



Senate Energy & Natural Resources Committee
Senate Bill 2: State Environmental Laws | Interested Party Testimony
(Written Testimony)
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Chair Balderson, Vice Chair Jordan, Ranking Member O'Brien, and members of the Senate Energy and Natural Resources Committee, thank you for providing me this opportunity to share Greater Ohio Policy Center's thoughts on Senate Bill 2 as an interested party on the regulation of public drinking water systems.

My name is Jason Warner and I am the Manager of Government Affairs at the Greater Ohio Policy Center. Greater Ohio is a nonprofit nonpartisan organization that is valued for its data-driven research. Our mission is to champion revitalization in Ohio to create economically competitive communities.

For the past several years, GOPC has been engaged in research on Ohio's drinking water and wastewater infrastructure to identify new financing mechanisms and regulatory policies to help move the industry forward. We recently released a report, *Strengthening Ohio's Water Infrastructure: Financing and Policy*, which identified asset management as one of the most important emerging best practices in the water utility industry. The EPA, along with drinking water and wastewater industry associations at the national and state levels are working together to promote this approach. With an asset management program, a water utility takes a complete inventory of its assets and their current condition, and defines which assets are most critical. This knowledge base is integrated with the utility's rate structure, capital planning needs, and service goals. A good asset management program allows the utility to use predictive maintenance to avoid costly failures that jeopardize service. It also puts the utility in a better position to explain its costs to consumers and policymakers, and to benchmark itself against peers. Asset management is an ongoing process of evaluation and planning, not just a map of underground pipes that sits on a shelf.

Asset management programs are becoming more common among water utilities, but national surveys indicate that it is much easier for larger systems to adopt these practices. Smaller systems may lack the staff or financial resources to maintain a comprehensive asset management program. It is not uncommon for small villages in Ohio to share part-time operating personnel and have much greater difficulty in raising rates to meet capital investment needs. Against this backdrop, the "one size fits all" requirement that all public drinking water utilities submit an asset management program to the Ohio EPA no later than October 1, 2018, is a source of concern. We agree that asset management is needed, but smaller drinking water systems may require more time and more technical assistance in meeting this goal.

We recommend that the date for full compliance be pushed back for smaller systems until at least the fall of 2019. This will allow additional time for technical assistance by the EPA and other sources, such as the Rural Community Action Program. Also, it would allow time for stakeholders to create a regional approach to asset management in rural counties that would efficiently share resources rather than having each system try to devise an individual response.

We are also concerned about smaller systems having the resources available to undertake and maintain an ongoing asset management program. The Ohio EPA currently offers a zero interest loan program for this purpose. While this is helpful, it is still a loan program. We believe that the state should consider offering grant funds with a local cost share to help smaller systems in low-income areas start an asset management program.

Thank you for allowing me to share Greater Ohio's views on Senate Bill 2.