
Public Hearing

before

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

*“The Committee will take testimony from invited guests
concerning the administration of the ‘Water Quality Accountability Act’”*

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: September 10, 2019
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Troy Singleton, Chair
Senator Linda R. Greenstein, Vice Chair
Senator M. Theresa Ruiz
Senator Christopher J. Connors
Senator Declan J. O’Scanlon, Jr.



ALSO PRESENT:

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Hearing Recorded and Transcribed by
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PUBLIC HEARING NOTICE

The Senate Community and Urban Affairs Committee will hold a public hearing on Tuesday, September 10, 2019 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.

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The committee will take testimony from invited guests concerning the administration of the "Water Quality Accountability Act."

Those individuals presenting written testimony are asked to provide 10 copies to the committee aides on or prior to the date of the meeting.

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SENATOR TROY SINGLETON (Chair): Ladies and gentlemen, good morning.

We want to welcome you to this morning's Community and Urban Affairs Committee meeting on the Water Quality Accountability Act.

As we do with each of our hearings, we begin with the Pledge of Allegiance.

We ask you to rise for the Pledge of Allegiance.

We'll ask Senator O'Scanlon to lead us in the Pledge.

(all recite Pledge)

SENATOR SINGLETON: I want to begin by thanking two of my colleagues, who are not regular members of this Committee, who are subbing in today at the Senate President's authority to allow that to happen, because we're missing a couple of our member. So both Senator Ruiz and Senator Greenstein are subbing in today. We're grateful for their leadership in being here.

Senator Greenstein, as folks know, was one of the original prime sponsors of the Water Quality Accountability Act. So her involvement here today will be insightful and helpful.

Just at the outset, one of the things that I want to stress and want to say is that this issue that we're going to get into -- with respect to this Act, and broadly about our State's water infrastructure -- is not really just a State issue. It's a national issue that we need to confront, and confront directly, as it relates to our water infrastructure needs throughout our country.

And currently one of the things that strikes, I think, all of us is the lack of the means to honestly assess the overall state of our nation; and, in fact, here in New Jersey, our State's infrastructure, and what those funding needs entail.

So it is our hope today that through constructive dialogue we'll be able to have a deeper understanding of what this Act was intended to do, is intended to do; whether it needs improvement; and to hear from some experts, department leaders, to give us their sense of, sort of, how it's going and what we can do to improve it as well.

Today, it's hopefully a collaboration for ideas to be shared in order to make our state a safer place and have a better understanding, again, of our state's water infrastructure needs.

With that, I'll allow my colleagues -- if any would like to start with an opening statement before we get into hearing from some of the folks.

Out of deference to Senator Greenstein, who was the prime sponsor, I'll allow Senator Greenstein -- if you would like to say a few words.

SENATOR LINDA R. GREENSTEIN (Vice Chair): Thank you very much.

And thank you, Senator Singleton, for holding this important hearing today on the Water Quality Accountability Act.

Water is essential, as we all know. And all state residents deserve clean, safe drinking water.

The condition of our state's water infrastructure is troubling, and I supported the Water Quality Accountability Act, as a sponsor,

because it's an important step forward in identifying and addressing vulnerabilities in our water systems.

This law requires our water systems to plan for the long term, and delegate funding to high priority projects. Additionally, the law ensures that these systems that fall behind have a plan for modernizing their systems to meet the needs of the community they serve.

As Co-Chair of the Joint Legislative Task Force on Drinking Water Infrastructure, we heard from various stakeholders in the water infrastructure and planning community on the current condition of our water systems and the major challenges they face. Asset management achieved under the Water Quality Accountability Act was one of the key recommendations; and I hope this planning tool can be further incentivized.

The Task Force found reporting quality metrics were critical to ensuring our systems are operating at optimal performance, as the law requires, for reporting requirements made to water systems.

This hearing today is an opportunity to learn what our water systems need to meet the important requirements of the Accountability Act. Working together with the systems, the DEP, and the BPU, we need to increase compliance so residents of the state can be confident the water they're drinking today is safe and will be available to their communities for future generations.

SENATOR SINGLETON: Thank you.

Any other members with any opening statements, if they would like?

SENATOR O'SCANLON: I second that. This is important work we're doing here today.

SENATOR SINGLETON: Senator Ruiz.

SENATOR RUIZ: I just want to thank the Chairman and the members of the Committee for allowing me to sub in.

I know that the efforts of the Chairman were to always have this Committee. And it just seemed that timeliness kind of combusted amongst itself with events that happened in the state, specifically for a District that I represent -- that we're facing issues with our water.

So I'm here, and I'm eager and willing to learn. I know that there are a lot of places for opportunity to improve policy and to create systemic, long-term approaches to a problem that is facing not just one community here in the State of New Jersey, but unfortunately I think that when we hear testimony today you're going to hear that this is a widespread issue that's facing the entire Garden State, and one that is reflective of the entire country.

So thank you, Chairman.

SENATOR SINGLETON: Thank you.

We'll begin with a roll call -- Jason, please -- and then we'll get started with the testimony.

MR. POSTELNIK (Committee Aide): Senator O'Scanlon

SENATOR O'SCANLON: Here.

MR. POSTELNIK: Senator Connors.

SENATOR CONNORS: Here.

MR. POSTELNIK: Senator Ruiz.

SENATOR RUIZ: Here.

MR. POSTELNIK: Vice Chair Greenstein.

SENATOR GREENSTEIN: Here.

MR. POSTELNIK: And Chair Singleton.

SENATOR SINGLETON: Here.

Our first person to come up, again, has flown in from Texas for us. And because of his schedule, we're going to allow Chairman's deference to ask him to come up and be first.

So we're going to hear from Dr. Manuel Teodoro.

So Doctor Teodoro, if you're here you can come on up to the table, sir.

M A N U A L P. T E O D O R O, Ph.D.: Good morning, Senator, members of the Committee.

Thank you very much for honoring me today by giving me the opportunity to speak with you about the Water Quality Accountability Act.

My testimony -- you've received my written testimony. I'm going to summarize that, rather than reading the entire document.

My testimony is based on rigorous analysis of water utility management, finance, and policy across the United States. I've been a water quality, management, finance, and policy expert -- or a student, anyway -- for the last 22 years.

My remarks are based on my observations; I don't speak on behalf of Texas A&M University as an institution.

I've conducted dozens of studies on water management across the U.S., and regulatory compliance and enforcement. I led the first national study of Safe Drinking Water Act compliance as a function of race, ethnicity, and socioeconomic status. So that's also a particular concern for me.

I also serve in a capacity -- an advising capacity to state and local governments, and I serve with the American Water Works Association on a number of national committees.

I want to start by commending the State of New Jersey for adopting this law. I'm a big fan; I'm on record in public remarks and in written remarks that I think the Water Quality Accountability Act promises to help create incentives to improve the entire water sector, and has a chance to be a model nationwide. Senator Singleton and Senator Ruiz both mentioned that this is, in fact, a national problem. The problems that we observe in New Jersey are entirely consistent with what we see across the country.

So I think that the Water Quality Accountability Act has a chance to be a model to be imitated elsewhere; and it puts New Jersey in the vanguard of water policy leadership.

So I'm very impressed with this law, and I'm hoping that it's successful in implementation.

Because, of course, the success of any law ultimately depends on implementation. Over the past decade, I have been analyzing Safe Drinking Water Act compliance data with Dr. David Switzer at the University of Missouri. And we found a number of important things; but perhaps the single most persistent finding is a relationship between system size and Safe Drinking Water Act compliance.

In anticipation of this hearing, Dr. Switzer and I analyzed compliance in New Jersey. What we find is the same thing that we find nationwide -- which is that compliance improves among larger systems. As system size increases, compliance improves.

Just ahead of this hearing, I analyzed New Jersey and found that, holding all else equal, a New Jersey utility that serves 50,000 or more people commits about half as many violations as a system that serves 5,000 people. So over a period of 10 years, the difference is about 4 violations over 10 years for a small system; versus maybe half a violation for a larger system, because of the way the estimation works.

There are at least two reasons behind that finding. The first and most obvious is organizational capacity. Drinking water is a complicated business. It's not as simple as putting a pipe in the ground, putting water in it, and sending it through. It's a technically complex process. The smallest systems might only have one, two, or three full-time personnel operating them. The limited organizational capacity severely limits the ability of small systems to comply with technically complex laws. Members of Congress -- the record shows members of Congress, back in the 1970s, recognized that limitation; and they expected that after the passage of the Safe Drinking Water Act small systems would consolidate. Forty years later, it's very clear that that consolidation has not happened the way that Congress anticipated.

The second reason for the persistent relationship between size and compliance is enforcement or, perhaps, lack of enforcement. The state agencies that are charged with enforcement have very few effective levers that they can use to try to compel compliance. Fining a municipal utility for violating the law punishes the very people who the law is intended to protect -- because the ratepayers ultimately have to pay those fines.

Regulatory officials are also aware that small systems lack capacity. And so there's an understandable reluctance by regulators to

crack down hard on the small systems, knowing the resource capacity constraints that they operate under. So instead, regulatory officials try, with varying degrees of success, to cooperate with local managers to bring systems into compliance. That's a pattern we see nationwide. Unfortunately, the result is that, in many cases, water systems continue to violate the Safe Drinking Water Act year after year. And so that well-intentioned regulatory neglect disproportionately affects smaller communities; and also, we found, low socioeconomic status communities, racial and ethnic minority communities.

Now, the great promise of the Water Quality Accountability Act is that public reporting of system conditions, performance, and asset management can change the incentives for utilities to build and maintain safe, sustainable, resilient systems.

I have had a chance to, again, ahead of this hearing -- I've had a chance to analyze the first year's compliance data with the Water Quality Accountability Act. In my written testimony I've included a couple of figures, Figures 1 and 2. I'll draw your attention to those figures.

Figure 1 (indicates) shows the relationship between system size and compliance. We looked at whether its systems were fully in compliance as of the October 2018 deadline. In Figure 1 you'll see there's a positive relationship between size and likelihood of compliance.

Figure 2 (indicates) shows that smaller systems that are owned by larger corporate utilities were significantly more likely to comply than the small systems that were either independent, private, or municipal systems. And the differences are largest under 70,000 or 80,000 in population. So it's the small systems where we see that biggest difference.

And that's clearly an organizational capacity story; that seems to be the underlying issue.

So those findings raise some important points, some important things to consider. Fifty-five of the utilities that submitted certifications were not signed by the highest-ranking official. Now, that's one main reason for failure to comply. And it might be tempting to dismiss that wrong signature as just a technical error. But certification by the highest official is actually central to the spirit of this law. It's creating a kind of political accountability; it's right there in the name of the law.

So systems that completely ignore those requirements are setting a troubling precedent. And there were 18 systems that just didn't file any certification at all.

So looking ahead, in answer to your question, Senator, things that the State might do -- or not your question, but your opening statement -- New Jersey might seek to improve transparency of these results. So create a way that makes it easy for the public to see the status of their water systems. That creates an opportunity for local officials to claim credit; to celebrate good performance of their water systems. I've said publicly my only gripe with this law is that it should have had a different name. Instead of calling it the *Water Quality Accountability Act*, I would have liked to see it called the *Water Quality Achievement Act*, to give people an opportunity to celebrate success, and not simply to punish failure.

At the same time, the State might consider policies to allow regulators to encourage or perhaps compel consolidation for systems that are perennially out of compliance with the *Water Quality Accountability Act*, *Safe Drinking Water Act*, and other meaningful regulations.

That's the summary of my testimony, and I would be delighted to answer any questions you might have.

SENATOR SINGLETON: Thank you.

Before I engage in a couple of questions, I was remiss in not mentioning at the beginning, at the outset-- This is a multi-pronged approach to how we're addressing this Act and its implementation. So there will be multiple hearings. We are hopeful to have hearings at least over the next three weeks, once a week, with different groups to try and really delve into this.

So I was remiss in saying that. I don't want anyone to think that today ends our conversation on this topic. It is our hope to do that with other actors who will be able to provide good information.

So Doctor, first of all, thank you again for flying up and being here, and offering your insights and your research and background on this.

I think all of us here can agree that transparency is always key when it comes to providing public information. But what I think is also key is making sure that the information we provide is the most pertinent information for folks who are looking at it, who don't live with it -- right? -- like you, as a professional, who has studied this, has a deeper understanding than, perhaps, myself or some of the folks who all of us around this dais represent.

So when we talk about transparency, and perhaps making data public, in your opinion how do you come up with pertinent information while also not overloading? And frankly, also not trying to scare folks into a false sense. How do you do that while also being transparent?

DR. TEODORO: Well, with the-- I'll start by saying more information is always better than less. But I also recognize that you can reach the point of saturation and overload. Throwing too much information is almost as bad as not sharing any at all.

