

TO: PAUL STACEY,
CT DEPARTMENT OF ENVIRONMENTAL PROTECTION

FROM: RIVERS ALLIANCE OF CT
DATE: FEBRUARY 4, 2010

CONTINUED COMMENTS
ON DEP PROPOSED STREAMFLOW REGULATION
FOR PUBLIC HEARING, January 21, 2010

On January 21, Rivers Alliance submitted testimony shown below. New testimony continues on page 5, as indicated. Documents submitted in support of this testimony included:

- 1) Consumption Trends and Projections. Prepared by Connecticut Water Company.
- 2) Torrington Water Company 2008 Annual Report.
- 3) Sustainable Infrastructure. Department of Public Health, Drinking Water Division.
- 4) Low Flow Rivers in Connecticut. Prepared by Rivers Alliance of Connecticut.
- 5) Sustainable Water Systems: Step One -- Redefining the Nation's Infrastructure Challenge. The Aspen Institute, 2009.
- 6) Economic Impact of Sport Fishing. American Sportfishing Association.
- 7) Statement in support of the regulation, Gov. M. Jodi Rell, 9/12/09

Rivers Alliance is the statewide, non-profit coalition of river organizations, individuals, and businesses formed to protect and enhance Connecticut's waters by promoting sound policies, assisting the state's many river groups, and educating the public about the importance of conserving our rivers and other water resources. Our 500 members include almost all of the watershed groups in the state and many of the leading conservationists.

The problem of streams impaired and threatened by low flows has been a statewide concern for some 40 years. Restoring and protecting streamflows is the highest policy priority in the Rivers Alliance strategic plan.

These are preliminary comments primarily for delivery on January 21. They will be supplemented by detailed comments subsequently. Our comments will note positive and negatives aspects of the regulation, address objections raised by opponents, and offer suggestions for improvements, including improvements that would benefit utilities.

The science side of this proposed regulation is based on a sophisticated understanding of natural flow patterns and their relationship to ecological health. We

thank the CT DEP for providing the hard work and leadership needed to develop this ecologically protective approach.

The law side of the proposed regulation, however, falls short in clarity and rigor. The law (PA 05-142) calls for a balanced, reasonable regulation. In the four years that the regulation was developed in consultation with stakeholders, the balance originally proposed shifted in favor of the interests of water diverters. We believe that the regulation now needs a more equitable balance restored.

Classification of Streams and Rivers

The regulation is based upon a classification of streams that resembles the state's water-quality classification under the Clean Water Act. The water quality standards use letters: A, B, C, and D. The flow regulation uses numbers: 1, 2, 3, and 4. But the classification system in the regulation does not provide the same protections as offered by the water quality standards.

In particular, the water quality standards incorporate an anti-degradation principle that aims to ensure that a permitted activity, such as a discharge, does not lower water quality. The flow regulation has no anti-degradation principle. In the negotiations of the regulation, the utilities were alert to oppose any anti-degradation tendencies in the interpretation of proposed rules.

The classification for water flow, unlike the classification for water quality, does not incorporate strong goals for improvement. On the contrary, the lowest flow category, #4, was added at the strong urging of the utilities with the express intention of eliminating as far as possible any requirements for improving flows. There are no narrative goals for improving Class 4. These are throw-away rivers.

Compare this situation with the water-quality classification as described on the DEP website: "Criteria are divided into groups with surface fresh waters having the designations AA, A, B, C, and D. Saline waters are assigned classes SA, SB, SC and SD. **It should be noted that C, D, SC, and SD are never acceptable goals.**" (emphasis in the original)

Equally disturbing, the criteria for determining the flow classification of streams are less scientific and precise, including plans that anyone might have for future diversions and poorly defined standards of practicality and need. It is not the intention here to ask for a new approach, but we will recommend changes to counteract the tendency toward flow degradation inherent in these regulations.

Recommendation: Eliminate Class 4 as written. In these days, when technology makes possible many means of restoring rivers to health, no river should be declared hopeless.

Does the Law Cover Groundwater Withdrawals?

