



Memorandum

TO: SMART CITIES AND SERVICE
IMPROVEMENTS COMMITTEE

FROM: Julia H. Cooper
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**SUBJECT: UTILITIES ASSISTANCE
PROGRAMS STATUS REPORT**

DATE: August 22, 2022

Approved

Date August 25, 2022

RECOMMENDATION

Accept the status report on City of San José efforts to assist residents with water, wastewater, and energy payment needs, including special programs, use of grant resources, and customer service improvements.

OUTCOME

The Smart Cities and Service Improvements Committee will provide feedback on City efforts to assist eligible residents, with certain utility arrearages that transpired due to COVID-19 pandemic-related economic hardship, as well as on future efforts.

BACKGROUND

The COVID-19 pandemic led to income reductions due to illness, job loss, and other financial hardships for many San José residents and businesses since the United States declared a public health emergency on February 3, 2020. Soon thereafter, various time-limited moratoria were enacted by the City of San José and the State of California specifically to address unpaid water and energy bills that were a result of the COVID-19 pandemic-related economic hardship. In addition, the federal government appropriated funding on a one-time basis from the Consolidated Appropriations Act (CAA, enacted December 27, 2020) and the American Rescue Plan Act (ARPA, enacted March 11, 2021), as part of a COVID-19 emergency response to provide financial assistance, either directly to eligible residents and commercial businesses or to their respective utility service providers, to reduce utility arrearages.

ANALYSIS

Subsequent to the federal appropriation actions, the City Council took action to accept State of California pass-through monies to fully participate in available CAA- and ARPA-funded programs and provide customer relief for unpaid water and electric bills.

SAN JOSÉ MUNICIPAL WATER SYSTEM

On January 11, 2022, the City Council adopted a resolution to accept up to \$663,000 in California Water and Wastewater Arrearage Payment Program (CWWAPP) monies for potable water arrearages accrued during the pandemic relief period from March 4, 2020, to June 15, 2021, for those customers eligible under the CWWAPP guidelines¹. Funding was not proffered for wastewater (sanitary and sewer) arrearages in this tranche of CWWAPP monies.

CWWAPP monies were provided directly to the respective utility – the San José Municipal Water System (Muni Water) under the Environmental Services Department (ESD) – to credit to the eligible residential or business customer within 60 days of receipt, with the requirements for all related late fees (including penalties and interest) to be waived, to enroll customers with remaining debt into a payment plan, and to continue to provide services unless the customer did not enroll in or defaulted on a payment plan.

