

# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** APRIL 27, 2020

**ITEM NO:** 11

**SUBJECT:** IMPLEMENTATION OF COVID-19 EMERGENCY RECOVERY ASSISTANCE PROGRAM (ERAP), IN RESPONSE TO COVID-19 EMERGENCY, FOR TOTAL AMOUNT OF \$5,000,000, SUSPENSION OF OTHER PUBLIC BENEFIT FUNDED PROGRAMS; AND CONSIDERATION OF OTHER RELIEF ASSISTANCE PROGRAMS SUCH AS RESTART PROGRAM, – SUPPLEMENTAL APPROPRIATION FROM ELECTRIC PUBLIC BENEFITS FUND CASH RESERVE IN THE AMOUNT OF \$3,600,000

**ISSUES:**

Recommend that the City Council authorize the City Manager, or designee, to (1) implement the COVID-19 Emergency Recovery Assistance Program (ERAP) with a program amount of \$5,000,000 and (2) make adjustments to or temporarily suspend all programs funded with Public Benefit Funds except for the ERAP program in order to assist low income residential electric customers that have been adversely financially impacted by the COVID-19 pandemic, as outlined in this report; authorize a supplemental appropriation from the Electric Public Benefits Cash Reserve to the Electric Public Benefits Low Income Assistance Residential COVID-19 Program Account to fund ERAP in the amount of \$3,600,000; and consider further rate relief assistance programs for all utility customers.

**RECOMMENDATIONS:**

That the Board of Public Utilities recommend that the City Council:

1. Authorize the City Manager, or designee, to implement the COVID-19 Emergency Recovery Assistance Program (ERAP) with a program amount of \$5,000,000 in order to assist low income residential electric customers that have been adversely financially impacted by the COVID-19 pandemic, as outlined in this report;
2. Authorize the City Manager, or designee, to make adjustments to or temporarily suspend any or all programs funded with Public Benefit Funds except for the SHARE program as needed in order to assist low income residential electric customers that have been adversely financially impacted by the COVID-19 pandemic, and to transfer the funding of such programs to the ERAP Program, if necessary, as outlined in this report;
3. Authorize a supplemental appropriation in the amount of \$3,600,000 from the Electric Public Benefits Fund Cash Reserve to the Electric Public Benefits Low Income Assistance Residential COVID-19 Program Account No. 6020100-456100 to fund the ERAP Program; and

4. Consider customer financial relief programs for all electric and water utility customers and direct staff to return with recommendations for such programs.

## **BACKGROUND:**

The novel Coronavirus (COVID-19) pandemic is an unprecedented global emergency. In response, the following emergency declarations have been adopted in California:

- March 4, 2020, California Governor Gavin Newsom declared a State of Emergency due to the threat of the novel Coronavirus (COVID-19).
- March 8, 2020, the Riverside County Public Health Officer declared a local health emergency based on the imminent threat to public health from the novel Coronavirus (COVID-19) in Riverside County.
- March 10, 2020, the County of Riverside proclaimed a local emergency.
- March 13, 2020, the Director of Emergency Services of the City, proclaimed a Local Emergency and said proclamation was ratified by the City Council on March 17, 2020; and
- March 16, 2020, the Riverside County Public Health Officer ordered the cancellation of gatherings with an expected presence of 10 people or more, thereby effectively closing most small businesses.
- March 19, 2020, Governor Newsom issued Executive Order N-33-20 (“Stay At Home Order”) which ordered all individuals living in the State of California to stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors and additional sectors as the State Public Health Officer may designate as critical to protect health and well-being of all Californians;

The Stay At Home Order mandated that businesses and organizations that provide essential services may remain open, and that businesses and organizations that provide non-essential services must close. Such businesses and organizations include but are not limited to dine-in restaurant operations, bars and nightclubs, entertainment venues, gyms and fitness studios, public events and gatherings, convention centers, and hair and nail salons.

