

October 19, 2020

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Via electronic mail and regulations.gov

RE: Comments on Docket ID No. EPA-HQ-OW-2020-0426

Dear Ms. Brubaker,

The National Association of Clean Water Agencies (NACWA) appreciates the opportunity to comment on the US Environmental Protection Agency's (EPA's) proposed 2020 *Financial Capability Assessment for Clean Water Act Obligations* (2020 FCA Document). This is an important step forward and one that NACWA has been working on for almost two decades. We are glad EPA has recognized the criticisms of its existing financial capability methodology outlined in its 1997 Guidance (*Combined Sewer Overflow Guidance for Financial Capability Assessment and Schedule Development*) and is advancing these long overdue changes.

As we review and comment on EPA's proposal, it is also important to put it in perspective. EPA's proposed 2020 FCA Document provides a much-needed, updated methodology to measure what we already know – that low-income populations around the country are suffering as they try to pay their water and wastewater bills. Where unreasonable burdens are found, the 2020 FCA Document outlines scheduling guidelines for meeting Clean Water Act obligations to help communities dampen financial impacts on ratepayers, but these schedule delays do not come without consequences. NACWA's members are not willing to simply accept a scenario where their communities and low-income populations must wait longer for the water quality improvements they so desperately need.

The percentage of local utility projects funded by the federal government has dropped precipitously since the Clean Water Act was passed. What is becoming increasingly clear is that the burden on local utility ratepayers of full compliance, with minimal or no federal support, is too much to bear for some. So beyond measuring a community's financial capability, we must not forget the bigger policy challenge that we face: whether we as a nation will provide communities, in particular low-income populations, with the assistance they need to ensure access to clean and safe water.

NACWA is pleased that EPA's proposal responds to many of the recommendations from the April 2019 report, *Developing a New Framework for Household Affordability and Financial Capability Assessment in the Water Sector*, developed jointly by NACWA, the American Water Works Association (AWWA) and the Water Environment Federation (WEF), as well as the 2017 report from the National Academy of Public Administration (NAPA).

EPA should move expeditiously to finalize this proposed update to its FCA methodology, but also acknowledge that this is a complex issue, and that additional refinements and supplementation information will likely be needed. Outlined below are comments on the proposal based on a review conducted by the experts who prepared the water sector's April 2019 report that make important recommendations for improvement.

EPA's Proposal Makes Significant Methodological Advances

EPA's proposal to include a cash-flow forecast modeling approach – Alternative 2 – to facilitate the assessment of community financial capability is a significant improvement over the existing methodology. Cash-flow forecasting is an intuitive means to assess community financial capabilities and associated impacts on household water service bills – and has been used successfully in numerous Clean Water Act consent decree negotiations to date. EPA's submittal recommendations reflect important flexibility that will enable permittees to tailor their FCA information to better reflect their individual community's unique economic circumstances. This flexibility also presents the opportunity for the Agency and stakeholder communities to work collaboratively to develop tools to facilitate cash-flow model submittals, including by permittees with limited financial analysis expertise. NACWA looks forward to working with the Agency to develop these tools.

EPA's establishment of cash-flow modeling as an acceptable alternative provides the utility with the discretion to complete its financial capability assessment without relying on the workbook calculations that, despite the proposed modifications outlined for Alternative 1 in the proposed 2020 FCA Document, continue to raise concerns for NACWA as outlined below. EPA's inclusion of Alternative 2 on a level playing field with Alternative 1, combined with empowering the utility to make the choice of which alternative to use, is a significant improvement over EPA's existing FCA methodology. At the same time, EPA should ensure that the 2020 FCA Document does not preclude the use of other approaches to assessing financial capability that a utility may choose to employ. Even within the 1997 Guidance, EPA preserved the utility's ability to submit supplemental information in addition to the Agency's workbook calculations. Alternative 2 is a direct outgrowth of this type of 'supplemental information' submitted over the last two decades and the 2020 FCA should not presume that our understanding on these issues will not evolve over the coming years.

We also commend EPA for including a measure of cost impacts on lowest quintile income residents, and for considering the prevalence of poverty in communities as part of its proposed 2020 FCA Document. These modifications help to address the concerns articulated by an array of stakeholders (including the water sector associations in their 2019 report) about the shortcomings of EPA's 1997 Guidance methodology.

