

Seeking CARES Act funding for local utility assistance

Establishing Purpose

Water, Sewer, Electric & Natural Gas are essential services during the COVID-19 pandemic. These services are essential for citizens staying at home and essential for shuttered businesses to reopen. Many municipally-owned utility providers have waived service disconnections during the isolation period of COVID-19. These municipally-owned utilities are non-profit and do not budget for widespread non-payment of utility services. Economic support to pandemic impacted residential and commercial customers of these municipally owned utilities can be an eligible and beneficial use of the Coronavirus Relief Fund.ⁱ

Making Application for Assistance

Municipal utility customer service representatives or community action agencies should assist customers that are unable to make full utility payments work through a utility application/certification form that the inability to make payment is COVID-19 related. Example application/certification forms are attached for consideration.¹

The municipal utility could aggregate all customers that are delinquent on payments through June 15, 2020 and submit a request for payment to the County. The municipal utility could use the spreadsheet provided² and should retain copies of all the individual customer application/certification forms.³ The spreadsheet has been set up to remove the budgeted non-collection rate that utility assumes in its annual budget and also deducts the amount the customer expects to be able to make on their own in accordance with the customer application/certification.

June 15 is the recommended end date for the initial period since the state-wide restrictions expire on that date and it is crucial that utility services be available for the summer cooling period. Utilities could make additional submittals for future periods through December 30, 2020, to the extent the County has funds available.ⁱⁱ

Recommended Compliance

Care should be taken when applying for funds to comply with the items below. A City certification form based on the County's certification to the state is attached⁴ as a document that will likely provide assurance to the County that the City's request is compliant.

- Must apply for funds under category 5 of the guidance for Coronavirus Relief Fund - "expenses associated with the provision of economic support" category.^{iii,iv}
- Customer application and certification is used to verify the expense is in connection with and a necessary expenditure due to the COVID-19 public health emergency.
- Recommend deducting, as a percentage, the amount the utility expects to have as uncollected in a normal year to avoid the appearance of collecting funds that were otherwise budgeted.^v
- Do not utilize funds for utility service prior to March 1. If a bill overlaps this time period, then the utility service could be recalculated starting March 1 based on actual utility data or alternatively a prorated number of days on the bill after March 1 would likely be seen as reasonable.^{vi}

¹ See Exhibits A, B, & D

² See Exhibit C

³ See Exhibit A or B

⁴ See Exhibit D

- The City submitting the request must keep records of supporting documents for audit purposes. The state is the responsible entity from a federal perspective, but the state has put the obligation onto the counties which likely will want the obligation to be undertaken by the City.

It is recommended that the payments go directly from the County to the City's enterprise fund(s) for the utility and not to the individual customers nor the City's general fund. Care should be taken to credit each individual account based on the amount requested and certified. If the individual customers makes payment in an amount greater than anticipated from their own income or a program such as LIHEAP, then the City utility would have an obligation to return the excess funds to the County or credit it to another customer that has been certified to be impacted by the COVID-19 public health emergency. Written notification to the County of applying funds to a different eligible customer would be prudent.

ⁱ Refer to page 5, fifth question for eligibility of utility fees. <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>

ⁱⁱ Refer to page 1, Item #3 of "to cover costs that —" <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

ⁱⁱⁱ Refer to page 1, Section titled "Necessary expenditures...", paragraph 1, last sentence, "...by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures." <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

^v Refer to third question on page 1. <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>

^{vi} Refer to page 1, Item #3 of "to cover costs that —" <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>