

Re: Staff Workshop to Examine Regulatory Policies and Practices in the Water and Wastewater Industries

Comments offered by the National Association of Water Companies (NAWC)

Thank you for the opportunity to provide comments on what we consider a very important public policy consideration. In fact, at the National Association of Water Companies, hereinafter referred to as “NAWC,” we believe these issues are equally public health considerations. Water, a true necessity to life, is the only utility service that is physically ingested, making it unique from electric and natural gas services, for example. There is **no** substitute for water. Therefore, regardless of cost, water service provided by a utility company must be readily available **and** safe to consume. Not only is water subject to increasingly stringent standards of quality by regulators, but customers appropriately demand a high level of reliability as well.

The essential nature of water service is intrinsically related to quality and reliability. As water plays a critical role in health, sanitation, and fire protection, customers demand the adequate delivery of water on a 24-hour, 7-days per week basis. Water customers include hospitals and healthcare facilities, and therefore, public health concerns are very important. In addition, adequate pressure and flow for fire protection is essential for community safety, and when absent, can impact home insurance rates. The industry has both challenges and opportunities as it relates to addressing the issues specifically subject to the Florida PSC Staff workshop, as well as additional issues surrounding cybersecurity, ensuring adequate supply, and declining revenues due to effective conservation measures, bad debt, and the post-pandemic economic downturn. The challenges are only worsened by a fragmented industry that is highly capital-intensive.

A. The Industry is Fragmented

As noted, the private water industry is a very fragmented industry. Today, an estimated 94% of residents are served by one of the 50,000 community water systems (CWS) for their drinking water (the remaining population relies on private wells).¹ Compare this number to the energy sector. In the United States today there are about 1,400 gas utilities and about 3,200 electric utilities.²

Of the 50,000 water systems, 90% serve fewer than 10,000 people.³ This is problematic because small water systems struggle to have the technical, managerial, and financial capabilities to provide safe and reliable drinking water. The data has shown that fewer Safe Drinking Water Act (SDWA) violations occur as water utilities increase in size.⁴ Thus it is not surprising that according to EPA data, about 26% of systems that serve fewer than 500 people have at least one SDWA violation.⁵ Moreover, in 2018, small and very small water systems made up 85 percent of all systems that the EPA labels as serious violators.⁶

¹ US EPA 2021. [National Enforcement and Compliance Initiative: Reducing Noncompliance with Drinking Water Standards at Community Water Systems | US EPA.](#)

² [Grow to Shrink, Shrink to Grow – Manny Teodoro.](#)

³ GAO 2021. [GAO-21-291, PRIVATE WATER UTILITIES: Actions Needed to Enhance Ownership Data](#) at 7.

⁴ [The Sweet Spot – Manny Teodoro.](#)

⁵ [Trends in EPA Violations in Water Systems | UNC Environmental Finance Center.](#)

⁶ [Why Being Small is Hard; Big Challenges of Small Water Systems | UNC Environmental Finance Center](#)

EPA data also shows that small systems account for a disproportionate percentage of capital improvement needs in relation to the population served.⁷ The average cost per connection for a system of less than 100 residential connections can top \$19,000.⁸ For systems of 3,300 to 10,000 residential connections the cost per connection can be over \$4,000.⁹ This is problematic given that the median annual revenue of systems serving fewer than 500 people is about \$25,000.¹⁰ Consolidation of the water industry is a potential solution to this fragmentation, which if left unchecked, can create economic instability and public health concerns.

Contrary to the belief that water is “free” or not expensive to provide, the water industry is a rising cost industry with high capital needs, the longest capital recovery period, and declining per capita revenue. These factors contribute to the industry’s negative cash flow, making the industry less attractive to investors.

B. Capital Intensive Industry

According to the United States Environmental Protection Agency’s (EPA) 6th Drinking Water Infrastructure Needs Survey and Assessment, it is now estimated that \$472.6 billion is needed over the next 20 years for water infrastructure-related expenses.¹¹ According to the American Society of Civil Engineers’ (ASCE) 2021 Infrastructure Report Card, if the water and wastewater sectors continue along the same path, the total funding gap for wastewater infrastructure will grow to more than \$434 billion by 2029.

