



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD  
EMPLOYEE CUSTOMER & COMMUNITY SERVICES DIVISION

*Rely on us.*

TO: Commissioners Farmer, Brown, Cassidy, Cunningham and Ernst  
FROM: Debra Smith  
DATE: August 24, 2009  
SUBJECT: Limited Income Assistance.

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## **Issue Statement:**

EWEB customers continue to be impacted by the economic recession and the result is increased collection activity and bad debt write-offs. The Board asked staff to look at ways to continue supporting the limited income, unemployed, and underemployed populations.

## **Background:**

EWEB has a long history of supporting our limited income customers. The regular programs, called Customer Care and Customer Care Plus, are funded at approximately \$1.7 million per year. In February 2009, the EWEB Board voted to allocate \$4.4 million in additional customer assistance. The program was marketed as Community Care and the funds were designated across a broad range of programs, including \$2.2 million in residential bill rebates and \$535,000 in EMS programs. The balance went to an expanded group of limited income offerings. A copy of the spreadsheet with the original program offerings is attached. The remainder of this memo will deal with the bill assistance components of Community Care only. Staff has provided periodic status reports on the Community Care Program. The last report was provided in early July and projected unspent bill assistance funds at year-end of \$720,000.

## **Discussion:**

Staff has developed a proposal for the Board's consideration that is based on several key assumptions. The first is that enhancements and/or modifications are temporary and may impact EWEB's regular programs (Customer Care and Customer Care Plus) as well as the Community Care Program developed in response to the current economic crisis.

The second is that going forward all programs share a start and stop date consistent with the heating season. Currently, Customer Care and Customer Care Plus "reset" on October 1 and run through September 30. The Community Care Program had a start date of March 11, 2009. If the Board chooses to continue portions of the Community Care Program, we would "reset" those programs consistent with our standard offerings. That means that customers who accessed the job loss program on or before September 30, would be eligible to apply again on October 1.

The third assumption is around funding source. The proposed program enhancements will be funded through one or more of following funding sources: 1. Unspent funds from the Board's \$4.4 million allocation to the Community Care Program (electric charges only); 2. An additional allocation to limited income funding from excess contribution margin deposited into the Power Operating Reserve (electric charges only); 3. Regular rate funding in the 2010 budget for ongoing limited income assistance (funds available for both electric and water charges based on approved budgets); and 4. An additional increment in the 2010 water budget funded through other O&M cuts made to balance the electric budget, that also reduces water expense (funds available for water charges only).

The last assumption is that components of the staff proposal can be offered in part or whole depending on the Board's desired funding level. In other words, the Board can do as little or as much as the allocated funding allows. Staff will develop a final proposal based on the Board's direction that will be included in the 2010 budget. Approval for the 2010 program enhancements will come as part of the budget approval process.

### **Increase funds allocated to the Customer Care Program.**

The current funding is \$700,000 per year. That allocation allows EWEB to serve 3,500 households per year with bill assistance of \$200 per household. Eligible households make 60% or less of the Oregon medium income, adjusted for household size.

The proposed enhancement is two-fold. 1. Increase the annual payment to \$300 per household. This is consistent with past practice, although the change would be promoted as a temporary action taken in response to the current economic climate. 2. Increase the number of households who would qualify for the program by adjusting the income guidelines. Staff is currently working with Lane County (the program administrator) to identify the appropriate income guideline but it might be up to 80% of Oregon medium income.

The financial impact of increasing the payment for the 3,500 households currently served is \$350,000 per year. The financial impact of increasing the per-household assistance for Q4 2009 (start of the heating season) is \$115,000 based on Lane County's proposed 4<sup>th</sup> quarter allocation of funds.

The financial impact of adjusting the income guidelines is less clear. The Board could set aside a specific sum of money for folks who exceed the current earnings limit, but fall within a revised limit. For instance, an additional \$300,000 would allow us to serve 1,000 customers at \$300 per household who wouldn't otherwise qualify for the program. Program administration would run approximately \$45,000 (15%) bringing the total cost to \$345,000. The impact on Q4 2009 might be \$100,000.

