



Drinking Water and Wastewater Utility Customer Assistance Programs

Acknowledgments

This compendium is an effort by EPA's Water Infrastructure and Resiliency Finance Center (WIRFC) to document how drinking water and wastewater utilities are implementing customer assistance programs to provide better access to essential drinking water delivery and wastewater management services. EPA values the collaboration and partnership with the following organizations in this effort:

- American Water Works Association (AWWA)
- Association of Metropolitan Water Agencies (AMWA)
- National Association of Clean Water Agencies (NACWA)
- National Association of Water Companies (NAWC)
- Water Environment Federation (WEF)
- Water Research Foundation (WRF)



EPA also thanks the utilities that have shared additional information about their customer assistance programs. EPA hopes the information and details gathered from public websites, documents, and interactions will be valuable to other communities and utilities looking for ways to ensure services to customers having difficulty paying water and/or sewer bills.

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Preface

Drinking water and wastewater utilities have the extraordinary task of providing public health and economic sustainability for their local communities. And the price tag to do so is equally extraordinary. Utilities across the country are increasingly seeing the need to invest in aging infrastructure, new technologies, regulatory requirements, and a skilled workforce. They are addressing these needs to uphold their public service duty, all the while keeping in mind their customers' ability to afford these essential services.



Affordability.

This is an important concept that we must consider as public servants. One that our water sector grapples with more and more as increased investments are needed to address complex, and many times competing, social and water quality issues. To address these issues, utilities have been developing household affordability programs that focus on an individual customer's ability to pay for drinking water and wastewater services.

These customer assistance programs are innovative ways to meet specific customer needs, while also meeting the utility's financial needs and obligations. These programs are not a one-size-fits-all approach. Utilities have developed and adapted their own programs to the needs and structures of their local communities. Some households that may have difficulty paying their water and sewer bills include those on fixed incomes or lower incomes, as well as households that face a temporary crisis such as a job loss, illness, or other domestic situation. This document shows the different programs that utilities have initiated, some sophisticated and some common sense, to ensure that all customers receive services and, at the same time, allow the community to benefit from a more sustainable and resilient utility.

We hope that the examples in this compendium show how utilities have addressed affordability matters for their most precious asset – the citizens they serve.

Andrew Sawyers
Director
Office of Wastewater Management

Andrew Sawyers is the director for the Office of Wastewater Management, which leads the Water Infrastructure and Resiliency Finance Center. The Center identifies financing approaches for public health and environmental goals by providing financial expertise to help communities make better-informed decisions about the drinking water, wastewater, and stormwater infrastructure.

Introduction

Drinking water and wastewater utilities across the country are changing the way they do business to help all members of their communities maintain access to vital drinking water and wastewater services, while also protecting the utilities' bottom lines.

In every community across the country, there are some customers that will have difficulty paying their water bills. According to the U.S. Census Bureau, 46.7 million people (14.8 percent of the U.S. population) lived in poverty in 2014 (DeNavas-Walt and Proctor 2015). Other people experience unexpected crises that affect their ability to pay. In response, a number of water and wastewater utilities have developed customer assistance programs (CAPs) that use bill discounts, special rate structures, and other means as an approach to help financially constrained customers maintain access to drinking water and wastewater services (collectively referred to as “water services” or “water utilities” throughout this document). These programs help households address issues with affordability and help protect public health throughout the community. They also help ensure the utility can sustainably provide its core services, price services appropriately, and preserve a broad customer base.

A study by the U.S. Geological Survey found that about 86 percent of the U.S. population relied on a public utility for their drinking water or wastewater services in 2010 (Maupin et al. 2014).



The U.S. Environmental Protection Agency (EPA) researched publicly available information to identify drinking water and wastewater utilities in the United States that have developed CAPs. Public websites and public documents were reviewed to compile programs that large drinking water utilities and wastewater utilities (i.e., serving more than 100,000 people) have developed. A separate review was conducted of public websites and public documents developed by a random sampling of medium-sized drinking water and wastewater utilities serving between 10,000 and 100,000 people. Additional utilities reached out to EPA to provide information on their CAPs.

The review effort considered 795 utilities, and found that more than a quarter (228 utilities, or 28.7 percent) offer one or more CAPs. A total of 365 CAPs are currently offered, mostly by large utilities (Table 1). A Quick-Find Matrix, presented in Appendix A, offers brief profiles of all identified programs. More detailed information on each program is presented in Appendix B: Utility Snapshots.

Table 1. Customer Assistance Programs Offered by U.S. Drinking Water and Wastewater Utilities

Type of Drinking Water and Wastewater Utilities Reviewed	Number of Utilities Reviewed	Number of Utilities Found to Have One or More Programs	Total Number of Programs ¹ Identified During Review
Large Utilities (>100,000 people)	620	190 (30.6%)	308 (84.4%)
Medium Utilities (10,000–100,000 people)	175	38 (21.7%)	57 (15.6%)

¹ Of 795 utilities reviewed, 228 utilities offer a total of 365 CAPs.

Meeting Expenses – A Neighbor’s Perspective

This document does not address the overall utility affordability of developing or complying with drinking water and/or wastewater regulations. Instead, this document focuses on programs that drinking water and wastewater utilities have developed to assist customers that have difficulty paying for drinking water and/or sewer services. This relates to a different context of affordability—that of an individual customer’s ability to pay for drinking water and wastewater services. Regardless of a water utility system’s rates and rate design, some customers will have difficulty paying for service, no matter the price of the service. Customer assistance programs are tools that help utilities address these affordability challenges.

This document does not suggest what utilities should or must do. Instead it provides examples of hundreds of utilities’ proactive efforts to change how they do business, to help ensure all their customers can receive the public health benefits of water service while meeting the utility’s financial needs and obligations.



This document is designed to help drinking water and wastewater utilities build on their existing CAPs or adopt new CAPs by learning from the experiences of other utilities. By highlighting what CAPs are meeting which needs within diverse communities across the United States, utilities can see what works, and why.

Why Focus on Customer Assistance Programs?

Under current rate structures, utilities often find approximately 1 percent of their customers are unable to pay at any particular time (WRF 2010).

Households on fixed or lower incomes may sometimes have difficulty paying their bills; plus, any family, regardless of household income, could face an unexpected crisis (e.g., job loss, illness, death, divorce) that puts them in a temporary hardship situation. For some types of utilities, nonpayment would lead to a prompt termination of service, and customers would face inconvenience and might explore substitute options. In contrast, a water service customer facing disconnection also faces immediate health and safety threats.

Therefore, water utilities across the United States have demonstrated a commitment to helping low-income customers and customers in crisis delay and avoid disconnection. Many communities have decided that each resident should have the same access to clean and safe water that everyone else in the community enjoys, even if paying for the service is beyond their immediate means. It is water's special status as essential to public health that makes ensuring access more than a charitable cause.



“In every community in the U.S., some households inevitably have difficulty in paying water and wastewater bills. The relative number may be large or small, but there are always some that find public utility service unaffordable. This is true whether the community as a whole is wealthy or poor, whether the average cost of water and wastewater service is high or low, and whether the utility’s collections policy is strict or lax.”

—Environmental Financial Advisory Board (EFAB)

CAPs Benefit Customers and Communities

Utilities use CAPs to help customers and strengthen their local communities. Community members are able to:

- Address issues with affordability,
- Retain or restore access to water services crucial to their daily life,
- Avoid penalties and fees, and
- Avoid the health threats, inconvenience, and stigma of water service disconnection.

According to the Water Research Foundation, low-income households are three times more likely to have their water and/or sewer service disconnected than other households (WRF 2010).

CAPs Benefit Utilities

Utilities have also discovered that CAPs support their business in three key areas:

- 1. Offers an Opportunity to Practice Social and Corporate Responsibility** – Taking care of the less fortunate in our communities is the right thing to do. Utilities have a unique opportunity to help neighbors in need.
- 2. Improves Public Relations** – From a business standpoint, CAPs allow utilities to:
 - Improve public health and environmental quality,
 - Continue their critical role in the community and local economy,
 - Improve their standing with customers, and
 - Bolster their reputation with other key stakeholders in the community.

A water sector utility that finds ways to serve its entire customer base will be championed as a critical asset to the community.

- 3. Improves Financial Health** – Utilities can save on administrative and legal costs associated with collecting on debts, disconnection, and reconnection of water services.

Because of these benefits to the utility, its customers, and the community, many utilities have voluntarily developed a CAP (or in many cases, CAPs) tailored to meet customers' needs. The variety of CAPs across the country (highlighted in the Quick-Find Matrix and Utility Snapshot sections provided at the end of the document) show that utilities are developing innovative and creative custom solutions.



Household-level affordability problems often result in increased costs and decreased revenues for water and wastewater utilities that impact all customers, rich and poor alike. Excessive numbers of disconnections for nonpayment create major inconvenience for households and may contribute to public health problems (EFAB 2006).

Costs of Providing Water and Wastewater Services

The business of running a drinking water or wastewater utility is complex, with a variety of fixed costs associated with providing public services. Utilities must cover the cost of daily operation and maintenance expenses (including energy, labor, chemicals, and other supplies) to ensure continuous service that meets applicable federal and state public health and environmental standards. In addition, utilities plan for long-term capital and operational investments such as:

- Repairing and replacing aging infrastructure.
- Preparing for drought conditions and water quantity issues.
- Increasing utility resiliency and security.
- Complying with new rules and regulations.

Estimates for repairing and replacing aging infrastructure alone amount to a trillion dollars in investment needs collectively facing the industry in the next 25 years (AWWA 2012). More than \$600 billion of this need is eligible for financing under the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) programs, but the needed investment far outpaces the funds available. As more and more utilities use best management practices such as asset management to forecast costs needed to sustainably manage their utility, these costs may increase. Rising costs for replacing aging infrastructure will be accompanied by higher bills for customers. As a result, the need for affordability programs will increase over the next several decades.

