

# ENSURING ACCESS TO ESSENTIAL UTILITIES

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## EXECUTIVE SUMMARY

Access to energy and water utilities is essential for human health and well-being. However, clean water and the ability to light, heat, and cool a home are not guaranteed for underprivileged households in Virginia. By modeling policy approaches in other southeastern states,<sup>1</sup> Virginia can establish important protections for vulnerable households and reduce utility burdens for the long-term. In doing so, we can promote public health and ensure more equitable outcomes when a household's access to these vital services is in jeopardy due to unaffordable bills.<sup>2</sup>

## 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 the 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 early months of the COVID-19 pandemic than white households.<sup>3</sup> Even more recently, residential customers are experiencing increases in energy bills, which exacerbates the already high energy burden for many. This increases a household's chances of being disconnected, putting many in the position of choosing to pay the power bill or to buy necessities like food, rent, and healthcare.

Although the Virginia General Assembly passed a resolution in 2021 recognizing that water disconnections are "contrary to promoting public health and welfare," there are no binding policies that specifically ensure water access in the state.<sup>4</sup>

Virginia residents:

- Have some of the least consumer-friendly disconnection policies of any state in the Southeast.<sup>5</sup>
- Are only eligible for the Low Income Household Water Assistance Program in certain jurisdictions.<sup>6</sup>
- Pay some of the highest electric bills in the nation.<sup>7</sup>
- Face high energy burdens (with 75% of households spending over 6% of monthly income on energy bills)<sup>8</sup> and increasing water rates (in several jurisdictions).<sup>9,10</sup>

## 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,<sup>11</sup> 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,<sup>12</sup> Illinois directed the Public Utility Commission to explore discounted rates for low-income gas and electric customers.<sup>13</sup> 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, which will begin operating November 2023 (though the program has not been expanded to electric cooperatives and municipal utilities). And many states are developing new clean energy programs focused on alleviating financial burdens for low-income households.<sup>14</sup>

Virginia should standardize disconnection policies across all electric, gas, and water 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. 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.<sup>15</sup>

## 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 utilities to report annual disconnections data to the SCC (while ensuring consumer data protections).

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).

Support low-income energy efficiency programs for homeowners and renters (see CUTTING ENERGY BILLS & AIR POLLUTION WITH ENERGY EFFICIENCY).