The plain language of the statute is that the regulation shall apply to any “structure that impounds or diverts the waters of a river or stream system or that affects the flow of water in such a system.” A groundwater pump in the vicinity of a river affects flow in two ways: it sucks water out of the river and it intercepts water that would flow into the river. Groundwater and surface water are one continuous system. Depending on site circumstances, a pump may pull out far more water than a gravity pipe.

River Alliance staff worked on the development of PA 05-142, and it was always our understanding in conversations with the DEP that pumping was covered by the law. Also, from 2005 to the present, our staff has worked closely with water advocates at the UConn Storrs campus, where groundwater pumping was having negative effects on the Fenton River, leading eventually to the famous lethal drawdown in 2005. Pumping is also an issue in the Pomperaug River Watershed, where diversion “rights” exceed water resources.

Utility representatives did argue in various meetings at the DEP and the Water Planning Council Advisory Group that groundwater should not be included. I have seen an email circulating that says that I agreed that groundwater was not included. I have asked for a correction. What I said was that I agreed that representatives of the utilities maintained that groundwater was not covered. We did not wrestle this point to the mat, because the language of the law is clear, and common sense dictates that a regulation to protect flow must cover practices that reduce flow.

We agree, however, with criticisms that the groundwater rules may be off-target on the hydrology in a way that imposes undue difficulty for diverters.

Recommendations: 1) If DEP feels that there is any legal doubt as to the status of groundwater, it should offer whatever clarification is needed in whatever form is appropriate (such as an opinion from the Attorney General’s office). 2) With respect to groundwater and other considerations, DEP should clarify its definition of “river or stream system” so that it reflects the standard meaning of the term, and not just all parts of a river system “*upstream* of any point...” (emphasis added) Definitions that do not correspond to dictionary meanings tend to lead to unforeseen consequences. When the intention is to refer only to the upstream segments of a system, that intention can be specified as needed. 3) We support review of the rules for groundwater diversions to be sure that they represent good science and feasible goals.

GENERAL COMMENTS TO BE CONTINUED IN WRITING at a later date.

Oral testimony will cover the following points.

Is the regulation a solution without a problem as implied in yesterday’s press conference? In other words is there for restoration of flow and protection of flow?

We are submitting a list of low-flow streams and rivers, and a statement from Governor Rell from September 12, 2009, in support of PA 05-142 and the regulation.

Her administration had to devote considerable time and resources to sorting out the Shepaug River case, and she recognizes that litigation town by town is wasteful and divisive.

Are water companies running out of water? Generally, no. Water companies are running out of customers and revenue. We are submitting a chart showing the downturn trend in consumption. We are also submitting the annual report of an investor owned water company facing this problem, with a plan to get new customers. (This submission also includes an article on foreign interest in our water resources. Finally, it includes one of the reports from the Toxic Waters series in the NY Times.)

Are water companies following a sustainable business model that will enable them to make appropriate investments in their infrastructure, protect water resources, and maximize service and health benefits to their customers? We submit a presentation by the Department of Public Health urging utilities to watch out for the “gap” between the true cost of delivering water and maintaining infrastructure and revenues from customers. Numerous studies indicate that infrastructure investment nationally and in Connecticut is lagging way behind needs.

Is there a way for utilities to become robust and sustainable. The DPH presentation details funding opportunities. River advocates have teemed up with municipal utilities to get adequate funding for sewage treatment. There is no reason we cannot help with drinking water. We also submit a copy of the Aspen report on Sustainable Water Systems. This proposes that the infrastructure of a water supplier is in fact the entire system of water resources within the watershed(s). Funding for infrastructure is available; funding for the extended infrastructure should be sought. Finally, many utilities are developing new approaches to rate schedules to de-couple revenues from quantity sold.

Are the costs of complying with the regulation so crushing as to sink all hope of economic recovery? Utilities have not yet provided any financial details and the DPH says that the public is forbidden by law from seeing water supply plans. So exact figures are hard to come by. But it appears that compliance would raise rates only modestly compared to the rate increases already being sought. (See annual report cited above. Rate increase of 20% sought; 12% granted; under challenge by the Consumer Counsel.) The capital costs of the Waterbury flow-management plan for the Shepaug came to \$4 million, including construction/repair work required apart from the flow release agreement.

