



## **Plan for Addressing Delinquent Accounts and Revenue Recovery**

**Crystal Knight Lee**, *Customer Service Department*

July 21, 2021

# Agenda

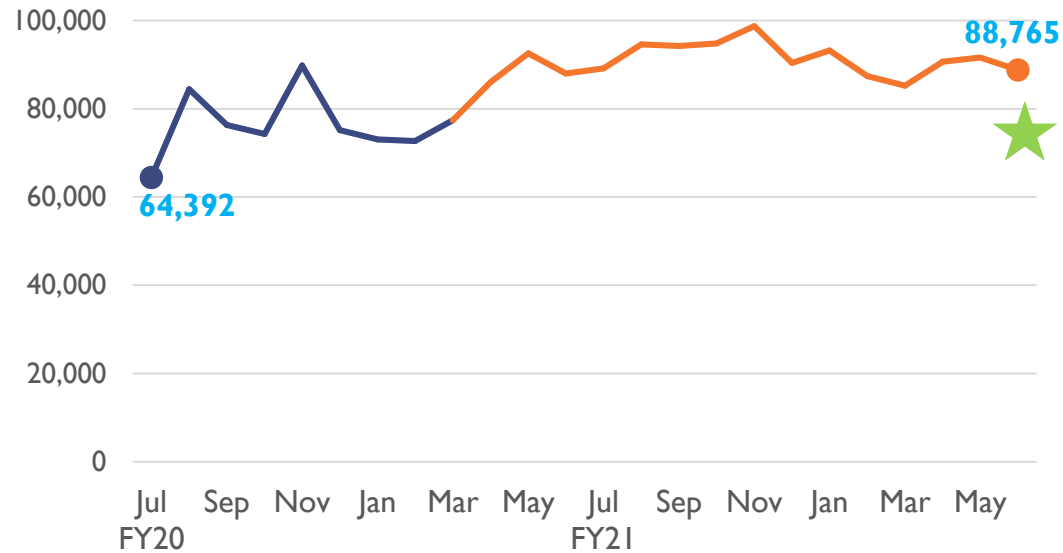
- Status of past due accounts and amounts
- Current revenue recovery activities
- Status of customer assistance recommendations
- Revenue recovery and expanded financial assistance roadmap
- Resumption of late fees and turnoffs
- Q & A



# Status of Past Due Accounts/Amounts FY'21 Year-End Results

## Past Due Accounts\*

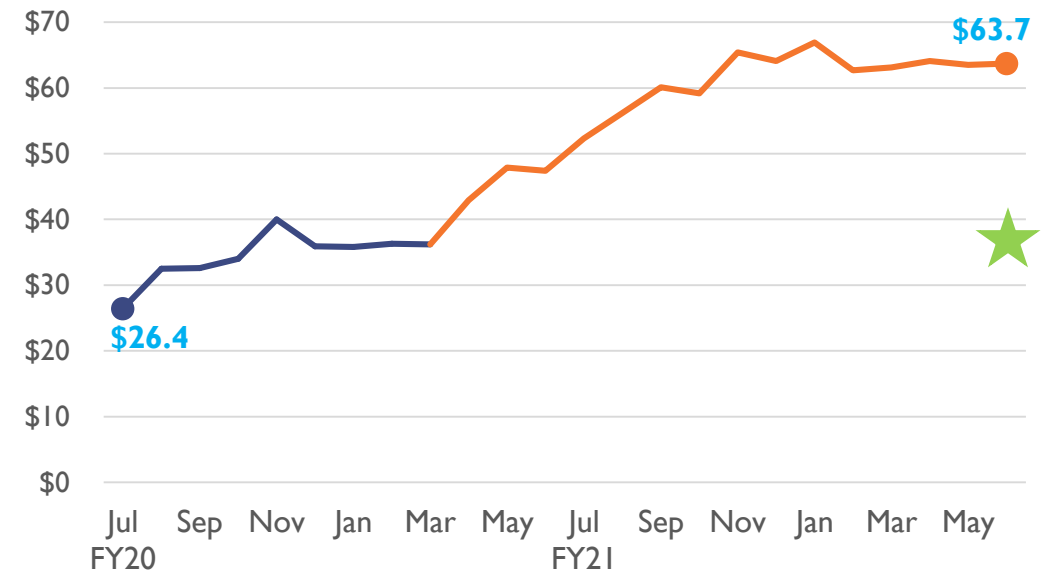
# of accounts 30 days past the bill date



