Approaches and Funding for Low-Income Water Ratepayer Assistance and Household Infrastructure in Oregon

Report Pursuant to House Bill 2010 (2023)

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LPRO
LEGISLATIVE POLICY AND RESEARCH OFFICE

About this Report

This is a publication of Oregon's Legislative Policy and Research Office (LPRO). This report draws from information gathered through discussions with state and federal agencies, nonprofit and non-governmental organizations, as well as from a survey of Oregon's Community Action Agencies. LPRO would like to thank these individuals for their time, efforts, and feedback, which informed this report.

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Executive Summary

Report Mandate

House Bill 2010 (2023) directs the Legislative Policy and Research Office (LPRO) to prepare and submit a report related to policy approaches and funding sources for assisting low-income drinking water, wastewater, and stormwater ratepayers, as well as low-income individuals' and households' private drinking water and sewer infrastructure that is in need of repair and replacement. The Act requires LPRO to submit the resulting report to the Legislative Assembly by January 15, 2024.

Background

Nationwide, the cost of delivering water services—including drinking water, wastewater, and stormwater—is increasing while federal investment in water infrastructure has decreased since the 1950s, leaving water service providers, states, and ratepayers to carry a higher financial burden to fund these systems. According to the U.S. Environmental Protection Agency's Drinking Water Infrastructure Needs Survey and Assessment (DWINSA), Oregon needs to invest $10.11 billion in water infrastructure for all need types and all system sizes.

Oregon households face financial hardships in paying water utility bills, a situation which was brought to light and exacerbated during the COVID-19 public health emergency. To address the needs of low-income ratepayers who face financial hardship in paying water utility bills, some water service providers, counties, and cities offer a variety of customer assistance programs (CAPs) in their service areas. The federally funded Low-Income Household Water Assistance Program (LIHWAP) is also offered to ratepayers receiving services from participating water service providers in all 36 counties in Oregon. Similarly, the Oregon Department of Environmental Quality provides pass-through grants to eligible organizations for distribution to property owners and small businesses with old or failing septic systems.

Overview and Findings

LPRO identified CAPs throughout Oregon, which vary based on type or purpose, eligibility, or funding source. CAPs may offer temporary or permanent assistance to ratepayers to assist with water utility costs. Funding for these programs comes from a mix of federal, local, and utility sources.

> **Finding: The majority of CAPs (70 percent) identified in Oregon offer bill discounts and roughly 20 percent offer temporary assistance. Qualifying criteria for these programs may include income level, age, residence type, military status, or participation in other assistance programs.**

Starting in early 2022 and scheduled to end in March 2024, the federally funded LIHWAP program supports temporary assistance for low-income ratepayers. Administered by the US Department of Health and Human Services Office of Community Services at the federal level, and Oregon Housing and Community Services

at the state level, the program is implemented through Community Action Agencies that work directly with certain utility providers.

> **Finding: A total of $10.4 million dollars in LIHWAP assistance was awarded to 18,200 eligible households in Oregon, as of November 30, 2023.**

Households and individuals who live outside community water service providers' territories are not provided with drinking water, wastewater, or stormwater services and must own, maintain, and repair their own domestic wells and septic systems.

> **Finding: In Oregon, a limited number of funding opportunities for improvements and repair of domestic well and septic systems are administered by state and federal entities, or by regional non-profit organizations.**

Water infrastructure for community water systems is the responsibility of local governments, which use federal sources, in part, to meet their funding needs. They may leverage federal funds by taking advantage of favorable loan terms or matching federal funds to state-provided funds.

> **Finding: The opportunities for leveraging federal funds are less contingent on a state match than they are on applicants having the ability to apply. Potential applicants could be supported by the state through targeted technical support programs and increased organizational capacity.**

Assisting low-income ratepayers with paying for water services as well as domestic infrastructure likely requires the consideration of several diverse policy interventions. Legislators may consider the need and opportunities to:

- provide incentives or grants to water service providers;
- create and offer different types of customer assistance programs for ratepayers to access when needed (e.g., general assistance for high water rates or assistance during times of crises);
- design a state-funded statewide program to replace LIHWAP, one with broad eligibility criteria and minimal barriers to applying;
- establish statewide programs and funding mechanisms to address water affordability challenges at the community and domestic level across Oregon;
- connect water service providers and domestic well and septic system owners with funding and other resources, such as technical assistance;
- create a tracker to identify available water infrastructure–related funding opportunities to inform eligible entities and ensure they have the capacity to locate, apply for, leverage, and manage available grant opportunities; and
- allow state grants to pay for grant-writing services or technical assistance and provide funding for such activities.

Access to Full Report

The full report, with references, can be found online on Oregon State Legislature's Publications and Reports webpage: https://www.oregonlegislature.gov/citizen_engagement/Pages/Publications-Reports.aspx

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Table 1: List of Acronyms Used in This Report

Acronym	Meaning
CAA	Community Action Agency
CAP	Customer assistance program
CAPO	Community Action Partnership of Oregon
DEQ	Department of Environmental Quality
DWINSA	Drinking Water Infrastructure Needs Survey and Assessment
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency
HB	House Bill
LIHEAP	Low Income Home Energy Assistance Program
LIHWAP	Low-Income Household Water Assistance Program
LPRO	Legislative Policy and Research Office
ODOE	Oregon Department of Energy
OHA	Oregon Health Authority
OHCS	Oregon Housing and Community Services
OWRD	Oregon Water Resources Department
PUC	Oregon Public Utility Commission
SAFER	Safe and Affordable Funding for Equity and Resilience Program
SB	Senate Bill
SDAO	Special Districts Association of Oregon
USDA	U.S. Department of Agriculture

1 Introduction

House Bill (HB) 2010 (2023), among provisions related to drought relief, water quality, and water management activities, requires the Legislative Policy and Research Office (LPRO) to prepare and submit a report to the legislature on the following:

- processes and outcomes in Oregon related to recent federal funding opportunities to assist low-income ratepayers with drinking water, wastewater, and stormwater costs;
- approaches and funding sources for an ongoing statewide assistance program with these same goals;
- approaches and funding sources to help low-income individuals and households finance the replacement or repair of private residential drinking water and sewer infrastructure; and
- opportunities to leverage federal funds for these approaches.

The following is an overview of approaches to and financial assistance for water utility bill payment assistance.

Water service systems in Oregon are complex and range from large-scale public water systems, such as the City of Portland's, which serves an estimated 1 million current users,[1] to smaller water systems in rural Oregon that have a limited number of connections, to individual wells on private property. Water access, water affordability, service staffing levels, and the organizational capacity of water service providers greatly differ between Oregon's urban and rural areas.

Households[a] across Oregon face financial hardships in paying water, wastewater, and stormwater utility bills. Specific circumstances, such as the COVID-19 public health emergency, may exacerbate these circumstances. To address the needs of low-income ratepayers, some water service providers, counties, and cities offer customer assistance programs (CAPs) to their ratepayers.

Serving every county in Oregon, the federally funded Low-Income Household Water Assistance Program (LIHWAP)[b] is a crisis-relief customer assistance program for low-income ratepayers that began in 2022. Ongoing federal funding for LIHWAP has not been extended, and the program is set to end in Oregon in March 2024.

Households and individuals who live outside community water service providers' territories are not provided with drinking water or wastewater services. They must own, maintain, and repair their own domestic wells and septic systems.[2] There are a limited number of water infrastructure programs that are available for these households and individuals.

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[a] The terms "households" and "ratepayers" are often used interchangeably in this report.

[b] Some entities refer to the program as the "LIHWA Program" while others use the acronym "LIHWAP." In this report, we use "LIHWAP," following the federal government's use of the acronym.

Water service providers can leverage federal funds by taking advantage of long-term, low-cost federal loans, or grants. A variety of federal and state financial assistance mechanisms for system-level water infrastructure projects are available to cities and counties in Oregon; however, the use of federal funds for water infrastructure replacement and repair costs does not necessarily lead to a decrease in utility rates, since low-interest loans and bonds are paid back through service rates.[3]

This report presents information on and examples of customer assistance programs for low-income ratepayers for their drinking water, wastewater, and stormwater utility bill costs as well as funding sources that may be available to help low-income households finance the replacement or repair of private residential drinking water and sewer infrastructure. This study also provides a comprehensive analysis of other subjects, as required by HB 2010; however, LPRO cannot guarantee that the review of existing programs and funding approaches is exhaustive.

Report Outline

The report is divided into the following sections:

- Background and Context
- Methodology
- Findings
- Conclusion
- References

The appendices contain the following information:

- Appendix A: Selected Definitions/Terminology
- Appendix B: Informal Interview Questions for Oregon Agencies
- Appendix C: Survey Questionnaire
- Appendix D: Community Action Agency Territories in Oregon
- Appendix E: LIHWAP Outcomes

2 Provision of Drinking Water, Wastewater, and Stormwater Services in Oregon

A brief overview of Oregon's water, wastewater, and stormwater service provision is provided below. Access to water varies across the state. Larger urban areas receive community-provided water while those not connected to community water systems rely on individual wells and septic systems.

Water services include the provision, treatment, or control of drinking water, wastewater, and stormwater. Drinking water may be provided through government-owned, privately owned, or publicly-privately owned service providers or accessed through domestic systems, such as private wells. Wastewater is also provided through government, private, or public-private partnerships, or it is managed at the individual household level via septic systems or other methods. Stormwater is both locally and federally regulated, and some municipalities in Oregon have ordinances and permitting processes to manage stormwater runoff.

Households and individuals who live outside community water service providers' territories are not provided with drinking water, wastewater, or stormwater services. They must own, maintain, and repair their domestic wells, septic systems, and stormwater runoff.[2]

2.1 Drinking Water

Drinking water in Oregon is provided through a variety of water systems, including year-round in residential settings (i.e., community water systems), schools, hospitals, industrial settings, as well as locations in which individuals are transient/nonresidents, such as gas stations or campsites (i.e., non–community water systems). (See Text Box 1.) Water service providers may serve as few as one connection while the larger ones serve hundreds of thousands of connections. Water systems may be owned by a variety of entities. Federal, local, and state governments may own public water systems; privately owned systems may also serve the public. Some systems have a mix of public and private ownership.

Of Oregon's 926 community water systems, approximately 39 percent is publicly owned, while the remaining 41 percent is privately owned.[4] (See Table 2 and Figure 1 for the breakdown by county.)

Text box 1: Types of drinking water systems

Types of drinking water systems

Based on the nature of the connections made, public water systems are classified in Oregon Administrative Rules into four broad categories.

Community water systems (OAR 333-061-0020(25)) are public water systems that have 15 or more service connections used by year-round residents, or that regularly serve 25 or more year-round residents. Approximately 28 percent of all of Oregon's public water systems comprises community water systems that serve primary residences.

Transient non-community water systems (OAR 333-061-0020(139)) serve a transient population, such as people staying in lodging facilities, of 25 persons or more. Approximately 38 percent of Oregon's public water systems falls under this category.

Non-transient non-community water systems (OAR 333-061-0020(86)) serve at least 25 of the same persons over six months per year and make up 10 percent of Oregon's public water systems.

Oregon very small water systems (OAR 333-061-0020(91)) serve between four and 14 service connections. These systems are exempt from certain rule requirements and make up 24 percent of Oregon's public water systems (PWSs).

Source: Oregon Health Authority, Public Health, Drinking Water Data Online, Inventory List for Oregon Drinking Water Systems (active ground and surface water systems), available at https://yourwater.oregon.gov/inventorylist.php accessed on September 7, 2023.

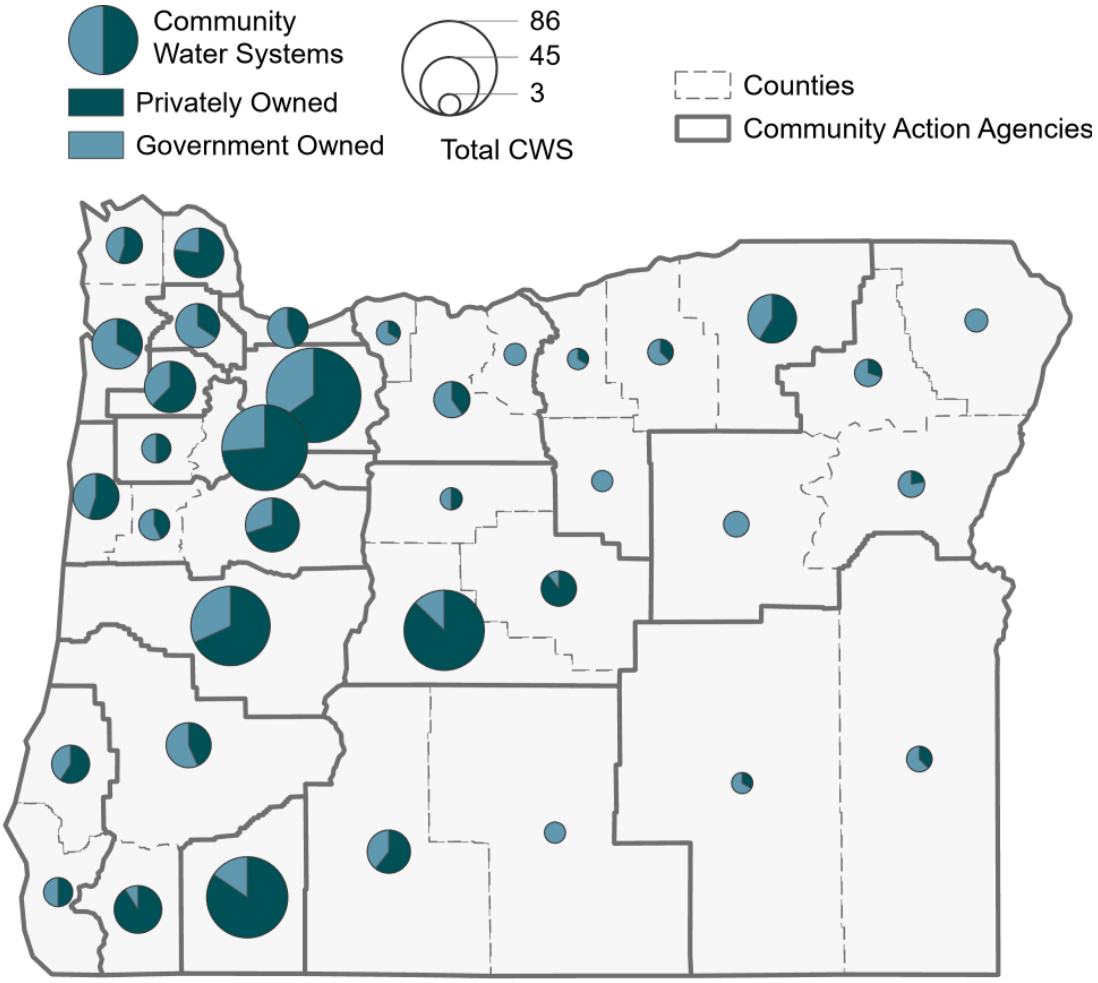
Table 2: Public Water Systems (PWSs) in Oregon by Type and Owner Type

PWS Type	Owner Type					
	Federal gov.	Local gov.	State gov.	Private	Public/ Private	Total
Community Water System	3	346	2	572	3	**926**
Non-transient Non-community System	18	126	7	185	7	**343**
Transient Non-community System	168	103	109	834	30	**1,244**
Oregon Very Small (Public)	n/a	n/a	n/a	n/a	n/a	**807**
Total	**189**	**575**	**118**	**1,591**	**40**	**3,320**

Source: Legislative Policy and Research Office (LPRO)
Data: Environmental Protection Agency, Safe Drinking Water Information System (SDWIS) Federal Reporting Services (Submission Year is 2023 and Quarter is 2 and Primacy Agency in OR and Activity Status is A), accessed September 7, 2023, at https://sdwis.epa.gov/ords/sfdw_pub/r/sfdw/sdwis_fed_reports_public/103.