Is there any economic benefit to clean, healthy rivers? Can we help fish, turtles, and frogs without harming people? Well, property values and quality of life depend on a healthy environment. Who wants to live next to a river where the fish are dying? We submit excerpts from a report by the American Sportfishing Association showing the economic value of freshwater fishing type of water recreation to Connecticut is over \$400 million (including the multiplier effect) and over \$28 million in tax revenue (we need it). More data available.

Thanks, Margaret Miner,
Executive Director

Is the Timetable Reasonable?

We are sympathetic to the complaint from utilities that the US Geological Service (USGS) application that is intended to provide point-and-click information on low flows for given river segments will not go online until March, requiring diverters to assess the impact of the regulation absent complete information. Correspondingly, river advocates are concerned about the long, slow process for classifying rivers and improving flows. Nevertheless, it appears that all players have a notion of how different river segments are likely to be classified. For example, DEP has frequently signaled that all streams affected by water supply diversions are likely to be in the Class 3 category.

Recommendations to Address Utilities' and Enviro's' Timetable Concerns. We would be interested in working out an accommodation to provide more early certainty on presumptive classifications. Possibly this could be accomplished by more precise criteria for classification. Possibly USGS could speed up release of its low-flow data. Correspondingly, we would like to see earlier certainty that protections will actually be put in place before additional significant degradation occurs. The ten years required to complete stream classification is unreasonably long. Thanks to modern electronic communication, we have the means to develop the data and to communicate with stakeholders rapidly. Five years in total should be adequate, and would put all basins on a level field.

Does this Regulation Provide Timely Legal Protections for Rivers?

PA 05-142 provides that the old minimum flow regulation will remain in effect until the new regulation is adopted. The old regulation is not science-based and not protective, as DEP testified in the case of *Waterbury vs. Washington et al* (the Shepaug River case). This is one reason that we do not want a long postponement of the adoption decision in order to accommodate complex deliberation on the status of each affected stream segment.

However, we are concerned that many rivers in the state will be no better off ecologically post-adoption of the regulation. Legally, they may be even worse off.

Under current law, there is no regulation for unstocked streams. But impairment of unstocked streams *can* be challenged under Connecticut Environmental Protection Act (CEPA).

By contrast, under current law, stocked streams are regulated by the old minimum streamflow regulation. This is admittedly inadequate. Nevertheless, impairment of stocked streams *cannot* be challenged under CEPA because the Supreme Court ruled in the Shepaug case that if a practice is consistent with the existing "scheme of law,"

it cannot be found to be impairing a resource, no matter what evidence exists to the contrary.

Once the present regulations are adopted, even the currently unregulated unstocked streams will come under “the present scheme of law.” Thus, the last opportunity to protect rivers by CEPA will be eliminated (excepting the unpalatable option of suing DEP under CEPA).

Therefore, it is highly important that new regulation not only be protective but that it replace the existing regulation promptly. Otherwise, we are stuck for years with the present, unprotective regulation for stocked streams and no regulation at all for unstocked streams.

The timetable seems to be:

- I. An initial five-year period for classifying streams and adopting the classification (2010-2015); I believe I have heard two different explanations of how this would work. Classify all the basins, and then start the clock. Or classify the basins in some sort of reasonable sequence, and start the clock for each basin as classification is complete (the latter seems to be called for in the current presentation).
- II. A five-year period of planning for compliance (2015-2020).
- III. A five-year period in which diverters come into interim compliance (2020-2025)
- IV. A five-year period to come into full compliance (2025-2030)

The text explains that implementation does not begin until year six “(post adoption of the Classification for a segment).” In that first five-year period of implementation, the diverter does *not* have to comply with the release standards in the regulation. The diverter evidently cannot divert new quantities, but has an additional 5 years to plan for compliance. Then there is a five-year period of interim compliance (with improved flows), and finally full compliance.

The single protection during the first ten years (DEP classification plus planning period) is that the diverter must continue current practice, in other words, should not do more harm. But it is not clear whether “current practice” means that the diverter cannot increase withdrawals or cannot introduce a new kind of use.

