

INDEPENDENT CONSUMER ADVOCATE  
QUARTERLY REPORT FOR OCT-DECEMBER 2020

### CONSUMER ISSUES

The ICA was contacted by 7 customers during the quarter. The mix of issues raised was more varied than in prior periods. One involved compensation for damages caused by water main flushing. One involved a failure to repair a sidewalk for an extended period. Two involved commercial customers whose bills raised several questions for those customers due to higher consumption than expected. One was concerned with access to Reservoir property in West Hartford and one was a carryover from prior periods regarding more than one customer being served by a single service line located in a public way.

Also, the statutory required consumer meeting was held during this quarter and as in past years was sparsely attended.

### BUDGET ISSUES

The remaining time this quarter was largely devoted to budget issues.

On the revenue side there were several meetings regarding ways the MDC was considering in an effort to raise revenue other than by the sale of water and sewer service, e.g., installation of solar panels. These are still being reviewed. The impact on revenue of the discount rate for the largest water customer was also analyzed now that there were several months of data available. It appears that the discount had little impact on water sales but a substantial impact on revenue especially revenues associated with the CWPC. The conclusion on water sales was supported by the fact that the increase in sales for the first several months of 2020 as compared to 2019 was equal to or greater than the increase in subsequent months. Since the rate discount was not effective until end of March, this would indicate that in the short run, at least, the rate discount was not affecting consumption. It is difficult to make this firm conclusion however, since the pandemic shutdown began at about the same time as the discount so all data during this period needs to be considered in that light.

The ICA spent considerable time reviewing the expense budget for both water and sewer. Out of that review came a variety of questions which were asked of MDC and answered by MDC. The ICA focused on two key budget issues. First the budget included \$1.4million of possible charges related to the Colebrook dam. MDC disputed these charges and it stated on more than one occasion that it did not owe such sums and would be contesting it if levied by the Army Corp of Engineers. The MDC also estimated that it would be several years before this matter would be resolved. Based on the foregoing the ICA did not believe that this amount should be included in the budget which would have a significant rate impact (approximately \$.08 /ccf) in and of itself. Rather, the ICA suggested that this amount be treated as a contingent liability and not be included in the budget. This view prevailed.

The second item of significance raised by the ICA involved the practice of the MDC to include in the budget 100% funding of all authorized positions. That is, it assumes that all positions will be filled every day of the year. It is unrealistic to assume that every position will be filled every day of the year.

Indeed, in prior years the amount of underspending in this expense category has been substantial. This overstatement of expenses is further compounded by the fact that other payroll accounts (e.g. overtime) are based at least in part on history. Since one, but not the only, driver of overtime is the number of vacancies and prior years experienced a significant number of such vacancies, the result is that the payroll expense budget is bound to exceed the actual expense incurred. This overstatement could be adjusted to a more realistic number by just applying a vacancy factor based on past history. Such an approach would allow all positions to be filled in the normal course of business but would recognize that there would be unavoidable vacancies in some positions throughout the year. This adjustment was not adopted.

#### CONCLUSION

The fourth quarter was a busy one dominated by budget discussions and related hearings and analysis. This is likely to continue in the 2021 budget year.