The number of community water systems per county ranges from three in Gilliam, Harney, Lake, and Wheeler Counties to 86 in Clackamas County. The type of ownership also varies county to county. Community water systems in Grant, Lake, Sherman, Wallowa, and Wheeler Counties are 100 percent government owned. Josephine (91 percent), Crook (89 percent), and Deschutes (87 percent) Counties have the highest percentages of private ownership. (See Figure 1.)

Figure 1: Community Water Systems (CWSs) by County and Type of Ownership



Source: Legislative Policy and Research Office (LPRO)
Data: Environmental Protection Agency, Safe Drinking Water Information System (SDWIS) Federal Reporting Services (Submission Year is 2023 and Quarter is 2 and Primacy Agency in OR and Activity Status is A), accessed September 7, 2023, at https://sdwis.epa.gov/ords/sfdw_pub/r/sfdw/sdwis_fed_reports_public/103.
Notes: There are three community water systems with public/private ownership which are not included in the map. Multnomah, Wasco, and Yamhill Counties each have one public/private system.

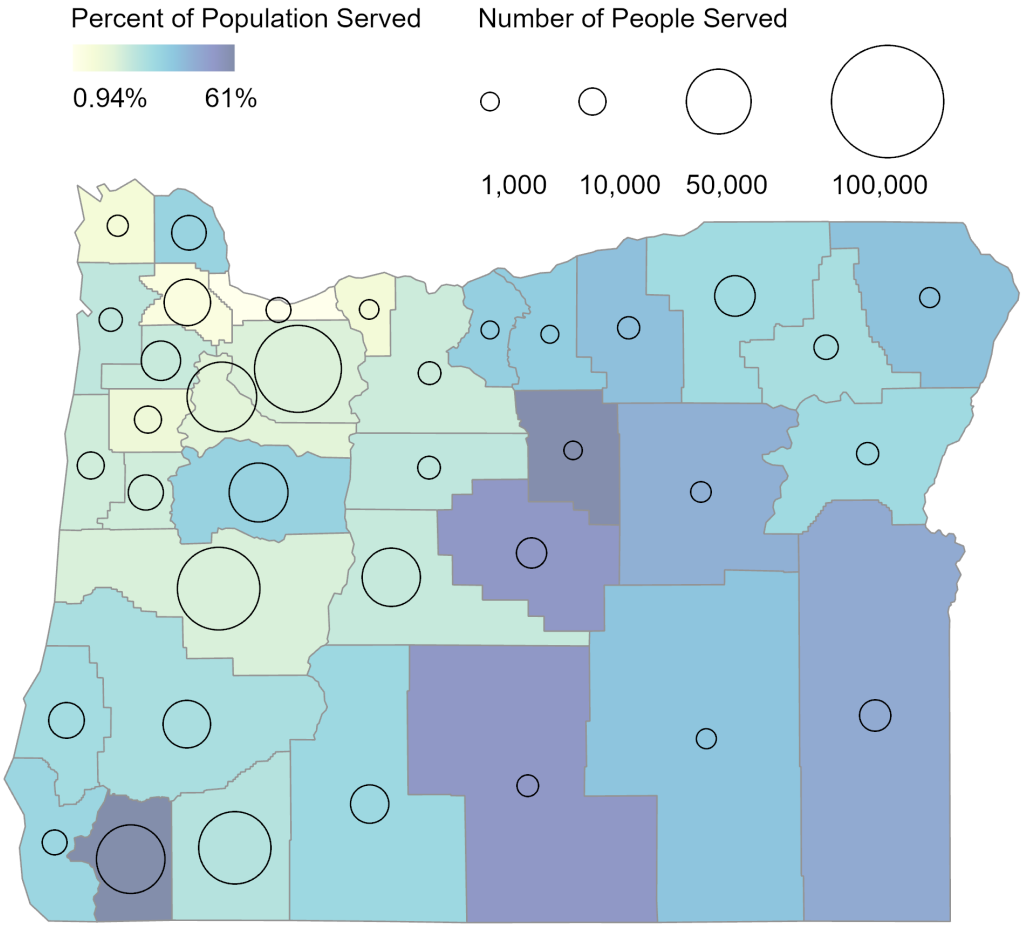
According to the Oregon Health Authority (OHA), private wells are not maintained or regulated by the state or county governments; however, the Oregon Water Resources Department (OWRD) manages a number of well construction programs including permitting and enforcement of well construction standards.[5] A well is considered private (or domestic), if it is being used by no more than:

- three households; or
- ten people.[6]

Depending on the underlying data source, estimates for Oregonians reliant on domestic wells range between 17 to 23 percent of the state's population.[7,8] (See Figure 2.) This indicates that approximately 703,000–975,000 people rely on domestic wells for their

drinking water needs and are not connected to a community water system (Figure 2). Clackamas (72,991), Lane (68,319), and Jackson (57,536) Counties have the highest number of people who rely on domestic wells. However, Josephine (60.8 percent), Wheeler (60.3 percent), Lake (54.4 percent), and Crook (54.2 percent) Counties have the highest percentage of their population that relies on domestic wells.

Figure 2: 2020 Estimated Domestic Well Use by Number and Percent of County Population Served



Source: Legislative Policy and Research Office
Data: Environmental Protection Agency,
https://experience.arcgis.com/experience/be9006c30a2148f595693066441fb8eb/page/Map/ pulled 11/28/2023

2.2 Wastewater/Sewage Services

"Wastewater" or "sewage" means the water-carried human or animal waste from residences, buildings, industrial establishments, or other places that can also include a mix of groundwater and surface water. The mix of domestic and industrial waste or other by-products, such as sludge, is also considered wastewater or sewage (OAR 340-049-0010(19)). "Sewage" can further mean domestic water-carried human and animal wastes, including kitchen, bath, and laundry wastes from residences, buildings,

industrial establishments, or other places, together with ground water infiltration, surface waters, or industrial waste as may be present (ORS 454.605(12)).

Compared to the number of community water systems, wastewater systems in Oregon are fewer in number and more consolidated. Each county has between one and 16 wastewater facilities, resulting in a total of 230 facilities within the state.[9]

For households not connected to public wastewater services, wastewater is generally treated via private septic systems (e.g., septic tanks), and are often associated with individual homes. “Septic tanks” are watertight receptacles that are buried in the ground and designed to separate solids from liquids, and then drain into another treatment unit or into soil outside the tank for filtration (ORS 454.605(11)).[10] Data on septic systems, collected since the implementation of permit requirements in the early 1970s, are largely managed on a local level. As a result, a statewide summary of the total number of private septic systems is not available.[11]

2.3 Stormwater Services

“Stormwater” refers to water runoff from a precipitation event, snowmelt runoff, and surface runoff and drainage (OAR 340-054-0010(39)). Stormwater runoff from hard surfaces in urban areas must be channeled to prevent flooding, and/or treated to remove contaminants, so it is often included in public wastewater treatment.[12]

According to the Oregon Department of Environmental Quality (DEQ), Municipal Separate Storm Sewer Systems (commonly called MS4s) consist of a “conveyance or system of conveyances, such as roads with drainage systems, municipal streets, catch basins, curbs, gutters, constructed channels or storm drains, owned or operated by a governmental entity that discharges to waters of the state.”[12,13] Municipalities in Oregon that have MS4 systems need to obtain a permit from DEQ to discharge stormwater into public waters. These permits cover areas with populations with greater than 100,000 people as well as smaller systems that serve populations of less than 100,000 people and are located within an “urbanized area” as designated by the Census Bureau.[13]

In municipalities that treat stormwater runoff, water utility bills often include flat fees or fees based on a property’s square footage for runoff management. Municipalities also have stormwater permitting, planning, and management requirements in place for new construction projects.

3 Funding for Drinking Water, Wastewater, and Stormwater Services

According to the Congressional Budget Office, federal investments in water infrastructure have decreased since the 1950s, leaving water service providers, states, and ratepayers to fund system maintenance and upgrades as well as pay for the costs of water service provision.[14,15] According to the U.S. Environmental Protection Agency's (EPA) Drinking Water Infrastructure Needs Survey and Assessment (DWINSA),[16] which was the result of a survey of 3,629 public water systems from all 50 states, Puerto Rico, the District of Columbia, U.S. territories, and Tribal systems, "The 20-year national infrastructure need for states estimated by the 7th DWINSA is $625 billion."[16] For Oregon, the identified amount to invest is $10.11 billion in infrastructure for all need types (distribution/transmission, source, storage, treatment, other) and all system sizes (small, medium, large, non-community water systems).[16]

At the household level, inflation and wage stagnation may challenge a household's ability to pay for basic services, including water. According to the National Association of Clean Water Agencies (2022), "The average annual wastewater service charge for a single-family household ($551) has risen at twice the rate of inflation as measured by the Consumer Price Index (CPI) between 2000 and 2021."[14 (page 2)] The overall unaffordability of water services is further exacerbated by events like natural disasters, health crises, such as the recent COVID-19 public health emergency, and uncertainties about future water availability, which may affect rates and make it more difficult for low-income ratepayers to make any utility payments.[14,17]

The challenge of providing affordable water services is a longer-term problem for water service providers compared to ensuring short-term ratepayer needs are met during times of economic challenges. Households that do not pay their water utility bill experience water service shutoffs, which can lead to poor health outcomes and economic hardship.[18] Households that rely on their own personal wells, septic systems, and stormwater runoff management tools must maintain and repair their domestic infrastructure.

The next subsections describe funding needs for:

- community water system service providers;
- low-income households connected to community water systems; and
- low-income households that own and manage their own private residential infrastructure.

3.1 Funding Community Water System Service Providers

Water service providers' costs to maintain, upgrade, repair, and replace community water system infrastructure are inextricably linked to the rates they charge for water services because rates pay for the system.[19] When infrastructure costs increase, it can also result in a cost burden on ratepayers who may have difficulty paying the higher costs. Customer assistance programs (outlined in section 3.2) can be used to support those ratepayers and prevent them from losing their water services.

Water service providers may need to look for assistance for additional needs, such as repair or upkeep of infrastructure costs, either because costs have increased more than they can charge ratepayers or smaller communities might not have enough base ratepayers to cover the increased costs. The three main reasons community water systems make investments in their systems are to:

- comply with federal, state, or local laws;
- replace aging or broken infrastructure; and
- expand their facilities and service provision. [20]

As determined through DWINSA, Oregon has an identified need of $10.11 billion for investing in public water infrastructure for all system types (distribution/transmission, source, storage, treatment, other) and sizes (small, medium, large, non-community water systems).[16] Privately owned systems and systems with mixed ownership [public/private] also have their own financial needs. The main ways community systems pay for those investments include current revenue streams, borrowing money, or private investment.[20] The complexity of infrastructure financing and the number of entities involved may require a water service provider to "stack different sources of financing together to finance a project entirely."[21] (page 9) Potential avenues for financing infrastructure are discussed below.

Current Revenue Streams. When making capital investments, publicly and privately owned water systems rely in part on current revenue to pay for their expenses.[19] Water utility rates include several types of charges for drinking water, including "both the tariff (user charge for the volume of water purchased) and additional fees such as development impact fees, connection fees, drought surcharges, and other fixed fees."[21] (page 2) Many water service providers, such as municipalities, also handle police, fire, or library services and include those user fees on their ratepayers' bills, but such providers cannot rely on those funds to offset their expenses.[22]

Borrowing Money. Revenues can fall short of providing what is needed for investing in systems, so system operators may choose to borrow money to finance their projects. Federal loans provide state-administered (and often state-matched) programs funds. The EPA's Drinking Water State Revolving Fund (DWSRF) is one such source of funding.[23] Nationwide, the percentage of publicly owned systems' capital investment that was financed through DWSRF loans has grown since the 2000 Community Water System Survey was conducted.[20] Likewise, the EPA's Clean Water State Revolving Fund (CWSRF) provides funding and assistance via loans, refinancing, or guaranteeing local debt for wastewater treatment and stormwater management infrastructure projects.[24] Water utilities may also rely on bond measures to generate funding.[21] The burden of repaying borrowed money falls at least in part on ratepayers in the form of increased rates.[19]

Public-Private Partnerships. Water service providers that do not have large ratepayer bases or sufficient revenue streams to cover large infrastructure projects or other investments—such as "construction, repair, and ongoing monitoring of decentralized water and wastewater systems"[25]—have established public-private partnerships to leverage private investment.[21] Public-private partnerships are an "arrangement between the public and private sectors to work toward a specific goal or objective, and in doing

that share risks, resources, responsibilities, liabilities, and/or authority."[21 (page 8)] These types of agreements harness resources and spread risks among the entities involved.[21]

Other Funding Sources. For provision of services or capital improvements, service providers may seek federal grants[21]; consolidate water service providers and share services[25,26]; and outsource services that would otherwise be provided in-house, such as grant writing or technical assistance.[27]

3.2 Funding for Low-Income Households Connected to Community Water Systems

As previously mentioned, the costs of building, maintaining, repairing, or replacing water infrastructure are often passed on to the ratepayers in the form of increased rates. These practices, in addition to the increase in water utility bills (and other costs of living), have led to the need for direct bill-payment assistance for low-income households. There are direct and indirect approaches to alleviate the burden of water utility rates on households that receive services from a community water system. Several of the approaches provide direct assistance to households through subsidized water utility rates or one-time funding to pay arrearages. Other approaches can help make water utility rates affordable at the system level, which are also realized indirectly as customer savings in the form of stable water utility rates. (See discussion in Section 3.1 on funding community water systems.)

