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Mark P. Fancher, Esq.
American Civil Liberties Union of Michigan
2966 Woodward Avenue
Detroit, MI 48201

RE: Lifeline Plan Amendments

Mr. Fancher,

Thank you for your prompt review and comments regarding the proposed Lifeline Plan amendments. We want to respond to your questions in writing and we will ask the Board of Water Commissioners to receive and file this letter at the April 19, 2023, meeting.

1. We are unclear about the meaning and context of the following provision: "7.1.5.1. When funds available have been exhausted, DWSD will notate Customer's account and handle the debt in the usual manner for uncollected residential accounts." Our question is whether this language can be edited to better communicate the meaning of the provision, and if after we understand its meaning, whether further edits are possible if we find the provision to be problematic.

RESPONSE: In the event there is no third-party funding available, this provision is meant to direct DWSD staff to handle delinquent residential accounts based on non-Lifeline business processes, which are consistently under review. We are currently reviewing our policy for handling delinquent accounts. In order to provide an affordability program, we will always need outside resources (e.g., federal and state funding). We will discuss other ways to phrase this section. Feel free to send a suggestion.

2. Whether DWSD would be open to establishing a permanent "Consumers Advisory Board" made up of customers who can provide ongoing feedback about how things are working out with the Lifeline Plan, and to also participate in deliberations about how to ensure the permanent, long-term viability of affordable water in Detroit.

RESPONSE: The platform to provide feedback on the Lifeline Plan and affordability in general exists today on an ongoing basis. First, through the Board of Water Commissioners committees and regular meetings available to the public. Second, DWSD leadership is on numerous workgroups at the local, state and federal levels, alongside your clients and other water advocates, that are developing strategies to obtain long-term funding resources for water affordability programs. Third, we also gain feedback through enrollment fairs, City Council community meetings, District neighborhood meetings, block clubs and other community gatherings on a weekly basis.

3. We would like to see a provision or provisions that establish a timetable and protocol for providing the public with ample advance notice of any significant changes to the Lifeline Program that might be contemplated.

RESPONSE: DWSD has had to be nimble from Day One because of federal and state deadlines to expend funds and restrictions in the ways we could use the funds. Time has been of the essence, and we needed to move forward, while at the same time examining how we can administer the program smarter and faster. We appreciate the fact that customers and water advocates prefer a formal comment period whenever DWSD proposes changes to the Lifeline Plan. Respectfully, we have been very receptive and collaborative with water advocates—and many of their longstanding concerns have been incorporated into this policy. I have had offline meetings with water advocates and anyone who wishes to have a voice.

We do not anticipate additional significant changes to the plan, but as you may know, the state and federal government are looking at state/federally administered water affordability programs. There may come a time where the Lifeline Plan transitions to those plans, *or* we may have to amend our plan to be eligible to receive state/federal funds. Time will tell.

4. We would like to see a provision that establishes a procedure for providing to the public regular reports on DWSD's progress in obtaining sustainable funding for the Lifeline program from internal and/or external sources.

RESPONSE: DWSD is not alone in the quest for sustainable funding for water affordability. DWSD is part of several coalitions to advocate for the Lifeline Plan and for affordability statewide and nationwide. We are working with your clients, other water advocates, water utilities from around the country, Senator Stephanie Chang, and others to secure funding for any person who cannot afford their water bill. DWSD and other water utilities will always require outside resources to fund water affordability plans. We estimate DWSD will need \$14 million a year to cover just the gap payment between a capped \$18 bill and a customer's actual bill.

To date, it has been widely reported that a State of Michigan supplemental budget bill added \$25 million to water affordability coffers for this fiscal year. As you may know, there are several different options being discussed for future year funding, but nothing substantive to report. We must all continue to work together to secure funding for FY2024 and beyond. Even LIHEAP still requires the utilities, nonprofit service providers and community groups to advocate annually for the allocations. We will continue to provide updates to the Board of Water Commissioners when there is substantive progress.

I hope you and your colleagues find this information helpful. If you would like to set up another meeting, I am happy to do so.

Sincerely,

A handwritten signature in blue ink, appearing to read "Debra N. Pospiech". The signature is fluid and cursive, with a large loop at the end.

Debra N. Pospiech, Esq.