Finally, NACWA is pleased that EPA has acknowledged that financial capability is logically assessed in terms of all water costs, not individual services (water, wastewater, stormwater) separately, and has provided the opportunity for permittees to submit FCA information in terms of total water costs. NACWA is disappointed that EPA stopped short of including total water

costs in the actual calculations but allowing utilities to submit total water cost, if they desire, is another major methodological step forward.

Aspects of the New Methodology Could be Improved

While we believe that EPA's proposed 2020 FCA Document is a significant improvement over the 1997 FCA Guidance, there are several areas of the new guidance that could be further clarified or refined and improved to address issues and concerns. The most significant of these areas relate to the cost calculations, household size adjustments, and retention of 1997 guidance indices. EPA has provided opportunities to address these concerns in the FCA submittals but shifts the burden to the community to document the need for any refinements.

Cost Calculations

EPA has retained the 1997 guidance calculations and its focus on Clean Water Act compliance costs, stopping short of requiring inclusion of all water costs as part of the residential burden assessment. While EPA has allowed for the inclusion of drinking water costs as supplemental information that may be submitted by the permittee to provide a more complete picture of financial capability, the 2017 NAPA report and the 2019 report from the water sector associations recommended inclusion of all water service costs as integral to improving the Residential Indicator (RI) component of EPA's existing guidance. We recommend that EPA reconsider requiring the inclusion of all water costs in the residential burden indicator, as well as the establishment of burden thresholds that include consideration of all water costs.

Household Size

EPA's proposed 2020 FCA Document includes considerable discussion of differences in household sizes across income strata. The guidance notes that nationally the lowest quintile income (LQI) household size is 70.2% of the median income household size. Notwithstanding that household size is but one of many factors impacting water usage (particularly in low-income residences, as discussed further below), and water usage is but one of several factors (e.g., fixed customer charges) impacting water costs, EPA suggests applying this relationship to adjust calculated costs per household facing lowest quintile households. Again, EPA provides opportunity to address these adjustments with provision of local data, but the default to national household size (and implied LQI household water costs) are disconcerting and potentially compromise EPA's added focus on impacts on low-income populations.

Retention of 1997 Guidance Indices

As part of Alternative 1, EPA has retained the RI and financial capability indicators delineated in its 1997 Guidance. By doing so, the inherent flaws in the preceding guidance – underscored by numerous critiques – are largely preserved and further institutionalized. The improvements EPA attains in Alternative 1 through the addition of measures relating to poverty are diluted by the retention of the flawed RI and FCI measures. In addition, we note that continued reliance on the 1997 Guidance cost per household calculation – that is divorced from the actual rates and therefore bills faced by median and low-income households – represents a missed opportunity to inject important fiscal realities into the process. For communities that opt to apply Alternative 1, these flaws will continue to obfuscate and misrepresent the fiscal position of the communities and the households within them.

Areas for Additional Clarification and Refinement

In the proposed 2020 FCA Document, EPA explains that it is not proposing to institute disparate impacts on low income households by changing the RI benchmarks for evaluating burdens on LQI households (versus median households), and has applied the 2% cost as a percentage of income to the LQRI (the RI applied to the upper bound LQI household). Based on the critiques contained in the NAPA Report and the water sector's 2019 report about the lack of theoretical or empirical rationale for the 2% benchmark, it is recommended that the EPA include any additional theoretical or empirical data and information that was considered or relied upon in proposing a 2% LQI benchmark in the 2020 document.

The 2 percent of MHI threshold in EPA's 1997 Guidance was never intended to be a threshold for gauging household water affordability, but it nevertheless was often misinterpreted as such. As EPA looks to finalize the 2020 FCA document, it is important that any final document clearly convey that the calculations and prescribed LQRI thresholds have a limited purpose – specifically for assessing community financial capabilities to finance infrastructure improvements – and should not be construed as establishing some general threshold for affordability. There are a host of alternative measures of household affordability that may, and depending on context, should be used to better inform judgments about individual household water affordability.

In the proposal, EPA states that it does not anticipate establishing implementation schedules that would exceed the useful life of the community's water infrastructure assets. EPA notes that the assumed useful life of water infrastructure assets for the purposes of financing is typically 30-40 years. EPA should consider clarifying and providing more information on how asset useful life is proposed to be used to set a limit on a community's implementation schedule.

The proposal should clarify how the household cost burden (RI and LQRI) should be measured for utilities that are regional systems, serving customers within both on a retail basis and a wholesale basis (e.g., providing full wastewater service to some customers but only wastewater treatment and not wastewater collection service for other customers). It is common for permittees to serve multiple jurisdictions with some wholesale customers owning, operating, and maintaining their own conveyance and collection systems. This has implications for how costs are allocated to residential customers that receive full retail service. The revised FCA guidance should clarify how the RI and LQRI should be calculated for these common regional systems.

