

COMMISSION SUMMARY

AGENDA CATEGORY: Oth ITEM NUMBER:	DATE: June 16, 2021
SUBJECT	Proposed Customer Financial Assistance Regulation Changes
SUMMARY SPECIAL COMMENTS	This briefing is a follow-up to the April 21, 2021 Commission presentation that outlined customer financial assistance programming and recommended enhancements concerning the application of late fees, specifically, waiver of late fees for customers enrolled in the Customer Assistance Program (CAP), and for those customers who successfully complete their payment arrangement. This briefing is for information only and is to let you know that we are moving forward with updating the appropriate regulations. We will be seeking your approval for these changes at the July 21, 2021 Commission Meeting.
CONTRACT NO./ REFERENCE NO.	N/A
COSTS	N/A
AMENDMENT/ CHANGE ORDER NO. AMOUNT	N/A
MBE PARTICIPATION	N/A
PRIOR STAFF/ COMMITTEE REVIEW	Carla A. Reid, General Manager/CEO
PRIOR STAFF/ COMMITTEE APPROVALS	Monica Johnson, Deputy General Manager, Strategy & Partnerships Crystal Knight-Lee, Director, Customer Service
RECOMMENDATION TO COMMISSION	Information
COMMISSION ACTION	



Interoffice Memorandum

TO: Commissioners

THRU: Carla A. Reid, General Manager/CEO

Monica J. Johnson, Deputy General Manager, Strategy & Partnerships

DocuSigned by:

FROM: Crystal Knight-Lee, Director, Customer Service Department

DATE: June 4, 2021

RE: Proposed Customer Financial Assistance Regulation Changes

Background

This memo is a follow-up to the April 21, 2021 Commission presentation that outlined customer financial assistance programming and recommended enhancements concerning the application of late fees. The enhancements include a waiver of late fees for customers enrolled in the Customer Assistance Program (CAP) and for those customers who successfully complete their payment arrangement.

WSSC Water suspended late fees and water service turnoffs on March 12, 2020 in an effort to protect public health and to provide support to customers. Understanding that we have decided to resume late fees effective, June 1, 2021, these enhancements are to intended to further assist our customers who may need help paying their water/sewer bills.

Regulation Changes

Customer Assistance Program (Chapter 3.45)

- Late fees were reinstated for all customer accounts effective on bills June 1, 2021, onward, except for customers enrolled in the Customer Assistance Program (CAP).
- CAP customers will be able to continue receiving the waiver temporarily under the GM/CEO's COVID-19 emergency authorization.

- The regulation change will permanently waive late fees for CAP customers. These customers must remain certified to receive this benefit.
- The recommendation to permanently waive late fees is in alignment with emerging policy to help reduce penalties and financial burden associated with household expenses for low-income customers.

Billing and Collecting Water and Sewer Use Charges (Chapter 3.25)

- o To help encourage past due customers to pay their water/sewer bills, a payment plan incentive will rollout beginning **September 1, 2021**.
- The regulation change we are seeking will waive any late fees, incurred during the associated billing period, when the customer has successfully completed their payment arrangement.

Supporting Documents

We are working closely with the General Counsel's Office to update these changes in our regulations and policies. Attached are the following documents:

- 1. Late Fees Memo to Commissioners (April 8, 2021)
- 2. Customer Financial Assistance Program Update Presentation (April 21, 2021)
- 3. Legal Review of Regulations (June 3, 2021)
- 4. Draft amended regulations
 - a. Billing and Collection of Water and Sewer Use Charges and Related Fees
 - b. Customer Assistance Program Administration

Next Steps

These changes enable WSSC Water to provide additional support to customers who may be experiencing financial difficulties due to the COVID-19 pandemic.

We will come back to your July 21, 2021 Commission meeting to seek approval for these regulation changes. After the required public notice period during the month of August 2021, the changes will become effective September 1, 2021.

Please let me know if you have any questions.



