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# affordability



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# **Water/Wastewater Affordability Issues**

Christine Maloni Hoover, Senior Assistant Consumer Advocate

Pennsylvania Office of Consumer Advocate

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## Overview

- Regulatory Framework
- Consumer Advocate Role
- Legal Issues
- What Are Low Income/Universal Service Programs?
- Who Qualifies?
- Types of Programs
- Benefits/Other elements
- Review of Programs
- What Should A Customer Do?
- Issues To Consider
- A Look Ahead
- Contact Info

# Regulatory framework

- Public Utility Commissions
  - Rate regulation + safe, adequate and reliable service
    - Electric
    - Natural gas
    - Telecom
    - Water and wastewater companies –varies from state to state
      - No jurisdiction over water rates
      - Jurisdiction over all water providers (private and municipal systems)
      - Hybrid(some municipal systems)
  - 50 states plus District of Columbia, Puerto Rico and the Virgin Islands
  - Naruc.org

## Regulatory Framework, cont.

- Interplay with federal regulation-FERC, FCC, EPA(electric and water/wastewater)
- Interplay with other state regulation –environmental regulation
  - Usually work cooperatively with state environmental regulator

## **Consumer Advocate role**

- Represent consumers' interests in utility matters before state public utility commissions and federal commissions (Federal Energy Regulatory Commission, Federal Communications Commission), state and federal courts
- 55 advocates in 43 states and District of Columbia, Barbados, Puerto Rico, and Jamaica ([nasuca.org](http://nasuca.org))

## Legal Issues

- Low income programs or “universal service” programs exist for gas, electric, telephone, water, and wastewater customers.
- Goal is to provide affordable service for low-income customers.
- Gas and electric programs are required by Pennsylvania statute under the Natural Gas Choice and Competition Act and under the Electricity Generation Customer Choice and Competition Act.

## **Legal Issues, cont.**

- Telephone programs have been developed under federal statute.
- Universal service
- Water programs have developed over time to provide assistance to low-income customers, but there is currently no Pennsylvania statute which mandates these programs for water or wastewater utilities.



# What Are Low-income Or Universal Service Programs?

- Primary components include the following elements:
- A Customer Assistance Program (CAP) that provides discounted rates for low-income customers and includes arrearage forgiveness.
- A Low Income Usage Reduction Program (LIURP) that provides weatherization and usage reduction services to help reduce low-income customer utility bills and usage levels.

## **What Are Low-income Or Universal Service Programs, cont.**

- A Customer Assistance Referral and Evaluation Services (CARES) program that provides referral services for customers with special needs; and
- Hardship Fund that provides grants to low-income customers to help them pay their utility bills.

# Who Qualifies as a Low-Income Customer?

- Income Levels.
  - Categories
- Payment Troubled
- Low Income Usage Reduction Programs (LIURP).
- What is 150% of the FPL?

# Types of Low-Income Programs

- Percentage of Income Payment Program (PIPP)
- The majority of programs in Pennsylvania are a modified “PIPP” style program.
- Modified PIPP style program called a Fixed Credit Option (FCO).
- Percentage of Bill (POB)- Provides a discount level off of the customer’s bill.

## What benefits does a CAP provide?

- A discounted rate which is set at an affordable level
- Arrearage forgiveness
- Energy efficiency measures
- Ending the collection and termination cycle

## Other Elements to CAP Programs

- Limits on consumption
- Requirements to participate in LIURP
- Maximum CAP credit

## Review of Energy Programs

- PA Public Utility Commission's CAP Policy Statement at 52 Pa. Code § 69. 261.
- Energy Efficiency Programs
  - Act 129, 66 Pa.C.S. § 2806.1.
  - Requirement that the utility establish energy efficiency programs that are specifically directed to low-income customers.

## Review of Energy Programs, cont.

- Low Income Home Energy Assistance Program
  - Grants to assist low-income customers with the utility bills from the federal government.
  - Provided to low-income natural gas, electric and oil customers to assist with heating needs.
  - Two components: cash and crisis.



## **Review of Energy Programs, cont.**

- Universal Service and Energy Conservation Plan
  - Filing required every 3 years
  - Independent Audit every 6 years

# Review of Telecom Programs

- Federal Universal Service Fund
  - Funded by a charge on all telephone and wireless bills
  - Two components
    - Lifeline program
    - Assist rural carriers with providing service
  - Discount on your telephone bill, but you can only receive one discount per household, either to your wireline or to a wireless.

# Review of Water/Wastewater Programs

- Large water/wastewater utilities in Pennsylvania have programs
- Aqua Pennsylvania-Helping Hand
  - [http://www.needhelppayingbills.com/html/aqua\\_Pennsylvania\\_assistance\\_p.html](http://www.needhelppayingbills.com/html/aqua_Pennsylvania_assistance_p.html)
- Pennsylvania American Water-Water and Wastewater Assistance
  - <https://amwater.com/paaw/customer-service-billing/low-income-program>

## **Review of Water/Wastewater Programs, cont.**

- Pittsburgh Water and Sewer Authority-Bill Discount Program
  - [http://apps.pittsburghpa.gov/redtail/images/1477\\_Bill\\_discount\\_Program\\_FINAL.pdf](http://apps.pittsburghpa.gov/redtail/images/1477_Bill_discount_Program_FINAL.pdf)
- Suez Water Pennsylvania-Suez Cares
  - <http://suezcares.org>

## What Should A Customer Do?

- Make sure they are enrolled in **all** available utility programs for which they eligible
- Use energy and water usage reduction programs if offered
- Contact state's regulatory commission and advocate's office if need help.

## Issues to Consider

- Who pays?
- Universal Service Fund Charge (USFC)
- What do non-low-income customers pay for?
- Some of the programs are substantial in size
- Always need to think about the impact on the customer at 151% of the FPL

## A Look Ahead

- Impact of stormwater costs on total bills
- Increasing number of acquisitions of municipal systems-  
blending different approaches for customers with payment  
issues
- What do you do about customers of medium and small  
water/wastewater companies?

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## Contact Info

- Christine Maloni Hoover
- Senior Assistant Consumer Advocate
- Pennsylvania Office of Consumer Advocate
- 555 Walnut Street, 5<sup>th</sup> Floor
- Harrisburg, PA 17101-1923
- 1-800-684-6560
- [choover@paoca.org](mailto:choover@paoca.org)
- [www.oca.state.pa.us](http://www.oca.state.pa.us)



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@pa\_oca