

Defining Water Affordability in New York State

An overview of New York State with an in-depth look of New York City

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Introduction

This report examines the water affordability programs of public utilities in New York state. The most significant constraint on the design and implementation of customer assistance programs (CAPs) is how they can be financially supported. This document studies existing challenges and legal barriers in implementing CAPs in New York state. We also discuss regulatory mechanisms in New York State (NYS) and New York City (NYC) for various customer assistance and affordability programs.

In recent years, water rates have risen at a higher rate than the average cost of living s, raising concerns about affordable services. Also, the cost of water continues to increase, and customers' ability to pay for it has decreased. Customers' ability to pay water rates that represent the full expenses of providing water service is known as ability-to-pay, or residential water affordability (“DEFINING & MEASURING WATER AFFORDABILITY”, n.d., 6).

At a state level, NY private utilities, government-owned utilities, and non-profit water utilities often fall under different economic regulatory frameworks that influence their ability to use rate revenues to fund CAPs. The CAPs for commission-regulated private utilities are restricted because they must be approved before they can be implemented, but once allowed, they will set a significant precedent. The approval of a few utility CAPs by the New York State Public Service Commission (NYPSC) has enhanced the probability that additional private utilities in the state will be permitted to establish them as well. In this report, we are focusing on public utilities and their challenges in implementing CAPs.

The scope and complexity of existing CAPs indicate water utilities' commitment to offering affordable service to all of their customers by seeking more federal and state financial support but, the demand side is significantly larger than what the utilities can meet on their own financials. The water utility sector alone will not be able to achieve long-term water affordability solutions and seek more committed reforms and regulations to strengthen its commitment to developing and sustaining a long-term program to improve the affordability of water services in communities and across New York state.

In NYC, the Bureau of Water Supply of the New York City Department of Environmental Protection (NYC DEP) is in charge of the city's water supply system. The NYC DEP was established in 1977 after the City government's water supply and wastewater treatment roles were merged. The NYC DEP is in charge of delivering water supply and managing and transporting wastewater and stormwater. Water and sewer charges provide funding revenue for the DEP's capital and operations budgets. The New York City Water Board establishes the water rate and has public hearings in each borough each year when the City develops its budget for the fiscal year. Through the water and sewer fee, the DEP is able to meet its revenue demands for both wastewater and stormwater management.

In the following sections, we will discuss the various types of customer assistance programs and an overview of their implications, as well as the water governance structure in New York State and NYC. We'll also go over various departments and their functions in relation to water supply, as well as regulatory procedures, problems, and the ramifications of various laws and acts in public water utilities.



Map- New York State (Source: Google Maps)

Defining Water Affordability

Water affordability must be measured at the federal level in order to assess the impact of meeting Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) regulations set by the United States Environmental Protection Agency (EPA). Compliance with federal water rules, eligibility for State Revolving Funds (SRF) and other grants, innovative and equitable rate structures, and the design of customer assistance programs (CAPs) are all factors to consider when determining water affordability. CAPs are also created using water affordability analyses. In this context, water affordability is defined as the ability of the most vulnerable populations to pay for basic water services. (“DEFINING & MEASURING WATER AFFORDABILITY”, n.d., 7)

Overview of Customer Assistance Program (CAPs)

Definition

Compliance with federal water rules, eligibility for State Revolving Funds (SRF) and other grants, and the design of customer assistance programs (CAP) are all factors to consider when determining water affordability. Water affordability is measured at the federal and state level in order to assess the impact of meeting Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) regulations set by the US Environmental Protection Agency (EPA).

The Customer Assistance Program (CAPs) is a utility assistance program designed for low-income households/disabled/senior citizens who have water and/or sewer accounts. CAPs are also created using water affordability analyses.

CAPs have been developed by a number of drinking water and wastewater utilities to help financially disadvantaged customers keep access to drinking water and wastewater services. They use bill discounts, unique rate structures, and other methods. Individual households' eligibility for these water affordability initiatives is usually determined by a percentage of the Federal Poverty Level (FPL). These programs assist households in addressing affordability difficulties while also safeguarding the public's health. They also assist the utility in providing its core services in a sustainable manner, pricing services effectively, and maintaining a large customer base. However, there are expenses to the community associated with these services¹.