However, there are potentially interest groups or third parties that can take those data and interpret them. If the State is going to take charge in making Water Quality Accountability Act data public, I suggest coming up with a suite of summary metrics that demonstrate compliance with different parts of the law; and maybe something like a report card that people can interpret easily. There are different elements to this law, right? There's a cybersecurity element, there's a water quality compliance element, there's a capital asset condition and asset management component. All of these things represent different important dimensions; and they could be put into something like a report card. I think most of us have had to deal with report cards; I still have to issue them. So I think people are keenly aware of them and it's a potentially useful way to think about performance. And it would give a local official -- a mayor, a utility manager -- an opportunity to stand up in front of the public and say, "We got straight A's. This used to be a failing utility, and we now have a 4.0 grade average."

SENATOR SINGLETON: As you've looked around the country at regulation of water systems, I think-- What I found, during my research and really delving to this law, there's a certain sense of fragmentation of responsibility, obviously, of how the law is constructed, right? And we'll hear from folks later -- because we have multiple regulators who regulate different aspects of that fragmentation. Our friends from the BPU regulate the investor-owned side, for instance. The publicly owned

side has some connection to our friends at DCA, who we'll hear from in the coming weeks. As well as DEP has oversight -- our Department of Environmental Protection -- of making sure everyone is following the Safe Drink Water Act and so on and so forth, and the Federal standards that come down from the EPA.

As you've looked at other states -- because you talked about in New Jersey this Act being a model -- is it replicated like that, that level of fragmentation of oversight? Because I don't think -- and I'm going to ask this question later of some other folks -- I don't think there's a central repository -- at least in the state, as I know, or haven't been able to find -- where all water infrastructure information is housed; to the point that we can make the intelligent decision as to what are our needs currently and what they will be in the future.

As you looked at other states, do you see the same type of fragmentation with oversight and responsibility, or is it more centralized?

DR. TEODORO: Absolutely, Senator; it's fragmented virtually everywhere.

SENATOR SINGLETON: Okay.

DR. TEODORO: The only exception that I can think of is the state of Wisconsin. Wisconsin is the only state in the country where all utilities -- public, private, municipal, special district, investor-owned -- all come under public utilities commission regulation. In Wisconsin, they call it the *Public Services Commission*. But the public utilities commission in Wisconsin governs all systems, and so all systems report asset conditions and compliance regulations -- regulatory records.

That's the only state where a central repository of data exists. In every other state, you see the same kind of fragmentation you have here in New Jersey. The flavor might be a little different from one state to the next; but you certainly see the same kind of fragmentation of local governance authority, and also of record-keeping at the state level.

SENATOR SINGLETON: And lastly -- and then I'll turn this to everyone; I apologize -- would you recommend, though, that moving forward, if there were to be some additional changes to this Act, even with that fragmentation all that information should still be brought together under at least one agency or entity, so that if the public, or legislators, or anyone wanted to find that information, they could find it in one centralized location?

Would that be something you would make a recommendation, that would make sense?

DR. TEODORO: Definitely. As a researcher, that would make my life a lot easier. More importantly, as a citizen and a water customer, it would give me much more confidence in my water system.

SENATOR SINGLETON: Great.

Anyone else around the dais with a question?

Senator Ruiz.

SENATOR RUIZ: Thank you.

And just following up on the Chairman.

And Professor, if you can't answer this question -- but I think it's a question I'm going to tee-up for several other people who are going to testify today -- in an ideal setting, what would be best practices? And I'm talking about from the very beginning up until the point where this bill is

almost like the catch basin -- no pun intended -- for the information. If you could weigh in on what would be the best practices, as far as what would an ideal checks and balance system for water infrastructure look like if you could do everything within your wherewithal? And so, for instance, how often? Where would that information go to? Who should be supervising it? That kind of-- In a very ideal setting. Because I think part of this, too, is that perhaps different people are doing different things, and we should consider, maybe, having a uniform approach to this.

In the same ask that the Chairman was talking about -- that if there's one umbrella that's looking at all the information, we could see that there's one systemic approach; and therefore, see where there are any gaps or opportunities to improve.

And maybe that's not within your wheelhouse, but I'm just throwing it out there.

DR. TEODORO: I certainly would be reluctant to get too deeply into the weeds.

But as a matter of principle, for both the utility managers and for the public, simpler would be better. The people who manage utilities do heroic work; and they have to deal with a lot of different regulatory regimes. So to the extent that the number and different types of agencies to which they have to report could be reduced, that would make their lives easier; and that also reduces the complexity and makes compliance easier. So that would be a positive, immediately, on the ground from a management perspective.

From the public's perspective, putting all of this information, and all of the reporting, and all of the public data access under one agency

would also simplify things greatly. I think it confuses a lot of people when they find out that their utility is not regulated by the Public Utilities Commission, because the name of the agency is *Public Utilities Commission*. You can forgive a citizen for assuming that that means that that organization regulates their utility.

So putting all of that information under one house, under one agency, would have that benefit as well.

SENATOR RUIZ: Thank you.

SENATOR SINGLETON: Senator O'Scanlon.

SENATOR O'SCANLON: Thank you.

Thanks for being here today and flying all this way.

Who does it best? I mean, it has to irritate you; you've studied this for a while -- that we've been doing this for a couple hundred years, in some instances, and we still don't get it right. And it strikes me as kind of outrageous that we haven't figured out how to get it right yet. No parent should have to worry if their kid is ingesting water with lead in it.

Who does it best? And has someone done it very well, or is even the best still failing?

DR. TEODORO: I want to start by being at least a little bit positive.

We're far better off than we were 200 years ago.

SENATOR O'SCANLON: Thank God. (laughter)

DR. TEODORO: We don't have cholera outbreaks and endemic-- You know, it's not an endemic health crisis the way it was, say, at the time of the Civil War. So I don't want to be too negative; we've made a lot of progress. But yes, we could do a lot better.

Who does it best? Within the United States, I'd really like to say New Jersey, because of this law. And my hope is that in 5 or 10 years I can go around the country and say, "Everybody do what New Jersey's doing."

But right now, from a data--

SENATOR O'SCANLON: Almost nobody ever says that. (laughter) That would be wonderful; I'd like that.

DR. TEODORO: Yes; well, those words are hard to say for a Texan, right? (laughter)

Look, right now, nobody's doing it; certainly, nobody's doing it perfectly. From a data reporting perspective, Wisconsin is probably doing it best. I mentioned earlier -- all of their asset data are publicly available for all systems -- public, private, special district, investor-owned. So from a data management perspective, that's the best.

From a regulatory oversight perspective, you might look at states like California that have a great deal of capacity at the state level to look at what local utilities are doing. But no one is doing it perfectly.

I mean, look, there's one set of numbers that I think is essential for understanding America's water utility management challenges. The energy sector is a nice comparison. There are about 3,200 electrical utilities in the United States, depending on how you count things; about 3,200. There are about 1,200 or 1,400 -- depending on how you count them -- gas utilities in the United States.

There are 50,000 community water systems in the United States; 50,000.

SENATOR O'SCANLON: Wow.

DR. TEODORO: That's an order of magnitude more systems. Forty thousand of those 50,000 systems are small; they serve under 10,000 people in population. That means 50,000 sets of records to keep, 50,000 sets of facilities to inspect. It's a very difficult job even to regulate and gather data; I've been trying for a long time. So gathering data on all these utilities is tough.

So who's doing it well? Countries, perhaps, that have fewer water systems is the way to look at things. Australia, for example, 20, 25 years ago, started a long-term initiative to reduce their number of utilities. Twenty-five years ago, they looked a lot like us. And over the last 25 years, they've slowly been moving toward consolidation to try to address some of these problems.

SENATOR O'SCANLON: Thank you; I appreciate it.

SENATOR SINGLETON: Doctor, do you-- And Senator O'Scanlon, thank you for bringing this out. And you touched on it in your answer here, and you also mentioned it in your comments.

You talked about -- and I wrote it down, and I'll paraphrase it here -- that regulators could look to encourage or compel, basically, consolidation of water systems. And as you can imagine -- or may not, because being from Texas -- as you can imagine, home rule is a very parochial sense of things here in our great State of New Jersey.

You talked about Australia. Have you seen any evidence, or can you point to where states here in the United States have effectively tried to do that -- tried to compel, or encourage, or whatever sort of word you want to use, the consolidation of water systems? Because my understanding is -- and I'll ask my friends from DEP later -- I don't think

there's a tool within their mechanism to do that. But is that something that you see in other states, where other states have that tool if there's a reason or rationale for them to force consolidation of water system?

DR. TEODORO: Yes; yes, there are a couple of cases.

Now, the caveat is that I have not studied all 50 states on this exact point. I am aware of two states that have empowered environmental regulators to compel consolidation with a variety of carrots and sticks. And those are California and Connecticut; both states have done that. Connecticut, I think -- I may get the exact year wrong -- I want to say sometime in the late 1990s -- passed a law to allow for consolidation, to allow for compelled consolidation. California passed a law, I think, in 2014 -- again, I could be wrong on the exact date -- but California passed a similar law in the last few years to do the same thing.

And so those states have taken steps; but the process is still slow. The politics are difficult. And simply empowering an agency to compel consolidation doesn't mean consolidation immediately happens. It's a complicated technical and legal process; it's also a very complicated political process. You know, Article 1 -- the first words of Article 1 in the Texas Constitution refers to local self-government. I think that ethic exists everywhere in the United States. People are very reluctant to give up control of these critical systems in a lot of cases.

But there are models; California and Connecticut are the two I'd point you to.

SENATOR SINGLETON: And in those two respective models, the rationale behind those -- is that related to health and safety, or is it related to, sort of, what you're -- the figures, at least the examples that you

pointed to -- is to that the smaller systems, based on even extrapolating the data here in New Jersey, just aren't able to keep up with the compliance necessary? And even if you look at the scale, it's not even the really smaller systems; it's really become investor-owned to public systems, as far as being able to keep up with compliance of Acts like this, and etc.

Was the impetus behind that based on health and safety, or was it something that -- because of lack compliance led to that? Just, if you could, if you know it, just a brief background what forced that statute to allow compelling.

DR. TEODORO: It's my understanding that in both cases it was problems with small system regulatory compliance that were directly related to health issues. So it is both, both rationales -- both health and compliance. Perpetual and persistent violation of the Safe Drinking Water Act's health standards is what drove both of those states to take these steps.

SENATOR SINGLETON: Great; Doctor, thank you.

I don't--

Oh, I'm sorry; Senator Greenstein.

SENATOR GREENSTEIN: Thank you, Doctor, very much for your testimony.

I just wanted to ask you a question related to asset management, and what should be part of that.

Do you consider lead service line inventories to be part of that? And the other related question is, should the State require water systems to conduct lead service line inventories?

DR. TEODORO: Well, with the caveat that I am not an engineer and I'm not an expert on lead contamination -- lead service lines

create a real -- both legal and regulatory, but also almost an ideological challenge to the water sector. Traditionally, we thought of the relationship between the utility and the customer is determined at the meter, right? Everything on one side of the meter belongs to the utility, everything on the other side of the meter belongs to the customer. To the extent that the lead service line is on the customer side of the meter, traditionally we said, "Well, that's not the utility's problem."

I think it's become clear in the national conversation that that rationale is no longer acceptable. And we've seen some states take the step of requiring utilities to test for lead throughout their systems on the other side of the meter; and perhaps even compelling lead service line replacements. If you're asking me the question, should that be the case? Yes, it's hard to come up with an argument against it.

Look, lead service line replacement is expensive. But it's also removing poison from the bodies of ourselves and our children. It's difficult to think of many things that are more important than that effort.

SENATOR GREENSTEIN: One of the things I was going to ask is, I guess right now the lead service line coming from the street to the house is technically the responsibility of the homeowner. But am I hearing you say that -- you might say for moral reasons or larger reasons, that maybe it should be a public responsibility, because we need to do something about that.

DR. TEODORO: That's right. And it's the responsibility, ultimately, of elected officials like you to make that determination. If we declare that, "Look, this is a public health priority. We are now going to define the service line as part of the utility's responsibility," that's certainly

what the democratic process is for -- to articulate our social values. And that's certainly something that we could do; that is something I'd support.

SENATOR GREENSTEIN: And the other part of the question on asset management is whether water loss audits are an effective means for utilities to identify losses in their water systems. Should these be part of asset management, and should the State require all water systems to conduct water loss audits?

DR. TEODORO: Again with the caveat that I'm not an engineer -- yes, a water loss audit is a useful way-- It's one metric, but it's a useful metric to help give a sense of a utility's overall asset quality. It also has the benefit of being easy for the public to understand. It's difficult for the public to understand what a maximum contaminant limit is, and this many parts per million, per billion, per trillion. But percent water loss -- we can understand that. And we understand that 5 percent water loss is better than 50 percent water loss. So that's another nice advantage of looking at that water loss.

SENATOR GREENSTEIN: Thank you.

