

Water rebate program ends

By Mary Ford

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HINGHAM - Hingham residents are going to see an increase in their water bills.

While water rates have not changed, the clock runs out this month on a 10-year rebate program approved in 1998 that affects customers of Aquarion Water Company of Massachusetts and those of 21 other districts.

Residential customers in Hingham, Hull and North Cohasset will see an increase of about \$24.25 per quarter or \$100 annually. That means the amount the average customer pays would go from about \$549 to \$646 per year.

Back in the 1990s state Sen. Robert Hedlund and then state Rep. Mary Jeanette Murray worked to grandfather in communities that had already built treatment plants to meet federal safe water act standards to receive reimbursements for certain costs.

“Essentially what had happened was the federal government created an incentive for communities to do what these 22 districts had already done,” state Rep. Garrett Bradley explained.

Aquarion’s predecessor, Mass-American Water Company, built the \$37 million treatment plant in Hingham that came on line in 1996.

“The Massachusetts legislation made \$8 million available annually for 10 years for reimbursement through a line item in the state budget,” Bradley explained. The federal government reimbursed the state for no more than 50 percent of that amount.

Bradley and Hedlund are sponsoring new legislation that would extend the reimbursement program for another 10 years because interest on the debt on the treatment plant was not part of the calculation of reimbursable costs. Post 1998, the federal government changed the rules from a straight grant program to low-interest loans that could include the cost of the debt service in the reimbursable amount. The 22 affected districts – including Aquarion’s customers in Hingham, Hull and North Cohasset – have not benefited from this change. “We think equity dictates,” Bradley said. The legislation would spread \$80 million in reimbursements over another 10 years.

Bradley said the bill, however, could have a tough road ahead because the state is facing a \$1.3 billion deficit. If passed, the bill would not take effect until the end of the session in July.

In the meantime, the funding on the original program is running out at the end of January.

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COMMENTARY: End of the line for water rebate

By Larry Bingaman

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HINGHAM - It has been said that all good things must come to an end. In times of tight state budgets, that saying is truer than ever. For the past 10 years, customers of Aquarion Water Company in the Hingham/Hull District have been receiving a credit on their water bill of about \$24.25 per quarter, or \$0.27 per day. This is a rebate from the State to partially offset a rise in water rates caused by the Hingham/Hull District Water Treatment Facility being brought online in 1996. It is important to note that the rebate is for the sole benefit of water customers and did not change the water rates set by the Department of Public Utilities.

Since the State rebate ends on Jan. 31, 2008, after 10 years, customers' water bills will now have to absorb this amount. I would like to explain this in more detail and what affirmative actions Aquarion has taken to extend the rebate.

In 1996, Aquarion's predecessor company in Massachusetts, the Massachusetts-American Water Company, brought online the Hingham/Hull District Water Treatment facility to comply with the Safe Drinking Water Act. The facility cost about \$37 million and as a result the typical residential customer's water bill increased from about \$250 per year to some \$600 annually.

To help partially offset this increase, in 1998 Senator Robert Hedlund, Representative Mary Jeanette Murray, and the water company worked together to successfully enact legislation that resulted in Hingham/Hull District customers, along with residents in twenty-one other water districts, receiving a state rebate spread over ten years. Those twenty-two districts are: Amherst, Attleboro (2 grants), Auburn, Bellingham, Hingham/Hull/North Cohasset, Holyoke, Hudson, Lenox, Littleton, Milford, Natick, North Adams, Norwell, Palmer, Peabody, Rockport, Rutland, Spencer, Westborough, Westfield, Winchester, and Worcester.

In 2007, our typical residential customer used about 70,900 gallons of water during the year and paid an average annual water bill of \$646. Of this amount, each customer received approximately \$24.25 per quarter from the State shown on the water bill as a "Treatment Facility Surcharge Credit" to, so the net average water bill was about \$549 per year.

With the 10-year grant award coming to an end in early 2008, Aquarion began discussing a year ago with State Senator Robert Hedlund and State Representative Garrett Bradley the financial impact to our customers.

We were particularly concerned because we knew that, after seven years, we would be filing for a rate increase in the same year.

Working with Senator Hedlund and Representative Bradley, it was discovered that the State Drinking Water Program provides a greater amount of assistance to communities now than the original grants received by the twenty-two water districts because the cost of interest on debt to finance a water project is included as an eligible cost. In mid-2007, Senator Hedlund and Representative Bradley filed Senate Bill 508, An Act Relative To Drinking Water Revolving Fund Equity, to address this inequity by extending the grant to account for the allowed interest paid on debt to finance a water facility in the original twenty-two water districts. Each of these town's residents receives a rebate in the form of reduced water, tax or sewer rates to offset the cost of a water project.

A hearing on SB 508 was held before the Joint Committee on Natural Resources, Environment & Agriculture on June 25, 2007. Aquarion, Representative Bradley, Senator Hedlund, and the Towns of Hingham and Hull provided testimony in support of the bill. It was subsequently reported out favorably by the Environment Committee and referred to the Senate Ways and Means Committee on October 22, 2007.

Senator Hedlund and Representative Bradley, as well as the 14 other State Senators whose districts are affected by this legislation, have been in touch with members and staff of the Senate Ways and Means Committee. In addition, representatives of Aquarion met with Committee staff members to point out that passage of this bill is a matter of fairness since the original calculations for the rebate did not take into account all eligible costs, such as interest on debt to finance a water or wastewater project. The bill would correct this inequity for residents of the affected towns so they receive the same benefit as those whose town received Drinking Water Funding that included interest costs. And, it eases the cost burden of water projects that have been brought on line to comply with regulations.

To date, the Senate Ways and Means Committee has not acted on the bill.

As a result of this inaction, funding for the ten-year rebate ends on January 31, 2008. Therefore, Hingham, Hull and North Cohasset Aquarion water customers will no longer receive the rebate of about \$24.25 per quarter or \$97 per year.

Aquarion, along with Senator Hedlund and Representative Bradley, will continue to work as long as it's practicable to extend the rebate for its customers as a matter of fairness. We strongly recommend that customers contact the Senate Chair of the Ways and Means Committee, Senator Steven Panagiotakos (Telephone: (617) 722-1630; E-Mail Address: Steven.Panagiotakos@state.ma.us) to ask for favorable action on SB 508.

With customers' support, maybe good things don't have to come to an end after all.

If you have any questions, please call us at 1-800-928-3734.

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