California Public Utilities Commission

Joint Workshop on Water Affordability
October 30, 2020
Public Workshop – R.17-06-024
Data from Water Utilities’ Bi-Weekly Reports

California Public Utilities Commission
Water Division
October 30, 2020
Customer Assistance Program (CAP)

- Offered by all 9 Class As to low-income residential customers
  - Average discount per month: $10.50

- Eligibility
  - Mirrors CARE Program of Energy Utilities
  - 200% of Federal Poverty Level or below
    - Current income eligibility for 4 person household: $52,400

- Data Sharing with Energy Utilities to increase enrollment
  - Authorized in 2011 by Decision No. 11-05-020
  - Exchange occurs twice a year
    - Automatic Enrollment
Timeline of Reports

- **March 4**: Governor Newsom declares State of Emergency related to COVID-19
- **March 17**: CPUC Executive Director’s Letter
  - Require IOUs to implement Emergency Customer Protections
  - Ratified by Res. M-4842 on April 16
- **April 2**: Governor Newsom Executive Order N-42-20
  - Disallow water shut off to residential customers
- **April 30 / May 1**: Initial Water Division data requests to Class As
  - Bill arrearages and CAP enrollment
- **May 13**: Water Division’s Letter to Class As
  - Bi-weekly reports on CAP enrollment
- **June 2**: R.17-06-024 Scoping Ruling
  - Bi-weekly reports of bill arrearages and CAP enrollment through end of September
  - Monthly reports through end of June 2021
• Enrollment trending down before COVID
• Total Enrollment Increase since March: **24,079** or **10.9%**
  – 21% of 1.2 million residential customers
  – Rise in May and August from data exchange with Energy utilities
• Utilities stopped removing customers from CAP during COVID
  – Halted verification and recertification
The number has risen from an average of about 143,000 in 2019 to over 230,000 in September 2020, about 62%
The percentage has risen from an average of about 11.3% in 2019 to 18.3% in September 2020, about 62%

Based on Average Number of Customers in 2019
• Overall in 2019, the Average Arrearage amount was about $168
• By September 2020, the average had risen to about $226
The number has risen from an average of about $24 Million during 2019 to about $52 million in September, about 117%.
• Arrearage total averaged about 1.3% of Total Revenue in 2019. By September 2020 it was up to 2.9%, more than double
• Based on 2019 Annual Revenue
Thank You

California Public Utilities Commission
Water Division

www.cpuc.ca.gov/water
Response to COVID-19 Water Sector Impacts

Max Gomberg
State Water Resources Control Board
Background

• Executive Order N-42-20 (April 2, 2020)
  • Water Board to identify best practices and guidelines to address non-payment, continuity of service, and sharing of supplies, equipment, and staffing
  • Guidelines issued April 30, 2020
    • https://www.waterboards.ca.gov/resources/covid-19_updates/docs/eo_implementation_guidelines_04302020.pdf
  • June 2020 survey to community water systems on financial and operational impacts
    • Low response rate
Background

• Creation of reporting website and (800) number for people to raise conflicts and concerns regarding shut offs, service restoration, and payment options
  • [https://watershut-off.covid19.ca.gov/](https://watershut-off.covid19.ca.gov/)
  • 844-903-2800 for people requesting translation assistance

• Issues reported include:
  • Shut off language on late bill notices
  • Landlords requesting shut offs despite units being occupied
  • Longstanding shut offs due to ownership and occupancy disputes
Key Concerns

System Financial Impacts

- Smaller water systems experiencing significant revenue losses may face near-term bankruptcy
- Systems without the ability to pay for operations may not be able to deliver safe drinking water

Household Debt Impacts

- Financially impacted customers are not able to pay their water bill
- Potential for significant debt accumulation and widespread shutoffs after shutoff moratorium is lifted
Current Data Collection Effort

Goals:

• Understand magnitude and distribution of financial impacts to water systems and households
  • Representative sample of 2,900 community water systems, including investor-owned water utilities

• Develop statewide estimates
  • Customer debt
  • Systems facing financial crisis

• Inform discussion on financial assistance options, policy development, and emergency response
Water System Impacts Survey

- 400 small and medium CWS (<10,000 service connections (s.c.))
- Bin approximately 500 systems
- Target 80% response rate in each bin
- 90% confidence level with 5% margin of error

- Bin A (< 1009 s.c.)
  - 236 CWS
- Bin B (1009 – 3090 s.c.)
  - 125 CWS
- Bin C (3090 – 5868 s.c.)
  - 75 CWS
- Bin D (5898 – 9999 s.c)
  - 64 CWS
Water System Impacts Survey

Questions:

• Changes in revenues and expenses since March 4, 2020 (Governor’s declaration of a state of emergency)

• Cash reserves + any loans or bridge financing

• Number of months prior to financial crisis if current trends continue
Household Impacts Survey

150 large CWS (>10,000 service connections (s.c.))

Target 100% response rate for 10 largest systems and 85% response rate for all others

Survey will be open to all large systems

90% confidence level with 5% margin of error
Questions:

• Number of delinquent residential accounts
  • Total debt and distribution of debt (e.g., $100-$200)
  • Spatial distribution of indebted households by zip code
• Length of delinquency
• Late fees
• Repayment plans
• Drinking water specific debt for systems with combined bills (e.g., wastewater, power, stormwater)
Differences from data being provided to the CPUC

- Magnitude and spatial distribution of debt
- Total debt vs. drinking water debt for systems with combined bills
- Late fees

This section is a more detailed breakdown of account delinquency by geography and debt level.

