



Community Affordability

A series of conversations about how utility rates impact rate-payers



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WICHITA STATE
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EFC at UNC's mission:

Dedicated to enhancing the ability of governments and other organizations to provide environmental programs and services in fair, effective and financially sustainable ways through:

- Direct advising
- Applied research
- Teaching and outreach



Part of the
UNC School of Government



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Region 4—Southeast US

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Implementing a Customer Assistance Program (CAP)



Community Affordability

A SERIES OF CONVERSATIONS



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Where we've been:

- Understanding Affordability: definitions, metrics, and tools to measure affordability
- Customer Empathy: how to be aware of how rates impact customers
- Rate Structure Design and Policies: how to structure rates to address affordability



Rate setting

Assistance programs

Fines/Fees for non payment

Assistance funding

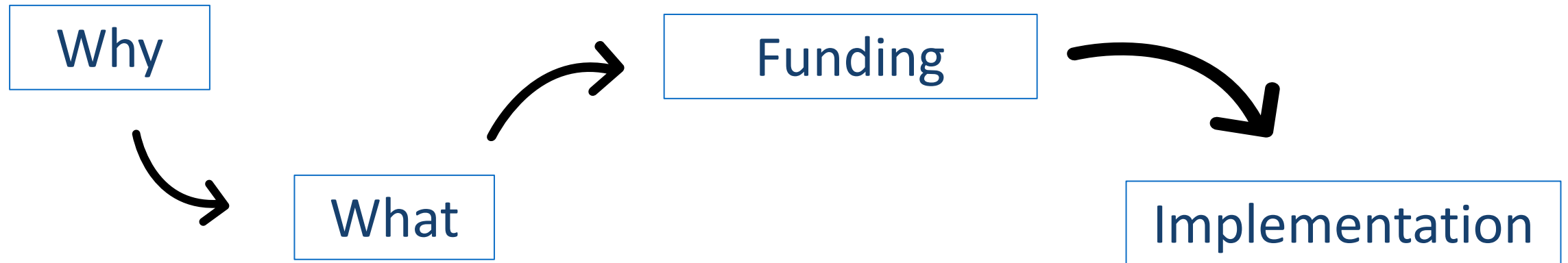
Bill collection

Disconnection practices



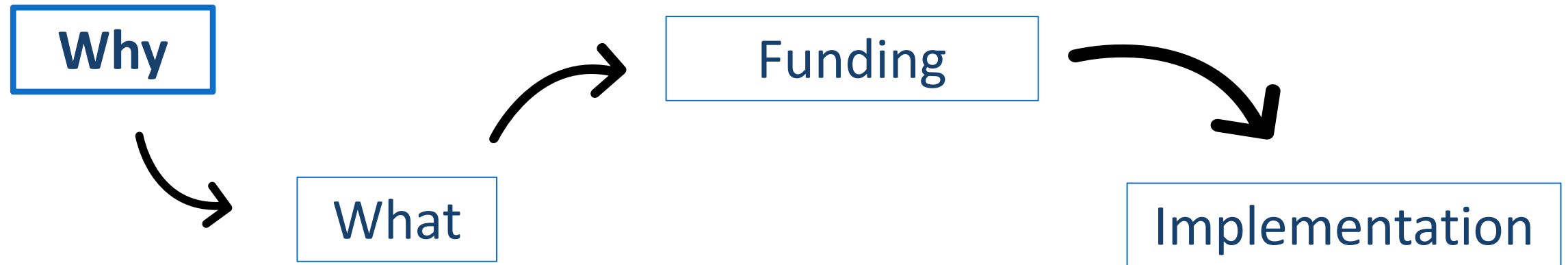
Where we're going:

Customer Assistance Programs



Where we're going:

Customer Assistance Programs





Why have a CAP?

- Protect public health
 - Keep customers connected to a vital service
- Meet revenue requirement
- Communicate to decision makers and customers
- The tenant with a leaky pipe isn't punished for landlord's apathy
- The middle schooler doesn't need to quit football
- The single mom doesn't lose her house



Important

Avoid maintaining low rates at the expense of your utility's financial health.

