Across the United States, drinking water and wastewater costs have more than doubled since 2000, far exceeding price increases for electricity, rent, and gasoline. Increasing water rates are necessary to pay for higher capital and operational costs due to aging infrastructure, climate change adaptation, and increased treatment requirements. Concurrent with these increased rates have been alarming increases in delinquent bill payments, water shutoffs for residents, and utility debt. These challenges have exacerbated during the COVID-19 crisis.

The federal response to this crisis has been limited, but more recently, Congress allocated more than $1 billion in COVID relief bills to help low-income customers with their water and wastewater utility bills. This assistance has not yet reached the customers, but it is designed to be provided through local utilities. In light of this plan, it is instructive to review the existing customer assistance programs (CAPs) and understand their mode of operation and limitations.

Apart from innovations in rate-setting to redistribute the cost of water service among low- and high-water users, utilities have turned to customer assistance programs (CAPs) to provide economic relief to struggling customers. With so much emphasis on equity and affordability, what do we know about CAPs and their potential to provide economic relief to customers during challenging times?

First, most utilities do not offer CAPs. Industry surveys suggest only about a third of the utilities do so. They are especially uncommon in small utilities, and where existing, they are designed more out of expediency than as a genuine economic relief mechanism for needy customers. The scientific and policy literature is sparse on the effectiveness of CAPs in reducing the incidence of late bill payments, nonpayment, and service shutoffs.

We reviewed CAPs offered at 20 of the largest U.S water systems by reviewing publicly available information and supplementing it with interviews. CAPs are notoriously under-subscribed and enrollment data are hard to obtain. They cater to a small section of the population, typically homeowners and certain other groups like seniors and individuals with disability, the income thresholds are often too low, and the assistance is provided on a “first-come-first-served” basis. A large portion of renters who live in multi-unit dwellings without individual meters pay their water bill as a flat fee to their landlord, and are therefore ineligible for CAPs. Documentation requirements are often too high and a lack of coordination with other assistance programs means customers have to apply separately to each program.

Water utilities need a viable strategy to ensure that their most disadvantaged customers aren’t shut off from water services. As the COVID-19 crisis demonstrated, water utilities are one economic shock away from a financial crisis. Utilities have a transactional relationship with their customers, but they tend to survive and even thrive when their customers are doing well.

**Executive Brief:**
Customer Assistance Programs in Large Water Utilities

EXECUTIVE BRIEF can be accessed [here](#)
Recommendations

Based on the above review, we make eight recommendations to improve CAPs and make them effective and equitable:

1. Eliminate homeownership requirement and provide vouchers for non-account holders: Utilities must eliminate homeownership as a requirement and expand qualification to those responsible for the water bill, including renters. This will still leave out that subset of renters who are non-account holders and pay a flat fee for water as part of their rent. Vouchers or cash assistance could offset some of the costs associated with utility bills for those customers.

2. Legislation allowing rate revenues to fund CAPs: Explicit authorization from state legislatures that allow water utilities to use rate revenues for CAPs would provide public water utilities with a guaranteed source of funds for CAPs. Not having the authorization or worse a prohibition, utilities are restricted to using non-rate revenue sources and donations, which are unreliable and limit the amount and scope of assistance offered.

3. Link water assistance programs with federal programs: Customers struggling to pay their water bills are likely facing hardship in other areas such as rent, food, and other utility payments as well. There is a strong case, therefore, to link water utility CAPs with other utility CAPs or federal programs, such as LIHEAP, AFDC, SSSI, Medicaid, and SNAP. This would streamline access and bolster participation rates.

4. Allow data sharing across utilities: Water utilities must be allowed to access and share data on their customers with other utilities such as gas and electric. Restrictions on data sharing, such as the one in California, are a detriment to expanding access to CAPs. Such data sharing can happen regardless of the linkages between water utility CAPs and other assistance programs.

5. Streamline customer application process: Even without linkages with other utility CAPs or federal assistance programs, there is a tremendous opportunity for utilities to streamline the application process by limiting the number of documents requested upfront, allowing electronic signing and submission, and providing as much information about the program including expected bill assistance.

6. Set up uniform income thresholds: In our analysis, we found wide variation in eligibility requirements and income thresholds set by water utilities. We recommend setting up two sets of thresholds within any state: one for Tier 1 cities that have a high cost of living, and another for the rest of the state. Eligibility thresholds could also be linked to other well-subscribed programs in the state.

7. Prioritize lower water rates over CAPs: Water utilities must prioritize keeping the cost of water low for basic consumption and make discretionary uses expensive. Since most CAPs offer assistance as a percentage of the water bill, increases in water rates can offset the benefits offered by CAPs for low-income customers.

8. Limit delinquent payment fees and water shutoffs: Utilities must prioritize customers’ public health and welfare concerns by eliminating shutoffs as a tool for rate payment and limiting or eliminating delinquent payment fees.

FULL REPORT
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