



TESTIMONY

Testimony on A5407 Assembly Special Committee on Infrastructure and Natural Resources

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Dear Chair Karabinchak and members of the Committee,

New Jersey Future is a nonprofit organization that believes New Jersey can be a great place to live with a prosperous, fair economy; thriving communities; and a healthy environment if smart decisions are made about what and where to build and the supporting infrastructure. That's why we promote policies for cost-effective, sustainable water systems in New Jersey. Everyone in New Jersey deserves a home with water that is free from lead, and the provisions in A5407 are a step toward making this a reality for New Jerseyans served by government-owned utilities. While New Jersey Future supports this bill, we have some requested amendments, which have been shared with the sponsor.

New Jersey Future supports extending to government-owned utilities the ability to recoup 100% of the costs to replace entire lead service lines—the length running from the water main in the street to the house—that is afforded to investor-owned utilities in A5343. However, we believe that a more effective way of doing so would be to incorporate a provision allowing 100% rate recovery for government-owned utilities into A5343, which already has many important provisions applicable to both government-owned and investor-owned utilities.

As far as A5407 is concerned, the bill seeks to authorize rate recovery for government-owned utilities by removing the restrictions put in place by P.L. 2018, c.114, which allowed for special assessments for the cost of replacing the customer-owned portion of the lead service lines but fell short of allowing rate recovery. New Jersey Future does not believe that removing the restrictions of P.L. 2018, c.114 is sufficient and requests that the language allowing 100% rate recovery be made more explicit and include a prohibition on instituting a customer cost share in which customers are charged a fee to cover the cost of replacing the customer-owned portion of the lead service line. New Jersey Future has provided the sponsor with language to this effect. Additionally, the cost-share prohibition should apply to both government-owned and investor-owned utilities.

Replacing lead service lines and protecting children and families is a matter of public health. The success of a lead service line replacement program requires customer participation in order to reduce the overall cost of the program and the amount of time to complete the program. As demonstrated by the programs in Newark, NJ, Washington, D.C., and Indiana, requiring a customer cost share results in a significant reduction in customer participation—particularly in low-income communities and communities of color. When these states and cities eliminated the cost share, customer participation increased dramatically and allowed the programs to operate at a scale that reduced the overall cost and ensured LSLs were replaced at a rapid rate.

In addition to the issues around lead service line replacements, this bill would also revise budgetary requirements for operators of certain water systems. New Jersey Future strongly supports this provision as it will help ensure that local governments do not reduce rates below what is needed to run their operations, which contributes to a poorly maintained system. While we would like to see the lead provisions moved to A5343, we strongly support keeping this provision in A5407.

Thank you for the opportunity to share our recommendations on this critical issue.