EPA’s assessment shows that improvements for drinking water infrastructure are primarily needed in:

- Distribution and transmission: \$312.6 billion to replace or refurbish aging or deteriorating pipelines
- Treatment: \$83 billion to construct, expand or rehabilitate infrastructure to reduce contamination
- Storage: \$47.6 billion to construct, rehabilitate or cover water storage reservoirs
- Source: \$21.8 billion to construct or rehabilitate intake structures, wells and spring collectors

⁷ *Id.*

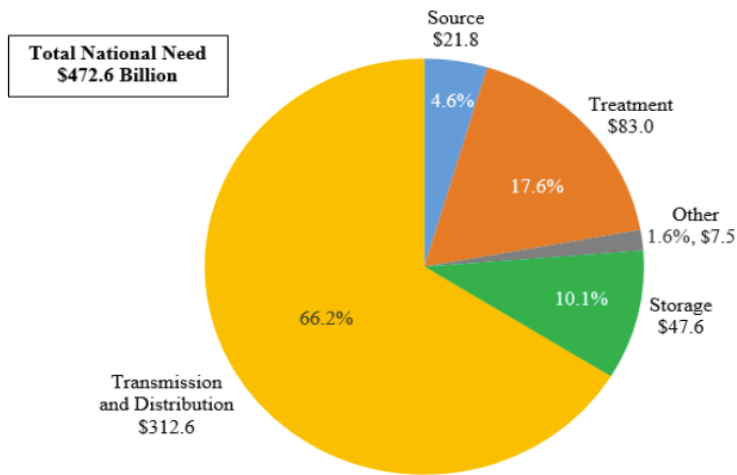
⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ https://www.epa.gov/sites/default/files/2018-08/documents/dwinsa_infographic_august_2018_final.pdf

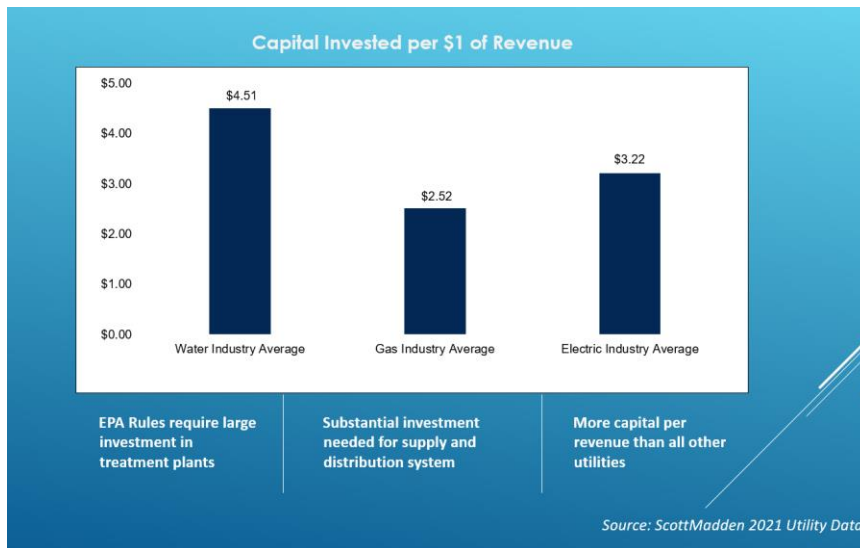
Total 20-year Need by Project Category



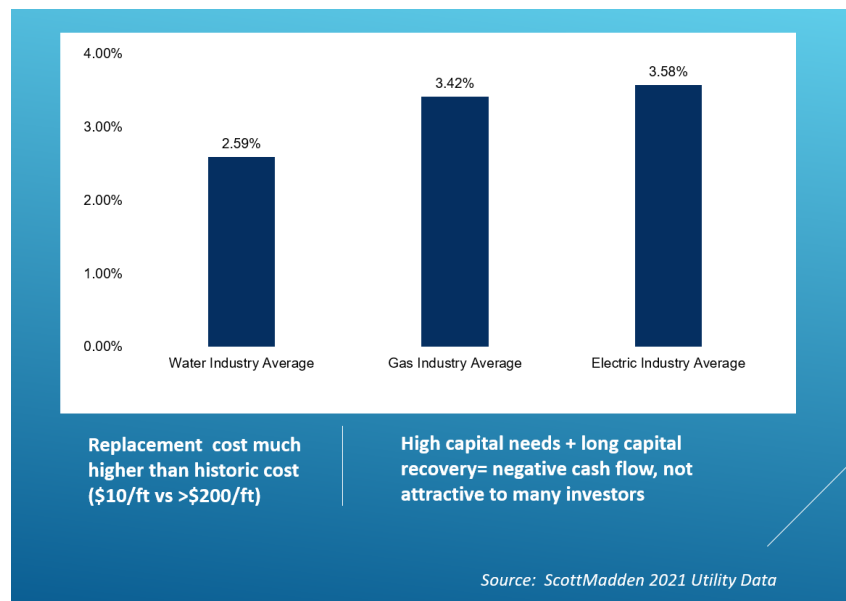
Note: Numbers may not total due to rounding.

