STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	**:**	
On its Own Motion	**:**	
	:	**20-NOI-01**
Notice of Inquiry Regarding	**:**	
Water Affordability	**:**	

Initial Comments of Elevate Energy and Metropolitan Planning Council

Elevate Energy and the Metropolitan Planning Council (MPC) submits these Comments in Response to the Illinois Commerce Commission's March 18, 2020 Notice of Inquiry (NOI). The Commission initiated this proceeding "evaluating what information is available regarding the affordability of utility services, what the current state of the affordability of utility services is, and the impact on affordability of current programs and measures." (NOI at 3). Elevate Energy and MPC look forward to participating in this process and helping to shape our mutual understanding of water utility affordability in Illinois.

Elevate Energy is a 140-employee 501(c)(3) not-for-profit corporation with a mission of *Smarter Energy Use for All*. Elevate Energy has 20 years of experience helping low-moderate-income communities reduce costs and build wealth with energy and water efficiency upgrades. We educate, advocate for, and work to support initiatives to address issues of water affordability. We work with partners to document and understand the extent of the water affordability crisis in our region. With the economic realities families are experiencing and rising water costs, Elevate Energy explores solutions that ensure all households can afford water.

MPC has been dedicated to shaping a more equitable, sustainable, and prosperous greater Chicago region for more than 85 years. As an independent, nonprofit, nonpartisan organization, the MPC serves communities and residents by developing, promoting, and implementing solutions for sound regional growth. This means ensuring affordable, quality homes for everyone, investing in our region and its communities in ways that ensures equitable

development, improving mobility and transportation infrastructure throughout Chicagoland, driving collaborative and transparent governance at all levels, uncovering new trends through smart data analysis, and—germane to this NOI—offering solutions for managing our region's water and natural assets.

Here, Elevate Energy and MPC comment on the questions posed by the NOI to all interested parties as they relate to water utilities. We have organized our comments in the order that questions appear in the NOI.

WATER AFFORDABILITY NOI

C. Definitions -

1) How should the following terms be defined? Are there federal or other state standards or guidelines that more clearly define these terms?

a) Water Affordability

Water Affordability means the ability of a customer to pay their water bill, which is a function of the interaction between: 1) Cost of service (what is the water rate and what does a customer's water bill cost?); and 2) Income (what is the customers' ability to pay for the service?).

i. The Environmental Protection Agency bases its determination of water affordability on the calculation of whether it costs less than 2.5% of the national median household income.[1] However, EPA's water affordability determination has been criticized based on the following factors: median income (which does not fully address impacts on low-income water

[1] Stratus Consulting (2013). *Affordability Assessment Tool for Federal Water Mandates.* Prepared for U.S. Conference of Mayors, American Water Works Association and Water Environment Federation. Boulder, Colorado.

users), income measure of costs, and its setting of an arbitrary or subjective threshold.[2]

ii. Large disparities in income exist, particularly for Black and Latinx households. For example, the poverty rate for Black households is roughly five times that of white households. For Latinx households, it is nearly four times higher.[3] As such, a water rate that is affordable to some households may be a burden to many others, especially when the costs associated with all household essentials are considered.

b) Low-Income

The term low-income means any customer whose annual or annualized gross household income is at or below 80% area median income adjusted by household size.

i. The utilities define low-income in accordance with the Low-Income Home Energy Assistance Program (LIHEAP) qualifications consistent with the Federal Poverty Level (FPL). The usage of FPL has been criticized for having a low, arbitrary threshold, the resource counting rules within which both understate and overstate resources and FPL rules make no adjustment for geographical variation in costs across areas and regions of the country.[4]

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[2] Metropolitan Planning Council and Elevate Energy. (2020). *Water Affordability in Northeastern Illinois: Addressing water equity in a time of rising costs.* https://www.metroplanning.org/uploads/cms/documents/mpc_water_affordability_report_web.pdf

[3] Teodoro, M. (2018). *Measuring Household-level Water and Sewer Utility Affordability.* Prepared for the 2018 Utilities Management Conference American Water Works Association/Water Environment Federation 21-23 February 2018. San Antonio, Texas

[4] Greenberg, M. (2009, August 25). *It's Time for a Better Poverty Measure.* Center for American Progress. https://www.americanprogress.org/issues/poverty/reports/2009/08/25/6582/its-time-for-a-better-poverty-measure/

ii. Customers should be able to self-certify as low-income by providing evidence of eligibility for other low-income assistance programs, such as the Low-Income Home Energy Assistance Program (LIHEAP), Section 8 housing, certain level of Supplemental Security Income (SSI), etc.