Utilities can tap numerous possible revenue sources to cover costs for providing service, including usage charges, connection fees, and in some cases property tax revenue. Setting rates is usually performed at the discretion of the utility and the local unit of government. Utilities and local governments have the authority to work into their business model a safety net of one or more CAPs that reduce customers' risk of losing water service or incurring financial penalties.



Eligibility Criteria Vary by Utility

As shown in Figure 1, the most common criterion considered for CAPs eligibility is status as a low-income household. Senior citizens are often eligible for assistance, as are households experiencing short-term financial hardships. EPA also found programs targeting assistance to disabled customers, as well as customers that are either active duty or veterans of the military. Specific eligibility criteria (e.g., the income threshold used to qualify) differ across programs. The way utilities determine customers' eligibility also varies, with some utilities conducting application reviews and approvals in-house and others collaborating with social service programs to accept their eligibility determinations.

Who Needs Assistance?

CAPs serve different segments of the population based on factors such as income level (e.g., low- or fixed-income), permanent disability, occurrence of temporary hardship (e.g., recent divorce, death of spouse, recently unemployed), age (e.g., senior citizens), and/or status as a veteran.

Income is the most common criterion used to determine rate assistance eligibility. Some utilities offer a discounted rate for customers whose income is below a specified threshold. The threshold might be based on the poverty level (e.g., twice the federal poverty level) or on water bill charges exceeding a specified percentage of income (e.g., median household income, or MHI). Some utilities require customers to stay current on their water bills to remain eligible for assistance.

Some utilities determine eligibility according to whether the customer receives assistance from other social aid programs. Under this criterion, eligibility for utility billing assistance is based on successful enrollment in assistance programs offered by other agencies or organizations, which lowers the administrative costs to the water utility, makes the process easier for recipients, and generally accelerates the reach of the water CAP.

EPA's review of 795 utilities across the nation showed that almost 30 percent of utilities offer one or more CAPs, for a total of 365 active programs. Some CAPs provide assistance to more than one group of customers. Overall, the customers most frequently targeted by CAPs were those in low-income households (Figure 1).

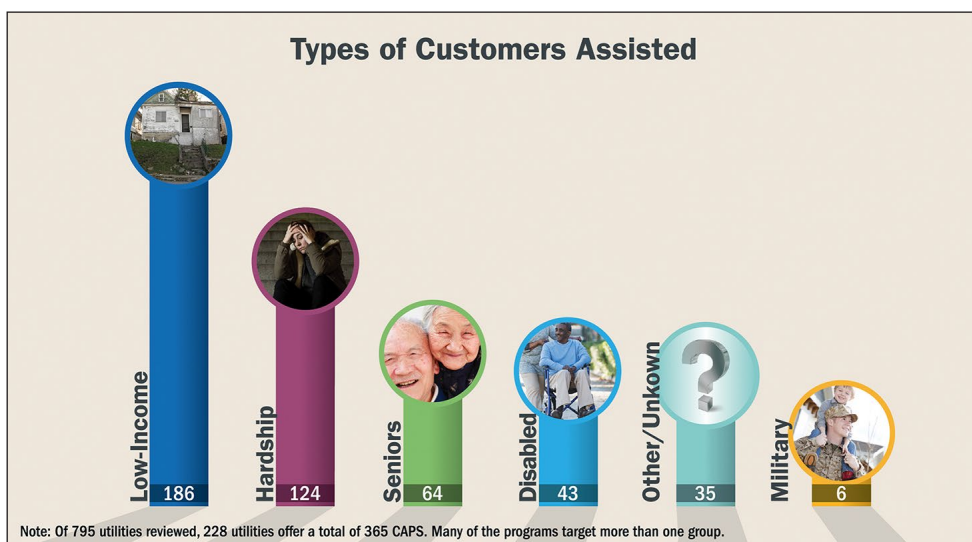


Figure 1. Types of customers assisted by CAPs at U.S. drinking water and wastewater utilities.

Types of Customer Assistance Programs

Utilities offer a variety of assistance programs to meet the needs of their customers. (See Appendix B: Utility Snapshots for more information on specific programs described in this section and their materials.) Common program types include:

Bill Discount – Utilities reduce a customer’s bill, usually long-term. Can be applied to nearly any type of rate structure or aspect of the bill (e.g., variable rate structure, fixed service charge, and volumetric charge). Also known as **write-off, reduced fixed fee**.

Flexible Terms – Utilities help customers afford services and pay bills through arrearage forgiveness (e.g., rewarding timely bill payments by partially forgiving old debt and establishing a payment plan for future payments), bill timing adjustment (e.g., moving from quarterly to monthly billing cycles), or levelized billing (e.g., dividing total anticipated annual water and sewer bill by 12 to create a predictable monthly bill amount). Common categories of different program types include **payment plans, connection loans, managing arrears, levelized billing, bill timing**.

Lifeline Rate – Customers pay a subsidized rate for a fixed amount of water, which is expected to cover that customer’s basic water needs. When water use exceeds the initial fixed amount of water (i.e., the lifeline block), the rates increase. Also known as **minimum bill, low-income rate structure, single tariff, water budget**.

Temporary Assistance – Utilities help customers on a short-term or one-time basis to prevent disconnection of service or restore service after disconnection for households facing an unexpected hardship (e.g., death, job loss, divorce, domestic violence). Also known as **emergency assistance, crisis assistance, grant, one-time reduction**.

Water Efficiency – Utilities subsidize water efficiency measures by providing financial assistance for leak repairs and offering rebates for WaterSense-certified fixtures, toilets, and appliances. Also known as **water conservation**.

EPA’s review of 795 utilities across the nation showed that almost 30 percent offer one or more CAPs; of these, 155 included a bill discount in their CAP. The next two most popular CAP types were flexible terms and temporary assistance (Figure 2).

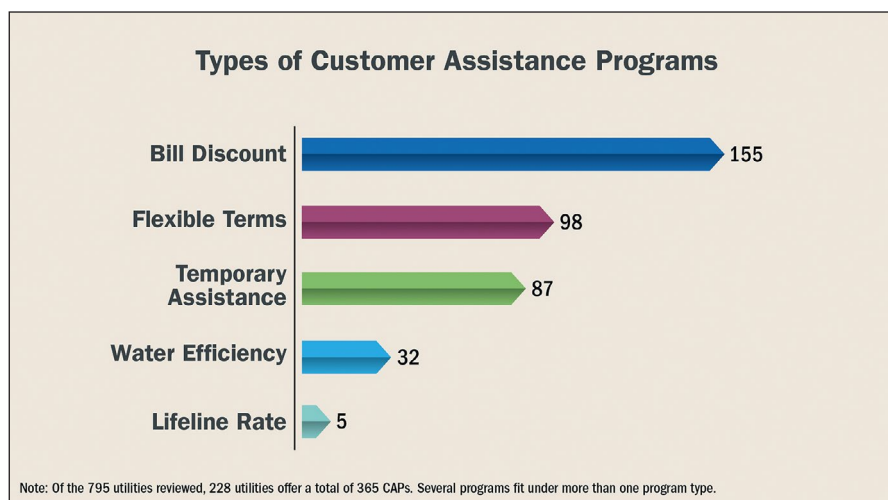


Figure 2. Types of CAPs offered by U.S. drinking water and wastewater utilities.

Bill Discount

Reduces bills on an ongoing basis usually by a percentage or dollar amount. This broad category encompasses a diverse array of programs.

Opportunities

- Targets households that have difficulty paying water and/or sewer bills.
- Offers flexibility to structure in a variety of ways, including a sliding scale; can apply to any type of rate structure.

Challenges

- Revenue impact may be greater because programs are generally designed to provide assistance long-term.
- Can be confusing to customers if program-related outreach and education isn't provided.

Considerations

- Administrative burden is low if utility can partner with an existing social service program for eligibility determination and enrollment; administrative burden can be higher if a partnering opportunity doesn't exist.
- A percentage discount can give households using more water a larger subsidy, creating concerns of equity and providing a disincentive to use water efficiently.
- Does not take into account other factors that might be causing long-term high water usage, such as older appliances and fixtures.

New York City, New York

Mayor de Blasio and the **New York City Department of Environmental Protection (DEP)** announced on December 24, 2015, that nearly 52,000 low-income, senior, or disabled homeowners across the city will receive an automatic one-time credit of \$115.89 on their next water bill, saving most participants approximately 25 percent on their annual bill. The credit is part of the Home Water Assistance Program, first introduced in 2014, to assist approximately 12,500 homeowners who qualified for the federal Low-Income Home Energy Assistance Program (LIHEAP). In 2015, DEP expanded the program to include those who receive a Senior Citizens Homeowners Exemption or a Disabled Homeowners Exemption for property taxes, bringing the total to nearly 52,000 homeowners. DEP has partnered with the Human Resources Administration and the Department of Finance to identify qualified homeowners (with homes housing one to four families) who received a LIHEAP or low-income property tax benefit in 2015. Homeowners do not have to do anything to receive the credit; it will automatically appear on the next water and sewer bill for qualifying customers.



"Any assistance to low-income homeowners is welcome news in the Bronx and New York City. Many families struggle from paycheck to paycheck and receiving a credit on their next water bill will likely go a long way to help. ... I would like to thank Mayor de Blasio, the New York City Department of Environmental Protection, the Human Resources Administration and the Department of Finance for their work in making sure that more than 52,000 households receive a credit of \$115 on their next water or sewer bill through the Home Water Assistance Program."

—Assembly Member Latoya Joyner

American Water



American Water provides drinking water and sewer-related services to communities in 45 states. They offer multiple CAPs designed as a safety net for customers in need.

New Jersey American Water's H2O Help to Others Program™ (serving Liberty, Ocean City, Raritan, Short Hills, and coastal north and western New Jersey) includes a bill discount program that provides low-income customers in New Jersey a water bill credit (grant) of up to \$500. Eligible customers must have a total combined monthly income at or below 200 percent of the federal poverty guidelines. In some cases, recipients must pay a portion of their bill based on their income. In 2014, New Jersey American Water provided \$92,453 in assistance grants to 327 households. Eligible customers could also receive a 100 percent discount on their monthly fixed service charge for water. Approximately 5,500 customers in New Jersey were enrolled in this program as of December 31, 2014.

