

Water Affordability Needs Assessment Listening Session Summary

Water Associations & Utilities

Session 1 - Capturing the Extent and Impact of Water Affordability to Households and Utilities | March 27, 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 (CBOs), advocacy groups, and the public. These stakeholders included experts who have spent decades working to address water affordability challenges across the U.S.

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 (NGOs), and CBOs, to participate in these sessions. EPA provided the stakeholders with background on this report, solicited feedback from stakeholders on proposed data sources and EPA's data analysis approach, enlisted stakeholder assistance in case study development and review, and discussed recommendations for addressing affordability challenges nationwide.

This document summarizes the first listening session for invited participants from select water associations and utilities, which was held on March 27, 2024.

The purpose of this first listening session was to provide an opportunity for water associations and utility stakeholders to hear an overview of the Needs Assessment Report and share their feedback. Specific session objectives included:

- Review the background on the Water Affordability Needs Assessment Report.
- Highlight resources and tools to be included in the report.
- Request case studies from participants that highlight water affordability in their communities.
- Preview the Session 2 topics of affordability definitions, benchmarking, and data.

Important Aspects of Water Affordability

Ellen Tarquinio (U.S. EPA) opened the session by welcoming participants and inviting them to use the meeting chat to share their responses to the question, “What is the most important aspect of water affordability that you want to see captured?” Attendees noted the following concepts as the most important aspects of affordability to them:

- Meeting the total need for low-income assistance and identifying that need on the local to national level.
- Renewing infrastructure while maintaining affordability for low-income customers.
- Sustainability of a long-term customer assistance program.
- Calculating affordability at the individual household level as opposed to the community level.
- Bringing in water conservation, efficiency, plumbing repair, education, etc. as key complementary strategies to address water affordability challenges.
- Acknowledging challenges for utilities in developing their own customer assistance programs, including restrictions in state laws and capacity issues in staffing.
- Recognizing that water affordability intersects with many other issues. For example, affordable rates should be examined in the context of how they impact a utility's ability to provide safe and reliable water service.
- Ensuring data gathered and used in the report is of quality and representative of all sizes of utilities across the U.S.

Water Affordability Needs Assessment

Ellen Tarquinio then provided an overview of the scope of the Water Affordability Needs Assessment report. Key highlights from her presentation are below.

- The EPA was directed by Congress to conduct this Needs Assessment and provide an understanding of the impact of the water affordability burden felt across the U.S. among households and utilities, as directed in the IIJA, Section 50108. IIJA also requires EPA to recommend methods for increasing affordable access to water services.
- The Water Affordability Needs Assessment is focused on providing a national picture of the impact of water burden on households and utilities.
- The direction for the Needs Assessment can be viewed in three components:
 - The first component of the report examines the percentage of utilities that serve a disproportionate percentage of households that qualify as high water burden or the percent of utilities that have taken on an unsustainable level of debt due to large customer arrearages.
 - The second component focuses on examining 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, disconnection rates and fees, and tax lien data.

- The third component explores the scope and extent of water affordability challenges in the U.S. and requires EPA to provide recommendations, including program costs, associated with addressing this challenge.

Facilitators then invited participants to ask questions about the scope of the Needs Assessment. Highlights of the participant discussion and EPA responses are as follows.

- *Cost of Business.* EPA requested suggestions for how to include cost of business in the report.
- *Impact of State and Local Laws.* The Environmental Finance Advisory Board (EFAB) is looking into rate setting laws that will impact affordability for utilities and different approaches for capital finance. Their findings and recommendations will be included in the EFAB water affordability deliverable.
- *Bundled Water and Trash Bills.* Many utilities were unable to participate in the Low-Income Household Water Assistance Program (LIHWAP) because billing systems could not separate out the trash portion of bills from water. EPA should include recommendations that address this challenge in the report, and EPA welcomed any suggestions on how to best address this.
- *Proposed Regulations.* The affordability assessment will not incorporate future forecasting for potential rates impacts that may result from future regulations (e.g. on emerging contaminants).

Engagement Approach

Ellen Tarquinio provided an overview of EPA's approach to engaging with key stakeholders. Key highlights from her presentation are as follows.

- EPA plans to rely on existing data sources to develop this study, such as the LIHWAP assessment, EPA's other needs assessments/surveys, several state surveys and rates dashboards, Census household datasets such as the American Community Survey, utility-specific water rate data, financial reviews, and input from stakeholder partners.
- The report will also mention affordability definitions and criteria used by states in the Clean Water and Drinking Water State Revolving Fund programs, Financial Capability Assessment Guidance, commonly used definitions by industry groups, as well as stakeholder input.

Existing Resources/References/Case Studies

Jean Ray (U.S. EPA) provided an overview of the resources and references that will be included in the report. Key highlights from her presentation are as follows.

- The report will build on the vast amount of research and resources that have focused on addressing water affordability. The intent is to leverage existing datasets, while filling gaps in particular areas such as disconnection fees and rates, rural areas, and small systems. There are limitations to utilizing this approach rather than conducting a full survey. The identification of these gaps will set the stage for future research.

- By engaging with stakeholders early and throughout the report and assessment, EPA intends to incorporate expert advice to provide informed recommendations and an informed analysis approach.
- An important part of this work is ensuring that this report and all the work EPA is conducting on water affordability shows the impact of water burden to households, communities, and utilities through case studies. These viewpoints will be a critical piece of the report. The process for case study engagement includes initial conversations with EPA on specific affordability concerns or highlights. EPA will then write up a draft case study with the community providing input and clarifications before reviewing the final case study. EPA presenters invited participants who want to know more about the case study process to contact Melinda Luetke (Luetke.Melinda@epa.gov).

Suggested References

EPA invited participants to share their suggestions for resources that the Needs Assessment should draw on. Resources that participants shared in the meeting chat are listed below.

- [A Promising Water Pricing Model for Equity and Financial Resilience](#) (US Water Alliance)
- [Small and Disadvantaged Community Water Funding Roadmap](#) (U.S. Chamber of Commerce)
- [The Growing U.S. Water Affordability Challenge and the Need for Federal Low-Income Water Customer Assistance Funding](#) (NACWA)
- [Water Affordability Dashboard](#) (Nicholas Institute for Energy, Environment, & Sustainability)

Ellen Tarquinio ended the session by thanking participants for attending and inviting them to return for the second listening session.

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