

To: NJ Board of Public Utilities
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ATTN: Aida Comacho-Welch, Secretary

From: Matt Smith
NJ Director
Food & Water Watch

Date: March 1, 2021

I/M/O the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic (BPU Docket No. AO20060471)

Dear Secretary Camacho-Welch:

Food & Water Watch, a nonprofit environmental organization, on behalf of our 64,000 members and supporters in New Jersey, welcomes the opportunity to public comment about the need for better data collection and assistance and arrears management programs to address Covid-related water debts and water affordability concerns. In previous comments, we have joined other nonprofit organizations in supporting the Rate Counsel's Petition for Relief for a formal investigation into the scope of the Covid-19 public health emergency's impact.

Background

Household water debts have grown to unmanageable levels during the Covid crisis, indicating that the existing assistance programs are insufficient. Based on the limited data available about regulated water utilities from the Board of Public Utilities, customer water debts increased by 47%, or \$14 million, from the end of 2019 to the end of 2020, and tens of thousands of homes were behind on their water bills. For the state's largest regulated utility, New Jersey American Water, household water debt ballooned from less than \$12 million at the end of 2019 to \$20 million at the end 2020 – a 73% increase — with more than 100,000 households behind on their bills. For other utilities including Aqua New Jersey and Montague Water Company, the total amounted owed by households had more than doubled over that period.¹

The filings also reveal that the statewide moratorium has protected tens of thousands of people from disconnection. On October 15, 2020, Governor Murphy extended the moratorium on water service shutoffs through Executive Oder 190. Based on the BPU's limited data alone, 37,386 households — more than 100,000 people — were protected from losing their water at the end of 2020. That's 100,000 people who kept their water during the height of the pandemic this January – who could wash their hands, and protect themselves, their families and their communities from the spread of disease.

A working paper from Duke University, published by the National Bureau of Economic Research researchers estimated that utility shutoff moratorium reduced COVID-19 infection rates by 4.4

¹ Board of Public Utilities. Water and Sewer Arrearages December 2020 (Excel).

percent and deaths by 7.4 percent.² While average number of daily new Covid cases in New Jersey have fallen from its January peak, the state's weeklong daily average new case rate remains very high at 3,278, as of March 1.³ There is clear and present need to retain existing shutoff protections to protect New Jersey residents from the spread of disease.

The pandemic has exposed and exacerbated New Jersey's pre-existing water affordability crisis. Now is the time to create the solutions necessary to handle water debts from the pandemic and to provide long-term water affordability going forward. It is also clear that better data collection and reporting are necessary to help inform policy and solutions.

Food & Water Watch urges the following:

BETTER DATA COLLECTION

The Board should work with the Department of Community Affairs to collect and compile standardized and comparable information from all regulated and unregulated water and wastewater service providers statewide to capture the water needs of households. The data should be compiled in an excel workbook and published on the commission website for public review. It must be broken down by zip code or census tract so that disparate racial and socioeconomic impacts can be analyzed and to better aid local aid providers in outreach to affected populations.

The Board should require data to be broken down on a monthly basis. It must capture historical data from January 1, 2015 through March 1, 2021, and then provided on a monthly basis going forward permanently. Historical data is necessary to establish a baseline for comparison to monitor trends and changes to fully analyze and assess the impact of Covid-19 on water service providers and their customers.

Information should be provided by customer class, and utilities such as Suez New Jersey, which failed to break down arrearages by customer class in the earlier filings, should be ordered to track and report data by customer class.

Information to collect should include:

- **Shutoffs** – the number of disconnections for nonpayment, the number of those households reconnected, time in between disconnection and reconnection, the number of disconnection notices issued, and the number of customers eligible for disconnection by avoided disconnection because of a moratorium;
- **Debt** – number of customers in arrears, total amount of arrears, the average amount of arrears, and the number of accounts and dollar amount of arrears by bands of age of arrears;
- **Assistance and debt plans** – a description of and enrollment and utilization statistics for any customer assistance program, deferred payment plan arrear management programs and any assistance and affordability programs; and

² Jowers, Kay et al. "Housing Precarity & the COVID-19 Pandemic: Impacts of Utility Disconnection and Eviction Moratoria on Infections and Deaths Across US Counties." National Bureau of Economic Research. January 2021. Available at <https://www.nber.org/papers/w28394>.

³ New York Times. New Jersey Coronavirus Map and Case County. March 1, 2021, available at <https://www.nytimes.com/interactive/2020/us/new-jersey-coronavirus-cases.html>

- **Utility performance** – a description of utility financial health, utility profits, revenues, executive compensation, privatization and acquisition activity, and political spending by utilities, utility PACs and their executives.

This data should be used to inform policies to mitigate the impact of the pandemic and pre-existing affordability concerns on low-income households through the establishment of percentage-of-income payment plans and arrears management programs.

AFFORDABILITY AND ARREARS PROGRAMS

Unlike with gas and electric utility service, there is no statewide program for low-income water relief or requirements that utilities provide low-income water relief. The Covid crisis provides the appropriate moment for this absence to be corrected. The Board should require utilities under its jurisdiction to establish standard water affordability and debt relief programs modelled off of the state's Universal Service Fund and the Fresh Start Program. The costs of the program and Covid household water debts must be substantially borne by utility stockholders.

Specifically, the Board should:

- **Establish Income-Based Water Affordability with Debt Relief:** The Board should require all regulated water utilities to establish percentage-of-income payment plans with arrears management components for all households at or below 200 percent of federal poverty level. Combined water and wastewater bills must be capped at 3 percent of household income. Costs of Covid-19 regulatory assets and additional affordability and arrears management programs should be split with shareholders.
- **Establish Permanent Shutoff Protections:** The Board should establish a regulation to automatically impose a water shutoff moratorium during states of emergency. More, vulnerable households must be protected from shutoff at all times. This includes households with young children, seniors, and medically compromised individuals.
- **Forbid profiteering off of emergency costs:** The Board must prohibit rate-base recovery of any Covid-19 emergency costs, including but not limited to costs associated with the suspension of disconnections, waiving of late fees and reconnection fees, low-income assistance, deferred payment plans, and other related costs, as utilities should not be allowed to earn a return on these emergency costs and make a windfall on these costs at a time when their customers are struggling to pay their bills.

TIMELINE

The Board should ensure the extension of the utility shutoff moratorium through at least 180 days after the end of the State of Emergency and Public Health Emergency related to the Covid-19 pandemic. In doing so, the Board would provide adequate time to establish these protections and avoid a tidal wave of water shutoffs at the end of the moratorium. Before the end of the shutoff moratorium, the Board must put in place the aforementioned protections and utilities must establish water affordability and arrears management programs to comprehensively address household water arrears and affordability.

Thank you for your time and attention.