Instructions: For each zip code in your service area, please indicate the number of accounts that have a delinquency amount in the range of the column header.

Table 3: Number of residential accounts at different delinquency levels by zip code

<table>
<thead>
<tr>
<th>Zip Code</th>
<th>Less than $100</th>
<th>$100-$200</th>
<th>$200-$300</th>
<th>$300-$400</th>
<th>$400-$500</th>
<th>$500-$600</th>
<th>$600-$700</th>
<th>$700-$800</th>
<th>$800-$900</th>
<th>$900-$1000</th>
<th>More than $1000</th>
</tr>
</thead>
</table>
Survey Implementation Timeline

- Surveys released: November 9, 2020
- Staff workshop for large water systems: November 16 or 18, 2020
- Survey responses due: November 23, 2020
- Staff analysis and follow up with non-responsive systems: November 30 – December 18, 2020
- Report to the Board: January 5, 2021
Questions?

Contacts:

Household debt survey
• Max Gomberg
  Max.Gomberg@waterboards.ca.gov

Water System Impacts Survey
• Sean McCarthy
  Sean.McCarthy@waterboards.ca.gov
Customer Protections

- **D.19-07-015**
  - Established emergency customer protections in the event of emergency
  - Includes emergency protection from disconnection due to unpaid bills for Water IOU customers

- **Resolution M-4843**
  - Issued April 16, 2020
  - Institutes emergency customer protections for COVID-19 pandemic
Customer Protections: Cal Advocates’ Goals

• Avoid Non-Payment Disconnections
  o Public Health Issue

• Maximize Customer Assistance Program (CAP) Enrollment for Qualified Customers
  o Increase data sharing with Energy IOUs
    ▪ Quarterly during non-emergencies
    ▪ Monthly during emergencies? (assess possibility)
  o Changes needed? (assess participation rate)

• Minimize Arrearages
  o Assess if arrearages are increasing due to COVID
  o Assess what interventions will make an impact
Arrearages - Definition

Definition of *arrearage*
1: the condition of being in *arrears*
2: something that is in arrears

Definition of *arrear*
1: the state of being behind in the discharge of obligations —usually used in plural
2a: an unfinished duty
2b: an unpaid and overdue debt

*Arrearage:*
The condition of having an unpaid or overdue debt
Cal Advocates’ Arrearage Analysis

• Analyzed Water IOU Arrearage Data
  o Provided in different formats
  o Not all removed <30 days
  o Not all divided by Customer Class
  o Not all divided by 30+, 60+, 90+ age

• COVID Impact: Compare to Prior Years
  o Many Water IOUs did not provide prior years’ data

• More Data Needed
Recent Arrearage Trends

![Graph showing arrearage trends per connection over months from January to August in 2020 for GSWC, CAW, and SJWC.]
% of Bills in Arrears
Golden State Water Company

GSWC 2019
GSWC 2020
% of Bills in Arrears
California American Water Co.

% of Bills in Arrears

Jan  Feb  Mar  Apr  May  Jun  Jul  Aug

CAW 2019  CAW 2020
Residential Arrearage
Great Oaks Water Company

- Aging > 30 days
- Aging > 60 days
- Aging > 90 days
- Aging > 120 days
Commercial Arrearage
Great Oaks Water Company

![Graph showing the total arrearage over time for different aging categories.]
Residential Arrearage
Suburban Water Company

Total Arrearage $}

$ -

$200,000

$400,000

$600,000

$800,000

$1,000,000

6/13/20 7/13/20 8/13/20 9/13/20

Aging > 30 days

Aging > 60 days

Aging > 90 days
Commercial Arrearage
Suburban Water Company

![Chart showing total arrearage over time for different aging categories.]

- Aging > 30 days
- Aging > 60 days
- Aging > 90 days
Trends/Patients in Data

- Arrearages generally decreasing from 30+ to 60+ to 90+ days
  - Customers are continuing to pay late bills thus far
- Arrearages/customer compared to 2019
  - GSWC:
    - 2020 is higher
  - Cal Am:
    - 2020 is slightly higher Feb-May
    - 2020 is slightly lower June - Aug
- To be determined...
  - Still analyzing data
More Questions Than Answers

- More analysis needed prior to policy changes
- Changes should be guided by a data driven process
- Questions
  - Are arrearages a problem?
    - How do arrearages compare pre- and post- COVID?
    - Differs by size of utility?
    - Specific customer classes more affected?
    - Magnitude of impact?
  - Is it getting better or worse?
    - Change over time?
    - Changes associated with end of CARES Act?
More Questions...

- **Customer Assistance Program (CAP) vs. Non-CAP Arrearages**
- **Payment Plans**
  - What are the specifics of different Water IOUs’ payment plans?
  - How are payment plans communicated to customers?
  - Do the specifics and communication make a difference in how many customers sign up for payment plans?
- **Energy Arrearage Management Plan**
  - Any results thus far?
  - What can we learn?
- **CAP Implications**
  - Increases sustainable?
Data Needs

• Prior Years’ Data

• Arrearages ($s and # of Customers) Broken Down By:
  - Customer Class
  - # of days late
  - Payment Plan Participation
    - Customers behind in plans
    - Customers on track

• CAP vs. Non-CAP Arrearages

• Current and Prior Years’ Actual Uncollectibles
Recommended Arrearage Cost Recovery

• No double (or triple) recovery of costs
  o COVID emergency memo account
  o Uncollectibles (budget authorized in GRC)
  o Other memorandum accounts

• Requirements for Recovery
  o No recovery before uncollectible budget exceeded
  o Tracked Savings should be subtracted from Tracked Costs
  o Demonstrate reduced spending
  o Shareholders share costs with ratepayers