As one can see, future investment in an aging infrastructure along with more stringent environmental regulatory requirements will require future attention and funding. Water utilities require more capital invested per dollar of revenue than any other regulated industry. To complicate the economics further, thus making it more difficult to attract capital, the water industry has the lowest depreciation rates. These characteristics negatively influence the industry's ability to attract capital because low depreciation rates and long recovery periods are viewed negatively by capital market analysts.

Utility Capital Invested for \$1 Revenue



Utility Depreciation Rates



With the background on the industry provided above, NAWC respectfully offers the following responses to the Florida PSC Staff questions.

II. Acquisition Adjustments (Rule 25-30.0371, Florida Administrative Code)

- A. Should criteria other than extraordinary circumstances be considered for allowing positive acquisition adjustments? If so, what criteria should be considered; how can the Commission ensure customers benefit from a positive acquisition adjustment if allowed; and how are customers protected from utilities “swapping assets”?**

The Commission’s policies on acquisition adjustments should be flexible enough to address acquisitions of “distressed” utilities as well as business-to-business (B2B) acquisitions designed to further consolidate the industry. NAWC believes that states that clearly articulate acquisition policies and further promote consolidation of the industry are examples of “best practice” regulation. In addition, those clearly articulated policies drive good decision making, which help encourage economic investment in the state. Simply stated, states that provide regulatory certainty create a more constructive regulatory environment. Finally, and most importantly, clearly articulated policies are in the best interests of the consumer. Water system consolidation benefits include greater economies of scale, better water quality, improved operating efficiencies, and a greater ability to offer customer assistance programs.

From a regulatory standpoint, focusing acquisition policies only on “distressed” or “troubled” systems is not good regulatory policy. Best practice regulation requires forward-looking planning that creates environments where it is less likely to have a distressed system. Water utilities should be encouraged to consolidate before they become distressed and cause health concerns for customers and require

significant investments to fix the system. In that regard, states like Pennsylvania,¹² Connecticut,¹³ Arizona,¹⁴ Missouri,¹⁵ and California¹⁶ have regulatory policies, orders, or rules that set forth mechanisms to encourage consolidation. Setting forth a clear roadmap for all forms of water utility consolidation creates regulatory certainty and streamlines the acquisition process.

Finally, the Florida PSC has made similar best practice decisions in the natural gas industry from which it can draw. Currently, the PSC applies a 5-part test for determining the appropriateness of a positive acquisition adjustment. In the regulation of natural gas companies, acquisition adjustments have been allowed in extraordinary circumstances if a company could demonstrate that customers will derive certain benefits attributable to the acquisition. The referenced five factors historically considered by the Commission when determining whether the recognition of an acquisition adjustment is appropriate for a natural gas utility are:

- Increased quality of service;
- Lower operating costs;
- Increased ability to attract capital for improvements;
- Lower overall cost of capital; and
- More professional and experienced managerial, financial, technical, and operational resources.¹⁷

At the very least, the Commission can and should apply the same standard to water system acquisitions. For example, in its acquisition of Florida City Gas, AGL Resources Inc., was allowed to record the \$21,656,835 purchase price premium as a positive acquisition adjustment to be amortized over a 30-year period. As footnoted below, there are other examples. Additionally, preserving its jurisdiction and as further protection to consumers, the Commission has approved positive acquisition adjustments in the natural gas industry provisionally with notice and requirement to the utility that it continue to demonstrate the benefits of doing so in the next rate case.¹⁸ And, in fact, the Commission has exercised this “claw back” as the Commission enjoys broad discretion over a utility’s rates and authority. In Order No. 18716, issued January 26, 1988, a \$200,000 acquisition adjustment for Central Florida Gas Company (Central Florida) was approved based on projected savings due to the acquisition of Central Florida Gas Company by Chesapeake Utilities Corporation in 1985. The acquisition adjustment was approved with the caveat that the projected savings would be analyzed in future rate cases to determine if the projected savings actually occurred or had eroded. The Commission later found that Central Florida had experienced a total increase in its revenue requirements after its acquisition by Chesapeake. As a result, the acquisition

¹² [Small Drinking Water System – Statement of Policy, 52 Pa. Code 69.701 \(adopted 1994\)](#). See also [PA Code § 1327](#).

