

**ANSWERS TO QUESTIONS AND SUGGESTIONS RAISED
AT THE 2/17/2021 FINANCE COMMITTEE MEETING**

Staff presented an informational item on COVID-19 utility impacts at the February 17, 2021 Finance Committee meeting. The Committee raised several questions that are addressed below.

Q: What is PWP doing to inform customers regarding their obligation to pay?

A: PWP has sent reminder letters to approximately 7,000 customers who are in delinquent status, advising them that “the suspension of late fees and utility shut-offs is intended to provide a temporary measure of relief and does not relieve customers of their obligation to pay utility bills.” Outreach has also noted that customers can keep their utility bills more manageable in the future by continuing to make payments or entering into payment plans. This message has been included in a broad messaging campaign including the Pasadena in Focus and PWP residential e-newsletters, and other outreach mediums. Once After the City Council has taken action on lifting the suspensions, additional messaging and information about the schedule to resume late fees and shut-offs will be provided through numerous means, including a City Manager Newsletter item, the PWP website banner, the Customer Service interactive voice response system, KPAS slides, and social media, to name a few .

Q: Is it possible to apply penalties/shut-offs differently based on customer type or circumstances: e.g., Commercial vs Residential; restaurants vs property managers; consideration for those financially impacted by COVID; etc.?

A: This is possible, and some utilities, in particular the California investor-owned utilities, have taken this approach. Staff has requested authority in the subject Agenda Report dated April 12, 2021 to commence the shut-off process for Medium and Large Commercial customer classes first, followed by Small Commercial and Residential customers. However, the current billing system does not facilitate the application of late fees to selected customer classes, and therefore late fees will be applied to all bills rendered for all customer classes on the effective date authorized by City Council.

Due to the unprecedented number of accounts that are likely to remain delinquent, it will not be possible to process and implement shut-offs for all customers immediately on the schedule outlined. In practice, it will likely take six to twelve months to initiate shut-off processes for all customers. To extent feasible, staff will consider the magnitude of amounts owed and customer type when initiating the shut-off notification process for each account.

Q: What are the current requirements/mandates/opportunities for COVID related reliefs to water and power customers?

A: Several protections are in place to provide added relief to water and power customers during the pandemic. Under current law, the Water Shutoff Protection Act of 2018, residential water service cannot be discontinued for non-payment unless the account has been delinquent for at least 60 days. The law also provides added protections for low-income customers.

Since Pasadena sends a consolidated utility bill (energy, water, wastewater, refuse), PWP opted to apply the 60-day delinquency minimum to electric service shut-offs as well. This action not only streamlines the shut-off processes for water and electric service, it also provides an added benefit to electric customers.

As noted in the report, Executive Order N-42-20 restricts water shut-offs to homes, small businesses, and facilities providing essential services during the pandemic. This executive order is in effect until lifted by the Governor. While the Executive Order only applies to water service, PWP proactively and voluntarily suspended electric shut-offs to provide additional customer relief.

Utilizing funding from the Consolidated Appropriations Act (2020) as authorizations under California Senate Bill 91 (2021), a statewide rent and utility relief program called the "CA COVID-19 Rent Relief" allows Pasadena renters with qualifying income levels to apply for funds to pay rent and cover 100% of up to 12 months' unpaid utility bills.

The \$1.9 trillion American Rescue Plan of 2021 will provide \$350 billion in general aid to states and local governments for pandemic relief. An estimated \$52 million of local aid will go to Pasadena over a two-year period; however, it is unlikely any of these funds will be used offset customer's unpaid utility bills.

In addition to the general aid, the American Rescue Plan includes utility assistance for low income energy, water and wastewater customers. Specifically, the legislation will provide \$4.5 billion for the Low Income Home Energy Assistance Program and \$500 million to the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program. It is not yet clear how much of this funding will be allocated to each state. It is not known if any of this funding will be available to pay utility arrears.

The American Rescue Plan also includes emergency rental assistance to states, counties, and cities for establishing programs to help with rent and utility payments. However, this funding has a 200,000 minimum population threshold to receive direct aid. For Pasadena, the funding will go to Los Angeles County and may be administered by the state in a manner similar to the CA COVID-19 Rent Relief program.