★ FY21 Year-End Target: 77,000 accounts

## Past Due Amount\*

\$ of accounts (millions) 30 days past the bill date

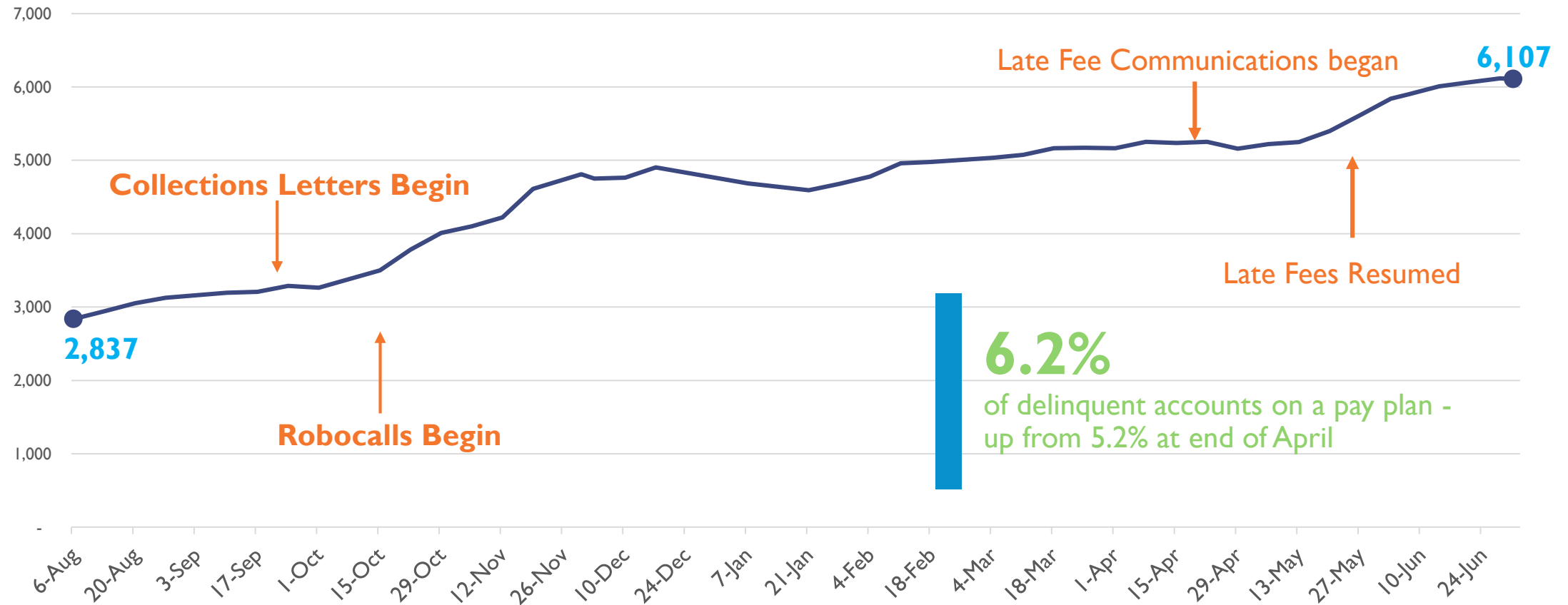


★ FY21 Year-End Target: \$37.7 Million

# Status of Past Due Accounts/Amounts

## Cumulative View of Pay Plans (as of 7/1/21)

### Total Active Pay Plans



# Status of Customer Assistance Recommendations

Recommendation	Status	Date Due
Extend payment plan timeframe for non-CAP customers to 36-months	COMPLETED	Nov 2020
Evaluate policy for and amount of turnoff/reconnection fees	COMPLETED	Jun 2021
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)	IN PROGRESS	Fall 2022
Evaluate feasibility of extending the moratorium on late fees past the expiration of the Governor's Executive Orders	COMPLETED	Spring 2021
Evaluate feasibility of extending the moratorium on turnoffs past the expiration of the Governor's Executive Orders	COMPLETED	Spring 2021