These actions, while taken to preserve public health and safety, have resulted in crushing economic hardship to many RPU utility customers. The City Council, at their March 17, 2020 meeting, noted that many Riverside customers live paycheck to paycheck and may be unable to immediately pay their bills due to their reduced income. Community transmission of the COVID-19 virus is prevented if people isolate themselves at home and individuals cannot self-quarantine if their home is uninhabitable because of lack of utility service. Water and Electric Rules 7 both provide that the City may discontinue service for failure to pay. The City is not required to terminate service. The City cannot, however, waive any payments. The Electric and Water Rules do not allow for the waiver of charges that otherwise comply with the rules. To alleviate any anxiety on behalf of many Riverside residents, on March 17, 2020, the City Council directed Riverside Public Utilities (RPU) to suspend discontinuance of service for nonpayment of water, electric, sewer and refuse utility services. That order is still in effect.

RPU may develop programs to support low-income residential customers using Public Benefit funds. Public Benefit funds are authorized by a Public Utilities Code Section 385, enacted in 1996, that requires all publicly owned utilities to collect a nonbypassable, usage on customers’ electric bills based charge to fund investments in four areas: (1) cost-effective demand-side management to promote energy efficiency and energy conservation; (2) new investments in renewable energy resources; (3) research and

development to advance science or technology not adequately provided for in markets; and (4) services for low-income residential customers, including, but not limited to, rate discounts and energy efficiency services.

RPU established its first low-income assistance program, the Sharing Households Assist Riverside's Energy (SHARE) Program, in 1989 to provide low-income residents with utility bill assistance. The SHARE Program utilizes Public Benefits Charge funds in order to assist customers. On May 22, 2018, the City Council approved changes to the SHARE Program including adjusting the income qualifications, providing annual deposit or emergency assistance of up to \$150, and instituting new monthly bill credits for both electric and water service. The expanded income limits changed from 150% of the Federal Poverty Level to 200% Federal Poverty Level. On July 2, 2019, the City Council increased the SHARE monthly bill credits to a credit of \$14.50 per month for income-eligible electric customers and \$2.50 per month for income-eligible water customers. RPU is not limited to only providing this same program. Additional low-income rate assistance programs may be developed using Public Benefit funds.

## **DISCUSSION:**

The impacts being felt throughout the national and local economy due to the COVID-19 pandemic emergency are unprecedented. Significant numbers of residents are unemployed or furloughed due to temporary business closures. And, while some industries such as grocery stores, delivery services and some manufacturing are experiencing increases in demand, a significant number of businesses are struggling financially because they are unable to operate or are constrained due to the emergency. These businesses include:

- Restaurants and dining
- Retail trade
- Financial institutions
- Real Estate
- Arts, entertainment, and recreation
- Accommodation (Hotels and Motels)
- Some types of manufacturing and warehousing,
- Educational Services

The impacts of load reduction and corresponding revenue loss are beginning to be seen in April and may have begun as early as late March. The current and projected future impacts are being assessed and will be brought back to the Board of Public Utilities (Board) along with areas the electric and water utilities can reduce costs to maintain strong financial health. Prolonged revenue losses without corresponding adjustments to expenses or planned use of reserves could negatively impact financial metrics, reserve levels, and bond ratings.

Under the City Council direction on March 17, 2020, RPU is not disconnecting the utility services of any customer during the COVID-19 Local Emergency for nonpayment. In addition to continuing utility service, customers no longer receive notices of termination of service for nonpayment and the associated fee and avoid charges for reconnection of service. This should be viewed as the first step in the City's emergency response to supporting utility customers. The action ensures that all customers continue to have access to necessary utility services regardless of the financial hardships faced due to the loss of household income.

RPU is continuing to explore how it can provide assistance and relief to customers during the COVID-19 Local Emergency and recovery period. Programs offered by RPU should be considered to be part of the support and recovery efforts of the City and the assistance offered by the State of California and Federal Government.

The following are possible customer relief programs that RPU is recommending for immediate action or for further consideration:

*Programs for Immediate Adoption and Approval:*

**COVID-19 Emergency Recovery Assistance Program (ERAP):**

Staff is recommending the creation of the ERAP Program, which is a COVID-19 Assistance package using Public Benefit funds for residents that are facing a temporary loss of household income due to the COVID-19 Emergency and Stay at Home orders. The program would be for a limited time and would provide a one-time bill credit of \$250 to customers that are considered low-income or temporarily low-income due to the COVID-19 pandemic. Residential customers would qualify as low-income for this program if they have lost their job, have been furloughed or are facing a reduction of their income due to the Safer at Home orders. Additionally, customers that are currently and remain low-income would also qualify for this program and be eligible to receive the bill credit.

