

# FINANCIAL IMPACTS ON WATER AND WASTEWATER UTILITIES DUE TO COVID-19

Over the last four months, the news has been filled with stories related to the impacts of the COVID-19 pandemic. Not only have we seen tragic stories of confirmed cases and deaths resulting from the virus outbreak, and the bizarre toilet paper shortage, but also many stories about the negative impact on the U.S. economy. In our rural communities we've seen Mom & Pop restaurant owners and hairstylists struggling to get by and filing for unemployment benefits. But something we don't hear about in the news is the financial impact this pandemic is having on water and wastewater utilities.

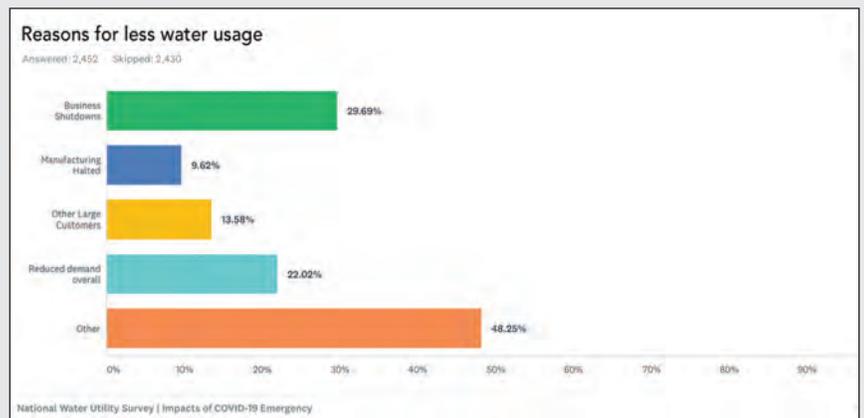
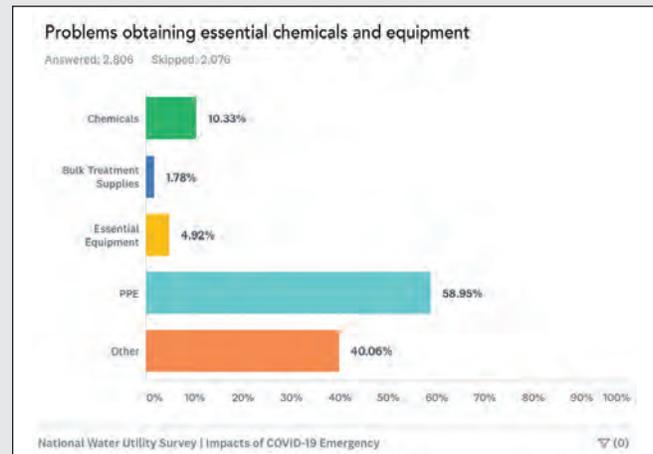
On March 15, 2020, the Kansas Corporation Commission ordered all public utilities, under their authority, to suspend the practice of disconnecting service for non-payment while customers and communities are experiencing potential financial hardship due to the pandemic. On March 16th, Governor Laura Kelly issued an executive order prohibiting utility disconnects until May 1, 2020; which has now been extended through May 31, 2020. While I think we can all understand and are sympathetic to the unfortunate financial situation some customers may be in, it does not change the fact that utilities are losing revenue, which may not be recovered.

On April 20, the National Rural Water Association (NRWA) published the results of a survey conducted among small water and wastewater utilities (serving less than 10,000 people) across the nation regarding the financial impact of the COVID-19 pandemic. NRWA received responses from 4,636 water and wastewater utilities across 50 states and U.S. Territories. The survey asked questions regarding water usage, non-payment of bills, and continuity of operations. The following is a brief summary of the survey results:

- **Water Usage:** 57 percent of systems saw no decrease in water usage, or an increase due to more residents staying at home. 31 percent of systems reported a decrease in water usage due to business shutdowns, halted manufacturing, or other reasons. (See chart at right)
- **Lost Revenue:** 49 percent of systems have already lost revenue due to COVID-19. Systems reported \$67,269,577 in actual revenue losses; that's an average of \$34,112 per system. NRWA estimates that over the next 90 days, the revenue losses will total \$171,619,108 for an average of \$86,502 per system.