CAP = Customer Assistance Program

# Revenue Recovery and Expanded Financial Assistance Roadmap

## Addressing Delinquencies and Gap Customers

Recommendation	Status	Date Due
Change regulation to codify permanent waiver of late fees for CAP customers and those who successfully complete their payment plans *	IN PROGRESS	Sep 2021 (FY'22)
Implement Arrearage Forgiveness Program for past due CAP and Non-CAP customers and align accounting procedures for necessary write-offs*	IN PROGRESS	Dec 2021 (FY'22)
Reinstate water service turnoffs with revised turnon fee structure for commercial and government customers	IN PROGRESS	Aug 2021 (FY'22)
Reinstate water service turnoffs with revised turnon fee structure for residential customers	IN PROGRESS	Sep 2021 (FY22)
Monitor federal and county programs available for water arrearage relief*	IN PROGRESS	Dec 2022 (FY23)

CAP = Customer Assistance Program

\* = Eligibility expected to include Non-CAP customers

# Revenue Recovery and Expanded Financial Assistance Roadmap

Addressing Delinquencies and Gap Customers

Recommendation	Status	Date Due
Expand new media tools such as Nextdoor App and other tools to maximize customer outreach strategies	IN PROGRESS	Dec 2021 (FY'22)

Formalize data analysis, dashboards, and reporting using local demographic information from US Census, State of Maryland, and other sources to keep management informed on community health, challenges, issues, and risks

IN PROGRESS

Dec 2022 (FY'23)

CAP = Customer Assistance Program

\* = Eligibility expected to include Non-CAP customers

# Resumption of Late Fees and Turnoffs

Resume Late Fees  
(Except for CAP  
Customers)



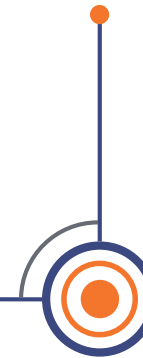
June 1, 2021

Turnoffs resume for  
**Commercial**  
**Customers**



August 1, 2021

Turnoffs resume for  
**Residential**  
**Customers**



September 13, 2021

\* An incentive is being planned for September 1, 2021, rollout that will waive late fees for customers



# FY22 Water Turnoff/Turnon Fees

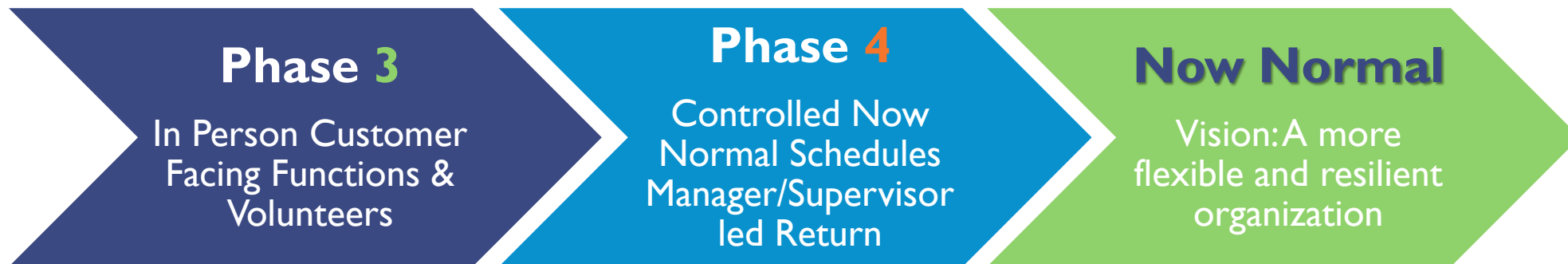
- New fee schedule for water service turnoffs/turnons
  - Customer requested actions
  - Non-payment scheduled actions
- For non-payment, turnoff/turnon fees recalibrated into one turnon fee
  - New turnon fee for small meters (residential customers) - **\$135**
  - New turnon fee for large meters (commercial customers) - **\$405**
- Reduced turnon fee for CAP customers
  - Fee discounted **50%**

