

Water Bill Delinquencies Skyrocket

Key Takeaways from Raftelis' Utility Survey

COVID-19 has impacted nearly every aspect of society and water and wastewater utilities are not immune. A Raftelis survey asked utilities how COVID-19 has changed customer payment delinquencies; how revenue has been affected; and whether customer assistance programs were helping.

Perhaps most telling is that Raftelis collected data for this survey in late summer—just after federal unemployment assistance ended and while shut-off moratoriums were mostly still in place. It is likely that without this aid the numbers for the second half of 2020 will be even more stark—from both a customer and utility perspective.

Large Numbers of Customers are not Paying

Delinquency Changes

Utilities told us they had experienced dramatic increases in delinquencies, measured by the percent change in unpaid bills over 30 days old.

Utilities averaged a **28% increase in bills that were more than 30 days past due.**

Revenue Impacts are Mixed

Most utilities reported that revenues have decreased when compared to what they had budgeted prior to COVID-19, but that is not true for everyone. The largest revenue decrease was \$25M and the largest increase was \$14M.

For some utilities revenue actually increased, but this is likely a reflection of hot, dry weather prompting increased irrigation in these communities and perhaps the inclusion of smaller utilities with a larger number of residential customers staying home. For utilities that did not see much of a revenue impact, these same factors contributed to that outcome.

Where Revenues Changed Most On Average

We found that on average, from 2019 to 2020, revenues decreased:

- The most in low MHI areas - averaging \$1.6M
- The most in the Northeast - averaging \$1.74M
- The most among larger utilities - averaging \$2.68M

Where Delinquencies Increased Most

By Community Median Household Income

- **Lower income - nearly 80%**
- Middle income - 30%
- Higher income - over 10%

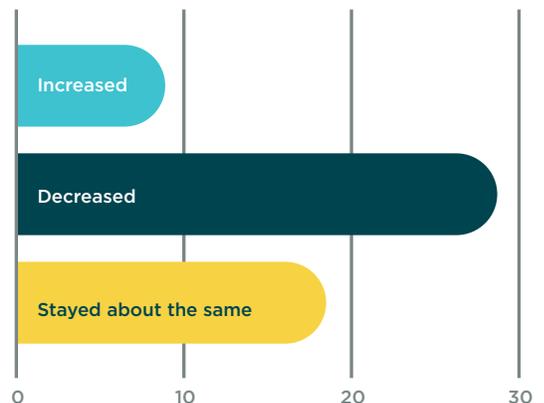
By Region

- **South - over 40%**
- West - nearly 25%
- Midwest - under 20%
- Northeast - **Decreased** by 5%