SENATOR SINGLETON: Doctor, once again, I want to thank you for sharing your expertise; for coming all the way from Texas to help us understand this Act, and offer some solid recommendations for members of the Legislature to consider as it moves forward.

I know, to Senator Greenstein's point, I believe Pennsylvania, Wisconsin, and Indiana -- if my memory serves me correctly -- were three states that recently allowed what would be deemed ratepayer money to be utilized to be able to fund that line -- avenue that she had talked about -- replacing the lead lines from the main, as it were, through the house;

Pittsburgh being the first community in Pennsylvania to take advantage of that. That's fraught with a lot of other questions; that it is easier to do it when you're at one locale. But when you're a system over multiple municipalities -- to make that argument that a ratepayer in town *A* is going to pay for lead service line replacements in town *B* is more of a difficult, nuanced argument as it relates to the politics.

But I think the moral argument, which you touched on, cannot (*sic*) be underscored. The health and safety of those who use the drinking water should be paramount, first and foremost; and we should make decisions based upon that.

So on behalf of our Committee, I want to thank you for being here.

So thank you, sir.

DR. TEODORO: It was my pleasure; thank you.

SENATOR SINGLETON: Thank you.

Next up, we will call the President of the Board of Public Utilities, Mr. Joe Fiordaliso from the BPU, to be up.

Mr. President, I don't know if you have -- you have some other folks who are coming with you, or are you coming by--

J O S E P H L. F I O R D A L I S O: Yes.

SENATOR SINGLETON: Yes, just -- if you don't mind, when you bring them up, if you could have them introduce themselves when they get to the table, sir.

MR. FIORDALISO: Sure.

Good morning.

I have with me my colleague, Commissioner Holden, who is really our Commissioner who concentrates a great deal on water and wastewater issues. She's the Chair of the National Association of Regulatory Commissioners' Water Committee, and is deeply involved.

And with your permission, Mr. Chairman and members of the Committee, she will, after I give some remarks, talk about an initiative that the BPU took some years ago to encourage and enhance infrastructure improvement throughout the water system. And infrastructure is obviously paramount, as far as the BPU is concerned.

I appreciate the opportunity to be here with you this morning and to discuss the Board of Public Utilities' role in regulating investor-owned water utilities, because that's who we regulate.

Our statutory mission is to serve the people of New Jersey by ensuring safe, adequate, and proper utility service at a reasonable rate for customers throughout the State of New Jersey. The Board addresses issues of consumer protection, deregulation of energy and telecommunication services, and the structure of utility rates, including water, to encourage resilience, energy conservation, and competitive pricing for more than 9 million residents who live in the Garden State.

As it relates to water, the Board is responsible for reviewing and approving water rates charged by investor-owned utilities; as well as water service issues, like water pressure, water main breaks, billing disputes, and assessing water and wastewater infrastructure needs. We also work cooperatively with our colleagues at the Department of Environmental Protection when it comes to water quality.

Finally, the Board's Bureau of Underground Damage Prevention is responsible for implementing the Underground Facility Protection Act, known as the *One Call* law, which requires excavators to call for mark-outs before they dig; and companies that have underground facilities to mark and identify those facilities to prevent damage by the excavator when they commence excavation.

Our jurisdiction includes investor-owned utilities, and limited jurisdiction over 10 municipal systems that meet certain requirements. The Board has limited authority over any municipal system that also serves 1,000 or more billed customers living outside the utilities' municipal boundaries.

However, in those cases, the Board's limited jurisdiction only extends to the customers who do not live within the system's primary municipality, and only in regard to service issues, not rates. For example, there are individually billed customers of the City of Bordentown who live in Bordentown Township. And the Board retains jurisdiction over certain service and reliability issues for the customers in the Township. The Board's website has a list of the wastewater systems we regulate, and I have provided copies to the Committee as well.

Water quality issues and implementation of the Safe Drinking Water Act and the Water Quality Accountability Act are outside of the Board's authority. However, as I said before, we work very closely with our colleagues at the DEP when these issues impact systems we regulate.

Obviously, and understandably, the growing problem of aging infrastructure and of lead pipes leaching lead into the water is of concern to

us and our entire state. It is also a complicated issue due to the dual nature of pipe ownership and the replacement cost responsibility.

In general, the water companies are responsible for their pipes up to the curb. The pipe that runs from the valve or the curb to the home is the responsibility, currently, of the homeowner, who must pay costs of replacements. The cost can be prohibitive to any owner, particularly those in low-income communities where lead is often a disproportionate issue because of the age of the home or the building. And here in the Northeast, we have a lot of old structures that probably experience this type of thing.

Aging water infrastructure is a national problem for which the need of a solution is increasingly dire. To that end, the Board determined several years ago that a mechanism was needed for water utilities to accelerate the level of investment required to promote the timely rehabilitation and replacement of certain non-revenue producing, critical water distribution components which enhance safety, reliability, and conservation; and to speed the rate of renewal of this aging infrastructure. Through regulation, the Board created the Distribution System Improvement Charge -- which Commissioner Holden is going to talk about -- to serve this purpose; and it has been a success up to this point.

And we always refer back, as a learning experience -- and sometimes learning experiences are very difficult -- to Sandy, where we noticed and discovered, sadly enough, that much of our infrastructure -- whether we were talking about water or other utility infrastructures -- was in need of assistance and enhancement. And we have, over the past six or seven years, demanded of our utilities infrastructure enhancements and improvements, because the infrastructure is what generates business activity

and allows businesses to be successful. If the infrastructure is poor, businesses and the economy of our state will suffer tremendously. So this is of paramount concern to us.

And I know the Doctor before us was talking about socialization of costs, and so on. Right now, that is not part of our regulation or, as far as I know, any part of State law here in the State of New Jersey.

And with that, I am going to pass it on to Commissioner Holden, who will talk about the DSIC program and the initiatives that we have taken.

COMMISSIONER MARY-ANNA HOLDEN: Thank you, President Fiordaliso.

Good morning, Chairman Singleton and members of the Committee.

New Jersey's Distribution System Improvement Charge, or DSIC, rules were adopted in 2012, and first utilized in 2013. The rule covers water main rehabilitation replacement, water main cleaning and lining, valve and hydrant replacements, and service line replacements from the main to the curb or the meter pit; and can also cover the costs of a utility relocation if a government entity so requires.

To be eligible, the investor-owned utility must have completed a rate case within three years of application, and is required to file within three years of having a DSIC -- as we call it -- in effect. After approval of a foundational filing, a water company can charge customers up to 5 percent cap of the utility's total revenues, and a base spending is required in each 12-month period which is equal to a company's depreciation expense.

The original Bill's intent was to include wastewater systems as well. At the last minute, wastewater was removed from the 2012 rule adoption. DSIC was re-adopted in 2017; but again, wastewater was left out, this time for expediency. The rule was working so well to throw a curveball in and not just, you know, re-adopt what was in place; and working well was the order of the day.

I am, however, pleased to be part of the ongoing rulemaking process for a wastewater DSIC, for a lack of a better snappy acronym. Wastewater is a huge resiliency issue, not only the combined sewer overflow cities, but leakage from sanitary sewers infiltrating potable water lines and undermining all other buried sectors -- gas lines, possible electric, telco, cable, and fiber. It is the most important piece of the *one water* concept; yet it is all too often built to failure. For most entities, the common cry is, "When it breaks, we'll fix it."

DSIC, in its current form, has been highly successful for the investor-owned utilities that have participated. New Jersey American Water, the first to use this mechanism, has, since 2012, replaced over 535 miles of main, 72,000 service lines, 12,000 hydrants, and 15,000 valves. Its main replacement rate went from over 500 years to below 130 years, well within the compliance with the Water Quality Accountability Act's requirements of 150 years.

DSIC-eligible investments totaled over \$710 million dollars in a seven-year period, or over \$100 million annually. A line-item effect on a typical five-eighth inch metered New Jersey American customer -- \$1.44 per month, as of the last file.

SUEZ New Jersey likewise had, in five years, lowered its replacement years from 843 to 142 by the end of 2017. Middlesex Water, last year, embarked upon construction of a redundant 42-inch transmission main that enables the company to take offline a 1969 vintage original main, create a loop system, and using a BPU-approved renew program will rehab or replace 4 to 10 miles of water main annually.

Critical to the process is the foundational filing that is simplified by the Board's requirements for asset management plans; and in some cases, the technology added to more precisely target pipe condition.

A chart of Aqua New Jersey's DSIC program, since 2012, showed that the greatest likelihood for breaks was in pipe installed from 1951 to 1980; second were those installed 1981 to 2000. Amazingly, the pipe from 1885 to 1899 showed the least likely to break. Clearly, asset management is more than pipe age; more often it has to do with pipe type and where it is located.

From 2005 to 2010, Aqua had replaced eight miles of pipe at an approximately 400-year renewal rate. The first year utilizing the DSIC mechanism it replaced eight miles of water main. By 2014, 12.6 miles were replaced, equaling 110-year renewal rate; again, well within the WQAA rate of 150 years. This is a success story of DSIC and the regulated water utilities.

We aren't done.

Statewide, we continue to lose about 130 million gallons per day. That's almost 200 Olympic-sized swimming pools per day. This isn't merely the loss of our precious water resources; it is a wasteful use of

electricity. Water delivery, treatment, service, and wastewater treatment is collectively the largest use of electricity in the United States.

Water-related energy consumption for residential and commercial uses is estimated to be equivalent to approximately 482 billion kilowatt-hours, or approximately 15 percent of all electricity used in the United States.

To stop all, or to at least meaningfully curtail, water loss would greatly help reduce costs for otherwise spent chemicals, and reduce electrical demand greatly while conserving this precious natural resource.

Thank you for allowing me to testify today; and I look forward to any questions, whether it's today or in the future.

I'm also a former municipal official for 10 years; I was a Councilwoman four years. I was Mayor of the Borough of Madison, which owns its own electric utility, water utility, and wastewater facility. I managed those for 14 years.

So I will entertain any questions you have.

MR. FIORDALISO: We're available, Mr. Chairman.

SENATOR SINGLETON: Thank you; thank you for that very detailed report.

A couple of questions, if I could.

With respect to the investor-owned systems that you guys regulate, do you currently, right now, have an inventory of their entire-- Do you currently have an inventory of each of the investor-owned water systems, water infrastructure needs? Do they submit -- do you have a sense of what that looks like right now?

MR. FIORDALISO: We meet quarterly with all of the utilities that we regulate to try to assess the needs, and so on. We have an idea of what is needed, as far as the water infrastructure is concerned. And the DSIC, as Commission Holden indicated, is working, we think, perfectly in trying to keep up with the replacement of infrastructure.

Where we always stumble into a problem is the socialization of the costs, particularly when it's perceived to be the customers' costs or the customers' obligation. But as far as needs, and so on -- they keep us up to date on them. We do not have, however, an inventory of what the Doctor was talking about; and I'm not sure anyone does. I think the DEP -- and I'll let them speak for themselves, obviously -- is starting to accumulate things of that sort.

COMMISSIONER HOLDEN: What each of the water--

SENATOR SINGLETON: Hold on, hold on.

COMMISSIONER HOLDEN: Oh, I'm sorry.

SENATOR SINGLETON: So right now, as we sit here today, if I were to ask you for the list of water utilities that you regulated, how much is the water infrastructure needs that they've identified -- as we sit here today, you couldn't tell me the total amount that they have, in total? Just for whatever reason -- because either it's not all housed in one place, or you all don't ask that question, or don't have that information?

And the reason why I ask that -- because if we are to address this systemically -- right? -- that's pertinent information to know, right? It would be nice to know, whether that's investor-owned or publicly owned--

MR. FIORDALISO: Right.

SENATOR SINGLETON: --ultimately what the water infrastructure needs are. So members of the Legislature -- whether it's this one or a future one -- can begin to start thinking what they need to do to allocate to meet that.

But as we sit here today, for the utilities that you regulate, you do not know, in total, the water infrastructure needs that they have?

MR. FIORDALISO: No.

SENATOR SINGLETON: Okay.

With respect to their asset management plans that they submit to you, do they submit to you their asset management plans-- You said you meet quarterly; so does it happen on a yearly basis, a biannual basis? How does that work?

MR. FIORDALISO: They do submit on a yearly basis.

SENATOR SINGLETON: Okay.

And the reason why I ask that -- because now I'm going back to this law, which is part of why we're here. The way the law is structured, it's almost like a three-year, sort of, outlay. Initially, there's a certification process that happens. So even these utilities will certify to you that, "Yes, we have an asset management plan." But according to the law, in and of itself, they aren't submitted, I know -- I think the way the Bill reads, until now, would be April of 2022. So I know DEP -- and I'm assuming it goes to every-- Because DEP doesn't have regulatory authority over the investor-owned ones. So even though you get it on a year basis, the law talks about not having that information submitted until April 2022. But you guys get it already.