While drinking water, wastewater, and stormwater services are different in their intent and function, they may be offered by the same providers, and their associated fees may be presented on a single utility bill. As such, assistance programs may not distinguish between the precise end-use of the assistance payment and, instead, cover all aspects of the water utility bill. The following are types of customer assistance programs for water-related payments.

Types of Customer Assistance Programs

There is a wide array of options for providing assistance to community water service ratepayers. Technical reviews of drinking water and wastewater utility service assistance programs available to households, or "customer assistance programs" (CAPs), group them into types that are distinguished by their characteristics.[18, 28] In this report, LPRO uses EPA's categorization of CAPs because the agency bases its CAP types on programs that have been recently implemented in the United States[4]; other academic reviews are based on programs used globally and therefore may not be applicable to the American context.[18] The U.S. EPA divides such programs into five CAP types:

- temporary assistance (crisis relief);
- bill discount;
- flexible terms;
- lifeline rate (tailored rate); and
- water efficiency.

An important component of any assistance program is its funding source. One common approach may be to subsidize rates for some customers by increasing rates of others.[21, 27] In Oregon, the dispersed and fragmented nature of water systems (see Figure 1) and/or some small customer bases prevent many water service providers from using this kind of redistribution. Alternatively, CAPs can be paid for by federal or state funds or donations.[29]

A description of the five CAP approaches considered is included in Table 3. For each CAP type, the following information is provided:

- recipients (direct or indirect assistance to ratepayers);
- duration (ongoing or temporary);
- definition;
- a relevant example from outside Oregon that may provide different program options than those implemented in this state; and
- potential benefits and downsides of each approach, as identified by the relevant literature on the program types.

More examples of CAPs from across the country can be found in a report from the U.S. EPA (2016).[c] It is important to note that while a wide range of approaches and program types exist in Oregon and across the U.S., research is limited as to whether providing crisis-relief assistance is a solution for ratepayers who cannot afford their water bill and have had their water service shut off, or whether this type of assistance merely delays future shutoffs.[15] Please note that descriptions of assistance programs in this report should not be construed as recommendations or endorsements.

Table 3 Customer Assistance Types

Temporary Assistance (Crisis Relief)	
Recipient:	Direct
Duration:	Temporary
Definition:	Temporary assistance—also referred to as crisis relief, crisis assistance, or emergency assistance—is typically made available to a subset of water utility ratepayers for a limited amount of time to address unexpected hardships or prevent water service shutoffs.[18, 28] Water service providers may offer their own temporary assistance; nonprofit and government agencies have also administered them.[18]
Example:	New York City's Home Water Assistance Program for low-income homeowners is a one-time credit of $145 that is automatically applied to eligible ratepayers' water and sewer account (no application is needed).[30] In lieu of an application, program administrators select 50,000 homeowners who have qualified for other benefit programs in the past and credit the accounts with the flat amount.

[c] U.S. Environmental Protection Agency. (2016). "Drinking Water and Wastewater Utility Customer Assistance Programs." Available at: https://www.epa.gov/sites/default/files/2016-04/documents/dw-ww_utilities_cap_combined_508.pdf.

Potential benefits:	This type of program provides immediate debt relief for ratepayers who may have lost a job or otherwise have an unexpected need for assistance.[28] When paired with temporary shutoff moratoria and debt freezes, the amount of crisis assistance needed can be lowered and length of assistance can be shortened.[18]
Potential downsides:	Due to the temporary nature of crisis relief programs and their targeted approach at immediate debt relief, this CAP is "not a substitute for sustainably addressing [water] affordability via rate design."[18] (page 10)

Bill Discounts	
Recipient:	Direct
Duration:	On-going
Definition:	Bill discounts and other bill payment assistance programs offer ratepayers an on-going flat or proportional discount on their water utility bills.[18]
Example:	The Pittsburgh Water and Sewer Authority's Bill Discount Program offers eligible low-income ratepayers a full discount (covering 100 percent) of the fixed monthly drinking and wastewater conveyance charges on their water bill as well as discounts on other water charges and fees, for up to two years.[31]
Potential benefits:	Bill discounts and other recurring bill assistance programs may help offset rate increases and directly address household affordability of water services.[18]
Potential downsides:	Bill discounts are often only made available to ratepayers who make payments directly to the water service provider, which can exclude ratepayers who live in multi-family housing and whose utilities are included in the rental price.[32]

Flexible Terms	
Recipient:	Direct
Duration:	Temporary
Definition:	"Flexible terms" refer to a water service provider's repayment options for a ratepayer who may have arrears or need assistance in managing their water utility bills. Water service providers may provide payment plans, forgive debt, or offer loans or levelized billing.[32]
Example:	WSSC Water, the largest water and sewer utility in Maryland, provides "flexible and interest-free pay plans" for residential customers with a total balance of $50 or more on their water utility bill.[33]
Potential benefits:	Flexible billing options give ratepayers predictable, consistent monthly bill amounts that are easier to budget for compared to traditional billing terms.[28]
Potential downsides:	Ratepayers must have an account with and pay a water service provider directly to benefit from flexible payment plans, which excludes some renters and people living in multi-family housing or mobile home parks.[28]

Lifeline Rate (Tailored Rate)	
Recipient:	Indirect
Duration:	Temporary
Definition:	Tailored rates provide an eligible population the option of paying a fixed water rate based on household income, rather than receiving a discount on a higher rate.[25] A lifeline rate is one example of a tailored rate where rates are priced in increasing blocks. The "lifeline" block rate, specifically, is the first, cheapest block tariff that has a fixed price and is meant to fulfill basic water needs (sometimes the lifeline rate is free).[18] After that first block tariff, the price of

	each subsequent block increases. This CAP is also known as minimum billing, a low-income rate structure, a single tariff, and a water budget.[32]
Example:	The Tiered Assistance Program in Philadelphia offers fixed monthly water utility bill payments for low-income ratepayers that are a proportion of a household's income (i.e., the rate is 2 percent to 3 percent of monthly income).[34]
Potential benefits:	This approach can make water more affordable for some ratepayers because it takes into account household incomes in an attempt to reduce the cost burden on ratepayers.[25]
Potential downsides:	Tailored rates can be challenging to design and administer and there is little evidence that the effort to implement them results in outcomes that are better than other traditional CAPs.[35]
Water Efficiency Programs	
Recipient:	Direct or indirect
Duration:	Temporary
Definition:	Programs targeting water efficiency may help customers consume less water, which can lead to future cost savings on water utility bills.[18] Water efficiency can be achieved through incentives and rebates for purchasing efficient appliances (e.g., faucets and fixtures) or outdoor fixtures and sprinklers; promoting and installing conservation technology to reduce water consumption; and offering grants for implementing water efficiency programs.[36]
Example:	The California Water Efficiency Partnership administers the Smart Rebates Program, which "offers rebates to participating member agency customers for a variety of conservation products and appliances."[37] One example offered by this program for residential customers in Sacramento is a $125 rebate for a high-efficiency clothes washer.[37]
Potential benefits:	Lower-income and disadvantaged homeowners often have old fixtures or plumbing systems and may benefit more than other ratepayers from upgrading to water-efficient appliances.[28]
Potential downsides:	Renters often do not have the ability to make changes to indoor plumbing, fixtures, or appliances in rental units and may be unable to take advantage of water efficiency programs.[36]

Not all of the CAPs reviewed here are specifically targeted to low-income households and any one of them alone is unlikely to address the challenges of providing affordable water services for all ratepayers.[18] Likewise, even when indirect measures are taken to keep rates stable, such as by offsetting a water service provider's costs for infrastructure improvements or replacement, the financial capacity of that water system does not guarantee affordability at the household level.[18]

California is an example of a state that has used a multi-pronged approach to providing access to affordable water. First, through Assembly Bill 685 (California, 2012), the state recognized a human right to water in California's Water Code (Section 106.3) by stating that "every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes." Pursuant to this, California's State Water Board adopted Resolution No. 2016-0010 in 2016, which identifies the human right to water as a top priority and core value of the Water Boards.

Using the human right to water as a base for other actions, the state created California's Safe and Affordable Funding for Equity and Resilience Program (SAFER). SAFER is

> *a comprehensive framework to address water security needs for Californians in a holistic way. It consists of a set of tools, funding sources, and regulatory authorities designed to ensure that one million Californians who currently lack safe drinking water receive safe & affordable drinking water as quickly as possible.*[38]

The program's long-term goal is the creation of sustainable and affordable drinking water systems by funding upgrades, consolidation, and regionalization as well as staff training and development.[38]

In addition to this, California has applied short-term solutions, which include connecting to safe drinking water sources temporarily, installing point-of-use treatment systems, drilling wells into uncontaminated aquifers, and trucking water directly to communities.[38] Funding priority is given to the consolidation or regionalization of both public water systems and communities on domestic wells. For households in certain remote areas, SAFER prioritizes well rehabilitation or localized treatment options.[38]

3.3 Funding for Private Residential Infrastructure

Households and individuals who live outside community water service providers' territories are not typically provided with drinking water, wastewater, or stormwater services; however, one or more of these services may be available to a household or individual. Those not served by community water systems must own, maintain, and repair their own domestic wells, septic systems, and stormwater runoff.[2] According to the U.S. Geological Survey, as of 2004, approximately 15 percent of the U.S. population relied on domestic (private) wells for their drinking water.[39] Wells may be dug by hand or drilled by machine and are typically lined with an impervious material, such as stones or a solid casing, to prevent sediment from falling into the well.[39] Regardless of the type of well construction, homeowners are responsible for maintaining and testing their well

water.[39] Wells may need to be repaired if a pump malfunctions or breaks, or replaced if the wells run dry, are flooded, or are damaged in a disaster.[40]

The U.S. EPA estimated that, as of 2018, 20 percent of US households treated their wastewater via septic systems (both for individuals and small community cluster systems).[41] Individual septic systems are regulated by states (often by public health or environmental agencies), tribes, and local governments.[41] Replacement or repair of a septic system may be needed if its capacity for treating waste is exceeded or if the system was improperly designed, installed, or operated (leading to contamination the surrounding area); such repairs and replacements are typically the responsibility of the homeowner in most cases.[41]

Nationwide, types of funding for the construction, upkeep, and repair of private wells and septic systems include:

- federal grants available to non-profits to provide private well loans (from the U.S. Department of Agriculture [USDA]);
- grants for private wells (from Water Systems Council Water Well Trust and USDA);
- loans for private wells (from the Rural Community Assistance Corporation [RCAC] and USDA); and
- emergency funding from the federal government (from the Federal Emergency Management Agency).[42]

Not all of these funds are specifically for low-income families. For Oregon-specific funding opportunities, see the findings section on low-income household private residential drinking water and sewer infrastructure replacement or repair.

4 Financial Need in Oregon

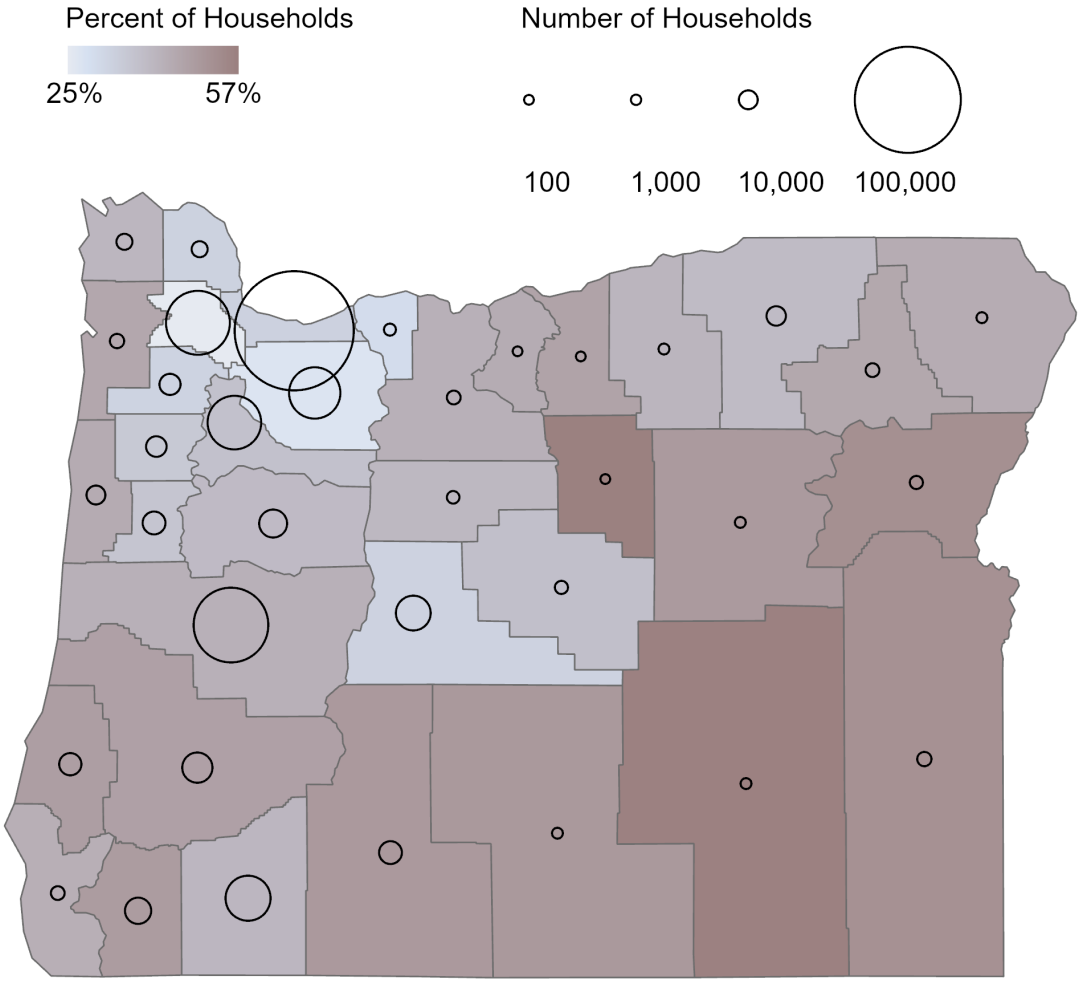
The level of need for financial assistance programs varies across the state. Different programs have different income levels at which people are eligible for assistance. Common criteria include household size, percent of federal poverty level, and/or percent of median state income levels. This section provides information about household income and data on counties' community water and wastewater systems in Oregon.