It will either lead to a sudden, massive rate increase in the future or to failing systems and endangering public health.



“In every community in the U.S., some households inevitably have difficulty in paying water and wastewater bills. The relative number may be large or small, but there are always some that find public utility service unaffordable. This is true whether the community as a whole is wealthy or poor, whether the average cost of water and wastewater service is high or low, and whether the utility’s collections policy is strict or lax.”

—Environmental Financial Advisory Board (EFAB)

[Drinking Water and Wastewater Utility
Customer Assistance Programs, EPA 2016](#)

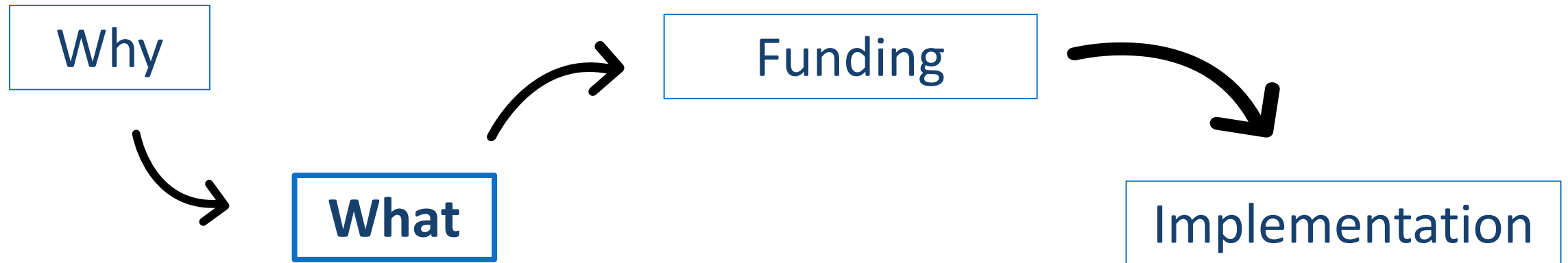
A blue-tinted photograph of industrial machinery, including pipes, valves, and a large cylindrical tank, serving as a background for the top portion of the slide.

Why have a CAP?

- Improve revenue stability
- Avoid costs of collecting on debts, disconnection, reconnection
- Communicates positively to customers

Where we're going:

Customer Assistance Programs





What are CAPs?

What are Customer Assistance Programs?

- Lifeline Rate
- Bill Discount
- Flexible Terms
- Temporary Assistance
- Water Efficiency

[Drinking Water and Wastewater Utility
Customer Assistance Programs, EPA 2016](#)

A blue-tinted photograph of a water treatment plant with various pipes and machinery. A semi-transparent white box is overlaid on the top part of the image, containing the title.

Lifeline Rate

- Customers pay a reduced rates for an allotted amount of water to address their basic needs.
- “Consumption allowance”

Lifeline Rate



- Easy to implement across entire service population
- Encourages conservation



- If no application, then may benefit more customers than needed
- Large households may need more consumption

Lifeline Rate: Corsicana



Eligibility: The customer must be 65+

Benefit(s): 2,000-gallon monthly allowance; reduced Street Improvement Fee

THIS APPLICATION REQUESTS THE FOLLOWING IN DISCOUNTS FROM THE CITY OF CORSICANA:

- A 2,000 gallon allowance for inside city limit residential customers with a $\frac{3}{4}$ inch meter. This discounted rate is only available for the customer's primary residential account.
- A reduced Street Improvement Fee Charge of \$7.00/month.

These discounts expire **ANNUALLY**, on September 30th. A **NEW APPLICATION** is due each October 1st, for the upcoming year. It is the customer's responsibility to apply for the discount each year.



Bill Discount

- Customers' bills are reduced by the utility.
- Discounts are typically granted long-term and can be applied to any part of a bill.

Bill Discount



- Can be applied to any bill or part of a bill
- Can target a specific population



- May need to be calculated each month
- May not be legal in every state

Bill Discount: California Water Service

Eligibility: Determined by gross annual income and household size

Benefit(s): Monthly 50% discount



Quality. Service. Value.®

Customer Assistance Program (CAP)

CAP (formerly known as LIRA) offers a service-charge discount to qualifying low-income customers.