• Pool Funds for Recovery?
  o May require legislative action
End of Morning Session
Q&A
Panel 1

Possible Solutions to deal with arrearages and other programs as appropriate present/future
Joint Workshop – SWRCB and CPUC
Strategic Responses to COVID Impacts in the Water Sector
CPUC R.17-06-024 Phase II
October 30, 2020

Greg Milleman – VP, California Rates
Immediate Actions to Help Customers in Response to Coronavirus

Direct Customer Benefits
• Regularly communicated with customers and city/community leaders about customer protections, assistance programs, and water safety
• Suspended disconnections for non-payment & restored service
• Waived reconnection fees & deposits

Indirect Customer Benefits
• Activated water system operations continuity plans
• Took actions to protect the health and safety of employees
Actions to Help Customers as COVID-Related Financial Challenges Developed

• Using Low-Income Ratepayer Assistance (Customer Assistance Program) to support customers
  – Maintaining existing customers in LIRA program
  – Conducting voluntary extra data share with energy companies
  – Promoting LIRA option to customers having trouble paying their water bills
• Providing reasonable payment options
• Pursuing “customer care” calls
• Provided hardship grants
• Developed and currently offering new landscape & irrigation audit and repair program
Potential Solutions and Opportunities to Explore to Further Assist Customers with COVID-Related Financial Challenges

• LIRA – (Customer Assistance Program)
  – Reconsidering eligibility to reflect immediate and forward-looking financial hardships (i.e. COVID)
  – Pursuing more frequent and efficient data-sharing process

• Commission Customer Assistance Program clearinghouse
  – Similar to Supplier Diversity with efficiencies from centralized processing
  – Apply standardized criteria to all water companies
Potential Solutions and Opportunities to Explore to Further Assist Customers with COVID-Related Financial Challenges

• Programs that reduce water use
  – Market to LIRA customers and those having trouble paying bills

• Deferred payment plans with some form of debt forgiveness
  – Assist customers in managing payments on accumulated past-due balances
  – Reward performance and encourage continued compliance with plan
  – Capture program costs for future recovery from other sources (e.g. federal or state grants, sur-charges, etc.)
Ongoing Responses and Potential Solutions

Wes Owens
Director of Rates and Regulatory
October 30, 2020
Guiding Question #1 - Is the Status Quo Effectively Protecting Customers?

YES

Under Emergency Customer Protections adopted by CPUC our most vulnerable customers have access to safe, clean, reliable water during global health emergency. However,...

While the continued suspension of disconnections may provide temporary relief to customers suffering a hardship, it will result in higher monthly payments post-moratorium. Further,…

All customers will be adversely affected by the continued suspension of disconnections in that likely higher bad debt expense will be allocated among and borne by other paying customers.
Guiding Question #2 - What techniques have been effective in helping customers manage arrearages?

Cal Am has several programs to help customers manage arrearages and reduce bills

- Payment Arrangements
- Budget Billing Options
- Customer Assistance Program
- Hardship Assistance Program
- Conservation Programs
Guiding Question #3 - How else should water systems prepare to assist customers facing arrearages?

• Allow Water Shutoff Protection Act to be put fully into practice (see next slide)

• Continued communication with customers:
  • Bills are past due and customers are encouraged to participate in available assistance programs even during moratorium period
  • Provide as much advanced warning as possible prior to lifting Emergency Customer Protections

• Expand existing Hardship Assistance Program statewide

• Statewide coordinated response covering Munis and WIOUs should be high priority

• Support water industry advocacy for federal subsidies to create LIHEAP type program for water utilities, including eligibility for customers of WIOUs
Primer on Water Shutoff Protection Act

Water Shutoff Protection Act (SB 998)

- Payment is not considered past due until 19 days after mailing (Tariff Rule 11).
- An urban and community water system shall not discontinue residential service for nonpayment until a payment by a customer has been delinquent for at least 60 days.
- No less than seven business days before discontinuation of residential service for nonpayment, an urban and community water system shall contact the customer named on the account by telephone or written notice.
- If the urban and community water system is unable to make contact with the customer by telephone, and written notice is returned through the mail as undeliverable, the water utility shall make a good faith effort to visit the residence and leave a notice of imminent discontinuation of residential service for nonpayment.
- If the water bill is appealed the water system shall not discontinue service while the appeal is pending.
- A water company shall not discontinue service if all of the following conditions are met:
  - Disconnection would be life threatening or pose a serious threat to health and safety
  - Customer is financially unable to pay within normal billing cycle
  - Customer is willing to enter into an amortization agreement, alternative payment schedule, or a plan for deferred or reduced payment consistent with water utility's written policy.
Should we consider arrearage management plans?

If an arrearage management plan is considered look to a plan that has worked for water utilities.

**Illinois Stipulated Agreement**

- Stipulated agreement was the result of productive discussions, and unanimous agreement, between electric, gas, and water utilities, joint consumer parties, and Illinois Commerce Commission staff.
- Deferred Payment Arrangement Plans – similar in structure to Cal Am payment arrangement option for residential customers.
- Bill Payment Assistance – plans individually tailored to each utility, capped at authorized uncollectibles, and managed by third parties (Salvation Army).
- Timely program cost recovery provided through COVID-19 Special Purpose Rider.
Conclusions

• Current Emergency Protections are effective in protecting customers from disconnections, but are driving increased arrearages.

• Customer engagement in payment arrangement program has dropped as customers rely on Emergency Protections.

• Support efforts to engage customers in available customer assistance programs and allow Water Shutoff Protection Act to be put into practice.