The federally funded Low-Income Household Water Assistance Program's (LIHWAP) eligibility is based on household income, homeownership, and residency (see LIHWAP Processes and Outcomes). To assess the level of potential financial need in Oregon, LPRO staff applied the LIHWAP eligibility threshold for a household of three (see Appendix Table 1 in Appendix A) to all households, regardless of size, in Oregon. The income eligibility is set at or below 60 percent of the state median income, which are the same income guidelines and income documentation requirements as used for the state's energy assistance programs. LPRO staff included all households in this analysis regardless of the type of water system the household was served by.

Then, using data from the American Community Survey (ACS), LPRO staff calculated the 2017–2021 median state income for a household in Oregon, which was approximately $70,084.[43] (See Table 4.) There are approximately 593,597 households (35.8 percent) in the state that have a household income below $50,000.[39, 44]

Multnomah County (112,963 households) has the largest number of households with income below $50,000; however, Wheeler County had the highest percentage (57 percent) of households with income below $50,000. (See Figure 3.)

Figure 3: Households with Income Below $50,000 in the Past 12 Months by County



Source: Legislative Policy and Research Office
Data: American Community Survey 2017-2021 Table S1901, accessed 11/15/2023
Notes: The households with income below $50,000 are estimates based on survey data and represent all households below the income threshold in the county. Not all households are served by community water systems and/or wastewater systems. Dollars are 2021 inflation-adjusted dollars.

The number and percentage of households with incomes below $50,000 in each county are listed in Table 4. Other characteristics of each county, including total number of and ownership type of community water systems, as well as number of wastewater systems, are also provided in Table 4. LIHWAP funding for ratepayers is administrated by the 17 Community Action Agencies (CAAs) in Oregon (see Appendix Figure 1 in Appendix D).

CAAs were created by the Economic Opportunity Act to serve low-income Oregon families, children, and seniors to address poverty (1965, Public Law 89-253). CAAs offer case-management services to guide households to assistance programs and support. Examples of typical services provided by a CAA include energy assistance and weatherization, food, housing, life skills and parent training, as well as family and homeless shelters.

Table 4: Characteristics of Counties by Community Action Agency

		Community Water Systems				Waste-water System	Households with Income Below $50,000	
Agency	County	Total	Government Owned	Privately Owned	Public/ Private	Total	Number	Percent
ACCESS	Jackson	71	11	60		8	36,681	41.0%
CAO	Washington	29	19	10		5	56,377	24.9%
CAPECO	Gilliam	3	2	1		2	421	46.7%
	Morrow	8	5	3		2	1,683	41.2%
	Umatilla	34	14	20		5	10,670	39.5%
	Wheeler	3	3			1	357	56.7%
CAT	Clatsop	20	9	11		7	6,843	41.1%
	Columbia	35	8	27		6	6,598	33.1%
	Tillamook	36	24	12		10	5,178	45.5%
CCNO	Baker	9	7	2		7	3,648	52.3%
	Grant	8	8			7	1,614	49.3%
	Union	10	7	3		5	4,773	45.3%
	Wallowa	5	5			3	1,438	44.0%
CCSSD	Clackamas	86	30	56		16	43,079	27.0%
CINA	Harney	3	2	1		2	1,735	56.4%
	Malheur	8	5	3		4	5,068	51.8%
CSC	Benton	14	8	6		5	13,752	36.8%
	Lincoln	31	14	17		9	9,809	44.4%
	Linn	40	12	28		8	19,498	39.7%
KLCAS	Klamath	28	11	17		10	13,873	49.5%
	Lake	3	3			2	1,703	49.7%
LCHSD	Lane	69	22	47		13	67,432	42.9%
MCCAC	Hood River	6	4	2		4	2,685	30.0%
	Sherman	4	4			3	314	44.1%
	Wasco	21	12	8	1	5	4,417	42.7%
MULTCO	Multnomah	26	14	11	1	4	112,963	33.3%
MWVCAA	Marion	76	20	56		15	45,909	37.9%
	Polk	12	6	6		6	11,300	35.6%
NIMPACT	Crook	19	2	17		4	3,831	38.5%
	Deschutes	70	9	61		10	26,020	32.8%

		Community Water Systems				Waste-water System	Households with Income Below $50,000	
Agency	County	Total	Government Owned	Privately Owned	Public/ Private	Total	Number	Percent
	Jefferson	4	2	2		3	3,339	40.5%
ORCCA	Coos	22	9	13		8	13,261	48.0%
	Curry	12	6	6		5	4,660	43.2%
UCAN	Douglas	30	17	13		14	21,599	47.3%
	Josephine	33	3	30		2	17,604	48.7%
YCAP	Yamhill	38	14	23	1	10	12,415	32.6%
	Total	**926**	**351**	**572**	**3**	**230**		

Source: Legislative Policy and Research Office
Data: Community Water Systems - Environmental Protection Agency, Safe Drinking Water Information System (SDWIS) Federal Reporting Services (Submission Year is 2023 and Quarter is 2 and Primacy Agency in OR and Activity Status is A), accessed September 7, 2023, at https://sdwis.epa.gov/ords/sfdw_pub/r/sfdw/sdwis_fed_reports_public/103.
Wastewater Systems – OHCS https://www.oregon.gov/ohcs/energy-weatherization/pages/low-income-household-water-assistance-program.aspx
Households with Income Below $50,000 – American Community Survey 2017-2021 Table S1901, accessed 11/15/2023
Notes: The households with income below $50,000 are estimates based on survey data and represent all households below the income threshold in the county. Not all households are served by community water systems and/or wastewater systems. For a list of CAA acronyms and their meaning, please refer to The Community Action Network – CAPO – Community Action Partnership of Oregon (caporegon.org)

5 Methodology

This report utilizes a mixed-methods approach, which includes a review of relevant literature, informational interviews with key agencies and stakeholders, as well as a survey of Oregon's Community Action Agencies (CAAs). While LPRO aims to give a comprehensive summary of available customer assistance program (CAP) types and their implementation in Oregon, LPRO cannot guarantee that all relevant programs and funding approaches have been captured.

5.1 Data Collection – Interviews and Questionnaire

To understand the policy context, LPRO contacted executive branch agencies and stakeholders, key informants, and organizations (listed in Table 5) to request informal interviews and emailed a survey to Oregon's CAAs. Microsoft Teams interviews with informants were conducted between August and November 2023.

Table 5: Entities LPRO Consulted (August–November 2023)

Representatives of municipally and privately owned or operated drinking water and wastewater utility providers of various sizes
Clean Water Services
Oregon Association of Clean Water Agencies
Oregon Association of Water Utilities
Oregon Water Utilities Council
Organizations and state agencies with experience in providing technical assistance to water and wastewater utilities
Department of Environmental Quality (DEQ)
Ducote Consulting
Oregon Business Development Department (OBDD or Biz Oregon)
Oregon Department of Human Services (ODHS) – Office of Resilience and Emergency Management
Oregon Health Authority (OHA) – Division of Public Health, Environmental Public Health
Oregon Water Resources Department (OWRD)
Regional Solutions, Office of the Governor
Rural Community Assistance Corporation (RCAC)
Organizations with experience in rate assistance or support for low-income drinking water, wastewater, or stormwater ratepayers
Community Action Agencies (17 individual CAAs)
Community Action Partnership of Oregon (CAPO)
Oregon Department of Human Services (ODHS) – Self Sufficiency Programs
Oregon Housing and Community Services (OHCS)
Oregon Public Utility Commission (PUC)

Organizations representing cities, counties, and special districts
Association of Oregon Counties (AOC)
League of Oregon Cities (LOC)
Special Districts Association of Oregon (SDAO)
Oregon legislators and national and regional agencies and organizations
Energy Trust of Oregon (ETO)
National Conference of State Legislatures (NCSL)
Oregon Citizens' Utility Board (CUB)
Oregon Representatives
U.S. Department of Agriculture (USDA)
U.S. Environmental Protection Agency (EPA)

Source: Legislative Policy and Research Office

5.1.1 Qualitative Interviews

LPRO contacted representatives from seven executive branch agencies to request informal interviews and/or written responses to emailed questions about the existing water utility bill payment assistance or infrastructure programs they administer, as well as relevant funding sources available. At this step, LPRO used both purposive and snowball sampling methods. Informal interviews lasting 30 to 45 minutes were conducted via Microsoft Teams by available LPRO staff members who followed a semi-structured interview protocol (see Appendix B) and maintained individual set of notes for each interview. Findings from the interviews are summarized in the findings section.

5.1.2 Survey of Community Action Agencies

LPRO conducted a survey of all 17 of Oregon's CAAs. This survey component (see Appendix C) of the research study included three phases:

1) development of a questionnaire,
2) distribution of the questionnaire, and
3) analysis of the questionnaire results.

Using information gathered from interviews with Oregon's state agencies (see previous section), LPRO designed the questionnaire in Qualtrics with a mix of closed and open-ended questions about the organizations and water service providers that participate in the Low-Income Household Water Assistance Program (LIHWAP), non-LIHWAP low-income customer assistance programs, and financial assistance programs for private water infrastructure repair and replacement.

On October 4, 2023, LPRO distributed the questionnaire to the 17 CAAs in Oregon by emailing a link to each of the CAA representatives identified as water-assistance program staff members. Because the focus was on the knowledge held by CAA staff directly involved in the administration of LIHWAP in Oregon, CAA representatives in roles other than water assistance leads were excluded from the survey. Answers may not be representative of all programs or services related to customer support in each

CAA region because respondents were current staff members, regardless of how long they have been in the role, and former staff members may have had more experience with the programs. LPRO did not collect demographic information from respondents.

A board member of the Community Action Partnership of Oregon (CAPO)[d] sent CAA representatives follow-up reminder emails on October 11 and October 12, 2023. Because several CAA representatives were on vacation or out of the office when the first, second, and third emails were sent, LPRO emailed individuals whose responses were missing again on Monday, October 16, 2023. The deadline was extended to Wednesday, October 18, 2023. All 17 CAAs completed the questionnaire.

LPRO compiled questionnaire results using frequency counts. Results for a subset of questions are included in Appendix C. Open text response questions as well as "Other (please specify)" responses were categorized with the appropriate existing choice or otherwise included in the results. Respondents who found the preestablished range of answers too limiting were able to select “other” for certain questions.

[d] The Community Action Partnership of Oregon (CAPO) is an advocacy organization that works on behalf of the State's 17 community action agencies. The CAPO Board of Directors is made up of the executive directors from each of the community action agencies and the Oregon Human Development Corporation.

6 Findings

This section reviews LPRO's findings related to:

- approaches to and funding for low-income water utility ratepayer assistance programs;
- processes for and outcomes from the recent federally funded Low-Income Household Water Assistance Program (LIHWAP);
- approaches to and funding for low-income household domestic residential drinking water and sewer infrastructure replacement or repair; and
- opportunities for leveraging federal funds.

6.1. Ratepayer Assistance

This section provides an overview of findings related to approaches and funding to assist low-income water utility ratepayers, as well as the processes and outcomes of LIHWAP implementation in Oregon.

6.1.1 Approaches to Assist Low-Income Water Utility Ratepayers

LPRO interviewed stakeholders about low-income water utility customer assistance programs (CAPs). (See Methodology section for details.) These examples are a representative, but not exhaustive, list of existing assistance programs. For many programs, it is unclear whether or not the responses apply to all types of utility services (i.e., drinking water, wastewater, or stormwater). Further outreach to the water service providers is needed in order to collect that information, which is outside the scope of this report. The following section presents a summary of the findings from these efforts.

Although the identified programs provide multiple types of assistance (see previous discussion of CAPs), many programs provide assistance through either bill discounting or payment assistance and may provide assistance for either short or long terms. Other types of CAPs in Oregon include emergency or temporary assistance, as well as billing structure assistance, such as monthly payments, instead of bimonthly or yearly payments. Eligibility for such programs may, though not necessarily exclusively, be contingent on an income threshold of the ratepayer or household receiving service. The structure of this income threshold varies by program and may be set in relation to the federal poverty level or state median income and household size. Alternatively, CAPs may use participation in another low-income assistance program, such as Supplemental Nutrition Assistance Program, Oregon Health Plan, or school free lunch program, to determine eligibility. In addition to income requirements, certain programs have other eligibility criteria, such as minimum age, residence type or ownership, or military status. While utilities and cities may offer rate assistance, counties may not, and some offer tax deferral programs instead.[17]

Eligibility criteria are an important component when considering the target population of any CAP. For example, renters living in multi-family housing or mobile home parks can be excluded from accessing customer assistance programs because their water rates are bundled with their rent, and the water bill is paid directly by the landlord or property owner. Renters receiving housing benefits through the Section 8 housing-assistance program may experience similar challenges. Because most apartments and condos have unit-by-unit energy meters, electric bills are usually paid by the renter and therefore can be a more effective way to provide targeted ratepayer assistance, such as energy credits. For renters who are not directly eligible for ratepayer programs, may indirectly experience escalating water bills passed down through increased rents.[28, 32]

Table 6 provides illustrative examples of common types of customer assistance programs in Oregon.

