



Rhode Island Lawyers for the Public Interest

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May 9, 2019

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Ms. Luly Massaro, Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888  
Re: Docket 4890

Dear Ms. Massaro:

Enclosed please find an original and 10 copies of the following document:

-Joint Intervenor Progress Report of the R.I. Treasurer and the George Wiley Center

Please note that an electronic copy of this document has been provided to the service list in Docket 4890.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer L. Wood".

Jennifer L. Wood  
Executive Director

Enclosures  
cc: Docket 4890 Service List (via email)

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT BAY COMMISSION  
GENERAL RATE FILING

DOCKET NO.: 4890

**JOINT PROGRESS REPORT OF INTERVENORS**  
**R.I. GENERAL TREASURER AND**  
**THE GEORGE WILEY CENTER**

**I. INTRODUCTION**

The General Treasurer and the George Wiley Center file this joint progress report as intervenors in Docket 4890. Since being granted inclusion in the docket as intervenors by the Public Utilities Commission (the Commission), the Treasurer and Wiley Center (the low-income affordability intervenors) have participated in a number of in-person and telephonic fact-finding and issue clarification meetings with representatives of the Narragansett Bay Commission (NBC) relating to the affordability of sewer treatment charges for low-income residents in the NBC service area. The discussions with NBC representatives have been productive thus far, and the parties are actively engaged in issue identification relating to the scope of affordability concerns identified by the low-income affordability intervenors as well as potential solutions and mitigation strategies for affordability concerns. The parties agree that it is premature to request Commission action on any low-income affordability mitigation strategy in the current docket, but the low-income affordability intervenors and NBC have committed to continuing to meet in order that a specific and concrete proposal for the design, cost and administration of a low-income assistance program can be introduced at the appropriate time in a subsequent NBC docket. The parties are committed to providing a further progress report on the affordability issues and a potential low-income assistance program no later than July 2019.

## **II. FOCUS OF THE PARTIES' DELIBERATIONS – AFFORDABILITY OF SEWER TREATMENT COSTS FOR LOW-INCOME RESIDENTS**

The NBC performs a vital service to our state's environment and economy by improving water quality through its service area and beyond and most particularly in safeguarding the health and sustainability of one of the state's most vital resources, Narragansett Bay. As capital costs continue to rise due to federal and state water quality goals, escalating construction costs, climate change, and other factors, increased attention must be paid to the impact of sewer rates on low-income households within the NBC service area.

NBC's current rates are already unaffordable for many people in the service area, and are projected to grow in the coming years with the launch of the Combined Sewer Overflow Stage Three (CSO III) project, which will be one of the largest infrastructure projects in the state's history. NBC's current rate structure is not designed to accommodate low-income households that might not be able to afford rising sewer rates. All residential customers are charged the same customer charge and consumption charge rate across NBC's service area.

The EPA has long encouraged water and sewer utilities to consider the ability of low-income ratepayers to afford the cost of their bills. NBC drew heavily from EPA guidance in analyzing affordability issues in the 2017 CSO Amended Valuation Report. Under EPA guidance, rates above 2% of median household income are considered high burden. While most households in the NBC service area are projected to remain below the 2% threshold in the coming years, rates are projected to rise above 2% of household income for more than 40,000 households, or 1/3 of the total population served by NBC.

The issue of utility rate affordability for low-income households is not unique to NBC, and in fact, many water and sewer utilities across the country have launched programs to assist low income ratepayers. A review by the EPA found that more than 200 water and sewer utilities nationally offer assistance programs for low-income ratepayers. These programs include but are not limited to bill discounts, hardship funds, and flexible billing terms.

Here in Rhode Island, the Commission has approved a tiered low-income discount program for income-eligible National Grid ratepayers which provides a discount of 25%-30% to approximately 35,000 electric customers and 15,000-20,000 gas customers that qualify for various forms of income-based public assistance.

The low-income affordability intervenors advocate that NBC should adopt a similar program to mitigate the impact of rising sewer treatment costs on low-income residents in their service area. The viability, costs, administration and logistics of such a low-income customer assistance program has been the subject of very substantive discussions between NBC and the low-income affordability intervenors.

### **III. WORK IN PROGRESS – PROGRAM DESIGN, COST AND ADMINISTRATION**

A review of water and sewer treatment low-income assistance programs nationally yields several models that have been adopted in other states. These include a flat credit for income eligible residents, a flat discount, and a percent of income-based discount.

A flat credit program provides a monthly or annual credit to low-income residents to offset the rising cost of sewer treatment. This type of program has the inherent limitation of being a one-size-fits all and is not adjusted for the differing levels of poverty of those enrolled but has the

corollary strength of being the easiest and most straightforward and least expensive to administer. The eligibility for the flat credit can be accomplished by a simple eligibility proxy like LIHEAP enrollment or verified enrollment in other income-tested public benefits.

Flat or tiered discount programs provide a percent reduction to the rate, much like the current National Grid tiered low-income discount. These programs are more tuned to the income level of the low-income residents but require more data gathering on income level and eligibility and may involve more administrative cost.

The last program type is based on percentage of income per customer and is the most individually tailored option and thus ultimately most effective in actually ensuring affordability. In this approach low-income residents are sorted based on their income in relation to the Federal Poverty Level. Differing discounts are provided based on income level. Water and sewer utilities in Ohio and Philadelphia are employing this model of low-income assistance. This model obviously involves the most administrative cost and complexity of implementation.

The discussions of the parties are in the early stages of issue identification, fact gathering, data analysis and solution identification. Even at this stage however there are a few emerging themes on which the parties generally agree. First, the parties agree that it would be premature to request Commission action on a specific low-income assistance program within the instant docket. Second, the parties agree that affordability for low-income residents is of legitimate concern and worthy of consideration. Finally, there is an emerging consensus that any low-income assistance program should emphasize simplicity and efficiency of administration to deliver the maximum benefit to low-income residents at the lowest cost of

administration. The parties are committed to continuing to meet regularly in the coming months with the shared goal of developing a workable solution in a timely fashion.

**IV. CONCLUSION**

The low-income affordability intervenors wish to thank the Commission for the opportunity to participate in this docket and expect to request participation in subsequent dockets where appropriate to further examine and address issues of water and sewer treatment affordability for low-income residents. The parties (low-income affordability intervenors and NBC) have committed to a process for ongoing planning and discussion with the goal of providing a further progress report on this issue to the Commission by July 2019.

Date: May 9, 2019

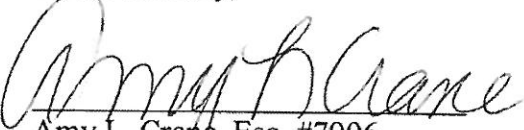
Respectfully submitted,

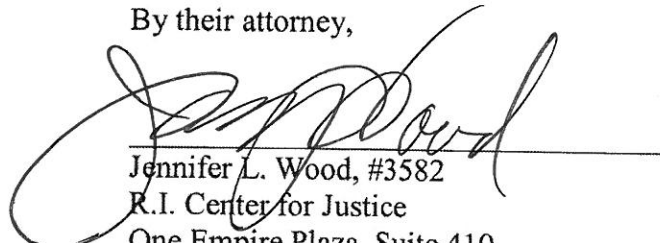
General Treasurer Seth Magaziner

The George Wiley Center

By his attorney,

By their attorney,

  
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**CERTIFICATE OF SERVICE**

I hereby certify that on May 9th, 2019, I mailed this original pleading and 10 copies to the Public Utilities Commission and sent a true copy of the document by electronic mail to the parties in the Docket 4890 Service List as of May 9, 2019.