H2O HELP TO OTHERS™
Assisting low-income customers for decades

Water Service Assistance
For nearly two decades, Pennsylvania American Water has been assisting low-income customers who qualify through its H2O Help to Others Program™. The program H2O Help to Others Program™ offers:

- Grants of up to \$500 per year
- An 80 percent discount on the monthly water service fee
- Water-saving devices and education

Wastewater Service Assistance
Starting in January 2014, the program was expanded to include wastewater customers. The program offers:

- Grants of up to \$500 per year
- A 25 percent discount on the total wastewater charges

About the programs
Grant Programs
During the 2013-13 program year, Pennsylvania American Water provided \$284,260 in water and wastewater assistance grants to 3,477 households. Grants are funded through a corporate donation and bond proceeds.

MONTHLY INCOME GUIDELINES

Number of Persons in Household	Annual Household Income	Total Combined Monthly Income
1	\$12,000	\$1,000
2	\$16,000	\$1,333
3	\$20,000	\$1,667
4	\$24,000	\$2,000
5	\$28,000	\$2,333
6	\$32,000	\$2,667
7	\$36,000	\$3,000
8	\$40,000	\$3,333
9	\$44,000	\$3,667
10	\$48,000	\$4,000

For each additional person: \$417

In Pittsburgh and Lake Scranton, the **Pennsylvania American Water Company** uses its H2O Help to Others Program™ to offer income-qualified drinking water customers an 80 percent discount on their monthly water service fees and grants of up to \$500 per year. Low-income sewer customers also can receive annual \$500 grants as well as a 15 percent discount on their total wastewater charges. The threshold for qualification for assistance is 150 percent of the poverty line.



For some of these programs, American Water provides corporate funding as well as a corporate match for customers' donations. Other programs are funded through the rate design. American Water customers wishing to contribute to the H2O Help to Others Program™ can add a donation to their monthly American Water bill payment. All donations and American Water's matching funds go directly to qualifying customers.

Seattle, Washington

Seattle Public Utilities (SPU) offers its drinking water and sewer customers a bill discount of 50 percent if their household income is at or below 70 percent of the state median household income. All SPU residential accounts are eligible if they meet income guidelines, which vary by household size. Renters and condo owners who do not receive a water bill directly could be eligible for a credit to their electric bill instead. Renters living in single family homes and duplexes receive more credit than residents in multifamily buildings. Households participating in the Housing Choice Voucher Program (Section 8 housing) or living in other specific subsidized housing units are not eligible for the bill discount program. In addition to offering the bill discount program, the utility also offers a complementary Emergency Assistance Program designed to help qualified customers with delinquent bills.



Get Help With Your Utility Bills!
50% off if you qualify



Flexible Terms

Helps customers stay current with bills by waiving penalties, fees, interest, and/or changing how they are billed over time.

Opportunities

- Highly effective and popular for gas and electric utilities.
- Few legal or policy barriers make implementation relatively low-cost and easy.
- Can reduce administrative costs for the utility.

Challenges

- Can diminish the power of water conservation pricing.
- Can reduce revenue for the utility.

Considerations

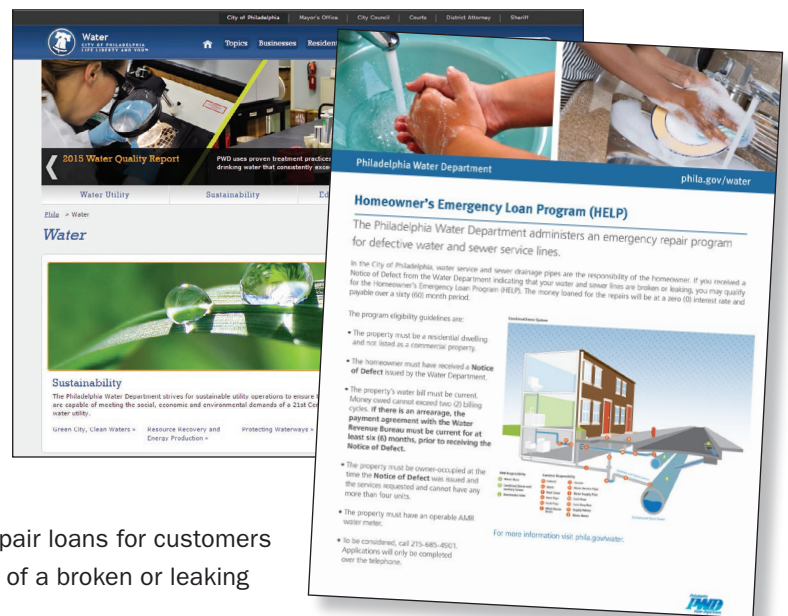
- Increasing billing frequency does not require the utility to change the frequency of meter reading; however, some utilities may find it necessary.
- Monthly billing allows for predictability and planning. Levelized billing works well when it is voluntary or other utility bills are also levelized.
- Some measures, like levelized billing and bill timing, are revenue neutral. Other tools, such as forgiving arrears and interest-free payment plans, lower (potential) revenue. Reduced fee programs can improve collectability of revenue.
- New technology, such as pre-paid meters and smart meters, give utilities more options for designing flexible terms that customers can use to help remain current on their bills.

Philadelphia, Pennsylvania



The **Philadelphia Water Department** provides a number of CAPs to its customers to assist with water and sewer

bills, including several different options for flexible terms. Customers having difficulty paying taxes or water bills can arrange a payment agreement. When the customer enters into a payment agreement, they must pay the future monthly water and sewer bills in full and on time, and make their agreed upon monthly payments. The Homeowners Emergency Loan Program also provides no-interest repair loans for customers in imminent danger of service disconnection because of a broken or leaking water service or sewer drainage line.



Tallahassee, Florida



The **city of Tallahassee's** municipally owned drinking water and wastewater utility offers customers levelized billing through a program called Budget Billing. This program allows customers to average their bills as a way to flatten out the peaks and dips of usage over the course of a year, resulting in a consistent bill for their utility services.

The utility totals the past 12 months of utility usage (billed amounts) and divides the total by 12 to find the average monthly bill. The utility then adds another 10 percent to arrive at a monthly figure that will be billed throughout the subsequent year. The additional 10 percent protects the customer from significantly underpaying bills if their usage varies because of warmer or drier conditions. Every 12 months, the utility automatically reviews the account to determine the difference between the actual utility bills and budget billed amounts. This difference will then be used to compute the following year's bill. Any amount of underpayment or overpayment is rolled into the new budget billing amount.

Lifeline Rate

Reduces bill for a set quantity of water on an ongoing basis to allow essential usage.

Opportunities

- Can be targeted to specific eligible households, which reduces its cost.
- Can promote water conservation.

Challenges

- Targeting only eligible households makes implementation more difficult.
- Eligible households may be more likely to use more water for basic needs.

Considerations

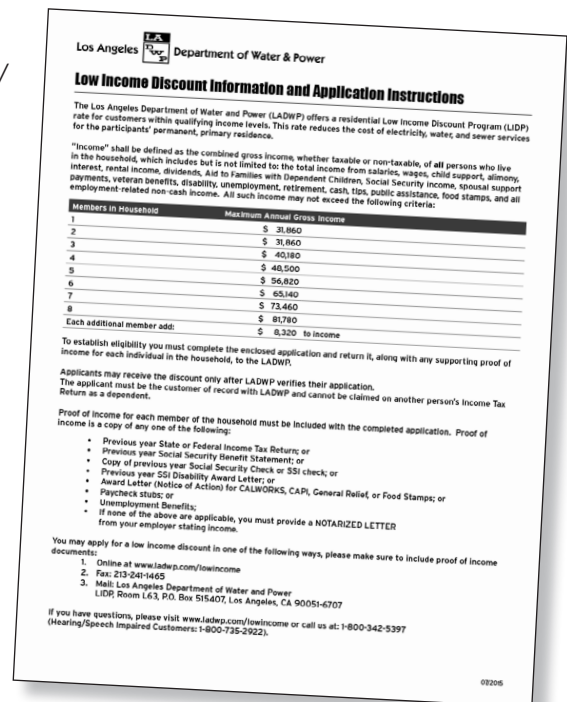
- Consider adjusting the size of the lifeline block to take into account the number of people in the household.
- Some ratepayers will be subsidizing (through higher rates) the ratepayers who qualify for the lifeline program.

Los Angeles, California



Through the Senior Citizen/ Disability Lifeline Rate Program, the **Los Angeles Department of Water and Power** offers eligible

low-income households a 31 percent reduction in water and sewer rates for the first 1,800 cubic feet of water used in every 2-month billing cycle. After that amount (i.e., the lifeline amount), the standard rate applies. To be eligible, residential customers must reside at the service address and be responsible for directly paying the water bill, be at least 62 years old or disabled, and have a combined adjusted gross household income of less than \$33,200 for the previous year. The funds to pay the water bill must not be from another public agency. Households who qualify might also qualify for a discount on their trash bill. Eligibility for the program is reviewed biannually. Existing customers continue to receive the discounted rate as long as they maintain eligibility.



Norman, Oklahoma



The municipally owned drinking water and sewer utility in the college town of **Norman, Oklahoma**, provides low-income households a special rate structure for the first 5,000 gallons of drinking water they use; beyond 5,000 gallons the standard

rate applies. Rather than paying \$3.35 per 1,000 gallons, they pay \$1.50 per 1,000 gallons, for a monthly savings of almost \$10. In addition, the municipality also provides low-income households meeting federal guidelines a 50 percent discount off their monthly drinking water fixed fee (\$6) and monthly sewer fixed fee (\$5). The net total potential monthly savings for low-income households is nearly \$21.

Temporary Assistance

Reduces bill one time or on short-term basis to help customer deal with an urgent, unexpected hardship.

Opportunities

- Targeted assistance helps customers during their time of greatest need.
- One-time nature can make the program relatively inexpensive.
- Partnering with other agencies and organizations can lessen administrative burden.

