

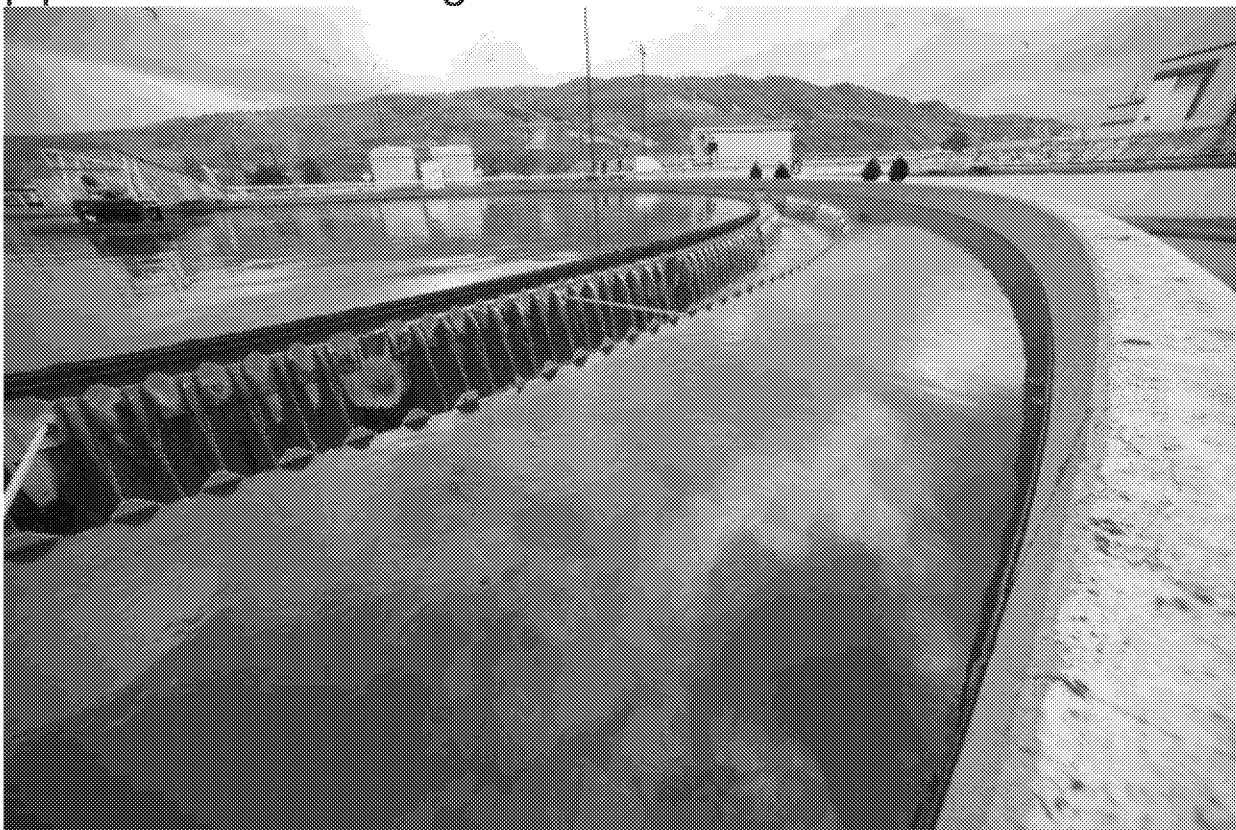
Message

From: Tracy Mehan [tmehan@awwa.org]
Sent: 3/15/2018 7:05:34 PM
To: Tracy Mehan [redacted] Ex. 6
Subject: from The Wall Street Journal

- U.S.

Why Your Water Bill Is Rising Much Faster Than Inflation

Rate increases average 5.5% a year as utilities race to fix corroded pipes and overflowing sewers



A wastewater-treatment plant in Salt Lake City, Utah. Water bills have been climbing around the country as cities repair pipes and systems. PHOTO: RICK EGAN/ASSOCIATED PRESS

By
David Harrison

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March 15, 2018 5:30 a.m. ET

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Water bills are surging nationwide as utilities try to fix corroded pipes and overflowing sewer systems, leaving many households struggling to pay and in some cases risking shutoffs and home foreclosures.

Bills started rising significantly faster than inflation in the mid-2000s as communities stepped up their repairs of aging water and sewer infrastructure. Over the past decade, the increases have averaged 5.5% a year, more than three times the rate of inflation, according to the Labor Department.