• Statewide coordinated response covering Munis and WIOUs should be the top priority.

• Model AMPs off a template that has worked for water utilities.
Responses to COVID Impacts

CPUC Rulemaking 17-06-024

John Tang, VP of Regulatory Affairs

October 30, 2020
Customer Protections/Assistance

- Suspended shutoffs to all customers (business and residential) on March 12
- Notified Commission and local governments
- Contributed over $25K from charitable fund to COVID-related relief efforts
- Restarted water check-up program to help customers use water more efficiently
- Executing customer communications plan to inform about protections through press release, bill inserts, website, social media
Water Rate Assistance Program

- Currently ~23,500 enrolled (12% of residential customers)
- Successful July data exchange
- Multilingual digital and print campaigns in English, Spanish and Vietnamese
- Social media campaigns via Facebook, Twitter, and Instagram
- Postcard to all customers highlighting ways to pay and WRAP
- Prominently featuring WRAP on home page and including it on COVID-19 and Disaster Relief pages
Digital Campaign
WE'RE HERE TO HELP!

- No water shutoffs
- Flexible and extended payment plans
- No deposit requirements on new service
- WRAP (Water Rate Assistance Program) offers a 15% discount off water bill for eligible low-income customers

Digital Campaign

15% DISCOUNT WRAP PROGRAM
Print Campaign

COVID-19 has affected us all. One thing you never have to worry about is your water.

SAN JOSE WATER

SAN JOSE WATER
For over 150 years, we’ve served our communities with safe, reliable water.

DID YOU KNOW?
- We collect and test over 100 water samples weekly.
- We’re keeping your water safe—24 hours a day, 365 days a year.

If you are having trouble paying your water bill, we can help. Visit sjwater.com/disaster-relief. You can also reach out to us at (408) 279-7900 or customer.service@sjwater.com.

@sjwaterco  @sjwatercom  @sjwater
Opportunities

- Promote WRAP enrollment and customer assistance programs
- Establish a more defined disconnection criteria
  - Extending customer protections to those falling below certain income guidelines or demonstrating financial hardships
  - Apply SB 998 protections
- Define statewide COVID-19 payment arrangement program and policy for all water utilities
  - Set limit on payment plan(s)
  - Allow write-off of bad debt and revenue recovery
SFPUC COVID-19
Affordability Response

October 30, 2020

Eric Sandler
CFO & Assistant General Manager – Business Services
• Emergency Discount Programs
  • Strategy & Innovations in Program Design
  • Outreach Efforts
  • Results To-Date

• What’s Next
  • Need Alternative to Shutoffs for Delinquencies
  • Sustainable Funding is a Challenge
Emergency Discount Programs: Strategy & Innovations

• Our strategy for COVID customer assistance:
  • Implement previously-approved rate increases to keep capital investments going, and be a part of “engine of recovery”
  • Pair with emergency discounts so those who are struggling have support
• Emergency programs targeted at customers who normally can pay their bills, but are faced with extraordinary financial crisis
  • Minimal documentation required
  • Online application
  • Income requirements shifted focus to income loss, even for higher-income households vs. maximum income amount
  • Programs to support small businesses and nonprofits required to shut down or reduce operations
Emergency Discount Programs: Outreach Efforts

- Low enrollment is a long-standing problem
- To counter, we did the most comprehensive outreach campaign we’ve ever done. Some examples:
  - Advertisements and interviews in Spanish, Chinese, and Tagalog newspapers, digital platforms, and/or radio
  - Partnership with the Citywide Emergency Operations Center to distribute SFPUC Bill Relief door hangers across the city
  - Bill Relief inserts in every SFPUC bill
- Collecting data on “how did you hear about us?” to gauge effectiveness of different outreach methods
## Emergency Discount Programs: Results To-Date

<table>
<thead>
<tr>
<th>Program</th>
<th># Customers Enrolled</th>
<th>Avg Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Discount (Water/Sewer)</td>
<td>4,610</td>
<td>$58</td>
</tr>
<tr>
<td>Residential Discount (Hetch Hetchy Power)</td>
<td>350</td>
<td>$22</td>
</tr>
<tr>
<td>Small Business and Nonprofit Discount</td>
<td>400</td>
<td>$180</td>
</tr>
<tr>
<td>CleanPowerSF Bill Credit</td>
<td>50,660</td>
<td>$50</td>
</tr>
</tbody>
</table>

Enrollment numbers are as of September 2020, and include some estimates.
What’s Next: Delinquencies and Shutoffs

- How can we balance customer assistance with financial sustainability?
- Can’t eliminate shutoffs without viable alternatives to ensure payment
What’s Next: Sustainable Funding is a Challenge

• Prop 218 is a major barrier to scaling up these successes
  • Our emergency programs were funded by San Francisco General Fund
  • Most CA utilities don’t have this option

• This crisis is symptomatic of a larger problem
  • Regulatory requirements, ageing infrastructure, and growing income inequality will only widen the gap between bills and ability to pay
  • No discount program will reach all eligible customers, so rising rates will hit many who can’t afford it
  • Individual utilities and their ratepayers can’t handle these costs on their own – even if Prop 218 didn’t exist
Water Affordability – City of Santa Ana

COUNCILMEMBER JOSE SOLORIO
Water System Statistics

45,350 Water Accounts
13,500 valves
5,020 Fire Hydrants
478 Miles of pipeline
51 Sample Stations
20 Groundwater wells
8 Reservoirs (Tanks)
7 MWD Connections
7 Pump Stations
RATE COMPARISON - RESIDENTIAL WATER USERS

(typical monthly water use with 5/8” x 3/4” meter)

