



NAWC Policy Statement on Water Equity

NAWC members believe in water equity, which means that everyone should have access to water that is safe, reliable and affordable. The COVID-19 pandemic has impacted how many of us think about water. It brought a renewed focus on the essential role water service plays in protecting public health. However, the pandemic's economic consequences also mean that many more households are struggling to pay their utility bills. These dual realities highlight the need to focus on water equity. For NAWC utilities, water equity means that everyone has access to water that is safe, reliable and affordable. Safe water is water that complies with U.S. Environmental Protection Agency regulations and Safe Drinking Water Act standards. It is also crucial for water to be reliable so that it is there when customers need it. Water service should also be affordable in that customers are able to pay for this essential service. As a nation, we must advance water equity to ensure customers of all income levels have access to high quality water.

Part of achieving water equity includes pricing water to accurately reflect the cost of treating and delivering the water. In striving to ensure that all customers have access to high quality drinking water, we cannot blindly focus on keeping water prices artificially low. Presuming that we can achieve water equity through one solution – low water rates – will come at the expense of water quality and reliable service. In order to truly benefit customers, we need water to meet all three components of water equity – safety, reliability and affordability. It is important that customers are able to afford their water bills, but it is also important that the price of water reflects its true cost so that utilities have access to the capital necessary to maintain high-quality service. The costs associated with providing safe and reliable water service vary from system to system, but all water systems share the need for consistent and continued investments.

Looking ahead, there are a number of obstacles that will make providing safe, reliable, and affordable water more challenging, including: rising infrastructure costs, emerging contaminants, extreme weather events, and the threat of cyberattacks. NAWC members prepare for these challenges by sharing and implementing industry best practices, such as investing in experienced employees who are able to meet complex and frequently changing environmental and safe drinking water standards; creating sustainable and long-term infrastructure replacement plans to ensure a continued commitment to addressing aging



infrastructure; developing security plans and engaging in “black sky” planning to guard against and respond to cyber and physical attacks; and undertaking infrastructure hardening and emergency planning to prepare for extreme weather conditions.

NAWC members implement these safeguards because affordable water does not serve customers well if it is unsafe or fails to reach the faucet because the delivery system is inadequate. Achieving water equity requires a look at the entire picture of what it takes to treat and deliver water to America’s communities. We cannot lose sight of the fact that there are three equally important components to water equity – safe, reliable and affordable – and the goal should be to achieve them all. Practically speaking, this means pricing water service at a level that is affordable, but that also represents the cost of treating the water and maintaining and upgrading the essential infrastructure needed to deliver the water.

NAWC’s members have a role to play in achieving water equity and are committed to doing their part. Even with sound planning and management by the water utility, some customers will still struggle to pay their utility bills, particularly when unexpected events, like the COVID-19 pandemic, come into play. Affordability challenges can occur in any community, regardless of size, location, and demographics. NAWC members employ a wide variety of tools to help struggling customers, including:

Customer Assistance Programs. NAWC members have demonstrated a long-standing commitment to water equity by creating a variety of customer assistance and conservation programs. These programs take many different forms, and NAWC’s utilities tailor their customer assistance programs to meet the unique needs of the communities they serve. In many jurisdictions, NAWC members have persisted in helping customers despite ambiguity about whether rate-funded assistance programs are permitted. Clearly defined laws and regulations around rate-funded customer assistance programs, combined with effective communication and education to raise customer awareness about options, are necessary to help these programs flourish.

Partnerships & Consolidation. NAWC’s utilities recognize that in order to help communities and make lasting change, we must go beyond customer assistance programs. There are approximately 50,000 water systems across the country. More than half serve fewer than 500 customers and more than 90% serve fewer than 10,000



customers. Water system fragmentation increases costs and may decrease water quality, perpetuating environmental injustice and causing disproportionate harm to low-income communities. Without economies of scale, many small systems are unable to invest in infrastructure, deploy new technology, address affordability issues, and treat emerging contaminants. Partnerships and system consolidation are critical means of expanding access to safe and reliable water across the nation. Partnering with a larger, more experienced utility is a proven way for smaller or struggling systems to obtain the resources necessary to maintain a healthy system and provide customers with safe and reliable water at stable prices.

Infrastructure Investment. In order to have reliable service, it is essential for utilities to invest in the infrastructure needed to treat and deliver water to customers. Many of the pipes and water mains in this country are reaching the end of their useful life and are in need of replacement. Incremental and consistent investment in infrastructure allows those costs to be incurred gradually, meaning they are more easily budgeted-for by both the utility and its customers. Deferred maintenance usually lead to rate shock when larger infrastructure replacement bills come due. NAWC utilities meet this challenge head-on by proactively and consistently investing in their systems. Last year, the 10 largest NAWC companies invested nearly \$3.7 billion in their water systems. These investments, while often unnoticed, help customers by keeping rates stable and ensuring the water is treated properly and delivered reliably. Through these investments, NAWC's utilities are helping to lift up communities where they live, work, and serve, creating long-lasting positive change.

Regulatory Oversight. Water utilities must constantly balance the costs necessary to provide safe and reliable water with the need for affordable rates. One factor that sets NAWC members apart from other water utilities is that they are subject to economic oversight by state public utility commissions. NAWC's utilities can only charge rates that have been approved by regulators, and this oversight ensures that the rates charged are just and reasonable.

The path to water equity is complex. NAWC's water utilities are using all of the tools at their disposal to make a meaningful impact helping customers and the communities they serve, but we cannot solve this problem alone.



Ensuring access to safe, reliable and affordable water is a balancing act that requires regulators, water providers, and communities to work together. Creating long-term solutions to water equity, including ensuring affordability for all customers, will take the combined initiatives of utilities, regulators, policy leaders, and communities. The new federal Low-Income Household Water Assistance Program (LIHWAP) is a step in the right direction. However, federal assistance for water customers is drastically underfunded compared to the Low-Income Home Energy Assistance Program (LIHEAP) available for electric and gas utility customers. In order to make the biggest impact and reach the greatest number of customers, we need to not only ensure the LIHWAP program rollout is quick and includes all water utilities, but that it is funded at a level that is commensurate with other utility services and is adopted as a permanent, annually funded program.

Another key component of advancing water equity is identifying and adopting creating progressive regulatory and legislative policies designed to help struggling customers. On the regulatory side, the widespread adoption of best practices, including consolidated rates and consolidated revenue requirements for water and wastewater systems, help keep rates affordable while still maintaining the fiscal sustainability of utilities. Regulators should also work closely with state and local governments to ensure that laws and regulations do not hinder utility efforts to address affordability through rate-funded customer assistance programs. It is incumbent that all stakeholders work together to achieve policies that ensure struggling customers have access to utility services, while not overlooking safety and reliability.

NAWC members are working with customers, regulators and local leaders to advance water equity by offering solutions that adhere to five principles:

- Everyone should have access to water that is safe, reliable and affordable.
- Focus on the Customer.
- Never compromise on providing safe and reliable water.
- Invest in Communities
- Develop partnerships and encourage water system consolidation.

For more about these principles, please visit the NAWC website at www.nawc.org.