baseline requirements for community leak detection established by MWRA. The proposed Standard that communities with an unaccounted-for-water (UAW) level over 15% must complete an annual field survey for leaks is of limited use. While leak detection surveys are critical to establishing a baseline community overview, repeating the same survey process on an annual basis may provide only limited incremental benefits. Additionally, there are a number of other factors beyond large system leaks that contribute to high UAW levels including meter issues and lax tracking of municipal water use for such activities as firefighting and pipe flushing. Water audits may be a good follow-up tool to complement leak detection survey efforts.
  - The basis for the 65 gpcpd is significantly flawed. The Commonwealth has a significant burden when establishing a state-wide standard for residential water use. Creation of a standard must be based on accurate and accountable community data; should consider the financial impact on water suppliers to meet the threshold; and, evaluate the issues other

regulatory bodies have faced in implementing residential water use targets. The proposed 65 gpcpd meets none of these tenets. Implementing state-wide residential water use Standards absent a scientific basis, economic impact evaluation and political support is destined to fail.

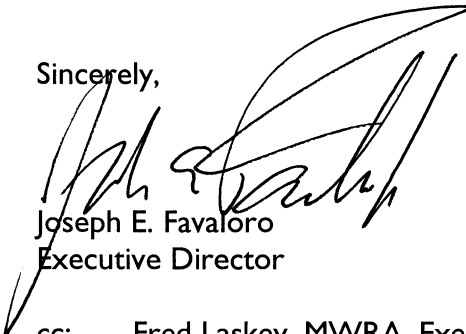
An overview of the “Draft Water Conservation Standards” was provided by EOEA staff at the Advisory Board’s October 20<sup>th</sup> meeting. MWRA Advisory Board community representatives expressed a number of concerns regarding the “Draft Water Conservation Standards”. Some of the points raised at the meeting included:

- The conservation measures represent an unfunded mandate placed upon communities.
- Reduction in water use will lead to higher water bills for consumers.
- The Commonwealth would force MWRA to seek further reductions in system demand, disregarding the active steps the organization has already undertaken to reduce water use.
- If MWRA has a robust supply and is committed to watershed protection, what is the benefit of the proposed Standards for MWRA communities?
- Why is the Commonwealth seeking to punish communities experiencing water issues rather than seeking to provide assistance to these communities?

The responses at the Advisory Board meeting reflect the substantial concern of Advisory Board members that the “Draft Water Conservation Standards” need to be significantly revised.

Universal implementation of costly standards to achieve unquantifiable benefits is counterproductive and misguided. The “Draft Water Conservation Standards” document is a response to a non-existent crisis. EOEA should refocus efforts from mandating performance standards to developing programs and providing financial assistance to support communities facing water deficiencies. The final version of the document should establish state-wide Recommendations and limit use of mandated Standards to only water suppliers addressing serious environmental or supply issues. The Commonwealth should be seeking to help communities with water deficits rather than placing an unfunded mandate on all water suppliers.

Sincerely,



Joseph E. Favaloro  
Executive Director

cc: Fred Laskey, MWRA, Executive Director  
MWRA Board of Directors