This schedule means that for ten years nothing will happen except the classification process and planning. Full compliance may not occur until twenty years from now, and possibly longer if diverters are protected by permits, compliance negotiations, or other conditions that stall progress.

Recommendation: 1) Assess the feasibility of classifying all rivers and streams much more quickly, say in 2.5 years. 2) DEP should state explicitly in the regulation that it has the authority at any time to order alteration in diversion practices that are in fact, as shown by science, harming natural flows and riverine ecology. 3) Define “current practice.”

Registered Diversions, Permits, and Delays

Prior to 2005, low-flow problems were primarily associated with diversion registrations rather than with new diversion permits. This is because, under the Water Policy Diversion Act of 1982, the criteria for granting a new diversion permit are quite protective, but existing diversions and diversion systems were allowed to register these diversions up to the full capacity of their systems. This, in effect, grandfathered rights to most of the water in the state.

Registered diversions today account for more than 80 percent of all permitted diversions. The three high-profile river-flow cases between 1999 and 2005 all revolved around rights under registered diversions. (The cases related to the Shepaug River, the Fenton River, and the Mill River in New Haven.) The DEP has made it clear in presentations that the regulation is intended to apply immediately to registrations. We strongly support this approach. We reject the claim, sometimes made, that the streamflow Act was intended only to address future diversion requests. That interpretation is contradicted by the history and language of the Act.

Because under the 1982 Act, permits are quite protective of the resource, and also because permits must be renewed after a stated term of years, the proposed regulation exempts diversions done under permits.

Presently, if a diverter submits an application for a permit renewal, the old permit remains valid until a new permit is issued. This may take years. We're concerned that old permits may stay in force in situations where a review is warranted. For example, the Danbury Public Works Superintendent was quoted in The Danbury News Times (January 31, 2010) as saying that they can continue operations without regard to the streamflow regulation until 2024. That is fourteen years before they begin to change, so likely they will not come into compliance until 24 years from now!

Recommendation: The regulation should state that, once a permit expires, a diversion that is not already in compliance with the regulation must come into compliance within three years. This will put permit holders on to a schedule similar to that applicable to registrants. Again, it is essential that DEP retain the authority to regulate excessive water diversions both for the sake of streams for future supply.

Narrative Standards and Presumptive Standards

The regulation includes narrative and "presumptive" standards. The word "presumptive" is confusing in this context. The so-called presumptive standards are the only enforceable standards. The narrative standards are descriptions of the conditions that the presumptive standards are expected to support. The narrative standards, as written, could not be enforced. Any effort to enforce them would lead to endless legal and scientific arguments

Recommendation: Drop the term “presumptive.” If an adjective is desired, “default” would be better. Change “narrative standards” to “narrative goals.”

Fair and Balanced

PA 05-142 calls for a balance between environmental needs and societal needs. As the regulations were negotiated, this balance continued to shift away from the environment, with the creation of Class 4 rivers being the most prominent example. Here follow recommendations for restoring a more fair balance.

Recommendation. 1) All classes of rivers should have a goal for improvement. 2) Class 4 rivers should be eliminated or should have an antidegradation goal joined to goals for improvement. 3) Any downgrading of a river should meet the standard of “overriding social or economic justification” that is required under the regulation to move a river down to Class 4. 4) The provisions for variances should be modified to allow for an appeal of a variance in non-emergency conditions. 5) The standard of “legitimate” need is too loose. I have a legitimate need for more money, but that does not mean that the other players in tomorrow’s poker game should be required to give it to me. In place of “legitimate” use “compelling” or “overriding.”

Compacts

We fully support the concept of compacts as alternate routes to compliance. We would also support a review and correction of any unreasonable barriers to entering a compact. But the regulation as written also presents problems for river advocates.

There seems to be no provision for the public to appeal a compact. The compact is required to meet the “narrative” standards, which, as noted above, are so vague that it would take years to prove that someone is or is not meeting them. This is a problem for all parties.

Recommendation: The DEP, in consultation with members of the committees that were involved in the development of the regulation, should revise the rules for compacts to make them both more protective of the resource and attractive to a diverter.

Hydropower Dams

It is not clear whether the regulation is intended to cover hydropower dams that are not regulated by FERC. Our position is that all hydropower generation should meet the standards of the Low-Impact Hydropower Institute. No dam should be unregulated.

