Addressing Customer Affordability Concerns

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Customer Service Management Seminar
NCAWWA-WEA Utility Management Survey
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Half of the utilities charge residential (inside) customers more than $65.45 for combined water and wastewater per month.

$29.16 for water

$36.52 for wastewater

For “inside” residential customers using 4,000 gallons/month

Source: 2019 North Carolina Water and Wastewater Rates Survey conducted by the EFC and NCLM.
Water Rates in NC are Growing Faster than Inflation

Data analyzed by the Environmental Finance Center at the University of North Carolina, Chapel Hill.

Data Sources: SDWIS, BLS, and NC League of Municipalities and Environmental Finance Center’s annual water & wastewater rates surveys. The cohort of utilities is consistent across all years. SDWIS service population values were linearly interpolated for 2014 and 2015 based on values from 2013 and 2016.

Even bigger difference with wastewater rates
39) At any given time, on average, what approximate percentage of customers are typically cut off from service due to non-payment?

Forty-two percent of utilities report that they routinely have **one to two percent of customers cut off** due to non-payment (n = 137).

- Less than 1%: 18%
- 1%-2%: 42%
- >2%-5%: 31%
- >5%-10%: 4%
- >10%-20%: 6%
- >20%: 1%

Source: 2017-18 NC Utility Management Survey conducted by the EFC and NCLM.
How Can You Help Customers?

Indirect Approach: Cost Reductions

- Reduce immediate capital costs (grants, loans, etc.)
- Reduce costs of service provision (water audit, asset management, consolidation or contracting services, etc.)
- Reduce amount of water purchased or treated

Caution: Do not allow these approaches to prevent you from spending what you need to ensure safe drinking water service in the short and long-term.
Direct Approaches to Helping Customers with their Bills

- Communication about rates
- Extensions
- Adjustments or waivers
- Options for payments
- Help customers reduce water use
- Customer Assistance Programs
Approaches Among 193 Utilities in NC (2018)

38) Does your utility have any of the following programs or services to assist customers with financial hardships? Select all that apply.

- Extending bill due dates is the most frequently provided service to assist customers with financial hardships. 53%
- Level payment plan 17%
- Emergency or hardship fund 8%
- Debt forgiveness 4%
- Lower rates for qualifying customers 3%
- Other 6%
- Don’t know 4%
- None of the above 28%

Other: Hardship payment plans for distressed accounts | Contract with local agency to assist hardship situations | One time per year adjustment | We refer to several social programs that will pay bill | Church assistance | We give the customer a referral to area assistance | Direct customers to agencies that can provide financial assistance | Work With Customer individually | We refer them to outside agencies that can provide assistance | We work with customers on a case by case basis | one time consideration eligible once every 2 years | Any exceptions go thru Town Manager.

Source: 2017-18 NC Utility Management Survey conducted by the EFC and NCLM.
Payment Extension Policy

Customers who are unable to pay their bill on time may request an extension. A Payment Extension is provided to temporarily extend the due date of the bill for those situations when a qualifying customer is in need. Only the account holder may request this service, and it must be requested prior to the scheduled cut-off day. Payment extensions can only be made on active accounts.

Customers will be allowed two extensions of five days each per 12 month period. Extensions will not be allowed on an account that has less than three billing cycles, if a final read is scheduled, or if the Town is aware the customer is moving. Customers must provide a reasonable cause or undue hardship requiring the extension. Based on the customer's payment history and the amount due, the Town may not be able to grant an extension in all situations.

This extension does not prevent the payment from being considered late, which will lead to additional charges on the account. Even if a payment extension has been granted, a second notice will be mailed. If payment is not received by the extension date, the payment extension will default and the account will be disconnected.

In addition, all accounts terminated for non-payment twice within six months may be reviewed to ensure the deposit on hand is sufficient. If there is a gap between the deposit on hand and three months' average billing, the deposit may be increased to the required level.

Levelized Billing

LEVEL PAYMENT PLAN

The Level Payment Program (LPP) enables customers to pay their Eastern Municipal Water District bills in equal monthly payments. The customer's anticipated bills for the next year are apportioned equally over eleven (11) monthly payments, providing one set amount to be paid each month regardless of the actual charges incurred during that month.

The twelfth month of the LPP cycle is a settlement month. No normal Level Payment is due during that month. At that time, the difference between the LPP amounts paid and the actual bill amounts is resolved by applying a credit to the customer's account or billing the customer the amount of the difference for the year. The LPP cycle then starts again in the following month.

The Level Payment Program is available to any customer who:

- is billed for water and/or sewer directly by EMWD
- has no outstanding arrears due on his/her account when the first bill is issued
- has a record of at least six (6) months' water usage within the past year.
Arrearage Forgiveness

HOW OFTEN WILL AN EXEMPTION BE GRANTED?

Residential owner can quality for a “once in a lifetime” exemption. The exemption applies to the individual owner and not the property address or billing number. For example, if an individual owns multiple rental properties, that owner must choose against which property, including his own home, the exemption will apply. Single family homeowners, without rental properties, using Borough Authority water could only apply the exemption against their domicile.

HOW MUCH OF MY BILL WILL BE FORGIVEN?

The program provides ONLY LIMITED FORGIVENESS of one’s Water bill. Pursuant to the guidelines established by the Authority, ONLY THAT PORTION of the bill which is THREE (3) OVER THE AVERAGE CONSUMPTION WILL BE CONSIDERED FOR EXEMPTION. Average consumption is derived from an owner’s last four (4) quarters of actual consumption.
Help Customers Save Water/Money

- Rebates to replace toilets, washing machines, dishwashers, irrigation hardware, etc.
- Consultation/water audit
- Turf buyback

https://www.epa.gov/watersense/rebate-finder
Example of Toilet Rebate Program

https://durhamnc.gov/1102/Toilet-Rebate-Program
Compendium: Customer Assistance Programs (CAPs)

EPA developed compendium with examples of different types of water and wastewater CAPs across the U.S.

http://ow.ly/4nvSyO
Navigating Legal Pathways to Rate-Funded Customer Assistance Programs

https://efc.sog.unc.edu/pathways-to-rate-funded-customer-assistance
Some Elements of Designing a CAP

- Deciding who gets assistance
- Deciding what types of assistance to provide
- Planning for program outreach and monitoring
- Determining how much the CAP will cost
- Devising a plan to fund the CAP
Who Gets Assistance?
Common Practices in Eligibility Verification

• Partnering with another organization that focuses on low-income

• Proof of eligibility in related programs, such as:
  – LIHEAP (Low Income Home Energy Assistance Program)
  – AFDC (Aid to Families with Dependent Children)
  – SSI (Supplemental Social Security Income)
  – Medicaid
  – SNAP (Supplemental Nutrition Assistance Program)
  – Local property tax assistance; and
  – Other utilities (electric, natural gas, telephone, offer discount programs based on income)
Pricing Options

- Low base charge and/or first block rates
- Consumption allowance included if have a high base charge
- Separate rate structure for residential / non-residential customers
- Irrigation water rates
- Alternative price models (individualized base charges)

Caution! Don’t undercharge all services. Cannot charge lower rates for senior citizens/low-income customers, etc.
Water and Wastewater Residential Rates
Affordability Assessment Tool

Go to http://efc.sog.unc.edu and search for “Affordability Assessment Tool”