In addition to the wholesale customer issue, there are other shortcomings of the 1997 FCA Guidance and its application over the last two decades, including, for example, accounting for payments in lieu of taxes (PILOT) – for some communities a legitimate and necessary utility expense – that we recommend EPA consider addressing now or in future updates. Some of these issues will be raised in comments on the 2020 FCA Document and we look forward to continued dialogue with the Agency on addressing them.

Comments on Appendix D and Use of Alternative 1 in the Water Quality Standards Context

NACWA supports EPA's proposed application of Alternative 1 in the context of water quality standards decisions, as detailed in Appendix D. While we have comments on Alternative 1 as

outlined in this letter, it does represent an improvement over the current approach outlined in EPA's 1995 WQS Guidance, which mirrors the methodology from EPA's 1997 Guidance with its sole reliance on median household income. The addition of metrics to evaluate impacts on the lowest quintile of income earners and the prevalence of poverty will provide a more transparent reflection of the impacts felt by the community as a whole when considering variances and use attainability analyses.

Since decisions in the water quality standards context often have direct, long-term impacts on a single clean water utility (e.g., a variance due to the inability to meet a new water quality-based effluent limit), it seems appropriate that Alternative 2 also be considered as an option given its enhanced ability to look at impacts across the community throughout the time period covered by the water quality standards decision.

Responses to EPA Questions in the Proposal

Question for Public Comment #1: Should EPA's previous FCA documents be consolidated into the 2020 FCA, as proposed, or should EPA continue to use the 1997 FCA Guidance as the controlling guidance with the 2020 revisions serving as a supplement?

Response: The 2020 FCA Document should replace the 1997 Guidance. To the extent that components of the 1997 Guidance are retained in the 2020 Guidance, EPA should explicitly acknowledge the limitations of those components that have been articulated in the various reviews of the 1997 Guidance (including the 2019 water sector report and those set out by NAPA), and outline if and how the 2020 Document addresses those limitations.

Question for Public Comment #2: In addition to the data sets that are discussed in this Notice, what other data sets are you aware of that meet NAPA's criteria as identified in the October 2017 report, "Developing a New Framework for Community Affordability of Clean Water Services"?

Response: Insofar as total water bills are an important affordability comparison, available water and wastewater rate surveys, like those conducted by AWWA and NACWA, are valuable. Several other datasets may be informative for assumptions required in cash flow analyses including, for example, Construction Cost Indices to inform assumptions about project cost inflation or historic yields on municipal bonds at various rating levels to inform interest rate assumptions.

Question for Public Comment #3: What additional resources are publicly available that can be used to assess financial capability (e.g., the ALICE Essentials Index)?

Response: There are a variety of different measures that can help assess household affordability and inform consideration of prospective burdens to be considered in an assessment of financial capability, including the ALICE Index, Affordability Ratio, Hours Worked at Minimum Wage, Living Wage calculations, and other measures. These measures may inform assessments of financial capability that fundamentally must consider utility-specific and other highly relevant local circumstances.

None of the metrics factor cost of living into the analysis. For very expensive cities looking only at household income or using the federal poverty level, these assessments do not capture the reality of the economic situation faced by low-income households. Although incomes in these

areas may be higher than national averages, once cost of living expenses – especially housing – are factored in, household income available for utility bills looks significantly worse.

We suggest EPA champion the collection of data through the Census and the American Community Survey that would allow for a cost of living–adjusted poverty prevalence indicator that reflects the local cost of living. The supplemental poverty level (SPL) could be calculated at the local level if the US Census data and the American Community Survey data would gather local cost information on essential expenditures. The SPL could be calculated locally with this type of information.

Question for Public Comment #4: What additional examples, calculations, or templates would you like EPA to develop to assist with assessing financial capability?

Response: The largest drivers for financial capability considerations can be the costs that are unique to a particular community. Developing a sustainability index, which evaluates the basic cost of subsistence in an area (e.g., typical rent, food, transportation, income) would help provide a more accurate portrayal of the true financial impact on the community, especially low-income customers.

Question for Public Comment #5: EPA invites comment on the appropriateness of using the four recommended critical metrics to assess financial capability and what their relative importance in considering financial capability should be.