## Lowered Fees!

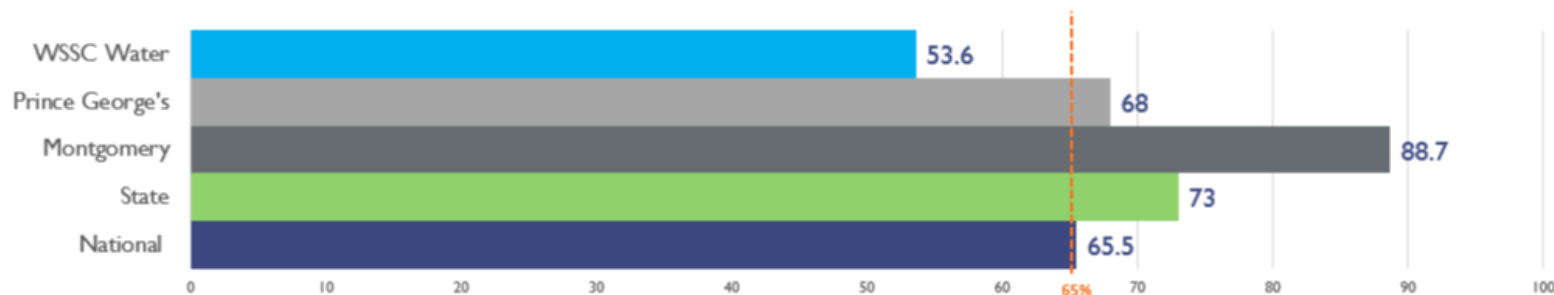
Combined fees lower than separate fees;  
Discounted fee for CAP customers

# Resumption of Turnoffs - Why Now?

## WSSC Water Recovery Status



## Vaccination Rates – 18+ with at least 1 dose



# Accounts Eligible for Turnoffs?

Count of Accounts Delinquent Amount	Customer Type		Total
	Non-residential	Residential	
TURNOFF ELIGIBLE <\$1000	2,642	58,098	60,740
TURNOFF ELIGIBLE \$1000+	1,089	9,950	11,039

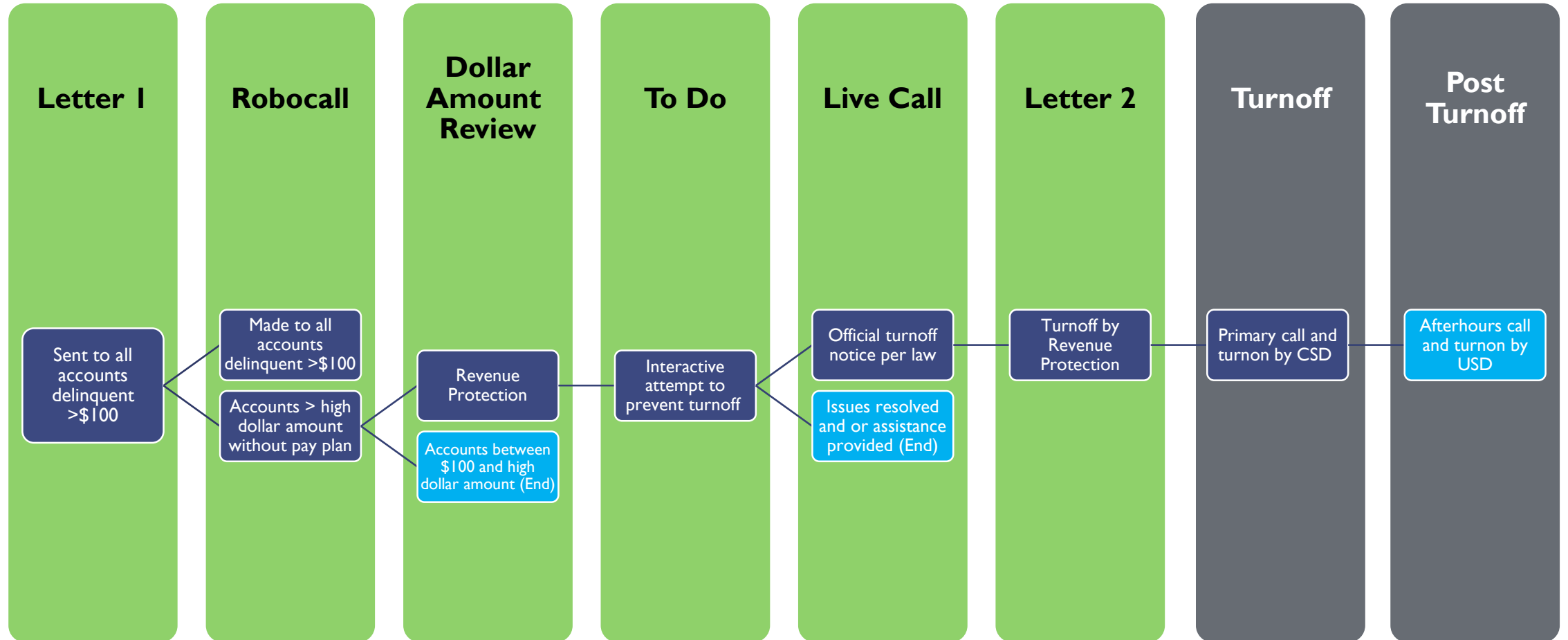
Sum of Amounts Delinquent Amount	Customer Type		Total
	Non-residential	Residential	
TURNOFF ELIGIBLE <\$1000	\$811,010	\$16,484,840	\$17,295,850
TURNOFF ELIGIBLE \$1000+	\$6,692,918	\$23,683,551	\$30,376,468

