

WC-1

Resolution on Water Equity

Whereas the COVID-19 pandemic has reinforced how crucial safe and reliable drinking and wastewater service is to protect public health. Water is the only utility service that is ingested, and it is critical for daily living, sanitation, medical care, and fire prevention;

Whereas the COVID-19 pandemic has had devastating economic consequences on many families and businesses, which means more customers are struggling to pay their utility bills;

Whereas the essential nature of water and wastewater service, combined with the reality that many utility customers are struggling in today's economic climate, highlight the need for regulators, utilities, and policy leaders to focus on water equity;

Whereas water equity means ensuring that everyone has access to water that is safe, reliable, and affordable. As a nation, we must advance water equity to ensure customers of all income levels have access to high-quality water;

Whereas water equity means safe drinking water. This means ensuring that the water when it reaches people's homes and businesses complies with all applicable state and federal laws and regulations and is safe to drink;

Whereas the path to safe drinking water and wastewater service involves requiring all jurisdictional utilities, regardless of ownership type, to meet the same high-quality standards, disclose whether they are meeting those standards, and face appropriate consequences if they do not. There are over 1,500 drinking water systems deemed to be in "serious" non-compliance of the Safe Drinking Water Act ("SDWA") and active enforcement of the provisions of the SDWA is necessary to protect overall public health. This includes requirements to test and treat for emerging contaminants (like per- and polyfluoroalkyl substances, otherwise known as PFAs) and replace lead service lines;

Whereas water equity means reliable drinking water, meaning that water and wastewater service should be there when customers need it;

Whereas reliable water and wastewater service can be realized through advanced planning and prudently investing in infrastructure. As set forth in the National Association of Regulatory Utility Commissioners ("NARUC") 2018 [*Resolution on Accountability for All Water and Wastewater Systems*](#), regulators should consider whether their state's water and wastewater utilities are required to (1) create long-term infrastructure replacement plans; (2) develop security plans for preventing and responding to cyber and physical attacks; (3) engage in physical hardening to withstand extreme weather events; and (4) plan for short or long-term supply disruption issues. The preparation required to develop these plans makes it more likely that utilities will minimize outages when the worst happens, thereby enhancing system reliability.

Whereas in addition to advanced planning, it is important to encourage and incentivize prudent, incremental, and consistent investment in water and wastewater infrastructure. Steadily remediating aging infrastructure and proactively maintaining existing system infrastructure not only increases system reliability, but also keeps prices stable by allowing necessary costs to be incurred gradually;

Whereas water equity means that water and wastewater service should be affordable, in that customers are able to pay for these essential services;

Whereas helping struggling customers pay their water and wastewater bills takes the combined effort of utilities, regulators, policy leaders, and communities. Potential pathways to address affordability include: (1) creating a permanent federal low-income assistance program for water and wastewater customers that is funded at the same level as other utility sector assistance programs; (2) leveraging technology and enhancing customer outreach to increase awareness and participation in existing and new customer assistance programs; (3) addressing whether state laws and regulations are able to authorize rate-funded assistance programs; (4) encourage utilities during rate cases and cost of service studies to explore and implement rate designs that consider affordability such as reviewing the ratio of fixed to volumetric charges or creating separate lifeline rates; (5) exploring whether consolidated pricing and/or consolidated water and wastewater revenue requirements assist utilities in leveraging economies of scale to achieve price stability by spreading costs across a broader customer base; and (6) addressing water sector fragmentation by encouraging and incentivizing voluntary partnerships and consolidation;

Whereas water equity cannot be fully realized without addressing water sector fragmentation in the United States. There are tens of thousands of water and wastewater utilities across the country, many of which serve small and, in many cases, declining customer populations. Without economies of scale, many small utilities are unable to invest in infrastructure, deploy new technology, and address affordability issues. Water sector fragmentation increases costs and often results in decreased water quality, perpetuating environmental problems and causing disproportionate harm to low-income communities. Encouraging and incentivizing small and struggling utilities to voluntarily partner with a more experienced regulated water utility is one way they can obtain the resources necessary to provide customers with safe and reliable water service at stable prices;

Whereas achieving water equity centered around the foregoing should be a priority as the country recovers from the COVID-19 pandemic. Successfully balancing safety, reliability, and affordability is essential because prioritizing any one aspect of water equity over the others can result in water and wastewater systems that are unreliable and out of compliance with health and safety regulations or inaccessible from an affordability standpoint; and

Whereas the goal of water equity is not only to move closer to a country where everyone has access to quality water service, but also toward one where everyone can count on water service that is safe, reliable, and affordable; *now therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2022 Winter Policy Summit in Washington, DC, supports and

encourages regulators, utilities, and policymakers to consider the paths to water equity identified herein; *and be it further*

Resolved, that NARUC recommends that economic regulators consider and adopt as many as appropriate of the regulatory mechanisms identified herein as a means to achieving water equity; *and be it further*

Resolved, that the Committee on Water stands ready to assist economic regulators with implementation of any of the paths to water equity set forth within this resolution.

Passed by the Committee on Water February 14, 2022.

Adopted by the NARUC Board of Directors on February 16, 2022.