MR. FIORDALISO: We do get information from them, yes. There are reports that have to be submitted to us.

SENATOR SINGLETON: Okay. So as we look at this law in the confluence of -- from a practical standpoint, to what it does as to what the law says, you all are already getting this on a yearly basis. Though the way this Act is structured, some groups don't have to really submit it until three -- well, now, two years from now. No, three years from now; April of 2022, correct?

MR. FIORDALISO: We try to, and I think rather well, stay on top of all the utilities that we regulate in getting plans and information on a periodic basis. Because we have to know, for planning purposes, what has to be done and where the weaknesses are in the infrastructure.

SENATOR SINGLETON: And I have no doubt, under your leadership, that that occurs; not one bit.

Is there a way that you all can tell us, roughly, how much has this charged -- the DSIC charged? How much has that generated in revenue used for water infrastructure improvements since its inception?

If you don't know, you can get back to the Chair. I don't want you to guess if you don't know. If you want to get back to us, that's fine.

MR. FIORDALISO: Let us get back to you, because I don't want to give an approximate amount.

SENATOR SINGLETON: That's fair, that's fair.

COMMISSIONER HOLDEN: I've only heard, sort of, the converse of it -- is that for every \$1 of O & M that's saved, they've been able to put \$8 into their capital.

SENATOR SINGLETON: I appreciate that. But what I'm more curious about is how much money, that's been added on the bill, did they charge the ratepayers; how much that total amount has come to. Because invariably, my next question would be -- as you utilize your auditing function, how do you determine the cost effectiveness of the improvements that they've made, in correlation to the amount of money that they charge ratepayers of the respective systems for the charge to actually do the work?

So if you would be kind enough, through this Chair-- And we'll distribute it to each of the members to be able to understand how much has been received in DSIC money; and then by comparison, the amount of infrastructure improvements in totality. Because I would want to see just how the numbers match up, because I'm sure that you all have an existing auditing function--

MR. FIORDALISO: Yes.

SENATOR SINGLETON: --that makes sure that it matches up -- that they've charged *X*, and done this. That they've actually done this, that they are actually doing what's necessary.

MR. FIORDALISO: Yes.

SENATOR SINGLETON: So I'm not going to dispute that; I would just love to know what those numbers are--

MR. FIORDALISO: Sure.

SENATOR SINGLETON: --at the appropriate time.

Any other--

Senator O'Scanlon.

SENATOR O'SCANLON: Thank you; very informative.

A couple of things; and forgive me if I missed, if you said it.

But your oversight -- the broader aspect of your oversight, not the area where it is more limited -- what percentage of water systems do you directly oversee? So there are the muni systems that you don't--

MR. FIORDALISO: Right.

SENATOR O'SCANLON: --and there are the investor-owned. What percentage of water systems--

MR. FIORDALISO: Well, there are 10 muni systems in the State of New Jersey. All other systems, that are investor-owned, are regulated by us.

SENATOR O'SCANLON: And what percentage of consumers fall into each of those categories? You can have a smaller number of systems that are much larger, serving much large groups.

MR. FIORDALISO: Sure.

SENATOR O'SCANLON: Do you have any idea the percentage of--

MR. FIORDALISO: I don't have the exact percentage, but the vast majority, obviously, fall within that category; the vast majority of residents of the State of New Jersey.

SENATOR O'SCANLON: Fall within the municipal--

MR. FIORDALISO: No; fall within the investor-owned.

SENATOR O'SCANLON: Okay.

COMMISSIONER HOLDEN: We are the largest of the states for investor-owned.

SENATOR O'SCANLON: Okay.

MR. FIORDALISO: Yes.

COMMISSIONER HOLDEN: There is 40 percent that is investor-owned; it covers the 300 municipalities.

SENATOR O'SCANLON: But--

SENATOR SINGLETON: I'm sorry; may I interject, Senator?

SENATOR O'SCANLON: I'm sorry?

SENATOR SINGLETON: Please, may I interject just for a quick second?

SENATOR O'SCANLON: Yes, absolutely.

SENATOR SINGLETON: And I could be confused, so I apologize.

I thought someone said that the vast majority were investor-owned. But I thought someone just answered the Senator's question that only 40 percent are investor-owned. So wouldn't 60 percent be publicly owned, right? Because there's only, I guess-- Well, my numbers tell me there are only, like, 580 community water systems in our state. If you guys regulate 40 percent of those, and 60 percent are publicly owned, is it that the 40 percent has a greater population within that? Is that why you have the majority of people you represent? Is that what you're saying?

MR. FIORDALISO: That's correct.

SENATOR SINGLETON: Okay.

MR. FIORDALISO: And there are also, Chairman, many small non-investor-owned water companies, which we try to encourage -- we can't compel, by law now -- but we certainly try to encourage the smaller companies to -- how can I say this? -- listen to offers from the larger companies. Because the smaller companies have a greater lift. The number of people they're serving is smaller; things go wrong. The rates are

obviously higher because there are fewer people paying into the system, and so on and so on.

So we do try to encourage folks from the smaller companies; and there are many.

How many smaller companies do we have? Do you have any idea?

COMMISSIONER HOLDEN: Not that many anymore. Because there was a Small Water Takeover Act that -- I want to say around 2008, 2006. So you have a lot of these little, small water systems that, you know, Mom and Pop are running it out of a shoebox. And literally the takeover company would have a shoebox to audit the system. And mom and pop die off, the children don't want to run the system; who's going to run the system?

And yet you have, maybe, 50, 60 different connections in a community or a small, like, homeowners association. So the Small Water Takeover Act combined a lot of these. So we have very few that are small communities that we would oversee.

SENATOR SINGLETON: Senator O'Scanlon, I apologize.
Please.

MR. FIORDALISO: And they are literally mom and pop.

SENATOR O'SCANLON: No, you went right along the path I was going to go.

Sorry?

MR. FIORDALISO: I'm sorry, Senator.

SENATOR O'SCANLON: No problem.

MR. FIORDALISO: They are literally mom and pop companies.

SENATOR O'SCANLON: Got it.

So you oversee the vast majority of systems serving the vast majority of the population in New Jersey?

MR. FIORDALISO: That's correct.

SENATOR O'SCANLON: Okay.

And I guess that gets to my next question. Dr. Teodoro -- forgive me if I'm destroying his name -- I don't know if you saw his chart, but the compliance of the systems that you oversee is much higher than the compliance levels of municipal and privately owned systems. Which shouldn't surprise us, again, because they're smaller.

Is it because they're smaller, or is it because your oversight is much more effective?

MR. FIORDALISO: That's a good question. But there are certain water quality -- which DEP regulates and oversees, and I'm sure they're going to talk about that -- certain water quality standards that everybody has to meet, whether it's a muni system or an investor-owned system.

SENATOR O'SCANLON: Yes, I'm referring to rate of compliance with the law and reporting.

MR. FIORDALISO: Oh, I'm sorry; I misunderstood.

SENATOR O'SCANLON: And that probably extends to compliance with some quality as well. So is it your enforcement mechanisms that are impacting this, is my question, I guess; versus is it just sheer size?

MR. FIORDALISO: I would like to believe it's our regulatory process that does control that; yes.

SENATOR O'SCANLON: Okay.

Are you frustrated with your ability to compel some of these smaller systems to join larger systems? In your gut, when you're doing your job, do you think, on a regular basis, "We need more power to compel some of these smaller systems to consolidate or join the larger systems"?

MR. FIORDALISO: Well, the simple answer -- me personally, yes. Because I think the consumer would be served better if many of the smaller companies-- I don't want to put anybody out of business; don't misunderstand what I'm saying. But I think the customer would be served better if a lot of these smaller companies, these mom-and-pop ones in particular, could be absorbed by the larger companies.

SENATOR O'SCANLON: If we were to come up with one or two tools that -- you're frustrated; you don't have to compel compliance with reporting -- are there a couple right off the top of your head? Now, this is for us to make policy. Are there a couple obvious tools that we need to add to your arsenal?

MR. FIORDALISO: I would like to look at the compelling aspect, where we could, for certain instances, require smaller companies to be absorbed by larger ones.

I would also like to look at the municipal systems; and some of the municipal systems are run very well, and their water quality is wonderful. I mean, I was born and raised in Newark, New Jersey; and we had a lot of beer companies there because the water was so great, and so on. And it is still great. But it's old; the Northeast is old. In the Northeast, we

have to stay on top of our infrastructure, as I indicated before. And in order for a municipal system to be sold to a larger company -- to an investor-owned company, as an example -- you need a referendum. The townsfolk have to vote on it. And that's been a problem here in Trenton; the referendum keeps getting defeated, and so on. So I think that's something we want to, maybe, look at.

I also have concerns about our ability -- and I'm not a Board that wants to go out and fine everybody, or anything -- but our ability to make fines a little more significant, if someone is violating our regulations. You know, I'm just looking at utilities in general, not necessarily water; but large energy companies, large electric companies, gas companies. I mean, the amount that we can fine them for mishaps that they do is almost laughable, and so on. And this is something I think, collectively, maybe we could look at, because I think it adds a little more teeth. And again, I'm not an over-regulator; I'm not talking about that. I'm just talking about -- we want people to abide by the regulations that we have.

SENATOR O'SCANLON: On another front, Commissioner Holden, you mentioned about -- it was interesting that the likelihood of failure in these systems increased after 1950. What changed? Is it because before 1950 we were using this amazingly resilient material, like lead, is why those systems lasted longer. Was it that we changed -- specifically got away from more hazardous materials? Or was there something else? Were we just being cheap?

COMMISSIONER HOLDEN: No, it's just-- It seems to be a perfect storm for infrastructure; it was a different life of different pipes, whether it's asbestos cementitious concrete pipe that's used generally for

wastewater and water, but mostly wastewater -- that was popular at that time period. So its life is about up; it was probably starting to be installed in the 1940s. Then you went to a grade of PVC pipe, which even though it's a lot newer, maybe it has a 30-year life; some of it is just crumbling. We have one facility that -- not in this state; it's actually not in this country -- in France. They removed all their lead pipes; they put in PVC. They're all failing.

So, you know, there are ways to detect whether the walls of pipe are, you know, intact; whether they-- For instance, we had an instance in, I believe it was, Edison. There was about 9 miles of pipe that were scheduled for replacement just because of age. I believe New Jersey American had acoustical testing that they put onto a fire hydrant. They were able to ping the pipe and find where there could be breakage, where there might be thin walls, predict where there's going to be failure, or see if the integrity of pipe is still good. They were able to save about 5 miles of that pipe. It was a lot of expense, a lot of frustration, a lot of upset to a community when you have to take out 9 miles of something.

So there are ways of, I think, incentivizing; or we could incentivize some of the management of your assets and take a look at not just the age of the pipe, but the quality and the kind of the pipe. A lot of communities-- I'll tell you -- I'll give you an example. In Madison, I had one of those cementitious pipes burst two years in a row. In the high-rent district of Madison, a sewer pipe, on Christmas Eve, two years in a row. I said, "That's it--"

SENATOR O'SCANLON: Merry Christmas. (laughter)

COMMISSIONER HOLDEN: "--we have to map our system."

We have nothing; in this state, we don't even have a map.

I asked the Superintendent -- I said, "Where's the map of the system?" He goes -- pointing to his head. And it's-- Like, his grandfather and great-grandfather had started the water system. So he knew where every valve-- I said, "That's not going to help." And he wasn't going to sit down and talk about it.

I had to bring in a man who was a 100 years old, and another fellow who had worked in the Department for 40 years; sharp as anything. He said, "Do you remember when we put that pipe in and we ran that in 1960," and they knew what the pipe was. That's how we started our asset management plan. We had a failure of another section of the sewer system. We were trying to find the force main; they're going like this (indicates) into the street, trying to hit a pipe. I mean, you can't operate a system.

I think our municipality, probably, was one of the first to have an asset management plan, and we GIS'd the whole system, so we know where every valve is. But we're fortunate we had older employees, who were very knowledgeable, and a Borough Engineer. We didn't have to spend a ton of money doing it.

But that's going to hold back a lot of municipalities; and particularly in wastewater. That is where the biggest growth in the investor-owned utilities are, because communities are throwing their hands up saying, "We can't manage this. We can't afford to do all the work that has to be done in these wastewater plants." And yet, they'll put it out, and the public will fight; people will come in from other states and say, "You have

to save this; this is your system.” And the next year, now, the \$4 million project becomes a \$6 million project, and they have to go through this whole fight again. They just want to sell it to someone.

SENATOR O’SCANLON: Interesting; thank you.

COMMISSIONER HOLDEN: This is the conundrum.

SENATOR O’SCANLON: And that’s what we policymakers are going to have to figure out -- how to solve that, with your help.

Just a last question on cybersecurity.

MR. FIORDALISO: Yes.