- Residential and non-residential customers
- Customer accounts not enrolled in a pay plan
- Highest dollar amounts at this time
- Balances > \$1,000 initially
- **No** turnoffs for customers on a pay plan

# Plan to Avoid Turnoffs

## Customer Engagement Actions

## Turnoff Actions

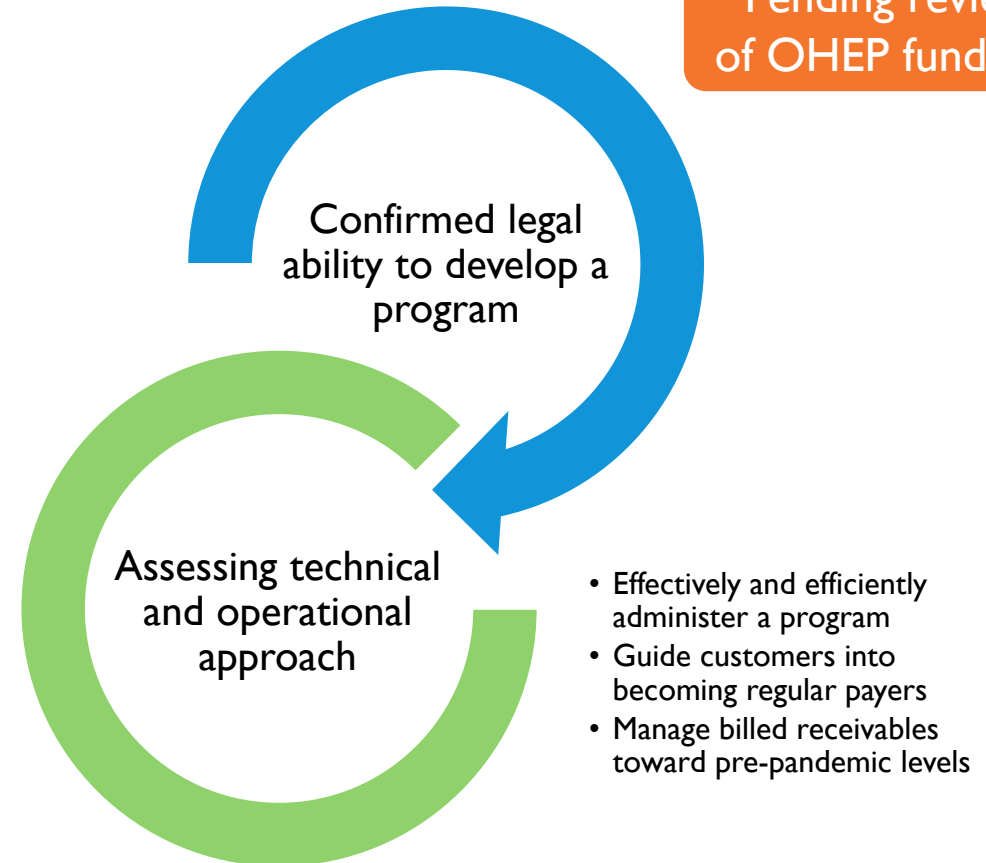


# Potential Arrearage Forgiveness Program

Focus on mission of delivering the essential and providing assistance to CAP and gap customers

\*Pending review of OHEP funding

Maximum Monthly Income Eligibility Limits Effective July 1, 2021 - June 30, 2022		
Household Size	Households with one or more members 67 years of age or older at the time of application	Households with no members 67 years of age or older at the time of application
1	\$2,147	\$1,878
2	\$2,903	\$2,540
3	\$3,660	\$3,203
4	\$4,417	\$3,865
5	\$5,173	\$4,527
6	\$5,930	\$5,189
7	\$6,687	\$5,851
8	\$7,443	\$6,513
Each additional person, add:	\$757	\$662



