

Resolution on Financing for Investor Owned Water and Wastewater Utilities by the USDA Rural Utilities Service

WHEREAS, The United States Department of Agriculture's Rural Utilities Service Water and Environmental Program (RUS) currently provides loans, grants and loan guarantees for water and wastewater facilities for public bodies, Indian Tribes and non-profit organizations in rural areas, cities and towns with a population of 10,000 or less; and

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 American Waterworks Association's 1998 estimate of \$360 billion to a more recent estimate of over \$1 trillion (which includes both water and wastewater infrastructure renewal need); 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 National Association of Regulatory Utility Commissioners (NARUC) seeks a realistic solution to the infrastructure renewal and increased operations and maintenance expense challenges and advocates offering a broad range of solutions which may include a degree of federal funding; and

WHEREAS, Consistent with NARUC's July 26, 2000 Resolution on Water Infrastructure Financing, this range of solutions includes, but is not limited to, regionalization to maximize financial, managerial, and technical capabilities; private/public partnerships; full-cost rate structures; and implementing innovative ratemaking techniques; and

WHEREAS, NARUC continues to emphasize the importance of focusing resources on water systems able to be self-sustaining over a long-term; and

WHEREAS, The United States Environmental Protection Agency currently has Congressional approval to offer grants and low interest loans to investor owned water utilities through the Drinking Water State Revolving Fund program; and

WHEREAS, The Rural Utilities Service provides guaranteed loans to electric and telecommunication providers; now therefore be it

RESOLVED, That the Board of Directors of the National

Association of Regulatory Utility Commissioners (NARUC), convened at its July 2002 Summer Meetings in Portland, Oregon, recommends that the Rural Utilities Service obtain authorization to provide guaranteed loans to investor-owned water and wastewater utilities serving rural areas and cities and towns of populations up to 50,000; and be it further

RESOLVED, That NARUC recommends that the Rural Utilities Service establish a guaranteed loan program for investor-owned water and wastewater utilities similar to RUS' electric and telecommunication guaranteed loan programs; and be it further

RESOLVED, That NARUC will support legislation sponsored by the United States Department of Agriculture Rural Utilities Service seeking such authorization.

Sponsored by the Committee on Finance and Technology and the Committee on Water
Adopted by the NARUC Board of Directors July 31, 2002