



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

March 4, 2020

The Honorable Kumar P. Barve
Environment and Transportation Committee
Lowe House Office Building
Annapolis, Maryland 21401

Re: HB 1416– Public Water Systems – Supplier Requirements (Water Quality Accountability Act of 2020)

Dear Chairman Pinsky and Members of the Committee:

The Maryland Department of the Environment (MDE or Department) has reviewed House Bill 1416, entitled *Public Water Systems – Supplier Requirements (Water Quality Accountability Act of 2020)* and would like to offer a letter of information regarding this legislation.

HB 1416 aims to increase safety and accountability in all water treatment plants in Maryland. All suppliers of water would be required to: (i) to inspect, maintain, repair and replace certain valves and fire hydrants, (ii) to develop, implement and report on a certain cybersecurity program, (iii) to develop and submit a certain mitigation plan after receiving a certain number of notices of violation, (iv) to develop, implement and report a certain asset management plan, a report of which will be made publicly available, and (v) to annual certify to MDE and inform customers that it meets certain requirements, and to make that certification available for public inspection. This bill would prohibit a supplier from receiving public funding from any source unless it can demonstrate that it has developed or is in the process of developing the required asset management plan and cybersecurity program.

HB 1416 places a duty on water suppliers to be accountable for the improvement, safety and administrative oversight of their water infrastructure. The legislation would impact every public water system in the State (3,285 systems) regardless of its size. Owners and operators of water systems would likely have increased costs that could be passed onto customers.

This legislation is modeled after a similar bill that passed in New Jersey in 2017 titled the *Water Quality Accountability Act*. Notably, New Jersey's version is different from HB 1416 in that it exempts systems with fewer than 500 connections and only requires a cybersecurity program for systems that have internet-connected control (SCADA) systems.

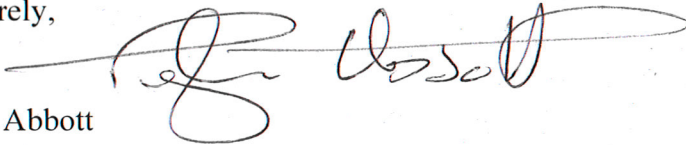
HB 1416 would have a fiscal and an operational impact on the Department. MDE would have to develop a database, procedures for tracking elements that are not mandated by the U.S. Environmental Protection Agency (EPA) under the Safe Drinking Water Act and develop a data portal. In addition, it requires establishing plans, policies and procedures for identifying and mitigating cyber risks. Presently, the Water Supply Program has no technical expertise to evaluate the asset management

plans submitted to the Department. The legislation requires water systems to submit an annual asset management plan to the Department, which would be required to certify each plan is compliant. MDE estimates that at least two additional technical staff will be needed to implement the requirements of this bill. Tracking, reporting and monitoring of the information submitted to MDE along with the requirements of having an electronic portal requires new investment in a tracking database, which was estimated to cost at least \$500,000 to set up, and roughly \$5,000 annually to maintain.

Finally, the range of public and private water systems and sizes should be given due consideration. MDE believes that larger systems could comply with this bill if passed. MDE estimates costs may approach \$200,000 per year for those that serve more than one million customers. However, smaller systems may experience some hardship to comply with the mandate due to a smaller customer base and ability to pay. Some of the smallest water systems in Maryland have only 25 customers. Therefore, the Department recommends that if the bill moves forward that the bill should provide for a waiver or exception for the smallest systems. MDE could evaluate need on a case-by-case basis.

Thank you for your consideration. We will continue to monitor HB 1416 during the Committee's deliberations, and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or by e-mail at tyler.abbott@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tyler Abbott', with a long horizontal flourish extending to the right.

Tyler Abbott

Cc: The Honorable Warren Miller