c) Critical Medical Needs Customers

The definition of "critical medical needs customers" definition should be expanded to consider impacts of the COVID-19 pandemic. The access to affordable water is essential to human life, particularly during a worldwide pandemic when people are urged to constantly wash their hands to combat COVID-19.[5] Moreover, during this time with shelter-at-home requirements and changing medical practitioner priorities, it is difficult for customers to get access to medical care. Therefore, the Commission should expand the definition and allow customers to self-certify as critical medical needs customers.

e) **Disconnection:**

Disconnection means water is turned off at the b-box (also referred to as a buffalo box, curb stop, and other names), and the customer is no longer receiving water from the municipal water main. The utility may choose to disconnect a customer due to late payments and increased arrearages. Note that disconnection is different from service termination, which generally happens when a customer permanently vacates the premises.

[5] Fore, H., & Ghebreyesus, T.A. (2020, 26 June). "*To control COVID-19, we have to make hand hygiene accessible to all" – UNICEF and WHO.* UNICEF. https://www.unicef.org/press-releases/control-covid-19-we-have-make-hand-hygiene-accessible-all-unicef

g) **Reconnection:**

Reconnection means that there is timely reconnection of service when customers have corrected the reasons for disconnections or provided medical certification.[6] The definition should include the process steps for customer water service restoration. Additionally, there should be added implications of COVID-19 and added burden should be on the water utility (see above for medical certification).

h) **Vulnerable Customers**:

Vulnerable Customers means a customer who experiences hardships due to shut-off threats of essential utility services like water service. Customers who are particularly to be found vulnerable include low-income customers, Black, Indigenous and people of color (BIPOC), children, pregnant women, people who are ill or immunocompromised, people with limited English-speaking ability, rural communities, tribunal communities, immigrants, seniors, people with disabilities, , people living in public housing, and formerly incarcerated people.[7]

2) **Are there other undefined terms that are critical to understanding utility service affordability and/or the ability of customers to receive essential levels of electric, natural gas, water, and sewer services, if so, how should such terms be defined?**

a. **Water Burden**

Water burden means an inordinate amount of household income spent on water bills.[8] For example, when households must decide between paying their water bill

[6] Illinois Commerce Commission, https://www.icc.illinois.gov/consumers/rules-applicable-to-utilities.
[7] World Health Organization, Environment Emergencies: Vulnerable Groups, https://www.who.int/environmental_health_emergencies/vulnerable_groups/en/
[8] Metropolitan Planning Council and Elevate Energy (2020). Water Affordability in Northeastern Illinois: Addressing water equity in a time of rising costs. https://www.metroplanning.org/workproject/16/subpage/12

and paying for other basic human needs – such as food, shelter, and medical care – then a water burden exists.

b. Water Stress

Water Stress occurs when communities face difficulties in access to water services. It includes communities experiencing inadequate access to drinking water, stormwater services, lack of infrastructure, difficulty paying for services and poor water quality.

The importance to eliminating water stress is essential to water affordability. An Illinois resident who lived without water for 2 years put it this way, “I have to have water, you know. We have to rob Peter for Paul.” Customers who have had their water disconnected report extreme stress to both their physical and mental health. Customers with issues paying their water utility bills are more likely to also have issues with paying other essential needs, such as housing, food, and energy.

c. Fragmentation

Fragmentation means water service, which is provided by disconnected, local utilities rather than coordinated by a regional or sub-regional provider. As a result, decisions about water utility operations, infrastructure investment, future planning and service rates are made at the local or hyperlocal level, leading to inefficient – and sometimes ineffective – service delivery.

d. Water Efficiency

Water Efficiency means hardware or process changes that allow less water to be used while accomplishing the same task or function.[9] For example, a water efficient toilet performs the same task as a non-efficient toilet while using significantly less water.

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[9] Chicago Metropolitan Agency for Planning (2013), A Water Conservation and Efficiency Plan for Evanston, https://www.cmpa.illinois.gov/programs/lta/evanston

e. Water Conservation

Water conservation means behavioral changes and hardware/process changes which result in less water being wasted.[10] Examples include turning off the faucet while brushing one's teeth or finding and repairing leaks.

f. Water Equity

Water equity means all communities, regardless of income, have access to safe, clean, affordable drinking water and wastewater services, resilience in responses to floods, drought, and other climate related incidents. Further, it means that communities have a role in the decision-making processes related to water management in their communities; and share economic, social, and environmental benefits of water systems.