To qualify for CAP:

- The Cal Water bill must be in your name.
- You must live at the address where the discount will be received.
- Your household must meet the income guidelines detailed below OR someone in your household must be enrolled in a qualified public assistance program.
- You must notify Cal Water if your household no longer qualifies for the CAP discount.
- Following enrollment, you may be required to provide proof of eligibility.
- You are required to recertify your eligibility every two years (four years if you have documentation proving you are handicapped or elderly [62+]).

Maximum Household Income (effective June 1, 2022 – May 31, 2023)

To be eligible for CAP based on household income, your household's gross annual income may not exceed these guidelines:

Household Size	1-2	3	4	5	6	7	8
Total Combined Annual Income	\$36,620	\$46,060	\$55,500	\$64,940	\$74,380	\$83,820	\$93,260

(Add \$9,440 for each additional household member)

You may also apply for CAP by completing the appropriate application below, signing it, and mailing it to California Water Service, Attn: Customer Service Department, 1720 North First Street, San Jose, CA 95112. Alternately, you may scan the completed application and e-mail it to cap@calwater.com. After your application is received, you may be asked to provide proof of income.

- Residential single-family
- Agricultural employee housing facility
- Migrant farm worker housing center
- Non-profit group living facility



Flexible Terms

- The utility changes the terms of bill payments in a way that helps the customer.
- Changes in billing frequency and levelized billing are common approaches.

Flexible terms



- Can provide flexibility to customer without having any uncollectable amount for utility



- Can be administratively burdensome
- Needs to be communicate with billing system

Flexible Terms: Huntsville

Eligibility: Must be a residential customer for 12 months

Benefit(s): Levelized payment

Average Monthly Billing (AMB): AMB is an optional program designed to allow for a more even distribution of utility payment amounts by making averaged payments based on a twelve month history. This results in a fluctuating amount due each month (or rolling average) and eliminates considerable deferred balances from being carried forward. The AMB program is not designed to save money nor is it designed for customers that need to make payment agreements on monthly bills. If customers discontinue the program, or close their account, any deferred balance will be due in full.

Qualifications:

- Residential Customer
- No Collection Activity
- Zero account balance
- Twelve months of continuous billing at current address
- No payment agreements are provided while on this program

To learn more about this program please contact HU. To determine if you qualify for this program please complete the form on HU's website (www.hsvutil.org).



HUNTSVILLE UTILITIES
ELECTRICITY • NATURAL GAS • WATER



Temporary Assistance

- Focused, one-time or short-term assistance for customers in need.

Temporary Assistance



- Can provide significant assistance to prevent disconnection



- Can be administratively burdensome
- Often not enough funds
- Customers may need ongoing assistance

Temporary Assistance: Fort Collins, CO

Eligibility: Must be at risk for disconnection

Benefit(s): Payment assistance once every 12 months



Need help paying your bill? Residential customers whose electric or water accounts are past-due may request assistance from the Payment Assistance Fund once per 12-month period (Oct. 1 – Sept. 30). Contact one of the following agencies to apply for assistance:

- **Discover Goodwill**
1-888-775-5327
- **Catholic Charities Larimer County**
970-484-5010
460 Linden Center Drive, Fort Collins
Monday-Thursday, 8 a.m.-4 p.m.
- **La Familia/The Family Center**
970-221-1615
309 Hickory St. #5, Fort Collins
Monday-Friday, 8 a.m.-12 p.m. and 1-5 p.m.
- **Neighbor to Neighbor**
970-829-0296
1550 Blue Spruce Drive, Fort Collins
- **Colorado State University**
970-491-8051
CSU students and staff only



A blue-tinted photograph of a water treatment plant with various pipes and machinery. A semi-transparent white banner is overlaid at the top, containing the title.

Water Efficiency

- Utilities minimize customer bills through funding water efficiency measures.
- Replacing inefficient fixtures and assisting with leak repair are common approaches.