By Utility Size

- **Large - over 60%**
- Medium - near 20%
- Small - under 5%

Revenue Changes Reported Actual to Budget



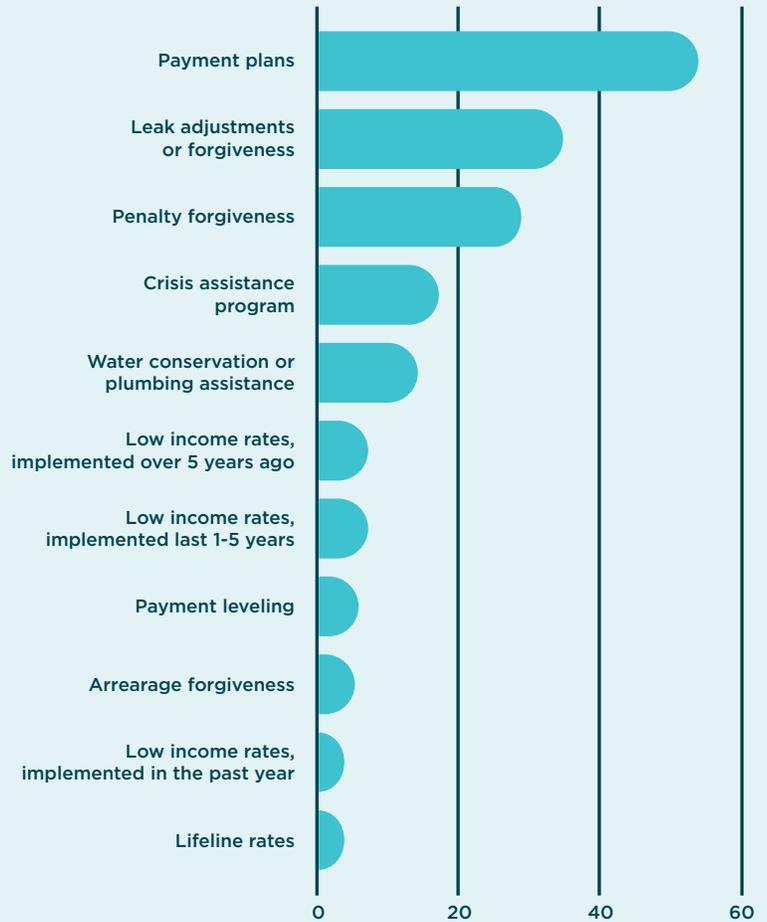
Most Common Customer Assistance Offered

Utilities are Offering Lots of Help

Most Common Customer Assistance Offered

Utilities are focused on helping their customers, and many utilities offer more than one program. The top programs are easy to implement and explain to customers and can be quickly modified in response to changing needs.

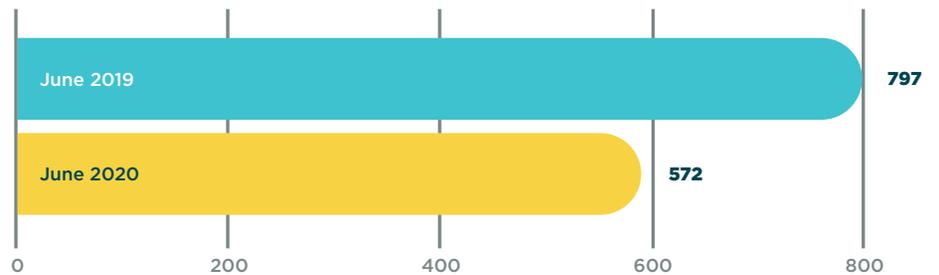
35% of utilities were already concerned about affordability before the pandemic started. These concerns continue to grow.



Payment Plan Enrollment Decreased

While delinquencies went up among utilities, 2020 saw large decreases in the use of payment plans, compared to 2019. This is likely due to widespread suspension of shut-offs—whether mandated or voluntary—that made payment plan enrollment less essential for customers.

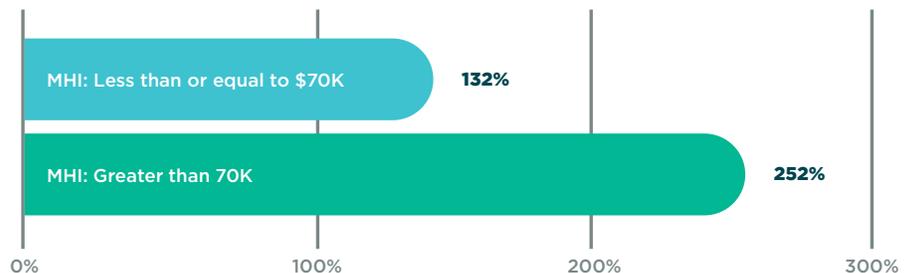
Average Number of Customers Participating in Payment Plans



Assistance Program Participation Increased, Especially in Higher Income Communities

Utilities saw big increases in customers asking for help to pay their bills. Perhaps as a nod to the broad economic impacts of the pandemic, the increase in participation in Customer Assistance Programs (CAP) was greater in higher MHI communities.

Average Increase in CAP Participation



Impacts Will Be Long Term

Water and wastewater utilities have taken swift and radical steps to help ensure that their communities maintain access to clean water and sanitation during the pandemic. Most utilities have stopped shut-offs, implemented additional customer assistance programs, and worked with customers to keep their water running.

