

COVID-19 and Public Water Service Continuity

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The [Coronavirus Disease 2019 \(COVID-19\) pandemic](#) has increased attention to several issues regarding the provision of public water services. These include long-standing water-rate affordability concerns, the importance of clean water to public health, and the financial sustainability of some public water systems (whether publicly or privately owned). The spread of COVID-19 has raised specific concerns regarding the continuity of residential water services needed to support hand-washing and other public health measures—particularly as more customers may become unable to pay water bills because of job losses or reduced income. At the same time, water service providers are projecting substantial [revenue losses](#) related to COVID-19. Policy options being discussed to alleviate such impacts and help ensure the continuity of water service include providing temporary assistance to households and/or water systems.

The power to control water service shutoffs generally lies with state and local governments. In response to COVID-19, most [state public utility commissions have directed](#) private/investor-owned utilities (and, in some cases, other systems) to continue service during the pandemic. At least 15 states, the District of Columbia, and Puerto Rico have directed publicly and privately owned systems to continue service. Six of these states are also requiring water systems to reconnect service to residences where water had been shutoff for non-payment. Other states have reached voluntary agreements with water systems not to disconnect services during the pandemic. Also, numerous water utilities have committed to providing service to non-paying customers. In light of these actions and other COVID-19 impacts, municipal and rural water associations and others have [urged](#) Congress to provide temporary financial assistance to water systems.

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Water Service Pricing, Affordability, and Disconnections

The U.S. Environmental Protection Agency [recommends](#) that “the pricing of water services covers the costs of providing service, for both operations and maintenance and capital expenses.” Customers’ water bills typically support [operations and maintenance costs and sometimes long-term capital investments](#). Water system pricing structures vary (e.g., tiered rates to encourage conservation or flat rates for all users). While systems generally have flexibility in determining a pricing structure, certain privately owned systems (and, in some states, publicly owned systems) are subject to state and local requirements that control rate increases.

Several factors may influence the cost of providing water service, including investments needed to repair aging infrastructure or to comply with regulatory requirements. Some systems offer programs to assist low-income customers with water bill payments. Among these, systems may offer individualized payment plans or customer assistance programs (CAPs). However, some states prohibit the use of rate revenues to fund CAPs. Many other states face potential [legal challenges](#) in doing so. Facing revenue shortfalls and increased costs, some water systems have previously disconnected service to certain delinquent accounts.

COVID-19 Impacts on Households and Public Water Systems

State and local governments have taken measures to control the spread of COVID-19 (e.g., school and business closures). Consequently, many more households are facing financial hardship and may have difficulty paying water bills.

During the pandemic, numerous water systems have committed to continuing service to nonpaying customers, and some are restoring connections to long-standing delinquent accounts. Some reconnections require onsite repairs, incurring additional costs to the water system. State and local actions requiring water service continuity and closures of non-essential businesses may reduce revenues. Non-residential users account for [roughly 40%](#) of water supplied by water systems. The lack of demand from commercial and industrial high-volume users may cause substantial revenue losses. Together, these revenue losses ([estimated at \\$13.9 million](#)) may challenge water service providers’ ability to operate and maintain systems without increasing water rates.

Drinking Water Assistance

Congress continues to evaluate policy options to mitigate the pandemic’s public health and economic impacts. Federal options to address water service continuity may include providing temporary assistance to (1) support households for general purposes or specifically for water service payments and/or (2) support water systems experiencing significant revenue losses resulting from COVID-19. Broader questions related to any such options that Congress may consider include what assistance to provide and, if so, whether to use new or existing programs.

H.R. 6800, a broad COVID-19 response bill with similarities to H.R. 6379, specifically addresses water service affordability and continuity. The bill would provide \$1.5 billion to the Secretary of Health and Human Services for grants to states and tribes to provide assistance to low-income households that use a high proportion of income to pay for water services. Section 190703 would establish a program to provide funds for drinking water and wastewater services to utilities on behalf of low-income households. This provision would authorize states to use existing procedures to administer benefits to low-income households. Section 190701 would require any entity receiving assistance under H.R. 6800 to establish or maintain policies to ensure that water or energy services to residential customers are continued or reconnected regardless of payment during the pandemic and subsequent public health emergencies. Section 190704 would require any water systems or treatment works receiving assistance under H.R. 6800 Division A to establish or maintain similar policies. [H.R. 6552](#) parallels Sections 190703 and

190704, except that H.R. 6552 would authorize the appropriation of \$1.5 billion for this program, whereas H.R. 6800 would provide funding directly.

The Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136) established a \$150 billion relief fund to help state, local, and tribal governments respond to public health emergencies associated with COVID-19. Support to municipal water agencies could be one of many uses of the fund. The act also provides direct payments to individuals, which households could use for expenses, including water bills.

To specifically address the pandemic's economic impacts on water systems, [various groups](#) have urged Congress to provide assistance through grants, loans, and existing [water infrastructure programs](#), such as the Drinking Water State Revolving Fund (42 U.S.C. §300j-12). This program provides financial assistance to water systems for infrastructure improvements needed to comply with drinking water regulations, protect health, and reduce the costs of such projects for communities. States offer additional subsidies to disadvantaged communities to make infrastructure projects and water service more affordable.

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