Water Efficiency



- Encourages conservation and long-term bill reduction



- Can be administratively burdensome
- Can only reduce bill so much

Water Efficiency: Fayetteville

Eligibility: Purchase of a WaterSense High Efficiency Toilet

Benefit(s): Bill credit of 25% of the cost of the toilet



WaterSense® High Efficiency Toilet Incentive Program

Toilets are the biggest source of water consumption in a home. The average household can save over 10,300 gallons of water per year by replacing just one toilet that uses 3.5 gallon per flush with a high efficiency toilet. PWC is offering residential water and sewer customers the opportunity to earn a bill credit of 25% of the purchase price of each toilet (not including tax, handling, shipping or installation charges). The maximum incentive allowed is up to \$75 per WaterSense High Efficiency Toilet or up to \$225 for three (3) toilets. This offer is valid until further notice.



A blue-tinted photograph of a water treatment facility with various pipes and machinery.

Poll: Do you have a CAP? If so, what kind?

If multiple, chose the most widely implemented.

- Lifeline Rate
- Bill Discount
- Flexible Terms
- Temporary Assistance
- Water Efficiency
- Other (please describe)
- No CAP

Water Assistance Programs



Water and sewer customer assistance programs in the U.S.

<https://waterassistanceprograms.org/>

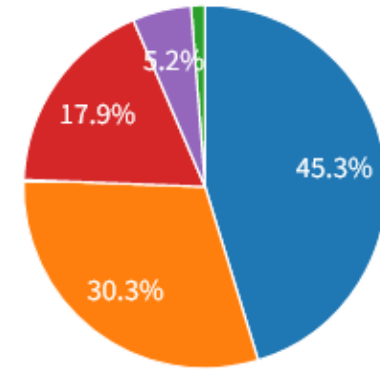
Water Assistance Programs

383 utilities: 64.5% had a CAP

Water and sewer customer assistance programs in the U.S.

<https://waterassistanceprograms.org/>

Type of Customer Assistance Programs



- Bill Discount
- Flexible Terms
- Lifeline Rate
- Temporary Assistance
- Water Efficiency

Where we're going:

Customer Assistance Programs





How are CAPs funded?

How you pay for it matters!

A blue-tinted photograph of a water treatment plant with various pipes and machinery. A semi-transparent white box is overlaid at the top, containing the title.

CAPs funding

Depends on the CAP

- Rate revenue

- Non-rate revenue

- General fund

- Donations

- State/federal funds

A blue-tinted photograph of a water treatment plant with various pipes and machinery. A semi-transparent white box is overlaid on the top part of the image, containing the title text.

CAPs funding

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Navigating Legal Pathways

- In this guide, state policy on CAPs that rely on customer rates revenue is assessed for all 50 states, Washington D.C., and Puerto Rico
 - Few states explicitly authorize CAP programs
 - The administrative authority of home rule allowed local development of CAPs in other states
 - There are also differences in limitations for private and public utilities as well as commission and non-commission regulated utilities

Navigating Legal Pathways to Rate-Funded Customer Assistance Programs:

A Guide for Water and Wastewater Utilities

Navigating Legal Pathways

- Therefore, state law must be carefully interpreted to determine program limitations. Three approaches are identified:
 - Adopt policies explicitly allowing CAPs at state and local levels;
 - Develop sound reasoning for the legality of the CAP program in question;
 - Or create a CAP that does not rely on customer rate revenues.

Navigating Legal Pathways to Rate-Funded Customer Assistance Programs:

A Guide for Water and Wastewater Utilities

Figure 1. Commission-Regulated Utilities: Ability to Implement CAPs Funded by Ratepayer Revenues, by State

