

SENATE BILL REPORT

SB 5364

As Reported by Senate Committee On:
Environment, Water & Energy, February 8, 2011
Ways & Means, February 24, 2011

Title: An act relating to public water system operating permits.

Brief Description: Concerning public water system operating permits.

Sponsors: Senators Swecker, Pridemore, Fraser, Nelson, Honeyford, Shin and Morton; by request of Department of Health.

Brief History:

Committee Activity: Environment, Water & Energy: 2/02/11, 2/08/11 [DPS-WM, DNP, w/oRec].

Ways & Means: 2/24/11 [DPS(EWE), DNP, w/oRec].

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Majority Report: That Substitute Senate Bill No. 5364 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rockefeller, Chair; Nelson, Vice Chair; Chase, Fraser and Ranker.

Minority Report: Do not pass.

Signed by Senators Honeyford, Ranking Minority Member; Delvin and Holmquist Newbry.

Minority Report: That it be referred without recommendation.

Signed by Senator Morton.

Staff: Karen Epps (786-7424)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5364 as recommended by Committee on Environment, Water & Energy be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Brown, Conway,

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Fraser, Hatfield, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller and Tom.

Minority Report: Do not pass.

Signed by Senators Baxter, Holmquist Newbry and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator Baumgartner.

Staff: Jenny Greenlee (786-7711)

Background: More than 75 percent of people in Washington get their drinking water from large Group A public water systems. About 2000 small Group A water systems provide drinking water to about 8 percent of Washington households. Group A water systems have 15 or more service connections, or regularly serve 25 or more people on 60 or more days per year. Roughly 13,000 Group B water systems provide drinking water to about 2 percent of Washington households. About 14 percent of Washington households obtain their drinking water from individual wells.

Group A public water systems must apply to the Department of Health (DOH) for an annual operating permit. A new application must be submitted upon any change in ownership of the system. Each application must be accompanied by an annual fee as set in statute. DOH may require that each application include information that is reasonable and necessary to determine that the system complies with application standards and requirements of the federal Safe Drinking Water Act and state laws. DOH must act on permit applications within 120 days of receipt of the application or of any supplemental information required to complete the application.

The DOH must issue one operating permit to any approved satellite system management agency, as defined by the DOH. The operating permit fee for approved satellite system management agencies is \$1 per connection, per year for the total number of connections under the management of the approved satellite agency.

Summary of Bill (Recommended Substitute): The DOH must adopt rules establishing categories of annual operating permit fees based on system size, complexity, and number of service connections. Fees charged must be sufficient to cover, but may not exceed, the costs to DOH of administering a program for safe and reliable drinking water. The DOH must use operating permit fees to monitor and enforce compliance of Group A water systems with state and federal laws that govern planning, water use, efficiency, design, construction, operating, maintenance, financing, management, and emergency response. DOH may phase in the implementation of the annual fee for any group of systems provided the schedule for implementation is established by rule. Phasing in of fees is mandatory for any annual fee increase that is greater than 10 percent. The annual per connection fee of \$1.50 may not be exceeded. Under rules established by the DOH prior to 2020, \$100,000 is the highest annual operating permit fee allowed. Rules established by the DOH must set a single fee based on the total number of connections for all Group A water systems owned by a Satellite System Management Agency.

EFFECT OF CHANGES MADE BY ENVIRONMENT, WATER & ENERGY COMMITTEE (Recommended Substitute): Requires DOH to use operating permit fees to monitor and enforce compliance of Group A water systems with state and federal laws that govern planning, water use, efficiency, design, construction, operating, maintenance, financing, management, and emergency response. Limits the annual per connection fee to \$1.50. Clarifies that the phasing in of fees is mandatory for any annual fee increase greater than 10 percent. Limits the annual operating permit fee to no greater than \$100,000 under rules established by DOH until 2020. Sets a single fee based on the total number of connections for all Group A water systems owned by a Satellite System Management Agency.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Environment, Water & Energy):

PRO: DOH is trying to make sure that your water is safe at the tap. This bill allows DOH to set fees in rule, but it does not take away the legislative approval process that is currently in place under I-960 to have the fee increases approved by the Legislature. The public operating fee has been in place since 1991, and the fee has not been increased since that time. This bill would strengthen DOH's efforts in helping both small and large water systems throughout the state. There are some cost incentives for satellite agencies, and the waiver fee is eliminated. Utilities support this bill even though it will mean a significant increase in fees for some utilities. DOH should be adequately funded, and utilities are willing to pay additional fees. This bill will help DOH continue to do their good work.

Persons Testifying (Environment, Water & Energy): PRO: Denise Clifford, DOH; Bob Mack, Tacoma Water; Dave Monthie, King County; Drew Noble, H2O Management Services; Jeff Johnson, Water Cooperative of Pierce County; Dave Williams, Association of Washington Cities; Steve Robinson, Center for Environmental Law and Policy; Steve Lindstrom, Sno-King Water District Coalition.

Staff Summary of Public Testimony on Recommended Substitute (Ways & Means):

PRO: This bill will help keep water safe to drink. The fee is phased in over time and capped. The revenue from this bill is assumed in the Governor's budget. Water systems are supportive of this bill. An increase in DOH's budget is long overdue as the fee hasn't been raised in 20 years. DOH helps groups manage small water systems, and are very useful in resolving issues.

Persons Testifying (Ways & Means): PRO: Mary Selecky, DOH; Chris Stearns, Thurston Public Utility District.