
Overview

Water utilities are facing a dramatic rise in unpaid accounts. At the height of the pandemic, customers in a dozen large cities owed more than $1 billion to their water utilities. Many customers are still experiencing financial stress due to COVID-19 and widespread unemployment, making it harder for them to pay their utility bills. At the same time, utilities lost revenue over the past year as commercial water usage declined. Customers may also face additional fines such as late fees and reconnection fees that can make their bills more unaffordable. Beyond utility bills, individuals may be paying off traffic fines, court fees, and other penalties. Utilities need new tools and funding mechanisms to address the levels of debt related to COVID-19. They need strategies to ensure that low-income ratepayers can manage their bills and are not overwhelmed by debt. This fact sheet highlights promising strategies that utilities are implementing to address customer debt.

Note: This fact sheet was compiled in the Spring of 2021. Some of the strategies included here were temporary programs that have since ended; however, they provide useful models for designing future responses to debt challenges.

Opportunities for action

Offering debt forgiveness tied to payment plans: Offering debt forgiveness as part of a payment plan arrangement allows customers to make smaller, regular payments that they can afford while easing the burden of arrears.

- The City of Chicago’s Utility Billing Relief Program offers a discount to low-income customers that enroll in a payment plan for their water and sewer bills. Their debt does not accumulate fees while they are enrolled in the payment plan, and they are protected from shutoffs. After a year without overdue bills, past debt is forgiven. The program operates in partnership with the Community & Economic Development Association of Cook County, which also operates LIHEAP in Chicago.

- Customers enrolled in Philadelphia Water’s Tiered Assistance Program (TAP) are eligible for debt forgiveness after two years of monthly payments. TAP charges income-indexed rates to low-income customers.
Offering emergency grants that customers can use to pay off water debt: Some utilities face legal or regulatory barriers to forgiving debt directly. They can still support customers by offering grants that customers can apply to overdue water bills or making the terms of repayment more flexible.

- **Seattle Public Utilities’** Emergency Assistance Program provides funding that customers can apply to their utility bills. Low-income customers are eligible for these grants once a year, or twice a year if there are children in the household.

- **Greater Cincinnati Water Works’** Economic Hardship Water Debt Forgiveness Program was created to forgive debts accrued during the pandemic for low-income customers and customers who were financially impacted by COVID-19. The program was open to property owners or tenants that pay their water bill.

Using other funding sources to allow utilities to offer debt relief: With water debt spiking, utilities need to identify new revenue sources to make it possible to offer relief for larger quantities of debt.

- **The Michigan Department of Health and Human Services** used CARES Act funding to assist water utilities with customer debt accrued during the pandemic. Funding to Detroit, Flint, Saginaw, and other cities allowed utilities to cover up to $700 water bills for low-income customers.

- **The Los Angeles Department of Water and Power’s** Utility Grant Assistance Program used CARES funding to offer one-time $500 grants to pay utility bills (including gas, internet, and cell phone service). To qualify, customers had to have experienced a loss of income due to COVID-19, as well as being low-income or being enrolled in one of LADWP’s preexisting assistance programs.

Waiving fees and fines: In addition to forgiving existing debt, utilities can ensure that customers do not incur new debt by waiving late fees, interest, or other penalties on overdue accounts.

- **The Buffalo Water Board’s** Water Bill Amnesty Program waives late fees and penalties for accounts in arrears. To qualify, customers need to make a down payment of 10 percent of the bill and enroll in a 12-month payment plan.

The Water Equity Network is a growing community of practice of utilities, community-based organizations, environmental groups, philanthropy, and others, to advance equitable water management practices at the local, state, and national levels. For more about the Network: [http://uswateralliance.org/waterequitynetwork](http://uswateralliance.org/waterequitynetwork)

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