

# Water Affordability Needs Assessment Listening Session Summary

## Water Associations & Utilities

---

### Session 3 - Recommendations to Address Affordability Concerns | April 17, 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 third and final listening session for invited participants from select water utilities and associations, which was held on April 17, 2024.

The purpose of this third listening session in the series was to invite participants to share specific recommendations on how to address affordability concerns, and ways that those recommendations could be incorporated into the Water Affordability Needs Assessment Report. Specific session objectives included:

- Review the Congressional language that directs EPA to produce the Water Affordability Needs Assessment Report.
- Review recommendations that stakeholders have shared during previous listening sessions.
- Highlight specific recommendations for a federal water assistance program.

## Listening Session Summary

Ellen Tarquinio (U.S. EPA) opened the session by welcoming participants and provided an overview of the Water Affordability Needs Assessment Report and the further research recommended in previous sessions.

Facilitators invited participants to share thoughts on additional recommended aspects for the report to cover. Highlights of the participant discussion are below.

- *Safe Drinking Water Information System (SDWIS) Data:* A participant suggested that EPA examine utility arrearages data to identify any correlation with SDWIS data, to determine whether customer nonpayment is impacting utilities' ability to provide clean and safe water services.
- *Regulatory Requirements:* Stakeholders noted that compliance costs associated with future regulatory requirements, such as the proposed Lead and Copper Rule Improvements (LCRI), may result in some utilities needing to raise rates. The report should appropriately address the significant impact these regulations will have on water affordability.
- *Comprehensive Household Affordability:* Finding ways to help customers sign up for all the assistance they qualify for may be an important component of helping them afford their water bills. This could include housing and food assistance.
- *Political Barriers:* Some utilities must seek rate change approval by governing authorities, such as local city councils, and thus can experience political challenges regarding water affordability policy making.

## Water Affordability Recommendations

Ellen Tarquinio provided an overview of water affordability recommendations that session participants offered during previous sessions. Key highlights from the presentation are as follows.

- A common theme from the recent listening sessions is that participants generally agree that water affordability should be addressed through a comprehensive approach, and not simply through a federal water assistance program. Specific questions for EPA to think about include: How can the problem be addressed holistically? How can a sustainable solution to water affordability be discussed? What is the federal government's role?
- The Environmental Finance Advisory Board (EFAB) has accepted a charge to recommend ways that EPA can help support communities in their affordability efforts. The Board is exploring innovative financial approaches to address water affordability, including ways to lower the cost of capital projects, and analyzing state and local legal barriers to customer assistance programs (CAPs) and how to address those restrictions.

Jean Ray (U.S. EPA) summarized recommendations that stakeholders suggested during previous sessions:

- Enacting a disconnection moratorium, particularly for households that are already enrolled in an assistance program.
- Require utilities to report data such as water rates and shutoffs.
- Characterize the cost of regulations.

- Differentiate between water affordability and water assistance.
- Investigate how utilities that have non-water fees on their water bill can participate in a federal program.
- Increase funding for water infrastructure.
- Better characterize the concept of taking on debt "due to" customer nonpayment and highlight challenges securing bonds for utilities that have a significant amount of customer debt expenses.
- Capture the cost of delaying necessary infrastructure projects in an attempt to keep rates lower.
- Incorporate future costs associated with climate change responses (e.g., align climate risk data with data on arrearages).
- Include empirical data about what customers find affordable.
- Ensure that small and rural utilities are included and well represented.

Facilitators invited participants to share reactions to the previously suggested water affordability recommendations. Highlights of the discussion are as follows.

- *Disconnection Moratoriums.* Several participants shared thoughts about disconnection moratoriums. A participant shared that while disconnection moratoriums are often recommended by some community advocates, it is important to consider that these moratoriums have downsides. In some cases, disconnections are the primary motivator for households struggling with affordability to sign up for assistance programs. One participant recommended an analysis of the effectiveness of disconnection moratoriums during the COVID-19 pandemic, assessing their economic impacts on communities and water systems.
- *Bad Debt Expense.* A participant encouraged EPA to quantify the costs of bad debt expenses to utilities (e.g., for every X million dollars unpaid, rates raise x%).

### Long-Term Federal Water Assistance Program

Ellen Tarquinio and Jean Ray provided an overview of federal assistance programs. Key highlights from the presentation are as follows.

- Discussions about water affordability include discussions on the establishment of a long-term, federal water assistance program. Fortunately, there are different models that can be leveraged and looked at to understand how assistance programs are implemented including Low Income Home Energy Assistance Program (LIHEAP), Supplemental Nutrition Assistance Program (SNAP), and the Low-Income Household Water Assistance Program (LIHWAP).

Facilitators invited participants to share recommendations for a potential future federal water assistance program. Highlights of the participant discussion are as follows.

- *Learning from Existing Federal Assistance Programs.* A participant suggested that a federal water assistance program could draw on lessons learned from existing federal assistance programs, such as those administered by the Department of Health and Human Services (HHS).

- *Categorical Eligibility:* Categorical eligibility can be a helpful tool to reduce burden on households and utilities in enrolling customers in an assistance program if they are already enrolled in an analogous program elsewhere. A future federal assistance program could also offer blanket approval for extremely poor communities. This would especially help small utilities, that typically lack staff capacity to register and approve individual household applications for financial assistance. Additionally, utilities need to have the flexibility to include trash and water services in one bill, and/or there must be technical assistance for small utilities that have capacity challenges in altering their billing system to be able to participate in the program.
- *Three-Pronged Approach.* One participant recommended an approach that embraces 1) paying off arrearages, 2) capping customer costs, and 3) assistance with plumbing repairs.
- *Newly Published Resource.* Water Assistance for Low-Income Households: Analysis of LIHWAP Performance (Jones, J.P., & Carpenter, A.T. (2024). Water Assistance for Low-Income Households: Analysis of LIHWAP Performance. *AWWA*, 116(4), 26-34. <https://doi.org/10.1002/awwa.2263>)

Ellen Tarquinio ended the session by thanking participants for attending and inviting them to keep engaging with EPA. Participants were encouraged to send suggestions for case study candidates to Melinda Luetke ([Luetke.Melinda@epa.gov](mailto:Luetke.Melinda@epa.gov)) and send any follow-up questions or recommended data sources to Jean Ray ([Ray.Jean@epa.gov](mailto:Ray.Jean@epa.gov)).