



*House of Representatives*  
*Study Committee on Private Water Systems*

**Final Report**

**Chairman Trey Rhodes**  
**Representative, 124<sup>th</sup> District**

**The Honorable Debbie Buckner**  
**Representative, 137<sup>th</sup> District**

**The Honorable Beth Camp**  
**Representative, 135<sup>th</sup> District**

**The Honorable Robert Dickey**  
**Representative, 145<sup>th</sup> District**

**The Honorable Bill Hitchens**  
**Representative, 161<sup>st</sup> District**

**The Honorable Jason Ridley**  
**Representative, 6<sup>th</sup> District**

**The Honorable Lynn Smith**  
**Representative, 70<sup>th</sup> District**

**The Honorable Jason Shaw**  
**Public Service Commissioner**

**2024**

Prepared by the House Budget and Research Office

## Introduction

The House Study Committee on Private Water Systems was created by the passage of House Resolution 1498 during the 2024 Session of the Georgia General Assembly. HR 1498 recognizes that private water systems play a vital role in the provision of water and sewer services across Georgia, complementing the public water systems to meet the needs of the state's diverse population and industries. These systems are critical to the functionality of many agricultural, industrial, commercial, and residential sectors and are essential to the state's infrastructure and overall economic health. This committee was established to evaluate the operations of private water systems statewide, and determine whether additional oversight is required to ensure these systems effectively serve the public interest.

## Meetings:

The House Study Committee on Private Water Systems held two meetings during the 2024 interim. The committee heard from industry experts, policy makers, and constituents to evaluate the current state of private water systems in Georgia.

### **September 18<sup>th</sup>, 2024 at Lakeside Church, Greensboro, GA**

The following individuals presented at the meeting: Jennifer Welte, Assistant Branch Chief of The Watershed Protection Branch at the Georgia Environmental Protection Division; Jason Shaw, Commissioner, Georgia Public Service Commission; Rob Powelson, CEO of the National Association of Water Companies; Brent Hurst, COO, Piedmont Water Company; and Mark Smith, CEO of Water Utility Management in Savannah.

Topic: Water Regulation across the United States

### **November 13, 2024 at the Georgia State Capitol:**

The following individuals presented at the meeting: Georgia Environmental Protection Watershed Compliance Division and Adam Shaifer, CEO of Piedmont Water Company.

Topic: Water Regulation and Compliance in Georgia

## Water Regulation in Georgia

Private and public water systems in Georgia are held to the same health and safety standards under the federal 'Safe Drinking Water Act'. Both must meet requirements for maximum contaminant levels (MCLs) and submit consumer confidence reports. However, pricing regulation for private water systems is absent. This has created a disparity in consumer protection, as publicly owned systems are often subject to stricter financial and operational oversight.

The U.S. Environmental Protection Agency (EPA) maintains federal oversight of each state's drinking water program. The EPA is required to review and approve state rules and maintains compliance oversight, periodically conducting audits of the program. The Georgia

Environmental Protection Division (EPD) is tasked with enforcing safe drinking water standards and responding to violations that endanger public health. The state is responsible for ensuring the safety of water, but it does not regulate the pricing for private water companies. Complaints related to water quality or operational issues are referred back to the private water companies, leaving consumers with little recourse for addressing high rates or subpar service.

Georgia is currently one of six states in which private water and wastewater companies are not regulated by a state utility commission. This means that private water companies in this state often operate with no oversight related to price regulation or competition. In certain parts of the state, especially rural communities, it is common that customers have no alternative water providers. Smaller private water systems in these communities tend to have higher costs per customer due to limited infrastructure and capital so costs are often passed on to customers without scrutiny. Without regulatory oversight, private water companies can set unjustifiable rates that may not reflect the actual cost of service. Customers often have no formal avenue to challenge these rates because, unlike public systems which are accountable to local governments, private systems are only accountable to their owners or shareholders.

### **Regulation under the PSC**

The Public Service Commission (PSC) regulates investor-owned utilities such as gas and electricity in the State of Georgia. The PSC's constitutional authority of fair and reasonable would allow a regulatory framework requiring private water companies to justify their rates based on operational costs, infrastructure investments, and reasonable profit margins. By adopting minimum filing requirements (MFRs) and a uniform system of accounts, private water companies would be required to disclose financial and operational details, enabling more transparent oversight. Regulation through the PSC would provide a formal process for consumers to lodge complaints about rates and service quality. The commission would be required to mediate disputes and ensure compliance with established standards. Regulation ensures that companies can earn a fair return on investment while preventing price gouging. This process would protect consumers from excessive charges but does not necessarily mean that consumers will see a rate decrease. The rates would reflect a balance aimed to protect both customers and the financial viability of water providers.

### **Challenges with regulation**

The Public Service Commission has never regulated water in the State of Georgia and would need to be granted authority by the Georgia General Assembly with specific guidance outlining the PSC's jurisdiction. Transitioning private water systems to a regulated framework would require excessive time and resources. A new branch of Georgia's Public Service Commission would need to be set up, consisting of new engineers, analysts, attorneys, and other staff to plan, set goals, determine the condition of the water systems infrastructure, and determine fair rates. There is risk that compliance with PSC regulations would impose additional costs on private water companies. These costs could disproportionately impact smaller systems, potentially leading to higher rates for customers. Determining an appropriate size threshold for regulation is

also essential to avoid an undue burden on customers of smaller private water companies under a one-size-fits-all model.

### **Study Committee Recommendations**

The House Study Committee on Private Water Systems has conducted its review of the operations and challenges facing private water systems across Georgia. The following recommendations aim to address these issues while balancing the needs of private water systems and their customers:

#### **Establish a Regulatory Framework**

- Introduce legislation granting the Public Service Commission authority to regulate private water companies. This framework should prioritize consumer protection while accommodating the unique challenges of small systems.

#### **Adopt a Phased Approach**

- Begin by regulating larger private systems serving more than 3,500 customers. Gradually expand oversight to smaller systems based on the outcomes of initial implementation.
- Grant the PSC authority to require a public hearing approval process on any private water company operating within the state that raises its customers bill by 15% or higher within a three-year cumulative period.
- Offer support to smaller private water systems to help them comply with new regulations, minimizing the financial burden on these providers that will inevitably be passed on to consumers.

#### **Encourage Public-Private Partnerships**

- Facilitate opportunities for private water systems to partner with larger public systems. This could improve service quality and reduce operational costs.

#### **Monitor and Evaluate**

- Conduct regular assessments of the regulatory framework to identify areas for improvement.
- Use consumer feedback and performance metrics to guide adjustments.

**Speaker Burns, these are the findings of your Study Committee on the Private Water Systems.**

**Respectfully Submitted,**

A handwritten signature in blue ink, appearing to read 'Trey Rhodes', is positioned above a horizontal line.

**The Honorable Trey Rhodes  
Representative, 124<sup>th</sup>  
Chair**