






**COMMISSION SUMMARY**

**AGENDA CATEGORY:** Other Reports

**ITEM NUMBER:** 3. Customer Service

**DATE:** July 17, 2019

<b>SUBJECT</b>	Customer Affordability Program and Final Proposed Regulation
<b>SUMMARY</b>	The purpose for this agenda item is to obtain approval from the Commissioners to adopt the proposed Customer Assistance Program Regulation at the July 2019 meeting.
<b>SPECIAL COMMENTS</b>	Attachments include final proposed Regulation, Resolution, legal sufficiency memo, and briefings from the May 15, 2019 and June 19, 2019 Commission Meetings.
<b>CONTRACT NO./ REFERENCE NO.</b>	
<b>COSTS</b>	N/A
<b>AMENDMENT/ CHANGE ORDER NO. AMOUNT</b>	N/A
<b>MBE PARTICIPATION</b>	N/A
<b>PRIOR STAFF/ COMMITTEE REVIEW</b>	Carla A. Reid, General Manager/CEO 
<b>PRIOR STAFF/ COMMITTEE APPROVALS</b>	Monica Johnson, Deputy General Manager, Strategic Partnerships  Crystal Knight-Lee, Director, Customer Service 
<b>RECOMMENDATION TO COMMISSION</b>	Vote
<b>COMMISSION ACTION</b>	



---

Interoffice Memorandum

TO: COMMISSIONERS

THRU: CARLA A. REID  
General Manager/Chief Executive Officer

MONICA J. JOHNSON  
Deputy General Manager, Strategic Partnerships

FROM: CRYSTAL KNIGHT-LEE *CKL*  
Director, Customer Service

DATE: July 3, 2019

**SUBJECT: CUSTOMER AFFORDABILITY PROGRAM ENHANCEMENTS**

On May 15, 2019 and June 19, 2019, we presented Commissioners with five Customer Assistance Program enhancements that we plan to implement in alignment with the FY2020 rate structure changes. Attached for your review and approval is the final proposed Regulation inclusive of three program enhancements requiring Commission approval.

Program Enhancements that Require Commission Approval

1. *Leak Adjustment* - A Regulation change to allow a full adjustment for excess consumption due to leakage for customers enrolled in CAP.
2. *Water Conservation Assistance* - Free property inspections upon request for customers enrolled in CAP (one inspection within a 12-month period).
3. *Payment Arrangements* - Extended payment arrangements for customers enrolled in CAP.

Program Enhancements Approved by the General Manager/CEO

4. *Water Fund Grant Increase* – Additional assistance that can be provided through the Water Fund from \$300 per year to \$500 per year.
5. *Water Conservation Assistance* - A pilot program to provide free water conservation kits to low-income customers and at community meetings.

Let me know if you have any questions.

Attachments

RESOLUTION NO.: 2019-2235  
Adopted: July [17], 2019  
Effective Date: September 1, 2019

WASHINGTON SUBURBAN SANITARY COMMISSION

Subject: A RESOLUTION adopting revisions to Chapters 3.45, 3.25 and 3.20 of the WSSC Code of Regulations 2019 (“Code”) - Customer Assistance Program Administration.

WHEREAS, the Washington Suburban Sanitary Commission (“Commission”) is authorized and empowered to adopt regulations pursuant to § 17-403 of the Public Utilities Article (“PUA”), Annotated Code of Maryland; and

WHEREAS, § 25-501(c) of the PUA authorizes WSSC to establish a Customer Assistance Program; and

WHEREAS, the Commission desires to make certain revisions to Chapter 3.45, Customer Assistance Program Administration, of the Code, to enhance customer assistance, including the addition of new assistance programs; and

WHEREAS, the Commission further desires to make a revision to Chapter 3.25., Billing and Collecting Water and Sewer Use Charges and Related Fees, of the Code, to reference the new assistance program related to payment arrangements as set forth in Chapter 3.45; and

WHEREAS, the Commission further desires to make a revision to Chapter 3.20, Adjustment and Correction of Water/Sewer Bills, of this Code, to reference the new assistance program related to high bill adjustments, as set forth in Chapter 3.45.

NOW, THEREFORE, BE IT RESOLVED, this \_\_\_\_ day of July, 2019, that the Commission hereby adopts the revisions to Chapter 3.45 of Title 3, Customer Management, Subtitle III, Customer Service, of the Code; and

BE IT FURTHER RESOLVED, that the Commission hereby adopts the revisions to Chapters 3.20 and 3.25 of Title 3, Customer Management, Subtitle II, Customer Account Management, of the Code; and

BE IT FURTHER RESOLVED, that these revisions shall be effective on September 1, 2019; and

BE IT FURTHER RESOLVED, that notice of this resolution and the actions taken hereunder shall be published in at least one (1) newspaper in each county of the Washington Suburban Sanitary District for thirty (30) days prior to the effective date.

A True Copy.

---

Sheila R. Finlayson, Esq.  
Corporate Secretary

## Legal Review of Regulation

As requested, proposed amendments to the following Regulation have been reviewed as required by Chapter 1.42 of the WSSC Manual of Standard Procedures:

WSSC Code of Regulations  
Title 3. Customer Management  
Subtitle 3. Customer Service  
Chapter 3.45 Customer Assistance Program Administration

### 1. Legal Sufficiency Review:

This regulation has been reviewed and determined to be legally sufficient.

*If not legally sufficient, details provided below*

N/A

### 2. Approval Authority

The Commission has authority to adopt this Regulation.

  
\_\_\_\_\_  
Amanda Stakem Conn  
General Counsel

5/24/19  
\_\_\_\_\_  
Date

# WSSC CODE OF REGULATIONS 2019

## **Title 3. Customer Management**

### **Subtitle 3. Customer Service**

#### **Chapter 3.45. Customer Assistance Program Administration**

##### **3.45.010 Definitions.**

In this chapter, the following words have the meanings indicated:

- (a) “Account maintenance fee” or “AMF” means the fee that covers the cost to bring water and sewer service to every home and business including meters, meter readers, and billing.
- (b) “Chesapeake Bay restoration fund fee” or “BRF” is a fee levied by the State of Maryland, collected and remitted to the Comptroller of Maryland by WSSC.
- (c) “Commission” or “WSSC” means the Washington Suburban Sanitary Commission.
- (d) “Customer assistance program” or “CAP” means a financial assistance program for eligible, low-income residential households served by WSSC.
- (e) “Customer assistance program participant, ratepayer or eligible customer” means a household deemed eligible for financial assistance based on eligibility criteria as established by the WSSC or any associated partner agency.
- (f) “Infrastructure investment fee” or “IIF” is a fee that funds a portion of the debt service associated with the replacement and rehabilitation of system infrastructure.
- (g) “Partner agency” means an agency that provides assistance to income eligible residents in Montgomery and Prince George’s Counties using income guidelines and a certification process that is uniformly applied in both jurisdictions.
- (h) “Ready-to-serve fee” means the fee charged to WSSC customers that has two components, the:
  - (1) Account maintenance fee; and

(2) Infrastructure investment fee.

**3.45.020 Purpose and intent.**

(a) The purpose of this chapter is to establish criteria for the administration of the Commission's customer assistance program.

(b) The intent of the customer assistance program is to help defray the cost of WSSC charges for customers who meet certain eligibility criteria.

**3.45.030 Authority.**

Public Utilities Article, § 25-501(c), Annotated Code of Maryland, authorizes the Commission to establish a customer assistance program to provide financial assistance to eligible ratepayers.

**3.45.040 Scope.**

This chapter is applicable to eligible residential households.

**3.45.050 Administration.**

(a) The Commission will administer a customer assistance program for eligible, low-income participants.

(b) Ratepayers determined to be eligible for CAP by [WSSC or] a partner agency will receive [credit for the ready-to-serve charge]. **CERTAIN CREDITS AS SET FORTH HEREIN**

(c) A memorandum of understanding or MOU will stipulate the terms of a partnership agreement with the partner agency, including:

- (1) Use of enrollee data for identifying CAP eligible participants;
- (2) Data sharing;
- (3) Monitoring;
- (4) Storage procedures; and
- (5) Security and confidentiality requirements.

**3.45.060 Program eligibility.**

(a) Administration of CAP including program promotions, outreach, and marketing materials may be coordinated with the partner agency or agencies.

(b)

(1) A partner agency will certify the WSSC ratepayer using criteria outlined in its operations manual or equivalent standard policy or procedure document and systems.

(2) Ratepayers will apply using the partner agency or partner's delegated agency enrollment and certification process, such as Montgomery County Health and Human Services Department and Prince George's County Department of Social Services.

(3) For those ratepayers who are already certified with the partner agency as eligible for another assistance program, such as energy assistance, the partner agency will provide an electronic file of those participants within the WSSC service area on a regular basis as provided in the MOU.

(4) Ratepayers identified by the partner agency as eligible, identifiable WSSC customer accounts will automatically be enrolled in the customer assistance program.

(c) Notification of CAP enrollment will be provided by WSSC to the CAP participant.

(d) Participants must recertify annually to participate in CAP in accordance with the partner agency's annual renewal procedures.

**3.45.070 Financial assistance FOR READY-TO-SERVE CHARGES.**

(a) WSSC will provide financial assistance to CAP participants in the form of a credit that will appear on the water and sewer bill.

(b) The amount of the assistance will be equivalent to the ready-to-serve fee portion of the water bill.