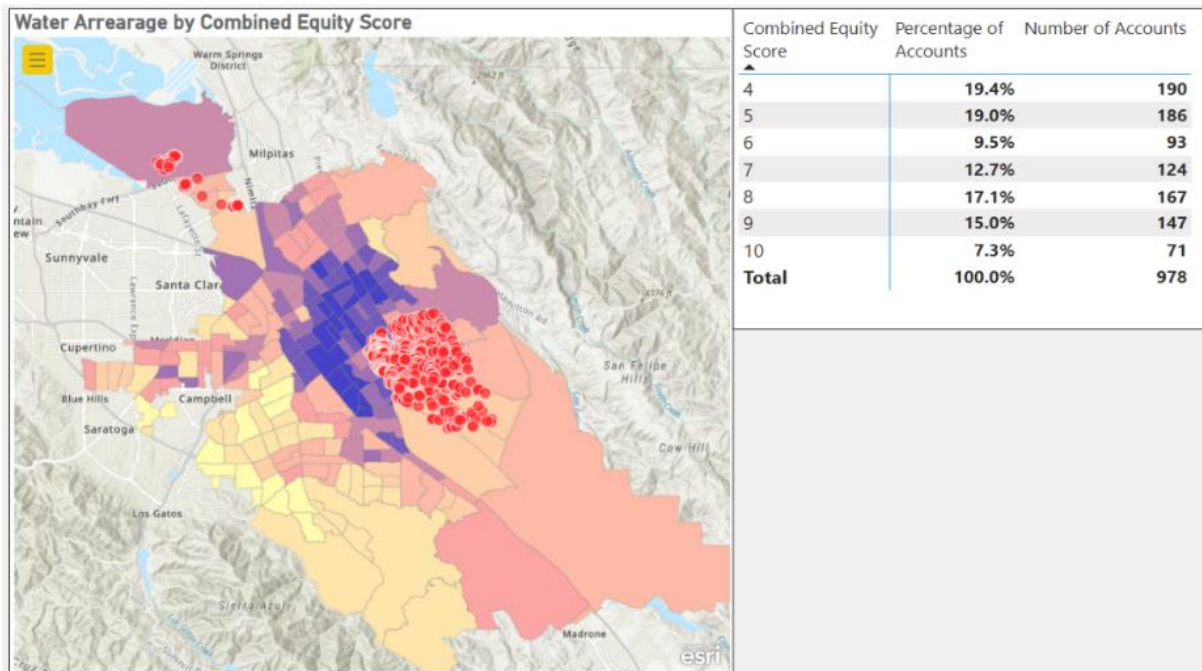


Figure 1.

¹ January 11, 2022, Item 3.5, Actions Related to the California Water and Wastewater Arrearage Payment Program: <https://sanjose.legistar.com/View.ashx?M=F&ID=10362895&GUID=00CFB992-C87D-4809-AC24-DB65AE1C7A55>

The CWWAPP resulted in \$541,078 applied toward potable water arrearages, with a corresponding \$356,195 in late fees waived. There were no income-based requirements imposed under the CWWAPP. However, a review of the accounts who received a CWWAPP credit indicated 39.4% of the monies were provided to accounts with a combined San José Equity Atlas BIPOC and Income Equity Score (San José Equity Atlas) of 8, 9, and 10².

Customer Service and Communications Support

In addition to the City's applying assistance credits to qualifying accounts, Revenue Management staff coordinated with the Information Technology Department— Customer Contact Center (CCC) to create an outreach program to notify customers who received bill credits. Additionally, ESD prepared notification letters which were sent to account holders, including transcreations³ in Spanish, Vietnamese, Tagalog, Mandarin, and Korean. The notification letters encouraged account holders to enroll in a payment plan for any outstanding balance remaining after credits were applied. Revenue Management coordinated with CCC to update payment plan options to allow for extended payment arrangements and the waiver of additional late fees.

Ongoing Assistance

On April 12, 2022, the City Council adopted a resolution to participate in the State of California Low-Income Household Water Assistance Program (LIHWAP) to address water and wastewater arrearages of those customers eligible under the LIHWAP guidelines⁴, budgeting \$500,000 in the General Fund to support the program. Sacred Heart Community Service (Sacred Heart)⁵, a non-profit organization, administers the LIHWAP on behalf of ESD. ESD refers customers in extremely low-income households, based on the State maximum income requirements, to the Sacred Heart partnership with the Santa Clara Valley Water District's Water Rate Assistance Program (WRAP) for water arrearages assistance relief. In addition, ESD staff works closely with San José Water Company and Great Oaks Water Company to provide information to customers in English, Spanish, and Vietnamese about the LIHWAPP, so customers may seek relief.

SAN JOSÉ CLEAN ENERGY

On January 11, 2022, the City Council adopted a resolution to accept up to \$4,348,501 in California Arrearage Payment Program (CAPP) monies, as well as any additional funding that

² San José Equity Atlas [Beta]

<https://csj.maps.arcgis.com/apps/MapSeries/index.html?appid=9921c7e45b874c1ebcc8ef918a130018>

³ Transcreation is a term coined from the words "translation" and "creation", and a concept used in the field of translation studies to describe the process of adapting a message from one language to another, while maintaining its intent, style, tone, and context. (Source: <https://en.wikipedia.org/wiki/Transcreation>, 8/19/2022)

⁴ April 12, 2022: Item 6.2, Actions Related to the State of California's Low Income Household Water Assistance Program <https://sanjose.legistar.com/View.ashx?M=F&ID=10691770&GUID=443BC430-4213-44BD-BD0B-AFAA5577B8E7>

⁵ Sacred Heart Community Service Utility Assistance website: <https://www.sacredheartcs.org/utility-assistance>

would become available, to address electric arrearages accrued during the pandemic relief period from March 4, 2020, to June 15, 2021, for those customers eligible under the CAPP guidelines⁶.