- A. Customers would demonstrate that they are low-income or temporarily qualify as low-income with documentation that they are unemployed, furloughed, or that they faced reduced hours due to the COVID-19 emergency. Customers that currently qualify for the SHARE program could also be eligible for this program but would be asked to apply specifically for this program.
- B. The program would have a limited duration and can be “turned off” after the emergency. The eligibility and application period for the program would be retro-active to March 1 and extend to 3 months following the end of the emergency declaration. The existing SHARE program will remain unchanged and continue.
- C. Customers would still be eligible for SHARE if they qualified ensuring additional assistance to low-income customers.
- D. The Program could go “live” in May with Board and City Council approval.
- E. Additional program guidelines will be established by staff and be approved by the City Manager or their designee.

Because of the high number of residential customers expected to be eligible, staff recommends that the initial program be funded to provide a \$250 credit for 20,000 residential customers or about 20% of RPU's residential customers for a total program cost of \$5 million. Staff can request additional funding if more customers request assistance.

*Programs for Further Consideration:*

**Restart Program- Standardized Repayment Plans and Agreements:**

Many customers, including commercial customers are currently unable to pay their monthly utility bills. These bills are accruing each month that they are not paid which is likely making it more difficult for customers to recover from the financial impacts of the COVID-19 emergency. Because the utility bills cannot be waived, establishing a process to help customers repay their bills will help with the economic recovery that will follow the COVID-19 emergency. Repayment is important because it means that revenue that is currently being considered “lost” will be considered “deferred.”

RPU is able to provide customers with customized payment plans for any unpaid utility bills. This will assist customers and avoid possible bankruptcy during the emergency and recovery period. There are many options available for these repayment plans. Options include:

- A. Delayed start to repayment. Many customers may need to seek re-employment and/or businesses will need to get up and running again. Hence, customers may need time to catch up before they can begin to make payments on their unpaid utility bills. RPU could delay the start of their repayment plan by 6 months (or some other timeframe as appropriate). The timing could be determined based on the duration of the COVID-19 emergency.

- B. Standardize the repayment agreements. Customers will need to enter into agreements with RPU to repay unpaid balances on their accounts. This repayment agreement could be standardized and repayment could be at no additional cost and at no interest so that it is easier to convey information to customers as well as to streamline the repayment process.
- C. Ensure a customer's credit is not negatively impacted by late bill payment. This can be done by suspending the reporting of all late bill payments to Credit Agencies for a specific amount of time.
- D. Establish flexible repayment timelines. For most customers a 3 to 12-month repayment will likely be sufficient, therefore staff recommend that a standard repayment timeframe be established. (As a note, other utilities have been establishing 12-month repayment for residential and 3-month repayment for non-residential customers.) However, RPU could establish longer repayment periods for certain customers including allowing significantly impacted non-residential customers to request a longer repayment period of up to 48 months. The increased risks of nonpayment associated with significantly impacted non-residential customers should be considered on an individual customer basis when establishing the repayment period. The Customer Information System (CIS) can accommodate up to 48 months for repayment. If a longer repayment period is required, the CIS system will require modifications to accommodate the additional time.

The Board may also wish to discuss other option for financial assistance to utility customers and direct staff to return at the next Board meeting with recommendations for such options.

### **FISCAL IMPACT:**

The total fiscal impact of this report is \$5,000,000. The fiscal impact of the suspension of utility shut-offs is unknown at this time.

Sufficient funds are available to fund the ERAP Program amount of \$5,000,000 by means of the supplemental appropriation from the Electric Public Benefits Cash Reserve Account No. 511-101000 to the Electric Public Benefits Low Income Assistance Residential COVID-19 Program Account No. 6020100-456100 in the amount of \$3,600,000 and the budget transfer from the Public Benefits Unprogrammed Funds Account No. 6020100-453001 to the Electric Public Benefits Low Income Assistance Residential COVID-19 Program Account No. 6020100-456100 in the amount of \$1,400,000. The projected available cash reserves in the Electric Public Benefits Fund at June 30, 2020 based on the fiscal year 2019/2020 budget is \$10,900,000 and will reduce to \$7,300,000 with the approval of this supplemental appropriation.

The unspent ERAP Program funding at June 30, 2020 will carryover to fiscal year 2020/2021 to continue to fund the ERAP Program though it's duration.

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Attachment: Presentation