¹³ See *The Connecticut Public Utilities Regulatory Authority and the Department of Public Health’s Joint Report on Streamlining the Takeover Process*, August 28, 2018. See also *PURA and DPH Review of the Application of Aquarion Water Company of Connecticut and the Town of New Fairfield, et al.*, Docket No. 18-08-34 (October 14, 2020).

¹⁴ See *Arizona Corporation Commission Investigation into Potential Improvements to its Water Policies*, Docket No. W-00000C-16-0151, Decision No. 75626 (July 25, 2016).

¹⁵ [Mo. Code Regs. tit. 20 § 4240-10.085](#).

¹⁶ California Public Water System Investment and Consolidation Act of 1997. See also *A Revised Framework for Water Utility Acquisitions* (March 2022).

¹⁷ Order No. PSC-07-0913-PAA-GU, issued November 13, 2007, in Docket No. 060657-GU, ORDER NO. PSC-14-0015-PAA-GU in DOCKET NO. 120311-GU, issued January 6, 2014.

¹⁸ See, for example, p. 8, Order No. PSC-07-0913-PAA-GU.

adjustment of \$200,000 was removed from Central Florida's rate base.¹⁹ Finally, in the most recent rate case for Florida Public Utilities Company, an acquisition adjustment was revisited and upheld.²⁰

- B. Should acquisition adjustments be addressed only at the time of transfer, at the utility's next rate case, or at a limited time after the transfer of assets? What are the appropriate criteria and timing for addressing acquisition adjustments after the time of transfer? What conditions, if any, should be placed upon the approval of an acquisition adjustment that would be subject to review in a future rate proceeding?**

Please refer to the previous answer for the sake of administrative efficiency.

- C. Should the Commission's existing policy regarding negative acquisition adjustments be modified or eliminated?**

NAWC has no position on this issue except that all policies on acquisition adjustment should promote a thoughtful and deliberate approach toward consolidation.

III. Allowed Return on Equity (ROE)

- A. Should the Commission consider a time-limited ROE adder for infrastructure replacement investments?**

ROE adders have proven to be effective incentives for consolidation in other states. For example, in Missouri, a water utility that is acquiring a non-viable utility can request an ROE adder in the acquisition proceeding.²¹ Expanding the toolbox of options available to acquiring water utilities, whether it be through rate of return premium, consolidated pricing, infrastructure surcharge, or acquisition adjustment, is an effective way to incentivize water system consolidation in a state. However, it is equally important to include with these tools a roadmap for how and when the Commission will approve their use. Utilities need regulatory certainty and a clear path for how to access these tools, otherwise, as we have seen in too many states, they will sit on the books unused and not be effective in encouraging acquisition activity.

- B. Should the Commission consider an increase to the midpoint or an expansion of the traditional ROE range?**

Yes, increasing the midpoint or an expansion of the traditional ROE range would encourage consolidation activity and water utility investment in Florida. Utilities are attracted to the states with constructive regulatory environments, which means predictability in decision making and an opportunity to earn a fair

¹⁹ In Docket No. 8701 18-GU, In re: Petition of Central Florida Gas Company to increase its rates and charges. Order No. 23166, issued July 10, 1990, in Docket No. 891179-GU, In re: Petition of Central Florida Gas Co. and Plant City Natural Gas Co. Divisions of Chesapeake Utilities Corp. for a rate increase, pp 3-4.

²⁰ Docket No. 20220067-GU - Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company - Indiantown Division.

²¹ [Mo. Code Regs. tit. 20 § 4240-10.085.](#)

return on their investment. As we have seen in other jurisdictions, healthy investment by water utilities is not only good for customers in that they have access to safe and reliable water service, but also benefits the economy by increasing the number of strong financial actors and employers in the state.

