

September 11, 2025

Liane M. Randolph
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

**Subject: California Water Association Comments on CARB's
Implementation of Senate Bills 253 and 261**

Dear Chair Randolph,

On behalf of the California Water Association (CWA) and its 84 member utilities, thank you for the opportunity to provide input on the California Air Resources Board's (CARB) implementation of Senate Bills (SB) 253 and 261. CWA represents investor-owned drinking water utilities regulated by the California Public Utilities Commission (CPUC), serving more than 6 million Californians. Our members are committed to environmental stewardship and support the State's broader climate goals.

Still, the implementation of SB 253 and SB 261 introduces new compliance obligations for CPUC-regulated drinking water utilities, many of which have not historically been subject to comprehensive climate reporting mandates. Among our members, five utilities may fall under the scope of these laws due to their affiliation with national parent companies that exceed the annual revenue thresholds outlined in the statutes. Our members are proud to be leaders in environmental compliance but addressing mandated disclosures presents significant shift for our sector — particularly with regard to definitions, timelines, and the burden placed on utility customers.

CWA appreciates CARB's efforts to provide clarity as it implements these complex new requirements and offers the following comments for your consideration.

Defining "Doing Business in California"

CWA appreciates CARB's effort to clarify what constitutes "doing business in California" under SB 253 and SB 261. As noted in our prior correspondence, relying on California Revenue and Taxation Code §



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23101 creates significant ambiguity for regulated water utilities, particularly those that operate through non-California-based parent companies with limited or no independent tax filing obligation in California.

CWA supports adopting a more administratively practical and transparent definition, such as alignment with entities that have qualified to do business as governed by Section 191 of the California Corporations Code and that appear in the California Secretary of State's Business Entities database. This database provides a clear, accessible public record of entities registered and authorized to do business in California. This approach offers several advantages:

- **Clarity and Consistency:** Entities listed in the Secretary of State's database are explicitly qualified to do business in California, which removes ambiguity for compliance purposes.
- **Transparency:** The database is publicly accessible and regularly updated, making it easier for CARB, companies and the public to assess compliance obligations.
- **Administrative Efficiency:** Leveraging existing regulatory infrastructure reduces the burden on both businesses and CARB staff in determining applicability.

Aligning the definition with Secretary of State registration status is a practical and transparent way to ensure that the rules are applied fairly and consistently across industries, including those with complex organizational structures like regulated water utilities.

Reporting Timelines

CWA urges CARB to reconsider and extend the proposed reporting deadlines for Scopes 1 and 2 under SB 253 and SB 261 to better reflect the operational and data-collection realities of our industry. Many regulated water utilities — particularly those that are subsidiaries of larger national organizations — do not receive verified emissions or climate-related financial data until late in Q1 or early Q2 of the calendar year. Imposing a June 30 reporting deadline will, in many cases, not allow companies sufficient time to collect, validate, and submit accurate data, especially for utilities that are navigating these requirements for the first time.

We recommend extending the reporting deadline to September 30 (end of Q3) to provide utilities with a realistic timeframe for preparing high-quality, accurate disclosures. This timeline would:

- Support data integrity by allowing utilities to complete internal reviews and verifications, as well as adequate time to complete the limited and reasonable assurance engagements required under SB 253.
- Improve regulatory compliance by reducing the risk of late or incomplete filings.



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- Promote operational efficiency by allowing utilities to align climate reporting with fiscal year reporting cycles.

Given that this is the first climate reporting mandate of its kind in the nation, a more flexible initial timeline will ease the compliance burden without compromising the integrity of the data.



Cost to California Customers

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These regulations represent a substantial shift for regulated water utilities.

While some members have voluntarily participated in global climate disclosure frameworks — such as the Carbon Disclosure Project (CDP), the Task Force on Climate-related Financial Disclosures (TCFD), the International Sustainability Standards Board (IFRS S2), the Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB) — full compliance with SB 253 and SB 261 will be a significant operational and financial undertaking for all.

Additionally, although some utilities have begun collecting California-specific climate data under proceedings such as the CPUC's 2018 Order Instituting Rulemaking (R.18-04-019), these efforts have not yet been required for regulated water utilities. For many members, the infrastructure, tools, and expertise needed to comply with CARB's new regulations are not currently in place.

As such, CWA wants to underscore the financial burden these regulations place on California's regulated water utility customers. The ability to collect and analyze emissions data and assess climate risks represents a significant operational challenge and the unique nature of regulated water utilities, many serving diverse and geographically disconnected communities, further complicates this task. As the first state in the nation to mandate these reporting requirements, even those voluntarily collecting submitting data may need to augment processes and procedures to comply. For regulated water utilities, this has the potential to become a change at the national-parent utility level. These efforts often require specialized consultants, as well as investments in new systems and technologies, which can strain utility budgets. These costs, in turn, may be primarily born by California customers, as out of state commissions may be resistant to approving costs associated with compliance with California regulations, potentially increasing CA water prices.

Ensuring California-Specific Standards Remain Consistent

CARB should ensure that its regulations remain aligned with existing California utility climate planning and reporting requirements. Given the complexity of compliance across multiple jurisdictions, it is crucial that CARB's standards remain consistent with those of the California Public Utilities Commission (CPUC), and other state agencies, as appropriate. This alignment will help streamline reporting processes, reduce administrative burdens, and provide clarity to organizations working to meet these climate-related disclosure requirements. Regular coordination with the CPUC and other regulatory entities will help ensure a cohesive framework that avoids unnecessary duplication of efforts.

Given the evolving landscape of climate-related disclosures, CARB should also establish a process for regularly reviewing and updating reporting requirements to maintain consistency with best practices and avoid conflicts with federal or international standards.

Conclusion

CWA and its member utilities are committed to supporting California's climate goals and advancing transparent, reliable climate-related disclosures. However, the unique characteristics of regulated drinking water utilities — combined with the financial and technical complexities of compliance — necessitate thoughtful, pragmatic implementation of SB 253 and SB 261.

We appreciate CARB's attention to these concerns and stand ready to support your efforts to develop equitable, effective, and administratively feasible regulations. Please do not hesitate to contact us for further discussion or clarification.

Sincerely,



Jennifer Capitolo
Executive Director



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