

[Company Letterhead]

April 7, 2023

The Honorable Anthony Portantino, Chair
Senate Appropriations Committee
State Capitol, Room 412
Sacramento, CA 95814

Re: SB 3 Discontinuation of residential water service: community water system

Dear Chair Portantino,

I am writing on behalf of (NAME OF SUPPLIER) in opposition to SB 3 until the necessary resources are made available to assist small water systems with its implementation. Our company serves (NUMBER) connections, approximately (NUMBER) people, in (CITY OR NAME OF COUNTY), California.

Our company wholeheartedly supports the intent of SB3 to ensure access to safe and affordable drinking water for all Californians. But to achieve this goal, California must also maintain the operational health of small systems that deliver this essential resource to communities.

Under SB3, small water systems with only 15-200 connections would have to follow the same complex series of steps required of large water systems that serve tens of thousands of households before shutting off water service to customers for non-payment, or face possible penalties. As a community-owned not-for-profit water company, we already do what we can to work with families and individuals in our community who may be struggling to pay their water bills. However, SB 3 would replace our existing policies and practices and eliminate the flexibility to work with our customers on a case-by-case basis.

Mutual water companies like ours are not-for-profit corporations, and our customers are also our shareholders. Together, we are responsible for providing safe drinking water and complying with all the laws and regulations applicable to municipal water systems, special districts, and regulated utilities. Any potential losses from lost or delayed arrearages under SB 3 would accrue directly to customers who own the system as shareholders, increasing costs for all customers, including those struggling to pay their water bills.

This bill amends the code sections added by SB 998, originally passed in 2018 for larger systems, i.e., those with more than 200 connections. However, the cost burden and implications differ for small systems, whose budgets are modest and oftentimes managed by volunteers with contract operators. This year, in addition to the proposed obligations of SB3, small systems are being called on to implement an array of drought planning improvements (SB552) and to adopt treatment to remove contamination from PFAS and Cr6 to very low levels. Small systems cannot

absorb the added costs that accompany unfunded mandates at the same speed that much larger systems can and will require assistance from the state. If enacted, SB3 could leave our community-owned water company carrying more unpaid bill debt than we are already experiencing.

We are especially concerned that SB3, as initially drafted, did not include planning or funding for technical assistance to small water systems and disadvantaged communities, specifically to avoid referral to the Senate Appropriations Committee. We believe in the objectives of SB3 but must oppose it because, without the necessary resources, it will not improve people's lives as intended. By not being able to comply with its out-of-proportion provisions, many small water systems would be doomed to fail, another potential "risk factor" making it challenging to be eligible for state grants and private financing.

We respectfully ask that the Appropriations Committee hold back this proposal until the technical assistance and funding for small systems are assessed, defined, and made available to support the successful implementation of SB 3.

Sincerely yours,

(NAME)

(President/GM/Other Company Leadership)

(NAME OF SUPPLIER)