



OFFICE OF THE GOVERNOR

SEP 20 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 2735 without my signature.

This bill will allow private water corporations, also known as investor-owned public utilities, to enter into a joint powers agreement with a public agency for the purpose of insurance risk pooling.

Authorizing investor-owned, private water corporations to participate in public risk pools could transfer financial risks of decisions by for-profit entities to public entities, which has the potential to shift costs to public entities and their ratepayers. Absent a more robust analysis of the nature and extent of this potential cost-shifting, I am not convinced the benefit of this proposal outweighs the risk at this time.

For this reason, I cannot sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Gavin Newsom", written over a horizontal line.

Gavin Newsom