Q: What actions are other utilities taking to reduce arrears and their current arrears (if possible) – SCE and comparable POUs (Burbank, Glendale, LADWP, Anaheim, Riverside, etc.)?

A: The following table summarizes actions by various utilities

| | | |
|--------------------------------|---|---|
| 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 th – 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. |

A sample draft plan from Southern California Edison is shown below.

Table 1: Estimated *Earliest Possible Date* for Collection Activities (Residential)

| Activity | Earliest Possible Date |
|---|------------------------|
| Start of collection activities | August 2, 2021 |
| Earliest date overdue notices are mailed | August 3, 2021 |
| Earliest date final call notices are mailed | August 24, 2021 |
| Earliest a customer can be disconnected for non-payment | September 7, 2021 |

Q: What will be the cost for judgement liens for PWP bill collections?

A: Various moderate filing fees apply, in addition to staff time or contract services, to seek assistance from the courts in obtaining payment for utility arrears. Each case will differ. Cases can be brought in Small Claims Court or Superior Court. In California, the statute of limitations is four (4) years, if the Complaint states a cause(s) of action(s) for breach of contract, account stated, open account or book account. Depending on the claim (and specific circumstances), the statute of limitations can begin to run at different times.

Q: What needs to be done to prioritize payment to Water and Power over refuse and sewer?

A: Consistent with long-standing City policy and procedures, any customer's partial payments for utility bills are applied if the following order: Refuse, Sewer, Electric then Water.

Revising the order in which payments are applied would adversely impact the Sewer and Refuse Funds while having a relatively minor beneficial impact for the water and electric funds in comparison to the scale of the water and power delinquent accounts receivable. Furthermore, unlike electric and water utilities, it is not feasible or in the public interest to shut-off sewer and refuse services. Therefore, staff does not recommend changing the order in which payments are applied at this time. Nonetheless, if there is interest in revising the order or method of utility bill partial payment application, this can be examined at a later date and implemented after the new customer information and billing system has been implemented and stabilized.

Q: Consider payments spread over 16 months for financially struggling customers.

A: PWP is currently offering payment plans of up to nine months and will offer payment plans of up to twelve months in circumstances where evidence of particular hardship is provided. Payment plans in excess of twelve months are not common practice and are not advisable, particularly as changes in current practices could have significant adverse impact on the customer information and billing system project schedule and implementation. Customers must make continued payments towards arrears and all new charges incurred to avoid late fees and potential shut-offs

Q: Can we assist financially struggling customers by cutting their bills by 30%...is such "bill forgiveness" legal?

A: Staff is not recommending that the City Council authorize a utility bill forgiveness program for delinquent utility bills. As a community-owned, not-for-profit utility, there are no profits or shareholder funds that can be tapped as a means to forgive all or part of a customer's electric or water bill. Costs to provide services for each of the four utilities are collected from customers in their utility rates, and thus the cost of any unpaid bills is eventually collected from all other utility customers. Furthermore, any debt forgiveness program funded from utility revenues may result in a violation of Propositions 26 (electric services) or 218 (water and sewer services).

Customers that qualify for the state-run "CA COVID-19 Rent Relief" program can also apply for funds to cover 100% of up to 12 months' unpaid utility bills.

Q: Is staff pursuing legislative lobbying for direct allocation of delinquent utility bills – federal stimulus package and any state funding?

A: Staff has been coordinating with the American Public Power Agency, the California Municipal Utilities Association, and directly lobbying for state and federal assistance to help with utility delinquencies. Although direct aid to utilities is not a high probability, staff believes if such funding is obtained it could be applied to utility bill forgiveness for qualifying customers.

Q: Develop an action plan from the current status (moratorium restricting all customer fees and shut-offs) to allowing shut-offs with tentative time schedule.

A: Staff has provided a schedule of actions to start normalizing utility billing operations and reducing arrearages in the subject Agenda Report dated April 12, 2021.