

# InfrastructureUSA

## Guest on THE INFRA BLOG

**Tom Curtis, Deputy Executive Director, American Water Works Association**

**Conversation with Steve Anderson, Managing Director, InfrastructureUSA**

**Tom Curtis**

### **What's the Problem?**

Well the problem, in a nutshell, is that we don't pay enough for our water service. That is, often and in many places, an unpopular thing to say, but I think that is the basic problem. Our water is priced below the true operating costs of the water systems we depend on. Therefore what happens is that utilities have to pay certain fixed costs, they have to pay to pump and treat the water, they have to pay past debt obligations if they've issued bonds or borrowed money to finance capital projects, they have to pay salaries, and if they are struggling with water bills that are too low to do much more than those things, then they defer longer term maintenance and reinvestment in the water systems. When I say water, I really mean drinking water, wastewater, storm water, all water, basically. And I think the problem, although it presents itself in different ways, and different places, the problems are essentially all the same. We pay too little, our water bills are too low, and as a result many water utilities have, for years, had to defer maintenance of old infrastructure that they need to be replacing on a systematic basis. That's a huge problem. In some places, there's a compounding problem, and that is the cost of some EPA mandates that fall on particularly larger cities, but coming soon to medium sized cities. They become mandatory spending, just the same as the utilities electric bill.

### **Neglect Leaving Us Vulnerable**

Well the threat is that ultimately, the systems fail if they aren't rebuilt in a systematic way. You can in fact have catastrophic failure, not complete shut down of a city's water system, but you can have very high failure rates in old pipes. Lots of leakage and lost water, and so the system just becomes less resilient, less strong, less able to withstand the needs of the community that it serves, and at some point the investment will have to be paid, and it will be much more difficult in the future because you've put it off for so long. You remember a long time ago, there was an oil filter commercial that said "you can pay me now, or you can pay me later." Well, in a sense that's what we're facing. It's kind of like your car: you can drive it for a long time with the check engine light on, check oil light on, and low tire warnings, you can continue to operate it for quite some time, probably with those indicators flashing at you, but boy you risk then having a catastrophic repair bill, a big failure, and a catastrophic repair bill. And in essence, the check engine light is flashing on our water infrastructure, because we know that utilities have been deferring the investments that they need to make, the pipe network has lasted a very long time, pipes have a very long lifespan, but they're not immortal. They do have a service life. And at some point they break down. And when enough of them are breaking down in your community, enough of

them are coming to the end of their useful life all at once, so to speak, or in a relatively short period, then you've got a crisis.

### **Ensuring Water Quality**

Drinking water has to meet very stringent federal quality and safety standards. And no utility wants to, or can afford to, let those standards deteriorate. So great efforts are taken to make sure that the water meets those safety standards, and if it ever doesn't, then the community has to be notified. Customers have to be told, there's no way of hiding that. And that often will drive the city council, or the rate commissioner, whoever it is that oversees the rate structure, that often will drive action. Because people will pay for that: they get that the water needs to be safe. What doesn't get attention, and doesn't get respect, so to speak, is the fact that your pipes are just getting older and wearing out year after year. And you've put off the routine replacement. You think, "Well I'm going to repair it again, I really ought to take out all that old pipe, of that vintage, that kind of pipe in my community that was put down in this period, has really come to the end of it's life. It's breaking down constantly, it ought to be repaired – pardon me replaced – but I can't afford to do that so I'm going to do patchwork repair jobs. And so utilities kind of muddle along, if you will, catching leaks and trying to fix broken pipes the best they can. But at some point, the real job of rebuilding these infrastructures simply can't be put off any longer. We're not at that point now in most communities, but the day comes, and at that point the job is likely to be substantially more difficult and more expensive than it needs to be, if the community – if the water utility – had the revenue it needs to be doing an intelligent job of maintaining its assets.

### **Fighting Over Water**

Well certainly water supply in many parts of the country is a huge problem. I don't mean to diminish that, earlier I was describing the sort of underlying status of the nation's infrastructure, which is old and not getting adequate attention for reinvestment. The water supply challenges are significant. You see cities building desalination plants, engaging in very expensive new technologies, seeking water rights at the expense of their neighbors, in some cases. The Supreme Court just took a case of interstate dispute between Texas and Oklahoma over water, North Carolina and Virginia have been in court for years over water, it's been a big deal in Georgia, and Florida, and in some cases pretty complicated. It's a question of who has the authority to decide whether water is released from a dam or not, for example, is the flow of water out of a dam done to protect endangered species? Or done to protect agricultural users downstream when they need water the most, or is it done to provide municipal water supply? There are in some cases conflicting demands for precious, scarce, water resources. In those cases it's certainly not over the top to say, "water is the new oil."

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