



OREGON WATER UTILITY COUNCIL
Pacific Northwest Section, American Water Works Association

January 23, 2019

The Honorable Senator Monnes Anderson
Chair, Senate Committee on Health Care
900 Court St. NE, S-211
Salem, OR 97301

RE: Senate Bill 27 – Oregon Health Authority Drinking Water Services Fees

Dear Chair Monnes Anderson,

My name is Karen Kelley. I am the Water Superintendent for the City of Albany and am writing today as the chair of the Oregon Water Utilities Council (OWUC). OWUC is a committee of the Pacific Northwest Section of the American Water Works Association and is made up of cities, special districts, public utility districts and private companies. While municipal water use represents approximately 6% of the total water use statewide, OWUC members collectively supply domestic water to more than 75% of the population of Oregon. Our mission is to promote and monitor legislation, public policies, and regulations that will ensure our communities are provided with drinking water of the highest quality and sufficient quantities at a reasonable cost.

Water providers in Oregon face a diverse set of challenges, including population growth with subsequent increases in water demand, uncertain effects of climate disruption, aging infrastructure, and new and evolving water quality regulations. Water providers are balancing these challenges while meeting higher customer expectations for quality and service. As a result of these expectations, I am providing comments on Senate Bill 27, which if passed will eventually transfer the responsibility of funding the state match for Oregon Health Authority Drinking Water Services from the general fund to water utility rate payers.

First, many OWUC members are in support of a stable state funding source for providing the required match for the federal grant funds Drinking Water Services receives. It is clear that current funding levels are insufficient to fully fund the important services this program is required to provide to assure the health of Oregonian's is protected. Many OWUC members are willing to pay more into the program, but feel the State also has a role and responsibility in addressing this funding gap as all Oregonian's benefit from the services provided, not just utility customers.

Second, as currently proposed, the bill allows for the possibility of the state reducing and/or removing general funding over time. It also gives OHA authority to propose increases in fees



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based on a very broad description of duties with no accountability measures in place. While the fees are initially intended to replace lost program capacity, utilities have been told not to expect any new services. As a result, if this bill is passed, rate payers will ultimately receive the same level of service at a higher cost. Many utilities are concerned that this approach is not a fee but is actually a tax.

We respectfully ask the following of this committee:

1. Invest in Drinking Water Services by fully funding the state match for this program with general fund dollars. Drinking Water Services benefits all Oregonians, not just utility customers.
2. If unwilling to provide general funding in lieu of fees, create boundaries to the fee structure, a process for increasing annual fees, and accountability checks for OHA's use of these fees. Do not leave this as an administrative process. Ensure the proposal meets the definition of a fee. If it does not, process the proposal appropriately as a tax.

Thank you for your time and consideration.

Sincerely,

Karen Kelley,
Chair, OWUC
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