



TESTIMONY OF

Kishia L. Powell

General Manager and Chief Executive Officer

On behalf of

WSSC Water (Washington Suburban Sanitary Commission)

Submitted to the

U.S. Senate Committee on Environment and Public Works

September 7, 2023

Challenges and opportunities with implementation of the IJA

Good morning, and thank you, Chairman Carper, Ranking Member Capito, and committee members, for the invitation to testify before you on behalf of WSSC Water on the implementation of the Infrastructure Investment and Jobs Act (IIJA) and on drinking water and wastewater infrastructure investment.

I am Kishia Powell, the General Manager and CEO of WSSC Water, also known as the Washington Suburban Sanitary Commission. Established in 1918, WSSC Water is the largest water/wastewater utility in Maryland and among the largest in the nation. Our service area spans approximately 1,000 square miles in Prince George's and Montgomery counties in Maryland, just outside our nation's capital.

We have the honor of serving more than 1.9 million residents, schools and businesses across Prince George's and Montgomery counties as the largest water and wastewater utility in the State of Maryland and the eighth largest in the country. Through \$9 billion in infrastructure assets, including two drinking water treatment plants, six water resource recovery facilities and over 11,000 miles of pipeline, we deliver safe, clean drinking water and recover vital resources through innovative wastewater treatment processes.

I serve on the Board of Directors of the National Association of Clean Water Agencies (NACWA), the trade association representing the nation's public wastewater and stormwater agencies, a leader in legislative, regulatory, and legal advocacy on the full spectrum of clean water issues, as well as a top technical resource for water management, sustainability, and ecosystem protection.

WSSC Water is also an active member of the Association of Metropolitan Drinking Water Agencies (AMWA), an organization of the largest publicly owned drinking water systems across the U.S. working to ensure federal laws and regulations are protective of public health and cost-effective for utility customers.

Water Sector Funding Needs and Progress

WSSC Water's annual operating budget is \$1.6 billion, with a six-year capital improvement program of \$5.6 billion. Even with historic levels of federal funding, the current federal share of water infrastructure funding nationwide is still less than 5%, leaving our ratepayers to cover 95% of the financial burden.

While our scales differ from system to system across the water sector, we all face similar challenges like recruiting and retaining a skilled workforce to deliver our core mission and support services; changing regulations that require significant investments

beyond annual operation and maintenance costs; and the impacts of a changing climate which at this very moment is putting pressure on our water supplies; and the rising costs of inflation and supply chain impacts. Not only do we have to confront these challenges head on, but we also need to seize those opportunities that allow us to leverage technology and supplement our operations with smart solutions. All these activities are extremely important, and all are also increasingly expensive.

According to the EPA, our nation's water infrastructure needs about \$1 trillion in investment over the next 20 years, simply to get our current systems into a state of good repair.^{1 2} Without significant increases to federal funding, this financial burden will largely fall on the backs of our customers – the families and small businesses we serve and the local economies we support every day. According to the Congressional Budget Office, over 90 percent of water and sewer infrastructure is funded locally, far higher than other core infrastructure sectors like highways and transit. This disparity wasn't always the case – the federal cost-share of water utility capital investment was 63 percent in 1977 but has dropped below 10 percent today.³

This dynamic puts a squeeze on our customers' pocketbooks, as incrementally raising rates is often the only way to generate the revenue needed for essential upgrades to protect human and environmental health and comply with increasingly strict regulations. WSSC Water and many utilities around the country have customer assistance programs in place to fill in gaps and ensure continuity of water services for our most vulnerable customers, but these will have limited effectiveness unless the federal government can address our nation's overall water infrastructure funding shortfall.

Making Progress:

This committee made significant progress towards chipping away at this gap in 2021 through its crafting and unanimous advancement of the Drinking Water and Wastewater Infrastructure Act (DWWIA), which became the water title of the IIJA. This bipartisan legislation provided \$55 billion – the largest investment in water infrastructure in the history of the US – in direct appropriations through the Clean Water and Drinking Water State Revolving Funds (SRFs) for traditional capital investments, replacement of lead service lines, and remediation of emerging contaminants. The bill also increased authorizations for the SRFs and other existing programs, and authorized the creation of

¹ <https://www.epa.gov/cwns>

² https://www.epa.gov/system/files/documents/2023-04/Final_FAQ_DWINSA_4.4.23.v1.pdf

³ <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49910-infrastructure.pdf>

many smaller, issue-specific programs. I thank the committee for your work advancing DWWIA, and for supporting its inclusion in the final IIJA legislation.

