

in FY 2023-24, compared to only \$37 more quarterly (and \$149 annually) if the bill increased by the forecasted CPI-U.

PWB states that the federal guidance on water bill affordability ranges from 1.0% to 3.5% of median household income (MHI), with 2.0% as the most commonly cited affordability measure. With the rate increase of 7.4% in FY 2019-20, the typical monthly water bill would represent 0.8% of the monthly MHI, compared to 0.7% in FY 2018-19. Thus, the measure is showing an increase for PWB’s portion of the bill relative to median household income growth. When combined with BES’s portion of the bill, the utility bill is approximately 2.2% of median household income in Portland in FY 2019-20.

Among other financial assistance programs, the bureau offers low-income discounts to qualifying families in two tiers based on income thresholds. It notes that with the 7.4% increase in retail rates in FY 2019-20, the monthly bill to qualified Tier 1 low-income residential customers receiving a 50% discount will increase by \$1.46, while the monthly bill to qualified Tier 2 low-income customers receiving an 80% discount will increase by \$0.60 a month.

While recognizing the strides that PWB has made in its adjustments to its financial assistance programs, CBO recommends that the bureau also revisit its efforts and standards to measure affordability. In a 2013 study conducted for the American Water Works Association, the Water Environment Federation, and the U.S. Conference of Mayors, Stratus Consulting noted that median household income can be a highly misleading indicator of a community’s ability to pay for several reasons, including bearing little relationship to poverty or other measures of economic need, not capturing impacts across diverse populations, not accounting for the historical and future trends of a community’s economic condition, and not capturing impacts to landlords and public housing agencies.¹

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Maintain Current Service Level	4.7%	3.1%	4.3%	2.9%	3.9%
Fund Balances Surplus	-0.4%				
Wholesale & Other Revenues Updates	-0.2%	-0.2%	-0.1%	-0.2%	-0.2%
Operating Budget Adds	0.8%				
Filtration	2.2%	2.2%	2.2%	2.2%	2.2%
Capital Program	2.0%	3.6%	2.2%	1.9%	1.4%
Rate Stabilization Fund (RSA)	-1.7%	-1.3%	-1.2%	0.6%	0.1%
Rate Increase	7.4%	7.4%	7.4%	7.4%	7.4%

¹ Stratus Consulting, Affordability Assessment Tool for Federal Water Mandates. 2013. Available at: <https://www.awwa.org/Portals/0/AWWA/ETS/Resources/AffordabilityAssessmentTool.pdf>, pp. 4&5.