Recreational Lakes: Run-of-River

Recreational lakes are exempt as long as they are “run-of-river.” Many comments have questioned whether that is the right term for an impoundment from there may be little discharge. It is not clear whether the regulation covers use of a flashboard to raise lake levels.

Recommendation: Edit to avoid use of “run of river.”

Drought Triggers

The regulations are linked to drought triggers in a utility’s water supply plan. As drought warnings escalate, required flows decrease. This is reasonable. However, drought triggers vary from plan to plan.

Recommendation: Drought triggers under the regulations should be standardized.

Cumulative Effects

DEP has asked for comments on how the state might develop and implement a flow-management standard that takes into account cumulative effects. This is required under the regulation, as written, for compacts and in the final stage of implementation. Ultimately, the regulation will not be as effective as needed unless cumulative effects are taken into account.

Recommendation: DEP should continue to work with the Commissioner’s Advisory Group to refine this requirement. Some states and regions have relevant systems in place. One approach is to set a threshold for water withdrawals; once that threshold is crossed, new withdrawals must be matched with reduced water use.

Monitoring

People on both sides of the issue have asked how we will know if the regulations are working. Someone needs to be monitoring the flows in the streams.

Recommendation: DEP should require diverters to monitor flows, if not continually, then on a sampling basis. As far as possible, DEP should work with USGS, universities, and others to augment the existing flow monitoring networks.

RESPONSE TO COMMENTS OF OTHERS

Cost-Benefit Analysis

A number of utility representatives maintain that the regulation should not go forward without a cost-benefit analysis. One speaker, on January 21, stated that the cost would be “enormous.” Then asked, scornfully, what would the benefit be? Obviously, the benefit would be “enormous.”

Cost-benefit analyses are notoriously difficult to structure and to objectify. In this case, there would be many dozens of variables on each side of the equation, and the variables would have to be verified individually for each watershed.

A cost-benefit analysis would only transfer the debate to another more distant arena for an indefinite period of time without necessarily yielding a satisfactory conclusion. The social justice issues alone would be daunting.

Recommendation. Assign the task of formulating an appropriate cost-benefit analysis for this situation to one or more university graduate programs in economics.

Create a Statewide Water Management Plan Before Setting Flow Standards

Connecticut has attempted since the 1970s to create a statewide water management plan. In recent years, the Water Planning Council and the legislature’s Program Review and Investigations Committee developed recommendations for how to proceed. The Water Planning Council has repeatedly concluded that there are no resources for this effort.

All recommendations for reform of water management have included, as a major component, streamflow protection. This is the only piece of the plan on which people are actually working. The flow regulation is the only visible lever moving the state toward rationalization of water management. Abandon flow protection, and no one will seriously work on prudent water management.

Start the Process Over with More Input from DPH

DPH has been at the table throughout the development of PA 05-142 and the present regulation. The agency has repeatedly indicated that it has no resources to undertake the kind of work it is now proposing. Moreover, the statute does not assign a lead role to DPH. This might have been done initially, but surely DPH would have attached a killer fiscal note to the bill.

Under this Act, DEP is charged with the responsibility of protecting water supply. It has worked to this end for five years, with DPH constantly involved. The data submitted by DPH does not indicate that the flow regulation would cause any serious

problem for which there are not remedies in the regulation. This makes sense. If it were otherwise, surely DPH would have spoken up before now.

Will the Regulation Lead to DPH Moratoria on Growth of Water Suppliers?

Data submitted by DPH and other evidence indicates that moratoria are rarely if ever imposed, even when a utility is well below the approved margin of safety. The usual approach is to work out a solution to the problem. A good idea.

Presently 26 of 104 systems reviewed by DPH do not meet the margin-of-safety standard. We would like to see this corrected, along with improvements to associated river flows.

Are the Costs of Compliance Unreasonable?

Water utilities have complained that the cost of compliance with the regulation will run to hundreds of millions of dollars and rate increases to customers.

Water utilities are *already* investing hundreds of millions of dollars in infrastructure upgrades. This is good. Nationwide and in this state, underinvestment in water infrastructure is a chronic problem. DPH, in the presentation submitted, urges water companies to recognize and deal with “the gap” between revenue and the cost of doing business.