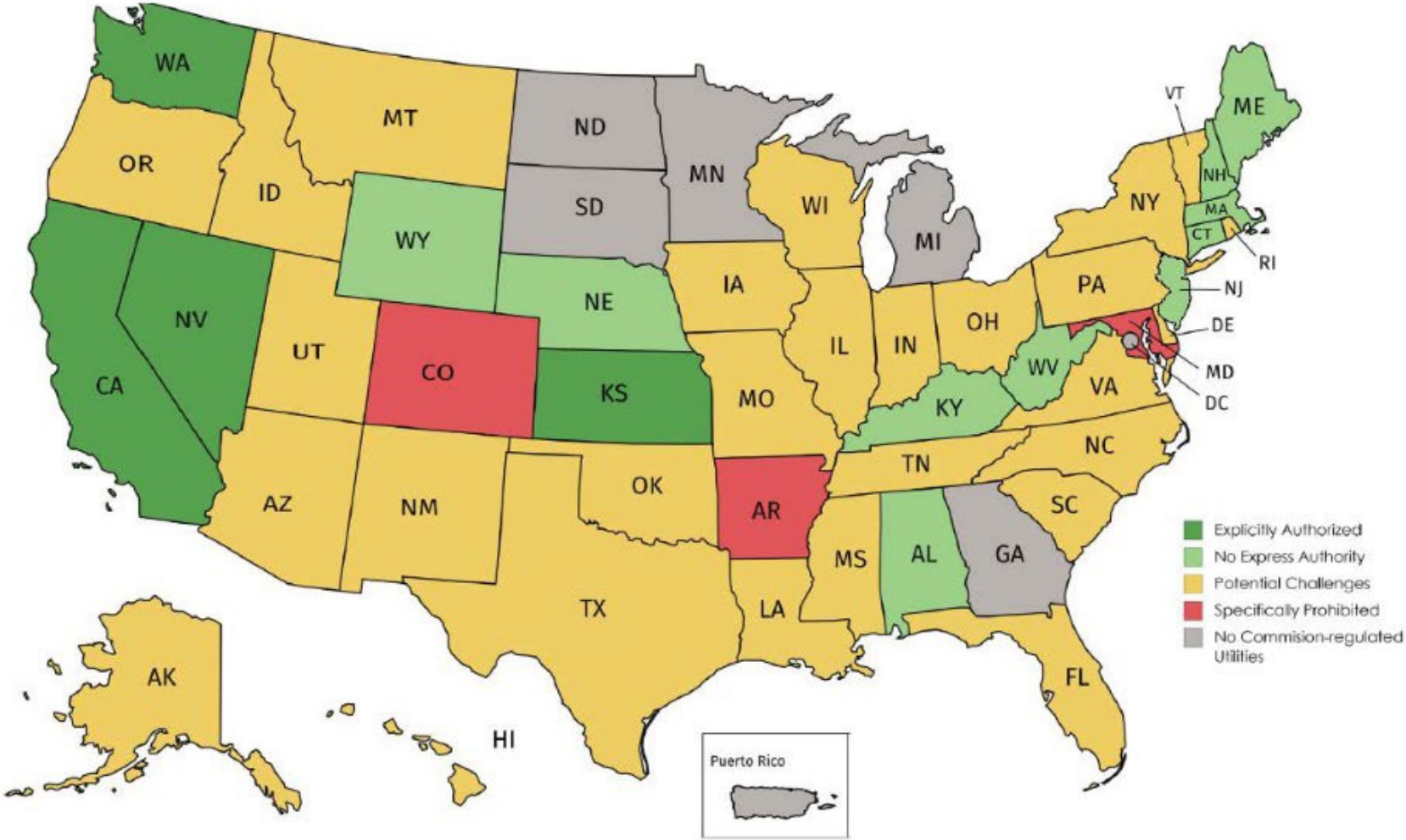