I am happy to report we're making progress. The State of Maryland received \$184.87 million for its State Revolving Funds for FY 22 and \$172.13 million for FY 23. In FY 22, WSSC was allocated \$60.28 million in funding from the State Revolving Funds, and the draft intended use plan for FY 23 indicates that WSSC will receive \$99.66 million from the State Revolving Funds. The FY 23 funding for WSSC will help fund four water main replacement projects, lead service line inventory and replacement programs, the Piscataway Bio-energy Project, and sanitary sewer reconstruction.

Despite this legislation's historic investments, there are massive gaps between the amount of funding that this committee authorized, and what has been appropriated in the fiscal years that have passed since IIJA was signed into law. According to NACWA, this disparity between authorizations and appropriations totals about \$20 billion.⁴

For the two SRF programs--the most significant sources of federal funding for water infrastructure--Congress authorized \$3 billion for each program in Fiscal Year 2024. However, the House's proposed FY24 legislation only provides \$535 million for the CWSRF and \$460 million for the DWSRF. The Senate numbers are better, but only keep appropriations flat year-over-year at \$1.64 billion for the CWSRF and \$1.13 billion for the DWSRF. To provide our nation's public water systems with the resources needed to address the litany of investment challenges we are up against and ensure affordability for our most vulnerable customers, Congress must, at a minimum, fund the SRF programs at their fully authorized level.

There are also many new programs authorized in IIJA, because of the leadership of this committee, that would serve as important sources of investment for the nation's water utilities. Unfortunately, these programs have gone unfunded or underfunded. Some of these programs include:

- The Midsize and Large Drinking Water System Infrastructure Resilience and Sustainability Program.

- This program is created and authorized at \$50 million per year in IIJA for the purpose of helping drinking water utilities increase resilience to natural hazards and extreme weather events and to reduce cybersecurity vulnerabilities.

⁴ https://www.nacwa.org/docs/default-source/resources---public/nacwa-affordability-report_dec22.pdf?sfvrsn=1ab5c761_2

- The program received first-time appropriations of \$7 million in FY23, far lower than the authorized level, and EPA has yet to stand the program up and make funding available for applications. Another \$7 million is included in both the proposed FY24 House and Senate Appropriations bills.
- The Reducing Lead in Drinking Water Program.
 - This existing program's authorization was increased to \$100 million per year in IIJA and serves to fund lead reduction projects, with priority given to grantees in disadvantaged communities.
 - The program received appropriations of \$25 million in FY23, far lower than the authorized level. Another \$25 million is included in both the proposed FY24 House and Senate Appropriations bills.
- The Assistance for Small and Disadvantaged Communities Program
 - This existing program's authorization was increased to \$100 million for FY24 in IIJA and serves to fund drinking water and wastewater infrastructure projects for communities that are either unserved and do not have access to modern water services or are served by a water system that is chronically in violation of federal water standards.
 - The program received appropriations of \$30 million in FY23, far lower than the authorized level. \$23 million is included in the proposed FY24 House Appropriations bill and \$30 million is included in the proposed Senate bill.
- The Sewer Overflow and Stormwater Reuse Municipal Grants Program
 - This existing program's authorization was increased to \$280 million per year in IIJA and serves to fund projects aimed at reducing harmful combined sewer system overflows.
 - The program received appropriations of \$50 million in FY23, far lower than the authorized level. Another \$50 million is included in both the proposed FY24 House and Senate Appropriations bills.
- The Clean Water Infrastructure Resiliency and Sustainability Program

- This program is created and authorized at \$25 million per year in IIJA for the purpose of helping public clean water utilities increase resilience to natural hazards and extreme weather events and to reduce cybersecurity vulnerabilities.
 - The program has not received any appropriations from Congress to date.
- The Connection to Publicly Owned Treatment Works Program
- This program is created and authorized at \$40 million per year in IIJA for the purpose of helping public clean water utilities cover the costs of connecting new households to wastewater utility services.
 - The program has not received any appropriations from Congress to date. The FY24 Senate bill does not propose funding for the program and the House bill includes \$3 million in first-time funding, far lower than the authorized level.