# Next Steps

- Finalize development of pay plan incentive and arrearage forgiveness program
- Continue implementing communication plan to notify commercial customers about **August 1, 2021**, resumption of turnoffs
- Developing communication plan to notify residential customers in advance of **September 13, 2021**, turnoffs
- Continue extensive customer and community outreach about available financial assistance programs

# Questions?



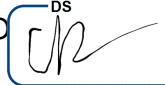




## COMMISSION SUMMARY

**AGENDA CATEGORY:** Other Reports

**ITEM NUMBER:**

**DATE:** July 21, 2021

<b>SUBJECT</b>	<b>Plan for Addressing Extended Customer Assistance and Revenue Recovery</b>
<b>SUMMARY</b>	The purpose of this briefing is to provide WSSC Water's extended revenue recovery strategy and additional plans to further assist customers in light of past due accounts and metrics that indicate the beginning of economic recovery.
<b>SPECIAL COMMENTS</b>	
<b>CONTRACT NO./REFERENCE NO.</b>	N/A
<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, Strategy & Partnerships  Crystal Knight-Lee, Director, Customer Service 
<b>RECOMMENDATION TO COMMISSION</b>	Information
<b>COMMISSION ACTION</b>	

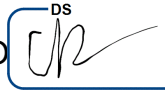







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Interoffice Memorandum

TO: Commissioners

THRU: Carla A. Reid, General Manager/CEO 

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

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

DATE: July 13, 2021

RE: **Plan for Addressing Customer Assistance and Revenue Recovery**

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## Purpose

To outline WSSC Water's extended revenue recovery strategy and additional plans to further assist our customers in light of past due amounts and metrics that indicate the beginning of economic recovery.

## Background

### Current Landscape

WSSC Water ended FY 2021 (July 1, 2020 to June 30, 2021), with 88,765 past due accounts totaling \$63,765,246.83. This represents a 34% increase in past due amounts over FY 2020, which ended with 87,984 past due accounts totaling over \$47.4M.

Over 60% of past due accounts are within Prince George's County. See below for breakdown by County.

County	# of Past Due Accounts*	\$ of Past Due Accounts*
Prince George's	59,375	\$42,424,769.93
Montgomery	29,236	\$20,499,984.96

\*Accounts will not total 88,765 figure as billed work, antenna leases, and fire hydrant rentals were excluded from the county breakout.

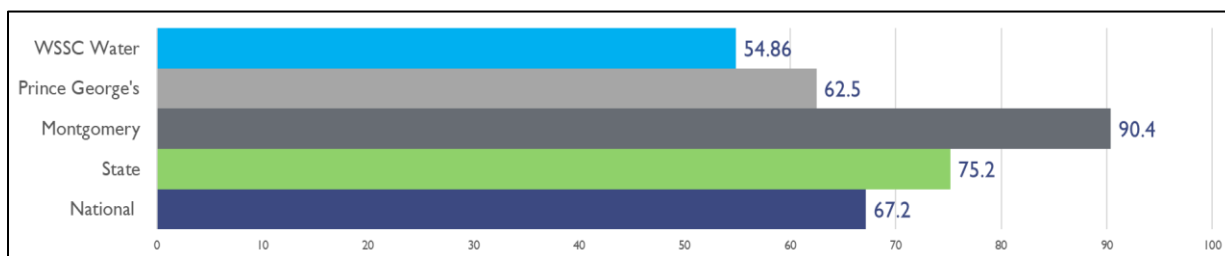
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## Discussion and Analysis

### 1. Decision Support Indicators

WSSC Water monitored a number of indicators and statistics throughout the pandemic to guide decisions and to develop plans. Indicators that were monitored included COVID-19 infection rates, vaccination rates, and unemployment rates. Currently, state and local indicators are showing signs of recovery and trending in a positive, sustained direction (as of July 7, 2021):

- a. COVID-19 Case Rates - Daily case rates have been less than 5 cases per 100,000 since May 26, 2021 across all geographic regions.
- b. COVID-19 Vaccination Rates - Vaccination rates for adults 18+ years of age have improved to 62.5% in Prince George's County and 90.4% in Montgomery County as of July 7<sup>th</sup>.



Sources: Local/County: <https://covid.cdc.gov/covid-data-tracker/#county-view>  
 State: <https://coronavirus.maryland.gov/#Vaccine>  
 National: <https://covid.cdc.gov/covid-data-tracker/#vaccinations>

- c. Unemployment Rates by County – State and local unemployment rates peaked in July 2020 during the pandemic and have steadily declined. While unemployment rates have not fully returned to pre-pandemic levels and continue to trend higher in Prince George's County, we note that there have been enhanced unemployment benefits, stimulus payments and a pending child credit to mitigate financial impact.

