



THE COMMONWEALTH OF MASSACHUSETTS  
WATER RESOURCES COMMISSION  
100 CAMBRIDGE STREET, BOSTON MA 02114

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**Meeting Minutes for July 9, 2015**

100 Cambridge Street, Boston, MA, 1:00 p.m.

*Minutes approved September 10, 2015*

**Members in Attendance:**

Kathleen Baskin	Designee, Executive Office of Energy and Environmental Affairs (EEA)
Linda Balzotti	Designee, Department of Housing and Community Development (DHCD)
Anne Carroll	Designee, Department of Conservation and Recreation (DCR)
Douglas Fine	Designee, Department of Environmental Protection (MassDEP)
Catherine deRonde	Designee, Department of Agricultural Resources (DAR)
Todd Richards	Designee, Department of Fish and Game (DFG)
Todd Callaghan	Designee, Massachusetts Office of Coastal Zone Management (CZM)
Bob Zimmerman	Public Member

**Members Absent**

Thomas Cambareri	Public Member
Raymond Jack	Public Member
Paul Matthews	Public Member

**Others in Attendance:**

Paul Howard	Tata & Howard
Jonathan Pinto	Department of Public Utilities
Alison Lackey	Department of Public Utilities
Michele Drury	DCR
Linda Hutchins	DCR
Paul Lauenstein	Neponset River Watershed Assn. & Water Supply Citizens Advisory Comm.
Chris Woodcock	Woodcock & Associates, Inc.
Karen Pelto	MassDEP
Nickolas Faynshteyn	MassDEP
Wayne Castonguay	Ipswich River Watershed Assn.
Sara Cohen	DCR
Becky Weidman	MassDEP
Beth Lambert	DFG/Division of Ecological Restoration
Jen Pederson	Massachusetts Water Works Assn.
Erin Graham	DCR
Julia Blatt	Massachusetts Rivers Alliance
Peter Weiskel	U.S. Geological Survey
Vandana Rao	EEA
Nancy Hammett	Citizen
Laila Parker	DFG/Division of Ecological Restoration
Pam Heidell	Massachusetts Water Resources Authority
Marilyn McCrory	DCR

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Baskin called the meeting to order at 1:05 p.m.

**Agenda Item #1: Executive Director's Report**

Baskin announced that the Drought Management Task Force had met on June 17. Although May was an exceptionally dry month, the task force did not recommend a drought declaration. Conditions have improved, and staff will continue to monitor the six drought parameters to determine if the task force needs to meet in August.

Baskin announced a call for papers for the New England Water Works Association's Fall 2015 Water Resources Symposium. The theme is source water protection.

Graham provided an update on the hydrologic conditions for June 2015 (the hydrologic conditions report can be found at <http://www.mass.gov/eea/agencies/dcr/water-res-protection/water-data-tracking/precipitation-composite-current-conditions.html>). She noted that it was confirmed that a tornado touched down in Wrentham on June 23. Precipitation deficits are diminishing, though the Cape Cod and Islands region has reached the Watch level. Groundwater and streamflows are in the normal range. Reservoirs levels are normal, with the exception of the Lynn reservoir. The Standardized Precipitation Index is normal except for the Cape Cod and Islands region, which is in the Drought Advisory range. Graham invited suggestions for improving the hydrologic conditions report.

Zimmerman arrives.

**Agenda Item #2: Vote on the Minutes of May 2015**

Baskin invited a motion to approve the meeting minutes for May 7, 2015.

V	A motion was made by Balzotti with a second by Zimmerman to approve the meeting minutes for May 7, 2015.
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**Agenda Item #3: Vote: Staff Recommendation on the Request for Determination of Insignificance under the Interbasin Transfer Act from the Cherry Valley and Rochdale Water District**

Drury acknowledged Paul Howard, representing the Cherry Valley and Rochdale Water District (CVRWD). She also acknowledged work by DEP and DFG staff on evaluating alternatives to an interbasin transfer. Drury reviewed the history of the project, concluding that purchasing water from the Worcester system was deemed the best alternative. Hutchins provided an overview of the technical details of the proposal, including water supply sources in both the sending and receiving basins, the distribution of water transfer among the three basins involved, and water treatment pilot studies to explore alternatives to an interbasin transfer. She provided a balance sheet showing a net transfer of 0.52 mgd. She reviewed the Interbasin Transfer Act criteria for insignificance, explaining how the proposed transfer meets all applicable criteria. She also reviewed the WRC policy for transfers primarily derived from impoundments, explaining that the request is below the lowest threshold for such transfers. She outlined the staff recommendation that the commission find the project to be insignificant under the Interbasin Transfer Act.