Analogous to the CWWAPP, CAPP monies were provided directly to the respective utility – Pacific Gas & Electric (PG&E) and San José Clean Energy (SJCE) under the Community Energy Department (CED) – to credit to the eligible residential or business customer within 60 days of receipt, with the requirements for all related late fees to be waived, to enroll customers with remaining debt into a payment plan, and to continue to provide services unless the customer did not enroll in or defaulted on a payment plan. However, unlike the CWWAPP, the CAPP did not cover the total reported electric arrearages across the State. Consequently, the State established a “waterfall” methodology for distribution of the CAPP monies, and required all active residential customers receive an equivalent percentage of their respective eligible arrearage. This meant 18,717 eligible active SJCE residential accounts received \$3,848,426 in bill credits and 4,500 inactive SJCE residential accounts received \$500,110, resulting in an approximate 47% reduction of residential customer debt incurred during the CAPP relief period.

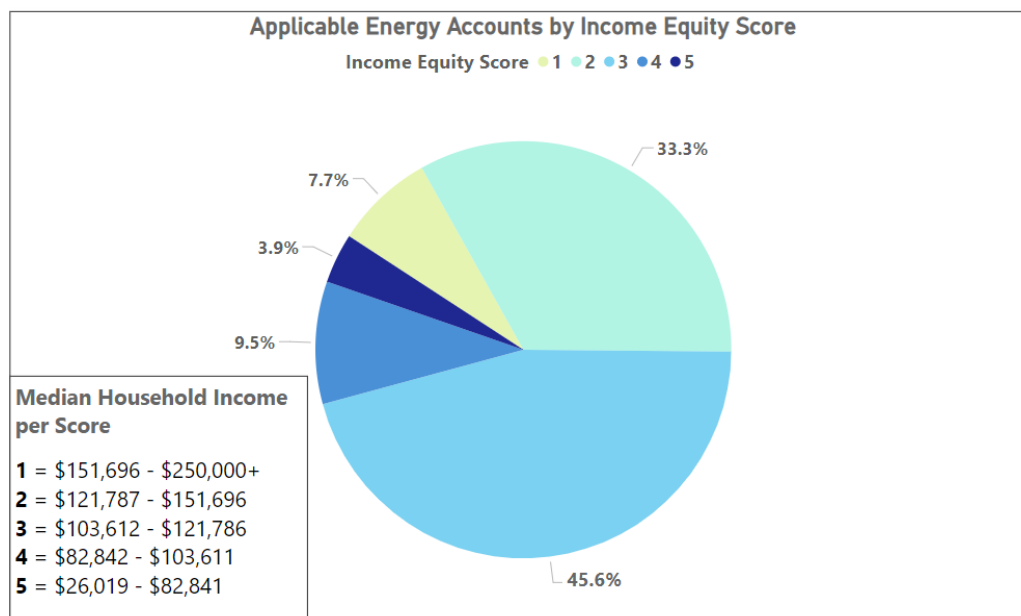


Figure 2.

As with the CWWAPP, there were no income-based requirements under the CAPP. However, Figure 2 represents Median Household Income data for those customer accounts that received CAPP funds to date using the San José Equity Atlas, while Figure 3 represents the Race Equity Score for that same population, with the largest cohort receiving CAPP funding – 38% – being residents in San José areas with a Race Equity score of 4 and 5. These are areas where the percentage of the population comprised of people of color is between 80.7% and 99.7%.

