

## Studies stress return on Appalachian investments, utility needs

By LAWRENCE MESSINA

Associated Press Writer

Posted on Thu, Oct. 25, 2007

### [Appalachian Regional Commission](#)

Touting its approach to rural poverty, the federal agency serving the 13-state Appalachian region boasted Thursday that every dollar spent on a selected batch of projects expanded personal incomes by \$9.28 and attracted \$75 in private investment.

But the fall conference of the Appalachian Regional Commission also underscored the chronic problems that keep the region lagging behind much of the rest of the country.

An ARC-commissioned study linked its targeted approach to public funding to a \$1.3 billion boost in personal incomes from 17,600 new and 9,580 retained jobs across the region as well as to \$1.7 billion in leveraged private dollars and \$44.1 million in state and local tax revenues.

"We're trying to deal substantially with the challenges we're facing," said West Virginia Gov. Joe Manchin, the commission's state co-chairman.

The study weighed the impact of 104 of the more than 400 projects the agency completed between 1999 and 2005. The commission provided \$29.4 million of the funding, with other federal, state and local agencies also contributing.

The projects, distributed among the 13 states, included 51 that built or improved water and sewer systems, and 33 that launched or enhanced industrial parks.

They also included eight that tackled local Internet and telecommunications needs. Citing his pledge to extend high-speed Web access statewide by 2010, Manchin ranked such projects alongside the commission's traditional tasks of water, sewer and road improvements.

"You may not be able to build all the roads your people desire or need," he told the more than 300 conference attendees in a morning address. "But you can let them be connected to the world, and they can compete from wherever they live in your beautiful states."

Appalachia also needs an estimated \$40 billion to bring adequate water and sewer services to all of its residents, according to another study released Thursday.

"Infrastructure has to be a priority," said Anne B. Pope, the commission's federal co-chair. "It's hard to imagine any quality of life without access to drinking water."

That study's author, Jeff Hughes, urged his audience against fixating on that "big, scary number." The states and their communities should instead focus on pooling resources, said Hughes, director of the Environmental Finance Center at the University of North Carolina at Chapel Hill.

Culprits include dropping populations in some areas, rapid growth in others and the overall rusting of the region's manufacturing base, Hughes said.

"We have many, many systems that don't have the revenues to support the infrastructure the way it was designed, largely because these major industries have gone away," he said.

While noting the surrounding debate, Hughes said some communities have experienced better service and more uniform costs since private, for-profit utilities united once-separate systems. He also cited Maryland's "flush tax," which levied a monthly \$3-per-household fee to yield more than \$600 million for bonds to improve sewage treatment systems.

But Hughes said his two-year study, which took him all over the region and included resident interviews and community case studies, also brought home the hurdles facing impoverished communities that continue to lack such basic services.

"We have houses where the value of the house is less than the estimated cost of bringing water to that house," Hughes said.

The commission serves Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia and West Virginia.