Challenges

- Can become long-term assistance unless limits are implemented.
- Might be insufficient to prevent a service disconnection.
- Can have relatively high administration costs.

Considerations

- Water and sewer utilities often partner with another organization (e.g., a public assistance agency or local charity) to administer the program.
- Resources for this type of program often come from outside government agencies, social service agencies, or voluntary contributions from other ratepayers.

Charlotte County, Florida



The HeartShip Program of the **Charlotte County Utilities** provides \$90 in emergency assistance on a first-come, first-served basis for drinking water and sewer services. A household can only qualify once every 5 years. The utility partners with the county's Health and Human Services Department, which certifies a recipient's need and qualification to receive assistance. To be eligible, a customer must have received an urgent notice for disconnection of service or had their service disconnected for nonpayment. In addition, the household's income cannot exceed 150 percent of the federal poverty guidelines, and they must have experienced an emergency situation beyond the household's control. Customers support the program with tax-deductible donations.

Portland, Oregon



The **Portland Water Bureau (PWB)** offers several temporary assistance programs for drinking water, sewer, and stormwater services. Households enrolled in the Low-Income Utility Assistance Program could receive one \$150 crisis voucher every 12 months. The customer must pay a portion of the

bill to receive assistance. Eligibility depends on family size and gross monthly household income. PWB also offers a Safety Net Program that provides assistance to residential ratepayers facing a qualifying emergency (such as change in employment, unreimbursed medical bills, or divorce). The Safety Net Program can delay service disconnection, waive delinquency charges, offer interest-free payment plans, and include financial assistance. The duration of temporary assistance is established on a case-by-case basis.

The collage includes several brochures:

- Bill Discount:** Explains how eligible customers can receive a discount on their bill.
- \$150 Crisis Assistance:** Details the process for receiving a crisis voucher.
- Clean River Rewards:** Describes a program where customers can earn rewards for water conservation.
- Leak and Fixtup:** Offers financial assistance for water leaks and fixture repairs.
- Who is eligible?:** Lists criteria for various assistance programs.
- Income Eligibility:** A table showing income thresholds for different family sizes.
- City of Portland Customer Service:** Provides contact information for various utility services.
- FINANCIAL ASSISTANCE FOR Sewer, Stormwater, and Water Services:** Offers help with utility bills for low-income households.

Family Size	Monthly Income
1 person	Under \$1,762
2 people	Under \$2,462
3 people	Under \$3,262
4 people	Under \$4,062
5 people	Under \$4,862
6 people	Under \$5,662
7 people	Under \$6,462
8 people	Under \$7,262

Wyandotte County, Kansas



The **Kansas City Board of Public Utilities' (BPU's)** Customer Hardship Payment Service Program offers a one-time credit of up to \$500 per year of a customer's utility expenses for specific hardship cases, including a health emergency, a change in employment or income status, a change in family or marital status, or unforeseen documented expenses. To qualify, the customer must not have had more than one late or missed payment in a 12-month period. The BPU, which is a nonprofit, community-owned drinking water utility, developed the program in cooperation with the United Way of Wyandotte County.

Water Efficiency

Reduces bill by directly implementing water saving measures, such as repairing or replacing leaking or outdated pipes and/or fixtures.

Opportunities

- Disadvantaged customers are more likely to have old fixtures and/or poor plumbing.
- Can be a long-term solution to lowering bills that empowers homeowners.
- Can use outreach materials and partnerships with other utilities through WaterSense.
- Complements a community’s sustainable water management goals, carbon reduction efforts, etc.

Challenges

- Can impact utilities’ revenue.
- Rebates for new devices and appliances may be less likely to help low-income households.

Considerations

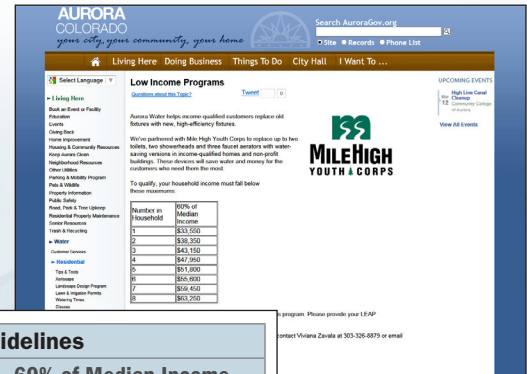
- Coupling water efficiency programs with increasing block pricing can be very effective.
- Programs can be designed and structured in numerous ways, from rebates to service contracts with local providers.
- Low-income customers are more likely to take advantage of programs that provide in-house services as opposed to programs that require them to buy their own equipment or services (WRF 2010).

Aurora, Colorado



The municipal drinking water, wastewater, and stormwater utility for the **city of Aurora**, has a Low-Income Water Efficiency Program (LIWEP) where it replaces old plumbing fixtures with new water-efficient ones. Each eligible

household can receive up to two toilets, two showerheads, and three faucet aerators. These fixtures are replaced by the Mile High Youth Corps, who partners with the utility to perform the work in residences. Households must meet the income guidelines to qualify. Households that are qualified to receive low-income benefits for electricity are automatically qualified for the LIWEP.



Income Guidelines	
Number in Household	60% of Median Income
1	\$33,550
2	\$38,350
3	\$43,150
4	\$47,950
5	\$51,800
6	\$55,600
7	\$59,450
8	\$63,250

Portland, Maine



The **Portland Water District** has a program for low-income customers where it provides financial assistance to improve water efficiency and lower water bills. The utility has teamed with The Opportunity Alliance (TOA) to administer the Home Plumbing Assistance Program, which

repairs, replaces, and installs plumbing fixtures and water-saving devices. Not only will TOA determine customer eligibility and conduct the home audit, it will also develop a remediation plan, subcontract all work to be completed, and conduct an inspection after the work is done. The items eligible under the program include leaking or broken water pipes, toilets, hot water tanks, kitchen and bathtub faucets, shower heads, toilet dams, low-flow devices, and outside faucets.

California Water Service Helps Customers in Communities Statewide

California Water Service Company (Cal Water) is an investor-owned company serving 478,000 customers in 23 service areas encompassing more than 100 communities across California. Founded in 1926, Cal Water is one of the largest private water companies in the country. Though not all of Cal Water's drinking water systems are physically close to one another, they all share a similarly designed CAP, regardless of the size of their customer base.



As an investor-owned utility, Cal Water is regulated by the California Public Utilities Commission (PUC). Every 3 years, the California PUC evaluates the rates Cal Water charges its customers. Although the authorized revenues for private utilities are cost-based, the PUC has also approved CAPs (discounted rates) and rate structures designed to influence customer behavior, such as conservation. In contrast, government-owned public utilities are subject to Article XIII C and D of the California Constitution (Proposition 218 approved by the voters). As interpreted by the courts, Proposition 218 requires that all government-owned public utility rates be based on the cost of service. This precludes cross subsidies within and among customer classes, including CAPs.

Low Income Rate Assistance Program

The California PUC has encouraged Cal Water's efforts to use CAPs to help customers in need. In fact, Cal Water was the first water utility in California to propose a CAP in 2006. Modeled after a similar program offered by electric utilities, the Low Income Rate Assistance (LIRA) Program provides a consistent benefit to all eligible customers in all their communities. The rates, both the fixed portion and the volumetric charges, differ across its communities, so Cal Water offers a bill discount that is a constant 50 percent of the fixed monthly service charge. The discount is covered by adding a surcharge to all customers' bills.

Approximately 20 percent of Cal Water's customers are eligible for and receive assistance under LIRA. Any household that qualifies for assistance from the electric utility is automatically enrolled in LIRA. Cal Water and local energy companies annually exchange data on eligible households to ensure that all qualified customers get assistance. By collaborating on efforts to qualify customers based on income guidelines, Cal Water saves on the efforts to qualify customers based on income guidelines, Cal Water saves on

“In today’s age of water availability... especially in the West...utilities are selling less of their product, so rates are going up, and utilities need to offer low-income customers something.”

the administrative burden of running the program. The coordination requires the upfront investment of information technology work to allow utilities to exchange information; however, once established, the coordination makes administering the program easier and ensures the program's maximum reach.

Cal Water Communities			
Medium/Large Systems (Serving 10,000+ people each)			Small Systems** (Serving < 10,000 people each)
Bakersfield	Hermosa Redondo*	Salinas	Antelope Valley
Bayshore*	King City	Selma	Dixon
Bear Gulch*	Livermore*	Stockton*	Kern River Valley
Chico	Los Altos*	Visalia*	Oroville
Dominguez*	Marysville	Westlake*	Redwood Valley
E. Los Angeles*	Palos Verdes*		Willows

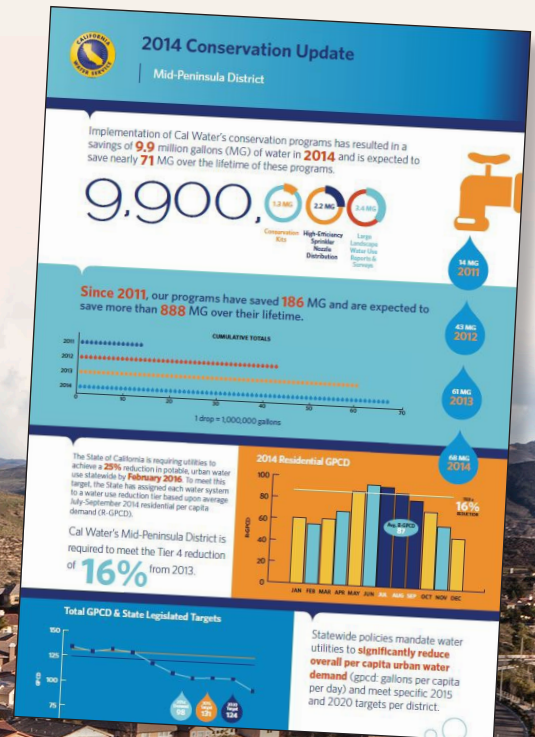
*Offers the Bathroom Fixture Replacement Program to LIRA recipients.
 ** Small system summary information is not included in this report.

