

Addressing Utility Affordability Through Effective Customer Assistance Programs

Thursday, August 3, 2017

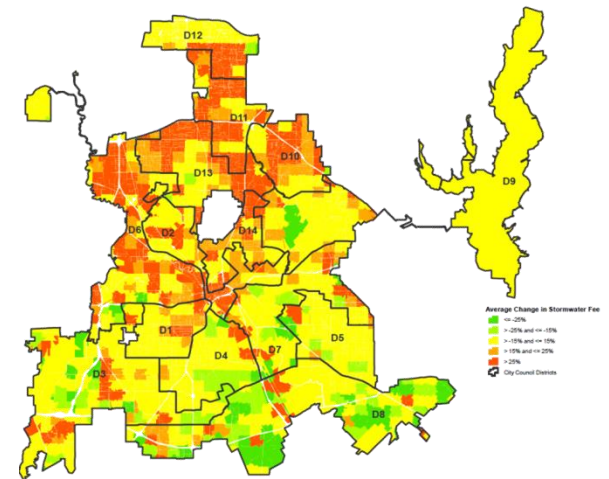
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DISCUSSION TOPICS

- ▶ Defining Affordability
- ▶ Targeting Customer Assistance
- ▶ Alternative Approaches and Funding Considerations
- ▶ Case Studies
 - Northeast Ohio Regional Sewer District
 - Philadelphia

(RE) DEFINING AFFORDABILITY

- ▶ Existing guidance does not adequately measure and identify affordability concerns for most utilities
- ▶ Alternative approaches being used throughout the Country
 - Consideration for income distribution
 - Census tract level demographics
 - Customer specific metrics



Why Implement Affordability Programs

- ▶ Social Responsibility
 - Prospective rate increases
 - Environmental justice concerns
 - Evolving utility role
 - Enhance image and community engagement

- ▶ Business Aspects
 - Reduce administrative costs
 - Reduce delinquencies
 - Limit revenue impacts

TARGETED CUSTOMER ASSISTANCE

- ▶ Provides powerful criteria for regulatory, political, and management decision-making
- ▶ Common data sets provide customer-specific analysis
 - Specific usage by location, income, household type, etc.
- ▶ Develop targeted and specific safety net provisions

LOW-INCOME ASSISTANCE OPTIONS

▶ Bill Assistance Programs

- Discounts
- Write-offs
- Crisis Assistance

▶ Rate Structure Options

- Lifeline Rates
- Alternative Rate Structures

▶ Water Efficiency Options

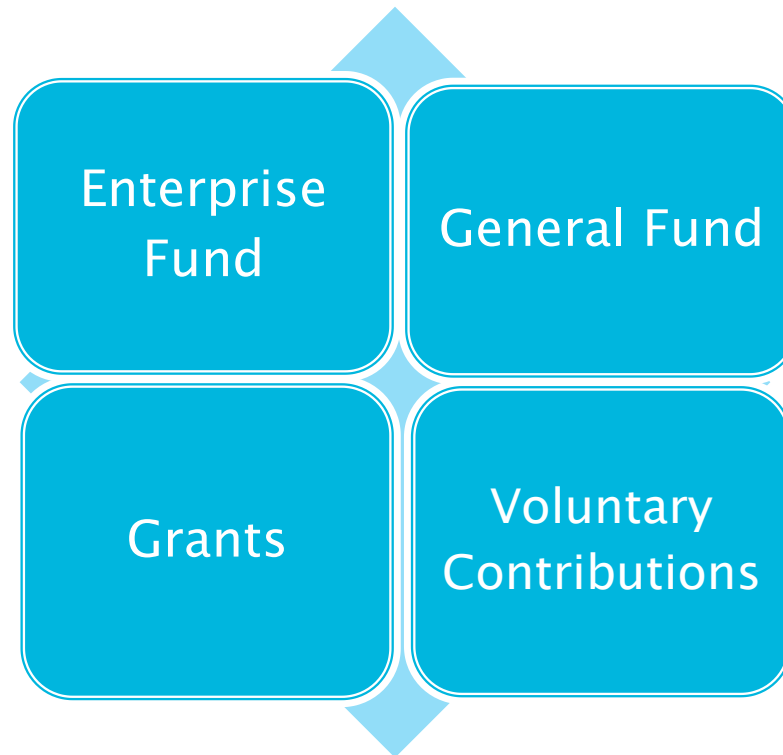
- Conservation Assistance
- Education
- Leak Detection/Repair