The median household bill for water and sewer service rose to \$77 a month in 2016 from about \$44 in 2006, a 75% increase, according to surveys by the American Water Works Association, a group representing water providers. Business and industrial customers saw similar increases during that time.

In Baltimore, water bills have climbed at least 9% a year since 2009 to build underground storage tanks and replace leaky pipes. Baltimore is also one of dozens of municipalities bound by agreements with the Environmental Protection Agency to comply with Clean Water Act rules limiting the amount of sewage discharged into waterways. The city has agreed to a 13-year, \$1.6 billion to \$2 billion sewer upgrade.

C. Rochelle Williams, 37 years old, a single mother of four in Baltimore who makes \$50,000 a year as a medical billing specialist, said she can't cover her full bill, which averages around \$120 a month, about six times what she paid when she moved into her house 16 years ago.

"I usually try to pay, like, \$50 a month," she said.

The country needs to spend \$655 billion over the next 20 years to upgrade water and sewer systems, the EPA estimates. Around 240,000 water mains break a year, contributing to \$2.6 billion in lost drinking water, according to the agency.

For decades, water companies put off making repairs to keep prices low, creating public expectations of cheap water, said Jonathan Cuppett, research manager at the Water Research Foundation, an industry research group.

"We're moving towards those days being over," he said. "It's a valuable commodity and it requires resources to deliver that to any tap in your house 24 hours a day."

Most Americans get their water from one of the 52,000 municipal water utilities in the country. Some are government agencies, others are independent, public agencies. About 15% of customers get their water from private operators, according to Manuel Teodoro, a political scientist at Texas A&M University.

Created with Highcharts 6.0.4Under WaterChange in consumer price indexes since 1986Source: Labor Department

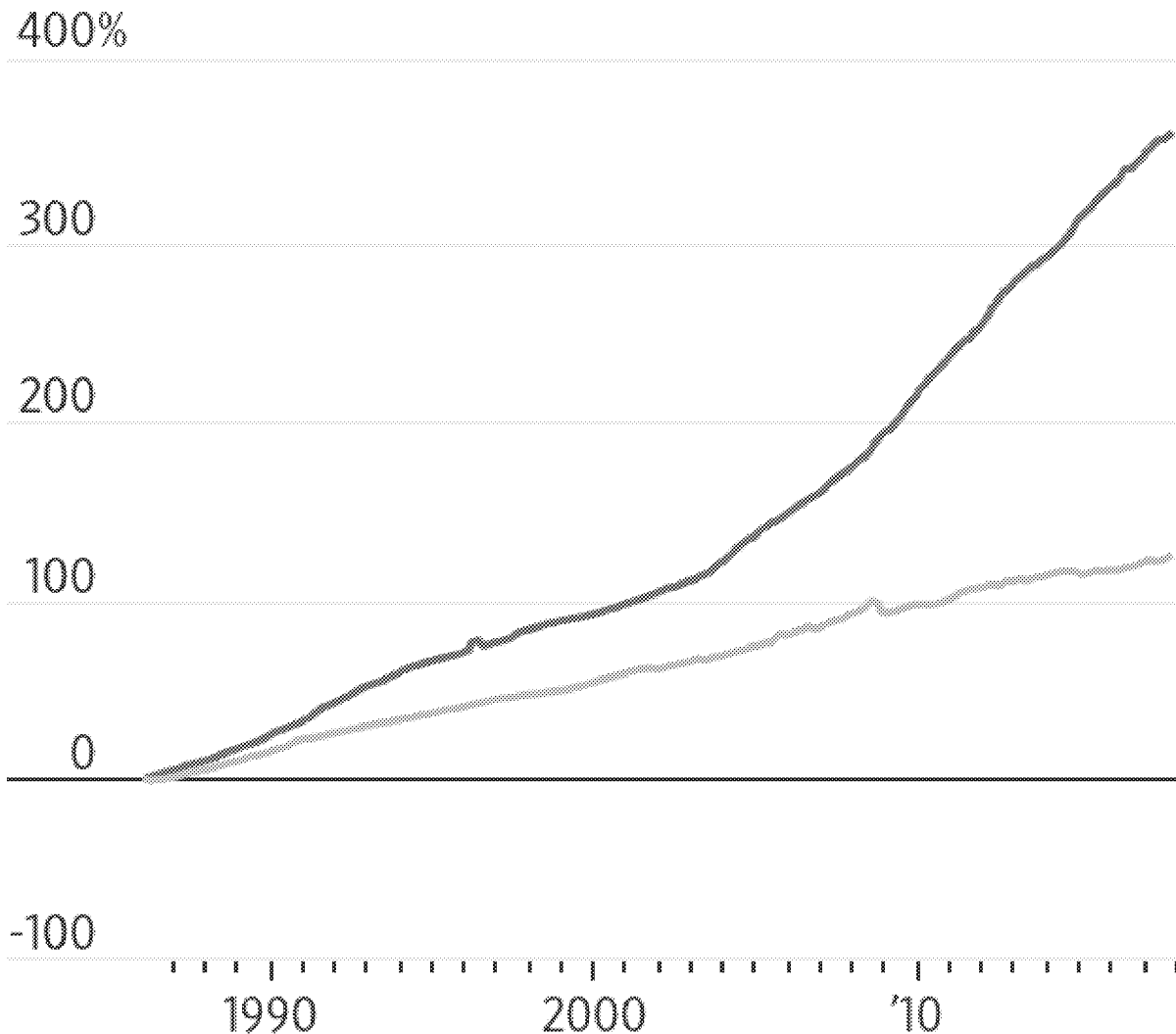
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Under Water

