Water/Wastewater Affordability Issues

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Overview

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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)
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.
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


• 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

• 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

• 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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