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# Climate Change in the Drinking Water/Wastewater Sectors and the Impact on Financial Resilience, Insurability, and Credit and Investment Quality: March 2024 U.S. Environmental Agency Report

03/26/2024

The United States Environmental Protection Agency (“EPA”) has issued a report titled:

*Climate Change in the Drinking Water and Wastewater Sectors and the Impact on Financial Resilience, Insurability, and Credit and Investment Quality. (“Report”)*

The Report was prepared by EPA’s Climate Finance Working Group.

EPA had convened a working group in 2022 under a Creating Resilient Water Utilities Initiative which brought together subject matter experts that included:

- Credit rating
- Insurance industries
- Municipal bond market investors
- Academia
- Water sector utility managers

The purpose of the effort was increased concern about climate change risk at water sector utilities.

The Report states that the work group’s goals included understanding the following:

- How the water sector assesses and manages climate change risks, focusing on integrating climate change readiness into financial assessments, infrastructure investments, public outreach, and financial disclosures
- How these risks influence the financial and insurance industries
- Effective practices for assessing, managing, and disclosing climate change risks

The stated objectives of the work group included:

- Informing water sector utilities about the financial and insurance industries’ evolving interest in and increasing emphasis on climate change resiliency

- Sharing information about some of the climate change resilience strategies, policies, programs, practices, and investments undertaken by water sector utilities that the financial and insurance industries view as financially well balanced
- Sharing information with the financial and insurance industries about water sector utility climate resilience goals and practices in the context of effectively balancing near- and long-term infrastructure, operational, and risk management needs, as well as customer service level expectations and affordability issues
- Identifying opportunities for future collaboration and information sharing between the water sector and financial and insurance industries

The Report references a series of meetings in 2022 and 2023 that address these issues.

The components of the Report include:

- Work group goals
- Background
- Sector perspectives
- Water sector utility perspective
- Credit rating agencies and investor community perspective
- Insurance industry perspective
- Climate change risk management strategies
- Identifying water sector utility climate change threats
- Practices to identify and assess water sector utility climate change vulnerabilities, consequences, and adaption strategies
- Outreach and disclosure for water sector utility climate change risk management
- Needs of small water sector utilities
- Next steps
- Key discussion topics
- Product development
- Focused outreach

A link to the Report can be found [here](#).