



1007 Lake Drive SE
Grand Rapids, MI 49506

p. 616-451-3051

Date: August 26, 2024
To: Honorable Members of the Grand Rapids City Commission
West Michigan legislative delegation
Re: Water Affordability

West Michigan Environmental Action Council (WMEAC) would express our strong support for the water affordability package of bills currently pending in the Senate and House (HBs 5088-5093/SB 549-553, and SB 25), and we urge leadership from the City of Grand Rapids, and members in the House and Senate to pass the bill package and promptly send the legislation to Governor Whitmer's desk for signature.

The vast majority of water utility funding originates from revenues collected through billing, and each year they must determine revenue requirements to perform planned infrastructure projects that build system resiliency, deliver clean water, and collect and manage wastewater. Average inflation-adjusted water costs have roughly doubled (increased by 188%) for the entire state since 1980. Small cities, suburbs, and rural areas follow that average, while large urban areas have seen a much sharper rise (320% in some individual cities). These cost increases have been primarily reflected in the price of raw materials to replace aging infrastructure and expand existing systems, as well as labor costs as systems compete for contractor capacity.

Every water and sewer services provider faces budget challenges due to uncollected revenue when customers do not pay. Current state laws allow utilities to collect delinquent debt by enforcing a statutory lien on property and putting the debt on the tax roll, or filing lawsuits against customers, or shutting off their water. These remedies are strong incentives to pay – if those customers have the financial ability to do so. These collection tools are not effective for households who do not have the ability to pay their entire bill.

When collection remedies fail, the only way to recover that uncollected revenue is to place it on the books as a bad debt expense (write offs). Utilities raise rates accordingly the next year to recover that expense. Raising rates affects every customer and exacerbates the problem for low-income households. Inevitably, customers who do pay their bills are covering the debt of customers who do not pay their bill.

Supporters of this bill package agree we must take steps to help stabilize funding sources for our water utilities, reduce the bad debt expense, and ensure all Michiganders have access to drinking water. The State fee prescribed in this legislation will do two things: (1) protect public health because eligible customers will be able to pay an affordable bill and not be at risk of shut off, and (2) the customer's payment combined with the affordability fund disbursements means water providers will not have bad debt incorporated into rates and they will have the revenues required to meet operational and infrastructure needs.

All Michiganders, local units of government, and water utilities will benefit from the legislation, which is patterned after the low-income heat and energy assistance program that has been in place for decades. This will help stabilize and manage the costs of providing drinking water for everyone by working at

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economies-of-scale for the most fiscally responsible solution. Furthermore, as the COVID-19 pandemic made clear, we will be heading off the inevitable public health crisis associated with denying anyone access to water.

This legislation is long overdue. We trust you understand the importance of ensuring water bills are as affordable as energy bills for low-income households. You can live for weeks and months without lights and heat; but you can only live 3 days without water.

We thank you for your consideration and look forward to hearing from you.

Sincerely,

Elaine Sterrett Isely
Interim Executive Director

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engage, and advocate for environmental values, environmental and
climate justice, and a healthy and resilient community for all.