



Faculty Lunches with the Dean (No. 20) (Jeff Hughes)

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Jeff Hughes was another faculty member in the last round of Lunches with the Dean. Jeff is the Director of our [Environmental Finance Center](#), which works “to enhance the ability of governments and other organizations to provide environmental programs and services in fair, effective and financially sustainable ways.” EFC offers a remarkable array of successful programs and services—both in North Carolina and nationally.



Jeff Hughes



Jeff described an important research project conducted for a group of national water associations that collectively represent most of the water and wastewater utilities in the country. Here's the issue. The price of water and wastewater services has increased more than other essential services over the last five to ten years, and rate increases are likely to continue because those utilities need more money to address their infrastructure needs. These rate increases can be extremely burdensome to certain customers—such as elderly people on fixed incomes or someone in transition after losing a job.

It was interesting to learn about the differences among the various types of utilities. Telephone and electricity utilities typically have a number of safety-net programs to help some of their customers. For example, the federal government runs a program that provides billions of dollars in aid to help low-income customers pay their heating and electric bills. Water and wastewater utilities generally have not had a culture of creating similar programs for their customers.



In addition, there is a major question in many states around whether the water and wastewater utilities have the legal authority to create customer assistance programs. EFC responded to a competitive request for proposals and won a research contract to review the applicable law on this subject in all 50 states. The report identified examples of robust assistance programs in states with more flexible laws, and it identified creative options for providing assistance in states with more restrictive laws.

This is an issue in North Carolina. Our law was intended to create equitable water and sewer rates and prevent utilities from giving preferential treatment to any group of customers. It has been interpreted to mean that those rates can only reflect the cost of providing the service, which limits the flexibility of utilities to create a customer-assistance fund. Local governments have explored other ways to accomplish their goal. For example, the City of Raleigh allocated \$200,000 from their general fund revenues to create a customer-assistance fund for water customers.



This is an important national project and it has generated lots of interest in the field. For instance, some people have looked at the results and expressed an interest in exploring the creation of a national assistance program. The project was a heavy lift for EFC, and they were able to do it by hiring a young attorney (who had worked with EFC as an extern some years ago) and by using a second-year law student. It also required the efforts of many others staff members. EFC continues to show resourcefulness in taking on challenging projects, and creativity in building their capacity to do the work.