Interoffice Memorandum

To: Commissioners

Thru: Carla A. Reid, General Manager/CEO

Monica J. Johnson, Deputy General Manager, Strategy and Partnerships

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From: Crystal Knight-Lee, Director, Customer Service

Date: April 8, 2021

Re: Reinstatement of Late Fees for All Customer Accounts

The purpose of this memo is to provide you with WSSC Water's plan for resuming late fees on **June 1, 2021**. Please note that there are no plans to resume turnoffs at this time.

Background

In an effort to protect public health and to provide support to our customers, on March 12, 2020, WSSC Water suspended late fees and water service turnoffs. Since the beginning of the pandemic, we have ensured that water continued to flow to all customers throughout this health crisis.

Discussion

Over the past 12-months, we have continued to monitor key health, economic and financial benchmarks to understand the impact of the pandemic on our customers and to help us determine when some of our business operations could resume. Some of the key indicators WSSC Water has been monitoring include: 7-day Rolling Averages of Case Rates per 100k; Statewide Vaccine Data, Unemployment in Prince George's and Montgomery counties, and overall account delinquencies. Some of our observations are below:

 <u>COVID-19 Case Rates</u> - As of April 7, 2021, the County positivity rate for the bi-county area per 100k residents had dropped to just over 15.13 cases per day down from 53.42 cases per day on January 14, 2021. Commissioners Resumption of Late Fees April 8, 2021

- <u>COVID-19 Vaccine Distribution</u> The region is experiencing improvements in the distribution of the vaccine to residents in the State of Maryland and a relaxation of eligibility restrictions. As of April 8, 2021, approximately 43.9% of the state's eligible population (over age 16) and 35.3% of all residents had received the vaccine. Effective April 12, 2021, all Marylanders age 16 and over will be eligible to schedule appointments and get vaccinated.
- <u>Unemployment Statistics</u> Unemployment rates as of December 2020 are showing some improvement for Prince George's at 8% and Montgomery County at 5.7%, compared to 10.1% and 8.2% respectively in June 2020. Unemployment rates overall remain high in comparison to pre-COVID-19 levels when rates were below 4% in both counties.
- Past Due Accounts WSSC Water continues to experience a high rate of past due accounts. As of April 7, 2021, approximately 86,595 accounts and \$62.9M was past due. Overall, approximately one in five customers are currently past due.

Based on these initial signs of recovery and the current state of our past due accounts, we plan to reinstate our practice of assessing late fees for all customer accounts. This change will be effective for all bills generated as of June 1, 2021, including bills for fire hydrant meter rentals. As customary, bill payment is due within 30 days of the bill generation date. If bills are not paid by their due date, then late fees will apply, as required by Maryland law. We believe this is the best decision for WSSC Water and our customers at this time. Our position on the practice of water service turnoffs has not changed. As mentioned earlier, there are no plans to resume turnoffs at this time.

Next Steps

- 1. We are also pursuing two enhancements to further assist our customers:
 - a. Waiver of late fees for customers enrolled in the Customer Assistance Program.
 - b. Waiver of late fees for customers who enter into a payment arrangement and pay their balance in full.
- 2. We are developing a robust communication plan to begin notifying our customers this month of these changes.
- 3. Later this spring, we will seek your approval on the customer regulations that need to change to permit the enhancements mentioned above (#1a. and b.).

Please let us know if you have any questions.

Attachment:

Regional Utility/City Scan of Late Fees

Commissioners Resumption of Late Fees April 8, 2021

Attachment Regional Utility/City Scan of Late Fees

Utility	Date Late Fees Suspended	Current Status	Date Resumption Projected
DC Water	3/13/2020	No Change	No Date/TBD
Fairfax Water	3/13/2020	No Change	No Date/TBD
Loudoun Water	3/23/2020	No Change	No Date/TBD
Prince William	3/16/2020	No Change	No Date/TBD
City of Rockville	3/20/2020	No Change	No Date/TBD
Frederick	3/15/2020	No Change	No Date/TBD
Arlington	3/23/2020	No Change	No Date/TBD
City of Bowie	3/15/2020	Resumed Late Fees 11/15/2020	N/A
Baltimore City	Billing Halted in Feb 2020	Resumed Late Fees 12/31/2020	N/A
Baltimore County	Billing Halted in Feb 2020	Resumed Late Fees 12/31/2020	N/A