Funding for the 2009 Q4 Customer Care program modifications could come from unspent Community Care funds. Funding for the 2010 Customer Care base program (\$200 per household, income eligible at 60% of Oregon medium income) would come from rate revenue in the electric and water O&M budgets. Funding for

the 2010 Customer Care program modifications (additional \$100 per household and income eligible at 80% of Oregon medium income) could come from excess contribution margin and the additional 2010 water budget.

### **Increase amount of credit in the Job Loss Program**

Just over 1800 households have applied for and received a \$200 bill credit under the job loss program. We assume that number may increase to as many as 2000 customer by September 30, when the program would reset. If half of those customers reapplied for an additional credit during Q4 2009, at an increased credit amount of \$300 per household, the financial impact would be \$300,000. Funding would come from the previously allocated Community Care funds.

If we further assume that an additional 2000 households apply for the \$300 credit during 2010, the financial impact on the 2010 budget is \$600,000. Funding for the continuation and enhancement of the Job Loss Program into 2010 would come from excess contribution margin and the additional 2010 water budget.

### **Continue Shelter Care Program and Increase Utility Stipend**

The 2009 Community Care Program included \$15,000 for bill assistance to permanent shelters for the homeless. Although a relatively small amount of money, this was an important funding source for a component of the public service network that is providing critical services in EWEB's service territory. The recommendation is to extend this benefit through the 2009-2010 heating season and to increase the per-bed stipend from \$20 to \$40. For budgetary reasons, eligible shelters would be able to request the assistance beginning January 1, 2010. The financial impact of extending and enhancing this program is \$30,000; funding for Shelter Care would come from excess contribution margin.

### **Additional Senior/Disabled Percentage of Income Program (PIP)**

The PIP provides a variety of services including arrearage forgiveness for senior and disabled individuals who complete the program. Basic funding for this Customer Care Plus program is \$20,000 which serves approximately 20 customers. As part of the Community Care Program, an additional \$40,000 was requested and allocated to increase participation to 60 households. Because arrearage forgiveness is provided at the end of the twelve month program, the additional funds allocated in 2009 will not be spent until 2010. Request is to roll these funds forward into 2010.

### **Extend Community Care Crisis Payment Program**

\$100,000 in Community Care funds were allocated to the Crisis Payment Program. Generally these funds are utilized on a case-by-case basis for situations that don't meet established program criteria. Recipients are generally at risk of immediate service disconnection and the credit amount is limited up to \$500 per household. Relatively few crisis payments were made year-to-date and we expect approximately \$80,000 in unspent funds by year-end.

The staff proposal is to continue the program for the 2009-2010 heating season at a reduced amount of \$50,000. Requests for the remainder of this calendar year would come from previously allocated funds and funding for the program in 2010 would come from excess contribution margin.

### **Participate in Lane County “Rapid Re-housing Program”**

Lane County Human Services Commission has allocated stimulus funds for the creation of a new program targeted at getting homeless folks off the street. The program provides temporary financial assistance and housing relocation services to individuals and families who would remain homeless without this assistance. EWEB’s existing programs all require a physical address in order to make application; getting service started is typically an onerous process for someone in that situation. The Rapid Re-housing Program does include funding for up to six months of utility payment arrearage. The staff proposal is to make Community Care payments available to this population, consistent with those provided to folks under the job loss program. So, an individual or family who is enrolled in the HSC program would be eligible for bill assistance in the form of a \$300 credit, at the time they move into their home.

Lane County estimates 96 participants in the Rapid Re-housing program over a 24 month period, across all of Lane County. We assume that up to 40 of those households might be in EWEB’s service territory during the 2009-2010 heating season. The cost for this Community Care program component is estimated at \$300 per household or \$12,000. Funding for the program in 2010 would come from excess contribution margin.

### **Overheads and Uncollectable Costs**

The Community Care proposal included funding for additional staff at approximately \$100,000. Demand has been below what was projected and existing staff has largely been able to manage the customer activity. With the start of the heating season on October 1, that will change. In order to continue supporting the increased program offerings, temporary staff will be added for the October 1 to March 30 timeframe. The cost is estimated at \$50,000 in 2010. Additionally, there will be incremental administrative costs for Lane County HSC to administer the expanded program offerings. We are currently in the midst of re-negotiating a new contract for these services; at this time staff estimates the additional cost at \$100,000.

