



Highlights of [GAO-04-461](#), a report to the Ranking Minority Member, Committee on Environment and Public Works, U.S. Senate

WATER INFRASTRUCTURE

Comprehensive Asset Management Has Potential to Help Utilities Better Identify Needs and Plan Future Investments

Why GAO Did This Study

Having invested billions of dollars in drinking water and wastewater infrastructure, the federal government has a major interest in protecting its investment and in ensuring that future assistance goes to utilities that are built and managed to meet key regulatory requirements. The Congress has been considering, among other things, requiring utilities to develop comprehensive asset management plans. Some utilities are already implementing asset management voluntarily. The asset management approach minimizes the total cost of buying, operating, maintaining, replacing, and disposing of capital assets during their life cycles, while achieving service goals. This report discusses (1) the benefits and challenges for water utilities in implementing comprehensive asset management and (2) the federal government's potential role in encouraging utilities to use it.

What GAO Recommends

Among other things, GAO is recommending that the Environmental Protection Agency (EPA) (1) better coordinate its own activities to facilitate information sharing and reduce the potential for duplication and (2) ensure that water utilities have access to information they can use by establishing a Web site focused on asset management. In commenting on a draft of this report, EPA generally agreed with the report and its recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-04-461.

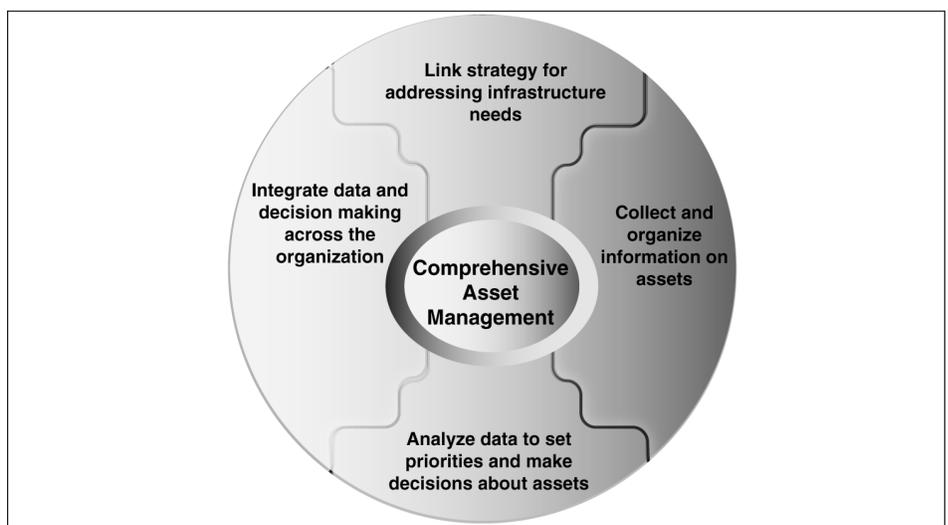
To view the full product, including the scope and methodology, click on the link above. For more information, contact John B. Stephenson (202) 512-3841 or stephensonj@gao.gov.

What GAO Found

Drinking water and wastewater utilities that GAO reviewed reported benefiting from comprehensive asset management but also finding certain challenges. The benefits include (1) improved decision making about their capital assets and (2) more productive relationships with governing authorities, rate payers, and others. For example, utilities reported that collecting accurate data about their assets provides a better understanding of their maintenance, rehabilitation, and replacement needs and thus helps utility managers make better investment decisions. Among the challenges to implementing asset management, utilities cited collecting and managing needed data and making the cultural changes necessary to integrate information and decision making across departments. Utilities also reported that the shorter-term focus of their governing bodies can hamper long-term planning efforts.

EPA currently sponsors initiatives to promote the use of asset management, including educational materials, technical assistance, and research. While this is a good first step, GAO found that EPA could better coordinate some activities. For example, EPA has no central repository to facilitate information sharing within and across its drinking water and wastewater programs, which would help avoid duplication of effort. Water industry officials see a role for EPA in promoting asset management as a tool to help utilities meet infrastructure-related regulatory requirements; they also noted that establishing an EPA Web site would be useful for disseminating asset management information to utilities. The officials raised concerns, however, about the implications of mandating asset management, citing challenges in defining an adequate asset management plan and in the ability of states to oversee and enforce compliance.

Elements of Comprehensive Asset Management



Source: GAO.