Milestones	Month	Montgomery	Prince George's	State
Pre-COVID-19	Nov-19	2.5%	3.3%	3.1%
Start of Emergency	Mar-20	3.1%	4.1%	3.9%
Highest Data	Jul-20	8.6%	10.9%	8.8%
Latest Data	May-21	5.6%	7.7%	5.8%

Source: Maryland Department of Labor - <https://www.dllr.state.md.us/lmi/laus/>

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## 2. Resumption of Late Fees/Turnoffs and Customer Engagement

Throughout the pandemic, WSSC Water used the decision support indicators above, alongside financial metrics and community indicators to objectively guide our decision-making. We worked diligently to balance fiscal responsibility and accountability to our ratepayers with our mission of assisting our most vulnerable customers.

Through a well-planned and executed savings plan, WSSC Water was able to offset revenue shortfalls of over \$60M through agency-wide cost cutting measures; however, these reductions are not sustainable over the long-term. We have increased our customer assistance measures, as discussed in the next section of this memo, and have doubled the number of customers on payment plans.

Due to the severe, prolonged number of past due accounts and the positive trend showing economic recovery from this unexpected pandemic, water service turnoffs are being resumed. This practice will be reinstated in a thoughtful, phased approach utilizing as many channels as possible to engage our customers and continue working one-on-one with those who need help. Below are targeted dates for key actions:

- a. **June 1, 2021** - Late fees resumed for all customers, except customers enrolled in the Customer Assistance Program (CAP).
- b. **August 1, 2021** - Turnoffs for commercial customer accounts will resume. A customer notification letter is being issued to all commercial customers. The letter along with links to state and county resources is posted on our website.
- c. **September 13, 2021** - Turnoffs for residential customer accounts are expected to resume. A comprehensive communication plan will be launched immediately after the July Commission meeting.

Our goal for resuming turnoffs is to address long-term revenue recovery and to stimulate customers to reach out to us and enter into a payment plan. Being on a payment plan helps customers avoid turnoff. We also will continue to work with the counties and various non-profits to help customers access available funding (such as county emergency rental assistance programs).

**We will do everything we can to help our customers avoid turnoff.** Our customer engagement actions include two letters, an automated call, and a live call prior to any turnoff action. We are developing a robust communications strategy that includes notifications to local governments, non-profit organizations, homeowner's associations (HOAs), and the faith-based community.

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## Discussion and Analysis

### 1. Customer Financial Assistance Programs

Since the beginning of the pandemic, WSSC Water has maintained our customer focus by continuing to provide water access during this global health pandemic:

- a. In August 2020, we presented recommendations to the Commissioners on actions we were planning to take to expand our customer assistance programs and customer engagement activities. To date, we have accomplished the following:
  - Extended the payment plan timeframe for non-CAP customers to 36-months, effective January 4, 2021.
  - Extended the moratorium on late fees past the expiration of the Governor's Executive Orders.
  - Extended the moratorium on turnoffs past the expiration of the Governor's Executive Orders for commercial and residential customers.
  - Modified the water service turnoff/on fee schedule resulting in lower fees for commercial and residential customers.
- b. We are currently evaluating programs surrounding Indirect CAP and partial arrearage forgiveness; both are on schedule.
- c. In addition, below are some of the other actions we've taken:
  - Established a *Here-to-Help* campaign to engage and work one-on-one with customers.
  - Promoted the Water Fund and other financial assistance programs using innovative outreach strategies such as celebrating Drinking Water Week at local restaurants, co-sponsoring the Prince George's County Utility Town Hall, and conducting a WSSC Water *In Your Neighborhood* Virtual Community Meeting focused on customer assistance.
  - Implemented a survey to over 500 customers to help identify impacts of the pandemic on their households and to collect information about the factors impacting their ability and willingness to pay their water bill. The survey recently closed, and we expect to complete the analysis of survey findings in August.