How does it work?

CAPs are designed to help people in a variety of situations, such as emergencies, pandemics, and financial troubles. To satisfy the demands as per the community requirements, utilities have designed and changed their programs accordingly. Fixed-income or lower-income homes, as well as households experiencing a temporary crisis such as a job loss, illness, disability, or other family crisis, may find it difficult to pay water and sewer costs. The CAPs may provide monthly, long-term bill payment options to participants, allowing them to keep their utility service. Payments are made in accordance with their earnings and/or financial ability to pay. If you live in a low-income home or have had your water shut off/threatened to shut off or are having financial difficulties, you may be eligible for utility assistance.

¹ EPA Proposed 2020 Financial Capability Guidance September 2020

Common Types of Customer Assistance Programs

Within the utility context, CAPs come in various forms. A few different examples from New York State are included below.

- **Bill Discounts:** Utilities reduce a customer's bill; eligible low-income homeowners can get an annual non-refundable credit of \$115.89 through HWAP.
- **Conservation:** Utilities subsidize or provide water efficiency measures aimed at reducing water use and therefore water costs; for example, by fixing leaks, offering rebates for efficient fixtures and appliances, or conducting in-home water audits².
- **Emergency Assistance:** Utilities provide short-term or one-time assistance to prevent disconnection or restore disconnection following an unexpected hardship (e.g. medical emergency, job loss, death, or divorce).
- **Flexible Terms:** Utilities adjust repayment to help customers afford services; for example, by forgiving arrearages, adjusting bill payment timing, or leveling billing to a more predictable amount.
- **Lifeline Rates:** Customers pay a subsidized rate for a fixed amount of water expected to cover basic needs.

Overview of Water Governance in New York State

The United States Environmental Protection Agency (EPA) and the New York State Department of Health (DOH) have two key water-related responsibilities in NYS: regulating public water systems and sponsoring local water initiatives. The core regulatory framework and standards are established by federal legislation, such as the Safe Drinking Water Act (SDWA), and EPA regulations. These basic requirements for public water systems have been adopted in New York State with the ability to expand requirements through state legislation and DOH regulations. New York City and 36 counties oversee the water systems in their areas, while the Department of Health is in charge of the remaining 21 counties. Every public water system is required to produce annual Water Quality Reports that include data on water sources, treatment, and quality. These reports are sent to the system's end-users and filed with the regulatory body.

The state's 57 counties are organized in one of three ways: charter counties with an elected executive or appointed administrative official, counties with an appointed administrator or manager, and counties organized under county law operating under the supervision of a county legislative body.

² https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2020/09/BPC_WaterBillAssistanceProgram-_final.pdf

Water services are owned, operated, and regulated by a number of different government and private agencies.

- The bulk of water systems that serve large populations are operated and funded by local governments (cities, villages, towns, and a few counties).
- Some water systems are also operated by municipal water departments, water authorities, which are distinct public organizations formed by state statute.
- Water authorities or counties may oversee regional water systems, which generally cover a metropolitan area. The operations of private water corporations range from small rural systems to huge regional organizations.

In the sections below are general overviews of each of these entities -

Municipal Water Departments

Most cities and municipalities report having water departments – or divisions performing similar functions – that serve the entire municipality as part of their financial reporting to the Office of the New York State Comptroller (OSC). There are also entity-wide water departments in 9 counties and 40 towns.

Water Districts

Most heavily populated regions are served by city and village water systems. The majority of municipalities do not give water to all of their citizens, but rather to homes in designated portions of the municipality called water districts. This allows communities to service only population centers that would benefit from more centralized water infrastructure, while private well water may be a preferable alternative in undeveloped or less developed areas.

Water districts are usually established and administered by town councils. The costs of a district are borne by the properties in that district, not by the town's taxpayers as a whole. A single town can have multiple water districts, and 484 of them (about half of the municipalities in the state) do. Water districts, which operate similarly to town districts, can also be established and administered by counties.

