

Update: NH's Water Infrastructure Needs

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SB 60 Water Infrastructure Sustainable Funding Commission

Re-authorized by SB 47 in 2011
&
Waiting to reconvene

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General Findings/Conclusions

- The needs are great.
- Age and Regulation are the drivers.
- There is a need for regulatory consistency & predictability.
- The Federal Government won't have the \$\$\$.
- State Government/ General Fund won't have the \$\$\$
- To date the true cost of service has not been paid.
- The true cost of service is not understood to the public nor has it been articulated to them.
- There will be greater pressure on residential user rates well beyond "affordability".
- Seek ways to reduce cost.

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NH's Existing Water Infrastructure Needs

- About \$2.5 to \$3.0 billion
 - Drinking Water (~\$1 billion)
 - Wastewater (~\$1.5 billion)
 - Storm water (>\$1 billion)
 - Dams (>\$50 million)
 - State Owned
 - Municipal Owned

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Short Term Recommendations

- Restore SIG funding to water systems & SAG funding to wastewater systems that completed construction (i.e. expected funding).
 - Decide whether or not to continue the program.
- Fund State match for Federal SRF Grants.
- Fund the Dam Bureau's construction and maintenance program.

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SB 60 Recommendations... JB's hopes.

- Regional solutions
- Consolidation of small infrastructure into cooperatives
- Establish a NH Water Infrastructure Bank
- Elimination of grants to individual infrastructure systems instead redirect those dollars to reducing the cost of capital.
- Grants are not sustainable (nor efficient)...establish a plan to wean us off of the them and identify solutions & funding that is sustainable locally.
- Those who receive direct benefit assume most of the burden.
- Contemplate the expanded definition of infrastructure.

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Encourage more of our infrastructure systems and users to:

- Institute Asset Management
- Establish true cost accounting & full cost pricing of services
- Rigorously demonstrate capacity (tech, financial, mgt)
- Understand that there is "only one checkbook".
- Follow least cost planning.
- Establish sinking funds.
- "Right" size of systems.
- Seek ways to reduce operational costs and the cost of capital

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Recommendations Next Round: Demonstrate value & Reduce the cost...how?

- Water Infrastructure Financing Bank
 - May come from Washington, if not
 - NH could start its own
- Establish Funding Conditions
- Enabling Legislation
- Cooperatives
- Effective enforcement

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NH Water Infrastructure Bank

- Independent from Legislature and legislative piracy with independent directors
- Utility driven
- Self sustaining
- Some grants...mostly loans
- Repayment terms reflective of asset life and MHI to rate ratio
- Not for system expansion
- All who participate qualify

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Funding Conditions

- More rigorous demonstration of capacity
 - Management, Technical, & Financial
- Asset Management
- True cost accounting & full cost pricing of services
- Least cost planning
- Billing and collection

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Cooperatives

- Achieve an economy of scale where consolidation is not feasible.
- Small systems grouping together to share management, technical, and financial resources.
- Infrastructure remains locally owned or cooperatively owned based on least cost

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Ensure Effective Enforcement

- Goals
 - Don't let systems to fall behind, especially small systems.
 - Enact laws and regulations that correct poor and reward good performance.
 - Encourage a more rigorous review of a systems "capacity" that will lead to sustainability.

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