It is difficult to do a thorough study of utilities’ economic status, as the public is presently barred from reading water supply plans (under the law as interpreted by DPH). However, here are some sample figures.

The South Central Regional Water Authority (RWA) reported (New Haven Register, 1/13/10) that it plans to spend \$39 million on infrastructure in the next 15 months. Incidentally, the RWA is an exceptionally well run utility, with a prudent infrastructure investment plan. The investment does necessitate rate increases. In 2007, it had a 4.1 percent rate increase. In 2009, it had a 4.0 percent rate increase. These increases increased quarterly bills to customers by \$3.61 per quarter and \$4.56 per quarter.

The Torrington Water Company annual report shows that they just requested a 20 percent rate increase, and were awarded a 12 percent rate increase (which the Consumer Counsel is challenging). Any rate increase necessitated by cost of compliance is like to be more in the 5 percent range, or one quarter of the rate increase recently sought.

Here are some statistics from Connecticut Water Company:

Average consumption and charge now: 18,000 gallons per quarter and is billed \$140 per quarter, \$1.55/ day

Planned Rate Increase for Infrastructure: \$1.50 per quarter or 50 cents/ month

New Rate: \$141.50 per quarter

Cost of New Stream Flow Reg (as an addition to the new rate of \$141.50 per quarter):

If projecting a 3% rate increase: an extra \$4.25 per quarter or \$1.42 per month

If projecting a 5% rate increase: an extra \$7.08 per quarter or \$2.36 per month

If projecting a 10% rate increase: an extra \$14.15 per quarter or \$4.72 per month

Each utility has different needs and problems. Rivers Alliance is more than willing to advocate for changes that will support prudent infrastructure investment, especially if utilities adopt the definition of “infrastructure” recommended by the Aspen Institute last summer. (See report submitted: “infrastructure” should be interpreted to mean the entire system of water resources within a watershed, including naturally flowing streams.) But on the question of whether the cost of compliance is out of proportion to other costs, the answer is, no.

There are few figures on actual costs that might be incurred by compliance with the flow standards, but we do know that the capital cost to Waterbury to upgrade its system for a new flow management plan was just under \$4 million over about four years. This is manageable.

Is It Fair for Utilities and Rate Payers to Bear All Costs of Compliance?

Many representatives of water supply companies argue that, since improved flow will benefit everyone, the cost should be shared by everyone. The counter argument is that the utilities have been entrusted with a resource owned by the public. The privately owned companies also enjoy monopoly status, with guaranteed service areas and regulated revenue increases. In addition *all* Connecticut’s water suppliers benefit from the state’s unique policy of not allowing water that has received a waste discharge to be used for potable supply. This policy saves utilities major expense related to water treatment and imposes undue pressure on the public’s highest quality aquifers and upland streams.

The fairness dispute has no clear answer. The important challenge is to move ahead in a cooperative manner to overcome financial barriers to sound water stewardship.

Golf Courses

Several years ago, under an amnesty for diverters not in compliance with the Diversion Act, numerous golf courses obtained permits. So, there are now 67 with permits and 52 with registrations. Water-management ranges from sophisticated (and getting better every day) to wasteful. Rivers Alliance served on DEP’s golf

course advisory committee about 10 years ago, and I am certain that golf courses can come into compliance and without undue difficulty. (I do realize that many are facing financial hard times, but water stewardship is not likely to tip the balance one way or another.)

Need for the Regulation

A few people have argued that there is no need for this regulation because almost no streams have flow problems. Rivers Alliance has submitted a list of some 60 rivers threatened or impaired by low flows. One advocate said, “The fish aren’t dying, businesses are dying.” (He’s not a scientist.) Both are dying. Let’s work to keep both alive.

Conclusion

Our rivers and streams need flow protection. At Rivers Alliance of Connecticut, we look forward to working with the DEP and others to achieve this protection. We do not support aborting and re-starting the process. It’s taken 40 years to amass the science and political wisdom to reach this point. Let’s fix what need fixing and move forward.

Margaret Miner
Executive Director