- **Other Concerns:** 58.95 percent of systems reported experiencing problems obtaining essential personal protective equipment (PPE). 10.33 percent of systems reported issues with obtaining essential treatment chemicals. Also, 18 percent of system managers reported that they are concerned or very concerned about maintaining continuity of operations due to staff illness and/or revenue loss. (See chart below)

Based on the survey results, NRWA estimates that small water and wastewater systems will lose \$998 million in revenue by mid-July. Small water systems are projected to lose \$817 million and small wastewater systems are projected to lose \$181 million. This total does not include emergency operational costs such as staging additional shifts, isolating staff, modifying procedures for regulatory compliance, purchasing PPE, and additional equipment for working remotely.



## Local systems need to speak up . . . .

If water systems would like to join NRWA in their efforts to convince lawmakers that small water and wastewater utilities need economic relief due to the COVID-19 pandemic, the following form letter can be typed onto your letterhead and mailed to your representative. Or, you might consider contacting Senators Roberts and Moran and Representatives through the portal that is available on their websites.

Here are comments that might be included in your letter:

**Re: Federal Assistance to Water & Wastewater Utilities during the COVID-19 Crisis**

On behalf of the (insert your system's name here), thank you for your leadership and swift action to confront the public health crisis caused by COVID-19. We write to express our concern that recently enacted COVID-19 legislation did not include funding for water utilities. We understand that there will be additional Congressional action, and we respectfully request that this urgent need is addressed in the fourth COVID-19 response legislation.

Water and wastewater utilities throughout Kansas and across the nation provide life-sustaining services that protect public health and the environment. We will continue to work through this crisis alongside other first responders in our communities. Our dedicated staffs are taking remarkable steps and making personal sacrifices to ensure continued production of safe water for Kansans.

Public water and wastewater utilities provide essential services to their communities, despite the financial challenges that agencies will incur due to falling revenue from declines in usage from commercial and industrial users, restoring service to delinquent rate-payers who cannot afford their bills, and halting shut-offs for non-payment. Unfortunately, it has been estimated the impact to water and wastewater utilities nationwide of lost revenues due to COVID-19 at \$998 million. This could be a low-end estimate, assuming an average loss of revenue of 20 percent, which is well within the range of what individual utilities are already projecting. Some utilities are anticipating closer to a 30 percent or 40 percent loss in revenue. These costs come in addition to emergency operational costs that water utilities will undoubtedly incur throughout the duration of the pandemic.

As Congress considers additional COVID-19 response legislation, we urge that the following be included in the bill:

- Federal assistance to cover costs associated with moratoriums on water service disconnections, or reconnections of delinquent accounts, that water systems have implemented in response to the pandemic;
- Grant or low interest loan funding to help support utility operations at a time when revenues are dropping dramatically;
- Inclusion of funding for all utility providers through existing water infrastructure investment programs such as the Environmental Protection Agency (EPA)'s Clean Water and Safe Drinking Water State Revolving Fund (SRF).

Thank you for your attention to this important issue.

Sincerely,

(Insert your Name Here)

(Insert your System Here)

**Small and rural systems need assistance to lessen the financial burden on rate payers who are already strapped due to the pandemic.**

Small and rural utilities have done their part to meet the public's needs during the COVID-19 pandemic by restoring and maintaining customer access to service regardless of payment. Recent enacted legislation, in response to the pandemic, did not include funding for water and/or wastewater utilities. However, it looks like another round of Congressional action is in the works. NRWA and others are urging Congress to include these essential public services in the next stimulus bill and/or take independent action to ensure their financial stability. Small and rural systems need assistance to lessen the financial burden on rate payers who are already strapped due to the pandemic.

*Monica Wurtz began work with KRWA in October 2013. She previously worked at the Kansas Department of Health and Environment and also worked at US EPA Region 7 for four years. Monica is considered a national expert on various drinking water regulations.*



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