SENATOR O’SCANLON: How often do we test cybersecurity systems? Do we have any evidence that there have been breaches of computer systems in our water infrastructure? And how confident are you that we’re sufficiently defending ourselves against such attacks?

MR. FIORDALISO: Cybersecurity has obviously become a big issue with all the utilities. And I am very confident that there have not been any breaches, to our knowledge.

Our Office of Emergency Management, through the State Police, are constantly checking everything. Utilities have to submit a cybersecurity plan. We stay on top of that, because as you well know -- and I’m not saying anything to you that you don’t know -- we could be brought to our knees very, very quickly, whether we’re talking about electric, whether we’re talking about water, whether we’re talking about telecommunications. And we have to be vigilant in our approach and in our detection of cybersecurity breaches.

SENATOR O'SCANLON: And you're confident that we've done a pretty good job across all those systems? We're here to talk about water today.

MR. FIORDALISO: I am.

SENATOR O'SCANLON: Okay; thank you. I appreciate it.

SENATOR SINGLETON: Senator Ruiz.

SENATOR RUIZ: Thank you.

I just have one question.

Have there been any discussions with BPU and your partner agencies, just offhand, about coming up with a comprehensive plan for, perhaps, the State taking the initiative to come up with a bank as far as what our lead service lines look like? So that this way there's, again, like one--

MR. FIORDALISO: Right--

SENATOR RUIZ: --you know, one group coming together--

MR. FIORDALISO: --where it's under one roof.

SENATOR RUIZ: --so that when -- so it's not left-- We heard already from a very poignant point of view from a municipal level, and the experience that the Commissioner has had, you know, in her home territory. I'm just curious if there have been discussions with several different partner agencies to see what would be the best protocol or plan in place to identify -- you know, to come up with this kind of overall--

MR. FIORDALISO: Right.

SENATOR RUIZ: --management plan of our infrastructure in the state.

MR. FIORDALISO: Yes, there have been discussions, Senator. And we work, as I indicated before, very closely and cooperatively with DEP; but we have different jurisdictions, we have different responsibilities. And so we work and discuss with them, on an ongoing basis. And I'm sure at some point we can consolidate some of these duties, some of these regulations, to better serve the people of New Jersey.

So yes, there have been discussions, to answer your question.

SENATOR RUIZ: Thank you.

SENATOR SINGLETON: President Fiordaliso, as it relates to this Act, though, to be very specific, you had talked about how you get the investor-owned agencies to be compelled. And there is evidence in the numbers; they are reporting information, or reporting at least their compliance to the Act. The Act, in and of itself, doesn't really have any mechanism for you to force their ability to compel. So the fact that they are compelling is because of your other role as a regulator, as to why they're sort of more in compliance than perhaps some others. Because the Act is silent in your ability to have -- grab a tool, hammer, carrot, stick, whatever you want to use--

MR. FIORDALISO: Right.

SENATOR SINGLETON: --to do that.

The question that Senator O'Scanlon asked you about cybersecurity-- Once again, speaking to the Act-- Again, going back to this fragmentation as to how this law is constructed -- the compliance on the cybersecurity part, even for your -- I believe, even for your investor-owned utilities, falls under the Homeland Security through their New Jersey Cybersecurity and Communications Integration Cell.

MR. FIORDALISO: Yes.

SENATOR SINGLETON: Do you get information from them that tells you that folks are in compliance, so that's how you know that they are in compliance?

MR. FIORDALISO: We get much information from the Office of Emergency Management and from Homeland Security.

SENATOR SINGLETON: But specifically to this Act and what it does, their compliance is directed to join that group -- the NJCCIC, I think it is. Do you get that information sent back to you so you know your investor-owned utilities are, in fact, members of NJCCIC?

MR. FIORDALISO: (confers with staff)

Yes, we do.

SENATOR SINGLETON: Okay.

MR. FIORDALISO: In our Division of Reliability and Security.

SENATOR SINGLETON: Okay.

MR. FIORDALISO: And we have tabletop operations and things of that sort--

SENATOR SINGLETON: Great.

MR. FIORDALISO: --on an ongoing basis.

SENATOR SINGLETON: My last question of you; and I, once again, thank you both for your time and your indulgence with us today.

Is there a conversation -- I think Senator Ruiz was talking about -- beginning afoot, to look at that DSIC charge as it relates to lead service line replacements at all? Have you all engaged in that conversation, or is that a conversation that is not on the table at this time?

MR. FIORDALISO: No, no, it is on the table.

SENATOR SINGLETON: Okay, all right.

Mr. President, I thank you, as always, sir, for your attention and your time--

MR. FIORDALISO: Thank you.

SENATOR SINGLETON: --and your thoughtfulness.

MR. FIORDALISO: And thank you to the members of the Committee.

COMMISSIONER HOLDEN: Thank you.

SENATOR SINGLETON: Next up, we will have the Deputy Commissioner of the Department of the Environmental Protection, Ms. Deborah Mans.

Before you begin, would you be kind enough to introduce who you have with you, please?

DEBBIE MANS, Esq.: Yes, I was just about to do that.

So I brought technical experts with me.

CHELSEA M. BROOK: Chelsea Brook.

BRANDON CARRENA: Brandon Carrena.

MS. MANS: And they are staff who have been primarily responsible for helping us implement the WQAA.

So we are aware the law applies to public water systems with more than 500 service connections, which includes 287 public water systems throughout the state; and these systems serve over 90 percent of New Jersey's population, and it imposes several requirements on these public water systems.

Importantly, from our perspective at the Department, it requires that top-ranking officials from municipal and investor-owned utilities provide an annual certification that their public water systems are in compliance with all drinking water standards and other requirements, including the new requirements of the Act.

This annual certification is an excellent tool for making sure that the right people are paying attention to such important public health responsibility -- ensuring the safety and reliability of our public water supply.

The new requirement that these public water systems develop and implement asset management plans is particularly critical for ensuring the reliability of the public water supply in years to come. And the water systems are required to implement these plans within 18 months of the passage of the law, and thereafter to submit triennial reports to DEP detailing their past and future capital improvements.

The requirement to implement an asset management plan became effective, as you noted, on April 19 of this past year; and the first triennial reports will be due beginning April 19, 2022. I think there were some earlier questions about what exactly we'll be seeing. It's not the actual plan that comes into our Departments; it's a report that comes in that is, as you mentioned, part of the law.

We're pleased to provide you information on the public water systems' compliance with the WQAA to date. In general, most water systems have complied with the requirement to submit annual certifications to the Department; however, not all certifications have been signed by the required top-level official. And the certifications alone do not demonstrate

actual compliance with all the drinking water standards and other requirements.

Based on the 2018 certification forms submitted to date, we can let you know that, as of September 3, 2019, 271 out of the 287 certification forms had been submitted for 2018. That's a 94 percent compliance rate. Seventy-one percent of the systems reporting certified that they are in compliance with the standards of the WQAA, but note this does not reflect DEP's independent determination of compliance with Federal and State water quality standards.

Thirty-three certification forms were signed by an individual other than the Mayor or Chief Executive Officer, as required by the law; and 46 of the forms were signed by individuals whose legal authority to sign was uncertain.

I'm going to talk a little bit about lessons learned on that.

We also conducted, at DEP, an informal survey shortly after the April 19, 2019, due date for the asset management plans. Because we won't be getting those annual certifications until October 19 on that requirement of WQAA's, we wanted to find out a little bit earlier.

Out of the 287 applicable water system purveyors, 83, or about a third, provided responses to this unofficial voluntary survey. DEP used the survey to get a sense of the overall status of asset management plans, and to obtain preliminary data on cost of compliance with the WQAA.

And based on the purveyors' responses, more than 90 percent had developed and were currently implementing asset management plans. And some purveyors indicated that they had difficulty completing the life cycle costing and long-term funding strategy components of the plan, but

more than 70 percent of respondents indicated that they had completed these components.

And I had mentioned we'll be getting the next suite of submission forms on October 19, and we'd be happy to share those with you once we have those in hand.

As I mentioned before, it's important to note that the annual certifications submitted under the Water Quality Accountability Act -- I almost said *Achievement* (laughter) -- while an important tool to focus decision-makers' attention and encourage compliance, do not substitute for the water systems' independent obligations under the Federal Safe Drinking Water Act to conduct sampling and report compliance with substantive drinking water standards -- known as maximum contaminant levels -- treatment, and monitoring requirements.

For the Committee's information, we provided a copy of our 2018 annual report on primary drinking water regulations for public drinking water systems. That's a separate report that we do on those water quality standards.

We've done extensive outreach to engage public systems; and I'm actually glad you're having the hearings to drive more attention to the requirements under the law. We found there was a real learning curve at the local level to even understand the law was in place and what their obligations were under it. We participated in over 10 stakeholder or other panel activities on the Act, including with the League of Municipalities and the New Jersey section of American Water Works.

I had mentioned -- we're taking what happened in the first year and doing some lessons learned. We are making some changes to the

submission form, including clarifying and providing clear information on the protocols and procedures for submitting the annual certification form, and explicit language on who should sign the form. Also making small, but important changes about the due date marked in bold and red; and also specific requirements of the Act have been individually outlined so that signers must specifically indicate compliance with each section.

I did want to mention -- it's not required by the Act, but we are going to do a rule to help clarify and implement the Act. We launched that process in April of this year with a lot of different stakeholders. And through early engagement with the stakeholders we've identified the following opportunities to use the rulemaking process to increase public availability of data, include water loss auditing -- so again, that came up earlier, but that's something we've included in the rule -- provide training for people responsible for the fiscal aspects of the water system, and to plan for integration of climate change considerations for planning for the future.

Our goal is to propose a Water Quality AA rule in early 2020 for all the reasons that I mentioned before. And we hope it will improve both the understanding of the law's reach, as well as enforceability of its requirements.

So we continue to look forward to working with you on this really important issue, and we're here to answer any clarifying questions for you as you have them.

Thank you.

SENATOR SINGLETON: Deputy Commissioner, first of all, thank you.

I had the pleasure, for all here-- The Deputy Commissioner and I had a chance to talk yesterday about this hearing and about the Water Quality Accountability Act. And some of the things that we talked about I'm pleased to see that the Department is engaging and looking at. Senator Greenstein mentioned early on about water audits, and it's encouraging to hear that that is proposed rulemaking.

I did want to point to something that you said, because I think it does talk about an area where we can fix the law, hopefully.

You said here, in your stated testimony, "However, not all certifications have been signed by the required top-level official. And the certifications alone do not demonstrate actual compliance with all drinking water standards and/or requirements."

That area there, that last part-- Because of the nature of someone telling you self-certification of compliance is compliance; that they've -- saying they've done the things associated within the Act, but not necessarily compliance, which could be for the other pieces of the law that are already locked in, as far as Safe Drinking Water Act standards as well.

Is that an area, with respect to this law, that needs to be tightened up; that this self-certification -- which has a three-year lag -- needs to be condensed to a more finite and more immediate timeline and allow you all to have a better sense that compliance is not just paperwork compliance, but actual compliance to what the spirit of the law means?

MS. MANS: I mean, I think it's a great question.

I would tend to think we already have authority under our existing ones; you've mentioned the Safe Drinking Water Act. I mean, if we're at the Department waiting for a self-certification on a form that

you're in compliance, we're not doing our job under that other Act. So I would say independently we are moving forward with our obligations in oversight under those other rules.

And so this is-- I'm not sure how you -- I think we can have a tighter bond, and that's why we're talking about training and making sure people are really understanding what they're signing and certifying to. Because maybe they don't understand what the requirements under that law are. They're the Mayor, or they're someone else who's in charge of the budget or the physical aspect. And maybe that's why we're trying to make sure that they have the education that they need to be accurate in what they're self-certifying.

SENATOR SINGLETON: I asked this question of the BPU; and I know you're familiar with this question, because you heard me say it before.

And I haven't found it, so unless I missed it, I'm going to ask again.

Is there a repository in the State of all the drinking water asset management data that can be found, in one location, so that in order for planning water infrastructure needs for our state, moving forward, for policymakers, is there an area where we could find that in one central repository? And if not, is that a recommendation you would make to this Act -- that all that kind of data be sent to one centralized location -- i.e., the Department of Environmental Protection -- so that policymakers and the general public can have an understanding of what the asset management plans look like for all the water infrastructure in our state?

MS. MANS: Yes, so I'm going to start, and then I will let Chelsea finish.

We have a very detailed guidance on our website about what an asset management plan should look like. But I think you're asking a different question.

MS. BROOK: Right; so the Act does not specifically require the submission of an asset management plan. However, as you know, it does require the submission of a capital improvement plan, every three years, to the three agencies -- being DEP, BPU, and DCA.

So DEP, BPU, and DCA are working together, currently, to develop a system for linking, because they are required to be submitted through a centralized portal. So that being said, all the information is shared together.

