



# COVID-19: Selected Public Water Service Issues

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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. 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 the pandemic, most [state public utility commissions have directed](#) private/investor-owned utilities (and in some cases other systems) to continue service during the pandemic. The governors of at least nine states and Puerto Rico have issued executive orders prohibiting publicly and privately owned systems from disconnecting service. Four of these states are also requiring water systems to reconnect service to residences where water had been shutoff for nonpayment. Also, numerous water utilities have committed to providing water service to non-paying customers. In light of such state and utility actions, municipal and rural water associations and others have [urged](#) Congress to provide financial assistance to public water systems to help cover the cost of delivering water services during the pandemic.

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## Water Service Pricing, Affordability, and Disconnections

The U.S. Environmental Protection Agency (EPA) [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](#). Among water systems, pricing structures vary (e.g., tiered rates to encourage water conservation or flat rates for all users). While water 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 evolving regulatory requirements. Some water 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 public water systems have previously disconnected service to certain delinquent accounts.

## COVID-19 Impacts on Households and Public Water Systems

Federal, state, and local governments have taken measures to control the spread of COVID-19 (e.g., “stay-at-home” orders and closing schools and non-essential businesses). As a result, 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 working to restore connections to long-standing delinquent accounts. Some reconnections may require onsite repairs, incurring additional costs to the water system. State actions requiring water service continuity through the pandemic may reduce revenues. Additional revenue loss may result from the closure of non-essential businesses. Non-residential water users account for [roughly 40%](#) of water supplied by public water systems. Particularly for those systems using tiered pricing, the lack of demand from commercial businesses that are high-volume users, such as manufacturers, may result in substantial revenue loss. Together, these revenue losses may challenge water service providers’ ability to operate and maintain systems.

## Drinking Water Assistance

Congress continues to evaluate policy options to mitigate the public health and economic impacts of the COVID-19 pandemic. At the federal level, 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 these or other policy options, if any, that Congress may consider include what assistance to provide and, if so, whether to use new or existing programs to implement them.

H.R. 6379, a broad COVID-19 response bill, would directly address water service affordability and continuity. Section 199992 would establish a program similar to the low-income home energy assistance program ([LIHEAP](#)) for drinking water and wastewater services. The bill would provide \$1.5 billion to the Secretary of Health and Human Services for grants to states and Indian tribes to provide assistance to low-income households that use a high proportion of their income to pay for water services. This provision would use existing LIHEAP procedures to administer benefits. Section 199991 would require any public water system or energy utility receiving payments from the program authorized by Section 199992 or LIHEAP to continue services during the COVID-19 emergency.

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 could be used for household expenses, including water bills.

To specifically address economic impacts of the pandemic 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), which 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. (For information on this and other EPA-administered water infrastructure programs, see CRS In Focus IF11485, *U.S. Environmental Protection Agency (EPA) Water Infrastructure Programs and FY2020 Appropriations*.)

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