<table>
<thead>
<tr>
<th>City</th>
<th>Fixed</th>
<th>Commodity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laguna Beach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Placentia</td>
<td></td>
<td></td>
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<tr>
<td>Brea</td>
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<td>Yorba Linda</td>
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<tr>
<td>Garden Grove</td>
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<tr>
<td>Fullerton</td>
<td></td>
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<tr>
<td>La Habra</td>
<td></td>
<td></td>
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<tr>
<td>Santa Ana (Adopted)</td>
<td></td>
<td></td>
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<tr>
<td>La Mirada</td>
<td></td>
<td></td>
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<tr>
<td>Santa Ana (Previous)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buena Park</td>
<td></td>
<td></td>
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<tr>
<td>Orange</td>
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</tbody>
</table>

Water Bill Survey at 10.5 CCF (7854 gallons per Month)
Affordability Programs

**CARES Act Utility Assistance**

Customers with financial hardship due to COVID-19 may receive grant to pay for bill

**Payment Plans**

Customers with financial hardship may contact City to establish a payment plan to avoid penalties or shutoffs

**Meter Size Evaluation**

Customers may have their meter size evaluated to determine if a smaller/large meter would meet demand requirements and save customer money
Community Needs

4,537 accounts past due, approximately 10% of customer base, totaling $3.1M

3,782 Single Family Residences
244 Multi-Family Residences
511 Commercial, Industrial, Institutional

No late fees being assessed or water shut-offs being performed

1,855 CARES grant applications received
870 CARES applications funded
117 CARES grants to be funded this week
29 meter size evaluations performed
Extra slides
Where Does Your Money Go?

- Debt Service - 2%
- System Improvements - 11%
- Administration - 15%
- Operations and Maintenance - 31%
- Purchased Water & Electricity - 41%
Sources of Water

One major aquifer system

- 10% Made up by the Shallow & Deep Aquifers
- 90% Made up by the Principal Aquifer

Total Water Supplies

- 74% Groundwater
- 25% Imported water
- 1% Recycled Water

Imported supply sources

- Colorado River
- State Water Project (SWP)
- Via the California Aqueduct

City’s MAIN source of groundwater supply

Orange County Groundwater Basin
CPUC Workshop
R.17-06-024 –
Arrearage Management
October 30, 2020
SB 998 (Dodd)

- 2018 statute regarding the discontinuation of water service
- Key provisions:
  - Requires all public water systems (defined as systems with more than 200 connections) to have a written policy on discontinuation of residential water service.
  - Includes provisions for not shutting off water for certain customers that meet specified criteria. Criteria includes willingness of customer to enter into an amortization agreement, alternative payment schedule, or plan for deferred or reduced payment with respect to all delinquent charges. Water systems can select the best options for their community.
  - Prohibits the shutoff of water service until the bill has been delinquent for 60 days.
  - Caps the reconnection fees for restoring water service.
  - Applicable to all community water systems, both publicly-owned and regulated by the CPUC.
  - Deadline to publish new policies - February 1 or April 1, 2020.
Implementation of Arrearage Management Programs

• SB 998 Implementation
• COVID-19 Impacts
• Challenges for smaller systems, especially during COVID-19
• Successful techniques for engaging customers
Low Income Rate Assistance Programs

• Role in addressing arrearages
• Some water systems have LIRAs even with constitutional restrictions
• AB 401 options
CMUA’s Mission & Vision

**MISSION**
CMUA partners with community owned utilities to support reliable, sustainable, affordable services through advocacy, education and relationships.

**VISION**
CMUA is the leading voice for California utilities, enhancing our communities.
Contact Us

Feel Free to Connect With Us

Danielle Blacet-Hyden

(916) 847-8444

www.cmua.org
dblacet@cmua.org
Water Debt, COVID and an Equitable Recovery

Chione Lucina Muñoz Flegal
Managing Director, PolicyLink
October 30th 2020
About PolicyLink

PolicyLink ensures all people in the U.S.—particularly those who face the burdens of structural racism—participate in a just society, live in a healthy community of opportunity, and prosper in an equitable economy. We focus on advancing liberating policies for the 100 million people living in or near poverty, the majority of whom are people of color.
COVID Debt is Creating Widespread Instability

• COVID infection rates, sever cases and deaths have all disproportionately impacted Californians of color.

• COVID has exacerbated existing inequities in the labor market.
  • Essential workers disproportionately of color.
  • Women and people of color bear a disproportionate share of COVID-related job losses (first fired, last hired).

• Millions of households are being forced to make unconscionable choices about how to spend their money.

We have very limited data about the growing debt crisis California households are facing.
COVID Debt and Eviction Risk

- Renters are a growing and vital segment of the community, yet they face rising economic and housing insecurity—especially at a time of record unemployment.
- Evictions were prevalent before the pandemic with over 166,000 average annual eviction filings.

Renters who have experienced job or income losses are especially vulnerable. With little to no savings, they face the risk of eviction and homelessness.

1.6 million renter households are experiencing rent shortfall and potentially facing eviction.

For full fact sheet visit: https://nationalequityatlas.org/research/evictionrisk_library
Recommendations for an Equitable Recovery

• Data Collection to understand the scale of the problem and identify and assess disparate impacts.

• Maintain water shutoff moratorium/safe reconnection provisions to ensure every person in California has access to water in their homes through the duration of the Covid-19 crisis and for a period after.

• Provide emergency funding for water utilities serving disadvantaged or hard hit communities.

• Establish a debt relief program for vulnerable customers who have been unable to pay rent and or utility bills.
Recommendations for an Equitable Recovery

• Prohibit eviction of tenants who have been unable to pay their rent or utility bills as a result of COVID.