Table 6: Examples of Customer Assistance Programs in Oregon

Bill Discounts	
Example:	Astoria Utility Assistance Program[h]
What the program does:	Pays for amounts owed (between $25 and up to $125, depending on income and family size) on delinquent water and sewer accounts, and/or late fees on those accounts.
Eligible ratepayer:	Ratepayers at or below a specified a specified income level.
Eligible service(s):	Water and sewer services
Flexible Terms	
Example:	City of Portland Payment Arrangements[i]
What the program does:	Payment arrangements, such as an extended due date for charges owed or an alternative payment plan may be made available.
Eligible ratepayer:	Account holders who are unable to pay an outstanding balance when due.
Eligible service(s)	Water, stormwater, and wastewater services
Lifeline Rate (Tailored Rate)	
Example:	*LPRO did not find an example of a specific lifeline rate in place in Oregon that was highlighted by a water service provider.*
What the program does:	Not applicable
Eligible ratepayer:	Not applicable
Eligible service(s):	Not applicable
Temporary Assistance (Crisis Relief)	
Example:	Low-Income Household Water Assistance Program (LIHWAP)[g] (see the LIHWAP Processes and Outcomes section of the report for details)
What the program does:	Provides low-income households with bill payment assistance for their past-due and current water and wastewater services expenses.
Eligible ratepayer:	Low-income households that are at or below 60 percent of the state median income and may be limited to households

	that pay water and sewer vendors directly, which excludes, for example, renters who live in multi-family housing units.
Eligible service(s):	Water and wastewater services
	Water Efficiency Programs
Example:	Eugene Water & Electric Board's Income-eligible Leak Repair Assistance Program[j]
What the program does:	Provides grants of up to $5,000 to ratepayers that meet household size and gross monthly or annual income criteria to pay for the unexpected expense of a catastrophic leak (available on a first-come, first-served basis). Program also allows for ratepayers to receive bill adjustments to cover the cost of the leaked water.
Eligible ratepayer:	Residential property owners in the service territory.
Eligible service(s):	Water service

Notes:

[g] Special Districts are a form of local government in Oregon that are created by voters to meet specific service needs for their communities, including water delivery.
[h] https://www.oregon.gov/ohcs/energy-weatherization/pages/low-income-household-water-assistance-program.aspx
[i] https://www.astoria.or.us/City_of_Astoria_Utility_Assistance_Program.aspx
[j] https://www.portlandoregon.gov/water/article/565236

6.1.2 Funding for Low-Income Water Utility Ratepayer Assistance Programs

Customer assistance programs (CAPs) vary by funding source and administering entity. For example, CAPs can be administered by a mix of funding sources or through third parties, such as nonprofits or other aid organizations. In LPRO's review of CAPs in Oregon, we did not find evidence of a current statewide ongoing funding source.

A number of the programs identified in Oregon are funded using federal funds, primarily through LIHWAP (discussed in more detail in the next section). Other programs are funded by cities, utilities, donations, grants, other sources, or some combination of these. In terms of administration, LIHWAP funds are nearly exclusively administered by Community Action Agencies (CAAs).

Stakeholders interviewed for the study noted that water ratepayer assistance was available before the pandemic, but it was primary funded by increasing rates to all ratepayers to set aside funding to assist low-income ratepayers.[45] Staff from Clean Water Services, a water resources management utility serving over 600,000 people in Washington County, noted that the larger the system, the more water service providers can spread out the costs to other customers.[45]

According to the interviewees, water service providers are wary of using a rate-subsidy program to help low-income ratepayers with their bills. Regionally, rate surcharges that subsidize some ratepayers' bills (where one group of ratepayers pays more to subsidize the rates of others) are seen by stakeholders as not being equitable. For example, if several cities or municipalities served by a single water service provider all chip in to

subsidize the lowest-income ratepayers, the wealthier ratepayers may be funding assistance for low-income ratepayers in other cities because they share the service provider.[45]

The Special District Association of Oregon (SDAO) provides advocacy for state administrative agencies and other units of government, training, information resources, and other support programs to special districts.[46] According to SDAO, smaller utility providers in Oregon do not have the rate base to increase rates to provide low-income assistance to customers.[e, 46] While a larger rate base allows for more flexibility, utilities with 100,000 or fewer people do not have the bandwidth to charge extra to cover the rates for low-income households.[46] SDAO also notes that providers do not make a profit from rates and rates typically do not cover the cost of maintaining and upkeeping their services.[46] Even some utilities that might be able to fund infrastructure upgrades or replacements by raising rates hesitate to do so because of "rate revolt" by ratepayers; further, elected officials have been recalled because of utility rate increases.[3, 46]

6.1.3 LIHWAP Processes and Outcomes

Low-Income Household Water Assistance Program

In 2021, during the COVID-19 public health emergency, the U.S. federal government provided grants to states, the District of Columbia, the Commonwealth of Puerto Rico, U.S. territories, and federally and state-recognized tribes and tribal organizations to assist low-income households with costs associated with the provision of water and wastewater services costs. Funded through the Consolidated Appropriations Act of 2021 (Public Law 116-260; $638 million) and the American Rescue Plan Act (ARPA) of 2021 (Public Law 117-2; $500 million), LIHWAP provides low-income households with bill-payment assistance for their past-due and current water and wastewater services expenses.[47]

The federal government's priorities for LIHWAP are to assist low-income households in restoring their water services, reducing arrearages, and reducing rates.[48] To achieve these priorities, states are allocated non-competitive funds to provide eligible low-income households with water and wastewater utility bill payment assistance, including reconnection charges, fees, penalties, or reduction of current charges and fees.[49] The U.S. Department of Health and Human Services Office of Community Services administers the program at the federal level, and Oregon Housing and Community Services (OHCS) administers the funds at the state level.[9] The states that receive LIHWAP funding had all previously received grants through the Low Income Home Energy Assistance Program (LIHEAP)[f] program, which became the template for

[e] Special districts are a form of local government in Oregon that are created by voters to meet specific service needs for their communities, including water services.

[f] The Low-Income Household Energy Assistance Program (LIHEAP) provides federally funded assistance to reduce the costs associated with home energy bills, energy crises, weatherization, and minor energy-related home repairs.

creating LIHWAP.[50, 51] Eligibility for LIHWAP is premised on household income, homeownership, and residency criteria. Income criteria for low-income households are set at or below 60 percent of the state median income. These are the same income guidelines and income documentation requirements as used for the state's energy assistance programs. For the 2024 program year, the annual gross income cutoff for a household of one person in Oregon is $33,427, while the cutoff for a household of 12 is $96,426.[9] Funding may be limited to households that pay water and sewer vendors directly, which may exclude renters who live in multi-family housing units.[9] Only U.S. citizens or permanent residents are eligible.[48]

LIHWAP Processes

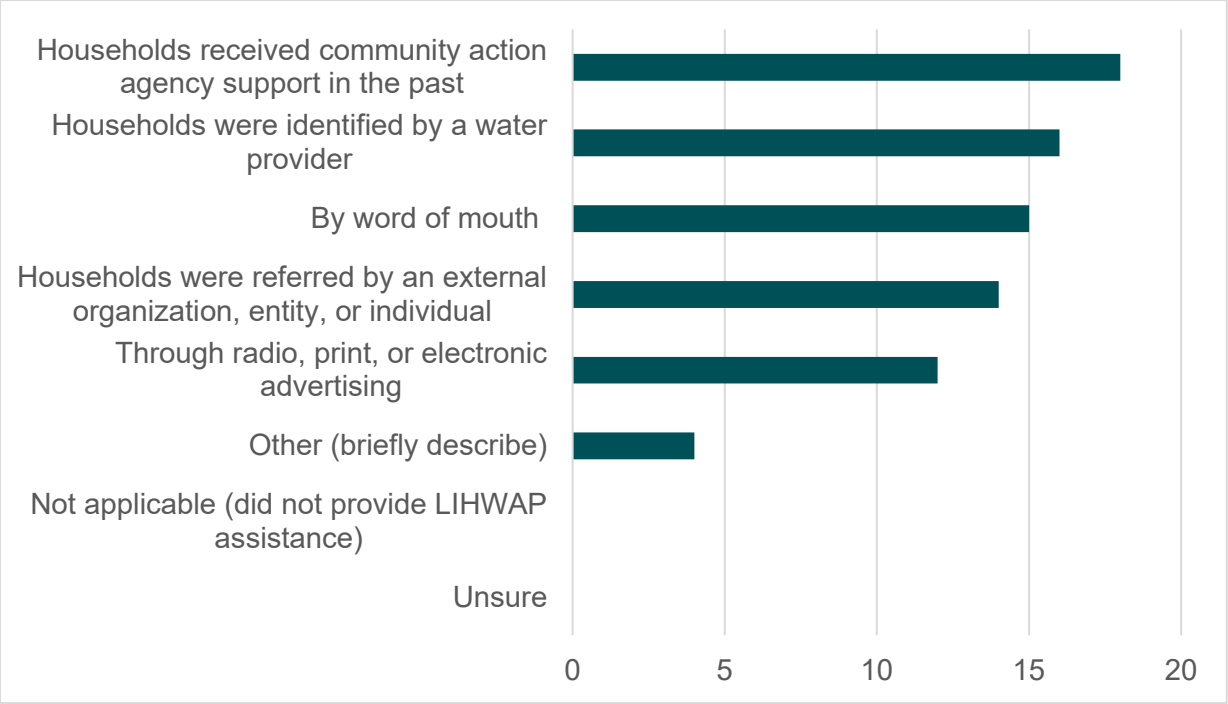
As the LIHWAP grantee, OHCS contracted with CAAs across the state to administer the program.[9] CAAs already manage the LIHEAP program and the Oregon Energy Assistance Program (OEAP). According to Community Action Network Partnership of Oregon (CAPO), they were able to leverage the existing LIHEAP structure to help distribute LIHWAP funds to low-income households statewide.[52]

In order to credit eligible ratepayers' accounts with LIHWAP funds, CAAs contracted with water service providers that agreed to participate in the LIHWAP program and receive funds on behalf of their eligible ratepayers.[52] A total of 259 water service providers signed contracts, making them eligible to receive federal funds.[51, 52] Once the eligible water service providers were contracted to receive LIWHAP funds, the CAAs and water service providers recruited ratepayers who pay water and sewer service providers directly to apply for the program. As the pass-through agencies for LIHWAP, CAA representatives described their recruitment methods in the LPRO survey.

The top three most frequently identified recruitment methods were:

- outreach to households that received CAA support in the past for other assistance programs;
- identification of potentially eligible households by water service providers and
- promotion by word of mouth (see Figure 4).

Figure 4: LIHWAP Bill Payment Assistance – Household Recruitment Methods



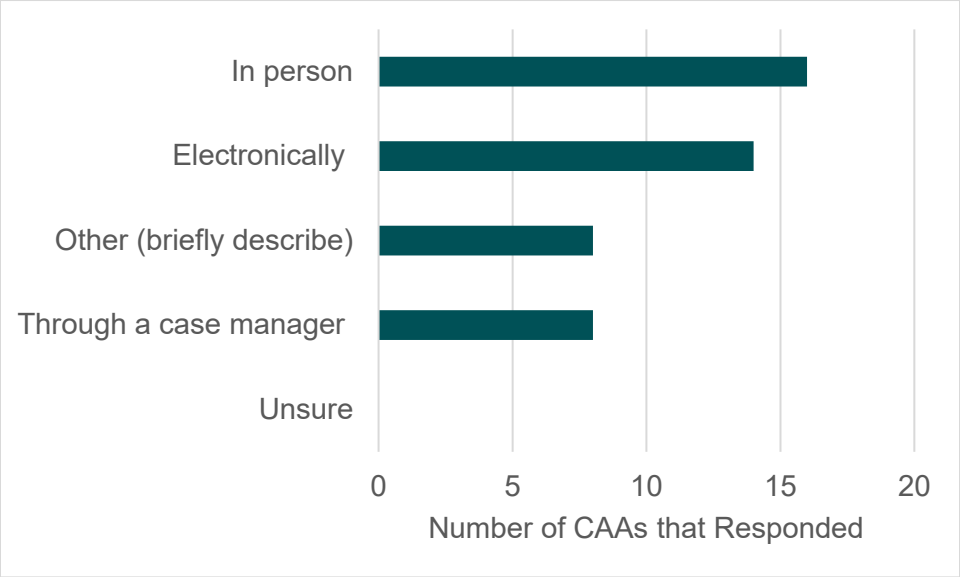
Data: House Bill 2010 (2023) Survey of Community Action Agencies
Source: Legislative Policy and Research Office

LIHWAP Application Process

Households in eligible water service provider territories apply for water and wastewater bill assistance through their local CAA, and payments go directly to the owners and operators of water and wastewater utilities, similar to the LIHEAP processes for energy-burdened households.[9, 48] The federal government allows tribes to apply as sovereign nations, and funding pays for water, wastewater, and stormwater costs. While OHCS does not fund tribal projects, the agency does consult with tribes to help them establish and implement their programs.[51]

In the questionnaire, CAAs shared how households applied to receive LIHWAP assistance. The most frequently identified ways households applied were in person and electronically. (See Figure 5.)