You know, we do not currently have a repository at this time. We have pieces, but there's not a repository for an overall -- everything that is involved; you know, all the components of a system at this time. However, you know, we do have permits for water systems; and we have the components of them. We have lead service line inventories that we have started to compile. But as we move forward with rulemaking, that is something that we're working towards.

SENATOR SINGLETON: And when do you anticipate having a portal -- I think you said -- when do you anticipate having this portal where that will be available for all of that information to be housed in one place?

MS. BROOK: By the submission requirement date is our goal; so April 2022.

SENATOR SINGLETON: So three years from now.

MS. BROOK: You know, we obviously have to have it by then.

SENATOR SINGLETON: So three years from now?

MS. BROOK: Correct.

SENATOR SINGLETON: Okay.

The asset management plan, Deputy Commissioner, that you talked about -- and I might have missed-- Again, this is entirely on me, so I might have missed it -- when I saw it online, it's my understanding that that asset management plan is not newly designed to the Water Quality Accountability Act; it was one that was on previously. So it's not like -- it wasn't an asset management plan guidance that was given to local officials as with the implementation of this Act. It was in reference to something that had already existed.

Are you updating that? Is there new guidance? Because the lack of compliance, as you can tell, I'm sure disappoints you and frustrates you, as it does many of us, from some of the municipally owned systems.

What new guidance are you instilling as it relates to the Water Quality Accountability Act? Because, again, that asset management guidance is dated by comparison to when this Act was put in place.

MS. MANS: And I do want to make maybe a distinction that the asset management guidance is telling them -- this is what should be in your asset management program. So to me, that's an evergreen content, regardless of whether or not the Water Quality Accountability Act requires you now to self-certify that you're doing it. You're correct -- that it was originally done in 2014, and updated in 2016 because we were trying to make it as easy -- it's my understanding -- as easy as possible for the utilities

to do it. But it wasn't until the Act came along, that required them to really pay more attention to it and to implement it, that we had the motivation.

So one of the things we can look at is making sure that the timelines and the schedules for everything for the Act are online. But the content, and the criteria, and the guidance -- which was done through a stakeholder process and with the utilities -- that doesn't necessarily change what you're looking for ultimately, from a content or substantive perspective, that we all want these utilities to do -- if that makes sense.

SENATOR SINGLETON: I get it; I do. I get that.

MS. MANS: Okay.

SENATOR SINGLETON: Because I think the asset management plans -- there are all kinds of best practices that you can look to and point to around the country, and what goes in there, prioritizing certain assets to inventory your needs, so on and so forth; life cycle costs. You can go through the whole thing.

And it would just seem, though, it is an evergreen document. And it would seem, as you are continuing to do that, that perhaps updating that with some of the current best practices to send that information out would be entirely helpful to those communities.

The BPU before you also mentioned that they get data, as I heard, from the Cybersecurity and Communications Integration Cell. And I know that's housed in Homeland Security; and we are intending to have our friends from Homeland Security either submit to us correspondence about compliance, or be here to speak publicly to that issue.

I don't know; do you get that information from those guys? If you do, is that in the compliance numbers that you have?

MS. MANS: So I know we were following up after our call yesterday.

So yes, we have asked and we have received the information; but we do not include that in our compliance rates.

And just -- I want to take note on your earlier point--

SENATOR SINGLETON: Sure.

MS. MANS: --about making sure we have the most up-to-date best practices in our criteria. So we'll certainly look at that.

SENATOR SINGLETON: Okay.

MS. MANS: Yes.

SENATOR SINGLETON: I'm sorry; you had just said -- which I think is important -- you said you do have that data; but that doesn't-- You don't count that as being compliant?

MS. MANS: (confers with staff)

MS. BROOK: Sorry.

Yes, it's just a different section of the Act. We were just speaking about certification forms, versus the cybersecurity.

The Act actually doesn't require them to sign off on that they're in compliance with Section 4, which is the cybersecurity section. However, this year we have altered our form to include that, just so we will get that data from the systems directly.

We do get the information from New Jersey CCIC on the compliance. And I know that they have had some difficulties, which they'll speak to when they come speak to you. But I know that they have had some issues with trying to get systems to comply with that section.

SENATOR SINGLETON: Yes, the Act itself tells them they have to join it; not just have to comply, they have to join it.

And I guess-- Which just goes back to the point -- the data we're talking about, of who's in compliance and who's not, I guess you can argue that there's a gap, because we don't know if folks are in full compliance with the Act. We know, because of the fragmentation of how it's constructed, folks may be in compliance with the things that DEP has oversight on. We heard before from the BPU that folks may be in compliance with the pieces that BPU has responsibility for. Hopefully we'll hear from Homeland Security who is in compliance with that.

But there doesn't seem to be a melding of all that information to say, "All right, all of these systems are in compliance," which, if we're thinking through how to make this a more accountable -- to use this word, Act -- bringing all that together to be housed in one central repository would be helpful to do that. But it also gives us guidance, broadly, about water infrastructure needs and where they are, which is the next iteration of where the conversation goes.

With respect to-- (refers to notes)

I just want to make sure I cover this; I apologize.

And we had talked about -- Debbie, you and I have talked about this before; and I heard you mention it, and I want you to mention it again, if you don't mind.

Is your intention, through rulemaking, to make sure that information will be publicly available so that the general public and policymakers will be able to have an understanding of that compliance? I

thought I read that, but I want to make sure that I did, so that there is -- to increase the public availability of data, I think are your exact words.

Is that the intention done through rulemaking, or is there some additional component needed in the legislation to allow that to happen?

MS. MANS: I mean, that's our intention with the rulemaking; and, I think, we think we're on pretty good footing to require that with the transparency.

SENATOR SINGLETON: Right. And my last question, before I turn it over to a couple of our colleagues. The Bill, as I've said before, does not, in and of itself, have penalties associated with noncompliance. Each agency -- as we heard from the BPU, because of their other regulatory authority -- they have certain penalties.

With respect to DEP, we talked about this because I've lived it in my Legislative District. When DEP wants to compel someone, they'll do things like, "You will not have -- you can't get a permit for other connections in your community." And that sort of compels action for local elected officials.

Is there a piece of this legislation that is needed to allow you all to compel greater compliance, *a*); and then *b*), subsequently, thinking carrot-or-stick -- that mantra. What would be your recommendation as to what could further compel compliance for those who are not complying as we exist right now?

MS. MANS: Well, I think that's something we are attempting to address through the rulemaking. And, you know, we can talk more detail with you about how we want to do that.

So that is something that we've thought about; and I've mentioned the things that we're looking at.

It's not in our purview, but the intention -- my understanding, again, and I think this bears repeating -- is for the people who make decisions about budgets and where to make investments to pay attention to this water infrastructure. I believe that was the intention of it. So to the extent that there's more of a tie bar for them making choices based on the information that they're receiving in order to self-certify, that get to where they need to be, I think would be seriously something important to explore.

SENATOR SINGLETON: Thank you.

Senator Greenstein.

SENATOR GREENSTEIN: Thank you, Chairman.

I want to sort of go back just for a second. And I don't think these questions have been asked, but I just want to know a little more about it.

What steps have the DEP taken to implement the Act since its enactment? What are some of the things you've done internally to make it happen?

MS. BROOK: Okay; so first we did a lot of public outreach. And, you know, we went on the speaking tour notifying the public water systems of the requirements; communication with these systems via e-mail blast. We did updates to our website just to make sure that everyone was informed of the requirements ahead of each of the requirement's due dates. We let the systems know what was required and how they needed to submit in order to comply; if it wasn't a submission requirement, what they needed to do.

So the first thing that was due was the cybersecurity programs for the internet-connected control systems. So we worked with the New Jersey CICC on helping them develop a program template, which needed to be filled out. Then we worked on the certification form which needed to be submitted on -- that was obviously due last October. We are, this week, sending out this current year's certification form.

As far as the asset management planning -- like we stated before, we had guidance that was developed as part of the stakeholder process, and was fully vetted, and was on our online already. We pointed to that for systems to guide them, as far as their asset management plan development and implementation this year.

SENATOR GREENSTEIN: Okay; and during the process of developing rules for this, that hasn't happened yet. Is that right?

MS. BROOK: Correct. We're in the process of developing it right now.

SENATOR GREENSTEIN: Okay. Are you receiving mostly calls from municipalities that want to know how to comply? Or have you received any concerns from the general public?

MS. BROOK: I don't believe we've received any calls from the general public. Mostly, it's been a mixed bag, honestly, across the board, from large systems to small systems combined.

In our stakeholder process for the rule development, we had a wide variety of systems participate to get the feel for whether -- the private companies versus the public companies, small systems versus large systems, and what their needs were.

SENATOR GREENSTEIN: Just generally, in the bill itself, or in the law itself, are there any parts of it that you see as a problem at the moment; anything that's keeping you from doing what you think you need to do, or anything you'd want to change at this time, moving forward?

MS. BROOK: There is nothing in the law itself that would prevent us from our rules -- from going forward with our rules, which we were using to sort of fix small corrections with the Act; there's a small typo in one spot. We also wanted to expand, for instance, the fire hydrant labeling, which we found -- based on stakeholder feedback -- very difficult to comply with.

But as far as the moving forward with the rules, there's nothing in the Act that would prevent us from--

SENATOR GREENSTEIN: Okay.

If you know this -- how many staff at the DEP are dedicated to this project? And does the DEP feel that it has the -- this is a perennial question for everything that we do--

MS. MANS: Evergreen; yes. (laughter)

SENATOR GREENSTEIN: Does the DEP feel that it has enough staff to carry out what you need to do?

MS. MANS: So we always need additional resources at the Department; but we're working hard on filling not just the back fills -- which are really critical in getting up to our budgeted levels -- but the new positions, that we had talked about during the budgeting process, for drinking water oversight.

SENATOR GREENSTEIN: Okay.

Does the DEP feel that you have the legal tools to carry this out? Is there anything you would ask us to do as the Legislature that you can think of at this time?

MS. MANS: I think Chelsea kind of got at that. But we'll think on that more. I mean, we're just starting to implement this. And as we mentioned before, we have other statutory authorities that allow us to get at the non-compliance on water quality side; and we've been thinking about that really hard as well. So I'd like to be a little more thoughtful; and it sounds like we have some time to, perhaps, come back to the Chair on that.

SENATOR GREENSTEIN: Okay.

And then, have you taken any enforcement action so far, or is that premature?

MS. MANS: Under this Act?

SENATOR GREENSTEIN: Yes.

MS. MANS: No.

SENATOR GREENSTEIN: Not yet.

MS. MANS: No, not for noncompliance. We have other enforcement actions pending on other issues -- water quality issues -- and we have the authority to do that under other--

SENATOR GREENSTEIN: Okay.

And then the last question I would have is, is it your plan to make sure that all of the pertinent information is available to the public now or later on?

MS. BROOK: Yes, that's our goal -- to make the information available. And honestly, the information for the certification forms -- you

can see currently online whether your town has submitted or not. The details aren't there yet, but we plan to get there.

MS. MANS: Yes, if that's your intention in what you'd like, then that's where we'll go.

SENATOR GREENSTEIN: I think it seems like that is what we would like.

MS. MANS: Yes, exactly.

SENATOR GREENSTEIN: So that's great.

Thank you.

SENATOR SINGLETON: I think to Senator Greenstein's point, which is why part of this law -- and she has acknowledged this -- is lacking in this regard with respect to that penalty phase. Because the Senator asked a fairly direct question, like, "Have you guys either cited or done anything for those who are not in compliance to this Act?" And this Act doesn't allow you, through this Act, to do anything.

MS. MANS: Right.

SENATOR SINGLETON: Because you don't-- It is really a record keeping component.

So I guess taking her question a step further, have you utilized other tools of your regulatory authority to cite or fine any water system that is not in compliance with the Water Quality Accountability Act?

MS. BROOK: I do know in, like, one or two instances, where it was part of a bigger problem, that they have cited the Water Quality Accountability Act. And I do not know the extent of the issues, but I have spoken to Compliance and Enforcement on a couple of issues.

SENATOR SINGLETON: I don't know if you do know what water systems we're talking about. If you don't know them, I don't want you to-- If you don't know--

MS. BROOK: No, we can get back to you on that.

SENATOR SINGLETON: If you would, because we'll distribute it to members of the Committee. I'd very specifically like to know which systems are not in compliance with this Act as of whatever date you want to send it over -- as of that date. Hopefully, it will be the day you send it, as of that date.

MS. BROOK: Okay.

SENATOR SINGLETON: The Senator talked about the resources question. And I think the resources question is one we can't avoid.

Obviously, we would all be dismayed that it's going-- We're hoping for implementation of that public portal three years from now, which is a factor of resources. The more resources you have, the sooner you could get that done.

And I don't recall, as a member of the Budget Committee -- I know Senator Greenstein is as well; Senator Ruiz as well -- that there's been a specific request from the Administration side to ask us to put resources in to effectuate this Act.