• Adopt new revenue measures to fund water infrastructure.

• Establish a statewide water affordability program.
Thank You!

Contact Information:
Chione Flegal
Managing Director
PolicyLink
chione@policylink.org
(510) 663-4311
www.policylink.org

Additional PolicyLink Resources:
All in Cities Toolkit
http://allincities.org/toolkit

National Equity Atlas
http://nationalequityatlas.org/

PolicyLink Perspectives (Blog and Newsletter)
http://www.policylink.org/equity-in-action/perspectives
Strategic Responses to the COVID Impacts in the Water Sector

Joint Workshop of the SWRCB and CPUC

Olivia Wein, staff attorney

October 30, 2020
COVID-19 Exacerbates the Utility Consumer Debt Crisis

- COVID-19 is highly transmissible through airborne respiratory droplets produced from an infected person.

- Staying at home is one of the safest ways to avoid exposure and reduce the spread of the virus.

- Homes requires electricity, heat, water and internet to shelter in place during the COVID-19 pandemic.
COVID-19 Utility Consumer Protections “Best practices”

- Longer & affordable payment plans, at least 12 mos.
- Waiving of deposits, reconnection, late fees.
- Adoption of Arrearage Management or Arrearage write-offs (IL, MA/CMA, WA UTC explore development – includes water)
- Discount rates, PIPPs
  - Utility service must be made affordable to all
- Easier documentation of eligibility
- Termination protections for elderly, infants, seriously ill.
- Ensure adequate funding for low-income EE programs.
- Safe reconnections of previously disconnected customers.
- Data collection and reporting
Illinois COVID-19 settlement

- Docket ICC 20-0309, June 10 settlement
- Terminated customers get restored.
- Moratorium continues until “30 days after the Stipulated Moratorium Period ends,” or Aug. 1 (moratorium expired September 10, but LIHEAP and self-declaring financial hardship customers protected till March 31, 2021)
- Payment plans 18 mos., or 24 mos. for financially struggling (no down payments for those).
- Debt forgiveness for LIHEAP customers, $300-$500.
- No adverse credit reporting, and no low-income deposits for 6 months.
- Stakeholder discussions to improve affordability.
- Zip-code level data reporting.
- Agreement on cost-recovery for companies (lost late fees, increased uncollectibles, COVID expenses.)
COVID-19 Utility Consumer Protections: Massachusetts

- Informal DPU docket opens April.
- Formal docket (DPU 20-58) opened May, “working group” formed.
- IOUs, AG, NCLC, DOER, LEAN, AIM file joint proposal.
- Payment plans extended to 12 mos./18 for low-income.
- Late fees waived.
- Moratorium continued to Nov. 15.
- Outreach plan (incl. webinars for LIHEAP agencies).
- Loosened “AMP” rules for enrollment and $ forgiveness.
- Extended self-certification period, discounts & AMPs.
CPUC D.20-06-003 (disconnection protections for customers of large energy IOUs)

- The energy disconnections order includes a prohibition on deposits, and reconnection fees;
- Establishes a 12-month payment plan
- Establishes an Arrearage Management Program (AMP)
- Establishes a proceeding regarding the establishment of Percentage of Income Payment Plans (PIPPs)
- Strengthens the disconnection protections for seriously ill customers and the temperature-based disconnection protections.
- Additional protections to reduce disconnections.
CPUC D.20-06-003 AMPs

- **Eligibility:** CARE/FERA customers w/ at least $500 in arrear ($250 for gas only customers), made at least one on-time payment and a customer for at least 6 mos (Order paras 52 and 53).

- **Max arrears forgiven** is $8000 (para 69)

- ** Forgiveness** customers earn w/ each on-time payment is theirs at that time (e.g., don't have to wait a year to get debt relief, rather debt is being chipped away with each payment) (para 65)

- **Duration of AMP:** 12 months or 12 on-time payments (para 62)

- **Eligibility for a subsequent AMP:** Available after a 12 mo waiting period (para 63) Customers that fall off AMP can get back into AMP after 12 mo waiting period (para 66)

- **Can miss up to 2 payments (life happens):** AMP customer can miss up to 2 non-sequential payments if customer makes up the missed payment along w current payment at the next billing due date (para 64)

- **LIHEAP is applied to current bill (not arrearage)** (para 67)

- **Levelized billing is an option, not mandatory** (para 68)
CPUC D.20-06-003 AMPs

- Outreach/notification baked into the design:
  - provide all info re AMP to CARE/FERA customers (para 54)
  - have a FAQ re AMPs on website (para 55)
  - provide AMP customers w ongoing support (para 56)
  - provide regular progress feedback, e.g., acknowledge customer had 3, 6, 9 on-time payments (para 57)
  - CSRs offer opportunity to enroll CARE/FERA in AMP when customer calls for any reason (para 58)
  - create opportunity to enroll when CARE/FERA checks acct online or contact CSR online (para 59)
  - inform CARE/FERA customer re rules/regs and how AMP can help, w/ every communication (para 60)
CPUC D.20-06-003 AMPs

- Annual report details (paras 70-82)
- IOUs must file Tier 2 Advice Letter w/in 90 days of decision (para 83)
- IOUs may file a Tier 3 Letter re recs for improvements after 3 years (para 84)
- CPUC will open a proceeding after 3 years to reauthorize the program (para 85)
- AMP sunsets in 4 years unless reauthorized, modified or rescinded (para 86)
- Workgroup to discuss CCA allocation of proportional recovery (para 87)
- Transition to AMP rollout: If CARE/FERA customer is in a payment plan, they can opt into AMP (para 88)
One-Time Arrearage Forgiveness

- Aqua Illinois: $198,750 for low-income arrearage forgiveness based on 25% of authorized level of uncollectible expense from last rate case [Ill COVID settlement].