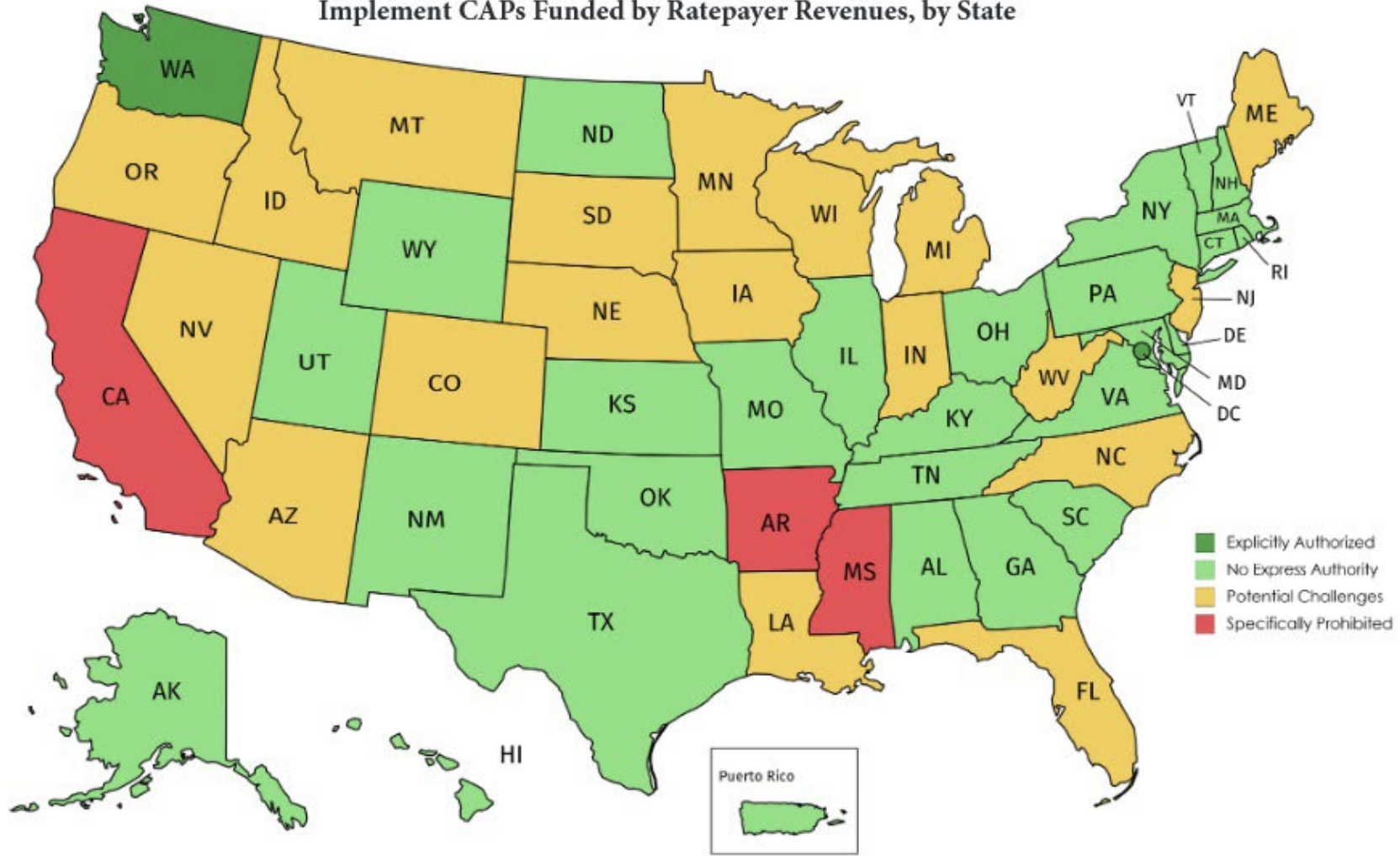