Customer Financial Assistance

Agenda

- Overview & impact of COVID-19
- Accounts and amounts past due
- Revenue recovery
- Financial assistance programs
- Engagement and outreach
- Next steps



Overview



Since the start of the pandemic, WSSC Water:

- Took proactive steps to help customers and protect public health
- Suspended all water service shutoffs and waived late fees
- Supported our customers with compassion and expanded financial assistance efforts



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Past Due Accounts

Impact of COVID-19 on Our Service Area View of Past Due Accounts

- I in 5 customers are currently past due in paying their bills
- Prince George's County Accounts for 66% of delinquencies
 - Montgomery County Accounts for 34% of delinquencies
- Some zip codes have higher numbers of past due accounts
- Prince George's County Fort Washington/Oxon Hill; Upper Marlboro
- Montgomery County Aspen Hill/Wheaton; Germantown/Darnestown 0
- Customer Assistance Program (CAP) customers represent only a small portion of those experiencing financial hardship (7% of total number of past due accounts)

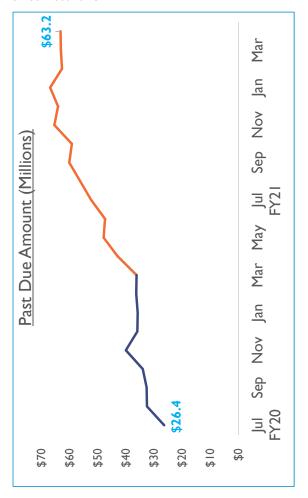


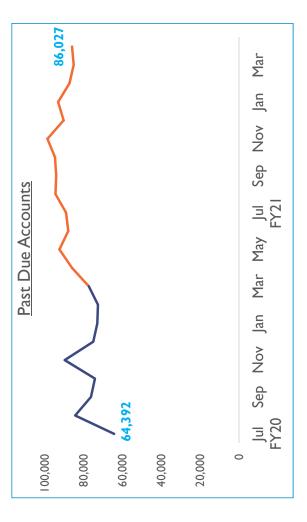


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As of April 12, 2021

Accounts and Amount Past Due







As of April 12, 2021

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Revenue Recovery

service representatives to learn about financial assistance options • We have been reaching out to customers with past due accounts through letters and robocalls to encourage contacting customer and/or payment plans

As of February 25, 2021:









Financial Assistance Programs

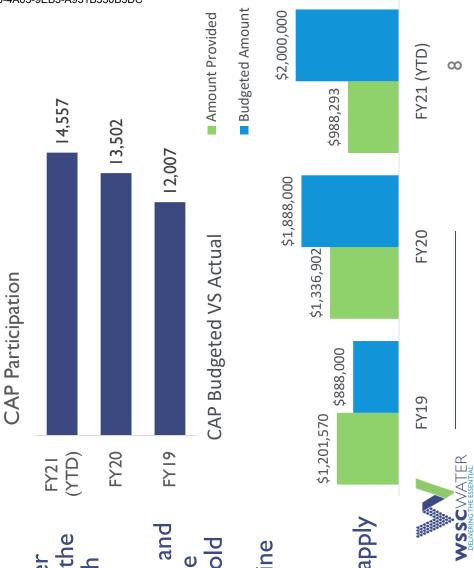


Customer Assistance Program (CAP)

 CAP enrollment is down from earlier projections of 10% - 15% growth at the beginning of FY21 to 3% - 5% growth • The utility moratoriums on late fees and disconnections allowed families more flexibility in paying for other household necessities and forced some to reprioritize their expenses (i.e., medicine and food)