- Illinois-American: $668,000 for low-income arrearage forgiveness based on 25% of authorized level of uncollectible expense from last rate case [Ill COVID settlement].

- MI SB 690 includes $25 million for the state Dept of HHS to reimburse utility providers for providing bill forgiveness for past due utility bills and fees incurred during COVID SOE.

- VT COVID-19 Arrearage Assistance Program (HB 966) Act 137 appropriates $8 million for utility ratepayer (electric, gas, phone and private water) arrearage assistance. Cover arrears (60-days) and max award $10,000; residential/biz/non-profits eligible; first come served and no income eligibility.

- WV announced $25 million in CARES Act funding for utility customers with electric, n.gas, water and sewer arrearages from 3/1 – 7/31 resulting from the COVID-19 pandemic.
LI Ratepayer Water Affordability

- Percentage of Income Payment Plans
- Tiered Income Discounts
- Robust Bill Discounts
- Establishment of Federal LI Water Assistance Program and Emergency COVID relief
- Other
Thank you!

Olivia Wein
Staff Attorney
National Consumer Law Center
owein@nclc.org
Water Affordability, Racial Justice and Recovering Equitably from the COVID-19 Pandemic

Jonathan Nelson, Policy Director
Advancing community-driven water solutions through organizing, education, and advocacy
Key Points

• Maintaining access to drinking water is a prerequisite for an equitable COVID recovery

• A rising tide of household water debt threatens mass water shutoffs next year – this is an issue of racial and social justice

• We need to proactively develop solutions NOW before it is too late
1 million Californians impacted by unsafe drinking water each year!
The COVID-19 pandemic is an issue of racial and social justice.
<table>
<thead>
<tr>
<th></th>
<th>% Population</th>
<th>% Cases</th>
<th>% Deaths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latino</td>
<td>38.9%</td>
<td>56.1%</td>
<td>45.9%</td>
</tr>
<tr>
<td>White</td>
<td>36.6%</td>
<td>17.5%</td>
<td>30%</td>
</tr>
<tr>
<td>Asian</td>
<td>15.4%</td>
<td>5.5%</td>
<td>12.8%</td>
</tr>
<tr>
<td>African American</td>
<td>6%</td>
<td>4.3%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Multi-Race</td>
<td>2.2%</td>
<td>0.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>American Indian or Alaska Native</td>
<td>0.5%</td>
<td>0.2%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Native Hawaiian and other Pacific Islander</td>
<td>0.3%</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Other*</td>
<td>0%</td>
<td>15%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

*Census data does not include 'other race' category. Race data is missing for 36% of cases, and 2% of deaths, and those are not included in the total for this analysis. Based on cumulative totals as of July 28, 2020.*
The COVID-19 pandemic is exacerbating drinking water disparities
Gov. Gavin Newsom immediately suspends all California water shutoffs. Latest #COVID19 executive order includes:
- Immediate stop on all water shutoffs
- Restored water for anyone disconnected after March 4...

Access to water MUST be included as part of the next congressional #COVID19 effort. We CANNOT expect to halt the spread without safe water for ALL handwashing and basic sanitation, says CWC’s Susana De Anda and SF Water, Power, Sewer (SFPUC) in the San Francisco Chronicle

“[I] was in shock. I said, ‘how can this happen? How can we be without water bottles if we need the water?’ A lot of our residents, they depend on this kind of water, and there was nothing, nothing.” Lucy Hernandez, AGUA Coalition Member, Community Water Center

An estimated 350,000 Californians had their water shut off last year for inability to pay. If your water ever gets shut off, report it to the state here: https://watershut-off.covid19.ca.gov
A statewide water shutoff moratorium has kept the tap on for Californians who haven’t been able to pay their water bill in the midst of the pandemic-driven economic crisis. But ratepayer debt has been accruing for months now, leading to revenue losses for water providers across the state.

Just how bad is the problem? California water regulators still are not sure.”

Capitol Public Radio, October 15, 2020
Without action, drinking water disparities will undermine an equitable COVID recovery
1) Address inadequate water shutoff and bill payment protections (such as requiring access to 12 month repayment plans, examining burdensome fees)
2) Provide emergency support via a Bridge-Loan/Grant Program for small water systems struggling with catastrophic revenue losses caused by the COVID-19 pandemic
3) Address the lack of universal access to a low-income water affordability program in California by taking action in 2021 on key elements of California’s legislatively-mandated *Low-Income Water Rate Assistance Act Statewide Plan (AB 401, Dodd)*
Closing

• Maintaining access to drinking water is a prerequisite for an equitable COVID recovery

• A rising tide of household water debt threatens mass water shutoffs next year – this is an issue of racial and social justice

• We need to proactively develop solutions NOW before it is too late
Because clean water is a right, not a privilege!

communitywatercenter.org

Jonathan.Nelson@communitywatercenter.org
Panel 2

Small Investor-Owned Utilities & Small Municipal Utility Operations & Customer Impacts during COVID
A SMALL WATER SYSTEM’S
RESPONSE TO THE
COVID-19 PANDEMIC

October 30, 2020

Lukins Brothers
Water Company, Inc.
OVERVIEW

• Initial Response
• Financial Challenges
• Operational Challenges
• The Future
INITIAL RESPONSE

- Lukins Brothers Water Company (LBWC) immediately updated its website and developed customer mailers that supported Governor Newsom’s Executive Orders which specifically named water as an essential resource.

