



# On the Water Front

November 2022 | **A Message from John Balliew, P.E., President/CEO**

## Proposed charge shifts cost of new infrastructure

El Paso Water recently posed a question to our governing Public Service Board: Who should pay for water infrastructure in new, outlying communities? It's a question we are exploring for the utility's proposed fiscal year 2023-2024 budget.



Newer communities, such as this northwest development, require expensive infrastructure to service outlying areas.

We all see it happening on the outskirts of El Paso. New homebuyers are favoring outlying newer communities in the northwest, northeast and far east areas of the county. The problem with this trend is the cost of service involved when serving newly developed communities. Outlying neighborhoods require new water and wastewater infrastructure, such as tanks, pumps, lift stations and large waterlines.

### Addressing higher costs

As many utilities know, infrastructure is expensive and requires substantial investment. After a three-year study, we have arrived at an additional affordable strategy for the PSB to consider for the majority of our customers who live in established areas. The Sustainable Infrastructure Surcharge (SIS) will shift new infrastructure costs in outlying communities to the residential and commercial customers who benefit from it. SIS, however, will NOT apply to existing EPWater customers.

The surcharge is a fixed monthly fee determined by meter size that will apply only to new metered homes and businesses. If approved by the PSB on Jan. 11, SIS will be implemented March 1 and will be collected for a timeline of 30 years. The surcharge will also be subject to recalculation every five years.

For the typical residential customer who requires a 3/4-inch meter, the proposed SIS will amount up to \$59 added onto their monthly water bill. Our goal is to get new homeowners to pay for the higher cost of additional infrastructure that is going to serve them. It's a concept that many homeowners in new communities in El Paso County are familiar with already. Many of the surrounding water providers outside of the city charge higher rates.

EPWater's primary source of revenue stems from ratepayers who pay their monthly water and wastewater bills, which also includes stormwater fees. Our utility does not receive any revenue from property taxes.

### Reduced subsidization

As a result of new customers paying for their higher costs of service in developing areas, rates will remain affordable for existing customers. Customers who live in established areas, such as the Central and Mission Valley parts of town, will no longer have to subsidize the additional costs of about 3,000 new meters a year to the water and wastewater system. Additionally, the surcharge will become a growing revenue source that can help offset future rate increases for existing customers.

For years, EPWater has been researching an alternative rate-based funding source to pay for increased costs of services to outlying areas. We want to remove the burden from customers in developed areas and shift it to those who live in areas that will require the additional cost of new infrastructure.

Unveiling this new surcharge offers EPWater an equitable classification of customers, based on costs of service. This new surcharge is sustainable because it will sustain new infrastructure costs while helping us ensure our communities will have safe and reliable water services for years to come.



On the Water Front is a publication of El Paso Water.  
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