That being said, as we move forward into this budget cycle, and we're seeing -- because of the nature of how important this is -- that there needs to be some collaboration between the Executive and Legislative branches to make sure that we provide the resources to jumpstart that portal, and any other pieces that are components of that implementation.

So I think 36 months is far too long, when we know, just nationally, how big of an issue this is and the challenge that we face. So that is something that I know I will be looking for in the upcoming budget, and hopefully we'll engage our friends at DEP to try and figure out the resources necessary to speed up that clock, because that is important.

Senator Connors.

SENATOR CONNORS: Thank you, Mr. Chairman.

Following up on a question raised by Senator Greenstein, with regard to the enforcement.

It was my understanding that the current Act has no real enforcement provisions. But just to clarify in my mind your response to the question of enforcement, do you intend through your rulemaking authority to provide for enforcement mechanisms, including fines, which are not now included within the Act?

MS. MANS: Yes, so I am conferring with my phone-a-friend here.

I mean, that's something we're discussing right now; but Chelsea, could you--

MS. BROOK: Yes; so we're currently looking at amending our Safe Drinking Water Act rules to add the pieces for the Water Quality Accountability Act -- to tie them in there. And then that would also be tying in our enforcement and penalty section of that reg.

SENATOR CONNORS: So again, your proposed rules may include specific fines for violation of non-compliance with the rules regarding the Water Quality Accountability Act.

MS. BROOK: Correct. I mean, again, we are still in discussions with this. But as Debbie said, you know, we're talking about it, but that's a possibility, yes.

SENATOR CONNORS: And in terms of the Administrative Procedures Act, where do you stand specifically with regard to the proposed rules that we spoke of today?

MS. MANS: The ones for implementing this, we hope to propose a draft rule in the first part of 2020.

So they've been stakeholdered, which includes a variety of interests in it. But yes, we'd like to propose the draft in the early part of 2020.

SENATOR CONNORS: So the proposed draft would be the early part of 2020.

MS. MANS: Yes.

SENATOR CONNORS: You will be having stakeholder meetings prior to that?

MS. MANS: And we had added those, yes. We started that--

SENATOR CONNORS: And you have had those?

MS. MANS: We had them in--

MS. BROOK: In April; in October of 2018 we had our rulemaking stakeholder. We had another stakeholder meeting in November of 2017, post-Act, to just sort of discuss the Act itself. But the rulemaking stakeholder itself was October of 2018.

SENATOR CONNORS: Now, through the process of the rulemaking, when you receive testimony that will be a matter of record, correct?

MS. MANS: So once it's formally proposed in the *New Jersey Register* -- yes, and there will be a formal public comment period which will then create the *Record*. And then we have a year from proposal to adopt or not adopt the rule.

MS. BROOK: Exactly.

SENATOR CONNORS: Now, through the Chair, is it possible we can request a copy of the record of public testimony that would be provided with regard to this rulemaking? I think that some of that testimony may be important to this Committee in its process of reviewing the effectiveness of the Water Quality Accountability Act. I would be interested to hear some of the concerns that might be raised. I'm not seeing, so far, comments, and it's early in this Committee's process. But from such stakeholders as the Municipal Utilities Authorities Association, the League of Municipalities, precisely what the impact is going to be. And I think that's going to be very important in an overall assessment of this Act.

SENATOR SINGLETON: That request has been made.

So, through the Chair, we'd like you, when the public record is done, to send--

SENATOR CONNORS: As well as the proposed draft rule when it is prepared.

Thank you.

SENATOR SINGLETON: Senator Connors, if I could-- And I'm not sure who can answer this question, and I don't want to put you on the spot, Senator, but you're our senior member, so you might have a better sense of this.

Does DEP have the ability to create a penalty structure when the statute, in and of itself, doesn't have a penalty structure? Like, I don't understand how you create a rule when the underlying statute doesn't afford you the opportunity to penalize someone for non-compliance. That would seem like that was something we would have to reach out and--

SENATOR CONNORS: That's a very good question.

SENATOR SINGLETON: I'm asking more-- Yes, wouldn't we have to change the statute to allow you to create this rule for the penalty? Because there's no authority for you to create a penalty because the statute doesn't have one.

MS. MANS: So I'm not licensed in New Jersey, but my initial take would be I think so; but we can double check that out.

SENATOR CONNORS: Yes, I don't know the answer to that question.

MS. MANS: Yes, that could be a gap there.

SENATOR CONNORS: And it may be, they may derive that authority because there are other Acts in place that allow them to do rulemaking authority, that may require similar types of information. So they'll bootstrap it to, perhaps, maybe another Act; but I'm not certain.

MS. MANS: That's right.

SENATOR SINGLETON: I mean, because typically we have the boilerplate language that talks about creating regulation. Like this statute doesn't have that. So this statute actually doesn't require you to create rules--

MS. MANS: Correct.

SENATOR SINGLETON: --to be quite honest with you, which is a fairly glaring omission and something we will seek to address.

So I appreciate you all doing that -- right? -- but the statute doesn't require you to create rules; and then if you're going to create a rule that creates a penalty, where the statute doesn't have a mechanism for you to create a penalty, how do you then compel someone, and fine them, or cite them, or whatever, when you have no real legal authority under this Act to do it? It would seemingly be something that we would need to address.

MS. MANS: So, great; we can come back to you. But we have a broad number of statutes that we act under that potentially could, but--

SENATOR SINGLETON: And let me be clear. Because Debbie, you're absolutely right. You can do a whole bunch of things under other statutes. But with respect to compliance to this statute, we would have to amend this statute to not only give you the rulemaking authority to create the rules that you're doing, to do it; but also to create whatever penalties that are deemed appropriate for you all to do that. Because the statute doesn't speak to that.

MS. MANS: Well, I think I'd rather get back, on a legal opinion, because I don't want to undercut our authority to do the rulemaking and the enforceability that we have from other statutes that have parts of what you're also trying to accomplish here. So I think that's something we could come back to you on.

But I understand what you're saying; but I don't want to undercut our position on going forward as well.

SENATOR SINGLETON: No, I understand. Yes, through the Chair, as soon as possible that you have that legal understanding, that you

can submit as a document that we can share with the members of the Committee-- Because for me, I feel like that's an area we have to fix. Because if I'm a municipal system, and you fine me because I haven't compelled, then I'm going to pull up a statute that says the law doesn't say that you can fine me for not compelling. And the law doesn't allow you to create a rule that you're telling me now I have to follow. And I don't know if we need to always put that boilerplate language in -- I've only been here since 2011, and before that a staffer. But every bill that I've seen has it in there.

So unless I'm missing something, this exercise that you all are going on, unless your legal folks tell you you're well within your bounds to do it, it would seem like we need to give you the mechanism to do it. So I don't know.

Senator Ruiz, I think you had a question.

SENATOR RUIZ: Thank you, Chairman.

I just-- I'm sitting here, and I guess I feel as perplexed as other members, but I think for different reasons.

We were talking about fines, we were talking about rules. I'd like to hear about corrective action plans, right? So you can fine an entity later, you can do whatever that is. But there is such bureaucracy in the mix of this conversation that is frustrating for me currently. If we know that there is a town that hasn't compiled, why do we have to wait for rules? Why do we have to wait for a statute? Is someone in the Department working with that town to create a corrective plan?

MS. MANS: Yes. So we had talked about it a little before.

So a great example is the Federal Safe Drinking Water Rule. We have separate authority and compliance enforcement outside of this Act, which we are undertaking. This Act does have Section 5, a violations and mitigation component. And maybe this is something as well to explore. We think our other authority and our other statutes -- under the Water Quality just standards -- is where, actually, we'd be doing the compliance and enforcement. So, again, because this is a certification program at this point, I would rather be working on them getting compliance with the Safe Drinking Water Act, than you had the wrong signature on a certification form. And that's what really is important to us, and I think is important to you.

This is a great strategic way for everyone to get on the same page about what it takes to run a drinking water system, and the investment it needs to have in it, and to be in compliance with all the statutes that we have on the books -- whether it's lead in drinking water, the Lead and Copper Rule, or anything else. We need people paying attention to the larger, long-term outlook of these water systems, yes.

SENATOR RUIZ: So following that line of conversation, I had posed this question to the Professor, and maybe this is in alignment and maybe it's not. If you can't provide the information now, Chairman, through you, if you will allow me to ask that question again. Because before there is, kind of, this filling out of self-certification, which is -- to self-certify I think is a subject matter that we could talk about in depth -- and probably not today. But should DEP -- or has there been conversations currently that there should be some kind of a uniform way so that you are a

partner in this process to be sure that towns are meeting these requirements?

MS. MANS: I always say “yes” to that; and I’m not trying to dodge you.

But the requirements under this Act are asset management plan, cybersecurity, right? So if you’re talking about compliance with the Lead and Copper Rule, they’re certifying they are in compliance. But we have a whole separate, parallel track where we are certifying that they’re in compliance through our compliance in our Water Supply Program.

SENATOR RUIZ: So if I were to call the Department tomorrow and ask, “What does a matrix look like to ensure that a town is in compliance with certain rules,” you have a paradigm for what that looks like? You offer that to towns?

Do you see what I’m getting at?

MS. MANS: Maybe I’m just--

SENATOR RUIZ: And I don’t think you do--

MS. MANS: Right.

SENATOR RUIZ: --and this is why I’m asking. Again, I’m asking it more globally, because I think there’s a lot of space here for us to come up with better policy while you’re coming up with your rules, while we’re exploring this avenue, or to find your solutions. It appears that there has to be a more uniform consistency about what we’re doing here. Every time we hear someone come up, I keep hearing, “It’s not really within my wheelhouse; it’s not in my jurisdiction, it’s not that--” I want someone to say, “This is what we’re going to do.”

We keep talking about these asset management plans; and I know it's a responsibility, currently, of different towns. Towns are strained with their fiscal budgets as it is. Will there be a conversation about having a Garden State Asset Management Plan that both the towns and the State can work collectively together on so that we have one document that will help us all do all our work and protect our families?

You know, the Water Infrastructure Accountability Act becomes a great lever; but if you don't have these precursor kind of uniform policies, or regs, or whatever it is in place, without being -- again, I know the Chairman has reiterated at least four times in his public discourse -- under one force or one entity, I think all of our work becomes counterintuitive. And DEP should be -- like, you should be the strongest voice in this conversation; the one that has the most power, and a partner in all of this. Because I think it's subject matter-- I'm learning about this every single day. And I think, you know, as we continue to explore, there are greater conversations to be had. But there are too many lapses in areas where I feel like there should be better policy consistency

MS. MANS: Okay; I understand your point.

And I think not only are we looking at this; but I think it's fair to say the Department -- we're looking at those water quality rules to see if we can make them stronger. Because that is the standard, the criteria -- right? -- that we're looking for -- that reaches someone's house. And so this is, to me, a tool -- what we're talking about here -- the asset management, and knowing the big picture: how much it's going to cost, where are we focused on, what kind of communities are (indiscernible). That's the bigger picture.

And I agree with you; I think the Department, working with our other agencies-- We already have started to take the lead on the implementation of this Act itself. But I understand what you're saying.

MS. BROOK: (Indiscernible) on the Safe Drinking Water regs separately. I mean, we do have an entire Compliance Unit within the Department that does work specifically with bringing systems back into compliance when they are out of compliance. So that is happening. We do work very closely with the systems.

And there are other programs, you know, when you have greater problems. There's the Capacity Development Program to work with systems that are significantly out of compliance. So there are tools in place already at the Department where we work closely with those systems.

SENATOR RUIZ: I just want to be sure, Chairman -- this is my last statement -- that there really has to be a level of urgency when it comes to these discussions. We can't wait for a voting meeting to change a statute, or for public hearings to come up with new regs. I mean, we really, you know -- And consider me a partner in this, an all-hands-on-deck approach to this.

You know, currently, you hear about one municipality over and over again on national media. But right where we're sitting today there have been conversations that there could be issues. This is not an urban problem; this is a town problem, this is a statewide issue; and the quicker we develop strong, protective policies in place, the better long-term solutions we can -- coming in.

And of course, I understand there's a fiscal component to all of this. But there's a level of urgency that supersedes that.

MS. MANS: We agree with you.

SENATOR RUIZ: Thank you.

SENATOR SINGLETON: Senator Ruiz hit the nail on the head. And I think before I turn to Senator Greenstein, the thing that we need to be mindful of is that big picture that I think you discussed.

The big picture is fragmented right now. We don't know what we don't know about the nature of our state's overall water infrastructure needs, where our entire asset management gaps are. Like, right now we don't know that. This Act was designed to help us figure that out. And I think because of so much of the fragmentation, as it were -- and I don't want to beat a dead horse -- but we have to get to a point where all of this information is in one centralized location so we can make the harder decision. Quite frankly, the harder and more urgent decision is, we know we have a problem, and how do we fund and pay for fixing that problem? Because the longer we drag our feet, the larger and more expensive that problem becomes. So that's why being expeditious in bringing this together is critically important.