Even as utilities have kept customers in service, many have sustained significant financial impacts and have decreased rates or deferred or reduced planned rate increases. When utilities do this it means they must defer maintenance and investments in infrastructure—areas in which many already lagged.

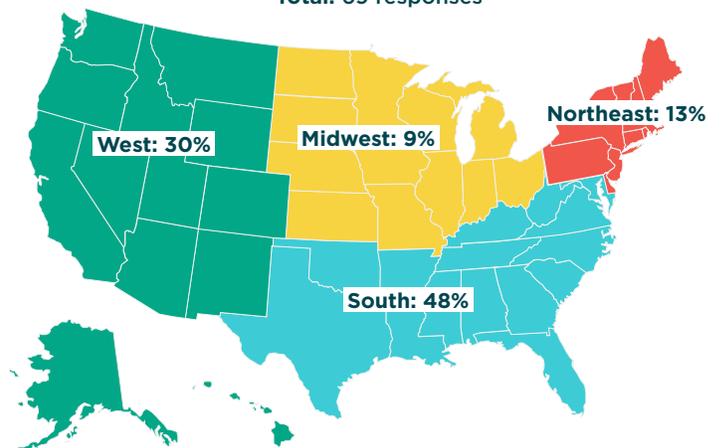
While the pandemic drags on, utilities will continue to sustain their customers and seek ways to accommodate unprecedented delinquencies. They will also look for novel approaches to payment arrangements now that shut-off restrictions in many parts of the country are being lifted. Creative approaches to maintaining infrastructure and the level of service customers need can only go so far, and the potential for reductions in service levels are a real possibility. Governing bodies that are looking out for their community by backing off on planned rate increases will find that in the future those increases must jump higher than customers are used to just to get service levels and maintenance back on track.

Throughout this unprecedented time, Raftelis will continue our research and share data that utilities rely on to make difficult decisions as they weigh how best to serve their communities.

Additional Resources:

- [Raftelis COVID-19 Resources](#)
- [Association of Metropolitan Water Agencies \(AMWA\) COVID-19 Resources](#)
- [National Association of Clean Water Agencies \(NACWA\) COVID-19 Advocacy Resources](#)
- [The Financial Impact of the COVID-19 Crisis on U.S. Drinking Water Utilities \(AWWA, AMWA\)](#)
- [Affordability Assessments: Policy Recommendations for USEPA Published in Journal AWWA](#)

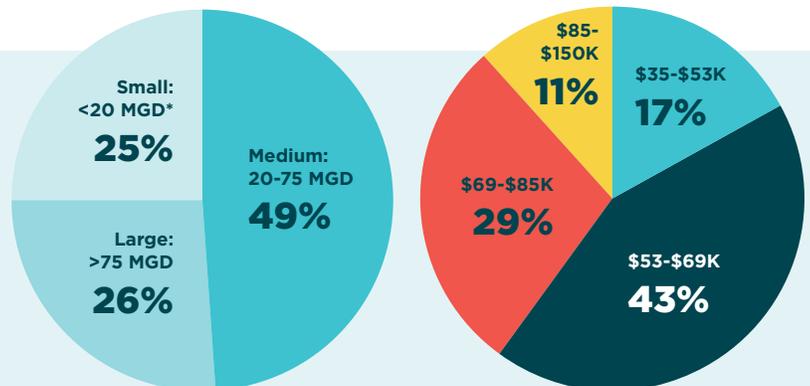
Responses by Region
Total: 69 responses



Who Participated?

Raftelis made this survey available on August 25, 2020 and closed the survey on September 14, 2020. We received responses from a total of 69 utilities from across the country with wide-ranging characteristics, which gave us a strong survey sample. Shown here is a breakdown of the characteristics of our survey respondents.

*MGD - Millions of gallons per day (treatment volume)



Utility Size: Based on AWWA size classes

Community Median Household Income (MHI)