In addition, and despite the bridging the Community Care Program has provided, we are experiencing increased uncollectable accounts. Historically EWEB budgets approximately \$200,000 per year for “bad debt” expense. Net write-offs for the seven month period ended July 31, 2009 total almost \$190,000 which is about \$50,000 more than the same period in 2009. Account write-offs generally lag overall economic activity and our highest write-off months are in the spring. We expect a negative variance for 2009 of approximately \$100,000 and we expect 2010 write-

offs to approach \$350,000. Staff considers these to be costs associated with the economic crisis and we propose funding with excess contribution margin.

**Summary**

	<u>Q4 2009</u>	<u>2010</u>
Customer Care credit increase	\$ 115,000	\$ 350,000
Customer Care eligibility change	\$ 100,000	\$ 345,000
Extend/Enhance Job Loss Program	\$ 300,000	\$ 600,000
Extend/Enhance Shelter Care Program		\$ 30,000
PIP		\$ 40,000
Extend Crisis Payment Program		\$ 50,000
Rapid Re-housing Program		\$ 12,000
Overheads		\$ 150,000
Uncollectable Accounts	<u>\$ 100,000</u>	<u>\$ 150,000</u>
 Total	 \$ 615,000	 \$1,727,000

**Recommendation:**

As stated, Staff is not advocating for a particular set of program modifications or enhancements. The options presented will be further developed and included in the 2010 budget based on your direction. Approval will be requested as part of the 2010 budget process.

**Requested Action:**

Since Q4 2009 expenditures are within the amount projected to be under-spent, no formal budget action is required. Staff is looking for general direction about which components to put in the 2010 budget. In addition, EWEB’s Customer Service Policies and Procedures provide for bill payment assistance in the amount of \$200 per household per heating season. If the Board is interested in temporarily increasing the credit amount of \$300, staff will bring a resolution to the Board for approval on the September 15, 2009 Consent Calendar.

If you have questions, please call me at 685-7196 or 517-2805.

## Economic Care Package Summary as Approved on January 20, 2009

<b>Title</b>	<b>Financial Impact</b>	<b>Description</b>	<b>Target Customers</b>	<b>Customer Impact</b>	<b>Notes</b>
Rate Rebate	Approximately \$2,400,000	One time rebate at \$30 per residential electric customer	Residential customers	\$30 per household	
Increase Deposit Guarantor Program	\$20,000	EWEB guarantees up to 75% of deposit	Low-income customers who meet current income guidelines	Up to \$300	
Increase Percentage Income Program (PIP)	\$40,000	Expand number of participants from 20 to 60 seniors	Low-income and/or disabled senior citizens	Up to \$1,000 in arrearage forgiveness	Existing Program
Expand Crisis Assistance Program	\$100,000	Flexible funds available for individuals/families in crisis	Low-income customers who meet current income guidelines	Up to \$500	
Job Loss Customer Care Program	\$1,000,000	\$200 ECC payment to customers who have lost a job	Unemployed who don't otherwise meet income guidelines	Up to \$200	Administratively easy
Low Income Housing Customer Care Program	\$350,000	\$200 ECC payment to customers in Public or Section 8 Housing	Low-income customers receiving housing assistance	Up to \$200	An alternate means of being qualified
Shelter Aid	\$10,500	"Per bed" utility assistance payment to permanent shelter providers	Shelter providers and the homes individuals and families they serve	\$20 per bed	
Rental Weatherization	\$400,000	Expand the rental weatherization program	Renters whose income exceeds 60% of state median	Weatherize 200 additional units	

Small Business Lighting	\$135,000 approximately	Increase the subsidy provided to 75% of cost of retrofit	Small Business Customers	Upgrade to high efficiency lighting systems, approx. \$27k savings per year	
Weatherization Loan Payment Deferral	\$3,000	Defer payments by up to 6 months	Customers with loans experiencing financial distress	Assuming 10% of loan holders participate \$93k would be deferred	