Water Authorities

At least 27 municipal governments in the state acknowledge performing public water-related activities. They serve areas as small as a single town or city to as large as a region, and they include some of the state's largest public water systems, including New York City's. While the majority of these agencies own and maintain water systems, others do distinct tasks.

Water authorities may exist merely to issue bonds for water system improvements provided by independent water boards or authorities, or they may engage in other water-related activities not related to water delivery. Some water authorities, on the other hand, offer services other than drinking water distribution, such as sewer and stormwater drain services. The monthly water costs for some of the largest public water system operators in New York State are shown in the chart below-



Chart - Large public water system operators in New York State

Water Finance

Potable water distribution is frequently a municipal government service, however, the local body providing the water could be a municipal government, a local public authority, or a commercial water corporation. Property taxes, levies, or usage fees may be used to pay for this service by municipal water departments and water districts.

Property taxes and assessments are also used by municipalities to fund capital upgrades, such as replacement and new buildings. Because water authorities and private water firms are unable to impose property taxes, they must rely on the enforcement of fees and other charges, as well as the structuring of water rates to account for the costs of infrastructure upkeep, enhancements and expansion. Any of these suppliers' financial resources could be utilized to fund pay-as-you-go capital projects or to support the issue of debt (dependent upon their specific authorization).

Water and Sewer providers and oversight authorities in New York State (Population-wise)

County	Department	Population (size-wise)
Hamilton	Hamilton County Soil & Water Conservation District	4416
Allegany	Allegany Water Department, Department of Public Works	5278
Fulton	Fulton County Water Department	11,000
Schuyler	Department of Public Works	17,807
Cortland	The Cortland Water Department	18,670
Yates	Yates County Environmental Health Department	24,913
Lewis	Lewis County Planning Department	26,845
Schoharie	Schoharie County Water/Sewer District	31,611
Seneca	Water and Sewer Department	34,016
Essex	The Essex County Water Department or Water Utility	36,885
Wyoming	Wyoming County Water Resource Agency (WCWRA), Wyoming County Health Department Environmental Division	39,859
Delaware	Delaware County Watershed Affairs	44,135
Chenango	Public Works Department/Water and Sewer	47,207

Greene	Greene County Utilities	47,791
Montgomery	WATER & SEWER Department	49,221
Tioga	Soil and Water Conservation District	49,322
Franklin	Franklin County Soil & Water Conservation District	50,022
Genesee	Genesee County Water Resources Agency	57,280
Columbia	Columbia County Health Department	59,461
Otsego	Otsego County Water Department	60,750
Washington	Sewer District	61,204
Herkimer	Herkimer Water Commission /Department	61,319
Livingston	Water & Sewer Authority	62,914
Warren	Soil and Water Conservation District	63,944
Madison	Madison County Water Department	71,760
Sullivan	Planning and Environmental Department	75,783
Cayuga	Cayuga County Water and Sewer Authority	80,026
Clinton	The Clinton County Health Department	81,224
Chemung	Chemung County Sewer Districts Department	83,456
Wayne	The Wayne County Water & Sewer Authority board	89,918

Steuben	Department of Public Works	95,379
Putnam	Putnam County Health Department	98,320
Albany	Albany Department of Water & Water Supply, The Albany Water Board, Municipal Water Finance Authority, Cit Albany Engineering Department	101,082
Tompkins	Municipal Water Service	102,180
Jefferson	Jefferson County Soil and Water Conservation	109,834
Chautauqua	North Chautauqua County Water District	126,903
Schenectady	Water Department	155,299
Rensselaer	Water and Sewer Department	158,714
Ulster	Department of Environment, Water Department	177,573
Broome	The Binghamton Water Department	190,488
Niagara	Water and Sewer Department, Niagara Falls Water Board	209,281
Oneida	The Environmental Health public water supply division	228,671
Saratoga	Saratoga County Water Authority, Saratoga Water Services, Inc. (NYS Department of Health)	229,863
Dutchess	Water and Wastewater Authority	294,218
Rockland	Rockland County Health Department	325,789