IV. Used and Useful Adjustments (Rules 25-30.431, 25-30.432, and 25-30.4325, Florida Administrative Code)

Should the Commission consider modifications to its Used and Useful Rules to provide incentives that encourage new investment and replacement of aging infrastructure?

Yes. The “used and useful” rules are antiquated and were originally developed to address overbuild by developers. Today, with the rising cost of construction, labor, and the need to replace aging water utility infrastructure, the current application of the “used and useful” rule results in a regulatory penalty that is counterintuitive to promoting a policy of resilience, reliability, and safety.

V. System Consolidation

A. How can economies of scale be maximized?

Partnering with a larger, more experienced water 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. A larger utility with more customers can: (1) buy commodities, equipment and other goods at lower average prices; (2) borrow money at lower interest rates; (3) set more progressive rates for greater affordability; and (4) attract and promote higher quality employees than small systems.²²

Larger utilities also have better water quality and compliance rates and improved operating efficiencies.²³ The lessons from Jackson, Mississippi and Flint, Michigan serve as a stark reminder of how important it is for water and wastewater companies to have enhanced technical and operating expertise. Consolidated systems – with their access to skilled employees with necessary expertise – better comply with federal and state water and wastewater standards and have more financial resources to invest in necessary infrastructure repairs.

Bigger water utilities also have a greater capacity to offer customer assistance programs. Budget billing, bill assistance, and other programs to help customers who struggle to pay their water bills can be administratively expensive to create and maintain, which means that smaller utilities are generally less likely to offer these essential programs to customers.

One way to ensure acquired utilities benefit from economies of scale is to permit consolidated rates. Consolidated rates (sometimes referred to as “single-tariff pricing”) refer to the use of a unified rate structure for multiple water or wastewater systems that are owned and operated by a single utility, but that may not be physically interconnected. A utility with consolidated rates charges one standard price

²² [The Sweet Spot – Manny Teodoro](#)

²³ *Id.*

for customers of the same class for the same service, even though the individual systems providing the service to them may vary in terms of operating characteristics.

Rate consolidation is a widely accepted ratemaking tool that provides many benefits to customers and utilities. Nationally, consolidated rates have been authorized by at least 30 states, including Florida. The National Association of Regulatory Utility Commissioners (“NARUC”), whose members include the public utility commissioners of all 50 states, has declared rate consolidation to be an industry “best practice.”²⁴ In addition, the National Consumer Law Center has identified single-tariff pricing as a best practice in affordability for water and wastewater utilities.²⁵

There are many reasons why consolidated rates are an industry best practice. Consolidated rates allow for lower administrative and operational costs by eliminating the need for redundancies in the affected areas. Consolidated rates also lower regulatory costs by requiring only one rate case for the entire system, instead of separate rates cases for each individual system. Additionally, consolidated rates enhance a utility’s financial capacity and capital deployment by enabling the utility to consider the system as a whole and invest resources where the greatest improvement can be achieved at the lowest cost, to the benefit of all customers. Finally, and most importantly, consolidated rates lead to rate stability.

Single-tariff pricing is one of the primary policy tools used to encourage system consolidation and is used by a clear majority of the states that regulate multi-system water utilities.²⁶ Both NARUC and EPA have recognized that “legislative, judicial, or other constraints on rate consolidation would be undesirable from a public policy standpoint and undermine the ability of the regulatory commissions to craft effective policies for the water industry.”²⁷ These organizations have stated that “the precarious condition of very small water systems merits the consideration of alternative regulatory approaches, including consolidated rates.”²⁸ Single-tariff pricing is a tool that is accessible to the Florida Commission and should be widely permitted for consolidated water utilities in the state.

B. How can rate impacts be minimized?

Commission review of water system acquisitions is the best check on ensuring that rates remain reasonable. The Commission has longstanding expertise balancing the importance of setting rates at a level that is affordable to customers with the need to ensure that water utility has the resources to maintain its system.

Unfortunately, many small systems have not invested in the treatment facilities necessary to meet the latest drinking water standards and have deferred replacing aging and leaky infrastructure in an attempt

²⁴ NARUC, Resolution Supporting Consideration of Regulatory Policies Deemed as “Best Practices” (July 27, 2005), <https://pubs.naruc.org/pub.cfm?id=539EEFF7-2354-D714-51C7-C73A90C9F445>.