**(C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, THE CREDIT WILL APPEAR ON THE FIRST BILL THAT THE CUSTOMER RECEIVES IN THE FISCAL YEAR AFTER THE DATE THAT THE CUSTOMER IS CERTIFIED AS A CAP PARTICIPANT.**

[(c)] **(D)** [Regardless of the date upon which a ratepayer is certified as CAP eligible by the partner agency,] **IF A CUSTOMER IS CERTIFIED AS CAP ELIGIBLE AFTER ONE OR MORE BILLS HAVE ALREADY BEEN ISSUED IN A GIVEN FISCAL YEAR, WSSC** [may] **SHALL** award credits retroactively to:

(1) [July 1st of the fiscal year in which the customer was certified;] **THE FIRST BILL ISSUED IN THE FISCAL YEAR IN WHICH THE CUSTOMER WAS CERTIFIED AS CAP ELIGIBLE; or**

(2) If the ratepayer did not yet live in the property [on July 1st of the current fiscal year, to the] **WHEN THE PREVIOUS BILLS WERE ISSUED, TO THE FIRST BILL THAT WAS ISSUED AFTER THE** date of occupancy at the property.

(d) The Director of Customer Service, at the Director's sole discretion, may terminate participation in the CAP by a household for:

(1) Fraud;

(2) Failure to notify WSSC of relocation of residence; or

(3) Other failure to meet obligations to WSSC and its ratepayers as set forth in WSSC regulations and the laws of the State of Maryland.

### **3.45.080 FINANCIAL ASSISTANCE FOR HIGH BILLS.**

**(A) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, CAP CUSTOMERS WHO RECEIVE A BILL THAT QUALIFIES FOR A HIGH BILL ADJUSTMENT UNDER CHAPTER 3.20.030(A) OF THIS CODE SHALL RECEIVE AN ADJUSTED BILL THAT EXCLUDES 100 PERCENT OF THE EXCESS WATER AND SEWER USAGE.**

**(B) THE ADJUSTED BILL SHALL BE CALCULATED BASED ON THE CUSTOMER'S AVERAGE DAILY CONSUMPTION AS SET FORTH IN CHAPTER 3.20.030(A) OF THIS CODE.**

**(C) CAP CUSTOMERS MAY ONLY RECEIVE THE ADJUSTMENT IN SUBSECTION (A) OF THIS SECTION IF WSSC HAS CONFIRMED, THROUGH A METER CHECK READING, THAT WATER USAGE FOLLOWING THE HIGH BILLING PERIOD HAS RETURNED TO NORMAL.**



**(D) A CAP CUSTOMER MAY ONLY RECEIVE THIS ADJUSTMENT FOR ONE BILLING PERIOD WITHIN ANY THREE YEAR PERIOD.**

**3.45.090 FINANCIAL ASSISTANCE FOR PROPERTY INSPECTIONS.**

**A CAP CUSTOMER WHO IS EXPERIENCING HIGHER THAN NORMAL WATER USAGE MAY RECEIVE ONE FREE PROPERTY INSPECTION PER CALENDAR YEAR.**

**3.45.100 EXTENDED PAYMENT ARRANGEMENTS.**

**A CAP CUSTOMER WHO QUALIFIES FOR PAYMENT ARRANGEMENTS UNDER CHAPTER 3.25.140 OF THIS CODE MAY ENTER INTO PAYMENT ARRANGEMENTS FOR A PERIOD OF UP TO 48 MONTHS.**

3.45.[080]110 Chesapeake Bay restoration fund exemption program.

(a) WSSC administers the Chesapeake Bay restoration fund program on behalf of the State of Maryland.

(b) Ratepayers approved for the CAP **PROGRAM** will be automatically eligible for exemption from the Chesapeake Bay restoration fund fee.

**(C) RATEPAYERS WHO ARE NOT ELIGIBLE FOR THE CAP PROGRAM, OR WHO DO NOT WISH TO APPLY, MAY APPLY DIRECTLY TO WSSC FOR EXEMPTION FROM THE CHESAPEAKE BAY RESTORATION FUND FEE.**

**(D) TO QUALIFY FOR AN EXEMPTION, A RATEPAYER SHALL MEET TWO OF THE FOLLOWING FOUR CRITERIA:**

**(1) RECEIPT OF ENERGY ASSISTANCE OR WSSC WATER FUND ASSISTANCE WITHIN THE LAST 12 MONTHS;**

**(2) RECEIPT OF PUBLIC ASSISTANCE OR FOOD STAMPS WITHIN THE LAST 12 MONTHS;**

**(3) RECEIPT OF VETERANS OR SOCIAL SECURITY DISABILITY BENEFITS WITHIN THE LAST 12 MONTHS; OR**

**(4) MEET THE INCOME CRITERIA AS DEFINED BY THE MARYLAND DEPARTMENT OF THE ENVIRONMENT.**

**(E) RATEPAYERS SHALL REAPPLY ANNUALLY FOR THE EXEMPTION.**

**3.45.[090]120 Annual program year and source of funds.**

- (a) The CAP program year will begin July 1st and end June 30th of each fiscal year.
- (b) The source of funds for the CAP financial assistance program is from revenue generated by WSSC.

**3.45.[100]130 Dispute resolution.**

Any disputes that arise concerning eligibility for program participation must be addressed directly to the partner agency.

**3.45.[110]140 Program measurement and reporting.**

- (a) The customer assistance program will be reviewed on an annual basis for utilization and effectiveness.
- (b) The Commission will produce an annual report summarizing the program's performance for the prior year including:
  - (1) Number of recipients approved for financial assistance;
  - (2) Resources and total level of support provided by the Commission; and
  - (3) Other information that will ensure transparency and cost-effective service and administration.

# WSSC CODE OF REGULATIONS 2019

## Title 3. Customer Management

### Subtitle 3. Customer Account Management

#### Chapter 3.20 Adjustment and Correction of Water/Sewer Bills

##### 3.20.030 Adjustment type.

(a) *High Bill Adjustment (Single-Unit Residential Properties)*. An owner is responsible for maintaining his/her property's plumbing system, including identifying and repairing all leaks to that system. An owner is, therefore, responsible for paying all billed water and sewer charges including water passing through the meter as a result of plumbing system leaks. However, if a single-unit residential customer receives a bill with an ADC at least three times the comparable ADC (or current ADC if comparable is unavailable) and the customer is not eligible for any other adjustment set forth in this chapter, WSSC will adjust the one high bill at the customer's request. **EXCEPT FOR CAP CUSTOMERS, AS SET FORTH IN CHAPTER 3.45.090 OF THIS CODE, THE** [The] new adjusted bill will exclude water and sewer use charges attributable to 50 percent of the water use in excess of the property's comparable ADC, or current ADC if the comparable is unavailable. Eligible customers may receive such an adjustment only once for one billing period in any three-year period.

# WSSC CODE OF REGULATIONS 2019

## Title 3, Customer Management

### Subtitle II, Customer Account Management

#### Chapter 3.25 Billing and Collecting Water and Sewer Use Charges and Related Fees

##### 3.25.140 Payment and bill arrangements.

- (a) (1) WSSC may offer payment arrangements to customers.
- (2) **EXCEPT FOR CAP CUSTOMERS, AS SET FORTH IN CHAPTER 3.45.100 OF THIS CODE**, payment arrangements may not exceed 24 months.
- (3) If a customer fails to make the scheduled payments under a payment arrangement, the payment arrangement shall be automatically canceled and the full delinquent amount shall be due.
- (4) Payment arrangements may not be offered to tenants unless the property owner submits written authorization allowing payment arrangements.
- (5) When extending payment arrangements, WSSC may consider:
  - (i) Payment history;
  - (ii) Prior payment arrangements;
  - (iii) The account's history of turnoffs; and
  - (iv) Any other relevant account or customer information.
- (b) (1) WSSC offers bill arrangements through its automated interactive voice response system to customers that may include:
  - (2) A seven-day hold for the current bill; or
  - (3) Splitting the current bill into two payments.

(c) Customers may also receive assistance through:

- (1) Referral to the administrator for the WSSC water fund; and
- (2) Application to the customer assistance program.






**COMMISSION SUMMARY**

**AGENDA CATEGORY:** Other Reports

**ITEM NUMBER:** 3. Customer Service

**DATE:** June 19, 2019

<b>SUBJECT</b>	Customer Affordability Program and Draft Regulation
<b>SUMMARY</b>	The purpose for this agenda item is to provide Commissioners with an update on the Customer Affordability Program enhancements and the proposed draft Regulation. Commission approval will enable us to provide additional support and assistance to our customers within the first quarter of FY2020 in alignment with the implementation of the new rate structure.
<b>SPECIAL COMMENTS</b>	We plan to obtain your vote to adopt the Regulation at the July 2019 meeting.
<b>CONTRACT NO./ REFERENCE NO.</b>	
<b>COSTS</b>	N/A
<b>AMENDMENT/ CHANGE ORDER NO. AMOUNT</b>	N/A
<b>MBE PARTICIPATION</b>	N/A
<b>PRIOR STAFF/ COMMITTEE REVIEW</b>	Carla A. Reid, General Manager/CEO 
<b>PRIOR STAFF/ COMMITTEE APPROVALS</b>	Monica Johnson, Deputy General Manager, Strategic Partnerships  Crystal Knight-Lee, Director, Customer Service 
<b>RECOMMENDATION TO COMMISSION</b>	Information Only
<b>COMMISSION ACTION</b>	



---

Interoffice Memorandum

TO: COMMISSIONERS

THRU: CARLA A. REID *Carla Reid*  
General Manager/Chief Executive Officer

MONICA J. JOHNSON *Monica Johnson*  
Deputy General Manager, Strategic Partnerships

FROM: CRYSTAL KNIGHT-LEE *CKL*  
Director, Customer Service

DATE: June 19, 2019

SUBJECT: **CUSTOMER AFFORDABILITY PROGRAM ENHANCEMENTS**

The purpose of this memo is to provide Commissioners with an update on the Customer Affordability Program (CAP) enhancements and proposed draft Regulation.