Onondaga	Onondaga Central New York's Water Authority (OCWA)	460,528
Richmond (Staten Island)	Staten Island Water Department, New York City Water Board, NYCDEP	476,143
Monroe	Monroe County Water Authority	741,770
Erie	Erie County Water Authority ECWA	918,702
Westchester	Westchester County Water Agency	967,506
Suffolk	Suffolk County Water Authority SCWA	1,100,000
Nassau	Water Authority of Western Nassau	1,356,924
Bronx	New York City Department of Environmental Protection	1,418,207
Queens	New York City Department of Environmental Protection, New York City Water Board	2,253,858
Kings (Brooklyn)	New York City Department of Environmental Protection, New York City Water Board	2,582,830
New York City	New York City Department of Environmental Protection, New York City Water Board	8,500,000

Table No- 1: New York State Counties and Water Utilities with Population

NEW YORK CITY WATER BOARD

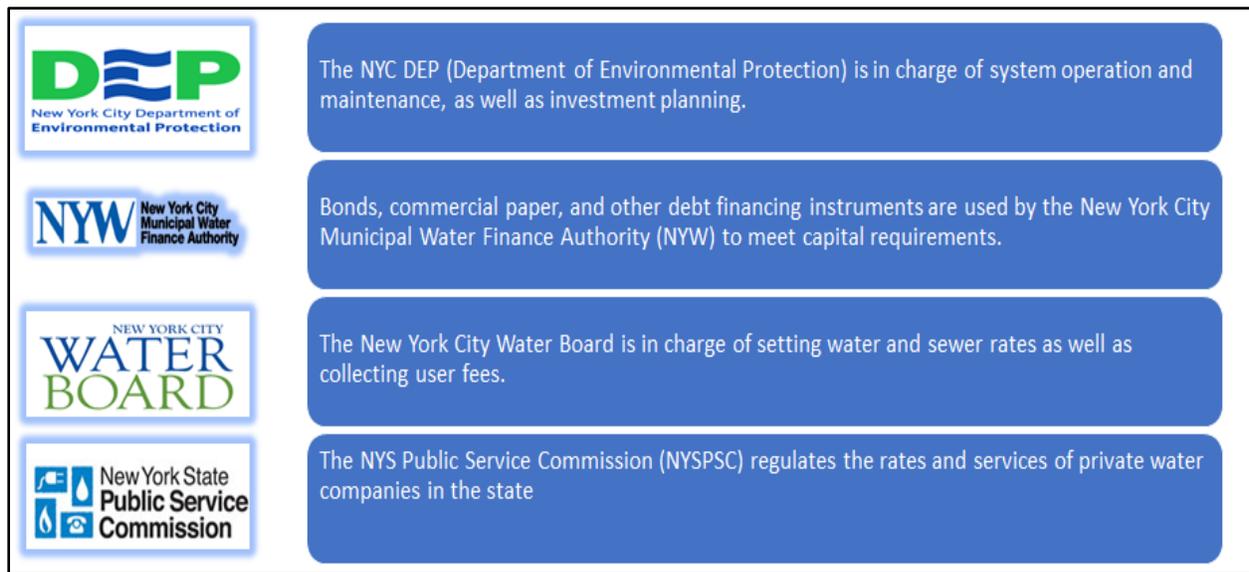
The New York City Water Board's Water and Sewerage Rate Schedule establishes the rates, charges, fees, and other service charges for services given, rendered, or made accessible by the city's water and wastewater systems. The property owner is legally responsible for all water and wastewater charges.

NEW YORK DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP)

The New York Department of Environmental Protection (NYDEP) agency is responsible for drinking water supply and sewerage in the city including water quality and water body conservation. DEP is in charge of New York City's water supply, which provides around 1 billion gallons of high-quality drinking water each day to more than 9 million people, including 8.3 million

in the city. The water comes from a watershed that stretches over 125 miles from the city and includes 19 reservoirs and three regulated lakes.³

Fig: New York City Water Governance



New York State Water Regulations

The New York Public Service Commission (NYPSC) regulates the pricing of private water service providers and does not regulate public utilities owned by the government, including cities, towns, counties and water districts. Water utilities in New York State fall under commission and non-commission based regulatory systems. N.Y. Pub. Auth. Law art. 5 establishes 24 water and/or wastewater authorities throughout the NY State including New York City Water Finance Authority.