²⁵ Nat’l Consumer L. Ctr., Review and Recommendations For Implementing Water and Wastewater Affordability Programs in the United States 31 (Mar. 2014), <https://www.nclc.org/images/pdf/pr-reports/report-water-affordability.pdf>.

²⁶ EPA & NARUC, Consolidated Water Rates: Issues & Practices in Single-Tariff Pricing 60 (Sept. 1999), <https://ipu.msu.edu/wp-content/uploads/2018/03/Beecher-EPA-Consolidated-Water-Rates-1999.pdf> (“EPA-NARUC Report”).

²⁷ See id. at 68.

²⁸ See id. at 50.

to keep rates low. The artificially suppressed rates charged by many small systems put public health and safety at risk.

The rate impacts of bringing an acquired system up to compliance can be minimized by ensuring water utilities have the economies of scale over which to spread necessary costs. Given that every community will eventually need to make capital investments in their water and wastewater systems, a large ratepayer base is essential. Being able to spread the costs of inevitable infrastructure repairs and replacements across a large customer base helps promote long-term rate stability.

The ultimate goal of valuation reforms is to enable all customers to have access to safe, reliable, and affordable water. Focusing only on ensuring customers have the lowest possible rates ignores the critical importance of water quality and system reliability. Doing so perpetuates environmental and public health injustices that disproportionately impact low-income communities. NAWC and its members are focused on water equity, and this sometimes means paying a little bit more for water that is safe to drink and there when you need it. NAWC encourages the Commission to keep this in mind when conducting its reasonableness review of water system acquisitions.

C. How can the Commission improve regulatory efficiency?

NAWC has seen in other states that streamlining the acquisition process and creating an efficient regulatory process for acquisitions incentivizes consolidation and keeps transactional costs low. Developing mandatory timelines for Commission action is one of the best ways to provide regulatory certainty around acquisitions. For example, the following states have set defined timeframes for Commission action in their acquisition incentive laws:

State	Timeframe for Commission Action
Illinois	11 months
Indiana	201 days
Pennsylvania	6 months
North Carolina	6 months
Maryland	180 days; 30-day extension allowed
Ohio	270 days
Virginia	60 days; 60-day extension allowed
Kentucky	60 days; 60-day extension allowed
Nevada	180 days
Alaska	180 days; 90-day extension allowed

D. What regulatory processes are obstacles to consolidation of systems?

Please refer to answers to questions II(A), III(A)-(B), IV, V(A), and V(C). As stated in those answers, developing a stated policy encouraging water utility acquisitions that includes a variety of tools to incentivize consolidation, as well as a roadmap for how utilities can access those tools, would be beneficial. Tools that have proven effective in other states include consolidated rates, acquisition adjustments, ROE adders, and infrastructure improvement charges. Eliminating or modifying the “used and useful” rule and “extraordinary circumstances” standard would ensure that utilities are able to effectively use the tools already on the books in Florida. Finally providing a clear timeframe for

Commission approval of utility acquisitions, as other states have done, will provide the regulatory certainty needed to encourage large, well-run utilities to increase their acquisition activity in the state.