In response to a question from Callaghan, Drury clarified that the purchased water will replace CVRWD’s sources in order to address the system’s water quality issues. Other questions addressed the quantity of reservoir releases and how they were modeled.

Baskin invited a motion on the staff recommendation.

V O T E	<p>A motion was made by Fine with a second by Balzotti to accept the staff recommendation of July 9, 2015, to find that the Cherry Valley and Rochdale Water District’s proposal to purchase up to 0.6 mgd of water from the Worcester Water System is insignificant under the Interbasin Transfer Act.</p> <p>The roll-call vote to approve was unanimous (7 in favor, none opposed).</p>
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Baskin thanked staff from multiple agencies for their technical assistance on this project.

**Agenda Item #4: Presentation: A Tool for Evaluating the Ecological Benefit of Dam Removals in Massachusetts**

Baskin introduced Beth Lambert of the Division of Ecological Restoration (DER). Lambert explained that DER is in the process of updating a tool it has been using for eight years to evaluate which dam removal projects have an ecological benefit of statewide significance and to prioritize these projects. She explained why the tool is needed, outlined screening criteria, and demonstrated the interactive map and tool. She explained that priority is given to locations where the dam is the primary stressor on the river system. She concluded by inviting attendees to test the tool (at <http://www.mass.gov/eea/agencies/dfg/der/der-restoration-potential-model-map.html>) and provide feedback on its usability. Questions addressed benefits of removal to dam owners, costs, funding sources, contaminated sediments, and how indicators are weighted in scoring.

**Agenda Item #5: Discussion Related to Comments Received on Water Conservation Standards, Chapter 4 – Pricing**

Baskin provided an update on the status of the effort to update the Water Conservation Standards. She noted that the Water Conservation Standards are being reviewed in light of Executive Order 562, resulting in a delay in bringing the full document to the commission for discussion.

Baskin introduced Sara Cohen and Anne Carroll of DCR to lead a discussion of comments on the update of the pricing chapter. Carroll reviewed the process of updating the Water Conservation Standards to date. She outlined the next steps, which include responding to comments received on the six chapters that have been updated, making further revisions, completing internal review, and presenting a draft to the commission for review and discussion, followed by a full 60-day public comment period. She added that the pricing chapter had received the most comments, and staff wanted to take this opportunity to have an open discussion.

Cohen described the work group, which provided advice on updates to the Water Conservation Standards, noting that three work group meetings were devoted to the pricing chapter. She summarized two topics that were the subject of robust debate both during the meetings and in written comments received since then. The first was proposed revisions to Standard No. 2, “Use price signals to reduce inefficient and nonessential use.” She summarized the proposed

standard and comments received, noting that while there was broad agreement with the concept of using price signals to incentivize conservation, a written comment expressed concern about how the standard would be handled in a regulatory context and a preference that it be included as a recommendation rather than a standard. Meanwhile, others expressed concern that Massachusetts would fall behind the water industry if the concept were not included as a standard. She outlined options for responding to comments, including some potential new language to address concerns about how the concept could be handled in the regulatory context if it remained a standard.

Discussion:

- Clarify which entities are not subject to the prohibition on decreasing block rates.  
Response: private water companies regulated by the Department of Public Utilities.
- Woodcock (with Castonguay, Zimmerman, Hammett, Blatt, and Lauenstein agreeing): Encouraging the efficient use of water resources through price is a widely accepted notion in the water industry that should be the policy of the commonwealth and should be expressed as a standard. Woodcock also noted the enormous impact on energy use of water production and distribution.
- Pederson: Pricing should be left up to the community. Discouraging inefficient use through pricing should not be a standard that may be used in a regulatory permit that is subject to enforcement. The concept should be left as a recommendation.
- Hammett: The concept should be a standard, but the proposed language needs to be more specific, with an articulation of calculations and other means by which those subject to the standard can demonstrate that their rates will actually provide a conservation incentive.
- Castonguay: Cost is the strongest incentive. Conservation is the only tool left to make water available for growth in basins such as the Ipswich River watershed, where there is no more water left to allocate.
- Balzotti: Consideration should be given to the effect of using conservation in a rate-setting process in urban communities, where a larger transient population may not have a vested interest in conserving water. Discussion ensued on how this can be addressed.
- Zimmerman: Commented on the need to take action in response to climate change.
- Lauenstein: Steeply ascending water rates with a strong seasonal component have been one of the most effective tools in reducing water use in Sharon.
- Fine: Suggested reviewing regulatory language in other states east of the Mississippi to inform development of a workable standard.
- Blatt: Commented that the problem being addressed is that one-fifth of the state's streams are dry in August. Agreed that price signals are a useful tool, and are appropriate for the state to put forward as a standard.