Figure 5: LIHWAP Bill Payment Assistance Application Method



Data: House Bill 2010 (2023) Survey of Community Action Agencies
Source: Legislative Policy and Research Office

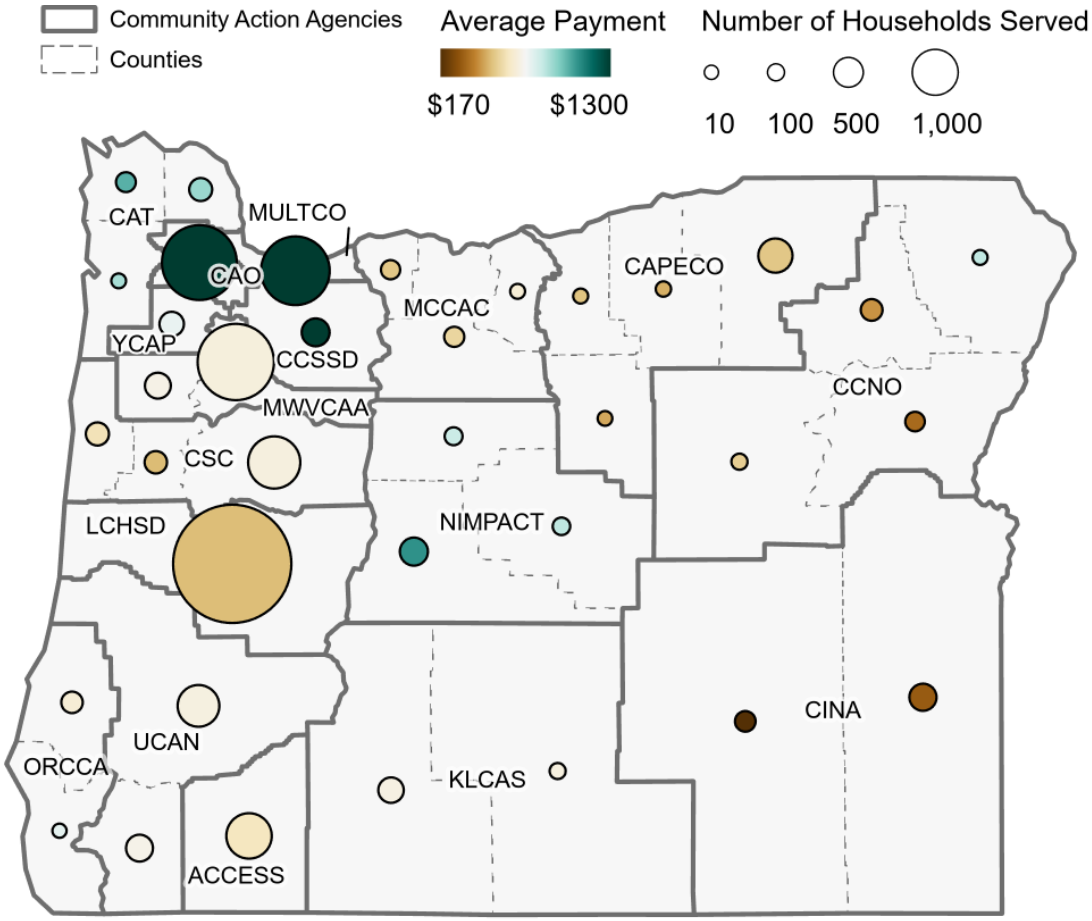
OHCS established a minimum payment of $100 and a maximum payment of $1,000 for participating households.[47] After one year's worth of payments were credited to ratepayers' accounts, OHCS reopened the LIHWAP application process in February 2023 to allow ratepayers to apply for a second payment, called "crisis payments," which could exceed the household's $1,000 maximum payment.[48]

LIHWAP Outcomes, as of November 30, 2023

The first payments were paid in early 2022 on a first-come, first-served basis, and funds were initially required to be spent by September 2023.[48] As of November 30, 2023, a total of $10.4 million dollars was awarded to 18,200 eligible households statewide.[g] Total LIHWAP funds awarded to households within individual counties ranged from $5,752 (Curry County) to $2,228,938 (Multnomah County). See Figure 6 and refer to Appendix Table 2 in Appendix E for the underlying data. The number of households served varied by county, with the largest number in Lane County (3,262 households) and the smallest number in Curry County (11 households). The average payment received by a household also varied by county, with the highest average household payment in Multnomah County ($1,301) and the lowest in Harney County ($167). Due to need in Oregon, the program was extended through March 31, 2024; funds will expire if not fully allocated by then.[51]

[g] Households were able to apply for and receive assistance more than once; the average payments are calculated by the total amount received per household, not individual payments.

Figure 6: Average Payment and Number of Households Served Through LIHWAP, as of November 30, 2023



Source: Legislative Policy and Research Office
Data: Oregon Housing and Community Services as of 11/30/2023

6.1.4 The Future of LIHWAP

LIHWAP is the only water utility customer assistance program the CAAs administer.[52] Likewise, there are no other active OHCS-administered water utility–related programs, and the agency does not have plans to offer water utility bill assistance in the future.[51] LIHWAP administrators are unsure whether there will be a redistribution of unused funds among states in the future.[17] Stakeholders expressed concern that if LIHWAP ends without a replacement program or sustained funding in place (and hundreds of contracts with water service providers expire), it will make it more difficult to establish a similar program in the future.[3] Program managers are also concerned that if a set-aside for LIHWAP were included in the LIHEAP budget, the funding stream for the energy program could be "compromised."[22]

As LIHWAP sunsets in 2023 with final awards to be made in March 2024, LPRO found no evidence of a permanent, statewide program for assisting low-income water utility

ratepayers. However, there have been several attempts in Oregon to assist ratepayers who cannot afford their utility bills; these have been introduced as legislation related to CAPs. (See Table 7.)

LPRO asked the National Conference of State Legislatures (NCSL) for assistance with identifying federal or state legislative efforts related to low-income household water utility bill payment assistance. NCSL responded that the only federally funded program available is LIHWAP. However, there were several policy considerations regarding state-level efforts related to LIWHAP or similar programs. Information on the relevant 2023 legislation in other states, including enacted, pending, and not enacted bills related to water bill assistance for low-income ratepayers, is included in Table 7.

Table 7: State-Level Legislative Actions for Low-Income Household Water Assistance Programs

State	Legislation	Description
Florida	**FL SB 2500 (2023, Enacted)**	Requires the department of economic opportunity to submit monthly status reports on the outstanding obligations for the Low-Income Home Energy Assistance Program, the Weatherization Assistance Program, and the Low-Income Household Water Assistance Program to the Executive Office of the Governor's Office of Policy and Budget, the chair of the Senate Appropriations Committee, and the chair of the House of Representatives Appropriations Committee no later than the 15th day of the month. Reverts and reappropriates the unexpended balance of funds provided to the department to administer these programs for the next fiscal year.
Indiana	**IN SB 254 (2023, Not Enacted)**	Would have required a utility to submit quarterly reports to the Indiana regulatory commission on the utility service provided by the utility to low-income customers during the calendar quarter covered by the report. Each report would have been required to include, among other things, the total amount of gross receipts paid through and the total number of low-income customers who received assistance from a low-income household water assistance program administered by the Indiana housing and community development authority.

State	Legislation	Description
New Jersey	**NJ A11961 (2023, Not Enacted)**	Would have permitted certain local units and authorities to reduce water, sewer, and stormwater fees and other charges for low-income persons.
	NJ A4818 (2023, Pending)	Directs the Department of Community Affairs and Board of Public Utilities to allow certain tenants seeking sewer or water utility bill assistance to provide proof tenant is paying water bill when tenant is different than customer of record.
	NJ A5020 (2023, Not Enacted)	Would have prohibited a water utility from taking certain actions if the utility fails to participate in the Low-Income Household Water Assistance Program.
	NJ S2356 (2023, Enacted)	Extends the prohibition on certain utility discontinuances for residential customers who, prior to June 15, 2022, submitted an application to a state agency for utility assistance from the universal service fund, the Low-Income Home Energy Assistance Program, or the Low-Income Household Water Assistance Program, but did not receive an application determination. Requires the utility to continue to provide service to the residential customer for 60 days after the customer has submitted the application.
	NJ S2526 (2023, Pending)	Permits certain local units and authorities to reduce water, sewer, and stormwater fees and other charges for low-income persons.
	NJ S3333 (2023, Enacted)	Prohibits a water utility from taking certain actions if the utility fails to participate in Low-Income Household Water Assistance Program.
Oregon	**SB 978 (2017, Enacted)**	Directs the Oregon Public Utility Commission (PUC) to use a public process to consider how its role as regulator of Oregon's investor-owned utilities might evolve, given changes in the energy industry and in energy policy. The PUC gathered input from stakeholders and compiled results into a report that was submitted to the Legislative Assembly in 2018. One recommendation was to authorize the PUC to improve equitable and affordable access to energy services by

State	Legislation	Description
Oregon (cont.)		considering not only the broad interests of customers, but specific needs of low-income customers and environmental justice communities.
	HB 2475 (2021, Enacted)	Allows the PUC to consider differential rate burdens and other inequities of affordability in PUC-regulated utility rates. The bill authorizes the PUC to enter into agreements to provide financial assistance, limited to $500,000 annually, for organizations to represent interests of low-income residential customers and residential customers who are members of environmental justice communities in regulatory proceedings before the PUC.
	HB 3089 (2021, Not Enacted)	Would have established a Public Drinking Water and Sewer Ratepayer Assistance Fund to provide grants to organizations to distribute water and sewer bill payment assistance to low-income residential households. The measure would have deposited $15,000,000 into the Fund.
	HB 3125 (2023, Not Enacted)	Would have created a low-income ratepayer assistance program to assist eligible residential customers with drinking water and sewer utility payments. The program would have been administered by the Oregon Housing and Community Services Department (OHCS) and funded through a permanent fund separate from the General Fund that would be continuously appropriated to OHCS.
Pennsylvania	**PA SB 767 (2023, Pending)**	Establishes the Low-Income Household Water Assistance Program.

Source: Compiled by the National Conference of State Legislatures, September 2023.
Note: Links to external websites and reports are for informational purposes only and do not indicate NCSL's endorsement of the content on those sites. For more information, please contact Walker Stevens, Policy Associate, Children and Families Program, walker.stevens@ncsl.org.

6.2. Low-Income Household Private Residential Drinking Water and Sewer Infrastructure Replacement or Repair

LPRO identified various drinking water and sewer infrastructure replacement or repair programs through interviews and questions in the questionnaire with identified stakeholders (see Methodology section for details). Funding opportunities for improvements and repair of private well and septic systems are available on the state and federal level, as well as through several regional non-profit organizations, but funding opportunities available to households or individuals are very limited in number.

At the state level, the Oregon Department of Environmental Quality (DEQ) administers loan programs to provide low-interest loans for repairs and replacement of on-site septic systems, among other eligible projects, to address a public health and safety risks or to otherwise protect or maintain water quality in the waters in Oregon (ORS 454.779). However, due to a lack of sufficient funds to sustain the loan program and a demand that exceeds the available funds, the program has been suspended.[11]

Funding for several programs stem from the American Rescue Plan Act (2021; Public Law 117-2), when $15 million was awarded by Oregon's Legislative Assembly to DEQ to provide pass-through grants to eligible organizations for distribution to property owners and small businesses with old or failing septic systems.[53] The USDA Rural Development office also provides loans to very-low-income homeowners to repair, improve, or modernize their homes with plumbing upgrades, and has grants for very-low-income elderly homeowners to remove health and safety hazards.[54] USDA Rural Development also awards pass-through grants to qualified non-profits and tribes to create a revolving loan fund for households in eligible rural areas.[55] Loan and grant programs for water infrastructure projects are primarily awarded to counties or cities, not individuals.

In Oregon, the knowledge of the existence of these programs appears to be limited: LPRO's survey results show that out of 17 CAAs, 10 responded as "unsure" about whether there were additional financial assistance programs for private drinking water or sewer infrastructure. Three CAAs identified the USDA Rural Development grants as available funding. Furthermore, in interviews, stakeholders reported that most of the funding for larger water infrastructure projects (often available as low-interest loans), are primarily awarded to counties or cities rather than to individuals. Interviewees shared that some federal funding for infrastructure projects explicitly excludes projects on private property.[56]

Recently introduced legislation in Oregon addressed funding needs for water and sewer repair. Some of House Bill 2010's (2023) investments aim to address water security for low-income Oregonians, including awarding $631,202 to Oregon Water Resources Department (OWRD) to make limited-duration staff positions permanent for the agency's Water Well Abandonment, Repair, and Replacement Fund (WARRF). The purpose of this fund is to fund the permanent abandonment, repair, or replacement of water wells in a number of circumstances, including: water wells in which deficiencies in the well construction pose a risk to public health or our water resources; household wells used by persons of low to moderate income; household wells in areas of declining

water levels where others sources of water are not feasible; and water wells damaged to due natural disasters (House Bill 2145, 2021). There are no more funds available in the WARRF.

House Bill 2010 also included an appropriation of $1 million for a study of the needs and vulnerabilities of small and very small community water systems. The aim of this study is to investigate topics, such as water supply reliability, source and treated water quality, utility board and operations management, infrastructure, disasters, funding and financial stability, regulations and safe drinking water standards, and other opportunities. In addition, the measure required the Oregon Association for Water Utilities to provide technical, financial, and managerial support and resources to those small systems.

6.3. Opportunities for Leveraging Federal Funds

According to the state agencies interviewed for this study, water infrastructure for community water systems is the responsibility of local governments, which often uses federal sources to meet their funding needs. Leveraging in this context can mean taking advantage of long-term, below market-rate loan terms or matching federal funds to state-provided funds.

Only a subset of available federal funding programs requires a state match. For example, the Drinking Water State Revolving Fund requires a 20 percent state match of federal funds received through this grant program.[23] Current or past examples of relevant grant or loan programs include the following:

- Drinking Water State Revolving Fund (EPA),
- Rural Decentralized Water Systems Grant (USDA),
- Community Facilities Direct Loan and Grant Program (USDA), and
- Rural Community Development Initiative Grants (USDA).

The federal funding opportunities below do not require a match but encourage them.

- Disaster Water Grants Program (USDA)
- Water and Waste Disposal Loan and Grant Program (USDA)
- Water and Waste Loan Guarantees (USDA)
- Special Evaluation Assistance for Rural Communities and Household (SEARCH) Grant program (USDA)

The Disaster Water Grants program, for example, has no formal cost-sharing or matching requirements; however, the scoring matrix for grant applications does give higher points for the amount of non-agency funds committed to the project.[57]

While federal funds are often essential to cover large water infrastructure replacement and repair costs, use of federal funds does not necessarily lead to a decrease in utility rates—often low-interest loans and bonds are paid back via service rates, which in some cases are raised to meet funding requirements.[3]

Water affordability is a key factor in addressing the cost burden of water service provision for low-income Oregonians. To achieve water affordability, providers need to be supported in their efforts to address their infrastructure needs and sustain

reasonable service rates by providing them funding, technical assistance, and increasing staff capacity to manage projects and budgets. Federal and state grants are available for this purpose, but water service providers often need assistance finding and applying for such limited opportunities.

