



BOARD MEMORANDUM

DATE: March 29, 2022

TO: Board of Directors

FROM: Eric Campbell *EC*
Chief Financial and Administrative Officer

SUBJECT: Informational Report on Examples of Ratepayer Assistance Programs

SUMMARY AND DISCUSSION

Over the past few months, several Board members have mentioned that they would like the Agency to look into developing a Ratepayer Assistance Program. This topic was presented at the Public Outreach and Legislative Committee by Assistant General Manager Steve Cole. Since this presentation, a Board member has requested that the topic be further researched. As a result of this request, staff prepared a discussion and presentation of this topic for the February 28, 2022 Finance & Administration Committee. The following is a summary of the presentation.

A Ratepayer Assistance Program for a water customer provides bill payment assistance to the ratepayer. Eligibility is commonly based on household income. In Southern California, a common path for determining eligibility is the customer qualifying under the California Alternate Rates for Energy ("CARE") program. Both Southern California Edison (SCE) and Southern California Gas Company (SoCalGas) use the CARE program to determine if a customer qualifies for their payment assistance programs.

Palmdale Water District has a Rate Assistance Program ("RAP"). Their program is directed at eligible seniors 62 and older, veterans of any age, and low income families. Participants receive up to 50% off their monthly \$45.52 service fee, and must reapply annually.

Elsinore Valley Municipal Water District has a program that has a water usage requirement of 13 ccf or less per month, and customers must sign up for their Advanced Meter Program.

East Bay Municipal Water District has a Customer Assistance Program ("CAP") to help pay a portion of the water bill for qualified low-income residential customers and eligible homeless shelters. Participants may qualify for 50% off the service charge and 50% off their home water use up to 1.4 billing units (1,050 gallons per person per month).

The State of California is working on a couple of programs to provide financial assistance to water ratepayers: SB222, the Low Income Water Assistance fund; and the Low Income Household Water Assistance Program ("LIHWAP").

SB222 would establish the Water Affordability Assistance Fund in the State Treasury to provide direct water bill assistance, water bill credits to renters, water crisis assistance, water efficiency measures for low-income households, and short-term assistance to public water systems. This bill is on hold, and one issue to resolve is where the funding will come from.

LIHWAP is a federally funded program administered by the State that will be a temporary program to provide assistance with past due water bills to avoid service being shut off. This program is just beginning to be rolled out and applications are expected to be available in May 2022. The program is expected to close at the end of August 2023. This program will offer a maximum of \$2,000 per qualifying household, and participation requirements include that household income must be 60% or less than the State Median Income.

A simple estimate of program cost for SCV Water

According to State and County poverty guidelines, 8.4% (17,058) of Santa Clarita Valley residents lie below the poverty line. This is less than the State's poverty level of 11.8%. Assuming 4 residents per water account, (17,058 divided by 4), the Agency could expect 4,264 accounts with household income below the poverty line. Assuming assistance of 50% off the fixed charge of a 3/4" meter connection of \$18.38, the monthly ratepayer assistance would be \$9.19 per account per month. This would total \$470,233 per year in ratepayer assistance (4,264 accounts x \$9.19 per month x 12 months). This simple example does not include the cost of advertising or administration of the program.

The Agency would have to fund a ratepayer assistance program using non-operating revenues to maintain compliance with Proposition 218.

On February 28, 2022, the Finance and Administration Committee considered staff's informational report on examples of ratepayer assistance programs.

FINANCIAL CONSIDERATIONS

If a Ratepayer Assistance Program were developed, the funding could be capped at a specific dollar amount. Funds would have to be sourced from non-operating revenues.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors review and discuss these examples of Ratepayer Assistance Programs, and provide further direction to staff.

EC

MBS



Informational Report on Examples of Ratepayer Assistance Program

Director's request to research

- Director Plambeck requested that staff look into supporting and promoting a Lifeline rate for water rate payers in our valley. (This request was forwarded to the Public Outreach and Legislation Committee for consideration.)
- Public Outreach and Legislation Committee received a report from Assistant General Manager, Steve Cole.
- Director Armitage requested that we continue to look into rate payer assistance for our customers. She mentioned that Elsinore Valley Municipal Water District is creating a rate assistance program for their customers which includes using lease money from their cell towers to offset costs, replacement projects and other programs. She was hoping that the Public Outreach and Legislation Committee could look into something similar.
- The Finance & Administration Committee was presented this topic and had a conversation that included source of funds and potential sizing a pilot program.