³ [Rate Proposal Would Keep the Cost of Water in New York City Well Below the National Average | City of New York \(nyc.gov\)](https://www.nyc.gov/newsroom/press-releases/2017/07/2017-07-13-rate-proposal-would-keep-the-cost-of-water-in-new-york-city-well-below-the-national-average)

New York State's constitutional and statutory foundation for local government declares counties, cities, towns, and villages to be "general purpose" local government divisions. They are given significant home rule powers to control community quality of life and provide direct services to residents. Local governments must do so while adhering to the authorities granted to them by statute as well as the New York and United States Constitutions. Local governments in New York have some of the most extensive home rule powers in the country. Because of the scope of these authorities, each local government is a full partner with the state in delivering services to the people.

The administrative head or body of a county's water and wastewater utility can set wholesale and retail rates for water and wastewater services under New York County Law. Such rates should be "determined on an equitable basis,"⁴ and classifications are allowed based on service characteristics. The allowance of only service-related characteristics could potentially create grounds for legal challenges against low-income CAPs funded by rate revenues. All incorporated cities in New York State operate under a home rule charter⁵. As a result, government-owned utilities may have considerable flexibility in establishing low-income CAPs funded by ratepayer payments, subject to any individual charters [1] restrictions.

City of Syracuse, New York

Local Governments, Ordinances & Regulations

Case: *Winston v. City of Syracuse*, 887 F.3d 553

The City of Syracuse, New York, ordinances governing water service do not permit tenants to open their own water accounts. Rather, the city provides water service only after the property owner makes an application for a service to said property. Syracuse, N.Y., Code of Ordinances, Part M, § 16-1. Once service is established, the city may shut off the water for a failure to pay the water bill. Syracuse, N.Y., Code of Ordinances, Part M, § 16-53 provides that if a bill remains unpaid for 60 days from the date on the bill, the water may be turned off. Prior to terminating water service, the city's ordinances require the city to provide a written notice regarding the shutoff to the landlord and occupants of the property. Syracuse, N.Y. Code of Ordinances, Part M, § 16-108(b).

Art. 5 of the New York Public Authority Law establishes 24 water and/or wastewater authorities across the state including the Buffalo County Water Authority, the New York City Water Finance Authority, and the Albany Water. ("NY Pub Auth L § 1154 (2015)", n.d., #) These organizations serve the vast majority of New York people. Individual statutes, in general, provide these agencies broad authority to set rates and collect levies that generate enough revenue to cover all costs. In most circumstances, however, the legislation does not explicitly sanction or ban low-income

⁴ There are 62 counties in New York; 5 of these counties fall under the jurisdiction of the City of New York, 19 operate pursuant to home rule charters, and 38 are governed by general law.

⁵ In essence, home rule refers to a city's citizens' right to establish and change their own governing system. This is accomplished through the adoption of a written charter drafted by an elected charter commission and approved by a referendum of the people.

support programs. The Buffalo Water Authority is particularly authorized by the New York Compilation of Codes, Rules, and Regulations to set rates for low-income elderly residents. Water rates for all homeowners who, by virtue of their age, are eligible for real property tax exemption pursuant to the New York Real Property Tax Law, section 467, shall be eligible for exemption or reduction in water rates as set forth in the board schedule of rates, according to N.Y. Comp. Codes R. & Regs. tit. 21, 10085.12.⁶

The New York State laws and acts associated with water utilities are shown in the table below-

⁶ [View Document - New York Codes, Rules and Regulations \(westlaw.com\)](#)

New York State Laws and Acts

N.Y. Pub. Auth. Law art. 5	N.Y. County Law	Municipal Home Rule	Article IX of State Constitution	N.Y. Pub. Serv. Law § 89-c,	NY Utility Shutoff Prevention Law	Public authority reform act 2009 (PARA)
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State Law Descriptions

