

October 8, 2021

The Honorable City Council  
Office of the City Clerk  
Room 395, City Hall  
Mail Stop 160

Attention: Council President Nury Martinez  
Chairperson, Ad Hoc Committee on COVID-19 Recovery and Neighborhood  
Investment

Honorable Members:

Subject: Transmittal of a Status Update to Council File No. 21-0540 – Utility Debt  
Relief / Late Fee and Penalty Waiver / Shutoff Moratorium / Low-Income  
Customers / American Rescue Plan / Los Angeles Department of Water and  
Power / Bill Stabilization Programs / COVID 19 Pandemic

Enclosed is a status update in response to the subject referenced motion that requests the Los Angeles Department of Water and Power (LADWP) report back on matters regarding utility debt incurred during the pandemic as well as the implementation of long-term affordability strategies such as bill stabilization programs, streamlined enrollment for discount and energy savings programs, and arrearage management programs.

If you have any questions or if further information is required, please call me at (213) 367-1338, or have your staff contact Ms. Winifred J. Yancy, Director of Legislative and Intergovernmental Affairs, at (213) 367-0025.

Sincerely,



Martin L. Adams  
General Manager and Chief Engineer

WJY:nsh  
Enclosure

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c/enc: Councilmember Marqueece Harris-Dawson, Vice-Chair Ad Hoc Committee on COVID-19 Recovery and Neighborhood Investment  
Councilmember Gil Cedillo, Member Ad Hoc Committee on COVID-19 Recovery and Neighborhood Investment  
Councilmember Mitch O'Farrell, Member Ad Hoc Committee on COVID-19 Recovery and Neighborhood Investment  
Councilmember Curren Price Jr., Member Ad Hoc Committee on COVID-19 Recovery and Neighborhood Investment  
Mr. Chris Espinoza, Legislative Analyst, CLA  
Mr. Rafael Prieto, Legislative Analyst, CLA  
Ms. Winifred J. Yancy

# Utility Debt Relief Update

September 2021

State, federal, and LADWP programs are currently being implemented to support customers impacted by the Pandemic

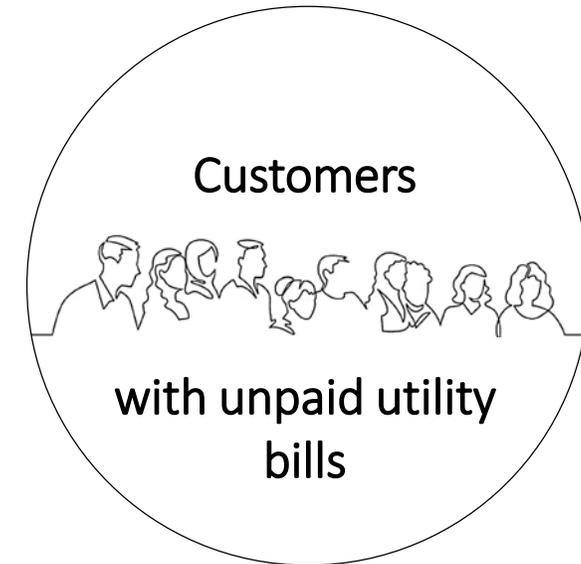
### State and Federal Utility Relief

CA Arrearage Payment Program (CAPP)