▶ Other Measures

- Alternative Billing Practices
- Financial Counseling
- Disconnection Moratoria



AFFORDABILITY PROGRAM FUNDING



CASE STUDY

NEORSD AFFORDABILITY PROGRAM

NEORSD PRIOR RATE SAVING PROGRAMS

- ▶ Homestead Program – 35% Discount
 - Customers 65 or older, or totally and permanently disabled
 - Household income limits
 - Owner occupied

- ▶ Summer Sprinkling Program
 - Owner occupied, four units or less
 - In effect May 1 through September 30
 - Summer sewer bills based on average winter water consumption or actual summer consumption if less

AFFORDABILITY DESIGN OBJECTIVES

- ▶ Maximize the number of low-income customers assisted
- ▶ Help customers in lowest income brackets
- ▶ Help customers who can demonstrate financial need
- ▶ Maximize program visibility

RATE REDUCTION/BILL DISCOUNT

- ▶ Enhanced Homestead Program
 - Increased rate reduction to 40%
- ▶ Wastewater Affordability Program (WWAP)
 - Rate reduction at 40%
 - Single application for both Cleveland Water and NEORSD
 - Income level – 200% federal poverty level (FPL)
 - Administered by Cleveland Housing Network

CRISIS ASSISTANCE PROGRAM

▶ Program Details

- 12 month payment plan
- Suspend water shut-offs
- NEORSD responsible for 50% of sewer balance up to \$300
- \$500,000 funding level for 5 year rate period
- Cleveland Housing Network

▶ Eligibility Criteria

- Extraordinary medical expenses
- Recent adverse change in employment status
- Recent change in household status



SUMMARY

- ▶ Raised Homestead Program credit to 40%
- ▶ Established Wastewater Affordability Program offering 40% rate reduction for eligible customers
- ▶ Funded Crisis Assistance Program at \$500,000
- ▶ Approx. 28,000 enrolled in all programs
- ▶ Cost to District
 - Revenue loss approx. \$1.3 million
 - \$650k to administer the programs

CASE STUDY

CITY OF PHILADELPHIA WATER DEPARTMENT AFFORDABILITY PROGRAMS

PHILADELPHIA PRIOR PROGRAMS

▶ Payment Arrangements

- 25% down payment on outstanding balance
- Remaining balance paid in 6 to 12 months

▶ Conservation Assistance Program

- Eligibility – at or below 150% of FPL
- Water conservation devices and education

PHILADELPHIA PRIOR PROGRAMS

- ▶ Senior Citizen Bill Discount
 - 25% discount on water and sewer bills
 - Eligibility
 - 65 years+
 - Customer of record
 - Income < \$32,000
- ▶ Utility Emergency Assistance Fund
 - Up to \$500 every other year for water and sewer bills
 - Prevents service shut off
 - Eligibility – at or below 175% of Federal Poverty Level

PHILADELPHIA PRIOR PROGRAMS

- ▶ Water Revenue Assistance Program (WRAP)
 - Up to \$200 grant for outstanding balance
 - Prevents shut off
 - Eligibility
 - Income limits of \$2,245 per month for one person up to \$8,510 per month for 8 persons per household

PHILADELPHIA NEW INCOME BASED ASSISTANCE PROGRAM

- ▶ Tiered Assistance Program (TAP) replaces (WRAP)
 - Income based program
 - Pegged to 150% of FPL (\$3,075/month for family of four)
 - Applicable for the total water and wastewater

- ▶ Assistance Tiers
 - 0% – 50% FPL: Bill capped at 2% of income
 - 50% – 100% FPL: Bill capped at 2.5% of income
 - 100%–150% FPL: Bill capped at 3% of income
 - >150% FPL Special Hardship Provision: Bill capped at 4% of income

PHILADELPHIA NEW INCOME BASED ASSISTANCE PROGRAM

- ▶ Effective July 1, 2017
- ▶ Customers do not have to be in arrears
- ▶ Past due accounts are suspended while in program
- ▶ Estimated 60,000 accounts eligible
- ▶ Week 1 – 15,000 applications distributed and 1,000 applications received for review and approval
- ▶ Estimated annual cost – \$20,000,000

Additional Information on Customer Assistance Programs

- ▶ Drinking Water and Wastewater Customer Assistance Programs, EPA, April 2016

<https://www.epa.gov/waterfinancecenter/compendium-drinking-water-and-wastewater-customer-assistance-programs>