⁶ January 11, 2022, Item 3.6, Actions Related to the California Arrearage Payment Program – Electrical/Energy: <https://www.sanjoseca.gov/home/showpublisheddocument/84310/637849492174130000>

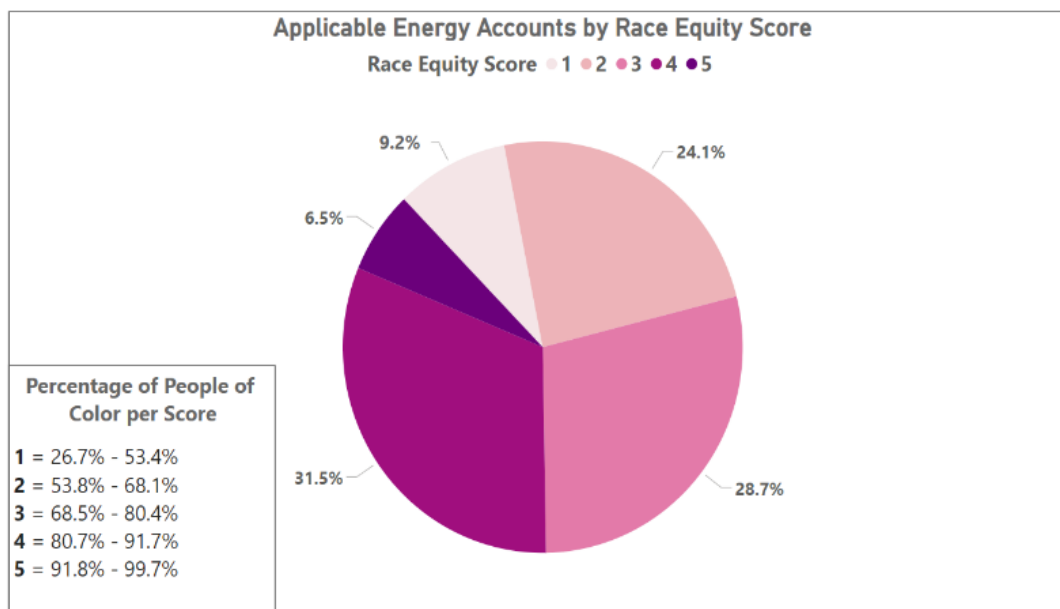


Figure 3.

Customer Service and Communications Support

SJCE assisted customers during the pandemic by connecting them with resources and programs to help pay down debt and lower bills. This involved an extensive multi-lingual outreach campaign that included funding community-based organizations to help reach Latinx and Vietnamese communities and those without access to internet.

Outreach efforts included:

- Resources and program updates shared in City flash reports, on the City and SJCE website.
- Targeted emails and direct mail.
- Digital advertisements on social media, Google, and YouTube.
- Radio station public service announcements.
- Advertisements on Valley Transportation Agency bus shelters.
- Outreach toolkits (flyers, newsletter articles, social media posts) shared with community partners and Council Offices.
- Community webinars with community-based organizations and the San José Public Library.
- Flyers and signage at libraries, community centers, and senior lunch programs.

Ongoing Assistance

Staff continues to promote programs to help residential customers reduce debt and lower their energy bills through digital and non-digital campaigns and partnerships with local community-based organizations. Assistance programs include:

- California Alternate Rates for Energy Program (CARE) and Family Electric Rate Assistance Program (FERA) are state assistance programs that offer 18-35% off monthly energy bills. CARE and FERA are often the first step in qualifying for other assistance programs.
- The Arrearage Management Plan (AMP) is the State debt forgiveness program and is a payment plan option that helps income-qualified residential customers reduce or eliminate debt owed on their electricity bills (up to \$8,000).
- LIHEAP and REACH are one-time assistance programs to help customers make current payments or pay down debt. These programs can issue one-time bill payments up to \$436.

SJCE offers the following support programs for customers:

- SJ Cares is the SJCE discount program for residential customers with low incomes (CARE or FERA enrolled). Eligible customers are automatically enrolled and receive a 5% discount off SJCE's lowest rates and 60% renewable energy. SJ Cares customers pay the lowest electricity rates in San José. No action is needed from customers to receive this discount.
- SJCE's Solar Access program offers an extra 20% off electricity bills and 100% solar energy for residential customers. The Solar Access Program is available to CARE and FERA customers living in disadvantaged communities (DACs)⁷. While the program is fully subscribed, customers can apply to be on the program waitlist.
- GreenValue is SJCE's lowest cost option for customers who are not enrolled in SJ Cares. It is the same price as PG&E but offers customer benefits such as community programs, local control, transparency, and accessibility. Any customer (residential or commercial) may choose GreenValue at any time.

