

To: Co-Chair Helm; Co-Chair Owens; Vice-Chair Finger McDonald; Members of the House Agriculture, Land Use, Natural Resources & Water Committee

From: Tracy Rainey, Government Relations Manager, Clean Water Services

Date: February 16, 2025

RE: Testimony in support of HB 3527

Clean Water Services is a utility that provides wastewater, stormwater and water resource recovery services to more than 600,000 residents and businesses in urban Washington County. We appreciate the opportunity to submit testimony in support of HB 3527.

HB 3527 would provide funding for the continuation of the low-income household water assistance program (LIHWAP) which was initially authorized and funded through Congress in 2020. That program resulted in the distribution of funding to the states; resulting in approximately \$14 million which was provided to the state of Oregon. Our utility was involved in many of the conversations between Oregon Housing & Community Services and stakeholders as the agency worked to adopt administrative rules for this new program. We were incredibly proud of the partnership between the state, local utilities and partners representing community action agencies across the state. The program was incredibly effective and demonstrated a significant need for assistance throughout the state.

The challenges of water and sewer rate affordability pre-date the pandemic. Hundreds of cities and other local governments in Oregon have long grappled with how to make necessary water infrastructure investments while weighing affordability constraints for their ratepayers. For the most part, municipal water, wastewater and stormwater utilities are enterprise funded, meaning they are separately financed and managed outside of the local government general fund. Most municipal water utilities are funded primarily through ratepayer dollars. That means that significant infrastructure investments are ultimately paid for by the local citizens and businesses within a community. The cost of infrastructure has grown significantly in past years while the federal investment in infrastructure has largely decreased since the 1970s.

While there are some opportunities for communities to access loans and grants to help alleviate the costs of expensive infrastructure repairs, replacements, and upgrades; most of the federal and state funding resources over the past three to four decades have been in the form of low-interest loans. That means the repayment of infrastructure investments and the rate increases associated with that debt can be spread out over time, but the ratepayers still must ultimately pay the bill plus potential interest. The cost of necessary infrastructure is simply too great of a financial burden to split among the population of any community's local ratepayers. That leaves communities with limited choices that often involve untenable rate increases or decisions to forgo certain infrastructure investments.

We greatly appreciate the investment the state has recently made in water infrastructure. Those investments will help to address infrastructure needs without requiring local ratepayers to shoulder the entire burden on their own. However, for some citizens, water and sewer rates have already exceeded their affordability threshold. Low-income water assistance is important as it helps to provide needed assistance to our most vulnerable citizens.

We appreciate your consideration of HB 3527 and urge your support.