



Water Affordability Needs Assessment Public Listening Session

Listen Session Summary | June 3, 2024

Background and Introduction

In the [Infrastructure Investment and Jobs Act of 2021](#) (IIJA), Section 50108, [42 U.S.C. 300j-19a], Congress directed the U.S. EPA to produce a Water Affordability Needs Assessment report to Congress. In producing the report and as directed in Section 50108 of the IIJA, EPA gathered stakeholder input from a diverse group of experts in the water affordability field, including utilities, associations, academia, nonprofits, community-based organizations, advocacy groups, and the public. In March and April 2024, EPA hosted two series of targeted Stakeholder Listening Sessions, each series consisting of three sessions. One series focused on gaining perspectives from water associations and utilities, while the other focused on feedback from nonprofit and advocacy communities. EPA invited participants from water utilities and associations, including rural advocacy associations, as well as select nonprofits, non-governmental organizations, and community-based organizations, to participate in these sessions.

In June 2024, EPA hosted a broader-scale public listening session to hear from communities, utilities, and advocacy groups who were not previously involved in the report's development to share their experiences, perspectives, and ideas regarding water affordability challenges and recommendations. Specific session objectives included:

- Discuss the importance of access to affordable water and impact of affordability challenges.
- Provide an overview of EPA's upcoming Water Affordability Needs Assessment and Report.
- Share experiences, perspectives, and ideas regarding water affordability challenges and recommendations.

Public Listening Session Welcome and Introduction

Andrew D. Sawyers, Ph.D. (Director, Office of Wastewater Management, U.S. EPA) welcomed participants to the session and provided opening remarks. He emphasized EPA's commitment to addressing affordability challenges across the U.S. and recognized that many utilities are struggling to meet capital costs, and many customers are struggling to pay their water bills.

Jean Ray (U.S. EPA) and Melinda Luetke (U.S. EPA) provided an overview of the upcoming Water Affordability Needs Assessment and Report to Congress. Key highlights from their presentation are below.

- The goal of the report is to provide an understanding of the impact of the water
- affordability burden felt across the U.S. among households and utilities, as directed in the IJIA, Section 50108.
- The objectives of the Water Affordability Needs Assessment Report are to summarize the decades of work that has been done in this space; highlight utilities, academics, and associations that have been at the forefront of this research; and develop approaches to address water affordability concerns.
- The report will examine the percentage of utilities that serve a majority of households that qualify as high-water burden, and the extent of debt held by utilities due to large customer arrears.
- The report will review the definitions of ‘affordability’, ‘lack of access to affordable water’, and number of households impacted by high water rates. Further direction recommended an analysis of the size of arrearages, number of households impacted by unaffordable rates, disconnect rates and fees, and tax lien data.
- The report will also outline the scope and extent of the water affordability crisis in the U.S. and provide recommendations on how to address this challenge.

Public Comments

Rob Willis (Ross Strategic) opened a discussion session for attendees to share comments. Priority was given to those that expressed interest in commenting when they registered, and all attendees were able to submit questions during the session. Key highlights from the public comment period are as follows.

Challenges for Utilities

- *Affordable Rate Setting.* Several participants shared that utilities have a difficult time setting affordable rates while keeping up with costs of maintaining systems. Two representatives from public utilities stressed that setting rates that are affordable for ratepayers has become more difficult for utilities. The challenge is that setting affordable rates for communities is often outpaced by other rising costs. Additionally, unprecedented rate increases are challenging for cities to plan for and ultimately places the burden on taxpayers.
- *Infrastructure Updates.* An attendee expressed the desire to upgrade aging infrastructure without needing to increase rates for customers. Infrastructure loans are inaccessible without the ability to increase water rates to make up for the costs of the upgrades.
- *Costs Associated with Regulatory Requirements.* Participants stressed that compliance costs associated with current and future regulatory requirements (both federal and state) will result in utilities needing to raise rates, in some cases. Very small water systems, such as mobile home parks, some condos, and those not affiliated with the local municipality, are sometimes unable to access funding programs to come into compliance with regulations. Compliance can be extremely expensive, yet regulations are issued without the funding needed to completely build and help operate new systems. Utilities lack the freedom to prioritize addressing local concerns.

- *Rates and Customer Affordability.* Utilities have difficulties setting affordable rates while keeping up with the costs of system maintenance and compliance with new regulations. An attendee shared that their state recommends they raise the rates to compensate for newer regulations. The example shared was the requirement to treat for PFAS, for which the costs often outweigh the funding received.
- *Consolidation Challenges.* The push toward consolidation is a challenge, as small communities lack a clear entity to consolidate into, and intent to consolidate can be an obstacle to accessing financing.

Challenges with Funding and Financing

- *Competition for Limited Grant Funds.* An attendee shared that, as a small system, they often struggle obtaining grants when compared to larger systems.
- *Loans Repayment.* Much of the assistance available from the federal government is in the form of loans, not grants, which must be repaid. Some participants felt that these loans do not do enough to help utilities replace aging infrastructure without raising rates.
- *Loans for Small Systems.* An attendee noted that very small water systems, such as mobile home parks, some condos, and those not affiliated with the local municipality, are sometimes unable to access loans to get into compliance with regulations.

Challenges for Communities

- *Alleviating Burden for Disproportionately Impacted Households.* Several attendees expressed that any new government program must be designed to address consumers that have been disproportionately impacted. For example, low-income communities and minority populations live disproportionately near contaminated water resources and are more impacted by high water and wastewater service rates.
- *Local Hiring.* Small utilities struggle with a lack sufficient staff capacity. An attendee recommended using Justice40 funding for local hiring and contracting to close the perpetual loop of households needing assistance to afford their water bills.
- *Impacts of Irrigation.* Several stakeholders shared that there are some cities with reduced access to water due to large scale irrigation and other competing water use demands.
- *Technical Assistance (TA).* An attendee suggested that other listening session attendees can help TA providers understand better ways they can connect with smaller systems and provide help.
- *Public Trust.* Stakeholders recommended that EPA support additional community engagement to help build trust. Challenges with building public trust in water utilities was cited as a reason some households were purchasing bottled water and could lead to non-bill payment.

Customer Assistance Programs (CAPs)

- *Support for Permanent LIHWAP Recommendation.* Attendees expressed support for a permanent LIHWAP program to provide reliable relief for ratepayers.
- *Importance of Marketing and Communication.* Particularly in rural areas and small communities, households can face significant obstacles in accessing and navigating

assistance programs. It is important that future federal assistance programs include funding for communications and marketing to promote enrollment. For example, in New York officials promoted LIHWAP with informational flyers, a designated LIHWAP awareness day, a press conference featuring testimonials, and even lit up a bridge in the appropriate colors.

- *Rate Studies.* An attendee noted that they would like to see EPA support utilities that conduct rate studies, which can help with the implementation of assistance programs. These studies are important because utilities need to understand their customer base to effectively implement a new program supporting affordability.

Closing

Ellen Tarquinio (U.S. EPA) ended the session by thanking participants for attending. EPA presenters invited participants with follow-up questions and comments to contact Jean Ray (Ray.Jean@epa.gov).