Cohen presented the second topic that had generated robust comments. She explained that Recommendation No. 3, "Customize rate structures to address revenue stability, affordability, and equity" reflected the work group's recognition that a rate structure must balance these goals. She highlighted part of the explanatory text for this recommendation, which mentioned fixed fees among possible strategies to achieve revenue stability. She summarized written comments expressing concern about the use of fixed fees and the work group discussion that led to the inclusion of this concept. She presented two options to address the concerns about fixed charges, including one option that replaced the existing language with more strongly

worded caution about the need to preserve the strength of the price signal if introducing or increasing fixed fees. As an example of a utility that sent very strong price signals while protecting revenue stability with high fixed fees, she cited a pricing approach used by Santa Cruz, California, which combined high fixed charges and volumetric-use charges to cover costs, along with a very steep excess-use penalty charge to discourage wasteful use, with an option for customers to attend “water conservation school” in lieu of paying the penalty.

Discussion:

- Lauenstein: Expressed preference for the revised language over the original, but still preferred to see the recommendation suggest all charges should be volumetric. Noted that it is impossible to recover the real cost of water if the environmental impact of water withdrawals is not included in water rates. Advocated for rate structures that maximize the incentive to conserve. Suggested use of a minimum charge associated with essential domestic water use as a better way to address equity and affordability.
- Woodcock: Noted that there is a disconnect between a water utility’s costs, 90-95% of which are fixed, and water rates that are based on fluctuating consumption. Equity concern that with purely volumetric charges, low water users are not contributing fairly for the cost of maintaining the utility. Commented that fixed charges can be appropriate, along with other tools for revenue stability such as reserve funds. Suggested a low-income discount on fixed charges as a strategy for addressing affordability.
- Pederson: Clarified that rates with fixed charges can still encourage conservation through the volumetric portion of the bill.
- Hammett: Expressed preference for the revised language for Recommendation No. 3, noting that it better captures the need to evaluate the volumetric portion of the rate structure.

Castonguay commended Cohen for her efforts in guiding the work group discussion of this challenging topic.

Baskin invited attendees to list topics they would like to discuss. Blatt requested that the cost of environmental mitigation be included as part of the full cost of water withdrawals. Baskin thanked attendees for the robust discussion.

Meeting adjourned, 3:20 p.m.

**Documents or Exhibits Used at Meeting:**

1. WRC Meeting Minutes for May 7, 2015
2. Draft Staff Recommendation for WRC Vote, July 9, 2015. Request for Determination of Insignificance Under the Interbasin Transfer Act (MGL Chapter 21 Sections 8B - 8D): Cherry Valley and Rochdale Water District, Request to Purchase Water from the City of Worcester
3. Comments on Revisions to Water Conservation Standards, Chapter 4, Pricing:
  - Correspondence dated April 22, 2015, from Paul Lauenstein
  - Correspondence dated June 8, 2015, from Ian Cooke
  - Correspondence dated June 9, 2015, from Massachusetts Water Works Association

- Correspondence dated June 15, 2015, from Christopher Woodcock and Kenneth Mirvis
- 4. Interbasin Transfer Act project status report, June 24, 2015
- 5. Current Water Conditions in Massachusetts, July 9, 2015
- 6. Presentation by Linda Hutchins: Cherry Valley/Rochdale WD Interbasin Transfer Act Determination of Insignificance: Staff Recommendation.
- 7. Presentation by Beth Lambert: A Tool for Estimating the Ecological Benefit of Dam Removal Projects.
- 8. Presentation by Sara Cohen: Water Conservation Standards: Chapter 4 – Pricing.

*Agendas, minutes, and meeting documents are available of the web site of the Water Resources Commission at [www.mass.gov/eea/wrc](http://www.mass.gov/eea/wrc) under "MA Water Resources Commission Meetings."*