 As a result, the sense of urgency to apply for assistance has not been as great

As of February 28, 2021



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Water Fund Utilization

Water Fund
utilization is
15% ahead in FY21
Year to Date (YTD)
as compared to this
boint in FY20

Prince George's County YTD	Montgomery	County YTD	
Year to Date (YTD)	as compared to this	point in FY20	_

The balance in the Water Fund is \$472,146.89

	Households Served	Customers Served	Total Assistance	Average Assistance Per Case
Prince George's County YTD	262	803	\$118,293.39	\$452
Montgomery County YTD	349	1,296	\$154,893.41	\$444
FY 2021 Total YTD	119	2,099	\$273,186.80	\$447

\$402	
\$236,321.10	
2,017	
588	
FY 2020 Total YTD	



As of February 28, 2021

Water Fund Fundraising and Promotion

that nearly 290 additional families can pay their appreciation line item to the Water Fund, ensuring • \$144,695.56 was transferred from the employee water/sewer bill



 With these additional deposits to the Water Fund in FY 2021, the Fund is **67% ahead** of the total dollars donated to the Water Fund in FY 2020





Payment Plans

- plan and be granted up to 36-months to repay their past due amount • Effective January 4, 2021, non-CAP customers can set up a payment
- CAP customers continue to have up to 48-months to repay their past due
- As of February 25, 2021, 4.8% of past due accounts were on a payment plan compared to 2.5% at the end of July 2020
- Over 5,000 active pay plans
- O Automated customer calls are directly contributing to the increase in the number of payment plans



Decision on Reinstatement of Late Fees

- Late fees will be reinstated for all customer accounts effective on bills June 1, 2021, onward:
- Communication planning and system configurations are underway
- ORegulation change needed to permanently waive late fees for CAP customers
- An incentive is being planned for rollout September 1, 2021, that will waive late fees for customers who successfully complete their payment plans
- Regulation change will be needed to waive late fees



Decision on Reinstatement of Shutoffs

no plans to resume water service turnoffs, at this time • In support of our public health mission of providing safe and reliable water to our community, there are

OMaryland Public Service Commission moratorium on utility shutoffs ended on November 15, 2020



August 2020 Recommendations **Current Status of**

Recommendation	Status	Date Due
Extend payment plan timeframe for non-CAP customers to 36-months	COMPLETED	Nov 2020
Evaluate policy for and amount of shutoff/reconnection fees	IN PROGRESS	Jun 202 I
Evaluate feasibility of an arrearage forgiveness program for CAP customers	IN PROGRESS	Aug 2021
Develop criteria and plan for Indirect Customer Assistance Program (Indirect CAP)	NOTYET STARTED	Fall 2022
Evaluate feasibility of extending the moratorium on late fees past the expiration of the Governor's Executive Orders.	IN PROGRESS	Spring 2021
Evaluate feasibility of extending the moratorium on shutoffs past the expiration of the Governor's Executive Orders.	COMPLETED	Spring 2021



Engagement and Outreach

- Developing survey to assess customer sentiment about ability to pay (500+ customers to be surveyed including Customer Feedback Community)
- Preparing heat maps and analysis on past due accounts for Council Members in both counties
- Continuing aggressive customer outreach to promote our financial assistance programs (ex: HOA's; state, local and county governments, nonprofits)
- Working with counties on Utility Town Halls to connect customers with financial assistance programs available at WSSC Water and local utilities
- Partnering with national organizations such as the National Association of Clean Water Agencies, US Water Alliance, and National Energy and Utility Affordability Coalition to advocate for water assistance



Next Steps

- Obtain Commission approval for customer assistance regulation change (June 2021)
- Waiver of late fees for low-income (CAP) customers
- Waiver of late fees for customers with pay plans who pay balance in full
- Finalize robust communication plan for resumption of late fees (April 2021)



Questions?