**Background**

At the May 15, 2019 Commission Meeting, we presented the results of the Customer Affordability Program study for your review and feedback and captured two key follow-up items from our discussion with you:

1. Consider strategically partnering with organizations/businesses that can assist low-income customers with addressing the root cause of their inability to pay their bills – water leaks
2. Consider the root cause of customers' inability to pay including solutions for customers who are unable to repair on property plumbing problems

We are continuing to evaluate potential options to address the two items above and are examining the feasibility of establishing a WSSC grant that leverages the Pipe Loan Program, Water Fund, or other opportunity. We will need additional time to research and evaluate these options and to obtain appropriate legal advice. We plan to get back to you by December 2019 with a status update on our planning efforts and expect that the outcome and proposal of any new program(s) will be considered for FY2021.

As discussed at the May Commission Meeting, we are focusing on the improvements that can be advanced in the short-term and implemented in FY2020 in alignment with the rate structure changes.

### **Proposed Draft Regulation**

We are recommending five enhancements. We believe these are the most appropriate enhancements at this time for helping our customers who are experiencing challenges paying their water and sewer bills and for helping our customers to have good water management practices. The first three program enhancements require your approval and have been integrated into the attached draft Regulation.

#### Program Enhancements that Require Commission Approval

1. *Leak Adjustment* - A Regulation change to allow a full adjustment for excess consumption due to leakage for customers enrolled in CAP.
2. *Water Conservation Assistance* - Free property inspections upon request for customers enrolled in CAP (one inspection within a 12-month period).
3. *Payment Arrangements* - Extended payment arrangements for customers enrolled in CAP.

#### Program Enhancements approved by the General Manager/CEO

4. *Water Fund Grant Increase* - Increasing the amount of assistance that can be provided through the Water Fund from \$300 per year to \$500 per year.
5. *Water Conservation Assistance* - A pilot program to provide up to 1,000 free water conservation kits to customers at community meetings and upon request.

### **Next Steps**

We plan to come back to your July 17, 2019 meeting with the final proposed Regulation for your approval. A copy of the draft proposed regulation is attached.

Let me know if you have any questions.

Attachments



# **WSSC CODE OF REGULATIONS 2019**

## **Title 3. Customer Management**

### **Subtitle 3. Customer Service**

#### **Chapter 3.45. Customer Assistance Program Administration**

##### **3.45.010 Definitions.**

In this chapter, the following words have the meanings indicated:

- (a) “Account maintenance fee” or “AMF” means the fee that covers the cost to bring water and sewer service to every home and business including meters, meter readers, and billing.
- (b) “Chesapeake Bay restoration fund fee” or “BRF” is a fee levied by the State of Maryland, collected and remitted to the Comptroller of Maryland by WSSC.
- (c) “Commission” or “WSSC” means the Washington Suburban Sanitary Commission.
- (d) “Customer assistance program” or “CAP” means a financial assistance program for eligible, low-income residential households served by WSSC.
- (e) “Customer assistance program participant, ratepayer or eligible customer” means a household deemed eligible for financial assistance based on eligibility criteria as established by the WSSC or any associated partner agency.
- (f) “Infrastructure investment fee” or “IIF” is a fee that funds a portion of the debt service associated with the replacement and rehabilitation of system infrastructure.
- (g) “Partner agency” means an agency that provides assistance to income eligible residents in Montgomery and Prince George’s Counties using income guidelines and a certification process that is uniformly applied in both jurisdictions.
- (h) “Ready-to-serve fee” means the fee charged to WSSC customers that has two components, the:
  - (1) Account maintenance fee; and

(2) Infrastructure investment fee.

**3.45.020 Purpose and intent.**

(a) The purpose of this chapter is to establish criteria for the administration of the Commission's customer assistance program.

(b) The intent of the customer assistance program is to help defray the cost of WSSC charges for customers who meet certain eligibility criteria.

**3.45.030 Authority.**

Public Utilities Article, § 25-501(c), Annotated Code of Maryland, authorizes the Commission to establish a customer assistance program to provide financial assistance to eligible ratepayers.

**3.45.040 Scope.**

This chapter is applicable to eligible residential households.

**3.45.050 Administration.**

(a) The Commission will administer a customer assistance program for eligible, low-income participants.

(b) Ratepayers determined to be eligible for CAP by [WSSC or] a partner agency will receive [credit for the ready-to-serve charge]. **CERTAIN CREDITS AS SET FORTH HEREIN**

(c) A memorandum of understanding or MOU will stipulate the terms of a partnership agreement with the partner agency, including:

- (1) Use of enrollee data for identifying CAP eligible participants;
- (2) Data sharing;
- (3) Monitoring;
- (4) Storage procedures; and
- (5) Security and confidentiality requirements.

**3.45.060 Program eligibility.**

(a) Administration of CAP including program promotions, outreach, and marketing materials may be coordinated with the partner agency or agencies.

(b)

(1) A partner agency will certify the WSSC ratepayer using criteria outlined in its operations manual or equivalent standard policy or procedure document and systems.

(2) Ratepayers will apply using the partner agency or partner's delegated agency enrollment and certification process, such as Montgomery County Health and Human Services Department and Prince George's County Department of Social Services.

(3) For those ratepayers who are already certified with the partner agency as eligible for another assistance program, such as energy assistance, the partner agency will provide an electronic file of those participants within the WSSC service area on a regular basis as provided in the MOU.

(4) Ratepayers identified by the partner agency as eligible, identifiable WSSC customer accounts will automatically be enrolled in the customer assistance program.

(c) Notification of CAP enrollment will be provided by WSSC to the CAP participant.

(d) Participants must recertify annually to participate in CAP in accordance with the partner agency's annual renewal procedures.

**3.45.070 Financial assistance FOR READY-TO-SERVE CHARGES.**

(a) WSSC will provide financial assistance to CAP participants in the form of a credit that will appear on the water and sewer bill.

(b) The amount of the assistance will be equivalent to the ready-to-serve fee portion of the water bill.

**(C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, THE CREDIT WILL APPEAR ON THE FIRST BILL THAT THE CUSTOMER RECEIVES IN THE FISCAL YEAR AFTER THE DATE THAT THE CUSTOMER IS CERTIFIED AS A CAP PARTICIPANT.**

**[(c)] (D) [Regardless of the date upon which a ratepayer is certified as CAP eligible by the partner agency,] IF A CUSTOMER IS CERTIFIED AS CAP ELIGIBLE AFTER ONE OR MORE BILLS HAVE ALREADY BEEN ISSUED IN A GIVEN FISCAL YEAR, WSSC [may] SHALL award credits retroactively to:**

**(1) [July 1st of the fiscal year in which the customer was certified;] THE FIRST BILL ISSUED IN THE FISCAL YEAR IN WHICH THE CUSTOMER WAS CERTIFIED AS CAP ELIGIBLE; or**

**(2) If the ratepayer did not yet live in the property [on July 1st of the current fiscal year, to the] WHEN THE PREVIOUS BILLS WERE ISSUED, TO THE FIRST BILL THAT WAS ISSUED AFTER THE date of occupancy at the property.**

**(d) The Director of Customer Service, at the Director's sole discretion, may terminate participation in the CAP by a household for:**

**(1) Fraud;**

**(2) Failure to notify WSSC of relocation of residence; or**

**(3) Other failure to meet obligations to WSSC and its ratepayers as set forth in WSSC regulations and the laws of the State of Maryland.**

### **3.45.080 FINANCIAL ASSISTANCE FOR HIGH BILLS.**

**(A) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, CAP CUSTOMERS WHO RECEIVE A BILL THAT QUALIFIES FOR A HIGH BILL ADJUSTMENT UNDER CHAPTER 3.20.030(A) OF THIS CODE SHALL RECEIVE AN ADJUSTED BILL THAT EXCLUDES 100 PERCENT OF THE EXCESS WATER AND SEWER USAGE.**

**(B) THE ADJUSTED BILL SHALL BE CALCULATED BASED ON THE CUSTOMER'S AVERAGE DAILY CONSUMPTION AS SET FORTH IN CHAPTER 3.20.030(A) OF THIS CODE.**

**(C) CAP CUSTOMERS MAY ONLY RECEIVE THE ADJUSTMENT IN SUBSECTION (A) OF THIS SECTION IF WSSC HAS CONFIRMED, THROUGH A METER CHECK READING, THAT WATER USAGE FOLLOWING THE HIGH BILLING PERIOD HAS RETURNED TO NORMAL.**

**(D) A CAP CUSTOMER MAY ONLY RECEIVE THIS ADJUSTMENT FOR ONE BILLING PERIOD WITHIN ANY THREE YEAR PERIOD.**

**3.45.090 FINANCIAL ASSISTANCE FOR PROPERTY INSPECTIONS.**

**A CAP CUSTOMER WHO IS EXPERIENCING HIGHER THAN NORMAL WATER USAGE MAY RECEIVE ONE FREE PROPERTY INSPECTION PER CALENDAR YEAR.**

**3.45.100 EXTENDED PAYMENT ARRANGEMENTS.**

**A CAP CUSTOMER WHO QUALIFIES FOR PAYMENT ARRANGEMENTS UNDER CHAPTER 3.25.[ ]<sup>1</sup> OF THIS CODE MAY ENTER INTO PAYMENT ARRANGEMENTS FOR A PERIOD OF UP TO 48 MONTHS.**

3.45.[080]110 Chesapeake Bay restoration fund exemption program.

