

**WHEREAS**, Estimated funding needs for the remediation of the nation's water infrastructure over a 20-year period are acknowledged to range from EPA's 1995 estimated \$138 billion to AWWA's 1998 estimate of \$360 billion to a more recent estimate of over \$1 trillion (which includes both water and wastewater infrastructure renewal needs); and

**WHEREAS**, If these remediation costs are to be borne solely by the ratepayer, affordability will be a significant issue for a large percentage of customers; and

**WHEREAS**, The Water Infrastructure Network ("WIN") released a report, *Clean & Safe Water for the 21<sup>st</sup> Century*, calling for, among other things, a substantial federal funding program; and

**WHEREAS**, The National Association of Regulatory Utility Commissioners ("NARUC") acknowledges and endorses the need to educate the public to raise awareness of the severity of the need for infrastructure renewal and the related cost implications of the increase in operating and maintenance expenses faced by utilities and their customers; and

**WHEREAS**, NARUC seeks a realistic solution to the infrastructure renewal and increased operational and maintenance expense challenges and advocates offering a broad range of solutions which may include a degree of federal funding; and

**WHEREAS**, The range of possible solutions includes, but is not limited to, regionalization and consolidation to maximize

financial, managerial, and technical capabilities; private / public partnerships; full cost rate structures; a full, fair, and effective implementation of the existing State Revolving Fund and other state and federal funding mechanisms; increasing the use of emerging innovative technologies to improve infrastructure management; improving operating efficiencies; focusing resources on water systems able to be self-sustaining over a long term; and implementing innovative ratemaking techniques; and

**WHEREAS**, NARUC recommends against reliance upon a massive federal funding program; avoiding subsidies to systems that should be held accountable for recovering local cost of service since many water companies have been investing adequately for years and will not wish to have their ratepayers subsidize other water systems which have been deferring the appropriate levels of investment in infrastructure maintenance, in part, due to historical under-pricing of their water service for political or other reasons; and *now therefore be it*

**RESOLVED**, The Board of Directors of the National Association of Regulatory Utility Commissioners ("NARUC"), convened at NARUC's Summer 2000 meetings in Los Angeles, California, respectfully offers these comments in response to the WIN proposal; we encourage a dialogue with the stakeholders that are currently evaluating the nation's water infrastructure needs and possible solutions and we look forward to working with interested parties to develop an equitable resolution to the critical challenge of funding infrastructure renewal in the most

cost-effective way possible; and *be it further*

**RESOLVED**, NARUC offers, as one such forum for further dialogue, the upcoming National Drinking Water Convocation NARUC is planning in conjunction with the U.S. Environmental Protection Agency, the National Association of Water Companies and other interested parties.

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Sponsored by the Committee on Water

Adopted by the NARUC Board of Directors, July 26, 2000.