Figure 2. Noncommission-Regulated Utilities: Ability to Implement CAPs Funded by Ratepayer Revenues, by State



Cost Estimation Tool for Bill Payment APs



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Bill Payment Assistance Program Cost Estimation for Water Utilities

Version 2.1 (updated May 2021)

Developed by the Environmental Finance Center at the University of North Carolina, Chapel Hill
efc.sog.unc.edu

Originally funded by the Water Research Foundation (project #4366).
Updated under a cooperative agreement with the U.S. Environmental Protection Agency (EPA) under the Smart Management for Small Water Systems project by the Environmental Finance Center Network.



What are Water Bill Payment Assistance Programs?

To help residential customers with low or fixed incomes pay water and/or wastewater bills they cannot afford, some utilities have set up bill payment assistance programs. Bill payment assistance programs vary from utility to utility. For the purposes of this tool, bill payment assistance programs refer to programs that set aside funds that can be used to pay part or all of a customer's bill when the customer shows that they cannot afford to pay the full amount. Bill payment assistance programs can be organized and administered in a variety of ways by different types of organizations, and can be funded through donations, bill round-up programs, grants, the General Fund, or a number of ways. In a small number of states, it may be permissible to use revenues collected from water bills on other customers to fund bill payment assistance programs.

Find out more about [Water Affordability Programs](#) and [Best Practices in Bill Payment Assistance Programs](#) on the Water Research Foundation website.

Donations

- Flat donation vs. round up
- Separate accounting may be needed
- Businesses, non profits, and citizens



The Town of Elkin Utility Donation Fund is a voluntary assistance program funded by donations from Elkin utility customers and other individuals and organizations. The Town Staff and the Elkin Water Committee, will work together to provide emergency assistance for low-income families and people in crisis. Only Town of Elkin residential utility

Is My Donation Tax Deductible?

Contributions to *The Town of Elkin Utility Donation Fund* Program may be tax deductible. The Town will provide you with annual statements documenting your total deduction.

Funding at State/Federal Level

- States vary greatly
- Nationwide: LIHWAP funded once, TBD if sustained funding will come

Poll: How do you fund your CAP?

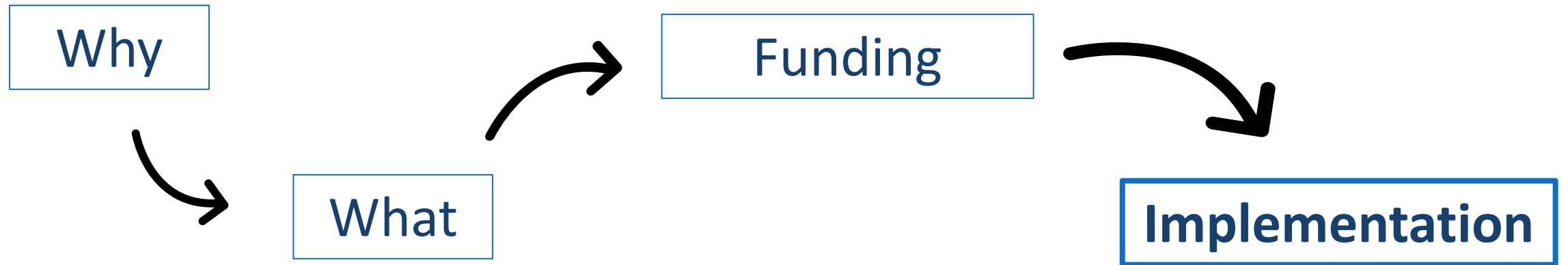
- No CAP
- General Fund
- Donations
- Non-rate revenue
- Rate revenue

Poll: How would you fund your CAP?

- N/A
- General Fund
- Donations
- Non-rate revenue
- Rate revenue

Where we're going:

Customer Assistance Programs



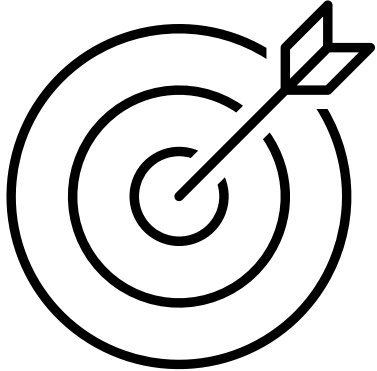


Implementing a CAP

CAP Implementation



CAP Implementation



CAP Implementation: General Guidelines


- Set your goal
- See how policies align with CAP goal
- WRITE DOWN POLICIES
- Check with local attorney

CAP Implementation: Community Engagement

- Ask your customers
 - Survey via mail, online, phone
 - Informal conversations with billing clerks/customer service staff
- Ask your community organizations
 - Local non profits
 - DHHS
 - Organization that help with rental assistance, food, more

CAP Implementation: Getting the word out

- Work with local organizations
- Multiple modes of communication: mailings, tear off postcards, website as mobile friendly, social media, posting information around town, door hangers
- Multilingual, if appropriate



CAP Implementation: Getting the word out

<https://sanfordnc.net/743/Sanford-Cares>

CAP Implementation: Application Process

- Work with local organizations
- Hard copy forms distributed to many places, via phone, online option
- Making it easy: self attestation, not requiring SSN or other requirements.

