

Water Affordability: Keeping Families Afloat as Water Bills Rise

Comments by William Kelvington **American Water**

Consider for a moment about the last time you were so thirsty that you did not think you could survive for a moment longer without a drink of water. Remember how the cool water felt as it wet your mouth, your throat—quenching your thirst and bringing complete satisfaction.

We humans and our world depend on water to survive. Water touches so many aspects of our daily life—often in ways we do not think about or that we take for granted. Cooking, drinking, cleaning, washing—and so many other activities—require water. When you think of your day-to-day routine; from your waking moments, water plays a key role from brushing your teeth to your first cup of coffee.

Yet, despite water's incredible value to all of us, there are individuals and families across Pennsylvania who fear losing their water service because hardship and financial difficulties—unemployment, underemployment, illness, disability and the like—make paying their water—and other bills—difficult...if not impossible.

No one should ever have to fear a day without water because he or she cannot pay a bill for the legitimate reasons just noted. Because of that, the H2O – Help to Others Program was established in partnership with the \$1 Energy Fund.

Now celebrating its 16th anniversary, the H2O – Help to Others Program is unique and a leader among water utilities in Pennsylvania when considering hardship programs for water customers. Pennsylvania American Water's H2O – Help to Others Program was the first hardship program of its kind to be launched by a water utility in Pennsylvania.

Established in 1991, the H2O – Help to Others Program was considered, by Pennsylvania American Water at that time (as it is now)—to complement the company's commitment to providing excellent, reliable service to customers. To ensure the highest-quality product and excellent, reliable service, the cost of Pennsylvania American Water needs to increase periodically, in accordance with typical rate increase filing procedures.

Increasing cost is necessary to meet a rising demand for infrastructure replacements and enhancements—from pipeline in the ground to water treatment plants with state-of-the-art technology...and many things in between— that ensure service remains top notch for customers. Despite rate increases—approved by the Pennsylvania Public Utility Commission—the cost of tap water remains highly economical. Currently costing less than a penny per gallon, tap water is the least expensive of all utilities. When compared to the cost of other beverages,

tap water is a great value. Consider these facts that might surprise you: the cost of a gallon of milk will buy over 350 gallons of tap water. The value contrasted to bottled water is even more incredible. Consumers can expect to pay about 200 times more for a gallon of bottled water—compared to what they pay for a product that is conveniently delivered to their homes and available on demand.

Yet, Pennsylvania American Water was quick to recognize that affordability is subjective. For those on limited incomes, even prices that seem reasonable to the average consumer may be too steep for those who have *bona fide* financial issues. Pennsylvania is a state where the senior population is large. In fact, the senior population of Allegheny County, where the City of Pittsburgh is located, is second only to Dade County, Florida, in the number of seniors that make their home there.

Beyond senior citizens, the customer base of a utility such as Pennsylvania American Water typically includes single parent heads of households, those with disabilities who must rely on SSI, and, of course, the unemployed and the under-employed. Individuals and families who comprise these groups know too well the challenge of making ends meet on a limited income. Often, no matter how budgets are juggled, there are not enough funds to cover basic necessities. Living without water service is never an option. Health and sanitary issues demand that all individuals and families have access to tap water in their homes. Pennsylvania American Water's H2O – Help to Others Program eliminates the fear of going without water service for those who are legitimately struggling to make ends meet.

Despite the assurances that it provides, the H2O Program is not a hand out. Rather, Pennsylvania American Water and \$1 Energy Fund think of the program as a “hand up.”

Qualified customers find that the H2O Program is not only a means to overcoming financial hardships but that it gives them the tools and motivation to make changes in lifestyle habits and the habits of their family members—changes that can reduce water bills by eliminating water waste. Done effectively, these changes can have benefit to customers—not just once, but month after month and year after year.

At the same time, Pennsylvania American Water realizes reduced delinquencies, and exponentially—considering that thousands of qualified customers are enrolled in the H2O Program—financial solvency increases. Customers enrolled in the H2O Program, as a requisite of their participation, agree to be customers in good standing with regard to regular bill payments. This favorably impacts the company's bottom line and reduces the red tape and ramifications of service disconnections.

The H2O Program is unique in its current three-fold approach to assistance: hardship grants, monthly service charge discounts and complimentary water-saving devices and education to change water-use habits.