Bathroom Fixture Replacement Program

In most of its larger communities Cal Water offers a Bathroom Fixture Replacement Program to single-family household customers who receive LIRA (see box for list of participating communities). In this program, the utility pays for the materials and labor to replace a toilet, faucet, and showerhead with no limit on the number of bathrooms per household. In 2015, about 1,500 out of 314,000 eligible customers participated in the fixture replacement program.

Cal Water is happy with the LIRA program and how it's helping customers. In addition to the coordination efforts with electric companies, Cal Water also works with community-based organizations to conduct outreach to ensure eligible customers know about the program. Cal Water has found the Bathroom Fixture Replacement Program to be very important because rebate-only programs generally aren't effective in reaching low-income households due to the cost burden of initially purchasing the water-saving fixtures. The company is proud to offer LIRA in all its communities; some of these communities – especially the small ones – would not have CAPs if they were independent, government-owned water systems. Pooling resources to design and manage the program offers a significant cost-savings advantage; plus, the cost recovery can be spread over a much larger customer base.

For more information, contact Stan Ferraro at 408-367-8225 or sferraro@calwater.com.



Northeast Ohio Regional Sewer District Offers Various Customer Assistance Programs

The **Northeast Ohio Regional Sewer District (NEORS)** provides wastewater services across 355 square miles of the greater Cleveland area, including the city of Cleveland and all or portions of 61 other municipalities. Created by a court order in 1972, the utility treats more than 90 billion gallons of water each year for approximately 1 million people through about 313,000 accounts. Every year, NEORS collects \$250 million in revenue through user fees, has operating expenses of \$130 million, and invests \$250 million annually into infrastructure. NEORS is considering innovative financing mechanisms because of its need to fix aging and outdated infrastructure, as well as the anticipated need to increase its capital budget within the next 25 years to comply with a mandate to reduce combined sewer overflows (CSOs) by capturing 98 percent of all wastewater entering the combined sewer system.



The average residential customer currently pays a fixed fee of \$7.20 per quarter, and \$78.05 or \$79.85 per thousand cubic feet in volume-based charges. Because a large segment of the service population is either low-income, elderly, or both, NEORS is implementing three CAPs to help customers who need it.

In addition to expanding its portfolio of affordability program offerings, NEORS eliminated a minimum-usage charge and incorporated a smaller fixed fee. NEORS offers three CAPs, and approximately 28,000 eligible households benefit from at least one of them. NEORS considers the costs reasonable: \$130,000 annually to administer the program, and approximately \$1.3 million in lost revenue (0.5 percent of its operating budget), which is less than the 2 percent revenue loss that had been projected.

“How can we expand our program to reach more people?”

To help administer some of the programs, NEORS partners with the Cleveland Housing Network because of its experience and extensive reach, as well as its “one-stop shop” that allows customers to take advantage of all utilities’ affordability programs. The Network runs the programs, and the utility is charged approximately \$130,000 annually for the administrative services. In addition, NEORS has closely coordinated with Cleveland Water (the drinking water utility), which handles almost all billing responsibilities for NEORS.

Homestead Rate Program

NEORS’s Homestead Rate Program is available to customers age 65 or older, or to anyone under 65 who is permanently and totally disabled. To be eligible, an applicant’s total household income must not exceed \$32,000 (effective January 1, 2015). Applicants must also own the property in which they live, and the property must be within the NEORS’s service area. The rate discount, which had been 33 percent, was recently raised to 40 percent (approximately \$315 per year for the average recipient) and is given to approximately 24,000 customers.

Wastewater Affordability Program

In 2012 NEORS D started the Wastewater Affordability Program, which provides a rate reduction of 40 percent for households whose income is at or below 200 percent of the poverty level (e.g., a family of four with a 2015 household income under \$48,500). This program currently reaches approximately 2,500 households. Customers enrolled in NEORS D's program are automatically enrolled in Cleveland Division of Water's affordability program (drinking water) and vice versa.

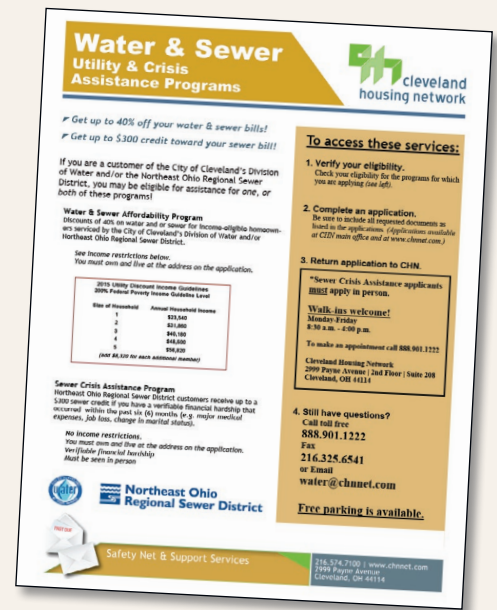
Crisis Assistance Program

NEORS D launched its Crisis Assistance Program in 2012 to aid customers affected by an emergency in the past 6 months, such as major medical expenses not covered by any other source, a job loss, a separation/divorce, or death of a household member. An eligible household may receive assistance once in a 12-month period in the form of a 50 percent credit of the outstanding sewer balance (up to \$300); NEORS D has given a little over \$100,000 per year on average in credits. In 2015, this program helped 1,135 households, giving approximately \$200,000 total (more than its annual average).

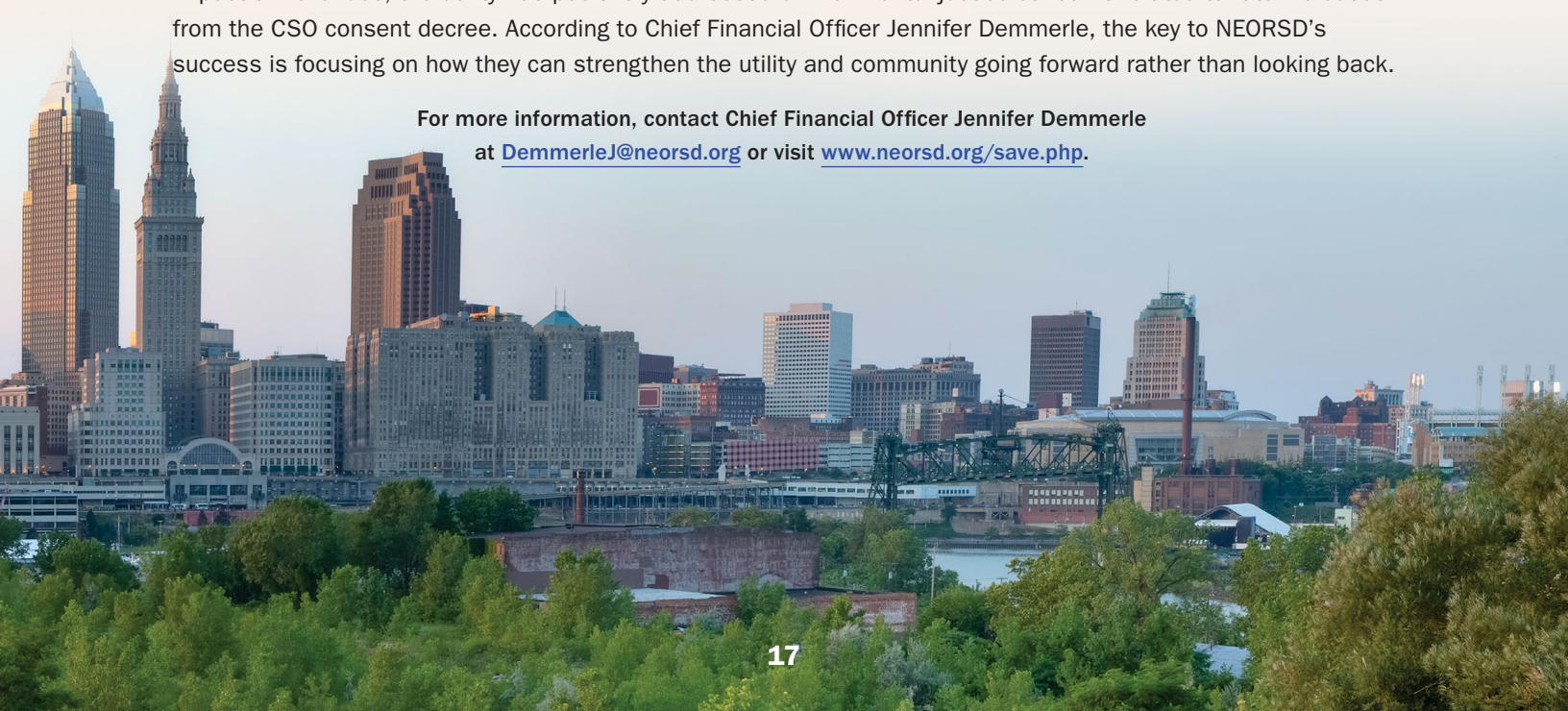
In 2017 the utility is planning to change from quarterly to monthly billing to decrease the amount paid for each bill. NEORS D is also seeking other ways to expand existing programs to reach more customers. Currently NEORS D is working with U.S. Representative Marcia Fudge to introduce legislation initiating the Low Income Sewer and Water Affordability Program, which would help low-income customers pay water and sewer bills. The concept is based on an existing program that helps customers pay for heat and electricity. NEORS D is also conducting a series of focus group workshops and a survey on the topic of affordability of water/wastewater services relative to all other categories of consumer spending in the area.

These programs have enhanced the utility's local image and community engagement. For a relatively small impact on revenues, the utility has positively addressed environmental justice concerns related to rate increases from the CSO consent decree. According to Chief Financial Officer Jennifer Demmerle, the key to NEORS D's success is focusing on how they can strengthen the utility and community going forward rather than looking back.

