

**State Water Resources Control Board  
Point-of-Use/Point-of-Entry (POU) Regulations**

**Attachment A  
Written Text in Form STD 399**

**Title Section (Page 1)**

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**Section A (Page 1)**

1.

The proposed regulation directly impacts public drinking water systems. Public water systems are utilities, not businesses or individuals and, pursuant to Government Code Chapter 3.5, Article 2, Section 11342.610(b)(8), are specifically excluded from the definition of small businesses. However, the State Water Resources Control Board (State Water Board) recognizes that a small number of the identified public water systems likely provide water solely to businesses and that public water systems often provide water to businesses. The State Water Board also recognizes that costs for the treatment and monitoring would likely be passed on to a water system's customers, which may include individuals and businesses. Therefore, even though the regulation does not directly affect businesses or individuals, those entities may be indirectly impacted by the regulation. Similarly, no reporting is required of businesses, but reporting of monitoring results would be required of the public water systems, and such reporting is necessary for health, safety, or welfare of the people of the state to ensure compliance with the drinking water MCL. Those costs for reporting were considered as part of the monitoring costs.

3.

As noted above, the regulation directly impacts only public water systems, which are not considered businesses or individuals and are excluded from the definition of a small business. (Gov. Code §11342.610(b)(8).) The State Water Board does recognize that indirect impacts to businesses may occur as a result of increased water rates due to the monitoring and treatment costs to public water systems being passed on to their customers. All but two of the public water systems estimated to be impacted as a result of this regulation are privately owned (e.g., resorts, mutual water companies). The private water systems may also be businesses, such as a mobile home park or investor owned utilities, which will incur indirect impacts and the private and local water systems are likely to include businesses within their service areas.

The State Water Board does not track or have a way of estimating the total number of businesses contained within every water system. The types of businesses expected to be indirectly impacted consist of every type of business that requires potable drinking water for either their customers, employees, or processes/operations.

The State Water Board also does not track or have a way of estimating the percentage of businesses that meet the definition of a small business.

4.

As noted above, the regulation directly impacts only public water systems, which are not considered businesses or individuals, and are specifically excluded from the definition of a small business (Gov. Code §11342.610(b)(8)). Though there are likely to be some small impacts on disposable income and some gains in employment due to the regulations, these impacts are not likely to create or eliminate any businesses. However, as a result of the regulations, businesses providing POU treatment technologies and/or laboratory or monitoring services may experience increased demand, while businesses providing centralized treatment technology may see reduced demand.

6.

Increase in demand for POU technologies and laboratory or monitoring services may result in an increase in jobs, and a decrease in demand in centralized technology may result in lost jobs. However, the State Water Board does not consider the number and size of water systems anticipated to install POU treatment to be significant, and the State Water Board does not track or have a way of estimating the total change in statewide employment. Jobs impacted would most likely be in drinking water analysis and drinking water treatment supply, construction, operation, and manufacturing.

## **Section B (Page 2)**

1.

The proposed regulations are for a voluntary alternative to existing regulations, and thus, do not necessarily have mandatory costs unto themselves; a water system that uses POU was already required by other existing regulations to incur some form of costs as a result of remedying contamination in drinking water. Additionally, there is no way to estimate lifetime cost for the regulation because any new drinking water standard capable of being complied with through POU would add onto the existing cost estimates. However, the estimated annual total statewide cost for water systems to use POU to comply with existing regulations is \$474,464 over 20 years.

a. As noted earlier, public water systems are excluded from the definition of a small business.

Additionally, the State Water Board does not track the number or types of businesses either associated with or within the service area of public water systems.

b. A typical business associated with or within the service area of a public water system may incur indirect costs resulting from the public water system passing on costs to comply with this regulation. First year costs, including initial sampling, for a service connection are estimated to be \$433 in the first calendar year after receiving a permit to purchase and install POU treatment; these costs may be passed to businesses and individuals. Annual costs after the first year are estimated to be \$397.

c. Initial and ongoing costs to an individual as a result of these regulations are highly dependent upon the type of water system – schools may require a small number of POU installations to serve a large population whereas a community may have POU installations for homes with a single person. Based on the total reported population of 9,767 for the water systems anticipated to employ POU, an individual may have a first-year cost of \$58 and an annual cost of \$53.

2.

The State Water Board assumes that any industry served by the impacted public water systems will be indirectly affected, but does not have sufficient data to estimate how a given industry will be impacted in relation to others.

3.

The State Water Board has determined that the proposed regulations would not require reports from businesses to the extent that public water systems are not considered businesses pursuant to Government Code section 11342.610(b)(8). Additionally, the regulation is not anticipated to impose reporting requirements of any significance beyond already existing reporting requirements. Public Water Systems are already required to monitor for certain constituents and report the results to the State Water Board, and this regulation would simply increase the frequency of monitoring for constituents of concern. Any costs for the reporting are already included in the estimate for the monitoring. To the extent that this regulation is requiring reporting of businesses, that reporting is necessary for health, safety, or welfare of the people of the state.

5.

Federal regulations and guidance governing the use of POU do exist. Health & Safety Code §116380 directs the State Water Board to adopt regulations for POU. The proposed regulations meet the criteria of §116380. The proposed regulations do contain some differences from federal regulations and guidance but those differences are largely related to procedure and eligibility and should not result in any additional costs compared to the federal regulations.

### **Section C (Page 2)**

1.

Adopting the proposed regulations will support the Health and Safety Code's intent to ensure the water delivered by public water systems is pure, wholesome, and potable. Water systems eligible for POU treatment will be more likely to install and successfully treat drinking water due to the estimated cost savings over centralized treatment.

