



PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
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COMMISSIONER

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Independent Expert on the Issue of  
Human Rights Obligations Related to  
Access to Safe Drinking Water and Sanitation  
ESCR Section  
Special Procedures Division  
UNOG-OHCHR  
Palais des Nations  
CH-1211 Geneva 10,  
Switzerland

Dear Madam or Sir:

I understand from recent articles in Global Water Intelligence that you are investigating the role of the private water sector in delivering drinking water and wastewater services to the public. I would like to offer some perspectives on this issue.

I currently serve as a Commissioner of the California Public Utility Commission, which regulates the rates and conditions of service provided by investor-owned water and wastewater companies in California. The Commission also regulates investor-owned energy and telecommunication companies. I was appointed to the Commission in 2005 by Governor Arnold Schwarzenegger and confirmed by the California Senate. I also serve as Vice Chairman of the Water Committee of the National Association of Regulatory Utility Commissioners (NARUC). The purpose of NARUC is to educate commissioners about the important issues affecting the provision of utility services and to improve the quality of utility regulation.

Prior to my appointment to the Commission, I served as Chief Executive Officer of Moody's Investors Services, which provides ratings with regard to the credit worthiness of publicly-traded companies, including private, investor-owned public utilities, as well as certain municipalities and other government providers of utility services. In addition, I have spent more than 40 years in the finance and international development industries, and have some familiarity with the critical importance of an enterprise's ability to raise capital. It is even more critical and more difficult for private water companies if they are to continue providing safe and reliable water and wastewater service to the public in the future.

This capital challenge applies to all water service providers, whether owned by a government entity or a private, investor-owned company. The US Environmental Protection Agency, I am told, estimates that upwards of \$1 trillion of capital investment will be required over the next 20 years on a national basis to replace necessary infrastructure and comply with increasingly strict water quality requirements.

The vast needs for capital and the innovation necessary innovations required to meet global water needs make it extremely ill advised to exclude or discourage the private sector from participation in the delivery of water and/or wastewater services. Such a serious mistake would likely retard the spread of quality service to those who do not have it and threaten continued access to safe and reliable service in the future for those who currently do have it.

Millions of Californians receive these services from private, investor-owned companies and have done so for many years. These companies have been a source of significant capital investment necessary to extend quality service where it was inadequate as well as for operating and technological expertise that has improved the quality and efficiency of service.

Furthermore, the regulatory structure in California provides substantial protection to customers to prevent inappropriate behavior by any utility. The California Public Utilities Commission is charged with ensuring that private, investor-owned utilities, including water and wastewater utilities, live up to their statutory obligations to provide safe, reliable service to customers on a non-discriminatory basis, at rates that are fair and reasonable. We are proud of our record of successful and prudential oversight and of the performance of the private water utilities. They have been highly effective providers of quality, reliable utility service for many years. They have a demonstrated ability to attract necessary capital, technological innovation and operating experience. To exclude access to such resources with regard to the delivery of water and wastewater services in California or elsewhere would be counterproductive to the goal of expanding these essential services to those who do not have it and of maintaining it for those who do.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert J. [unclear]". The signature is fluid and cursive, with a long horizontal stroke extending to the right.