

Housatonic Water Works Oral Testimony of Patrick White: June 2024

Here is the oral testimony Patrick White gave as the appointed intervenor representing the Town of Stockbridge at the June DPU meeting from the transcript:

MR. WHITE: Housatonic is a special place. I was there [at MMRHS] in 1979 when Housatonic's Tom Gabriel hit the buzzer shot to win the Western Mass. Division Championship against Drury.

Housatonic has always been and continues to be a proud community. A community of families with names like [Netzer and Troiano and Forfa and Del Grande]. A few Saturdays ago I attended the Housatonic Party in the Park which is full of families from Housatonic and surrounding neighborhoods. Fathers and sons, mothers and daughters, lots of proud grandparents. Housatonic is a community and one worth preserving but it is a community under siege, housing, food and electricity and now water costs all contributing to our cost of living that is becoming unsustainable.

I asked Tom today about the water quality back when he made that shot over 40 years ago. He responded it suffered from odor, taste and color problems. Sound familiar? This is what happens when owners care more about profits than people. They avoid routine investments in infrastructure that would modernize the system to provide water that is reliable, clear, clean and odor free. This company did not do that. It took an order by the DEP to force it to act. We must recognize this as a pattern of behavior, not an isolated incident.

We find ourselves in the untenable position of the bill is finally coming due. In this rate case, which only deals with the first of multiple phases of improvements to have the company clean up its act, we face a massive rate increase. In Stockbridge we built a water treatment plant for our town municipal water supply using state-provided loan funds that was funded at 30-year note at 2 percent interest. For this rate case I point out that the clean water trust from federal sources might fund the new upgrades for lower rates of borrowing. I believe we must document the efforts by the company to pursue those lower rates.

As I pointed out in my written testimony, the differential in borrowing costs over 25 years amounts to five times the cost of borrowing at the rate of 2 percent versus 8.5 percent. That's five times the cost to ratepayers for needed upgrades. In Stockbridge the average

water bill is around \$50 a month. We need to be able to keep those costs low.

As a regulated utility they make more money, a lot more. The more money the ratepayers are forced to spend over the 25 years of this loan will result in profits to the company of four, five, six times more with the higher borrowing costs than with lower borrowing costs because the payoff is tied to the cost structure. That is millions more in the owners' pockets and more out of the ratepayers' pockets. There is a perverse incentive here, borrowing high and the profits are high.

I would suggest three courses of action going forward. One, disapprove the portion of the Phase 1 increase that's designed to stabilize the company. The owners have made millions off their interactions with the local community on this and other matters. Let the stockholders capitalize the company, not the ratepayers.

Two, require the company to pursue borrowing at the lowest cost possible. Do this by only allowing an interest rate with a maximum borrowing cost of 3 percent, and ensure that we have hard confirmation that, that, that, there's a good-faith effort to actually apply for these by providing the documentation of those loan or grant funding opportunities to be provided to the towns.

Give the company, who for half a century has refused to invest in the system and as a result provided substandard water to its customers, a haircut on its rate of return.

I have one final recommendation for the community. I recognize this is not relevant to the DPU. The leadership of Great Barrington has discussed Housatonic Water Works for years. It has been discussed by the select board. It has been opposed by members of the Great Barrington Fire District. I don't know where that stands. I strongly recommend the community concurrently pursue the course of a nonprofit entity to take ownership of Housatonic Water Works. I strongly recommend to the DPU to the degree it is possible to mandate such a sale on terms that ensure the long-term viability of this system. I have no confidence in the current capital structure in terms of both ownership and borrowing that this entity can provide clean drinking water at an affordable price. We simply must remove the proposed profit incentive in this case and come up with a long-term plan.

The company has submitted a plan that serves itself, not the people of Housatonic, Stockbridge or West Stockbridge. Please do not accept this proposal as submitted. Thank you.