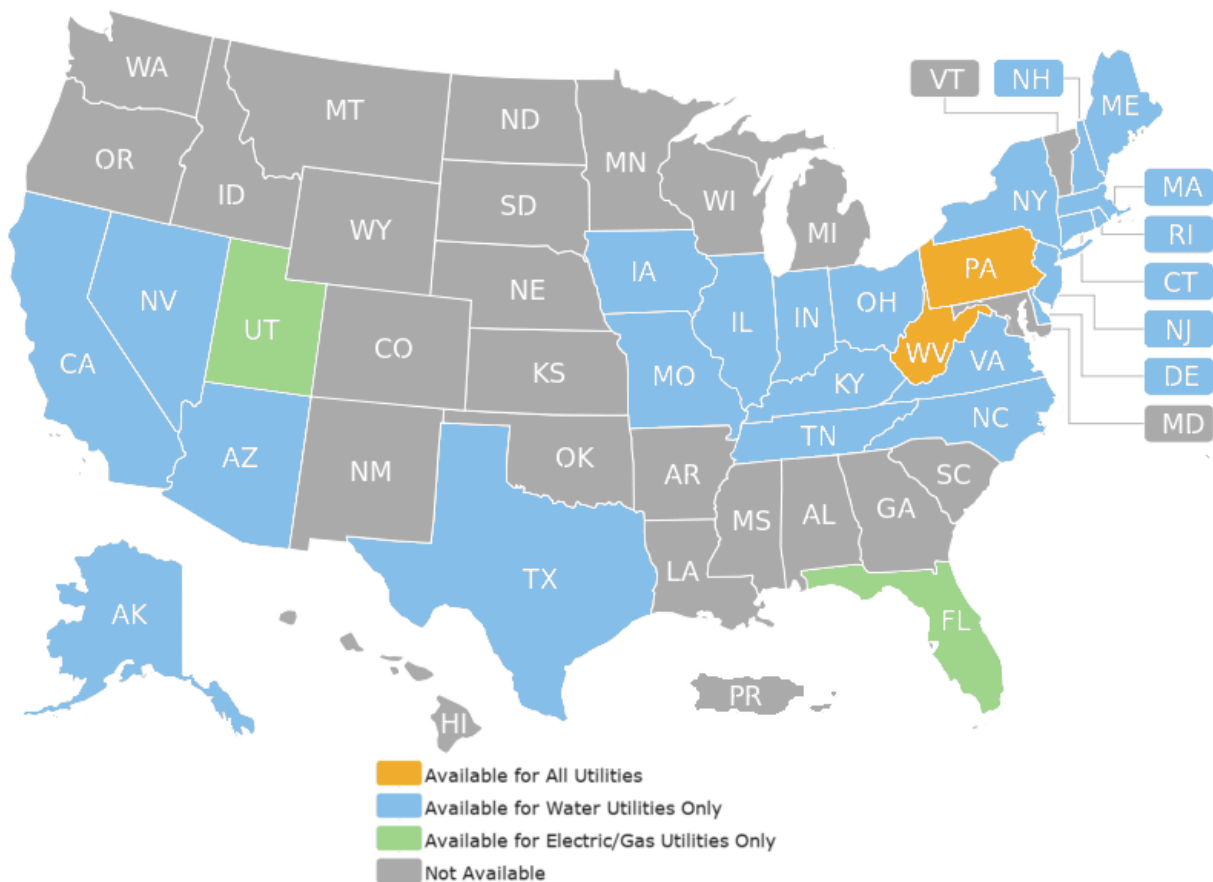
VI. Cost Recovery Mechanisms

Should the Commission develop an annual cost recovery mechanism that would facilitate the accelerated replacement of identified water distribution and wastewater collection/transmission pipe and infrastructure that has reached the end of its useful life or has a high consequence of failure? If so, how would such a mechanism be structured?

NAWC believes it to be a regulatory best practice to allow the use of infrastructure surcharge mechanisms between rate cases. As identified in the map below, 24 states have now implemented alternative rate mechanisms to address cost recovery for infrastructure-related costs.

Infrastructure Surcharge Mechanism

Availability Map



For example, the Distribution System Improvement Charge (DSIC) in Pennsylvania has been available for water utilities since 1997 and has seen great success.²⁹ The DSIC mechanism has increased the main replacement schedule from 30 miles of main a year to 80 miles, which more closely matches the actual service life of the infrastructure.³⁰ Meanwhile, the average monthly costs to ratepayers for the DSIC in Pennsylvania ranges from a few cents to about \$2.75 a month.³¹

The Florida Commission has broad ratemaking authority and has clearly demonstrated the willingness to implement similar mechanisms in the natural gas and electric industries. See for example, the Gas Reliability Infrastructure Programs (GRIP) mechanism, wherein the Commission found “[r]eplacement of bare steel pipelines is in the public interest to improve the safety of Florida’s natural gas infrastructure, thereby reducing the risk to life and property.” The Commission should be applauded for this forward-looking decision which protects the consumer against the threat of aging gas infrastructure.

Similarly, if ever a circumstance requires this forward-looking mechanism that is efficient and minimizes the cost to the consumer, it is, in fact, the replacement of aging water infrastructure. Specifically, NAWC would recommend an alternative rate mechanism, similar to the Pennsylvania DSIC, or the Florida GRIP that would encourage and allow cost recovery for the replacement of existing assets that have neared the end of their service life and are designed to reduce the regulatory lag associated with rate proceedings by allowing the inclusion of approved capital expenditures in rates on an annual basis. NAWC would also support the inclusion of consumer participation and protections like: appropriate notice of rate increases, “true-up” or reconciliation, protections against over-recovery, and time-certain recovery periods. For example, the GRIP mechanism terminates when all replacements have been made and the revenue requirement has been rolled into rate base. See Order No. PSC-2012-0490-TRF-GU, page 19.