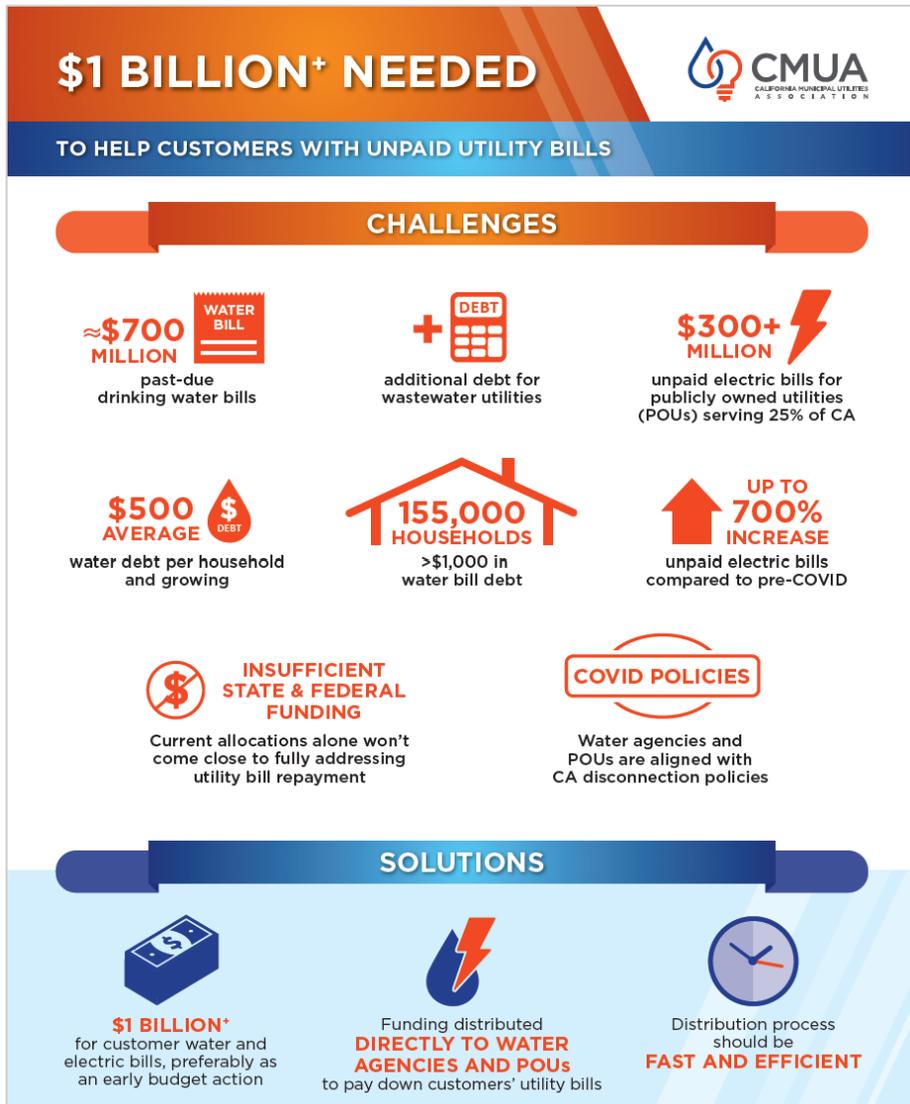
CA Water and Wastewater Arrearage Payment Program (CWWAPP)

Low Income Home Energy Assistance Program (LIHEAP)

Low Income Household Water Assistance Program (LIHWAP)



# A summary of key activities provides context for state relief



CMUA initiates **advocacy** early 2021 for \$1b+ to help with unpaid POU and water agency bills

**AB 129** enacted:

- \$993.5m for electric / gas utility bills
- \$985m for water / wastewater bills

**AB 135** enacted:

- Establishes CAPP administered by Department of Community Services and Development, and \$298.5 m POU set aside
- Sets up initial requirements for LIHWAP Program