This article illustrates most of the water utility functions	The County Law is a compilation of statutes that define the legal authority of counties, (except those contains contained within New York City), to operate under the constitutional provisions adopted in 1938	Section 10 of this article gives local government the power to adopt or amend local laws relating to the following - levy, administration and collection of local taxes and fees as authorized by the legislature, protection of its physical environment, the public safety and health of its citizens	Section 1 of this article says, Local government cannot be prohibited by the legislature from receiving payments for property used by utilities	It regulates the rates and services of private water companies	Under this law, it prohibits utilities from cutting off service in the event of a pandemic or other emergency.	The Act improves governance, monitoring, capacity to enforce reporting requirements, and the State Comptroller's approval of contracts, all of which are significant steps toward authority reform. In short it is more focusing on transparency and governance, oversight, and the issuance of debt.
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Public Utility Implications

NY Pub Auth Law does not talk about water affordability, lowering water debt costs and supplying a minimal amount of water to people who can't pay	The board of supervisors of each county may establish, consolidate, or extend county water, sewer, stormwater and drainage in the manner provided for the purpose of obtaining a supply of water for wholesale distribution to other municipalities, districts, or individuals, corporate or otherwise, within the county water district, retail distribution except wholesale and retail distribution.	Under Article 2 of the Municipal Home Rule Law, local governments are granted many of the powers that were included in Article IX Section 2c of the State Constitution but were reserved by the state legislature under section 11 of the Statute of Local Governments. These powers granted to local governments can be restricted or revoked, based upon action of the state legislature, as long as the constitutionally mandated processes are followed.	Although local governments are granted certain powers and privileges in the Local Government Bill of Rights, their ability to govern is closely tied to actions by the state legislature.	NYPSC does not regulate public/government utilities	Currently it is not cleared how many days of shutoff prevention is applicable to public utilities, it is only applicable during emergency situations or pandemic	In practice NYC has some language in their admin code, some on DEP website, some in other places, there is a requirement to have a deferred payment agreement
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Table No- 2: New York State Laws and Acts related to Water Services

The New York City Department of Environmental Protection (DEP), which is administered by the New York City Water Board under N.Y. Pub. Auth. Law art. 5, offers a number of low-income assistance programs, including the Home Water Assistance Program (HWAP), which is funded by customer revenues. Such programs are listed in the following section.

New York City Affordability Program(s)

- Customers who have high water bills owing to leaks can get help from the New York Department of Environmental Protection (NYDEP). The utility is able to provide financial assistance to low-income consumers because of partnerships and the use of other NYC customer assistance programs.
- The Home Water Assistance Program (HWAP) is a program designed to help low-income homeowners reduce their water and sewer bills. Customers who qualify for these programs are enrolled in the HWAP automatically. HWAP currently serves roughly 51,000 households.
- The NYDEP also offers the Multi-family Water Assistance Program (MWAP) in partnership with the Department of Housing Preservation and Development (HPD) and the Housing Development Corporation (HDC). The MWAP program presently has a higher demand than funding available. The MWAP is responsible for around 40,000 apartment units.
- The New York State Department of Environmental Conservation's Leak Forgiveness Program is intended to provide consumers with financial assistance while simultaneously encouraging them to save water. Property must be billed on metered rates, have a leak that costs at least 200 percent of a normal bill from a representative billing period, and have the leak remedied within 120 days of the original high-usage bill to be eligible. Approximately 3,800 clients are supported by the Leak Forgiveness Program.
- The Water Debt Assistance Program (WDAP) of the New York State Department of Environmental Conservation (NYDEP) assists multi-family homeowners who are facing foreclosure or mortgage default and are on the 90-day lien sale list. If they qualify, the NYDEP will remove their property from the next lien sale and delay the bill until the property is sold, refinanced, or the owner has the financial means to pay it.
- During extreme situations, such as COVID-19 in New York State, there is another aid program available called the Emergency Rental Assistance Program (ERAP), which can help consumers pay their rent and utility bills.