VII. Utility Reserve Fund (Rule 25-30.444, Florida Administrative Code)

Should the Commission consider modifications to increase use of the Utility Reserve Fund Rule?

NAWC takes no position on this issue.

VIII. Other Topics for Discussion

Are there any proposals for new policies or practices that participants would like to present for discussion?

NAWC would recommend that the Florida PSC review the NARUC Best Practices Resolutions (**Attached**) for a further list of regulatory best practices in the regulatory of the water industry.

Further, the Florida Commission should consider providing support toward the continuation of the Low Income Household Water Assistance Program (LIHWAP). LIHWAP is a federal program that provides funds to assist low-income households with their water and wastewater bills. LIHWAP grants were available to States, the District of Columbia, the Commonwealth of Puerto Rico, U.S. Territories, and Federally and state-recognized Indian Tribes and tribal organizations that received fiscal year 2021 Low Income Home

²⁹ See [66 Pa.C.S.A. § 1353](#).

³⁰ Pennsylvania Public Utility Commission’s [System Improvement Charges Distribution and Collection](#).

³¹ *Id.*

Energy Assistance Program (LIHEAP) grants. LIHWAP was designed to be temporary in response to the COVID-19 pandemic and will end on September 30, 2023, or when the program expends all of its funds, whichever is first.

In the LIHWAP 4th Quarterly Report, HHS reported that as of September 30, 2022, there are 52 states, territories and 70 tribes that received LIHWAP funding, including Florida. As a result, 433,000 eligible households across the country have received assistance that either restored water service, prevented disconnection, or reduced rates. To date, there has been no meaningful Congressional discussions of additional or permanent funding for LIHWAP after its September 30, 2023, expiration date.

Each state develops its own implementation plan for how to distribute LIHWAP funds. U.S. Health and Human Services (HHS) recently announced that each state that received LIHWAP funding must submit a forecast for how it will distribute this funding prior to the program's expiration. If unable to do so, HHS will reallocate the funding to states who are able to successfully distribute it to low-income water and wastewater customers.

Florida received \$75 million in LIHWAP funds. However, as of September 30, 2022 (the most recent available data), the Florida Department of Economic Opportunity (DEO) had only 482 accepted applications for LIHWAP. This is in stark contrast to other states – such as Pennsylvania and Kentucky – that have fully distributed their allotment of LIHWAP funding. Florida's low participation rates in LIHWAP is not because the need does not exist. With rising inflation, many customers struggle to afford their basic needs, including water and wastewater service. Federal funding to assist these customers is essential because, as we have seen too clearly in many communities that safe and reliable drinking water is vital for good health, sanitation, and a well-functioning economy.

It is incumbent upon Florida's state agencies, including the Commission, and utilities to raise awareness about the LIHWAP program and ensure the application process is not overly burdensome. NAWC encourages the Commission to reach out and work with DEO to ensure Florida's low-income water customers receive the essential help that LIHWAP provides. NAWC also urges the Commission to communicate to Congress that LIHWAP should become a permanently funded program, just like LIHEAP. Water is just as essential – if not more essential – to everyday survival as reliable heat and air conditioning, and there should be a permanent program that helps low-income customers pay their water bills. The cost of providing water – with emerging contaminants, cyber threats, increasingly severe weather, and aging infrastructure – is not going down. It is important that the solution is not to put pressure on utilities to defer these costs to keep rates low. Rather, it is important to have an effective federal safety net so that customers can afford to maintain this essential service while the utilities continue to make necessary investments in the system.

Conclusion

NAWC commends the Commission for examining these timely issues. Reliable water service is essential for life, and the Commission's interest in continuing to support strong water utilities in the state cannot be overstated. NAWC and its members are focused on water equity, which means that all people deserve drinking water that is safe, reliable, and affordable. We look forward to partnering with the Commission to achieve this goal and ensure that all Floridians are served by a financially secure utility that can invest in the infrastructure and treatment needed to provide clean and consistent water service at reasonable rates.