

## SUMMARY and FISCAL NOTE\*

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\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to the City Light Department; amending terms and conditions pertaining to the emergency bill assistance program and temporarily expanding access to assistance to certain eligible households for a limited time in response to the COVID-19 emergency; and amending Section 21.49.042 of the Seattle Municipal Code.

**Summary and background of the Legislation:** The ordinance would amend both the terms of the Emergency Bill Assistance Program which is operated by Seattle City Light (SCL) as well as the maximum credit limit under the Seattle Municipal Code (SMC).

Households with income at or below 80% of the State Median Income (SMI) are eligible for assistance. The Emergency Bill Assistance Programs provides a credit toward the customer's current outstanding balance, up to a maximum dollar limit set in SMC. The credit cannot exceed the customer's outstanding balance. Households *without* minor children are eligible for one credit per year. Households *with* minor children are eligible for two credits per year.

The proposed ordinance amends the maximum dollar limit set in SMC for 2021 to \$500 per credit and directs the Department to update the maximum dollar amount in subsequent years to reflect the average change in electric bills for residential customers. The initial maximum dollar amount was established in 1985 and was not adjusted for these changes in electric bills. In 2019, the Department added language to include an annual adjustment without updating the \$200 maximum dollar amount. Adjusted for inflation, the \$200 would be nearly \$500 today.

The proposed ordinance temporarily amends the eligibility criteria of the Emergency Bill Assistance Program (EAP) established under subsection 21.49.042.B. The addition of subsection 21.49.042.E allows all income-eligible households—with or without eligible minor children—to access two EAP credits in 2021. This time-limited change is designed to help SCL customers who have experienced financial hardships resulting from the significant impact COVID-19 has had on the local, regional, and national economy.

The proposed ordinance also amends ongoing eligibility criteria of the Emergency Bill Assistance Program for 2021 and subsequent years. SCL will verify income eligibility but may do so using any Departmental application where income eligibility has been verified, including eligibility established through the Utility Discount Program (UDP). The Department will no longer require a specific Emergency Bill Assistance Program application.

The proposed ordinance also expands access to the credit. Currently, the Department limits access to customers who have received a ten-day notice notifying them that payment or payment

arrangements must be made to prevent disconnection. This criterion creates a hurdle for customers when the utility has voluntarily ceased sending disconnect notices. The proposed ordinance would expand access to customers with an active Service Agreement who have a 90+ days overdue account balance greater than \$250.

Lastly, the proposed ordinance eliminates the criterion requiring customers to make payment arrangements with the Department for any remaining unpaid balance as a prerequisite for receiving assistance. The revised payment arrangement language mirrors that of Seattle Public Utilities.

Allowing all income-eligible households to access two EAP credits in 2021, increasing the maximum dollar limit of the credit to account for inflation, and amending the terms and conditions will enable our customers to better manage their overdue account balance and will also help prevent shut-offs of low-income households when SCL resumes the full credit cycle, including disconnects.

The proposed ordinances estimated financial impact is difficult to assess. Historic participation in the Bill Assistance Program has been low, with fewer than 1,000 households accessing the credit each year over the past five years—despite estimates indicating nearly 90,000 households are income eligible. Lower participation may be due, in part, to the requirement for a ten-day notice. Seattle City Light has not disconnected customers for non-payment since the summer of 2016 and has not consistently sent out ten-day notices since that time.

Using March 9, 2021 arrears data, if all UDP customers with overdue balances greater than 90 days and 10% of non-UDP customers with overdue balances greater than 90 days were to apply and receive both credits, total bill assistance could be as high as \$1.5 million (City Light will manage these costs with existing resources). Based on past participation, this seems unlikely. The Department does not know who among those with overdue balances are income eligible and outreach efforts around bill assistance programs have met with varying levels of success. Even with concerted efforts to let customers know about our Utility Discount Program, participation has never risen above 45% for the estimated income-eligible population.

In order to resume the full credit cycle, including disconnects for non-payment, Seattle City Light is pursuing a *Road to Recovery* effort to analyze the significant overdue balances SCL customers have accrued since the utility ceased disconnecting customers for non-payment. This effort will look for opportunities to support customers with payment arrangements as well as one-time and ongoing payment assistance programs. SCL proposes, in *Road to Recovery*, to use existing demographic data to identify specific opportunities to engage with negatively impacted communities.

## 2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? \_\_\_ Yes X No

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? \_\_\_ Yes X No

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

No.

**Is there financial cost or other impacts of *not* implementing the legislation?**

No.

#### **4. OTHER IMPLICATIONS**

**a. Does this legislation affect any departments besides the originating department?**

No

**b. Is a public hearing required for this legislation?**

No

**c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**d. Does this legislation affect a piece of property?**

No

**e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

Seattle City Light's Emergency Bill Assistance Program provides support to lower-income households in paying their electricity bill, reducing their outstanding debt, and preventing disconnection of electric service for non-payment. People of color, people with disabilities, and historically disadvantaged communities are disproportionately represented in lower-income households. According to information provided by Pew Research Center, COVID-19 has disproportionately impacted BIPOC households. Job losses have increased more quickly among BIPOC households than white households and BIPOC households are much less likely to have financial reserves to cover expenses in the case of emergencies.

As part of its Road to Recovery effort, Seattle City Light will be evaluating our overdue receivables in an intentional way, comparing delinquencies at the census tract level with American Community Survey/Census income and language data.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

No

**2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so,**

**explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects..**

No

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

The goal is to reduce the number of low-income households who have overdue balances and thereby reduce the number of low-income households who will be impacted when Seattle City Light resumes disconnection for non-payment. This legislation would temporarily increase assistance to income-eligible customers—who have been disproportionately affected by the negative economic impacts of COVID-19—and remove barriers to accessing assistance outside of the customer's control.

**List attachments/exhibits below:**