Related Challenges for Funding Water Infrastructure Projects

Despite the absence of match requirements, smaller and rural communities can face other barriers to obtaining federal funding. During LPRO's informal interviews, participants highlighted a lack of staff capacity for grant writing for federal grant applications.[56] Currently, in some cases, non-profit organizations bridge this gap by using state-level funding to provide grant writing support. For-profit organizations, while sometimes hired by non-profits, are not themselves eligible to directly apply for these state-level funds and, if hired, have to be compensated up-front by the community.[56]

This issue was not only highlighted in regard to leveraging federal funds but was reported as a concern in the context of community-scale infrastructure funding and maintenance. Through LPRO's informal interviews, capacity concerns regarding the ability of small communities to fund and manage large-scale water infrastructure projects were reported. Limited capacity for planning, grant writing, and management of larger grants and loans for infrastructure projects is especially challenging for smaller communities where public funding and loans is often assembled via a "patchwork" of sources.[56]

Recent Legislation Related to Federal Funding Opportunities in Oregon

While Oregon does not have a specific program for tracking water-related federal funding opportunities, there is an Oregon Water & Wastewater Funding and Resource Guide that lists water and wastewater funding programs, relevant agencies that serve communities, and other organizational resources and was most recently updated in October 2023. The Oregon Department of Energy (ODOE) also established a program to track funding for energy projects. In response to the Infrastructure Investment and Jobs Act (2021, Public Law 17-58) and the Inflation Reduction Act (2022, Public Law 117-169), ODOE developed an online tracker to provide information about potential funding resources and other technical assistance opportunities in 2023 (HB 3630, 2023).[58] The tracker covers opportunities related to rural, tribal, and other environmental justice communities as they work to develop energy projects or build energy-related capacity. The aim of the program is to provide an updated resource of available funding opportunities for communities that do not have the resources, time, or capacity to apply for these funds.

Other recently introduced legislation in Oregon was aimed at facilitating agencies' efforts to leverage federal funds, including HB 3349 (2023, not enacted). The bill would have established infrastructure funding readiness hubs and funding navigators as a collaborative partnership between Oregon Solutions at Portland State University, the Governor's Regional Solutions team, and local government and community organizations. Together, the organizations would have collaborated to improve awareness of, and access to, state and federal funding opportunities, with a focus on near-term federal funding opportunities, for organizations that lack sufficient capacity to effectively locate, and apply for relevant federal funding available, such as the

Infrastructure Investment and Jobs Act and the Inflation Reduction Act. The measure would have required Oregon Solutions to collaborate on developing an infrastructure-readiness hub for the purpose of improving community's awareness of, and access to, state and federal funding opportunities related to natural or built infrastructure, including ability to manage and successfully expend funds.

7 Conclusion

House Bill 2010 (2023) directs LPRO to complete a report assessing the landscape of low-income ratepayer assistance programs for water services and domestic water infrastructure. Through a combination of a literature review, interviews with state agencies and relevant stakeholders, as well as a survey of Community Action Agencies (CAAs) across Oregon, LPRO identified a number of direct and indirect approaches to assist low-income ratepayers with affording water services from community water systems or for assisting infrastructure needs of domestic well and septic system owners.

Despite consequences associated with either temporary or long-term inability to pay for water services or infrastructure—which can include service disconnections or lack of access to safe drinking water—there appear to be few federally and state-funded programs directed at addressing water utility bill affordability issues or costs associated with domestic water infrastructure. Further, although much of this report focuses on ratepayer assistance, it is important to note that water service providers must often raise their rates to cover the costs of the service and maintain and replace critical infrastructure. Financial assistance for water service providers can indirectly impact affordability for ratepayers; however, any savings realized by water service providers are not necessarily passed on to low-income ratepayers exclusively.

Assisting low-income ratepayers and homeowners with paying for water services as well as domestic water infrastructure may require the consideration of different, though interrelated, customer assistance programs and funding opportunities. Legislators may want to consider the need and opportunities for customer assistance programs and infrastructure and federal funding opportunities, as outlined below.

CUSTOMER ASSISTANCE PROGRAMS

With unpredictable water rates and the overall unaffordability of water for specific ratepayers, there is a need for **funding for water service providers** to use to offset any necessary rate increases. There is also a need for **well-designed, equitable customer assistance programs**. This could be achieved in several ways:

- Provide incentives or grants to water service providers to offer customer assistance programs.
- Create and offer different types of customer assistance programs for ratepayers to access when needed (e.g., general assistance for high water rates or assistance during a crisis).

With the sunset of the Low-Income Household Water Assistance Program (LIHWAP) in March 2024, state legislators may consider providing an alternative replacement program. **Any design for a state-funded, statewide program to replace LIHWAP** should consider the following:

- Expand eligibility criteria to include all household types that may not have been able to access past programs (e.g., renters, people living in multi-family housing, or people living in mobile home parks who do not pay for their water bill directly).

- Allow or establish partnership agreements between utility providers (e.g., energy and water) to identify and deliver assistance to low-income households with need.
- Streamline the application process and ensure the application is accessible (i.e., barriers to applying are minimal).

INFRASTRUCTURE AND FEDERAL FUNDING OPPORTUNITIES

There are identifiable barriers that community water system operators in smaller and rural communities face when needing to upgrade existing water infrastructure. Obtaining federal funding can be difficult, not only because there may be limited funding options available, but also because there is limited capacity for planning, grant writing, and management of larger grants and loans for infrastructure projects. Domestic well and septic system owners share a similar challenge, one that is exacerbated by the fact that there are fewer financial resources available to private property owners. Strategies that may address these issues include the following:

- Establish statewide programs and funding mechanisms to address water affordability challenges at the community and domestic level for infrastructure across Oregon.
- Facilitate connecting water service providers and domestic well and septic system owners with funding and other resources through technical assistance.
- Create a tracker to identify available water infrastructure–related funding opportunities so eligible entities can be aware of the opportunities and have the capacity and assistance to locate, apply for, leverage, and manage available limited grant resources.
- Allow state grants to pay for grant-writing services or technical assistance and provide funding for such activities.

Online Access to Report

This report is available online on the Oregon State Legislature's Publications and Reports webpage at:
https://www.oregonlegislature.gov/citizen_engagement/Pages/Publications-Reports.aspx

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9 Appendices

Appendix A: Selected Definitions/Terminology

Drinking water:

- ORS 448.115(8): “Safe drinking water” means water that is sufficiently free from biological, chemical, radiological, or physical impurities such that individuals will not be exposed to disease or harmful physiological effects.
- OAR 333-061-0020(117): "Safe Drinking Water" means water which has sufficiently low concentrations of microbiological, inorganic chemical, organic chemical, radiological, or physical substances so that individuals drinking such water at normal levels of consumption, will not be exposed to disease organisms or other substances which may produce harmful physiological effects.

Ground Water:

- OAR 333-061-0020(68): "Groundwater" means any water, except capillary moisture, beneath the land surface or beneath the bed of any stream, lake, reservoir, or other body of surface water within the boundaries of this state, whatever may be the geologic formation or structure in which such water stands, flows, percolates or otherwise moves.

Low-income:

- ORS 280.410(5) (with regard to city and county economic development projects): (5) “Low income” means an income not exceeding 80 percent of the prevailing median income, based on family size, within the city.
- ORS 285B.178(2) (with regard to microenterprise development): (2) “Low income” means income adjusted for family size that does not exceed:
  (a) For metropolitan areas, 80 percent of median income; or
  (b) For nonmetropolitan areas, the greater of 80 percent of the area median income or 80 percent of the statewide nonmetropolitan area median income.
- ORS 285B.178(8) (with regard to microenterprise development): “Very low income” means income adjusted for family size that does not exceed 150 percent of the poverty level determined under 42 U.S.C. 9902, as amended and in effect on June 30, 2007. If 42 U.S.C. 9902 is amended or altered on or after July 1, 2007, the department may adopt by rule the standard for determining the federal poverty level under 42 U.S.C. 9902 as amended or altered.
- ORS 458.480(4) (with regard to local innovation and fast track housing program): “Low-income households” means:
  (a) For affordable housing that may be rented, households of one or more individuals whose combined incomes are at or below 60 percent of the area median income; or
  (b) For affordable housing that may be purchased, households of one or more individuals whose combined incomes are at or below 80 percent of the area median income.

- ORS 458.610(4) (with regard to the Oregon housing fund): “Low income” means income that is more than 50 percent and not more than 80 percent of the area median income.
- ORS 458.610(9) (with regard to the Oregon housing fund): “Very low income” means income that is 50 percent or less of the area median income.
- Oregon LIHWAP Implementation: To be eligible for water assistance, a household's income must be at or below 60 percent of Oregon's median income (see Appendix Table 1). The program bases these income levels on household income and household size.

Appendix Table 1: LIHWAP Income Guidelines for Oregon (Program Year 2024)[9]

Household Unit Size	Annual Gross Income*	Monthly Gross Income*
1	$31,266	$2,605.50
2	$40,886	$3,407.17
3	$50,506	$4,208.83
4	$60,126	$5,010.50
5	$69,747	$5,812.25
6	$79,267	$6,605.58
7	$81,171	$6,764.25
8	$82,974	$6,914.50
9	$84,778	$7,064.83
10	$86,582	$7,215.17
11	$88,386	$7,365.50
12	$90,189	$7,515.75
Each additional member	1,803	$150.25

*Gross Income means all household income before any deductions

Notes: 60 percent of State Median Income by Household Size for use in Federal Fiscal Year 2024. Estimated State Median by Household Size

Water Systems:

Drinking:

- ORS 448.115(13): “Water system” means a system for the provision of water for human consumption through pipes or other constructed conveyances.
- OAR 333-061-0020(152): "Water System" means a system for the provision of piped water for human consumption.
- OAR 333-061-0020(45): "Distribution System" means that portion of the water system in which water is stored or conveyed from the water treatment plant or other supply point to the premises of a consumer.
- OAR 333-061-0020(68): "Groundwater System" means any public water system that uses groundwater, including purchasing water systems that receive finished

groundwater, but excluding public water systems that combine all of their groundwater with surface water or groundwater under the direct influence of surface water prior to treatment.

- OAR 333-061-0020(109): "Public Water System" means a system for the provision to the public of piped water for human consumption, if such system has more than three service connections, or supplies water to a public or commercial establishment that operates a total of at least 60 days per year, and that is used by 10 or more individuals per day. Public water system also means a system for the provision to the public of water through constructed conveyances other than pipes to at least 15 service connections or regularly serves at least 25 individuals daily at least 60 days of the year. A public water system is either a "Community Water System," a "Transient Non-Community Water System," a "Non-Transient Non-Community Water System" or an "Oregon Very Small Water System."

Waste:

- ORS 454.010(5): (a) “Treatment works” means any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes, of a liquid nature, necessary to recycle or reuse water at the most economical cost over the estimated life of the works, including intercepting sewers, outfall sewers, sewage collection systems, pumping, power, and other equipment, and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities; and any works, including site acquisition of the land that will be an integral part of residues resulting from such treatment.
  (b) In addition to the definition contained in paragraph (a) of this subsection, “treatment works” means any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste, including storm water runoff, or industrial waste, including waste in combined storm water and sanitary sewer systems.
- ORS 468.423(6): “Treatment works” means:
  (a) The devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature, necessary to recycle or reuse water at the most economical cost over the estimated life of the works. “Treatment works” includes:
  (A) Intercepting sewers, outfall sewers, sewage collection systems, pumping power and other equipment, and any appurtenance, extension, improvement, remodeling, addition or alteration to the equipment;
  (B) Elements essential to provide a reliable recycled water supply including standby treatment units and clear well facilities; and
  (C) Any other acquisitions that will be an integral part of the treatment process or used for ultimate disposal of residues resulting from such treatment, including but not limited to land used to store treated wastewater in land treatment systems prior to land application.
  (b) Any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste, storm water runoff,

industrial waste or waste in combined storm water and sanitary sewer systems.
(c) Any other facility that the Environmental Quality Commission determines a public agency must construct or replace in order to abate or prevent surface or ground water pollution.

- ORS 454.605(13): “Sewage disposal service” means:
  (a) The construction of subsurface sewage disposal systems, alternative sewage disposal systems or any part thereof.
  (b) The pumping out or cleaning of subsurface sewage disposal systems, alternative sewage disposal systems or nonwater-carried sewage disposal facilities.
  (c) The disposal of materials derived from the pumping out or cleaning of subsurface sewage disposal systems, alternative sewage disposal systems or nonwater-carried sewage disposal facilities.
  (d) Grading, excavating and earthmoving work connected with the operations described in paragraph (a) of this subsection.
- ORS 454.605(2): “Alternative sewage disposal system” means a system incorporating all of the following:
  (a) Septic tank or other sewage treatment or storage unit; and
  (b) Disposal facility or method consisting of other than an absorption facility but not including discharge to public waters of the State of Oregon.
- ORS 468B.005(7): “Sewerage system” means pipelines or conduits, pumping stations, and force mains, and all other structures, devices, appurtenances, and facilities used for collecting or conducting wastes to an ultimate point for treatment or disposal.

Well:

- ORS 537.515(9): (9) “Well” means any artificial opening or artificially altered natural opening, however made, by which ground water is sought or through which ground water flows under natural pressure or is artificially withdrawn. “Well” does not include a temporary hole drilled for the purpose of gathering geotechnical ground water quality or ground water level information, a natural spring or a hole drilled for the purpose of:
  (a) Prospecting, exploration or production of oil or gas;
  (b) Prospecting or exploration for geothermal resources, as defined in ORS 522.005;
  (c) Production of geothermal resources, as defined in ORS 522.005, derived from a depth of greater than 2,000 feet; or
  (d) Exploration for minerals as defined in ORS 517.750 and 517.910.
- OAR 333-061-0020(157): "Well" means an artificial opening or artificially altered natural opening, however made, by which ground water is sought or through which ground water flows under natural pressure or is artificially withdrawn or injected, provided that this definition shall not include a natural spring, or wells drilled for the purpose of exploration or production of oil or gas.

Appendix B: Informal Interview Questions for Oregon Agencies

LPRO contacted representatives from executive branch agencies to request an informal interview, written responses to questions, or both, related to existing assistance or infrastructure programs administered by such agencies. When relevant, information about funding sources for such programs was gathered. This step employed purposive sampling based on agency's work on the issue, as well as snowball sampling depending on agency responses.

Agencies responded to the following questions in writing or verbally during informal interviews with LPRO staff.