(a) WSSC administers the Chesapeake Bay restoration fund program on behalf of the State of Maryland.

(b) Ratepayers approved for the CAP PROGRAM will be automatically eligible for exemption from the Chesapeake Bay restoration fund fee.

**(C) RATEPAYERS WHO ARE NOT ELIGIBLE FOR THE CAP PROGRAM, OR WHO DO NOT WISH TO APPLY, MAY APPLY DIRECTLY TO WSSC FOR EXEMPTION FROM THE CHESAPEAKE BAY RESTORATION FUND FEE.**

**(D) TO QUALIFY FOR AN EXEMPTION, A RATEPAYER SHALL MEET TWO OF THE FOLLOWING FOUR CRITERIA<sup>2</sup>:**

**(1) RECEIPT OF ENERGY ASSISTANCE OR WSSC WATER FUND ASSISTANCE WITHIN THE LAST 12 MONTHS;**

**(2) RECEIPT OF PUBLIC ASSISTANCE OR FOOD STAMPS WITHIN THE LAST 12 MONTHS;**

**(3) RECEIPT OF VETERANS OR SOCIAL SECURITY DISABILITY BENEFITS WITHIN THE LAST 12 MONTHS; OR**

---

<sup>1</sup> The subsection reference will be inserted when Chapter 3.25 (Billing and Collections) of the WSSC Code of Regulations becomes effective on July 2, 2019. The Commission approved this regulation on April 17, 2019 with a delayed effective date of July 2, 2019.

<sup>2</sup> The exemption criteria set forth herein was approved by the Commissioners on May 12, 2012 (see Resolution # 2012-1962) and, as required by law, was approved by MDE in June of 2012.

**(4) MEET THE INCOME CRITERIA AS DEFINED BY THE MARYLAND DEPARTMENT OF THE ENVIRONMENT.**

**(E) RATEPAYERS SHALL REAPPLY ANNUALLY FOR THE EXEMPTION.**

**3.45.[090]120 Annual program year and source of funds.**

- (a) The CAP program year will begin July 1st and end June 30th of each fiscal year.
- (b) The source of funds for the CAP financial assistance program is from revenue generated by WSSC.

**3.45.[100]130 Dispute resolution.**

Any disputes that arise concerning eligibility for program participation must be addressed directly to the partner agency.

**3.45.[110]140 Program measurement and reporting.**

- (a) The customer assistance program will be reviewed on an annual basis for utilization and effectiveness.
- (b) The Commission will produce an annual report summarizing the program's performance for the prior year including:
  - (1) Number of recipients approved for financial assistance;
  - (2) Resources and total level of support provided by the Commission; and
  - (3) Other information that will ensure transparency and cost-effective service and administration.

# WSSC CODE OF REGULATIONS 2019

## Title 3. Customer Management

### Subtitle 3. Customer Account Management

#### Chapter 3.20 Adjustment and Correction of Water/Sewer Bills

##### 3.20.030 Adjustment type.

(a) *High Bill Adjustment (Single-Unit Residential Properties)*. An owner is responsible for maintaining his/her property's plumbing system, including identifying and repairing all leaks to that system. An owner is, therefore, responsible for paying all billed water and sewer charges including water passing through the meter as a result of plumbing system leaks. However, if a single-unit residential customer receives a bill with an ADC at least three times the comparable ADC (or current ADC if comparable is unavailable) and the customer is not eligible for any other adjustment set forth in this chapter, WSSC will adjust the one high bill at the customer's request. **EXCEPT FOR CAP CUSTOMERS, AS SET FORTH IN CHAPTER 3.45.090 OF THIS CODE, THE** [The] new adjusted bill will exclude water and sewer use charges attributable to 50 percent of the water use in excess of the property's comparable ADC, or current ADC if the comparable is unavailable. Eligible customers may receive such an adjustment only once for one billing period in any three-year period.

# WSSC CODE OF REGULATIONS 2019

## **Title 3, Customer Management**

### **Subtitle II, Customer Account Management**

#### **Chapter 3.25 Billing and Collecting Water and Sewer Use Charges and Related Fees**

##### **(N)<sup>3</sup> Payments and Bill Arrangements**

(1)(i) WSSC may offer payment arrangements to customers.

(ii) **EXCEPT FOR CAP CUSTOMERS, AS SET FORTH IN CHAPTER 3.45.100 OF THIS CODE**, payment arrangements may not exceed 24 months.

(iii) if a customer fails to make the scheduled payments under a payment arrangement, the payment arrangement shall be automatically canceled and the full delinquent amount shall be due.

(iv) payment arrangements may not be offered to tenants unless the property owner submits written authorization allowing payment arrangements.

(v) when extending payment arrangements, WSSC may consider:

1. Payment history;
2. Prior payment arrangements;
3. The account's history of turnoffs; and
4. Any other relevant account or customer information.

(2)(i) WSSC offers bill arrangements through its automated interactive voice response system to customers that may include:

- (ii) a seven day hold for the current bill; or
- (iii) splitting the current bill into two payments.

(3) customers may also receive assistance through:

- (i) referral to the administrator for the WSSC water fund; and
- (ii) application to the customer assistance program.

---

<sup>3</sup> Correct subsection references will be inserted when the amendments to Chapter 3.25 (Billing and Collections) of the WSSC Code of Regulations become effective on July 2, 2019. The Commission approved the amendments on April 17, 2019 with a delayed effective date of July 2, 2019.



## Legal Review of Regulation

As requested, proposed amendments to the following Regulation have been reviewed as required by Chapter 1.42 of the WSSC Manual of Standard Procedures:

WSSC Code of Regulations  
Title 3. Customer Management  
Subtitle 3. Customer Service  
Chapter 3.45 Customer Assistance Program Administration

### 1. Legal Sufficiency Review:

This regulation has been reviewed and determined to be legally sufficient.

*If not legally sufficient, details provided below*

N/A

### 2. Approval Authority

The Commission has authority to adopt this Regulation.



Amanda Stakem Conn  
General Counsel

5/24/19  
Date






**COMMISSION SUMMARY**

**AGENDA CATEGORY:** Other Reports

**ITEM NUMBER:** 3.E.1 Customer Service

**DATE:** May 15, 2019

<b>SUBJECT</b>	Customer Affordability Program Briefing
<b>SUMMARY</b>	The purpose for this agenda item is to provide Commissioners with an update on the status of the Customer Affordability Program enhancements, best practices research, and recommendations for changes we intend to make within the first quarter of FY2020.
<b>SPECIAL COMMENTS</b>	We will come back to your June 2019 meeting to discuss proposed changes to the Customer Assistance Program Regulation. We plan to obtain your vote to adopt the Regulation at the July 2019 meeting.
<b>CONTRACT NO./ REFERENCE NO.</b>	
<b>COSTS</b>	N/A
<b>AMENDMENT/ CHANGE ORDER NO. AMOUNT</b>	N/A
<b>MBE PARTICIPATION</b>	N/A
<b>PRIOR STAFF/ COMMITTEE REVIEW</b>	Carla A. Reid, General Manager/CEO 
<b>PRIOR STAFF/ COMMITTEE APPROVALS</b>	Monica Johnson, Deputy General Manager, Strategic Partnerships  Crystal Knight-Lee, Director, Customer Service 
<b>RECOMMENDATION TO COMMISSION</b>	Information Only
<b>COMMISSION ACTION</b>	



---

Interoffice Memorandum

TO: COMMISSIONERS

THRU: CARLA A. REID   
General Manager/Chief Executive Officer

JOSEPH BEACH   
Deputy General Manager, Administration

MONICA J. JOHNSON   
Deputy General Manager, Strategic Partnerships

FROM: CRYSTAL KNIGHT-LEE   
Director, Customer Service

DATE: May 15, 2019

**SUBJECT: CUSTOMER AFFORDABILITY PROGRAM ENHANCEMENTS**

The purpose of this memo is to inform the Commissioners about proposed changes to WSSC's Customer Affordability Programs.

**Background**

Over the past six months, we conducted a comprehensive evaluation of the Commission's affordability programs in collaboration with national water utility and affordability consultants, Jay Sakai and Scott Rubin. As you know, affordability was identified as a top priority by the Commissioners in 2018 as part of the rate structure discussions.

We have undertaken a comprehensive review of WSSC's affordability program and are presenting five (5) recommended program enhancements to be implemented in FY2020 in concert with the rate structure change. These initial enhancements will be followed by additional enhancements that will be considered over the next 12 to 36 months. These longer-term program changes and enhancements have potential billing or budgetary impacts that will require additional planning and evaluation.

**Goals, Objectives, and Best Practice Assessment**

We previously identified a set of affordability program goals and objectives to guide and address the gaps in our current programs. The goals and objectives shown below were presented to the Commissioners on June 20, 2018.