Response: If the LQRI measure is a better measure than the original RI, then why complicate the guidance with multiple matrices including the RI measure? Also, several of the six financial capability indicators are general obligation credit rating measures that in many cases do not pertain to utility enterprise funds. Consider revising these to be more utility specific. Use credit rating agency credit methodologies for water utilities as a guide for revisions.

Question for Public Comment #6: What supplemental information is relevant to support implementation schedules that go beyond the proposed benchmarks in Exhibit 6?

Response: Information on the condition of a community's water systems (beyond the purview of the specific enforcement action), current and projected capital structure, and other critical environmental protection investments may help place the FCA calculations into appropriate context.

Rate reviews extending beyond the five previous years, trends in LQI, unemployment, and cost of living, and trends for total utility bills in the local area are also relevant to the discussion of implementation schedules.

Question for Public Comment #7: Is EPA distinguishing appropriately between critical and other metrics?

Response: Yes, however, there are some important exceptions. For example, the inherent flaws in the established RI and FCI measures are problematic and preserving them as "critical" compromises the advances made with the Alternative 1 FCA. The improvements EPA attains in Alternative 1 through the addition of measures relating to poverty are diluted by retention of the flawed RI and FCI measures.

Further, we consider examining combined water and wastewater burdens as critical, yet the inclusion of all water service costs is not mandatory in the Alternative 1 methodology and is considered only as other metrics and information is provided.

Question for Public Comment #8: EPA is seeking comment on the proposed methodology for calculating the ratio for lowest quintile household size to median household size.

Response: Prorating cost per household based on the national-level ratio of LQI household size to median will often be misleading and not accurately reflect water service costs burdens on low income households. Household size amongst the lower income strata may well vary considerably across the nation and between communities, and a more locally based assessment may be appropriate. And, because of rate design features like fixed charges, bills for LQI households may much more closely approximate those of Median Income households, regardless of household size or per capita water usage. Further, lower income residences in many communities often have older, leakier plumbing and appliances households.

For one NACWA member, an analysis of customers receiving assistance through its water assistance program showed that these vulnerable households on average used as much or more water than the city-wide average for one to three-family homes. They attributed this higher usage to a number of potential factors, including properties having less efficient fixtures and residents spending more time at home, as assistance recipients include seniors and disabled customers.

Question for Public Comment #9: EPA invites public comment on whether adjusting the LQRI based on household size is appropriate or if there are other ways to calculate a residential indicator for LQI households.

Response: The question assumes that the calculation of Cost Per Household per the 1997 Guidance is sound. Concerns that we have raised before include exclusion of other water costs, inadequate recognition of non-compliance costs (e.g., asset management), and potential adverse trends not captured in “snapshot analysis”. Also, as noted above, EPA’s proposed cost per household (CPH) metric may not align well to LQI costs due to rate design features.

On Exhibit 1 (p.11), EPA proposes to calculate the LQRI by estimating the cost for the lowest income quintile using the ratio of the lowest quintile household size to the median household size. While household size may be an indicator of relative water usage, lower income water usage is often higher per capita due to older fixtures that use more water and older pipes that tend to leak more. The household size relationship that EPA proposes to use does not consider these factors. In addition, not all wastewater utility costs are allocated in proportion to water consumption. Some costs, such as customer service and billing costs, should be allocated equally to each customer in proportion to the number of bills. This affects the household cost at the LQI level. While we applaud EPA for adding flexibility to the guidance to allow for these considerations, an alternative approach would be to allow the permittee to utilize the actual LQI customer bill, rather than using an estimate of cost.

Question for Public Comment #10: EPA is seeking comment on whether the same benchmarks for assessing the MHI Residential Indicator should be used for assessing the Lowest Quintile Residential Indicator (LQRI), as proposed, or if different benchmarks should be used.

Response: See discussion above. EPA should describe a conceptual and empirical basis for whatever threshold it applies in the RI, LQRI, regardless of whether it retains or modifies the 2% benchmark that has been arbitrarily deployed for years in the RI.

Question for Public Comment #11: EPA is seeking comment on the list of proposed poverty indicators and on whether the bracketing of the middle 50% is an appropriate method to benchmark the proposed poverty indicators.

Response: Unlike the FCI which involves averaging fundamentally different metrics of substantially different importance that, in turn, makes their equal weighting problematic, the proposed Poverty Prevalence index involves averaging across similar — and in many respects interdependent — metrics and is, therefore a reasonable methodology. Consideration should be given to optional adjustment of the equal weighting based on local factors.