Public Policy Institute of California

- **Public water agencies are restricted in assisting low-income customers with water bills.** Many large (private) utilities offer “lifeline” rates that can subsidize bills of low-income customers, but [enrollment is often low](#).
- Private water utilities have been able to expand these programs as rates have risen.
- In contrast, public agencies have been constrained since the 1996 passage of Proposition 218—a constitutional amendment that requires a tight connection between water rates and cost of service. To launch or expand assistance programs, these agencies need to use non-rate revenue (e.g., property taxes) or seek approval of new taxes by two-thirds of local voters.
- As an alternative, the State Water Board has recommended a statewide [low-income water rate assistance program](#) to benefit about 4.7 million households at a cost of about \$600 million annually. Congressional bills have proposed federal water rate assistance, similar to an energy rate assistance program. Racial income disparities mean people of color are more likely to need assistance.



Agenda

- **What is a ratepayer assistance program?**
- **Examples**
- **SB222 Low Income Water Rate Assistance Fund**
- **California Low Income Household Water Assistance Program (LIHWAP)**
- **What *could* a program look like at SCV Water?**



What is a Ratepayer Assistance Program?

- Water bill payment assistance
- Most commonly based on household income
- In Southern California, common requirement is for customer to be the California Alternate Rates for Energy Program
- Reduction of water bill, not full elimination of bill



Examples

Palmdale Water District (PWD) Rate Assistance Program (RAP)

- for eligible seniors 62 and older, veterans of any age and low-income families to assist them with their water bills in 2022.
- Qualifying RAP participants can receive up to 50% off their monthly \$45.52 service fee, or \$22.76, starting in January 2022. Customers must reapply annually.

Elsinore Valley Municipal Water District

- Customer must use 13 ccf (billing units) or less in a thirty (30) day billing period to qualify.
- Customer must register for EVMWD's Advanced Meter Program

East Bay Municipal Water District Customer Assistance Program (CAP)

- to help pay a portion of the water bill for qualified low-income residential customers and eligible homeless shelters
- Eligible customers may qualify for 50 percent off of the standard bimonthly service charge and 50 percent off of the home water use in each eligible household, up to a maximum of 1,050 gallons per person per month (1050/748 = 1.4 billing units per person/month)



Other Programs

- **SB222 Low Income Water Rate Assistance Fund**
 - Establish the Water Affordability Assistance Fund in the State Treasury
 - Authorize the State Water Resources Control Board to establish guidelines and criteria for the program
 - Money deposited in the Fund would be used for
 - Direct water bill assistance
 - Water bill credits to renters
 - Water crisis assistance
 - Water efficiency measures for low-income households
 - Short-term assistance to public water systems
- **Low Income Household Water Assistance Program (LIHWAP)**
 - The State is setting up this federally funded, temporary program to provide assistance with past due water bills to avoid service being shut off.



Other Means of Assistance

- For agencies that do have rate assistance programs, funding is often for a limited term and provided by:
 - The county the agency resides in: Local nonprofits
 - The water agency (using non-ratepayer funds from rental income or surplus land sales)
 - California Department of Housing and Community Development's CA COVID-19 Rent Relief program
- At this time Los Angeles County does not provide rate assistance for water bills and we have not identified any nonprofits in the region providing assistance.



A Simple Estimate of Assistance

- According to state and county poverty guidelines, 8.4 percent (17,058) of Santa Clarita Valley (SCV) residents live below the poverty line, which is less than the state's poverty level of 11.8 percent.
- Assuming 4 residents per water account 17,058 residents below the poverty line/4 = 4,264 eligible accounts
- Assuming assistance of 50% of the fixed charge of $\frac{3}{4}$ " Monthly Fixed charge of \$18.38 (\$9.19)
- Annual cost would be (4,264 accounts X \$9.19 per account per month x 12 months) \$470,233
- This simple analysis does not include the cost of advertising or administration of the program



Where Would the Funding Come From?

- For an Agency program, non-rate revenues could be used
 - Currently non-rate revenues are used to offset the need for higher rates for all customers
 - Such an action may trigger the need for a new cost of service study



Questions / Comments / Discussion