These are just a few of many programs that would have immense positive impacts on water infrastructure for communities across the U.S. but are not receiving the funding that this committee authorized.

Low-Income Assistance

Another key issue for water utilities across the U.S. is assistance for low-income customers.

Water bills are becoming increasingly unaffordable for many of the lowest-income households across the United States. According to the U.S. Department of Health and Human Services (HHS), water is the fastest growing household utility cost nationwide, and bills have risen an estimated 43.2% between 2012 and 2021, significantly outpacing the rate of inflation.⁵ This phenomenon is due to a combination of the factors previously mentioned that are driving up the cost of delivering water services – decreasing federal investment, aging infrastructure, emerging contaminants like PFAS, climate and cyber threats, and more, and are further exacerbated by worsening income inequality.

According to the Economic Policy Institute, household income for the top 1% of earners has more than tripled since 1979, but for the bottom 90% of households, income has

⁵ <https://www.acf.hhs.gov/sites/default/files/documents/ocs/water-survey.pdf>

only increased by about 1% per year, barely outpacing inflation.⁶ This means that income has barely grown for the vast majority of American families, while at the same time these same families became responsible for the overwhelming majority of the cost of keeping our water safe and reliable. These factors are coming to a head, with more and more households now facing the unconscionable choice between paying their water bill or addressing other critical needs for their family.

A nationwide, permanent low-income assistance program for water would target assistance to the households with the greatest levels of need. This funding would also allow utilities serving a large share of low-income households to ensure financial stability of their operations, filling in gaps left by fluctuations in customer arrearages when hard times set in.

I thank this committee for recognizing this need by authorizing the creation of a low-income water customer assistance pilot program at the Environmental Protection Agency (EPA) in DWWIA and IIJA. This program was the culmination of bipartisan legislative efforts over the previous several Congresses, but absent appropriations the program is unable to help a single family in need.

Congress also included \$1.1 billion in COVID-relief packages for the creation of an emergency low-income assistance program – the Low Income Household Water Assistance Program (LIHWAP) – at HHS. This program provided key relief to utilities and the families they serve, including WSSC Water, in maintaining low-income customers' access to water services during the worst of the pandemic's economic impacts. Since the start of the pandemic, WSSC Water has directed over \$10.2 million in financial assistance to over 5,500 customers, through a variety of federal and state funding sources, including over \$3.75 million from the LIHWAP program.

Absent further appropriations, however, the LIHWAP program will expire at the end of the current fiscal year, ending this critical lifeline. Further, it is well documented that, while COVID served to exacerbate water affordability issues, they existed long before the pandemic and have persisted after. A 2023 analysis from AMWA, NACWA, and other water sector organizations has shown that the nationwide need for low-income assistance is as high as \$7.9 billion.⁷

⁶ [Decades of rising economic inequality in the U.S.: Testimony before the U.S. House of Representatives Ways and Means Committee](https://www.epi.org/publication/decades-of-rising-economic-inequality-in-the-u-s-testimony-before-the-u-s-house-of-representatives-ways-and-means-committee/), Economic Policy Institute (epi.org) - <https://www.epi.org/publication/decades-of-rising-economic-inequality-in-the-u-s-testimony-before-the-u-s-house-of-representatives-ways-and-means-committee/>

⁷ https://www.nacwa.org/docs/default-source/resources---public/report.pdf?sfvrsn=4e4cc161_2

For decades there have been federal programs for the most vulnerable individuals to access fundamental household needs such as housing, energy bills, groceries, and medicine – we must create this same federal safety net for access to water, an equally critical resource for healthy, thriving communities.

Conclusion

The water sector faces immense investment challenges as it seeks to continue to provide reliable, high-quality, and affordable services to all communities across the United States, regardless of community size, income level, and region. On behalf of WSSC Water and water utilities across the country, I thank the committee for its past support of the water sector and am hopeful for future collaboration on policies that promote a clean water future for all Americans. Thank you again for the opportunity to testify, and I look forward to your questions.