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Customer Assistance and Revenue Recovery Strategy  
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- Engaged in a 10-City Preventing Water Shutoffs project sponsored by the US Water Alliance. This project involves cultivating and partnering with two community-based organizations (Mission of Love in Prince George's and Interfaith Works in Montgomery) to help us develop additional strategies for supporting low-income customers and equitable water access.
- Prepared past due account profiles/heat maps for Commissioners and all County Council members in Prince George's County and Montgomery County to provide more information about past due accounts/amounts within their districts. The Nextdoor app is being used to connect with customers in various neighborhoods.
- Increased customer outreach and distributed over 40,000 customer financial assistance flyers throughout the community to elected officials, government agencies, non-profit organizations, HOA's, and individual neighborhoods with greater density of past due accounts.
- Resumed in-home services and appointments on May 28, 2021 and began addressing field activities that were backlogged because we were prohibited from entering homes for safety reasons.
- Conducted a comprehensive study of turnoff/on fees, and reduced our fees:
  - i. Small Meters - \$180 to \$135 (residential)
  - ii. Large Meters - \$444 to \$405 (commercial)

2. Expanded Revenue Recovery Strategies

As the landscape changes for the COVID-19 pandemic, we have developed a series of additional revenue recovery strategies to help guide customers into becoming regular payers and to manage billed receivables toward pre-pandemic levels.

- a. Turnoffs are being resumed in a phased approach. As mentioned above, turnoff fees have been lowered. At the June 2021 Commission meeting, Finance presented a modified water turnoff/on fee schedule for FY22 resulting in a combined rate and reduced fees for small meters and large meters.

An additional enhancement has been made to further reduce the turnon fee for customers enrolled in CAP. Therefore, the \$135 small meter turnon fee (FY22) to resume service after a turnoff for non-payment will be further reduced by 50%, to **\$67** for CAP customers.

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What	When
Reinstating water service turnoffs for commercial customers	8/01/2021
Reinstating water service turnoffs for residential customers	9/13/2021

- b. WSSC Water recognizes that the pandemic has impacted our low-income community and also increased the number of households that are newly vulnerable, creating “gap” customers (households with income levels exceeding traditional financial assistance program eligibility). The chart below indicates the programs available to customers:

What	CAP	GAP	When
Establishing regulations to permanently waive late fees for CAP customers	X		9/01/2021
Establishing an incentive that waives late fees for customers who successfully complete payment plans	X	X	9/01/2021
Evaluating a partial arrearage forgiveness program for CAP and gap customers (pending review of funding from State of Maryland)	X	X	TBD

- c. Below are additional initiatives that WSSC Water is exploring:

What	When
Evaluate new media tools such as Nextdoor App and other tools to maximize outreach strategies	12/31/2021
Evaluate and expand partners who can help certify eligibility for customer financial assistance programs	6/30/2022
Evaluate improvements to the customer bill to incorporate and display payment plan information	6/30/2022
Evaluate options for customers to “opt-in” to a monthly payment plan	6/30/2022
Evaluate criteria and funding for an Indirect CAP program for implementation	6/30/2022

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3. Federal Customer Assistance Opportunities

WSSC Water continues to monitor federal funding options/opportunities as part of our revenue recovery strategy. While WSSC Water will not receive funding directly to offset past due amounts, we are working closely with state and county partners to understand how funds will be programmed and administered and to convey assistance opportunities to our customers. Current available federal funding includes:

- a. Emergency Rental Assistance: Under the American Rescue Plan Act of 2021 (ARPA), emergency rental assistance is available to help customers financially impacted by the COVID-19 pandemic. WSSC Water will not directly administer these funds; county and state agencies are responsible for the administration of funds. Both Montgomery and Prince George's counties allow for emergency rental assistance funding to cover utility bills, including water bills.
- b. Low-Income Housing Water Assistance Program (LIHWAP): LIHWAP programs are expected to launch this fall. The regulations for this program are still being developed by the Department of Health and Human Services; however, the program is anticipated to be identical to the energy assistance programs. Maryland is slated to receive \$14 million for assistance, which will be administered by the Office of Home Energy Programs (OHEP). Customers with past due balances will have to apply, and funds will be distributed to WSSC Water. Since existing CAP customers are certified by OHEP, there exists an opportunity to have them access these funds in a streamlined manner.

**Next steps**

As part of our revenue recovery strategy, WSSC Water's next steps include:

- Finalizing development of a pay plan incentive and partial arrearage forgiveness program.
- Implementing a comprehensive outreach and communication plan to notify commercial customers about turnoffs resuming August 1, 2021.
- Developing and implementing a comprehensive outreach and communication plan to notify residential customers in advance of turnoffs resuming September 13, 2021.
- Continuing extensive customer and community outreach about available financial assistance programs.
- Monitoring federal funding for water utility bills.