

Water Policy Report

an exclusive biweekly report on federal water quality programs and policies

from Vol. 20, No. 3, January 31, 2011

Groups Push 'True Cost' Water As Part Of Broad Watershed Approaches

Key water organizations are advocating for a more "holistic" approach to national water policy that seeks to address water quality and quantity issues and could advocate for the use of controversial "true-cost pricing" for water.

The Clean Water America Alliance (CWAA), a group founded by wastewater utilities seeking to develop a broader stakeholder group to address water sustainability issues, has released and is taking stakeholder comment on a framework for a "sustainable U.S. water policy," which includes a number of principles for improving the nation's aging water infrastructure.

The group held a Jan. 12-13 workshop in Washington, DC, to get feedback on the framework from various trade associations, including the American Waterworks Association, National Rural Water Association, Western Coalition of Arid States, EPA officials and local water agencies.

Ben Grumbles, CWAA president and head of EPA's water office during the Bush administration, told *Inside EPA* after the meeting that the group has "developed a framework founded on principles of sustainability that could ultimately lead to a national water policy." He stressed the need for the framework to be "flexible," and said the group was not advocating for "a one-size-fits-all national water policy."

Grumbles said one of the "most important collaborations is to raise awareness of the value of water," including "getting true cost rates and prices" for water and "growing the public recognition of the importance of water."

The concept of full-cost pricing advocates increasing utility rates to more closely match the actual cost of providing drinking water and wastewater services, including infrastructure upgrades and replacements. It was a key EPA priority during the Bush administration but met with opposition from many large metropolitan utilities, which argued large percentages of their customers have incomes below the poverty level and are unable to pay the full cost.

Grumbles said it is "difficult politically for water rates to capture the true, full cost of the services provided, which include drinking water, ecosystems services and public safety services." But true-cost pricing is important because "the era of cheap water is over," he said.

According to the framework document, which includes a section on "valuing water," the cost of clean water is "undervalued and the current water pricing system does not reflect its true cost or value." The framework includes a number of potential next steps offered by groups at previous events, including "dramatically stepping up outreach and educational efforts on the value of water, moving toward a true cost pricing system and life cycle planning, better integrating water-dependent sectors, investing in sustainable solutions and improving cooperation across political and watershed bodies." *The framework is available on InsideEPA.com.*

Other water groups are also pushing for greater public support for sustainable water infrastructure and potential increases in user fees to fund upgrades for water infrastructure. The National Association of Water Companies (NAWC), which represents private drinking water companies, participated in the January CWAA event and also launched the Water is Your Business initiative with the U.S. Chamber of Commerce last year that seeks "to create and sustain a dialogue between business leaders, consumers, community leaders and water providers about local, regional and national water management issues."

Michael Deane, executive director of NAWC, told *Inside EPA* that the group is focused on "getting people to understand the true economic, ecological and public health [importance] of water." Still, Deane, who served as an official in the Bush EPA's water office focusing on infrastructure financing issues, also said the concept is politically and economically difficult, as substantial increases in water costs for consumers in a compressed time period could result in "rate shock"

To overcome these hurdles, Deane said it was important to educate mayors and city managers, the media and regulators and public utility commissioners, as well as business and the public, about the cost of water services.

The CWAA effort focuses on broad water management issues, of which true-cost pricing is only one component. For example, one section of the framework document focuses on sustainability issues, including the energy/water nexus, water quality and quantity considerations, water efficiency, green infrastructure and climate adaptation.

The document also includes a section encouraging better water monitoring, and outlining how federal agencies can

play a role filling in data gaps. Another section focuses on innovation, including a push for policies that “encourage municipalities, private companies and corporations to try new technology, expand research and development and help move the nation to a more sustainable water management program.”

The framework document ends with a section on “integrating and collaborating for water,” which stresses the need to break down regulatory silos within clean water functions — like drinking water, wastewater, water used for public safety and stormwater — and “across the broad spectrum of water resource management activities,” improve relations between stakeholders and advance regional water sustainability.

At the CWAA meeting, Grumbles also said the framework would be revised, taking into account the comments received from the broad range of stakeholders, as well as “more specific discreet actions that everyone can rally behind.” Future steps could look at the need for more data and monitoring, talking to regional and local water systems and reaching out to “non-traditional partners,” like agriculture and air groups. — *Aaron Lovell*