### Affordability Program Goals and Objectives ☆ = Focus Areas

Goal 1 <i>Enhance assistance and billing options provided to low-income residential customers</i>	Goal 2 <i>Improve annual fundraising and voluntary contributions for programs</i>	Goal 3 <i>Reduce the total amount owed by active residential customers</i>	Goal 4 <i>Adopt legislation to expand Customer Assistance Programs</i>
Obj. 1.1 ☆ Identify target groups/population for affordability programs	Obj. 2.1 ☆ Identify annual fundraising goals for assistance programs	Obj. 3.1 ☆ Increase number of customers receiving assistance from WSSC or our partners	Obj. 4.1 ☆ Work directly with affordable housing, apartment, & landlord associations
Obj. 1.2 ☆ Develop, implement, and communicate new programs	Obj. 2.2 ☆ Identify dedicated funding sources and plan fundraising	Obj. 3.2 ☆ Reduce number of customers with arrearages >\$700	Obj. 4.2 ☆ Advocate for assistance programs that benefit hard-to-reach customers such as renters
Obj. 1.3 ☆ Develop partnerships with community organizations	Obj. 2.3 ☆ Increase voluntary contributions to Water Fund	Obj. 3.3 ☆ Reduce number of delinquent accounts owing > \$700	

The chart below outlines the core elements of a comprehensive, best-practice affordability program. This model served as the basis for the program gap assessment that is presented in the next section.

### National Best Practices

#### Best Practice Affordability Program Model

Low Income Bill Accounts	Arrearage Forgiveness	Financial Counseling	Strong Partnerships
Water Conservation Assistance	Flexible Payment Plans	Financial Break Assistance	Aggressive Outreach & Marketing
Flexible Billing Options	Crisis Intervention Programs	Social Service Referral	Account Community Engagement
Support Processes: Communications Performance Monitoring		Information Technology Continuous Improvement	





WSSC's current affordability programs, billing practices, and organizational support structure contained a number of gaps in comparison to how utilities with a comprehensive approach to affordability have addressed bill discounts, water conservation, billing flexibility and other best-practice elements. These gaps are summarized in the table below.

### Program Gaps

Best Practice Element	WSSC Program	Current Gap
Low Income Bill Discount	Cap Program	Moderate Gap
Water Conservation Assistance		Significant Gap
Flexible Billing Options	12 Pay Per Gram	Significant Gap
Arrears Forgiveness		Significant Gap
Flexible Payment Plans	Payment Arrangements	Significant Gap
Crisis Intervention	Water Fund	Moderate Gap
Financial Counseling		Significant Gap
Plumbing Repair Assistance	Homeless Assistance Cases	Significant Gap
Social Service Referral		Significant Gap
Utility Partnerships	Severely Homeless Outreach Local Energy Programs	Moderate Gap
Aggressive Marketing & Outreach	Blue Trifecta	Moderate Gap
Robust Community Engagement		Moderate Gap
Support Processes		Moderate Gap

■ Modest/Low Gap  
■ Moderate Gap  
■ Significant Gap



### Summary of Proposed Short-term Affordability Program Enhancements

The affordability initiatives we are presenting to the Commissioners are based on industry "best-practices" and are intended to help close the gaps identified above. The five initial affordability enhancements we are proposing can be implemented within our current billing system capabilities and with current staff. They include:

1. A regulation change to allow a full adjustment for excess consumption due to leakage for customers enrolled in the Customer Assistance Program (CAP).
2. Increasing the amount of assistance that can be provided through the Water Fund from \$300 per year to \$500 per year.
3. A pilot program to provide up to 1,000 free water conservation kits to customer who are receiving assistance through one of our programs.
4. Free property inspections upon request for customers enrolled in CAP (one inspection within a 12-month period).
5. Extended payment arrangements for low-income customers (based on Customer Assistance Program eligibility).

Commissioners  
Customer Affordability Program Enhancements  
May 15, 2019

We are also considering an additional enhancement to expand eligibility for the Customer Assistance Program (CAP) to include customers with incomes up to 200% of the federal poverty level. To do this, we must determine who will qualify and enroll customers with incomes between 175% to 200% for the program.

Collectively, these enhancements will allow WSSC to meet the needs of a larger number of our vulnerable customers with a more diverse portfolio of programs and services. The program changes that we are recommending are the initial elements of an overall affordability strategy that is based on industry best practices. This strategy recognizes that our affordability programs must compliment the other policy priorities of the Commission: revenue stability, water conservation, and rate stability.

Each of these enhancements are designed to help our customers reduce the incidence of delinquency, reduce excess water usage, and pay their bills on time.

### **Overviews of Proposed Affordability Program Enhancements**

Below is a summary for each proposed program change along with estimated cost impact.

#### **Leak Adjustment Regulation Change**

##### Overview

The purpose of this program enhancement is to help prevent low-income CAP customers from falling behind on their water bills due to water leaks on their property. This initiative is similar to leak adjustment policies that were adopted by the City of Baltimore.

We are proposing to modify WSSC's leak adjustment regulations to allow for a High Bill Adjustment of up to 100% of the excess usage, based on the property's comparable average daily consumption (ADC), for customers enrolled in CAP program.

This enhancement could benefit as many as 300 low-income customers who have accrued large delinquent balances because of high consumption due to plumbing leaks. WSSC's current regulations only provide for a 50% credit for excess consumption, leaving many of these vulnerable, limited-income customers with large balances that they are unable to pay.

This enhancement could be implemented with a minor modification to our customer service regulations.

**Commissioners  
Customer Affordability Program Enhancements  
May 15, 2019**

**Objectives**

**This affordability initiative has four key objectives:**

- **Reduce or eliminate delinquency caused by plumbing problems for customers who are receiving assistance.**
- **Reduce the number of customers receiving assistance who have to enter into payment arrangements to pay down high balances due to excess water usage.**
- **Reduce the overall level of arrearage among customers receiving assistance.**
- **Reduce collections and turn-off costs within the universe of low-income customers.**

**Justification**

**Reducing the rate of delinquency and non-payment is a core objective of WSSC's affordability program. We have identified leak adjustment as a primary strategy to achieve this objective because a significant number of the delinquency problems among CAP customers have been traced to abnormally high bills due to water leaks.**

**We have identified over 300 current CAP customers who have accrued a delinquent balance of \$700 or more, including 178 CAP customers with delinquent balances over \$1,000. Many of these customers have become delinquent because they experienced abnormally high usage due to a water leak on their property. These customers have little or no means to address these large balances, even with extended payment plans. Because these customers may already be income limited, it is unlikely that they would be able to afford the additional payments that would be necessary to catch up.**

**Providing low-income customers who have experienced a water leak with a full adjustment for the excess usage after the leak has been repaired would prevent many of these customers from falling further behind on their water bill.**

**Cost Estimate**

**The leak adjustment regulation (arrearage forgiveness program) is estimated to cost approximately \$212,000 annually, based on an analysis of usage by current CAP customers over the previous 4 years. This increase represents the difference between the current 50% adjustment threshold under current regulations and a 100% adjustment that would be permitted under the new regulation.**

## **Water Fund Grant Increase**

### Overview of Enhancement

The purpose of this affordability initiative is to increase the size of the maximum grant that can be provided through the Water Fund.

The current Water Fund program provides a grant up to \$300 annually to customers with household incomes up to 200% of the federal poverty limit. Under this initiative, we are proposing to increase the allowable grant to \$500. This change will allow the Salvation Army to help a broader range of customers who are experiencing hardship and having difficulty paying their water bills.

This enhancement is already underway as the general provisions of the Salvation Army agreement allow the General Manager/CEO to amend the administration criteria.

### Objectives

This affordability initiative has two key objectives:

- Reduce the incidence of delinquency and turn-off notices among customers who are experiencing financial hardship.
- Provide a safety net for customers who cannot be helped through WSSC's low income assistance programs.

### Justification

There are a number of utilities who offer emergency assistance to customers who are experiencing temporary financial hardship due to job loss, medical emergencies, death in the family, unpaid leaves of absence, divorce, unforeseen household expenses, and other personal emergencies. Portland Water, for instance, offers two programs – Crisis Assistance and Utility Safety Net – to customers who are experiencing a temporary financial hardship. Philadelphia Water and Kansas City also offer similar temporary assistance programs.

Combined with other affordability program enhancements, the proposed improvement to the Water Fund will enable the Salvation Army to provide additional assistance to better meet the needs of our vulnerable customers, particularly those customers who are experiencing difficulties with their water bills.



Commissioners  
Customer Affordability Program Enhancements  
May 15, 2019

Recent efforts to increase donations to the Water Fund, will bolster the Salvation Army's efforts to help more needy families. The availability of additional funding, combined with additional flexibility with how the grants can be used and increased grant levels, will help transform the Water Fund into an effective crisis intervention tool.

### **Water Conservation Assistance (Conservation Kits and Property Inspections)**

#### Overview

The purpose of this program enhancement is to help all customers to become more aware of their water usage and how to reduce their water bills through water conservation. The program would provide customers with educational materials and technical assistance, including water conservation kits, that would be distributed to customers at public events, at WSSC customer service centers, and by Customer Advocates within each of the four Utility Services depots.

Low-cost water conservation kits can be purchased for as little as \$9.00 per unit. These kits typically contain low-flow showerheads and faucet aerators, dye tablets for detecting leaks in toilets, and simple instructions for the homeowner. A number of utilities, including New York City Water and Boston, offer free conservation kits to their customers.

Under this pilot program, WSSC is proposing to purchase up to 1,000 water kits to be distributed to customers upon request.

We intend to launch this initiative with a communications and outreach campaign that is designed to educate customers on the financial benefits of reducing water usage.

