

ENSURING ACCESS TO ESSENTIAL UTILITIES

Laura Gonzalez // Clean Virginia // laura@cleanvirginia.org
Leah Jones // Virginia Interfaith Power & Light // ljones@vaip.org
Joy Loving // Climate Action Alliance of the Valley // jal1998@yahoo.com
Emily Piontek // Appalachian Voices // emily@appvoices.org

EXECUTIVE SUMMARY

Access to energy and water utilities is essential for the health and well-being of all Americans. However, clean water and the ability to light, heat, and cool a home are not guaranteed for vulnerable and low-income households in Virginia. We must address inequalities baked into our current system as we respond to the climate crisis and its disparate impacts. By modeling policy approaches taken by other southeastern states,¹ we can protect households from energy and water disconnections. By reducing water and energy burdens for the long-term, we can guarantee access to these vital services and ultimately promote public health.²

CHALLENGE

Virginia has 33 electric utilities, 8 gas utilities, and more than 50 water and wastewater utilities, each with its own consumer protections and disparate regulatory oversight. Some utilities are regulated by the State Corporation Commission and others by municipal governments. While this regulatory structure provides utilities the flexibility to serve unique needs of customers within a given service area, it also means that vulnerable low-income households are unfairly subject to differing consumer protection policies.

Enduring legacies of structural racism mean that energy burdens are also disproportionately felt by households of color. For example, Black and Brown households were more likely to lose power during the pandemic than white households.³ Finally, the 2021 Virginia General Assembly passed a resolution to recognize water as a human right. Though this resolution recognizes that water disconnections are “contrary to promoting public health and welfare,” there are no binding policies that specifically ensure water access.⁴

Virginia residents:

- Face high energy burdens - 75% of Virginia households spend more than 6% of their monthly income on energy bills.⁵
- Have some of the least consumer-friendly disconnection policies of any state in the Southeast.⁶
- Pay some of the highest electric bills in the nation.⁷

Fueled by inflation and the war in Ukraine, energy prices have skyrocketed to levels not seen since the oil crisis of the 1980s. Exacerbation of existing burdens increases a households' vulnerability to interruptions in access to these essential services, and can mean choosing between paying the power bill or other necessities (food, rent, medical care).

SOLUTION

Affordability and access can be addressed through short and long term approaches, many of which have been successfully implemented in other states, including:

- Weather-based disconnection policies,⁹

- Low-income energy efficiency and solar programs,
- Low-income rates, and
- Debt management plans.

After the Illinois Citizen Utility Board found that low-income customers use less on-peak energy than the average customer, and thus pay more to the utility than the cost of the power they use,¹⁰ Illinois directed the Public Utility Commission to explore discounted rates for low-income gas and electric customers.¹¹ Ohio, Pennsylvania, and Illinois enroll income-qualifying customers in a Percentage of Income Payment Plan (PIPP). PIPP is a long-term payment plan that sets caps on customer bills, and can include debt forgiveness and energy conservation incentives. Virginia's 2020 Clean Economy Act mandated that the state's two largest investor-owned electric companies implement PIPPs (though the requirement was not expanded to electric cooperatives and municipal utilities). And many states are developing new clean energy programs targeted to low-income households.¹²

Virginia should standardize disconnection policies across all utility service areas; limit the financial consequences for late payments, non-payments, or disconnections and reconnections; and establish payment programs, new rate structures, and clean energy programs that bring stability and certainty to vulnerable low-income households. These policies are especially important given the expiration of Covid-19 disconnection moratoria and assistance programs. Ultimately, by addressing the overall burden that many households face in accessing these essential utilities, we can help ensure that energy and water services are affordable for more people.¹³

POLICY RECOMMENDATIONS

Establish utility disconnection policies for extreme weather, public health emergencies and when vulnerable residents (e.g., medically compromised, infants) are at risk; require disconnections data be reported to the SCC; and limit fees resulting from overdue bills.

Require unregulated utilities to offer low-income payment plans that do not involve deposits, penalties (e.g., late fees, interest) or eligibility criteria (e.g., credit ratings).

Reform electric rate structures (see *ADVANCING AN AFFORDABLE & EQUITABLE CLEAN ENERGY TRANSITION*, page 83) and support energy efficiency measures (including subsidized retrofits) for homeowners and renters (see *CREATING JOBS & SAVINGS WITH ENERGY EFFICIENCY*, page 81).