NYS Utility Shutoff Prevention Law

Under this law, it prohibits utility providers from cutting off service in the event of a pandemic or other emergency.

Appropriately, it covers both private and public water systems (water districts, cities, towns, villages, and public authorities). But, few limitations are still there like only residential and small business customers are eligible, a small business must have 25 or fewer employees and it should not be a publicly held company, should not be a seasonal or temporary customer and time taking

processes including the customer has to self-certify that they were financially affected by COVID by a utility or municipality

Proposed Rights for Non-Residential Customers of Municipal Water Utilities During and After the COVID-19 State of Emergency (Proposed by few Advocacy groups in NYS)

Under these proposed rights, Non-residents can enter into a reasonable deferred payment agreement to pay off their past-due obligation. This right, however, will only be valid for a limited time. It will endure for 180 days after the COVID-19 state of emergency ends, or until July 1, 2022, whichever comes first.

Income Thresholds for CAPs⁷

Water Utility	Median Household Income (in 2019 dollars), 2015-2019	Regional Minimum Wage over 40 hours times 52 weeks	CAPs Income Threshold (for a household of three)	CAPs Threshold Converted to 2020 FPL
New York City System (DEP)	\$63,998	\$31,200	\$50,591 (HWAP)	~250%

There is also a need to promote water conservation along with CAPs. With tiered rates, If water consumption exceeds a certain threshold, the fee per gallon increases. For example, customers could pay \$5 for the first 500 gallons of water each month and \$7.50 for each additional 500 gallons. Customers who place a significant stress on the system should pay more for its upkeep if properly planned, and this could eliminate water-rate inequalities among most families if they wind up in the same tier.

Impacts of COVID-19

NYDEP has maintained the same level of funding for the affordability programs while experiencing an increase in delinquencies. It is through their existing affordability programs and the State Legislature's extension of the utility shut-off moratorium during COVID19.

COVID 19 Impact

During the COVID-19 issue, New York recently passed legislation (Laws of 2020, Chapters 108 and 126) prohibiting the disconnection of home utility services. New York is the first state to institute a statewide moratorium on all utility shutoffs, including both publicly and privately held utilities, through legislation.

Current Rate Proposal for New York City⁸

⁷ [H2Affordability_AssistancePrograms.pdf \(policyinnovation.org\)](#)

⁸ [Rate Proposal Would Keep the Cost of Water in New York City Well Below the National Average | City of New York \(nyc.gov\)](#)

The New York City Department of Environmental Protection (DEP) suggested to the New York City Water Board a 2.76 per cent increase in the water rate for the Fiscal Year 2022 (FY22). New York City's water costs would be kept below the national average under the proposed rate.

The proposal also increases the Board's existing affordability programs for low-income homeowners and multi-family housing properties by \$10 million, representing a 50 per cent increase in funding. These programs are expected to benefit as many as 96,000 small property owners and 48,000 affordable apartment units, respectively, reflecting up to 45,000 new customers and 8,000 affordable apartment units. In addition, the proposal proposes keeping the minimum rate for consumers who use less than 90 gallons per day for the sixth year in a row at \$1.27 per day.

Affordability Remaining the Main Focus

The DEP is committed to maintaining a set of prices and billing regulations that keep expenses low for customers that are struggling to make ends meet. For FY22, a variety of rate-affordability-focused billing practices are expected to be expanded.

The Home Water Assistance Program (HWAP) will receive an \$8 million boost, allowing up to 96,000 low-income homes to receive a \$145 bill credit. Customers do not need to apply for the credit or take any other steps to receive it because DEP and the Water Board collaborate with other government agencies to locate eligible properties. The program was originally implemented in FY 2015, and in FY21, it was brought to the Water Board for reauthorization and financial increases.

The Multifamily Water Assistance Program, which offers a \$250 bill credit per affordable residential unit, will be expanded by up to \$2 million to include up to 48,000 units in multifamily buildings with at least fifteen years left on a rental affordability agreement with either the NYC Department of Housing Preservation and Development or the NYC Housing Development Corporation.