SJCE residential and small business customers with arrearages over 60 days continue to be automatically enrolled in payment plans with PG&E to help manage debt. Residential customers are enrolled in 24-month payment plans and small business customers are enrolled in payment plans with monthly installments not exceeding 10 percent of their average bill amount.

SJCE encourages commercial customers with arrearages to sign up for payment plans with PG&E. Customers on a payment plan will not receive a disconnect from PG&E. The SJCE Account Management team helps commercial customers find ways to reduce energy consumption and sign up for SJCE's GreenValue service to save on their monthly bill.

Assembly Bill 205⁸, signed by Governor Newsom on June 30, 2022, appropriated an additional \$1.2 billion for a second round of funding through CAPP. CED will follow the process that is established by the State to apply for and administer additional CAPP credits to customers with arrearages. The schedule for this additional funding is still being determined.

⁷ DACs are defined by the State as the top 25% scoring areas from the latest version of [CalEnviroScreen](https://calenviroscreen.ca.gov/). CalEnviroScreen measures neighborhoods that are disproportionately impacted by environmental and socioeconomic burdens such as air pollution, poverty, or high incidence of asthma.

<https://oehha.ca.gov/calenviroscreen/sb535>

⁸ Assembly Bill No. 205 for 2022 CAPP:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB205

SJCE will continue to implement a communications plan to reduce residential and commercial disconnections.

CONCLUSION

The City of San José provided assistance to residents and businesses with utility hardships due to the COVID-19 pandemic. Efforts included obtaining the grants funding, multi-lingual and multi-channel outreach, focused media campaigns, application of credits while minimizing customer effort, Customer Contact Center scripting to support customers contacting the City through any of its communications channels, and coordination with State and community-based organization partners. Utility services continued for San José residents and businesses, and assistance programs served their intended purposes. These outreach and customer service programs were effective in easing some of the burden on residents and businesses.

While program funds were applied to eligible utility accounts based on program guidelines, there is a demographic of the community that may have not benefited directly from the programs provided due to being ineligible.

EVALUATION AND FOLLOW-UP

Assistance needs have not ended for the community based on outstanding arrearages data. For unpaid bills exceeding 120 days, SJCE balances grew from \$938,000 in December 2019 to approximately \$10.5 million as of June 2022, while Muni Water increased from \$300,000 to \$2.1 million. In addition, the benefit of financial assistance provided in the form of payment plans, discounted bills, etc., has not been fully realized, as payment plans come to completion, or account cancellations and disconnections of services due to non-payment resume. Staff will continue to explore options to relieve utility debt incurred by residents and businesses, and will pursue additional funding as it becomes available, either through federal, state, or local funding actions.

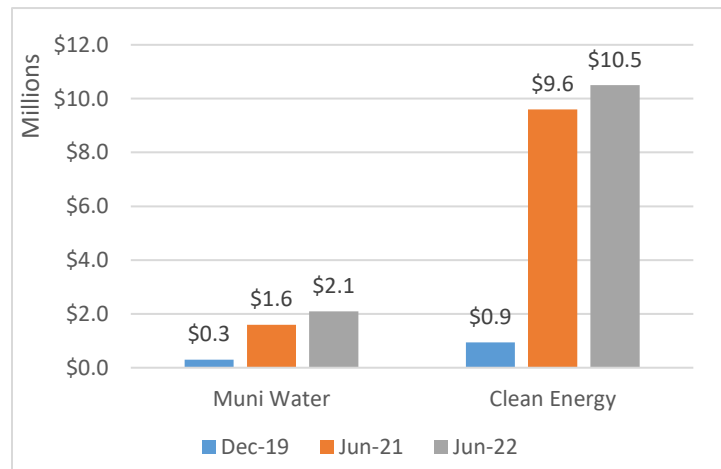


Figure 4. Arrearage Growth Dec 2019- Jun 2022

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, Public Project number PP17-009. Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

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