- LBWC offers customized deferred payment plan and other flexible options and urge all facing financial challenges related to COVID-19 to contact our office.

- LBWC staff reached out to El Dorado County, City of South Lake Tahoe, Barton Memorial Foundation, CPUC, and CARES Act to initiate a ratepayer assistance program.

- LBWC established workforce protections.

- LBWC filed Advice Letter to establish CEMA Account to track expenses related to the COVID-19 Pandemic.
FINANCIAL IMPACTS

• LBWC has had an **50% increase** in customers on payment plans and deferment arrangement plans.

• **2019 vs. 2020 electronic payments of water bills has increased 32%.**

• Current Aged Balances:
  - Past Due: $19,756.69
  - Over 30: $574.89
  - Over 60: $0.00
  - Over 90: $0.00

• A poll of other CPUC regulated Small Water Companies found that unpaid aged balances ranges from $0-$100,000.
OPERATIONAL CHANGES AND CHALLENGES

• Continue to ensure all customers receive clean, safe and reliable drinking water.

• Collection procedures: Calling all past due customers, sending out additional notices.

• With a staff of less than 10 certain realities must be considered: What happens if one employee is affected by COVID-19, or all employees contract COVID-19? What water system operations can be conducted remotely? How do we assure available safety for staff who cannot work remotely?

• LBWC made workforce protection a priority.
  • Office open by appointment only
  • Staggered employee schedules
  • No customer contact policy
  • Provide adequate PPE
  • Employee travel policy
THE FUTURE

• Financial impacts will not be visible until government assistances are no longer available.

• Current customer protections do not differentiate which customers not paying bills because they habitually late payer or they are using the Governors Executive Order as a reason not to pay bills vs customers who are truly impacted by the COVID-19 pandemic.

• Small Water Companies need to begin working towards establishing transition plans to implement SB998 provisions once the Governors moratorium ends. How do we help customers catch up?

• Establishing a statewide ratepayer assistance program that will help customers for the long run and is accessible to all ratepayers.

• Ensure that regulated utilities and their ratepayers are eligible for ALL assistance.

• Electronic payment programs need to be easily available to all small utilities.

• Establish Mutual Aid Agreements with neighboring water systems, join CALWARN and develop a plan to protect your workforce.

• What can the CPUC do to assist water system collect unpaid accounts? Utilities cannot shoulder the burden of ongoing arrearages. Producing safe, reliable drinking water does not come without ongoing costs.
QUESTIONS
Bear Valley, CA- 2 Square Miles and You is the Alpine County Chamber sales pitch
# Accounts Receivable Comparison

<table>
<thead>
<tr>
<th>Month</th>
<th>2019</th>
<th>2020</th>
<th>Diff.</th>
<th>% Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>$8,281</td>
<td>$1,577</td>
<td>$(6,704)</td>
<td>-81%</td>
</tr>
<tr>
<td>April</td>
<td>$9,584</td>
<td>$9,267</td>
<td>$(317)</td>
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</tr>
<tr>
<td>May</td>
<td>$10,583</td>
<td>$7,168</td>
<td>$(3,415)</td>
<td>-32%</td>
</tr>
<tr>
<td>June</td>
<td>$3,798</td>
<td>$10,574</td>
<td>$6,776</td>
<td>178%</td>
</tr>
<tr>
<td>July</td>
<td>$9,956</td>
<td>$10,210</td>
<td>$254</td>
<td>3%</td>
</tr>
<tr>
<td>August</td>
<td>$10,617</td>
<td>$6,043</td>
<td>$(4,574)</td>
<td>-43%</td>
</tr>
<tr>
<td>September</td>
<td>$15,407</td>
<td>$7,831</td>
<td>$(7,576)</td>
<td>-49%</td>
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## 2019 to 2020 AR Comparison

<table>
<thead>
<tr>
<th>Month</th>
<th>AR Balance</th>
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<tbody>
<tr>
<td>March</td>
<td>$8,281</td>
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<tr>
<td>April</td>
<td>$9,584</td>
</tr>
<tr>
<td>May</td>
<td>$10,583</td>
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<td>July</td>
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</tr>
<tr>
<td>August</td>
<td>$10,617</td>
</tr>
<tr>
<td>September</td>
<td>$15,407</td>
</tr>
</tbody>
</table>

COVID-19 Months

### Bar Chart

- 2019
- 2020
## Water Use Comparison

<table>
<thead>
<tr>
<th>Month</th>
<th>2019</th>
<th>2020</th>
<th>Diff.</th>
<th>% Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>801</td>
<td>815</td>
<td>14</td>
<td>2%</td>
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<tr>
<td>April</td>
<td>703</td>
<td>467</td>
<td>-236</td>
<td>-34%</td>
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<tr>
<td>May</td>
<td>264</td>
<td>630</td>
<td>366</td>
<td>139%</td>
</tr>
<tr>
<td>June</td>
<td>477</td>
<td>1418</td>
<td>941</td>
<td>197%</td>
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<tr>
<td>July</td>
<td>1590</td>
<td>2129</td>
<td>539</td>
<td>34%</td>
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<tr>
<td>August</td>
<td>1521</td>
<td>1959</td>
<td>438</td>
<td>29%</td>
</tr>
<tr>
<td>September</td>
<td>1641</td>
<td>1882</td>
<td>241</td>
<td>15%</td>
</tr>
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### 2019 to 2020 Water Use Comparison

![2019 to 2020 Water Use Comparison](image_url)
End of Panel 2
Q&A