

**Anaheim Public Utilities
Estimated Cost Impacts of Legislation Impacting Water Operations**

		Estimated Cost of Implementation	Estimated Rate Impact	Penalties / Other Potential Cost Impacts	APU Legislative Representative Vote
Water Conservation & Efficient Use	<p>Urban Water Conservation - 20% by 2020 / SB X7-7 (2007): Establishes State urban water conservation targets of 10% by 2015 and 20% by 2020. Water suppliers, such as APU, are required to adopt conservation targets by July 1, 2011.</p>	<p>One-time cost to develop a master plan, which was completed in 2014, to meet the water conservation targets: \$150,000 (50% grant funded)</p> <p>Annual cost to implement conservation measures necessary to meet targets: \$870,000</p>	1.3% increase	Eligibility for state water management grants and loans is conditioned on compliance with the water use targets.	<p>Assembly Yes: Solorio, Tran No: Miller No vote: Hagman, Silva</p> <p>Senate No: Huff, Walters No vote: Correa</p>
	<p>Urban Water Use Efficiency / AB 1668 & SB 606 (2018): Establishes long-term water efficiency standards for indoor, outdoor and other water uses; and updated requirements for urban water management planning.</p> <p>Unlike the water conservation targets set under SBX7-7 (above), this new law will require development of a “water budget” that reflects the amount of water that APU residents and businesses should use.</p>	<p>One-time cost to for analyses, plans, and other preparations required for implementation from 2019 to 2022: \$200,000</p> <p>Annual cost to implement and comply with new laws beginning in 2022: \$470,000</p> <p>Annual average cost of water reductions to meet indoor standard from 2019 to 2025: \$492,000</p> <p>*However, estimated costs above may change depending on regulations and requirements that have yet to be developed.</p>	0.6% to 1% annual increase from 2019 to 2025	Penalties of \$1,000 per day of violation of SWRCB orders or regulations; and up to \$10,000 under certain drought conditions.	<p>AB 1668 Assembly Yes: Daly, Quirk-Silva No: Choi</p> <p>Senate No: Moorlach, Newman, Nguyen</p> <p>SB 606 Assembly Yes: Daly, Quirk-Silva No: Choi</p> <p>Senate No: Moorlach, Nguyen No vote: Newman</p>
Water Quality	<p>US Environmental Protection Agency and State Water Quality Control Board Water Quality Rules: Includes various monitoring and reporting programs to protect water quality.</p>	<p>Annual cost associated with increased monitoring requirements: \$10,000</p>	0.1% increase	Potential civil and criminal penalties of \$25,000 - \$50,000 per day of violation under the Safe Drinking Water Act.	Regulations developed to implement the Federal and State Safe Drinking Water Act.

Estimates are not audited, nor exact, but provide an overall context of the aggregate potential economic impact of recently passed legislation.

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Water Supply	California Source Water Assessment Program: The federal Safe Drinking Water Act amendments require each state to develop and implement a Source Water Assessment Program. Each well brought online requires a study under the program.	Annual costs to conduct assessments: \$5,000.	0.01% increase	Potential civil and criminal penalties of \$25,000 - \$50,000 per day of violation under the Safe Drinking Water Act.	Regulations developed to implement the Federal Clean Water Act/Safe Drinking Water Act.
Health & Safety	Lead Free Drinking Water Pipes / SB 1334 (2008): Requires the use of lead-free materials in drinking water systems. Requires third-party certification of the lead-free materials.	Annual additional cost for certified lead-free materials: \$35,000.	0.1% increase	Potential penalties of \$25,000 for each occurrence, and potential to jeopardize grant and/or loan funding under the Safe Drinking Water State Revolving Fund.	Assembly Yes: Duvall, Huff, Silva, Solorio, Spitzer, Tran Senate Yes: Ackerman, Margett No vote: Correa
Customer Notice Requirements	Local Government Charges / AB 1260 (2007): Requires specific customer notifications for proposed new or increased rates or fees.	Cost per rate action for increased notification requirements: \$46,000.	0.1% increase	Improper noticing could result in challenges to the implementation of rates or fees.	Assembly Yes: Duvall, Huff, Silva, Solorio, Spitzer, Tran Senate Yes: Ackerman, Correa, Margett
Invasive Aquatic Species Mitigation	Invasive Aquatic Species / AB 1683 (2007): Requires the implementation of measures to avoid infestation by invasive species (including quagga and zebra mussels) and the control or eradication of any infestation that may occur in the water supply system.	One-time cost to develop an infestation control plan: \$25,000. Annual monitoring and maintenance costs: \$15,000.	0.03% increase	Potential penalties of \$1,000 for a violation.	Assembly Yes: Duvall, Huff, Silva, Solorio, Spitzer, Tran Senate Yes: Ackerman, Correa, Margett
		The estimated rate impact over the next 10 years is 5%. Most rate increases for the water system stem from the cost of purchasing water and not from legislative / regulatory actions, for now.			

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