The initiative was launched in the fiscal year 2018 and has been proposed to the Water Board for reauthorization and funding increases in fiscal year 22. The ranking formula, which was initially implemented in FY 2019, awards credits by giving priority to the most affordable units based on local median income and will be utilized again in FY22.

Customers that use less than 902 gallons per day are taxed at the minimum water rate of \$1.27 per day, including wastewater expenses, due to the freezing of the minimum charge. The DEP intends to keep the minimum charge at the same level as in FY 2014 for the sixth year in a row, benefiting many single-family homeowners, including many seniors. The annual water and sewer bill for consumers billed on the minimum fee is \$464 per year.⁹

⁹ [Rate Proposal Would Keep the Cost of Water in New York City Well Below the National Average | City of New York \(nyc.gov\)](#)

Sustainability and Challenges in implementing CAPs

Regarding classic legal challenges, at the statewide level, there are no impediments for utilities to offer affordability programs. Climate change, pandemics, and financial instability will disproportionately affect low-income households unless comprehensive strategies and financing are specifically geared to protect vulnerable groups. Current CAPs are intended to ensure the service's long-term stability, but they will not fulfil the demands of low-income people, leaving many behind.

The rates are the primary source of revenue to pay for capital improvement projects for NYS utilities. Another source of funding to compensate for projects is the Safe Water Revolving Fund and Clean Water Revolving Fund which is administered through environmental facilities corporations. The governor passed a safe water bond act recently and is trying to use it to create behavior changes by municipalities. This money has been added to additional resources for municipalities to use for capital projects.

Arrears in the New York City	Residential Arrears	Commercial/Industrial Arrears
\$750 billion	\$600 million	\$150 million

Table No. 3: Arrears Cost in NYC

Arrears in the city of New York are \$750 billion, \$600 million in residential arrears, \$150 million in commercial/industrial arrears. There is no model or a template on how Municipal or Government utilities are supposed to regulate their water supply, its charges and the bill.

The only utilities that are required to collect data at the state level are the energy utilities and there is no provision to collect the data for water utilities.

There is a necessity for the city's public authority statute that the providers function similarly to energy suppliers. In practice, the city of New York has some language in its administrative code, some on the DEP website, and some elsewhere, requiring a deferred payment agreement.

From January through June of 2021, New York State legislators passed a bill in the Senate, but not the Assembly, that would require granular data. The state's requirement that utilities and other water service providers collect data has enraged the utilities and other water service providers. Some highlights of the bill are -

- All utilities must collect data in order to plan for affordability efforts
- PSC in NY is exempt from the part of the law that pertains to quorums
- From 700 to 300 state-run utilities

Conclusion

A standard affordability program for low-income households in the state is urgently needed, as is a review of existing CAPs laws and programs. Financial measurements must also be reviewed in order to limit the effects of financial interruptions, particularly during emergency scenarios such as COVID-19. Multiple methods for receiving government aid and applying rate revenues for CAPs must be evaluated. The cost of delivering optimal services is rising because of a mix of aged infrastructure, stricter regulations, additional pollutants, and increasingly severe weather conditions. As a result, utilities confront significant hurdles in delivering inexpensive service to all consumers, particularly low-income households. However, NYS has “home rule” laws in which utilities are allowed to set their own terms for establishing CAPs. There is no provision of federal water bill assistance programs like there is for electric and heating services. Generally, renters are not included in utility CAPs, which is a big limitation. Utilities must eliminate the criterion of homeownership and widen qualification to include individuals who are liable for the water bill. When it comes to planning and administering CAPs, research shows that water utilities confront many critical communication issues, including reaching out to consumers who need help, raising program awareness, and educating the target population. It will be interesting to see whether utilities waive balance bills or charge interest when the moratorium period ends. The post-moratorium phase will be intriguing to see, as many utilities will be reliant on-bill recovery and federal or state government support. The most difficult aspect would be obtaining full recovery from low-income consumers; more assistance programs for low-income customers are needed at the state level.

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