Also within the area of conservation education and assistance, we propose offering one free plumbing inspection to low-income customers (CAP customers) who experience higher than normal water usage. As mentioned earlier in this memo, reducing the rate of delinquency and non-payment is a core objective of WSSC's affordability program. Investigating and addressing leaks as soon as possible is best for preventing unnecessary high bills.

We believe that this affordability program enhancement can be implemented at the same time as the other proposed program changes.

#### Objectives

This affordability initiative has two key objectives:

- Increase water conservation awareness within the universe of customers receiving assistance.

Commissioners  
Customer Affordability Program Enhancements  
May 15, 2019

- Lower water bills for low-income customers.

Justification

One of the advantages water conservation has as an affordability measure is that it provides potential long-term affordability benefits to customers who are able to reduce their overall water consumption. Water conservation is an important policy objective of the Commission, so this program would ensure that customers who would potentially benefit the most from lower water bills have access to simple water saving devices.

Cost Estimates

The Water Conservation pilot program has an estimated cost of \$21,000 to purchase and distribute up to 1000 water conservation kits to any customer who is enrolled in one of our assistance programs and requests one. *If the pilot is successful, we anticipate expanding the number of kits that are available in future years.*

Assisting low-income customers by offering one, free property inspection within a 12-month period is estimated to cost approximately \$12,000 in the first year and could cost an additional \$3,000 - \$6,750 over the next five years.

**Extended Payment Arrangements**

Overview

The purpose for this program enhancement is to provide low-income (CAP customers) with greater flexibility for paying off large water and sewer bill balances.

Objectives

The primary objective for this affordability initiative is to reduce the incidence of delinquency and turn-off notices among low-income customers.

Justification

The core of this enhancement is the ability to offer customers payment plans that are based on their ability to pay.

Cost Estimate

The change to extend payment arrangements to low-income customers should have no significant impact on revenue to WSSC.

**Consideration for Expansion of Eligibility for CAP**

Should we be able to move forward with increasing the Customer Assistance Program income eligibility from its current level of 175% of poverty to 200% of poverty, we will be able to expand the universe of eligible customers by approximately 10,000 households.

We anticipate that approximately 500 to 2,500 new customers will enroll and receive the CAP discount, generating a first-year lost revenue impact of \$170,000 to \$280,000 annually over current FY 2019 levels.



**Summary of Financial Impact for Proposed Program Enhancements**

The estimated program costs for each enhancement is summarized below.

### Financial Impact Summary

Customer Assistance/Affordability Program Option	1st Year Projected Costs	3rd Year Projected Costs	5th Year Projected Costs
Leakage Adjustment Regulation Change	\$212,000	\$212,000	\$212,000
Water Fund Program	\$58,560	\$30,000	\$30,000
Water Conservation Kit Pilot	\$21,000	\$42,000	\$62,000
One Plumbing Inspection for CAP Customers w/12mo	\$12,000	\$15,000	\$18,750
Extended Payment Plans	No Cost	No Cost	No Cost
<b>Total</b>	<b>\$303,560</b>	<b>\$299,000</b>	<b>\$322,750</b>

Projected costs for the Water Conservation Initiative assume an investment in 2000 units in year 1 and 3000 units in year 5. The Water Fund is funded by external donations. WSCA pays the Seals and Army a 10% administrative fee that is projected to increase to 12%. The amount of the fee will vary depending upon the Water Fund balance.

For the first year of the enhanced program, costs are projected to be approximately \$303,560.

Commissioners  
Customer Affordability Program Enhancements  
May 15, 2019

## **Conclusion**

WSSC has begun to implement a number of these strategies, including increased fundraising for the Water Fund, outreach to potential program partners, and successful completion of a legislative initiative that provides greater flexibility for expanded assistance to renters and other "hard-to-reach" customers.

Accordingly, we have crafted initiatives for the short-term that will bolster our current programs and provide more comprehensive services to our low-income customers, but also are implementable within our FY 2020 budget.

We also recognize that improvements to WSSC's programs may be constrained by factors such as staffing, budget, and new initiatives including the implementation of WSSC's new rate structure in July of 2019, the planned transition to a new billing system in FY2020, and the implementation of Advanced Metering Infrastructure (AMI) technology over the next few years.

Some of the additional long-term program enhancements that are planned include expansion of the Customer Assistance Program to indirect customers (i.e., renters), additional payment flexibility such as budget billing, and additional wrap-around support for customers. These recommended programs are more complex and will require billing system configuration and cross-functional planning and implementation.

## **Next Steps**

We will come back to your June 2019 Commission Meeting with proposed changes to the updated Customer Assistance Program Regulation.

We plan to obtain your vote to adopt the Regulation at the July 2019 Commission Meeting.

Please let me know if you have any questions.

## **Appendix Best Practice Research**

Below is some of the best practice research that helped to shape our recommendations.

The Water Research Foundation's (WRF) 2010 publication "Best Practices In Customer Payment Assistance Programs" provides a comprehensive framework for an affordability program that is designed, implemented, and operated as a core business process, no different than maintenance, financial management, or production operations.

This framework describes a series of iterative, integrated activities that form an approach to affordability that is designed to meet the utility's primary objectives, implements strategies that address the root causes of late-payment and non-payment among income limited customers, monitors performance and continually improves.

There are a number of affordability programs that have evolved across the country over the past decade that exhibit many of the characteristics described in the WRF Best Practice guide. Philadelphia, Detroit, and Portland's programs, for instance, are often cited as examples of "best-practice" programs because they have taken a comprehensive approach to affordability and have implemented innovative programs to address specific needs within their respective low-income customer bases.

There are a number of common elements that all of these programs share. These elements include:

**Low-Income Bill Discounts** – Model programs are exemplified by the effort they have made to make bills affordable through bill discounts (Portland), lifeline rates (DC Water), direct grants (Detroit), or, in the case of Philadelphia's Tiered Assistance Program (TAP), bill caps.

**Water Conservation and Plumbing Repair Assistance** - One of the most effective approaches to helping customers lower their water bills is to help them reduce their usage. Low income customers are often unable to afford to fix leaks, install water conserving measures, or repair plumbing problems. Many utilities have recognized this problem and developed programs specifically to help low-income customers conserve water and fix leaks. Philadelphia's water conservation assistance program may be one of the most comprehensive programs offered in the industry. Philadelphia provides assistance with in-home water audits, plumbing fixture replacement, and plumbing repairs. Participation in the water conservation program is mandatory for customers who are enrolled in the TAP assistance program. New York City provides free Home Water Conservation kits with low-flow

Commissioners  
Customer Affordability Program Enhancements  
May 15, 2019

replacement fixtures, faucet aerators, and other water-saving devices, leak detection guidance and materials, and other items to help customers reduce water usage proactively. Atlanta's Care & Conserve Plumbing Repair Program is an innovative effort to help low-income residents conserve water and repair plumbing.

**Flexible Billing Options** - There is good evidence that providing low-income customers with a broader range of payment options will prevent them from falling behind with water bills and becoming delinquent. Utilities that offer flexible payment options such as budget billing, monthly billing, automatic billing, or choosing a payment date have found that these programs help customers stay current with water bills. Portland, for instance, offers all customers a monthly billing option that provides quarterly billed customers with the option of receiving three monthly payment statements.

**Arrearage Forgiveness** - Arrearage forgiveness programs have been found to provide a strong incentive for customers to keep current with their regular water bills and to make timely and consistent payments if they have made a payment plan arrangement. Philadelphia Water incorporated earned arrearage and penalty forgiveness into its TAP assistance program to encourage enrollees to keep up-to-date with their water bills. Detroit offers customers enrolled in the Water Residential Assistance Program (WRAP) up to \$700 in credits against past-due balances, and Portland offers annual write-offs of penalties and fees.

**Flexible Payment Plans** - Providing customers with payment plans that they can actually afford is an important tool in reducing arrearage and past due balances. Detroit's 10/30/50 Plan, for instance, allows arrearage payments to be spread over 24 months with a 10% down payment and allows customers who miss payments to re-enroll up to two times if they make subsequent down payments of 30% and 50%, respectively.

**Crisis Intervention** - Crisis intervention programs recognize that financial hardship for many families may be sudden, temporary, and often unrelated to annual income levels. These programs typically provide one-time assistance to families who are experiencing some type of emergency, such as a loss of employment, death of a wage-earner, medical emergency, divorce or family separation, or an unforeseen significant household expense. Portland's SafetyNet program is one example of a crisis intervention program with no income limits.

**Financial Counseling & Social Service Referrals** - Helping customers manage their household finances and secure available assistance with non-water related expenses has been shown to have long-term benefits to utility providers because a customer's ability to pay is based on many other factors other than the size of their water bill. Philadelphia, for instance, partners with a non-profit organization (UESF) to ensure that low-income households have

**Commissioners  
Customer Affordability Program Enhancements  
May 15, 2019**

access to education and counseling on budgeting, career planning and information about available housing and energy assistance programs. Participants in Detroit's WRAP program receive assistance in securing "wrap-around" social services, enabling customers to access all of the assistance they may need.

**Partnerships & Community Engagement** - Partnerships with non-profits and other community-based organizations can be a good way to leverage the trust and access that these organizations have with vulnerable residents. Because of this, many utilities prefer to engage with external groups to administer portions of their customer assistance programs, including all of the model providers mentioned previously. Baltimore City uses the eleven senior citizen centers to handle application most of its intake for its Senior Citizen Water Discount Program. Philadelphia, DC Water, and Atlanta use external organizations to deliver services ranging from application assistance to water conservation audits.

