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Paying the pipers for utility upgrades

The Washington Suburban Sanitary Commission serves two counties, operates three reservoirs that hold 14 billion gallons of water and runs two water filtration and seven wastewater treatment plants. It also maintains 5,500 miles of water main and 5,400 miles of sewer main. And it does it 24 hours per day, seven days per week. And like water and sewer systems everywhere, it is struggling mightily to come up with ways to pay for repairs and upgrades to its aging — and in some cases, faulty — infrastructure.

As a story by staff writer Margie Hyslop in The Gazette of Politics and Business last week noted, the utility is considering a separate fee or charge to apply to system reconstruction costs. The nature of the fee was detailed in a consultant's report commissioned by WSSC's Bi-County Infrastructure Funding Working Group.

As it grapples with how to pay for needed infrastructure work, WSSC also is weighing other recommendations in the report, including structuring its debt using bonds with a longer maturity — 30 years versus 20-year amortization. Finally, the utility is considering a "more aggressive" Customer Affordability Program to aid economically disadvantaged customers. Currently, WSSC's Customer Assistance Program, administered by the Salvation Army, is funded through voluntary customer contributions and employee fundraising activities.

This is a crucial period for WSSC, as pointed to by the decisions that lay ahead. In the past two decades, consensus among commissioners often was hard to find. Issues such as minority contracting and hiring and promotion led to standoffs, lawsuits and turnover in leadership at the utility. After many changes in recent years, the current commission is infinitely better prepared and more reasonable.

While the two County Councils approve rate hikes, the commissioners will decide how far to go with the consultant's recommendations, including the one on long-term financing. The consulting firm, Raftelis Financial, said the 30-year bonds could reduce debt service and allow the utility to establish a financial cushion while lowering future water and sewer rate increases for customers. The consultants also said that most WSSC stakeholders "saw the wisdom" in designating a separate funding source for infrastructure renewal. The report noted that the working group preferred a volumetrically based charge that was in proportion to a customer's use of the utility's services. The report also mentions that WSSC is in line with other utilities in trying to address assistance for low-income customers more effectively.

The public might hate paying bills as much as they do their taxes, but there's no getting around the fact that the WSSC faces real problems with aging pipes and systems.

In the late 1990s, after the prospect of privatizing the utility was raised, the political appointees who make up the commission trimmed the utility's payroll, as well as its pipe inspection and replacement program, and avoided rate increases for six years.

More recently, anyone who happened to be on River Road in Bethesda two days before Christmas in 2008, when a 66-inch water main ruptured, can attest to the need for a full-scale infrastructure campaign.

The consultant's report is as an excellent starting point for addressing the overriding concerns facing the water and sewer utility: how to fix and improve infrastructure, while not bankrupting the customers. But the fact remains a more aggressive repair and replacement program, which will lead to higher bills, will be necessary.