CAP Implementation Eligibility Guidelines

- Know what is legal in your state (is a government unit limited to providing assistance just for low-income citizens?)
- Bill past due needed? Water disconnected? The less restrictive, the easier it will be.
- Federal poverty level, can also look at Area Household Income
- Categorical Eligibility

CAP Implementation Benefit Levels

- Are other charges included on water bill?
- X months worth of payments?
- All of bill? Half of bill?
- Consider how many customers you hope to assist

CAP for Renters

Renters are particularly

Hard to reach report



SEARCH

RESEARCH

RESOURCES

PROPOSALS

INNOVATION

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Project #4557

Customer Assistance Programs for Multi-Family Residential and Other Hard-to-Reach Customers



Bill payment assistance program?
When can a customer apply?





CAP Implementation: Evaluate

Is the CAP actually effective? Why or why not? What can you do to meet the goals of the CAP?

Might require other policies to change

A blue-tinted photograph of a water treatment plant with various pipes and machinery.

CAP Example: Elkin, NC

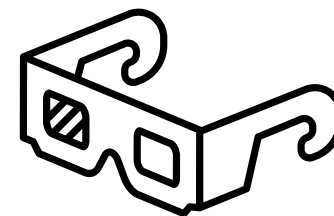
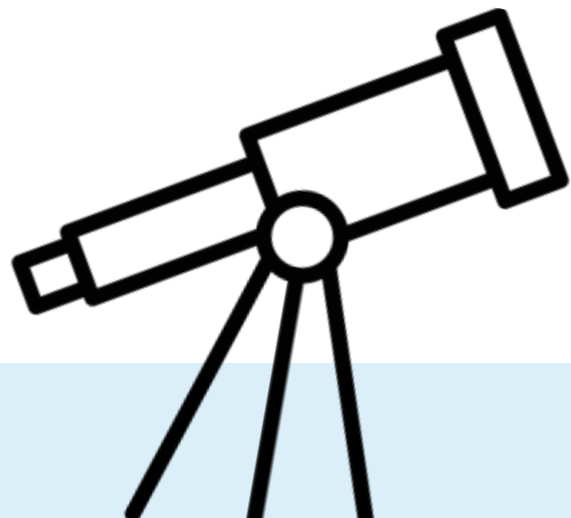
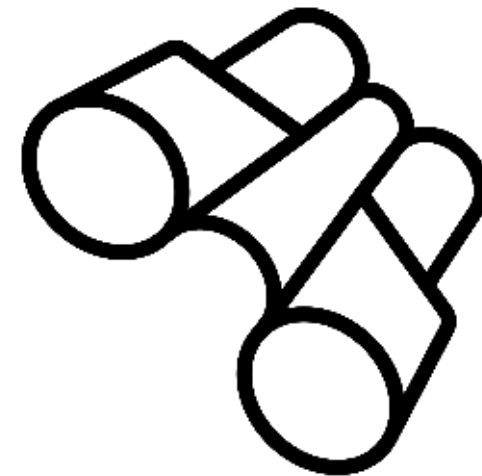
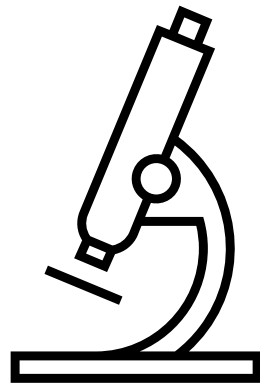
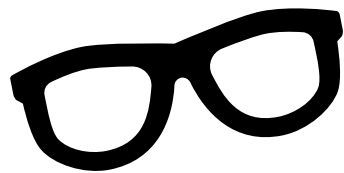
Service Population: 4024

Bill Payment Assistance Program

COVID motivation

Citizens asked for a mechanism to donate

Water committee decides on a case by case basis





Complex issue = complex solutions

- Encourage water utility sustainability (can your system survive/thrive?)
- Get to know your customers and their challenges with bill payment
- Examine your rate structure
- Evaluate your fees and procedures for late payment (and possibly other policies)
- Consider flexible billing, efficiency programs, and more
- Explore possibilities for bill payment assistance



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Thank you!



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