Legal Review of Regulations

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

 Title 3. Customer Management Subtitle III. Customer Service Chapter 3.25 Billing and Collection of Water and Sewer Use Charges and Related Fees

 Title 3. Customer Management Subtitle II. Customer Account Management Chapter 3.45. Customer Assistance Program Administration

Legal Sufficiency Review:

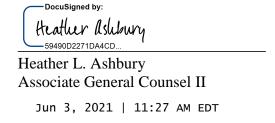
The amendments to the regulations listed above have been reviewed and determined to be legally sufficient.

If not legally sufficient, details provided below

N/A

1. Approval Authority

The Commission has the authority to adopt this Regulation.



Date

WSSC Code of Regulations 2021

Title 3. Customer Management
Subtitle II. Customer Account Management
Chapter 3.25 Billing and Collecting Water and Sewer Use Charges and Related Fees

Article III. Specific Collection Procedures

3.25.130 Collections.

(a) A WSSC bill is due and payable upon receipt.

(b)

- (1) Customers are provided 30 calendar days from the date the bill is generated to remit payment.
- (2) Except as provided in subsection (c) of this section **AND EXCEPT FOR CAP CUSTOMERS AS SET FORTH IN CHAPTER 3.45.080**, a five percent late fee shall be assessed if the bill is not paid within three days of the end of the payment period.
- (3) After the late fee is assessed, WSSC shall issue a notice stating the date that the account is eligible for shutoff.
- (4) The notice will be sent to:
 - (i) The service address; and
 - (ii) The property owner's address.
- (c) Once every 12 months, one late fee may be waived upon customer request.
- (d) Water service to a property shall be suspended if the customer does not pay the water and sewer bill.
- (e) If a check received as payment is returned by the bank, the account will be billed a returned check charge in accordance with WSSC's schedule of fees and charges.

(f)	WSSC may continue to bill fixed fees when a property's water is shut-off for any reason.
(g)	
	(1) Properties where service has been suspended for nonpayment of delinquent bills shall be checked periodically to ensure service remains suspended.
	(2) Usage that registers on the meter after a property has been suspended shall be billed to the account.
	(3) WSSC may investigate the usage and take steps to remedy the use.
(h)	Except as provided in subsection (i) of this section, water service may not be restored to the

- (1) Past due charges and fees are paid in full; and
- (2) The customer provides WSSC with a signed release of liability.

(i)

property until:

- (1) Water service to a property may be restored without full payment of past due charges and fees if the customer makes:
 - (i) A partial payment; and
 - (ii) Payment arrangements for the balance.
- (2) 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.

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 WSSC <u>3.45.100</u>, payment arrangements may not exceed 36 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.
- (6) UPON SUCCESSFUL COMPLETION OF PAYMENT ARRANGEMENTS, WSSC SHALL WAIVE LATE FEES FOR BILLS THAT WERE INCLUDED IN THE PAYMENT PLAN.
- (b) WSSC offers bill arrangements through its automated interactive voice response system to customers that may include:
 - (1) A seven-day hold for the current bill; or
 - (2) 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.

WSSC Code of Regulations 2021

Title 3. Customer Management
Subtitle II. Customer Account Management
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 a partner agency will receive 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.

- (d) If a customer is certified as CAP eligible after one or more bills have already been issued in a given fiscal year, WSSC shall award credits retroactively to:
 - (1) 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 when the previous bills were issued, to the first bill that was issued after the date of occupancy at the property.
- (e) 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 WAIVER OF LATE FEES

LATE FEES FOR WATER AND SEWER BILLS SHALL BE WAIVED FOR CAP CUSTOMERS.

[3.45.080] **3.45.090** 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 WSSC 3.20.030(a) 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 WSSC 3.20.030(a).
- (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] **3.45.100** 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] **3.45.110** Extended payment arrangements.

A CAP customer who qualifies for payment arrangements under WSSC <u>3.25.140</u> may enter into payment arrangements for a period of up to 48 months.

[3.45.110] **3.45.120** 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

[3.45.120] **3.45.130** 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.

[3.45.130] **3.45.140** Dispute resolution.

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

[3.45.140] **3.45.150** 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.