There is considerable overlap between the five poverty measures proposed. EPA could simplify this process by including just one or two of them in its analysis. Also, none of them explicitly consider the local cost of living. We suggest EPA look for, or further develop, a poverty measure that reflects the local cost of living. The supplemental poverty level (SPL) could be calculated at the local level if the US Census data and the American Community Survey data would gather local cost information on essential expenditures. The SPL could be calculated locally with this type of information.

Question for Public Comment #12: EPA is seeking public comment on the proposed schedule benchmarks in Exhibit 6.

Response: The extension of the High Burden scheduling boundary is appropriate and consistent with practical experience.

Question for Public Comment #13: What other resources, in addition to those listed in Section IV, are available to assist communities related to water infrastructure financing?

Response: There is a broad array of resources on water infrastructure financing that have been promulgated by water sector associations and municipal credit market participants that may prove useful. For example, with respect to rate-setting and capital financing guidance, we note the availability of:

- Financing and Charges for Wastewater System, WEF Manual of Practice M27, Fourth edition.
- Water Utility Capital Financing, AWWA Manual of Practice M29, Fourth edition.
- Principles of Water Rates, Fees, and Charges, AWWA Manual of Practice M1, Seventh edition.

The EPA should consider adding these additional resources regarding water infrastructure financing to Section IV as well as providing basic guidance on resource search options.

Question for Public Comment #14: EPA is seeking comment on whether additional detail can be provided to better understand implementation of Alternative 2.

Response: There is significant opportunity to provide examples of basic cash flow modeling structures (in addition to the samples of potential outcomes). For example, relatively simple templates could be provided to illustrate forecast structures, presentations of sources and uses of funds, and bill impact and cost per household calculations.

EPA requests that the MHI and LQI values should be escalated in the financial model using the historic rate of increase in the MHI and LQI or use the historical trend in CPI. The permittee should have flexibility to use other reasonable bases for trending the MHI and LQI based on past, current, and future community economic and socioeconomic trends.

Further, given the emerging scale of the adverse economic impacts emerging from COVID-19 pandemic, reliance on past fiscal trends may prove highly misaligned with future realities in terms of income growth and other variables applied in the calculations. At a minimum, sensitivity analyses using alternative (e.g., less optimistic) economic and income growth scenarios may be appropriate.

Question for Public Comment #15: Should drinking water costs be considered as part of scheduling considerations and are there appropriate benchmarks for considering the contribution of drinking water costs to household burdens, such as a specific percentage of income?

Response: Yes. Drinking water costs are indisputably a consideration in assessment of household burdens and thereby financial capabilities. One approach is to apply the same or similar benchmarks for water service as that for wastewater, thereby avoiding the need to make value judgments about the relative importance of the individual services.

That said, the inclusion of other water costs only when considering the length of an implementation schedule dilutes the importance of EPA's recognition of all water costs.

Other Specific Comments

Below are additional comments and thoughts in response to statements in the proposal.

P. 4: The second alternative utilizes dynamic financial and rate models that evaluate the impacts of debt service on customer bills.

Cash flow forecasting can/should be used for more than specific evaluation of debt service on customer bills. For example, cash flow forecasting may be used to estimate customer bill impacts of current revenue funding of annual asset management requirements (with no consideration of debt service).

P. 11: Exhibit 1: Template (with Sample Numbers) for Calculation of Lowest Quintile Residential Indicator

In practice, because of rate design features like fixed charges, bills for LQ households may much more closely approximate those of Median Income households. EPA's discussion (pp. 12-43) continues to labor on the assumption that the calculation of cost per household is directly tied to household burden.

The application of the same Cost as a Percentage of Income thresholds for both Median and Lowest Quintile income may serve to effectively negate the value of considering both measures. We suggest a review of existing rate levels of surveyed utilities to determine the proportion of utilities whose current rates do not indicate “High Impact” (irrespective of MHI percentage).

P. 13: The ACS does not have data defining lowest quintile household size at local levels – thus making it difficult to differentiate and calculate local ratios. EPA recognizes that some factors, such as age of infrastructure, housing types (residential one family versus multi-family), and leaky pipes, may impact usage and result in a different ratio.

This issue speaks to the need for additional research and analysis of the dynamics of household size, usage and actual costs of LQI households.

P. 15: EPA is not proposing to institutionalize disparate impacts on low income households by changing the RI benchmarks for evaluating burdens on LQI households but is seeking comment on whether that would be appropriate.

