


**TO:** Chairman Tomlinson, Chairwoman Boscola, and members of the Senate Consumer Affairs and Professional Licensure Committee

**FROM:** Jennie Shade, Director of Government Relations 

**DATE:** May 21, 2021

**SUBJECT:** Opposition to SB 597 P.N. 645 and any subsequent amendments

I am writing on behalf of the Pennsylvania Municipal Authorities Association (PMAA) which represents over 700 municipal authorities across the Commonwealth, the vast majority of which provide drinking water and wastewater treatment services to more than six million of its citizens.

PMAA **vehemently opposes** SB 597 P.N. 645 and any subsequent amendments amending either Title 27 (Environmental Resources) or Title 66 (Public Utilities). The bill in its current form adds a chapter to Title 27 establishing the Water Quality Accountability Act requiring asset management plans and various other provisions. While we are supportive of and more than willing to negotiate best management practice standards as prescribed under the current printer's number, the most recent draft removes Title 27 and shifts everything under Title 66. This shift to PUC oversight is extremely alarming to municipal systems across the Commonwealth and so we must ask why this extreme change? What is the end goal? What is the intent of the bill?

This language essentially strips the DEP of its oversight and enforcement authority related to water and wastewater system operations and asset management practices. Thousands of municipalities and municipal authorities across the Commonwealth would suddenly be subject to PUC oversight at considerable cost to these communities. Not only does this bill overstep regulations currently in place, but it will also significantly increase rates to the consumer. This unnecessary financial burden is contrary to the best interests of the public, your constituents, the citizens of our communities. Authorities and municipal systems are concerned that the consequence will result in making it easier for private utilities to research investment value of and purchase municipal water and wastewater systems.

A related concern is the enforcement action and cost sharing described in this legislation. The proposal includes requirements for plans to be submitted to and approved by the PUC, with no specific criteria for approval provided. However, compliance is contingent upon PUC approval of the utility's plan. Failure to achieve compliance results in the municipality or municipal authority being deemed a "public utility" and falling under complete PUC jurisdiction, with no opportunity for remedy or recourse. The lack of due process is alarming. The legislation clearly creates a pathway for municipal and municipal authority operated water and sewer systems to become PUC-regulated entities. **The consequences of this will be devastating and expensive for these systems and will result in increased costs to the citizens served.** The consumer would see little if any benefit and the likely outcome would be massive rate increases, especially as unemployment is high

and municipal systems work to assist customers who are struggling financially.

There are several other technical concerns with this proposed legislation that are overshadowed by the overarching concerns described above. Examples of these technical concerns include:

- Poorly conceived requirements for certain asset management protocols
- Impractical and expensive requirements related to water meter testing protocols
- Submission of protected critical asset data to the PUC

The immediate implementation of these approaches will result in significant rate increases to citizens in many communities across Pennsylvania, while the benefit of these approaches has not been examined or quantified in any way. A more appropriate approach for asset management requirements would be to follow existing regulatory protocols established by DEP to promulgate new regulations and accept public input and technical advice from industry experts prior to finalizing such requirements, followed by a compliance schedule and small systems technical support to achieve compliance. This legislation bypasses this established process and will result in a myriad of unintended consequences for water and sewer utilities across the Commonwealth.

Due to these inherent complexities and concerns, on behalf of our members, we respectfully ask that you **oppose** SB 597 P.N. 645 and any subsequent amendments. Thank you for your consideration.