Change in consumer price indexes since 1986

■ All items ■ Water and sewer services



Source: Labor Department

Sometimes the same agency provides both water and sewer service. Other times, the responsibilities are split.

Most of the typical household water bill reflects the amount of water consumed. The rest covers fixed costs such as meter reading, billing, infrastructure and environmental fees.

Utilities' funding comes almost entirely from their customers, with the U.S. government providing just about 4% of the total. The Trump administration in February proposed increasing federal spending on infrastructure by \$200 billion, but it is unclear how much of that would go to water and sewer upgrades.

In Kansas City, Mo., local officials agreed to complete 121 sewer improvement projects over 25 years, costing \$4.5 billion. Sewer fees are set to rise 13% annually in the coming years.

"To be able to afford those projects, from the department's perspective, we have to have our rates considerably higher for a period of time," said Terry Leeds, director of the city government's water department.

Customers unable to pay rising bills can see their service shut off. While there are no national data on shutoffs, some utilities say their numbers are rising. Kansas City said it shut off 18,333 accounts last year, up from 15,196 in 2014, and officials expect around 19,000 this year.

A survey of 81 large utilities across the U.S. by the environmental group Food & Water Watch found that 5% of customers—roughly 566,000 households—lost water service because of overdue bills in 2016.

Oakland resident Wendel Stevenson, 59, who lets homeless people fill water jugs from a tap in his yard, said he lost service for about a week last year when he couldn't pay a \$256 bill. He showered at his mother's house, he said.

"To go to someone's house to shower, come on, man, that's not a good feeling," he said.

Water bills in Oakland have risen at least 7% in recent years as the service provider, East Bay Municipal Utility District, deals with infrastructure upgrades and the consequences of a severe drought that cut water usage.

Many utilities have assistance programs to help customers keep the water running. An Oakland program has enabled the utility district to reduce the number of shutoffs to 10,952 last year from 13,400 in 2014, according to EBMUD General Manager Alexander Coate.

Some local governments sell liens from unpaid property taxes and water bills to investors, allowing them to collect the debt from homeowners, often with hefty interest rates. If homeowners don't pay, the investors can foreclose on their homes. In most cases, however, investors are more interested in collecting the debt than in foreclosing on the property.

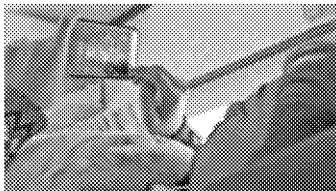
Owen Dutton, a 57-year-old from Baltimore who owed about \$1,500 in unpaid water bills, learned last year that the city was planning to put the house he shares with his wife on the tax sale list. He had to borrow to pay down the amount and keep his home. His water bill has gone up at least 50% in the past few years, he said.

"I was disappointed in the city to even do something like that," said Mr. Dutton, who earns \$42,000 a year as a home inspector. "I'd been living in my house at that present time for 33 years."

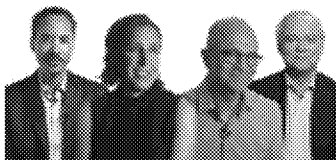
In December, in response to a public outcry over the practice, Baltimore Mayor Catherine Pugh said the city would no longer send properties to tax sale for delinquent water bills alone.

Write to David Harrison at david.harrison@wsj.com

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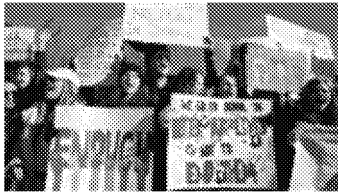
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