Senator Greenstein.

SENATOR GREENSTEIN: Thank you.

I just want to reiterate this, or at least understand this a little better.

So first of all, DEP and BPU handle different aspects of this, correct? -- the different municipalities, different types of companies?

MS. MANS: Right; public versus private.

SENATOR GREENSTEIN: I'm sorry? Public-- Yes.

MS. BROOK: Yes, and then also DCA is in the mix as well.

SENATOR GREENSTEIN: So in a sense, you're not above them on this; you're all handling different parts.

MS. MANS: Different-- Yes, different parts of the Act. But DEP ultimately is responsible for ensuring the water quality for every system, not just public or private.

SENATOR GREENSTEIN: Okay.

MS. BROOK: Yes, DEP is the only agency that's named in the Act that actually regulates all of the water systems. BPU regulates a portion, DCA regulates a portion.

SENATOR GREENSTEIN: Okay.

MS. BROOK: But we regulate all of them and, hence, have all the contact information. So we've been -- we're the ones working on the rule proposal.

SENATOR GREENSTEIN: Okay. So what I want to find out is, this Act, the Accountability Act -- is this just one arrow in your quiver? You're saying there are lots of other laws, and regulations, and whatever. If this Act never happened -- we never did this -- you still have many tools to carry out what we want to carry out here -- to bring everything together, to make sure that towns are compliant.

How much did this Act add to your quiver? (laughter)

MS. BROOK: I think this Act was extremely important -- as Debbie stated earlier -- in tying the accountability piece between those who are responsible for the financial aspects of the system to those who are actually working on the system. I think that was a major win for this Act, and it's a very important piece.

SENATOR GREENSTEIN: Okay. So we'll obviously look to make some changes in it; but generally you feel you have what you need to bring this all together, to solve some of these problems, to make it public. You feel you have the tools you need to do that.

MS. MANS: Yes; I mean -- and again, we'll be detailing it more in the rulemaking.

But just to your point on accelerating timelines or anything like that -- we are working under the deadlines, and the portal, and everything, as required in the law. So, you know, just to the earlier discussion around that.

SENATOR GREENSTEIN: Okay, thank you.

SENATOR SINGLETON: Senator Connors.

SENATOR CONNORS: Thank you, Mr. Chairman.

Just an observation; and again, following up on Senator Greenstein's comments.

It has been my considered opinion that the State of New Jersey, through the DEP, has always had the ability to monitor and follow up on issues regarding water quality. The testing of water systems, as I understand it, is now required under Federal law or State law, so that every licensed water operator for every municipality, every utility authority, is required to have the testing done and to submit those reports to the required reporting agencies.

This is more, I think, an issue of the resiliency and the distribution systems, going forward, as the Chairman has pointed out; an attempt to get the big picture of what it is that we're talking about and

what responsibility lies down the road, knowing that we have an aging infrastructure system.

Here's the rub, and this is why you may not be getting the certifications that you want, at this point. It's because there are mayors and administrators in the municipalities who are darned concerned about signing off on a certification that inspections have been made, and there's been compliance with this. It's better not to sign a certification than to sign one that is not correct.

Requiring every fire hydrant to be inspected, every valve to be inspected -- some of which we don't even know where the locations are throughout municipalities. Those valves may have been paved over -- we don't even know where they are -- and then to excavate them and to test them. Now, I don't know a lot about plumbing, but I know if you have a rusty valve and you start playing with it and test it -- it may not have leaked before, but after you test it it's going to start leaking. And now you have to fix that valve immediately.

And yes, there's a need to have working valves when you have water main breaks, and so forth. But the fact of the matter is, the costs are going to be enormous, not just from the operational standpoint. How many people does it take to test every fire hydrant in town? One, two people on a crew who are now being pulled off from something else, and so additional manpower, additional employees are going to be necessary?

But exercising every valve that there is in a public-wide water system -- the costs are enormous. And then to fix those valves and to fix the water mains, and to do all that-- If you thought pension and healthcare costs were an unfunded liability that are enormous; this is going to be an

enormous liability on the municipalities that already have the highest property taxes -- as we're known in the State of New Jersey as having.

And so the problem is going to be significant, in my estimation. And I think the Chairman is right. In order to get a handle on it we have to know what it is statewide. But I think it's going to be an extreme eye opener; and I'm very, very worried and concerned about what the outcome is going to be when we finally get those numbers.

Thank you.

SENATOR SINGLETON: Thank you, Senator.

Anyone else for the panel? (no response)

Thank you for your attention, your time, and the information you provided.

Thank you.

MS. MANS: Thank you.

SENATOR SINGLETON: Our final speaker of the morning is Chris Strum from New Jersey Future.

Chris.

C H R I S S T R U M: Good afternoon, and thanks for continuing. I know we're all probably starting to think about lunch.

But I really want to applaud Chairman Singleton and this Committee for taking on this really important issue. Your questions have been really great.

There's so much that I want to say, but I'm going to kind of cut it short and focus on what I think are the most important pieces for today.

So how do we evaluate whether or not this Act is making a difference in our infrastructure? One way is to ask, could this Act help

prevent the situation we now have in Newark, with lead in drinking water and a public that doesn't trust the water utility? Could it have prevented what happened in South River, when folks woke up last summer and had brown water coming out of their faucets and then learned that the utility employee was falsifying information?

How do we get ahead of what comes out of the tap before it's a crisis? That's really the question that we're asking. And the Water Quality Accountability Act is a national model because for the first time it has State government regulating the condition of the pipes and the condition of the water systems.

I have to say that our anecdotal conversations have shown that many water utilities, both investor-owned and government-owned, are doing asset management and taking it seriously. But there are also many that are not. They know that the DEP doesn't plan to enforce the law, and so they're looking the other way. You know, local governments have a lot of problems facing them, and water, too often, has been last. And so that's why this conversation is so important.

And I guess I'd have to say that, based on our work at New Jersey Future, where we're really promoting great communities, and through our collaboration with Jersey Water Works -- which is 500 members from all different perspectives; regulators, utilities, advocates, experts -- we think that asset management is not just about something you certify that you're doing; but it's a new kind of requirement that you should be in compliance with.

And so we believe that. And we participate in the DEP's stakeholder process, which has been fabulous. But we'd like to see the

scope of their rulemaking expanded beyond water loss audits. That's a great first step, and we also applaud their commitment to transparency. But we want to see additional reporting. So, for example, how many breaks -- pipe breaks are there per mile? How often is a pipe breaking? And what materials are those pipes made out of? Utilities should be required to submit this to the DEP.

Also with lead service lines -- how many lead service lines are there in your town that you know about? Is that number going up; is it going down as you replace them?

We also think that there needs to be very specific milestones on asset management. I mean, an asset management process is almost like a way of doing business. So you can't submit a whole plan; the DEP wouldn't know what to do with that, it would be overwhelming. But we have worked with both Jersey Water Works members and the American Water Works Association to come up with specific reporting requirements that were recommended to the DEP; and I have shared them with all of you. And they include things like, have you done a condition assessment? Have you mapped the location of your pipes? Do you have a level of service goals that your public agrees with? Have you asked them, "How quick should repairs take place, how quick should customer complaints be responded to?" and so on.

So we tried to be practical and to propose something that would be cost-effective. But I think what we know is that unless we have very tangible, measurable reporting requirements, compliance is not something that can be assessed, and we'll be going down the same path as usual.

In order to achieve this, of course, the DEP definitely needs more resources. It requires staff to man these things.

The other thing is, this data portal -- I mean, I too was disappointed to learn that it might be three years off. Data portals are modern ways to gather information. Rather than getting PDFs -- 300 different letters that you then have to tally and put it into a spreadsheet -- a data portal allows that information to automatically populate a spreadsheet so that you can see statewide numbers at your fingertips. This is really important.

We also know that reporting will be done again on October 19 of this year. Do we have to wait until 2020 to have that information available on the DEP website, or do we have to continue to do OPRA requests? You know, OPRA requests are costly; it's inefficient. So I hope that we can encourage the DEP to move forward more quickly with the data portal.

And those folks are working so hard, you know? I work with them, I really respect them, so I don't want this to sound negative. I think the lead crisis in New Jersey has taken up a lot of staff attention. But we need to get ahead of the game with problems like lead in drinking water. And the Water Quality Accountability Act is the way to do that.

Let's see; I do think that enforcement mechanisms are going to be important. I'm not sure what they look like; it's something that we'd be happy to work with other stakeholders and the Committee on as well.

So I just want to also mention that Jersey Water Works has a Task Force on lead in drinking water; we know this is also a statewide problem. And we will be issuing recommendations on October 10 that

represent a statewide solution. Our Task Force has 30 members; again, it includes folks from the DEP, from four big water utilities, from community advocates, and so on. So we're looking forward to sharing that with all of you.

So that's my testimony in a nutshell. You have more detailed written testimony, and I'm available to answer any questions.

SENATOR SINGLETON: First of all, Chris, thank you -- not only for your time here today, but for your work consistently on this issue; and that of New Jersey Future, making sure that we as policymakers, and our state as a whole, does not lose sight of how important this is.

And I know I, for one, will be looking forward to that October report.

And with respect to that last part, before I ask specific questions about the Act -- Senator Connors just touched on it, and we've all sort of danced around it a little bit here today -- but the crux of this issue is funding, right? That is always going to be the crux of this issue.

While it is great to have all of this information in one central repository, I think we all know enough right now to know we have a serious and very expensive problem when it comes to making sure our state's water infrastructure is at the standards it needs to be, and thus be able to move forward in a reliable fashion.

The report that you all are doing -- when you had all the stakeholders involved in it -- does it talk about funding at all? And I'm not asking you to get ahead of the game and give a sneak peek; but does it get a little bit into the funding aspect of that?

MS. STURM: Yes, it looks at -- and I do have to be careful about how much I share -- but it does look at what the cost might be to replace all the lead service lines statewide, and how that might be paid for, both through a combination of rates and a State subsidy.

SENATOR SINGLETON: And with respect to the actual Act itself, the 150-year pipe renewal cycle -- based on just reading some documents getting prepared for this meeting and talking to some experts -- clearly experts have started to indicate that with the expected life span of these pipes being, maybe, 100 years, to have 150-life year cycle seemingly is off.

MS. STURM: Yes.

SENATOR SINGLETON: Is that an area that if one were to retool this statute, it should be closer to what the experts have deemed the expected life cycle of pipes, as opposed to a number that's a little bit further out?

MS. STURM: Yes, that's a very good point.

And I would also add that I'm really glad DCA is coming to testify. I mean, they have a job regulating the budgets of water utilities; but the information they require is just budgets. They don't require any actual spending. And so Jersey Water Works recommended submission of capital spending, both on planned water infrastructure upgrades and unplanned -- meaning, emergency repairs -- over a five-year period. So we think that's also really important.

SENATOR SINGLETON: And one more question, if I could. And this moves us away from this Act a little bit.

But you brought up the local municipal systems; and it struck me, this question. Do you think this-- Because right now, if you dissolve a municipal water system, the assets and resources go, typically, to that local government entity and they make a determination of where those resources go, right? And it's not always back to ensuring clean drinking water, water quality, (indiscernible) -- which is what the ratepayers had to pay for at that time. Do you think the State should look at prohibiting or discouraging those municipal water systems, if they're sold from -- say, an MUA to a municipality is dissolved, or whatever else -- that almost, those assets are in a lockbox dedicated to drinking water standards and quality, as well as infrastructure improvements?

Because it's my understanding there's no prohibition right now in the law that makes that determination. It can be used -- if you wanted to buy a fire truck, and fire trucks are good--

MS. STURM: Right.

SENATOR SINGLETON: --but you could use it for that, and not necessarily for drinking water.

MS. STURM: It's not fair to ratepayers, to a lot of ratepayers, that the money they've invested can then be further monetized and used for anything in municipal budget. Because those ratepayers are going to be on the hook for all the problems going forward.

Yes, I agree.

SENATOR SINGLETON: Okay.

Anybody else around the dais with a question for Chris?

SENATOR RUIZ: When does the report come out?

SENATOR SINGLETON: Chris, say again when your report -- when the report comes out again?

MS. STURM: October 10; this is the Jersey Water Works Lead in Drinking Water Task Force.

SENATOR SINGLETON: Okay.

Chris, thank you; we appreciate your time.

We appreciate everyone's time here today. Our goal for our next hearing -- and we'll discuss with everyone's calendar right now -- our goal is-- September 19 will be our goal for our next group of folks to come in. We'll be reaching out to see if that works for our members who typically serve on this panel, or if we have to substitute some folks in.

So I want to thank everyone for their attention here today.

This meeting is adjourned.

(HEARING CONCLUDED)