It is appropriate and important to be concerned by the fact that enforcement policies may require low-income customers to bear a higher burden for CWA compliance as measured in costs per household as a percentage of income. However, this seems simply a function of the basic statistical attributes of income distribution. EPA’s election to effectively use one measure across the income distribution fails to acknowledge this statistical reality and would appear to be problematic in practice.

P. 20: This type of information can be used as an analytic tool in lieu of the recommended critical metrics and schedule benchmarks set forth under Alternative 1.

This point – that cash flow analyses may effectively supplant rather than supplement submission of FCA per Alternative 1 – should be emphasized as it is an important departure from historical practice.

P. 25: 2. Consideration of Drinking Water Costs in the Rate Model Analysis

1. Please explain the call for financial statements for drinking water rate modeling but not for the basic wastewater rate modeling – these would likely be helpful in both contexts.
2. How can/should stormwater management costs also be incorporated into the analyses, particularly for communities employing integrated planning?

P. 26: 3. Poverty Indicator - EPA also intends to ask a community to calculate a Poverty Indicator Score by using the list of poverty indicators in Exhibit 2, above, to benchmark the prevalence of poverty throughout the service area.

This is a positive development though it is unclear how the Poverty Indicator data will be used to guide enforcement decision-making. A couple of mechanisms could not only relate to scheduling considerations but also, for communities with high poverty measures, options to facilitate program financing.

P. 27: Potential Bill Impact Relative to Household Size and **P. 29:** Exhibit 8: Example Showing Projected Impact of Program Costs by Household Size

Another analysis that EPA and communities have found helpful evaluates the maximum potential bill impact relative to household size... Displaying data in this manner (i.e., by household size) provides a more nuanced view of the impact of costs based on likely usage.

While the focus on usage patterns by household size may be workable in terms of available data and offer a “more nuanced view”, it is unclear how the volume of data presented by the display of costs per household size will be used to gauge affordability impacts and financial capabilities. How will EPA consider aspects of the income distribution, like that displayed in their sample, whereby income per household member increases and then decreases with household size?

If the table with modeled future rates in aggregate shows most cells in the low burden CPH category, then the program is relatively affordable, as opposed to having most cells in the high burden CPH category.

Is this to be taken literally, as in if 51% of cells indicate a particular level or burden, or is it anticipated that the evaluation would provide for subjective judgments? How will current and potential rate design (and/or customer assistance program) measures factor into the analysis?

P. 32: 5. Stormwater Management Costs - ...costs may be reflected in the Residential Indicator and LQRI under Alternative 1, and, if a community proceeds under Alternative 2, as part of a Rate Model Analysis.

While EPA’s listing of submission requirements appropriately recognizes that stormwater may be funded through a different funding mechanism than water and wastewater, it does not address the attendant complexities for rate modeling. We suggest additional language to provide guidance on conversion of funding analysis to impacts to residential users, potentially via analysis of proxy for tax or separate fee collections.

P. 33: f. Other Metrics with Submission Information Determined by the Community

We suggest addition of capital structure data as a primary other metric insofar as it provides a more direct indication of the extent to which a community is currently leveraged and its capacity to assume indebtedness.

P. 35-43: g. Schedule Development – 2. Alternative 1 Schedule Development – Exhibit 6 should be used after all four recommended critical metrics in Alternative 1 have been calculated, and the community’s burden level has been determined using the Expanded FCA Matrix. ... It is important to note that financial capability is on a continuum.

While the language regarding the FCA results being on a continuum echoes prior EPA language, in practice these categorizations have been viewed as hard boundaries. EPA should continue to clearly indicate and emphasize that the results should be seen along a continuum (and not be viewed along hard boundaries).

The proposed 2020 FCA Document represents a significant methodological advance over EPA's existing guidance and should be, with consideration of the comments outlined above, finalized as soon as practicable. When final, it will provide a new, more transparent way of looking at the impacts of Clean Water Act programs on all ratepayers, including low-income populations.

But this important milestone will only be one small step in addressing the bigger challenge. NACWA's members remain committed to meeting their obligations under the Clean Water Act and to delivering the water quality improvements that their communities need. NACWA and its members also remain committed to ensuring the federal government does its part in providing the necessary funding to ensure that everyone continues to have affordable access to clean and safe water.

Thank you for the opportunity to comment on the 2020 FCA Document. Please contact me if you would like to discuss our comments further.

Sincerely,

A handwritten signature in black ink that reads "Adam Krantz". The signature is written in a cursive style with a long, sweeping underline.

Adam Krantz
CEO

cc: Andrew Sawyers, EPA
Deborah Nagle, EPA
Mark Pollins, EPA