For more information, contact Chief Financial Officer Jennifer Demmerle at DemmerleJ@neorsd.org or visit www.neorsd.org/save.php.



“Are we reaching everyone we can reach?”



Orange Water and Sewer Authority Reaches Out

The Orange Water and Sewer Authority (OWASA) is a special purpose unit of local government providing drinking water, sewer, and reclaimed water services to approximately 83,000 people through about 21,300 customer accounts in North Carolina's Carrboro-Chapel Hill community, including the University of North Carolina at Chapel Hill in southeastern Orange County. OWASA's operations are funded through the fees users pay for service.



State law does not empower OWASA to give free or discounted service to customers based on financial means or need. In accordance with North Carolina General Statute 162A and the agreements of sale and purchase under which OWASA was established in 1977, OWASA is mandated to set its rates and charges based on the cost of service principle. The utility's Bond Order also prohibits OWASA from discounting services or providing them for free; this prevents the loss of revenues essential to ensuring OWASA's ability to pay the principal and interest on outstanding revenue bonds (Epting 2015, letter).

For customers unable to pay their bill, OWASA may allow a credit extension that provides them with more time. Customers can also receive financial assistance through OWASA's Care to Share CAP, which is funded primarily through donations. OWASA also refers its customers in need to governmental social service agencies and charitable organizations that have provided bill payment assistance in the past, and partners with those agencies to inform customers how to reduce monthly bills by conserving water.

Care to Share Customer Assistance Program



OWASA's Care to Share CAP is funded by voluntary donations and administered by the Inter-Faith Council for Social Service (IFC). Customers needing help with their bill must contact IFC to determine their eligibility. OWASA's customers donate money to fund the program by allowing their water and sewer bill to be rounded up to the next dollar, or by specifying a fixed contribution amount on their bill. OWASA sets aside the funds for IFC to distribute to eligible customers. Approximately 1,000 OWASA customers contribute (5 percent), generating a total of about \$4,500 per year. This funding source is insufficient to cover the community's needs; at present, IFC provides approximately \$15,000 per year for bill payment assistance.



OWASA is pursuing ways to increase customer contributions to the Care to Share CAP. OWASA publicizes the CAP through messages on utility bills, information on the OWASA and IFC websites, periodic newsletters mailed to customers, information provided to new and existing customers, and periodic appeals through local media and other agencies. OWASA cannot use system revenues to fund or promote the program; therefore, it has solicited donations from the private sector and nonprofit organizations for direct support of the program, as well as to help cover the costs of printing and distributing Care to Share marketing materials.

Water Conservation Outreach

OWASA uses other strategies to help its customers in need. OWASA staff work with local social service and affordable housing agencies to better inform customers of ways they can lower their OWASA bills by reducing water use. As a



www.owasa.org

result, the IFC, Orange County Department of Social Services, and other agencies can educate customers about how water conservation helps affordability. OWASA has also provided technical assistance to the IFC for a pilot-scale project in which leaks were repaired and WaterSense rated fixtures (high-efficiency toilets and showerheads) were installed at six homes in a low-income area.



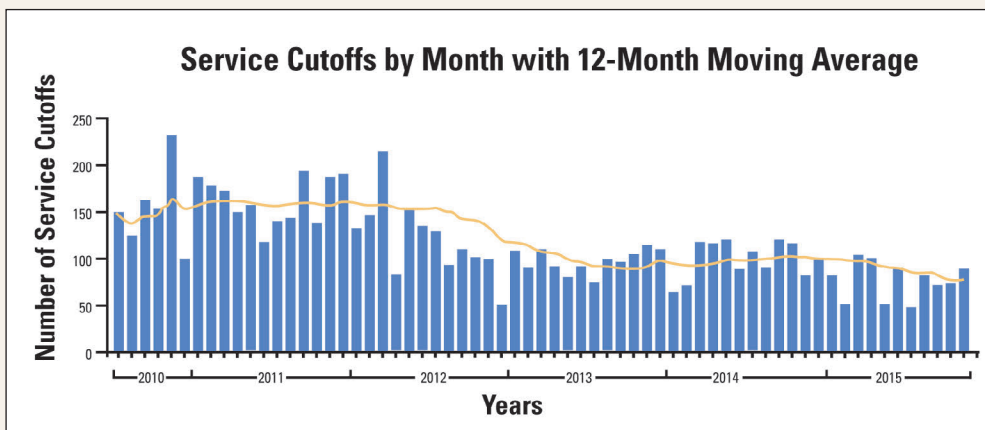
www.owasa.org

OWASA has updated its business processes to inform customers when they're in danger of having their service disconnected for nonpayment, and has also made it easier for customers to apply for help if they need it. In mid-2012 OWASA began using PhoneTree software, an effective and efficient way to remind customers to pay their bill to prevent disconnection of water service as well as to avoid the charge associated with reconnection. On its Past Due Reminder Notices, OWASA now includes information about where customers can turn if they need bill payment assistance. If customers request extensions of credit while they're in a local social service agency office, that agency will coordinate with OWASA to postpone disconnection for nonpayment while financial assistance is sought for the customer.

OWASA's efforts have helped more customers maintain service. The 12-month running average number of shut-offs for nonpayment has dropped about one-third since OWASA implemented the PhoneTree customer

notification system. The PhoneTree software cost about \$2,500 to purchase; OWASA's annual software maintenance and support fee is less than \$400.

OWASA uses its geographic information system to help inform its service affordability program. The utility links customer billing data (shut-offs for nonpayment, extensions of credit for bill payment, and



The number of disconnections for nonpayment has dropped about one-third since OWASA implemented the PhoneTree customer notification system.

bill payment assistance from social service agencies and charitable organizations) with property attribute data (e.g., the year the home was built, number of bathrooms, property ownership) to better plan and target service affordability education and outreach efforts, including in-home water-use surveys to help customers identify ways to reduce their bills through conservation, leak repairs, etc. OWASA encourages its outreach partner agencies to include information about OWASA's affordability programs and water conservation tips in their newsletters and outreach materials.

By working closely with the staff of local social service and affordable housing agencies, OWASA can more effectively reach and help customers in need. In addition, helping customers conserve water will reduce their future water bills and lessen the likelihood they'll need bill payment assistance from OWASA's partner agencies. That will, in turn, enable social service agencies such as the IFC to stretch their available funds and assist more customers.

For more information, contact OWASA's Sustainability Manager Mary Tiger at 919-537-4241 or mtiger@owasa.org or visit <https://www.owasa.org/need-help-paying-your-bill>.

San Antonio Water System's Customer Assistance Programs Reach Many

The **San Antonio Water System (SAWS)** is one of the largest municipal water systems in the United States, with more than 11,000 miles of potable water and sewer pipes. SAWS' 500,000 account holders receive a monthly bill, which averages about \$30 for residential customers. Before the city can approve rate increases, SAWS must demonstrate a robust, affordability safety net to ensure at-risk households do not have their water service disconnected.

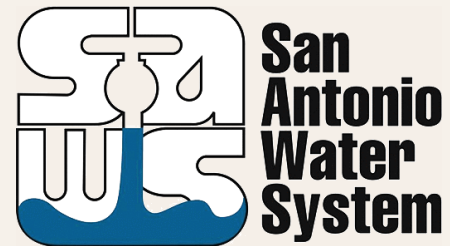
SAWS offers eight programs (see box) to ensure all residents have access to water and sewer services. SAWS offers a streamlined, one-form application with check boxes for all eight programs, allowing customers to select all for which they might be eligible. The total assistance provided through these programs is estimated to be approximately \$3.2 million in 2016, or almost 0.5 percent of SAWS' total annual revenue. This \$3.2 million includes Affordability Discount Program assistance (\$2.6 million), \$241,000 from Project Aqua, and \$350,000 to support the Plumbers to People Program and the Laterals to People Program. Among other sources, Project Aqua receives funding from contributions from customers, contributions from employees via the United Way program, and charitable programs such as the annual SAWS 5K run. Courtesy notice programs' costs are negligible and are handled by existing administrative capacity.

Affordability Discount Program

Low-income residential customers who meet the income eligibility requirements (household income below 120 percent of the federal poverty level) can qualify for a bill discount. The discount ranges from \$4 to \$15 per month and is based on the household size, household income, and type of service provided. To be eligible, a recipient's monthly water use must remain below 17,500 gallons (the average household uses 8,000 gallons per month). The utility estimates that as many as 60,000 households could qualify for this program (another 20,000 households could qualify but do not receive a water bill); however, only 18,000 households are currently enrolled, so the utility is working to increase enrollment based on targeted outreach. SAWS hopes to increase its reach to 30,000 households, or about 50 percent of the current identified population, within the next 5 years.

Project Aqua

This program provides one-time payment assistance to residential customers who are facing service cut-off, have a second risk factor, and are eligible for the Affordability Discount program. Project Aqua provides an average benefit of \$100 for eligible households, and helps about 2,000 households per year. Eligibility requirements are determined by the city of San Antonio Department of Human Services and may include income, family size, age, location of



SAWS' Customer Assistance Programs

Direct Payment Assistance Programs

- Affordability Discount
- Project Agua

Fee Waiver Programs

- Senior Citizen Billing
- Disability Billing
- Domestic Violence Victim

Courtesy Notice Programs

- Courtesy Notice for Medical Necessity
- Courtesy Notice for Veterans

Conservation Program

- Plumbers to People



residence, disability, and degree of need or emergency. SAWS hopes to partner with local corporations and companies to grow the program to meet the community's needs.

Fee Waiver Programs

The utility offers three fee waiver programs that target three different segments of their customers: senior citizens, disabled residents, and victims of domestic violence. The program cost is negligible (just forgone revenue) because it waives fees for late payments, essentially giving customers more time to pay their bills. Overall, nearly 30,000 households are enrolled in the program (and only using it when needed), with the vast majority (27,000) being senior citizens.

Courtesy Notice Programs

This program offers some SAWS residential customers (veterans and those with physician-documented medical necessity) a 24-hours' courtesy notice prior to interruption of service due to nonpayment, allowing payment or payment arrangements to be made.