**Marketing & Outreach** – Access to and awareness of assistance programs are often limited by cultural or language barriers, customers' access to transportation or the Internet, a lack of trust, misperceptions about eligibility, or a perceived stigma about receiving assistance. Strong marketing and outreach activities are typically needed to drive program enrollment, particularly in communities with large populations of hard-to-reach customers. Philadelphia and Atlanta have engaged in aggressive marketing campaigns to promote their new affordability programs.

**Robust Program Support Processes** – To implement an affordability program as a structured business process, the program's organizational structure must be sufficient to support all of the critical program management activities that are needed to ensure that proper oversight is occurring, finances are being tracked, performance is being monitored, outreach and coordination are being undertaken, and services are being continuously evaluated and improved. These activities also have to be adequately supported by the organization's management, legal, communications, and IT staff.

# Customer Affordability Program Briefing



**Customer Service Department Briefing  
Commission Meeting  
May 15, 2019**



# Agenda

1. Background
2. Goals and Objectives
3. Best Practices and Program Gaps
4. Affordability Program Enhancements
5. Next Steps

All people need access to the basics—  
water, food, shelter—in order to participate fully in  
society. When these basic conditions are met, our  
communities and our economy thrive.  
– US Water Alliance

# Background

- Affordability was identified as one of the top policy priorities identified by the Commissioners in their 2018 rate structure discussions
- WSSC has been working with regional and national affordability consultants to significantly enhance existing programs in conjunction with the new rate structure
- Findings presented to GM/CEO and key internal stakeholders

# Affordability Program Goals and Objectives

★ = Focus Areas

## Goal 1

*Enhance assistance and billing options provided to low-income residential customers*

**Obj. 1.1** ★  
Identify target groups/population for affordability programs

**Obj. 1.2** ★  
Develop, implement, and communicate new programs

**Obj. 1.3** ★  
Develop partnerships with community organizations

## Goal 2

*Improve annual fundraising and voluntary contributions for programs*

**Obj. 2.1**  
Identify annual fundraising goals for assistance programs

**Obj. 2.2** ★  
Identify dedicated funding sources and plan fundraising

**Obj. 2.3** ★  
Increase voluntary contributions to Water Fund

## Goal 3

*Reduce the total amount owed by active residential customers*

**Obj. 3.1** ★  
Increase number of customers receiving assistance from WSSC or our partners

**Obj. 3.2**  
Reduce number of customers with arrearages >\$700

**Obj. 3.3** ★  
Reduce number of delinquent accounts owing > \$700

## Goal 4

*Adopt legislation to expand Customer Assistance Programs*

**Obj. 4.1**  
Work directly with affordable housing, apartment, & landlord associations

**Obj. 4.2** ★  
Advocate for assistance programs that benefit **hard-to-reach** customers such as renters

# National Best Practices

## Best Practice Affordability Program Model

Low-Income Bill Discounts

Arrearage Forgiveness

Financial Counseling

Strong Partnerships

Water Conservation Assistance

Flexible Payment Plans

Plumbing Repair Assistance

Aggressive Outreach & Marketing

Flexible Billing Options

Crisis Intervention Programs

Social Service referral

Robust Community Engagement

**Support Processes:** Communications  
Performance Monitoring

Information Technology  
Continuous Improvement

# Program Gaps

Best Practice Element	WSSC Program	Current Gap
Low Income Bill Discount	CAP Program	Moderate Gap
Water Conservation Assistance		Significant Gap
Flexible Billing Options	EZ Pay, GoGreen	Significant Gap
Arrearage Forgiveness		Significant Gap
Flexible Payment Plans	Payment Arrangements	Significant Gap
Crisis Intervention	Water Fund	Moderate Gap
Financial Counseling		Significant Gap
Plumbing Repair Assistance	HomeServe, Homeserve Cares	Significant Gap
Social Service Referral		Significant Gap
Strong Partnerships	Salvation Army, Maryland Office of Home Energy Programs	Low Gap
Aggressive Marketing & Outreach	Blue Tie Ball	Moderate Gap
Robust Community Engagement		Low Gap
Support Processes		Moderate Gap

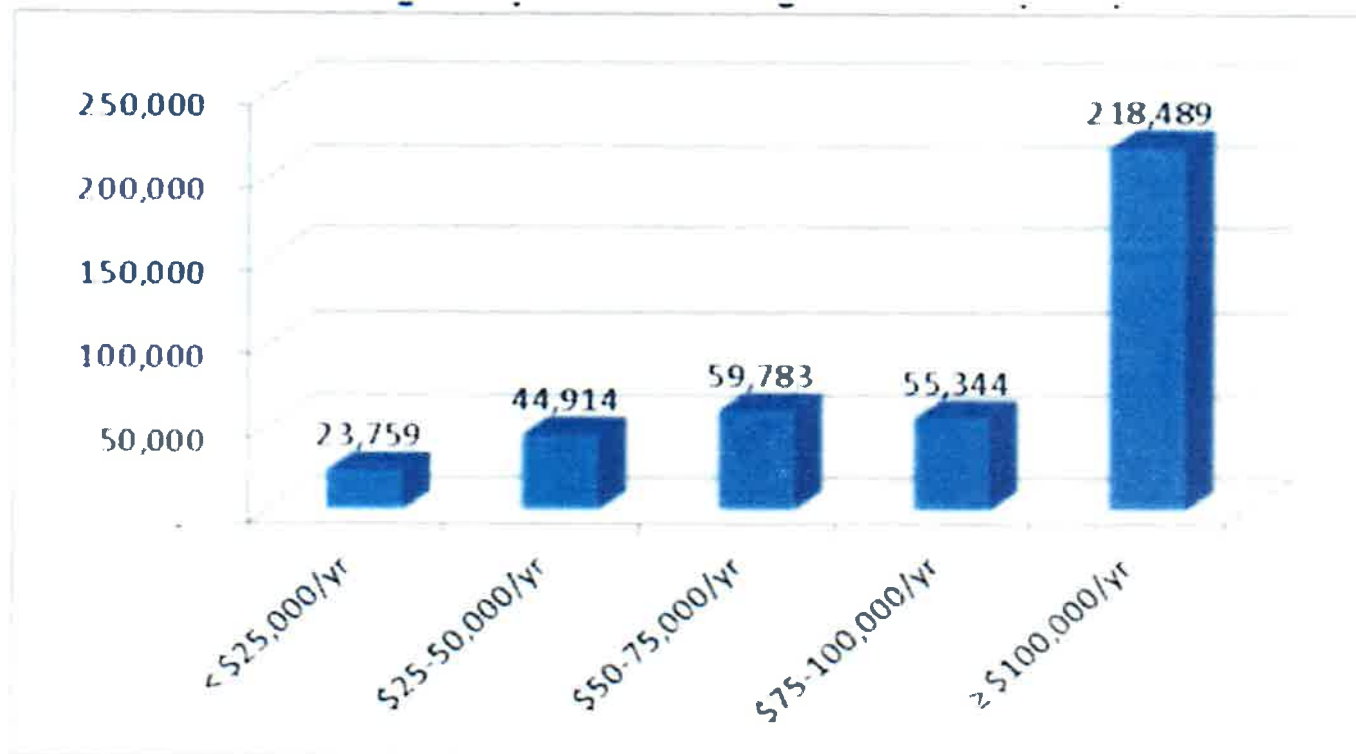
Notes: Our agreement with HomeServe is ending May 16, 2019. The new Pipe Replacement Loan Program will be effective July 1, 2019.

Low Gap  
Moderate Gap  
Significant Gap

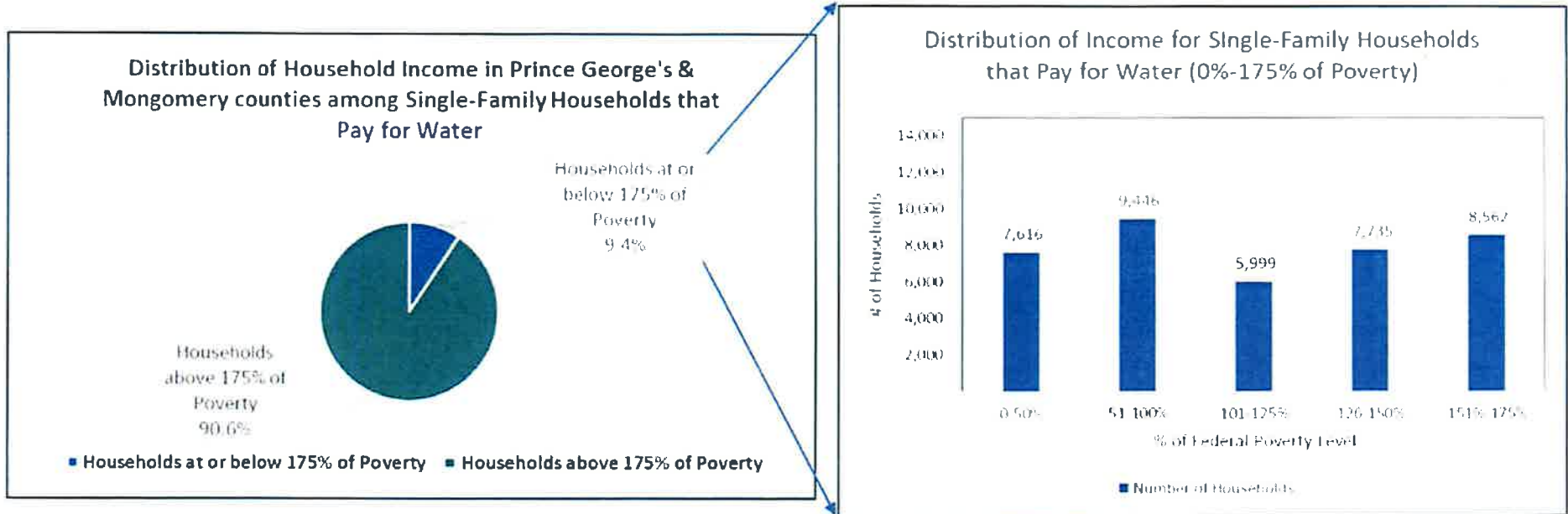


# Customers In Need – 24,000 Low-Income, Single-Family Households

Distribution of Household Incomes in Single-Family Buildings in Montgomery & Prince George's counties (2015)