D. Information Collection and Reporting

1) **Please identify any changes that could be made to the current information reporting requirements that would better inform the Commission regarding service affordability and/or the ability of customers to receive essential levels of utility services including the entities that should be required to provide the information. In your response please also address the format of such information collection, authority for compelling the production of such information, and how the information should be publicly reported.**

a) The utilities should be directed to provide the following:

- General Reporting:
  - The number of security deposits collected from residential customers;

[10] *Id.*

        - The dollar value of security deposits collected from residential customers;
        - The dollar amount billed for residential customers;
        - The dollar value of late fees collected from residential customers;
        - The number of residential customers charged late fees;
        - The number of disconnected notices sent to residential customers;
        - The average repayment term of payment arrangements for residential customers;
        - The number of new water meters installed;
        - The specific location of disconnections.
    - Format:
        - Language used should be uniform and consistent across utilities.
        - Information reported should be posted online and accessible to the public.

E. Assistance Programs

6) Are there programs not currently available in Illinois, including programs adopted in other states, that could increase affordability and/or the ability of customers to receive essential levels of electric, natural gas, water, and sewer services?

There are programs that are not currently available in Illinois that could increase water affordability. The cities of Baltimore, San Antonio and Philadelphia all have water assistance programs that assist residential customers in paying their water bill.

City of Baltimore

The Baltimore City Department of Public Works offers the Low-Income Water Bill Assistance Program to help Baltimore City residents who have fallen behind with

water bill payments.[11] When customers enroll in the income-based program they receive a $250 grant toward their outstanding water bill balance, and the customer agrees to make monthly payments toward this balance.[12]

City of San Antonio

In 2004, San Antonio Water System (SAWS) transitioned its Water Affordability Discount Program, which offered a 50% discount off the monthly meter charge, into an affordability discount program.[13] SAWS affordability discount program is based on household size, income, etc. ($4.10 - $24.50 per month). The SAWS has also built additional community assistance programs such as Senior Citizen Billing (waived later payment penalties) and Disability Billing (payment extension).[14]

City of Philadelphia

The city of Philadelphia offers a Tiered Assistance Program (TAP) in which water rates are based on income.[15] The four categories of affordability rates are as follows: 0-150% FPL, 50-100% FPL, 100-150%, and ≥150% and Special Hardship.[16] For these customers, monthly bills are capped at 2%, 2.5%, 3% and 4% of the customer's monthly income, respectively. In addition, enrollment is not limited to customers who are behind on their bill.

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[11] *Low-Income Water Bill Assistance Program*, Baltimore City Department of Public Works, https://publicworks.baltimorecity.gov/low-income-water-bill-assistance-program

[12] *Id.*

[13] *Water Equity Clearinghouse: San Antonio Water System*, US Water Alliance, http://uswateralliance.org/organization/san-antonio-water-system.

[14] *Id.*

[15] Dunn, Mike. *Philadelphia Launches New, Income-Based Tiered Assistance Program*, City of Philadelphia (June 20, 2017), https://www.phila.gov/press-releases/mayor/philadelphia-launches-new-income-based-tiered-assistance-program/.

[16] Ignaczak, Nina. *Can an income-based water affordability plan solve Detroit's water shutoff problem?*, Planet Detroit, https://planetdetroit.org/2020/09/can-an-income-based-water-affordability-plan-solve-detroits-water-shutoff-problem/.

a. For each of these categories, payments toward past-due bills are not required.

b. The program allows renters to participate. There was a robust campaign to launch the program that included marketing via public transit, radio, and newspaper advertisements.

F. Credit and Collections Practices

1) **Please identify and describe best collection practices and how existing collection practices can be improved**.

There should be a firewall between collection and assistance departments. For instance, customers should not be fearful that by reaching out to the water utility for assistance they will be more at risk of being disconnected from water service. As the COVID-19 pandemic continues it is imperative that utilities and customers communicate. Moreover, utility practices should not be harmful to a customer's credit. Therefore, water utilities should be directed to:

- Eliminate additional fees or penalties for late payments and customer deposits for residential customers.
- Eliminate disconnections with the only exception should be for health and safety purposes.
- Extend flexible credit and debit collection policies, specifically to households affected financially and medically.
- Eliminate down payment requirements on deferred payment arrangements and allow flexible, reasonable deferred payment arrangements that are based on the customer's ability to pay.
- Eliminate any requirement that disconnected customers pay the full arrearage to reconnect.

- Provide ways for customer engagement and input especially listening to impacted customers.

Conclusion

Thanks for the opportunity to provide comments into the ICC's NOI on affordability of water service. We look forward to engaging and next steps in the process.

Respectfully Submitted,

Briana Parker
Policy Manger
Elevate Energy

Josh Ellis
Vice President
Metropolitan Planning Council