Plumbers to People Program

This program provides plumbing assistance to low-income residential customers seeking repairs to leaking plumbing fixtures. Eligible repairs include leaking faucets, leaking toilets, or broken pipes. Problems such as clogged pipes are generally sewer-related and are not eligible for this program. Applicants must be a SAWS water customer (sewer-only customers are not eligible), be the homeowner and occupy the residence, and meet income eligibility requirements.

SAWS is working to expand its programs further. In a recent mail outreach to 10,000 households, nearly 300 customers showed up at an event to sign up for the Affordability Discount Program, and another 1,500 enrolled in other ways. SAWS has found outreach events to be more effective than online campaigns for reaching the target populations of senior citizens and low-income households. SAWS is able to reach renters that have a water bill, but is looking for ways to provide assistance to other renters.

For utilities considering establishing a program, SAWS suggests starting with a nonprofit version (funded by charitable contributions), coupled with a second program focused on water conservation that includes outreach about the value of water. The nonprofit assistance program should focus on protecting public health by preventing disruption to water service.

For more information, contact Communications and External Outreach Manager Sandi Wolff at 210-233-3947 or sandi.wolff@saws.org or visit www.saws.org/service/Affordability/.



Washington Suburban Sanitary Commission Expands Assistance Programs

The **Washington Suburban Sanitary Commission (WSSC)** has been in operation nearly 100 years and now serves 1.8 million residents, nearly as many people as in the cities of Pittsburgh and Philadelphia combined. WSSC's 1,000-square-mile service area spans Prince George's and Montgomery counties in Maryland and serves 460,000 customer accounts through approximately 11,000 miles of drinking water and sewer pipes. Over the past 20 years, the system has grown considerably, adding over 1,500 miles of pipe and more than 80,000 new customer accounts serving about 400,000 people. Likewise, over the past decade, the system's operating budget and capital budget have risen (largely due to the need to upgrade aging, failing infrastructure as well as increased regulations), which has put upward pressure on WSSC's rates.



The fixed fee portion of WSSC's rates had been very low – less than 3 percent of total rate revenue – and had not changed in 20 years. In FY2016 the utility increased the account maintenance component of its fixed fee from about \$11 per quarter for the typical residential customer to \$16 per quarter. At the same time, WSSC introduced a new fixed component, called the Infrastructure Investment Fee, which will add \$5 to \$6 per quarter to the average residential bill in the first year and is proposed to be fully implemented in FY2017.

Over the years, WSSC has identified several programs to assist residential customers in need. For example, WSSC has offered residential customers the one-time, donation-financed Water Fund Program to help households facing hardship pay their delinquent water and sewer bills. Working with the state's legislature, the utility also created another ratepayer-financed program, the Customer Assistance Program (CAP), to provide some continual assistance to the 7 to 9 percent of their customers who live below the poverty line. Finally, WSSC developed a program that exempts income-eligible residential customers from the state's Bay Restoration Fee.

Water Fund Program

WSSC's Water Fund Program is funded through donations of customers, community members, and WSSC employees. It is administered by the Salvation Army (which takes a percentage of the assistance funds for its administrative service). The annual donations of \$60,000 to \$70,000 are primarily from employee payroll deductions and a "roll up" option provided on customers' bills. The maximum assistance provided to each eligible household is \$300 in a 12-month period, although exceptions can be made on a case-by-case basis to avoid shut-off of service. The Salvation Army, which qualifies households based on income,



"We are trying to reach everyone who receives a bill from us that needs assistance."

sends a check to the utility and requests that it be applied to a designated delinquent bill. WSSC is seeking companies or other organizations to donate to the Water Fund because the level of need currently exceeds available funding.

Customer Assistance Program

Maryland state law had prohibited WSSC from using ratepayer funds to provide customer subsidies. To help offset rising water bills caused largely by infrastructure renewal programs, WSSC's previous general manager and other staff proactively worked with the state's legislature to remove the regulatory obstacle by changing the law. Effective July 1, 2015, state law now requires WSSC to offer a CAP to eligible customers on the basis of income. The WSSC's new ratepayer-financed CAP provides eligible customers relief from the fixed portions of their quarterly bills, which includes the \$16 Account Maintenance Fee, the \$6 Infrastructure Investment Fee, and a \$15 Bay Restoration Fee charged by the state (see below), for a total quarterly savings of \$37 for the average household. This bill discount program generally ensures that eligible households will have lower bills than other customers, and likely also means the overall water bills for eligible customers will be lower than last year, even with the new rate increases. Customers participating in the CAP are still responsible for paying for the drinking water and sewer service they use based on the utility's variable rate structure.

To administer the new program, WSSC is partnering with Maryland's Office of Home Energy Programs (OHEP), which already runs statewide and countywide heating-assistance programs. Working together, WSSC and OHEP identified and enrolled approximately 7,000 OHEP recipients that were eligible, based on income, to receive CAP assistance. Eligibility is based on income and does not require home ownership. However, keeping households enrolled is an ongoing challenge because they must reapply each year. Another challenge is enrolling additional OHEP recipients living in multifamily housing who do not receive a water bill (but do receive an energy bill). Based on data received by OHEP, another 7,000 to 8,000 residents are eligible in this category; WSSC continues to seek ways to provide support for their access to water and sewer services. Because Bureau of Labor Statistics data indicate that additional families live below the poverty line but do not receive OHEP services, WSSC aims to work with OHEP to expand the qualified pool of eligible households.

Bay Restoration Fee Financial Hardship Exemption

Along with other utilities statewide, WSSC collects a Bay Restoration Fee on behalf of the state of Maryland to comply with a 2004 law establishing a Chesapeake Bay water quality restoration fund. WSSC's Bay Restoration Fee Financial Hardship Exemption was recently extended to all CAP customers, increasing the number of exempted customers from 500 to more than 7,000.



For more information, contact Chief Financial Officer Yvette Downs at 301-206-7050 or Yvette.Downs@wsscwater.com or visit www.wsscwater.com/home.htm.

Implementing Successful Customer Assistance Programs

The process of designing and implementing a CAP will look different for every utility based on the type of program needed. To design and implement a successful CAP, utilities could consider following the basic steps in Figure 3.

CAP Challenges

Research indicates that water utilities face several key communication challenges when designing and implementing CAPs (WRF 2010):

- Reaching customers in need of assistance.
- Promoting program awareness.
- Educating the target audience.



Figure 3. Basic steps to design and implement successful customer assistance programs (Davis and Teodoro 2015; WRF 2010).

Legal and Policy Barriers

Many utilities face policy barriers that limit their ability to create CAPs for customers. In California, publicly owned utilities are prevented from offering a bill discount and lifeline rate program because of Proposition 218, which has been interpreted by courts in a way that prevents a utility from charging two different groups of customers different rates for the same water. As discussed in the Washington Suburban Sanitary Commission case study on page 22, the utility had to work through the Maryland state legislature to have existing laws changed to allow it to implement the CAP it offers. Other hurdles include policies at the local level, such as North Carolina's Orange Water and Sewer Authority, which, as a condition of the initial bond sale creating the utility, is prohibited from offering free services to prevent revenue loss (more details are available in the case study on page 18). Any utility considering implementing a CAP should, as an early step, identify state or local policy barriers and consider how these might be overcome. Using this compendium as a reference, utilities facing potential policy barriers can seek out other utilities in their state for advice.

Measuring Success

There is no single way to measure a CAP's success. Measures of success are often specific to the local program and should be measured against the goals the utility developed for it. A review of possible metrics reveals a wide variety of options, from program participation rates to disconnection rates.

The Water Research Foundation identified numerous possible ways to measure the success of programs (WRF 2010):

- **Termination of Service.** How many households have had their water shut off each year?
- **Payment Agreements.** How many payment plans have been developed and how many have been successfully completed?
- **Money at Risk.** What is the total value of accounts in arrears?
- **Customers in Arrears.** How many accounts have past-due bills that are not on a payment plan?
- **Weighted Arrears.** What is the value of arrears not subject to deferred payment divided by the average monthly bill?

Other possible metrics include:

- **Participation Rate.** How many customers participate in the program? What percent of eligible households participate?
- **Dollar Value of Assistance.** How much assistance has been disbursed directly to customers as a result of the program?
- **Water Efficient Metrics.** How many water-efficient devices have been installed and how many repairs have been made to leaking pipes?
- **Demand.** Is the demand for assistance higher or lower than expected? Is the resource level available for assistance too great or not sufficient?
- **Financial Performance Metrics.** Has the utility's financial position improved over time?

“Through implementation of our CAP and improved business processes, we have seen a marked reduction in the number of service cut-offs for nonpayment.”

—Patrick Davis,
Sustainability Manager (Retired),
Orange Water and Sewer Authority, NC



Are Customers in Need Being Reached?

Many performance metrics do not directly assess whether the program's intended targeted households are the ones ultimately benefiting. When planning a program, utilities need to identify who they want to reach with their assistance. Potential groups needing assistance are varied, and could include:

- Low-income households.
- Households in crisis (due to an emergency or change in circumstance).
- Senior citizens.
- Disabled individuals.

The availability of a CAP does not ensure that eligible customers are taking advantage of it. Many factors can reduce CAP participation:

- Not being aware of program.
- Not knowing how to apply.
- Feelings of mistrust or stigma associated with being unable to pay for the service.
- Not having access to a phone, transportation, or the Internet to successfully apply.
- Being part of a master meter and not receiving a bill (e.g., apartment, condo, subsidized housing).
- Being a renter.

Ways to provide outreach on CAPs include hosting public sign-up events, posting information on the utility webpage, implementing a phone tree automated message system to provide reminder notices for bills along with information on the program, and providing outreach materials to local social service agencies.

