

# Assessing Affordability for Water and Wastewater Systems



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**How can local government in North Carolina assess affordability of water and wastewater rates?** There are many ways for a system to assess affordability. Each method takes a different approach and the analysis of the results can be subjective.



## Three possible ways to assess affordability

### Median Income Customer

Are rates affordable for customers with the median household income?

% Median Household Income



Annual Bill at Average Consumption per Month

Median Household Income

### Low-Income Customer

Are rates affordable for low-income customers?

% 20th Percentile Household Income



Annual Bill at Average Consumption per Month

20th Percentile Household Income

### Accounting for Essential Expenses

Are rates affordable for low-income customers while accounting for other essential expenses?

Affordability Ratio (AR20)



Annual Bill at Average Consumption per Month

(20th Percentile Household Income - Essential Costs)

## What can your utility do?

Utilities concerned about affordability must still ensure that they are meeting other system objectives including covering operating and maintenance costs and saving for capital improvements to ensure safe and reliable service into the future.

Having sufficiently high rates to meet these objectives while remaining affordability may mean utilities will have to get creative. Your utility can:

- Manage expenses
- Adjust the rate structure design to align revenue requirements between residential and non-residential customers
- Establish a customer assistance program

**Visit [efc.sog.unc.edu](http://efc.sog.unc.edu) for more info and resources.**

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