2.

Health & Safety Code §116380 requires the State Water Board to develop regulations for POU with certain conditions, but otherwise does not dictate the actual content of the regulations. The State Water Board has adhered to statutory conditions while developing regulations under the authority granted.

3.

The proposed regulations are for a voluntary alternative to existing regulations, and thus, do not necessarily have benefits unto themselves; a water system that uses POU was already required by other existing regulations to incur some form of benefit as a result of remedying contamination in drinking water. Additionally, there is no way to estimate lifetime benefit for the regulation because any new drinking water standard capable of being complied with through POU installation would add onto the existing benefit estimates. However, the estimated annual total statewide benefit for water systems to use POU to comply with existing regulations is \$3,817,340 over 20 years – this benefit represents the cost savings between POU and centralized treatment.

4.

Businesses providing POU treatment systems and laboratory/monitoring services may expand in size and/or number. There are also opportunities for companies to be created in California in response to the increased demand for POU systems or to develop new POU technologies to address additional or new contaminants. However, given that POU is an assortment of existing technologies, the extent of possible expansion of businesses cannot be predicted, and the State Water Board does not anticipate the creation or elimination of any businesses as a result of this regulation.

#### **Section D. (Page 2)**

1.

The proposed regulations are based on existing emergency regulations, and during the implementation of the emergency regulations certain desirable changes were identified. Alternatives to the proposed regulations were whether to copy the emergency regulations and not limit the types of water systems that may be eligible for POU, and whether to copy the emergency regulations and include requirements that certain types of water systems must apply for State Water Board funding for centralized treatment regardless of their eligibility for funding.

3. (Page 3)

For the eligibility alternative, none of the limits on eligibility apply to the water systems identified in the cost estimation, and the State Water Board believes that the intended public water systems that the eligibility requirements intend to prohibit will be extremely infrequent in occurrence, and those public water systems will still have alternate means to comply with water quality standards.

For the funding alternative, the water systems that will not be required to apply for State Water Board funding were water systems that are ineligible for funding due to their status conflicting with existing funding regulations. Not requiring those water systems to apply for funding will save some time and effort on the part of the State Water Board's Division of Financial Assistance and the ineligible water systems, but that savings is too minor to quantify.

4.

The regulations do not mandate a use of specific technology or equipment because the regulations are for a voluntary alternative method to comply with existing drinking water standards. The regulations do include specific equipment requirements depending on the type of equipment selected (e.g., warning lights) but those requirements are specified in federal regulations and guidance, and Health & Safety Code §116380 requires the State Water Board to adhere to be no less stringent than those federal requirements.

#### **Section E.**

5.

Investment in the State may increase as a result of water systems with drinking water contamination having an alternative, more cost-effective path to compliance with existing drinking water regulations. A minor expansion in services for laboratory/monitoring may also occur from the increased monitoring requirements to water systems using POU.

The proposed regulations will allow a broad range of products to be eligible for drinking water compliance, and that eligibility will likely provide incentives for innovation in the development of new and improved POU devices, such as more water/power efficient devices or devices capable of removing broader ranges of contaminants.

The primary benefit of the regulation is to provide public drinking water systems with additional alternative means to achieving compliance with drinking water regulations. Some public water systems are not capable of complying with drinking water regulations using existing methods (e.g. centralized treatment, consolidation) and POU may provide those water systems with a feasible path to compliance and ensure that the consumers of that water are provided with safe drinking water.

### **FISCAL IMPACT STATEMENT (PAGE 4)**

#### **Section A.**

Fiscal Impact on Local Government: \$2,227 annually in direct costs and \$175,733 in annual savings to public water systems run by local government, which are not reimbursable by the State pursuant to Article 6 XIII B, Section 6 of the California Constitution. These values were determined using total estimated annual costs of installing and operating centralized treatment or POU for those public water systems that are owned by local governments (obtained from the State Water Board's databases).

These costs are not reimbursable because the regulations do not impose unique requirements on local governments; the regulations apply equally to both publicly-owned and privately-owned water systems. In addition, the publicly-owned systems can pass on the costs in increased service charges, fees or assessments. The first two years would represent the greatest cost to local government that needed to install treatment. The assumptions and calculations are contained in the Cost Estimating Methodology.

Some of the public water systems identified as likely to install POU are overseen by their local county instead of the State Water Board. The initial impact of the proposed regulation will likely have a small impact on staffing resources, which could probably be absorbed into existing staff workload, but the State Water Board does not have sufficient information to project the extent of the impact to county staffing needs.

### **Section B (Page 5)**

None of the public water systems identified as likely to install POU treatment are owned by state government.

The proposed regulations require water systems that install POU to also apply for funding from California funding programs. The State Water Board anticipates that the funding will have an impact on the ability of California to fund other projects, either due to funding being less available for those projects or from staff workload issues. The State Water Board does not have sufficient information to project the extent of the impacts from this but does not anticipate a significant impact to California.

The State Water Board's DDW oversees approximately 42 public water systems impacted by the proposed regulation. The initial impact of the proposed regulation will likely have a small impact on staffing resources, which could be absorbed into existing staff workload.

### **Section C**

Fiscal Impact on Federal Funding of State Programs: No direct fiscal impacts are anticipated to federally funded State agencies or programs. Indirect impacts may occur as a result of an increase or redirection in the use of federally provided funds used by State agencies for loan and grant programs to public water systems, but insufficient information exists for these indirect impacts to be calculated.