



Agenda Report

October 28, 2024

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (10/8/2024)

FROM: Water and Power Department

SUBJECT: DIRECT THE CITY ATTORNEY TO PREPARE AN ORDINANCE AMENDING PASADENA MUNICIPAL CODE CHAPTER 13.04 TO INCREASE ELECTRIC UTILITY ASSISTANCE PROGRAM MONTHLY BENEFITS AND RELATED CHANGES

RECOMMENDATION:

It is recommended that the City Council:

- 1) Find that the action proposed herein is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges); and
- 2) Direct the City Attorney to prepare an ordinance amending the Light and Power Rate Ordinance, Chapter 13.04, Sections 13.04.040 and 13.04.045 of the Pasadena Municipal Code implementing the changes to the Electric Utility Assistance Program as described herein.

EXECUTIVE SUMMARY:

PWP is recommending an enhancement to the Electric Utility Assistance Program ("EUAP") to increase the monthly basic benefit (bill credit) for income-qualified customers. The change would raise the \$10 monthly basic benefit to be equal to the fixed charge components of the residential electric rates – the Customer Charge (currently \$8.96) and Grid Access Charge (currently \$4.50). If approved, the benefit would increase from \$10 to \$13.46 effective January 1, 2025, or as soon as practicable thereafter. Since the benefit would no longer be tied to a specific, static dollar amount, the bill credit would automatically increase in tandem with any rate increases to the Customer Charge and Grid Access Charge. This action would enhance rate equity by helping the City's most vulnerable households manage the fixed charges of their electric bill, which, unlike the variable charges, do not decrease with conservation. For the variable components, like the energy charge, customers can participate in PWP's

numerous energy efficiency programs, which provide additional incentives for income-qualified customers. Providing relief for the fixed components of the bill helps provide a holistic, nimble assistance program with minimal administrative turnaround time for implementation. The EUAP is funded through the Public Benefits Fund as one of four restricted uses for this revenue source.

BACKGROUND:

Customer Assistance Program

The EUAP provides monthly bill credits and certain waivers to PWP residential electric customers who meet established criteria relating to income, age, or certain health conditions or impairments. City Council first authorized the EUAP in March 2006, establishing a “basic benefit” (monthly bill credit) of \$5 per month for income-qualified customers, or those with qualifying medical devices, plus a bill credit equal to the Public Benefit Charge (“PBC”) for income-qualified customers meeting age or disability requirements. The PBC was established pursuant to Section 385 of the California Public Utilities Code. EUAP funds are collected through the PBC, which is restricted to be used in a manner that includes “services provided for low-income electricity customers ... including rate discounts” (PMC 13.04.23). The City Council has subsequently increased the monthly basic benefit to \$7.50 in August 2009, and to \$10 in July 2019.

Staff recommends increasing the \$10 monthly basic benefit to be equal to the fixed charge components of the residential electric rates. These components are the Customer Charge (currently \$8.96) and Grid Access Charge (currently \$4.50). If the City Council approves the staff recommendation, the monthly basic benefit would increase from \$10 to \$13.46 effective January 1, 2025, or as soon as practicable thereafter.

Since the monthly basic benefit would no longer be tied to a specific, static dollar amount, the bill credit would automatically increase in tandem with any rate increases to the Customer Charge and Grid Access Charge. This action would provide enhanced rate equity by helping the City’s most vulnerable households manage the fixed components of their electric bill, which do not decrease even if a customer reduces their energy use or participates in energy efficiency programs.

Customers can help lower the cost of the variable portions of the bill such as the energy charge by conserving energy and/or participating in PWP’s energy efficiency incentive programs, which include rebates and direct installations of efficiency measures. These programs also provide additional incentives for income-qualified customers.

Providing relief for the fixed components of the bill helps provide a holistic assistance program that automatically grows in equal measure if the fixed charges increase. Additionally, automating this growth allows the program to be nimble and efficient with minimal administrative turnaround time for implementation.

Income Eligibility Criteria

The current Council-approved EUAP income eligibility criteria is established by the higher of the lowest income criteria used by the City’s Housing and Community Development Division for the Rental Assistance Program stated in Section 17.80.020 of the City Zoning Code or the California Public Utilities Commission’s (“CPUC”) Low-Income Oversight Board. Table 1 lists the 2024 income thresholds.

Table 1: Comparison of Qualifying Annual Household Income Levels (\$/year)

Household Size	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
Rental Assistance Program ¹	\$48,550	\$55,450	\$62,400	\$69,350	\$74,900	\$80,450	\$86,000	\$91,550
CPUC ²	\$40,880	\$40,880	\$51,640	\$62,400	\$73,160	\$83,920	\$94,680	\$105,440
Proposed ³	\$48,550	\$55,450	\$62,400	\$69,350	\$74,900	\$83,920	\$94,680	\$105,440

- ¹ Based on lowest income criteria used by the City’s Housing and Community Development Division for the Rental Assistance Program stated in Section 17.80.020 of the City Zoning Code. Updated to 2024 values.
- ² Income eligibility criteria updated annually by the California Public Utilities Commission (“CPUC”) Low-Income Oversight Board. Updated to 2024 Values.
- ³ Greater of the two qualifying income levels.

Nearly 5,000 customers are participating in the EUAP, all receiving the \$10 per month basic benefit. Among them, more than 2,500 customers receive additional discounts under the EUAP Cares, EUAP Cares Plus, and Medical Assistance programs.

- EUAP Cares program waives the PBC for low-income seniors (ages 62 and up) and customers with permanent disabilities.
- EUAP Cares Plus program, designed for very low-income seniors, provides the same benefits as the Cares program, and additionally waives the Utility Users Tax.
- The Medical Assistance program offers the basic benefit to customers with qualifying electric-powered medical equipment, regardless of income.

Assuming no significant change in enrollment, the increased benefit will result in an additional annual cost of approximately \$206,064 to the PBC Fund. The PBC fund has sufficient funds available to increase the customer benefit without compromising funding from existing programs.

COUNCIL POLICY CONSIDERATION:

The recommendations are consistent with the City Council's goals to maintain fiscal responsibility and stability; and support and promote the quality of life and the local economy.

ENVIRONMENTAL ANALYSIS:

The proposed electric rate changes are statutorily exempt from CEQA pursuant to State CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges), which provides a statutory exemption for the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies, which the public agency finds are for the purpose of:

1. Meeting operating expenses, including employee wage rates and fringe benefits,
2. Purchasing or leasing supplies, equipment, or materials,
3. Meeting financial reserve needs and requirements,
4. Obtaining funds for capital projects, necessary to maintain service within existing service areas, or
5. Obtaining funds necessary to maintain such intra-agency transfers as are authorized by city charter.

FISCAL IMPACT:

The changes would result in approximately \$206,064 in FY25 in additional expenses to the Public Benefits Fund (410). If approved, the proposed EUAP change to increase benefit from \$10.00 per month to match the Customer Charge and Grid Access Charge component of the bill, currently a total of \$13.46 per month. There is no impact to the General Fund.

Respectfully submitted,



DAVID REYES
Interim General Manager
Water and Power Department

Prepared by:


Gordon Algermissen
Customer Program Manager
Water and Power Department

Approved by:


MIGUEL MÁRQUEZ
City Manager