

# Proposed Actions to Address Mounting Arrearages In Utility Bill Collection and Recommended Actions

Finance Committee & City Council

April 12, 2021

Item 1 (Finance Committee) Item 13 (City Council)





# Recommendation

## Pasadena Water and Power

1. Actions are exempt from CEQA
2. Authorize Increase of Project APPLE Benefit from \$100 to \$200 (Funded from PBC Revenue)
3. Authorize Resumption of Late Fees, Shut-Offs\*
  - a) Late fees and penalties effective July 1, 2021
  - b) Shut-offs for
    - Large and Medium Commercial effective September 7, 2021
    - Residential and Small Commercial effective October 4, 2021
4. Amend FY2021 Operating Budget to Increase Appropriations for Bad Debt Expenses:
  - \$2,400,000 for Light and Power Fund
  - \$800,000 for Water Fund

\* Actual actions will be implemented as allowed by applicable laws and as practical operationally



# Additional Actions

Pasadena Water and Power

- **Extend Utility Bill Payment Plans to a Maximum of 12 Months**
  - > For customers financially impacted by COVID-19
  - > First installment payment needed upfront



# COVID-19 Financial Relief Available To PWP Customers

Pasadena Water and Power

- **City Council Action on March 17 and April 6, 2020:**
  - > Refund two years of Utility Underground Surtax
    - ~\$11.4 million of refund checks issued
  - > Suspend Underground Surtax collection for six months
    - ~\$2 million utility bill reduction
  - > Suspend late fees until further action by the City Council
  - > Suspend utility shut-offs due to non-payment until further action by the City Council
- **Other Relief from State and Federal Programs**
  - > Stimulus checks, unemployment, tax credits, business loans
  - > Low-income programs for rental assistance and utility bills

No funding to the City for Utility Services or Overdue bills



# CA COVID-19 Rent Relief

Pasadena Water and Power

- Up to 12 Months of
  - > Rent assistance
  - > Utility bill payment
- Available in Pasadena for
  - > Renters earning up to 80% of Area Median Income
    - Ex: \$90,100 for 4-person household
  - > Landlords can apply as well
- Run by State
  - > Using Federal Cares Act Funding for Cities & Counties with < 200,000 population, and “opt-in” entities
  - > LA County opted in
  - > <http://housingiskey.com>





# Deposit Refund

Pasadena Water and Power

- Deposits routinely collected for Water and Power Utility Services
  - > Lack of payment history/poor payment history
- Current Practice:
  - > Credit/Refund deposits only on request for accounts in good standing
- One-Time Action:
  - > Credit all deposits on hand for 13+ months to customer accounts
  - > Credit issuance in April-May



# Utility Accounts Receivable Aging

Pasadena Water and Power

## March 2020 vs March 2021 All accounts aged 61+ days

Service type	March 2020	March 2021	Change in \$	Change in %
Refuse	\$42,257	\$322,473	\$280,216	663%
Sewer	\$9,215	\$76,682	\$67,467	732%
Electric	\$990,873	\$6,318,105	\$5,327,231	538%
Water	\$285,274	\$1,658,470	\$1,373,196	481%
<b>Total</b>	<b>\$1,327,619</b>	<b>\$8,375,729</b>	<b>\$7,048,111</b>	<b>531%</b>

**Change from February 2021 to March 2021: + \$221, 263 (2.7%)**



# Delinquencies by Customer Class (all utility services)

Pasadena Water and Power

**As of March 31, 2021**

<b>Customer Type</b>	<b># of Accounts in Arrears</b>	<b>Amount in Arrears (\$000)</b>
Residential	7,524	\$4,771
Commercial	1,394	\$3,605
<b>Total</b>	<b>8,918</b>	<b>\$8,376</b>

**For Reference - FY2020**

<b>Service Type</b>	<b>Total # of Accounts</b>	<b>Retail Revenue (\$000)</b>
Water	38,193	\$60,615
Power	67,446	\$192,210



# Resume Late Fees

Pasadena Water and Power

Collection Activities	Earliest Date (2021)
Billing Date (process begins)	July 1
Payment Due Date	July 31
Late Fee Assessed	August 4
Final Notice Sent	August 13
Final Notice Payment Due	September 2

- These are the earliest dates collection activities may occur
- Actual date late fees will be assessed for a given customer will be determined by:
  - > Applicable State laws and Governor's Executive Orders
  - > Billing cycle (monthly or bi-monthly)
  - > Actual billing date



# Resume Shut-Offs

Pasadena Water and Power

Collection Activities	Earliest Date (2021)
Resume Large/Medium Commercial Customer Shut-Offs	September 7
Resume Small Commercial Customer Shut-Offs	October 4
Resume Residential Customer Shut-Offs	October 4

- Compliance with applicable State laws and Governor's Executive Orders
- Represents earliest dates collection activities may occur
  - > actual dates will depend on operational ability
- Water service shut-off has a longer process by statute
- Collection activities normally avoided from Thanksgiving to New Year's Day
- Collection activities likely to be suspended for CIS go-live cutover and stabilization period



# Customer Outreach

Pasadena Water and Power

- **Customer reminder of obligation to pay bills**
  - > Bills can be kept more manageable by making payments
  - > Various media
- **Sent “Reminder to Pay” letter**
  - > November 2020 - January 2021
  - > ~7,000 delinquent accounts
  - > Offered payment arrangements up to 9 Months
- **Created self-help online application portal for payment terms**
- **Created online application portal for PWP’s “EUAP” Low-income Rate Assistance Program**



# Action By Other Utilities

## Pasadena Water and Power

City of Azusa- Water and Power	Resumed late fees and disconnections end of Jan.2021	Establishing payment arrangements for those in need.
City of Glendale	Extended late fees and disconnections	Tentative date: April 16 <sup>th</sup> – may be extended to be consistent with IOU's
City of Burbank	Suspension of late fees and disconnection	Until further notice
City of Anaheim	No late fees/disconnections	
City of Riverside	Taking a recommendation called “re-start” to Council	This will move debt from the utility to collection. Re-establish a new account, for current charges and then resume late fees/disconnections. Pending Approval
Imperial Irrigation District	Resumed electric shut-offs effective February 17, 2021.	Payment plans are available from 8 -12 months.
CA Investor-Owned Utilities	Residential and Small Commercial disconnections suspended through June 2021  A current proceeding is considering extending protections to Med and Large Commercial customers.	The California Public Utilities Commission has order regulated utilities to file “advice letters” with a schedule to resume late fees and disconnects. A sample draft plan from Southern California Edison is shown below as Table 1.
Las Vegas	Resumed late fees and disconnections Sept 2020	Financial Hardship needed for payment arrangements.



# Fiscal Impact

Pasadena Water and Power

- \$200,000 annual expenditure increase from PBC Fund for increased Project APPLE benefit
- Increased appropriations for bad debt expense:
  - > \$2,400,000 from Light and Power Fund
  - > \$800,000 from Water Fund
- Actions may encourage customers to pay delinquent utility bills
  - > Increase cash collections
  - > Reduce actual bad debt expense over time



THANK YOU  
Questions?