



Finance Committee

Lifeline Utility Rate Briefing

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Title

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Recommended Action

Committee Recommendation:

Staff briefed the Utility Advisory Committee (UAC) on this topic on April 5, 2018. The UAC supports staff's further analysis of options to expand the assistance program. With Finance Committee concurrence, the UAC can review and provide a recommendation as part of the 2019 utility rate setting process.

City Manager Recommendation:

Briefing. No action requested.

Report

Issue:

Whether to expand the City's Lifeline utility rate discount program to encompass more low income customers.

Staff Contact:

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Presenter(s):

Andy Haub

Background and Analysis:

The City's Lifeline program is a customer assistance program that provides a 50 percent utility bill reduction for households meeting the following criteria:

- Low income and disabled, or
- Low income and over 62.

The program reduces a typical single-family household bi-monthly utility bill from roughly \$250 to \$125.

Olympia's current Lifeline program assists about 240 households per year at a cost of roughly

\$180,000 to traditional ratepayers. Pro-rated across the four Utilities, the cost accounts for approximately 0.35% of total rate charges or \$6.32 annually for traditional ratepayers.

Cities throughout the United States are evaluating their customer assistance programs. However, most State laws constrain the type and amount of low income subsidies funded by traditional ratepayers. Conversely, Washington State sets very few restrictions on utility assistance programs.

Olympia Population and Income Levels

Olympia's population is roughly 46,000 people living in 25,035 housing units. The following data shows our community's income levels:

- Poverty thresholds
 - One adult household: \$12,752 per year
 - Two adult household with one child: \$16,895 per year
- Individuals with incomes below the poverty level: 18.4%
- Families with incomes below the poverty level: 10.8%
- Number of individuals below poverty level, 2012-2016 average: 8,260
- Households with "extremely low income": +/- 3,100
- Rental rate among low income: 87.9%

Olympia Housing

Approximately 52 percent of Olympian's rent their home. Using City utility billing data, housing types and rentals in Olympia include the following:

- Total single family houses: 14,270
 - Likely single family rentals: 3,600
- Apartment units: 9,440
- Mobile homes: 620

Landlords commonly pay for utilities on rented properties. This tendency becomes dominant for structures with more than two rental units.

Current Customer Assistance Implementation

The City's utility billing staff assist customers with payment concerns on a daily basis. At any given time, roughly 400 utility accounts are being notified of payment needs. Water shut-offs due to non-payment affect approximately 55 accounts per week.

The City offers the following assistance to customers that have delinquent accounts:

- Information on the Lifeline program
- Flexible payment plans
- Information on community financial assistance programs

Program Evaluation

An expanded assistance program could help lower income households with their utility bill By modifying the current Lifeline program based on income levels rather than the current approach of low income coupled with disability and/or age.

However, the vast majority of Olympia's low income households are renters (88%) and typically the

landlord pays the City utility bill. Therefore, low income residents (renters) are difficult to reach with utility assistance programs. National-level professional and academic research highlights this challenge and offers limited opportunities.

Key considerations in the evaluation could include:

- Target populations
- Modify income thresholds
- Level of financial support from traditional ratepayers
- Potential to assist renters that do not pay for City utilities
- Ease and cost of administering the program

Neighborhood/Community Interests (if known):

None at this time.

Options:

None at this time. The UAC will continue to review options.

Financial Impact:

None at this time. However, an expanded assistance program would have utility rate implications.

Attachments:

Lifeline application form

Cycle of delinquent accounts