# CAP Program Universe: 35-40,000 WSSC Customers with Incomes < 175% of Poverty



Source: Analysis of U.S. census micro data (2012 - 2016) for Prince George's and Montgomery Counties

# Overview of Enhancements - Short-Term

1. Offer Leakage Forgiveness for Eligible Low-Income Customers (qualified for Customer Assistance)
2. Enhance Water Fund Grant from \$300 to **\$500**
3. Offer Water Conservation Assistance
  - Free conservation kits to enhance education
  - One free property inspection for CAP customers (annual)
4. Expand Customer Assistance Program (CAP) to 200% (still under consideration)



# (1)-Water Leakage Forgiveness

- Program allows CAP customers to receive leak adjustment of up to 100% of the excess usage.
- Objective is to reduce the rate of delinquency and non-payment caused by plumbing problems.
- Over 2,000 CAP customers had evidence of high-usage patterns over the past 4 years with as much as \$1.6M in excess charges potentially eligible for adjustment.
- Program cost: \$212,000 in first year.

**Case Study:** Mr. & Mrs. Thomas are CAP customers who experienced a leak resulting in a \$4,300 bill; current Regulations authorizes credit of 50% of excess; however, the customer was not able to afford remaining \$2,200 balance.

## (2)-Water Fund Grant Increase

- Increases Water Fund Grant from \$300 to \$500.
- WSSC is approving an increase in the administrative fee for the Salvation Army from 10% to 12%.
- Program cost: Admin fee is dependent upon total balance; total costs expected to be approximately \$58,560 in FY2020

## (3) – Water Conservation

- Offer up to 1000 free conservation kits at community meetings and upon customer request.
  - Objective is to increase awareness of the value of water and cost savings opportunities
  - Conservation was the #2 policy priority of the Commissioners during rate structure discussions, is legislatively mandated, and is supported by customers
  - Kits are low cost and easy to use
- Offer one free property inspection in a 12-month period to CAP customers upon request.
- Program cost: \$21,000 annually for 1000 kits

# (4) – Payment Arrangements

- Expand payment arrangements to CAP customers to provide additional time to pay high bills due to leaks.
- Objective is to enable customers to pay based on what they can afford (ability to pay) resulting in fewer customers in collection and broken payment plans.
- Payment arrangements can be offered beyond the 24-months that are stipulated in the Billing and Collecting Water and Sewer Use Charges Regulation (currently pending Commission approval).
- Program Cost: No cost

## (5) – Expand Eligibility for CAP

- Expands CAP eligibility to households earning 200% of poverty or less (current eligibility is 175% of federal poverty limit).
- Will allow up to 10,000 more customers to qualify.
- Raises income limit to \$42,660 from \$37,328 for a family of three.
- Program cost: \$200,000 in first year
- **This recommendation is still under consideration as WSSC must identify who and how applicants will be qualified and enrolled.**

# Financial Impact Summary

Customer Assistance/Affordability Program Option	1st Year Projected Costs	3rd Year Projected Costs	5th Year Projected Costs
Leakage Adjustment Regulation Change	\$212,000	\$212,000	\$212,000
Water Fund Program	\$58,560	\$30,000	\$30,000
Water Conservation Kit Pilot	\$21,000	\$42,000	\$62,000
One Plumbing Inspection for CAP Customers w/12mo	\$12,000	\$15,000	\$18,750
Extended Payment Plans	No Cost	No Cost	No Cost
<b>Total</b>	<b>\$303,560</b>	<b>\$299,000</b>	<b>\$322,750</b>

Projected costs for the Water Conservation Initiative assume an increase to 2000/units in year 3 and 3000 units in year 5.

The Water Fund is funded by external donations. WSSC pays the Salvation Army a 10% administrative fee that is projected to increase to 12%. The amount of the fee will vary depending upon the Water Fund balance.

# Short-Term Roadmap (FY20)

## Summary of FY2020 Overall Affordability Program Enhancements

**HELP WITH YOUR WATER AND SEWER BILLS**

WSSC can help make your water and sewer bills more affordable. We can help you find Affordability Programs to provide financial assistance to help you pay your water and sewer bills. Call us today to learn more about the programs we offer.

Get started now by calling 303-206-4001

**Need help right now?**  
Our representatives are here to help and ready to work with you to determine a payment option that will help your situation.

**Bill Adjustments are available to residential customers** who are in arrears for up to 12 months.

**Flexible Payment Options**, including extended due dates and payment plans, can help when customers have an unexpected financial hardship.

**Need help repairing your water service line?**  
COMMERCIAL customers starting July 1, 2020, WSSC will offer a new loan program. **ELIGIBLE customers pay 5% less property taxes** towards the replacement.

**Pay-As-You-Go Program**  
Qualify for up to \$5,000 and receive a 12-month payment. Details will be available closer to the launch date.

Administered by the WSSC Finance Credit Union  
303-206-3333  
wsscfcu.org

**Need long-term assistance?**  
We'll work with you to determine which program might be the best fit for your situation. We'll help you understand your WSSC bills in the future.

**The Water Fund**  
Provides customers a credit up to \$500 every year. The program is administered by the Suburban Energy and Energy Services Department. For more information, contact WSSC's customer support and community partner, **Energy Services of Colorado**.

- Montgomery County, Suburban Energy: 303.785.1234
- Prince George's County, Suburban Energy: 301.277.6833

**Customer Assistance Program (CAP)**  
Provides a credit for WSSC's fixed fee on water and sewer bills of up to \$75 per quarter bill.

Eligibility and qualification by the Office of Home Energy Programs: 303-222-8247  
ohenergy@wsscc.com  
ohenergy.org/office-of-home-energy-programs

**Ray Foundation Fund Exemption**  
Provides the extra non-revenue Ray Foundation Fund (RFF) fee up to \$5 per quarter bill.

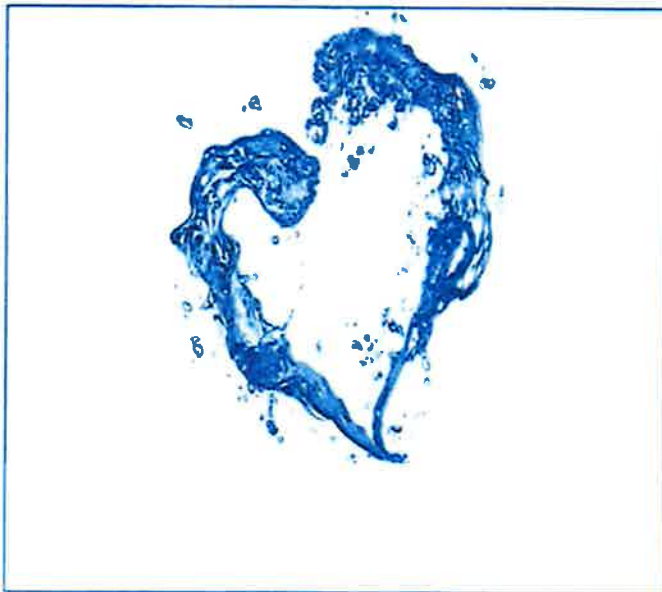
WSSC  
Where Water Matters  
303-206-4001  
wssc.org  
wssc@wssc.org

We're committed to delivering the highest quality of service to our customers.

1. Leakage Adjustment for CAP Customers
2. Water Fund Grant Increase
3. Initial Water Conservation Assistance
4. Extended Payment Arrangements
5. CAP Expansion (*under consideration*)
6. Pipe Loan Program (Finance)

# Long-Term Roadmap (FY21-22)

---



## Summary of Recommended Long-term Affordability Program Enhancements

1. CAP Expansion to **Indirect** Customers
2. Expanded Water Conservation Assistance
3. Payment Flexibility
4. Customer Wrap-Around Support
5. Additional CAP Enhancements (Bill Discounts)

*Note:* These recommended programs are more complex and will require billing system configuration and cross-functional planning and implementation



# Customer Engagement Activities

1. Hired Customer Engagement Specialist
2. Partnering with Communications to enhance marketing materials (i.e., brochure, flyers)
3. Conducting outreach and connecting with non-profits and social service providers
4. Meeting with key program partners
5. Strategically enhancing our participation in community events, conferences, & initiatives



# Short-Term Next Steps

## 1. Brief Commissioners

- May 2019 – Information Briefing
- June 2019 – Proposed Regulation
- July 2019 – Vote to Adopt Regulation

## 2. Implement Approved Programs

- July 2019 – Water Fund Grant Increase
- Sep 2019 – Other Low-Income Programs

# Questions?