1. What types of water-related programs or services are your agency involved with, directly or indirectly, concerning drinking water, wastewater, or stormwater in Oregon, statewide, or regionally?
2. What definitions or measures are commonly used in this area to define low-income ratepayers, ratepayers who are cost burdened, etc.?
3. What, if any, federal funding does the agency rely on to provide assistance for ratepayers or water infrastructure projects? Are there others we should be aware of that are either already provided by your agency or could be?
4. Does your agency have other mechanisms programs or resources available to help reduce utility rates for specific populations?
    a. Do factors such as geographic area served or utility size affect the type of mechanisms available to provide ratepayer assistance? How so?
5. *If relevant:* Does your agency fund infrastructure projects? If yes, describe the funding mechanisms.
6. *If relevant:* What data do you have on the location in the state and the characteristics of services or infrastructure concerning drinking water, wastewater, or stormwater your agency is involved with providing or managing (e.g., the amount of money distributed to each drinking water provider or the distribution of sewer systems across the state)?
    a. Are these data sources you routinely use or rely on to track and monitor drinking water, wastewater, and stormwater availability and utility rates in Oregon?

Appendix C: Survey Questionnaire

The Oregon legislature is interested in learning about the State's mechanisms for providing assistance to low-income ratepayers for paying drinking water, wastewater, and stormwater bills; assistance with funding for private infrastructure; and possible funding sources and structures for such mechanisms. As part of this interest, the legislature enacted HB 2010 (2023), which directs the Legislative Policy and Research Office (LPRO) to collect information about existing programs in Oregon. To assist in this information gathering, LPRO is surveying all community action agencies.

This questionnaire is administered by LPRO, a nonpartisan, public policy research office that staffs policy committees in the Oregon legislature. The results of this questionnaire will be used to inform a report that will be shared with the Oregon legislature. You will have the option to provide your name at the end of the questionnaire. Information shared in the published report will be summarized; individual respondents will not be identified in the report. **The questionnaire should take approximately 10 – 15 minutes to complete**.

Please complete the questionnaire by 5:00 pm on Friday, October 13. If you have any questions about this work, please contact Erin Pischke via email at: Erin.Pischke@oregonlegislature.gov or by phone: at (503) 986-1533.

Q1. The questionnaire will ask you about the **organizations** and **water service** providers you work with, and the customer assistance programs they offer. Questions are divided into three categories:

1. Low-Income Household Water Assistance Program (LIHWAP)
2. Non-LIHWAP customer assistance programs
3. Financial assistance for private infrastructure repair and replacement

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Low-Income Household Water Assistance Programs - Outreach

The Low-Income Household Water Assistance Program (LIHWAP) provides low-income households with bill payment assistance for their drinking water and wastewater services expenses. Households in eligible water service provider areas apply for water and wastewater bill assistance through their local community action agency.

Q2. If you are or recently were a LIHWAP pass-through agency, how were households **recruited** to apply for LIHWAP bill payment assistance?

- Households were identified by a water provider
- Households received community action agency support in the past
- Households were referred by an external organization, entity, or individual
- Through radio, print, or electronic advertising
- By word of mouth
- Unsure
- Not applicable (did not provide LIHWAP assistance)
- Other (briefly describe)

Q3. How do/did households **apply** to receive LIHWAP bill payment assistance?

- Through a case manager
- Electronically
- In person
- Unsure
- Other (briefly describe) **Non-LIHWAP Customer Assistance Programs**

  As you respond to the next set of questions, consider other assistance programs that organizations or water service providers may offer their ratepayers and customers. You will be asked for up to three examples of customer assistance programs.

  As background, **customer assistance programs** help reduce the cost burden on customers. Examples of customer assistance programs include bill discounts, flexible payment terms, lifeline rates, temporary assistance, or water efficiency initiatives.

Q4. Are you aware of customer assistance programs or services other than LIHWAP (i.e., non-LIHWAP) that **organizations** or **water service providers** offer?

- Yes
- No

Q5. You indicated that you know of another program other than LIHWAP. What is the organization's or water service provider's **name**?

Q6. Which type of customer assistance programs do they offer? Select all that apply.

	Bill Discount	Flexible Terms	Lifeline Rate	Temporary Assistance	Water Efficiency
Drinking water ratepayers	•	•	•	•	•
Wastewater ratepayers	•	•	•	•	•
Stormwater ratepayers	•	•	•	•	•

Q7. Is there another organization or water service provider you work with that offers a **customer assistance program other than LIHWAP**?

- Yes
- No

Q8. You indicated that you know of a second program other than LIHWAP. What is the organization's or water service provider's **name**?

Q9. Which **type of** customer assistance programs do they offer? Select all that apply.

	Bill Discount	Flexible Terms	Lifeline Rate	Temporary Assistance	Water Efficiency
Drinking water ratepayers	•	•	•	•	•
Wastewater ratepayers	•	•	•	•	•
Stormwater ratepayers	•	•	•	•	•

Q10. Is there another organization or water service provider you work with that offers a **customer assistance program <u>other</u> than LIHWAP**?

- Yes
- No

Q11. You indicated that you know of a third program other than LIHWAP. What is the organization's or water service provider's **name**?

Q12. Which **type of** customer assistance programs do they offer? Select all that apply.

	Bill Discount	Flexible Terms	Lifeline Rate	Temporary Assistance	Water Efficiency
Drinking water ratepayers	•	•	•	•	•
Wastewater ratepayers	•	•	•	•	•
Stormwater ratepayers	•	•	•	•	•

Q13. Financial Assistance for Private Infrastructure
Next, you will be asked questions about **financial assistance** to low-income individuals and households to **replace or repair private residential drinking water and sewer infrastructure** (such as wells and septic systems) that your agency may direct clients to. We will ask you for up to three examples.

Q14. Do any of the **organizations** or **water service providers** you work with provide financial assistance to low-income individuals and households for the **replacement or repair of private residential drinking water and sewer infrastructure**?

- Yes
- No
- Unsure

Q15. What is the organization's or water service provider's **name**?

Q16. What **type** of financial assistance for low-income individuals and households for **private residential infrastructure** do they offer? Choose all that apply.

- Replacement of drinking water infrastructure
- Replacement of sewer infrastructure
- Repair of drinking water infrastructure
- Repair of sewer infrastructure
- Other (briefly describe)

Q17. Is there another organization or water service provider you work with that offers financial assistance for low-income individuals and households for the **replacement or repair of private residential drinking water and sewer infrastructure**?

- Yes
- No

Q18. You indicated that you know of a second financial assistance available for the r**eplacement or repair of private residential drinking water and sewer infrastructure**. What is the organization's or water service provider's **name**?

Q19. What **type** of financial assistance for low-income individuals and households for **private residential infrastructure** do they offer? Choose all that apply.

- Replacement of drinking water infrastructure
- Replacement of sewer infrastructure
- Repair of drinking water infrastructure
- Repair of sewer infrastructure
- Other (briefly describe)

Q20. Is there another organization or water service provider you work with that offers financial assistance for low-income individuals and households for the **replacement or repair of private residential drinking water and sewer infrastructure**?

- Yes
- No

Q21. You indicated that you know of a third financial assistance available for the **replacement or repair of private residential drinking water and sewer infrastructure**. What is the organization's or water service provider's **name**?

_____

Q22. What **type** of financial assistance for low-income individuals and households for **private residential infrastructure** do they offer? Choose all that apply.

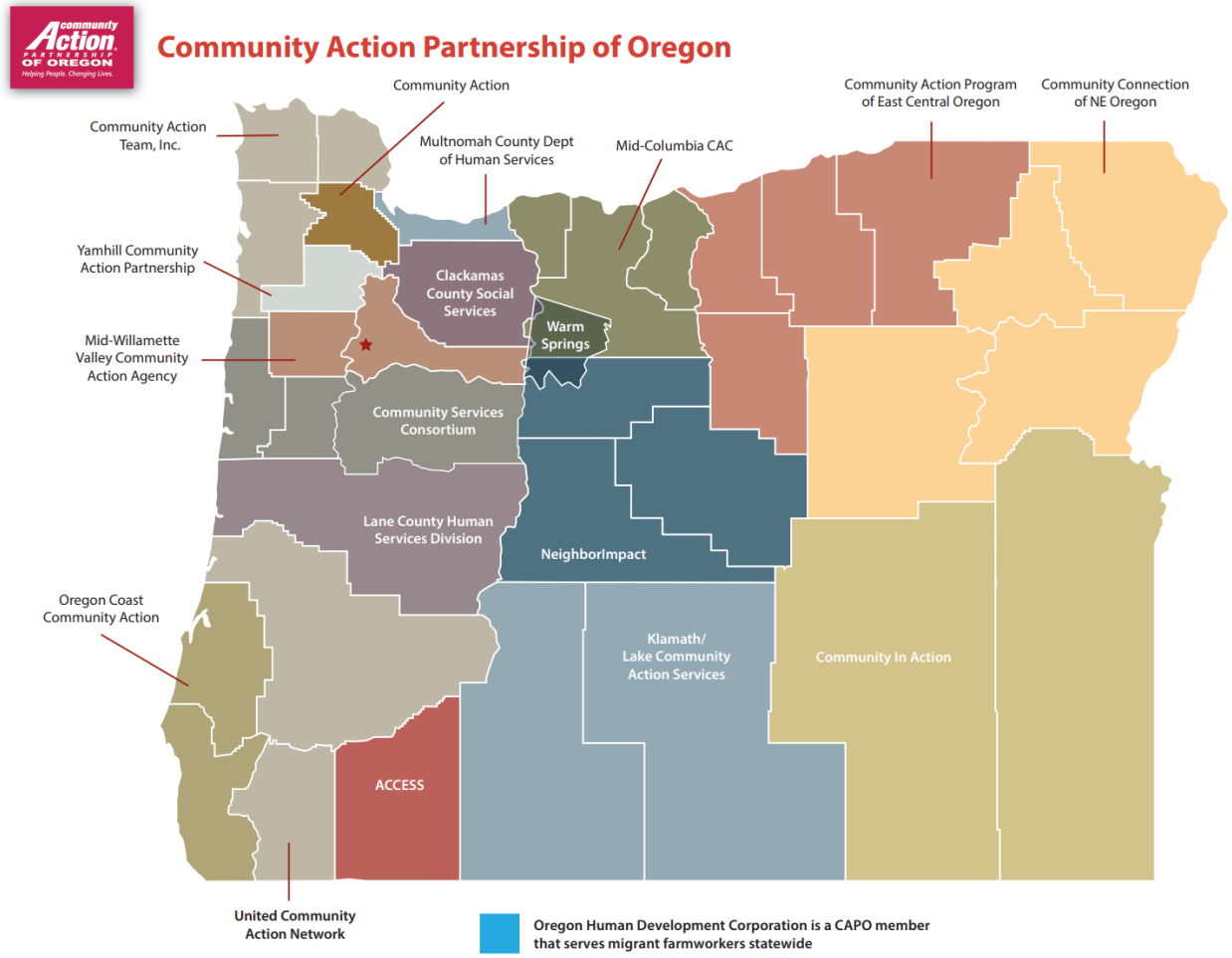
- Replacement of drinking water infrastructure
- Replacement of sewer infrastructure
- Repair of drinking water infrastructure
- Repair of sewer infrastructure
- Other (briefly describe)
  _____

Q23. Please provide your contact information if LPRO may contact you with follow-up questions.

- Name _____
- Organization _____
- Email address: _____

Appendix D: Community Action Agency Territories in Oregon

Appendix Figure 1: Community Action Agency Territories in Oregon



Source: *https://caporegon.org/wp-content/uploads/2020/08/CAPO_Matrix_4pg_4.pdf*

Appendix E: LIHWAP Outcomes

Appendix Table 2: Average LIHWAP Award, Average Number of Households Served by LIHWAP, and Total Number of LIHWAP Vendors, as of November 30, 2023

County	# of Households Served (unduplicated)	Total LIHWAP Funds Awarded	Average LIHWAP Award	# of Vendors
Baker	178	$ 48,672	$ 273	4
Benton	268	$ 97,215	$ 363	3
Clackamas	440	$ 401,141	$ 912	10
Clatsop	188	$ 125,172	$ 666	15
Columbia	287	$ 173,675	$ 605	11
Coos	240	$ 109,960	$ 458	5
Crook	116	$ 66,421	$ 573	2
Curry	11	$ 5,752	$ 523	2
Deschutes	446	$ 313,854	$ 704	5
Douglas	871	$ 411,304	$ 472	16
Gilliam	37	$ 13,830	$ 374	2
Grant	73	$ 28,341	$ 388	8
Harney	213	$ 35,629	$ 167	2
Hood River	169	$ 63,763	$ 377	3
Jackson	986	$ 424,307	$ 430	15
Jefferson	128	$ 71,615	$ 559	2
Josephine	409	$ 197,669	$ 483	2
Klamath	364	$ 172,852	$ 475	16
Lake	70	$ 32,877	$ 470	2
Lane	3,262	$ 1,186,480	$ 364	23
Lincoln	291	$ 123,655	$ 425	10
Linn	1,198	$ 563,756	$ 471	11
Malheur	418	$ 105,311	$ 252	5
Marion	1,952	$ 910,203	$ 466	13
Morrow	47	$ 16,368	$ 348	3
Multnomah	1,713	$ 2,228,938	$ 1,301	5
Polk	378	$ 181,079	$ 479	9
Sherman	34	$ 15,530	$ 457	4
Tillamook	30	$ 17,793	$ 593	7
Umatilla	638	$ 241,298	$ 378	13

County	# of Households Served (unduplicated)	Total LIHWAP Funds Awarded	Average LIHWAP Award	# of Vendors
Union	248	$ 79,945	$ 322	7
Wallowa	35	$ 19,935	$ 570	4
Wasco	197	$ 78,887	$ 400	6
Washington	1,905	$ 1,612,119	$ 846	11
Wheeler	27	$ 9,248	$ 343	2
Yamhill	333	$ 171,589	$ 515	9
Total/Average	**18,200**	**$ 10,356,183**	**$ 495**	**267**

Source: Legislative Policy and Research Office
Data: Oregon Housing and Community Services, as of 11/30/2023
Note: Total number of vendors listed exceeds number of individual vendors because some vendors serve multiple counties.