I am proud to report that since the program's launch in 1991, more than \$1.6 million has been provided to customers in need, through grants given to 9,136 families. Funds for these grants come from a Pennsylvania American Water donation which annually matches customers' donations, dollar for dollar—now providing up to \$200,000 in available aid each year. This match, just a few years ago, was increased by Pennsylvania American to \$100,000—underscoring the belief that the company has in the value of the program and recognizing that needs are ever increasing for water utility hardship assistance...assistance that complements the more traditional gas and electric hardship programs which help to ensure basic life necessities such as heat and electricity. Pennsylvania American Water considers water to be among these necessities, and the company believes that the H2O Program is a distinct type of customer service for those who desire to meet their obligations but whose options are limited.

Beyond grants, which were at the core of the H2O Program, monthly service charge discounts (currently a 50-percent monthly discount for qualified customers), coupled with water-saving devices and education on how to use water more wisely, were value-adds to the Program, beginning in 1997 and 1998.

Conservation Consultants, Inc., (CCI) also based in Pittsburgh has been a capable partner in providing the water-saving kits and education. CCI Colleague Pat Lovelace is, in many ways, the voice and face of the H2O Program by her on-going outreach and follow-up with customers enrolled by \$1 Energy in the program. Impressively, thousands of customers have been enrolled in the monthly discount/water usage education portions of the program since it began. Many of these customers remain enrolled in the program, but others—when they find employment or strengthen their financial situation—do not continue in the program.

Another benefit of the H2O Program is that it often connects customers with other sources of aid in the community. Through the outreach of CCI's Pat Lovelace and \$1 Energy Fund representatives, Pennsylvania American Water customers are made aware of numerous assistance programs for which they might qualify. This helps customers in need to stretch their income more realistically. Typically, those who qualify are able to begin paying their water and other utility bills in a timely manner, begin meeting other financial obligations and work toward self sufficiency as they are able. The bottom line is clearly win/win for everyone.

Despite all of the benefits of the program that I can share with you here today, nothing speaks louder about the clear value of the H2O Program than the heartfelt words of those who

have found the program to be an arm of support when they needed one the most. Allow me to share with you two testimonials from our customers:

"I recently became aware of the H2O – Help to Others Program when I got an insert in my water bill. I was so glad to learn that Pennsylvania American Water had an assistance program, and I called right away.

"I qualified for the monthly discount on my water bill and received a kit full of water-saving devices for my home. I also got assistance from a local plumber who participates in the H2O Program. He was very kind and installed the water-saving devices in my home, which I couldn't do by myself. He also made some repairs to fix a terrible leak in my kitchen sink. The leak was wasting a lot of water.

"The H2O Program is a real Godsend. I really appreciate everything that has been done to help me. With the high cost of heating oil, I was worried about being able to pay my other utility bills. The H2O Program gave me some peace of mind and will help me to continue to save money on my water bill."

"I never imagined that I would need a program like the H2O – Help to Others Program[®], but it has been a life-saver. After my father died—and my mother's health was severely debilitated by a stroke—I had to quit my job so that I could provide around-the-clock care for my mother. Our household income diminished severely, and although our home appeared to be well-maintained, no one had a clue about our financial situation. Money was—is—so tight, and we discovered a leaking commode that was wasting large amounts of water and causing serious water damage in the house. Several sinks were leaking, too, causing elevated water bills. I want to be a good customer and to pay my bills on time. The H2O – Help to Others Program[®] was a blessing. It helped me to get our water-wasting problems under control, which lets me better manage my monthly water bill and keep current with payments. The monthly service charge discount is a benefit, too. While I never expected that I'd need a customer assistance program, I'm glad the H2O Program is available, and I'm glad for its representatives who treated me kindly and with respect. I look forward to the day when I will no longer need this support and can give back to the H2O – Help to Others Program[®] with my contribution."

Pennsylvania American Water is proud to have been invited here today to speak about the H2O Program's value to our customers and to the company. Initiating a water hardship fund may take some energy and determination, but—as one who was at the forefront of the launch of our H2O Program 16 years ago—I can assure you the benefits are worth the effort: benefits that touch customers with care and dignity and that support the company's drive toward solid

financial performance. A water hardship program is not just something nice to offer. Today, such programs are necessities and are critical complements to other utility hardship programs.

Bundled together, programs like Pennsylvania American Water's H2O Program and other utility hardship funds can allow qualified customers in need to receive critical utility services and to keep their dignity. At the same time, these customers are supported in making changes to spending and lifestyle habits and find new and resourceful ways to meet their utility and other financial obligations while enjoying a more comfortable quality of life.