Reaching the Renter: The Owner-Occupier Dilemma

CAP recipients are often required to be the owner-occupier of a residence; this prevents landlords from receiving benefits and not passing them along. However, because low-income households are generally less likely to own the home they occupy, this requirement can prevent access to CAPs. Drinking water and wastewater utilities often find it difficult to provide assistance to households paying for water indirectly through rent or condo fees because those households do not receive a water bill. Similar CAP access problems arise for those receiving subsidized housing through the Housing Choice Voucher Program (Section 8) or other programs. Some water utilities work with the electric utility to issue a credit through the electric bill (because most apartments and condos have individual electric meters and receive a power bill). When developing a CAP, utilities should identify ways to reach needy households who are not owner-occupiers. WRF is developing a document, *Customer Assistance Programs for Multi-Family Residential and Other Hard-to-Reach Customers*, which will provide suggested methods to reach and provide assistance to people not in owner-occupier households.

Costs of Customer Assistance Programs

Utilities have control over their CAP spending. Some programs are relatively low cost because they are linked with sister utilities' (e.g., gas, electric) existing programs and/or rely on existing administrative capacity (Figure 4). Some communities have spent millions of dollars on assistance and have corresponding large budgets to manage and administer the programs. Costs associated with structured CAPs vary based on the type and size of the program. Costs can include:

- Resources needed to administer the program.
- Lost revenue from the assistance provided (less revenue from rates, fees, and other collections).
- Lost revenue due to improved water efficiency and other changes in water use.
- Resources needed to pay for water efficiency services and devices.

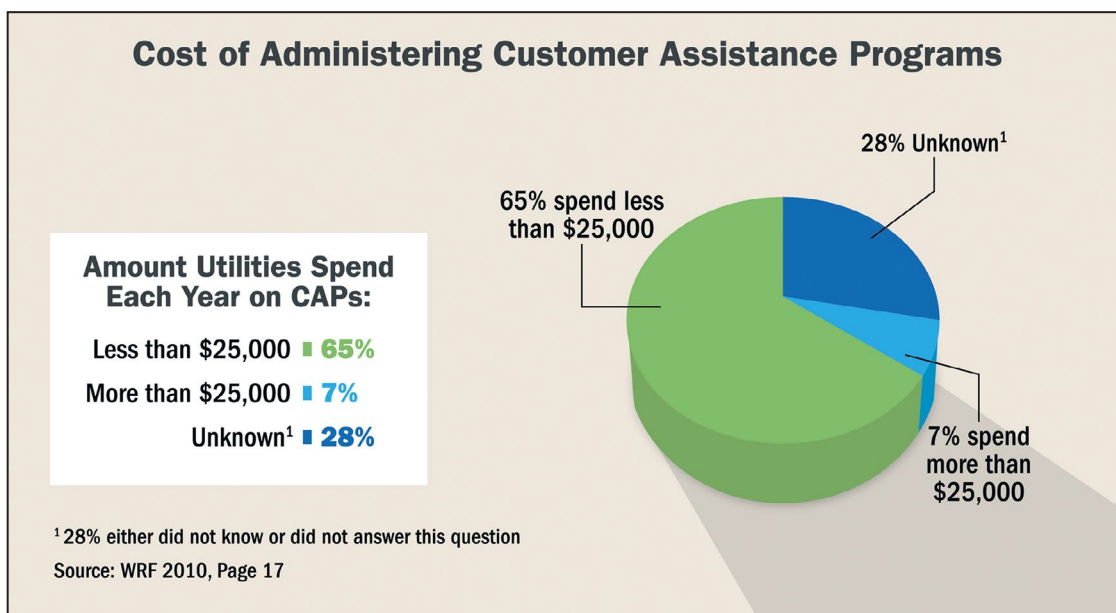


Figure 4. A 2010 WRF survey found that the cost of administering CAPs is less than \$25,000 for most utilities.

Funding Customer Assistance Programs

As demonstrated in Figure 5, many possible sources of funds and revenue are available for utilities to support their CAPs, including:

- Building the costs into the rate structure (utilities can structure it so resources come from all ratepayers, or only from those ratepayers not receiving assistance).
- Give customers and employees an opportunity to make voluntary contributions (e.g., the popular “round up” bill option).
- Seek donations from outside partners, including charities and other assistance programs and agencies.
- Allocate a portion of the general tax revenues toward the program.
- Find innovative new revenue streams (e.g., some utilities have generated revenue by allowing ads and antennas on water towers and other utility structures).

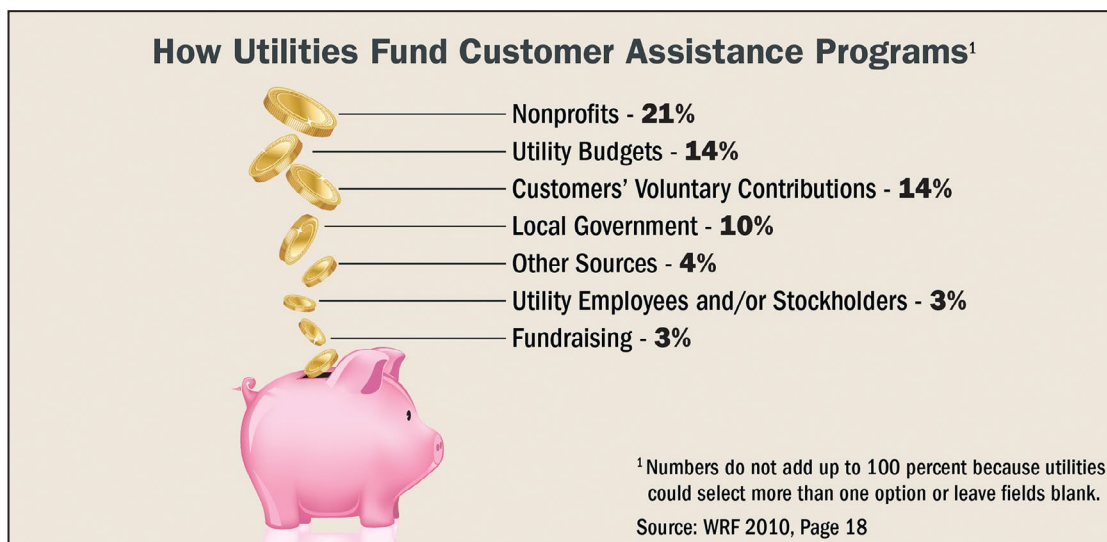


Figure 5. A 2010 WRF survey found that utilities fund their CAPs through a variety of sources.

CAP Experts in the Electric Industry

Many communities have experts with decades of experience designing and implementing CAPs for utilities. Electric and natural gas utilities likely have some type of program or safety net to help their disadvantaged customers. These industries have been creatively addressing this issue for decades, largely driven by the policies, regulations, programs, and expectations of the federal government, state governments, or public utility commissions who oversee rates and assess customer needs. All the CAP types discussed in this report might already be in use by your local electric and gas utilities. Not only can these utility staff help you understand the opportunities and challenges to successfully implementing a program, but they might allow you to coordinate implementation of your program with their existing programs.

Conclusion and Next Steps

A nationwide examination of nearly 800 utilities found that communities have developed various programs to help low-income, elderly, disabled, and other neighbors in need maintain access to safe drinking water and essential sewer services. Most large cities offer CAPs, along with many smaller cities and towns. More than a quarter of utilities offer some kind of program and nearly half of those with one CAP actually offer two or more CAPs (e.g., different programs designed to address different needs). These CAPs are diverse, with varied funding sources, target populations, amounts of assistance, and methods of implementation (e.g., discounts, waivers, grants, credits, payment terms, rate structures, plumbing services).

The issue of how to help customers maintain access to the public health benefits provided by drinking water and wastewater services is an increasingly critical one for utilities across the country. Utilities themselves are leading the way in the search for solutions. This document captures the wide range of efforts already in place, and will allow utilities to learn from the experiences of their peers.

EPA looks forward to coordinating with water utility partners, many of whom contributed to this document, to further expand CAP research and analyses. Some of the next steps are already underway, and some may lend themselves to future partnering efforts among key industry stakeholders. Some important follow-up questions include:

- What have small utilities done (or could they do) to implement CAPs?
- How can renters and others who do not receive a water bill be reached by utilities to ensure they can retain access to essential water services?
- How are utilities paying for CAPs? What are the pros and cons of financing options?
- What are the results of these CAPs? What metrics can we use to measure success? How do different types of CAPs compare with each other?
- What outreach strategies and tools have successfully reached difficult-to-contact populations?
- Can we collect more details about the many programs noted within this document, including why the utilities established the programs they have, the challenges they faced for their programs, and the success they have achieved?
- What can we learn from differentiating bill discount program types? How can they work with different rate structures (e.g., variable rate structures)? Why are lifeline rate programs not used more often?
- How does program design influence potential cost savings? For instance, how much administrative burden can be saved by collaborating with an existing program that has already determined a household eligible to receive assistance?
- For utilities without CAPs identified, do they have programs that aren't mentioned on their website? If not, what barriers have prevented them from implementing CAPs?
- If a utility does not have CAPs, are there policy barriers (e.g., state laws) blocking CAP implementation or limiting the type or scope of CAPs that can be offered?

Additional Resources

- *Thinking Outside the Bill: A Utility Manager's Guide to Assisting Low-Income Water Customers* (<http://www.awwa.org/portals/0/files/resources/water%20utility%20management/thinkingoutsidethebill-2ed.pdf>). American Water Works Association, 2014.
- *50 Largest Cities Water/Wastewater Rate Survey* (http://www.saws.org/who_we_are/community/RAC/docs/2014/50-largest-cities-brochure-water-wastewater-rate-survey.pdf). Black & Veatch, 2013.
- *Review and Recommendations for Implementing Water and Wastewater Affordability Programs in the United States* (<http://www.nclc.org/images/pdf/pr-reports/report-water-affordability.pdf>). National Consumer Law Center, 2014.
- *Affordability of Wastewater Service* (<https://www.e-wef.org/Store/ProductDetails.aspx?productId=4138>). Water Environment Federation, 2007.
- *Best Practices in Customer Payment Assistance Programs* (<http://www.waterrf.org/PublicReportLibrary/4004.pdf>). Water Research Foundation, 2010.

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