**AB 148** enacted:

- Establishes framework for the CWWAPP Program

# The CAPP process and timeline culminates with funds being fully disbursed by no later than January 31, 2022

- **Eligible Utilities:** Publicly-owned, investor-owned, and electric cooperative utilities
- **Eligible Customer:** Residential and commercial energy utility customers (active and inactive) with past-due balances during March 4, 2020 –June 15, 2021
  - Prioritization: 1) Residential at risk of shutoff, 2) All Residential, 3) In-Active Residential, 4) Commercial
- **Survey:** Utility submits survey informing CSD of utility arrearage amounts by customer type based on actual billing data for covered period.
- **Application:** Utility that submitted a survey is eligible to submit application for funding request. Receipt of CAPP funds is contingent upon submitting the survey and application.
- **Benefit Delivery:** Utility disburses benefits to eligible accounts within 60 days of receiving CAPP funding
- **Customer Outreach:** Utility communicates bill relief assistance to applicable customers
- **Customer Severance Delay:** Subsequent required severance activities cannot be completed until 90 days after application of relief funds for accounts receiving funds
- **Reporting:** Within 6 months of receiving CAPP funds, utility submits report to CSD on funds applied, schedule of accounts and remittance of unapplied funds

# The CAPP process and timeline culminates with funds being fully disbursed by no later than January 31, 2022

2021	July 19	CSD issued Utility CAPP Program Notice #1 to all state utilities
	August 02	Conduct utility survey to determine utility arrearages statewide
	September 01	Survey responses due to CSD ( <i>expect to be updated to September 9, 2021</i> )
	October 04	Release CAPP Funding Applications to energy utilities that responded
	December 06	CAPP Application from energy utilities due to CSD
2022	January 31	CAPP funds fully disbursed
	Within 60 days of receiving CAPP funds	Benefits delivered to customer accounts
	Within 6 months of receiving CAPP funds	Report on the outcome of the benefit disbursement

# Details and additional guidance on the CWWAPP program are quickly being developed and forthcoming

- Survey has been released; 30-day window to respond. Allocation amounts based on survey responses.
- Workshop held August 19 to help systems complete survey.
- Special State Water Board meeting in September to adopt resolution and associated regulations/guidelines.
- Once survey results are in, the State Water Board will know how much, if any, funding will be available for wastewater arrearages. If there is, State Water Board will set up a program.
- Applications will follow survey. As applications are submitted, funding will be distributed on a rolling basis.

## Requirements

- Customer Prioritization: pending State Water Board resolution
- No severance until after September 30, 2021
- Direct distribution of funds to customer account

# CWWAPP timeline and process has an initial funds distribution date of no later than Nov 1, 2021

2021	August 11	Conduct community water system survey to determine utility arrearages statewide
	August 19	Survey Webinar held by SWRCB
	September 10	Survey responses due to SWRCB
	September 22-23	SWRCB adoption of a resolution establishing the program guidelines
	Within 14 days of adopting resolution	Application / disbursement request from water agencies (open for 60 days)
	No later than November 1	Begin disbursement of funds
2022	January	Determine if funding is available for wastewater arrearages

# Congress created Low Income Household Water Assistance Program to mirror existing Low Income Household Energy Assistance Program

## LIHWAP Summary

- Total funding:
  - \$116m for LIWHAP
  - \$518m for LIHEAP
- Administered by California Community Services Department
- Require customers to apply for bill assistance and be income eligible
- Utilize third parties for fund disbursement
- Is not limited to COVID relief period

## Tentative Timeline

**September 2021:** Expect to have State Plan approved

**Late Fall 2021:** Start program implementation

**September 2023:** Funds must be spent

The state and federal government's assistance will address the Pandemic period only, but will leave many customers in arrears

~\$806m

in arrears 61+ days  
As of July 31, 2021

—

~\$413m

Requested in state relief  
for the Pandemic period  
of March 4 2020 to June 15 2021\*

=

~\$393m

Minimum Estimated <sup>(a)</sup> arrears  
Remaining (Pre- and Post-  
Pandemic arrears)  
as of July 31, 2021

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### Next steps for support efforts

- Complete CAPP and CWWAPP applications and requests
- Apply CAPP and CWWAPP to customer accounts based on program rules
- Promote LIHEAP and LIWHAP to qualifying customers
- Implement bill assistance programs
- Increase customer outreach and customer support

**Note:** (a) – it is likely that the \$413m will not all be approved, so the remaining arrears will likely exceed the \$393m

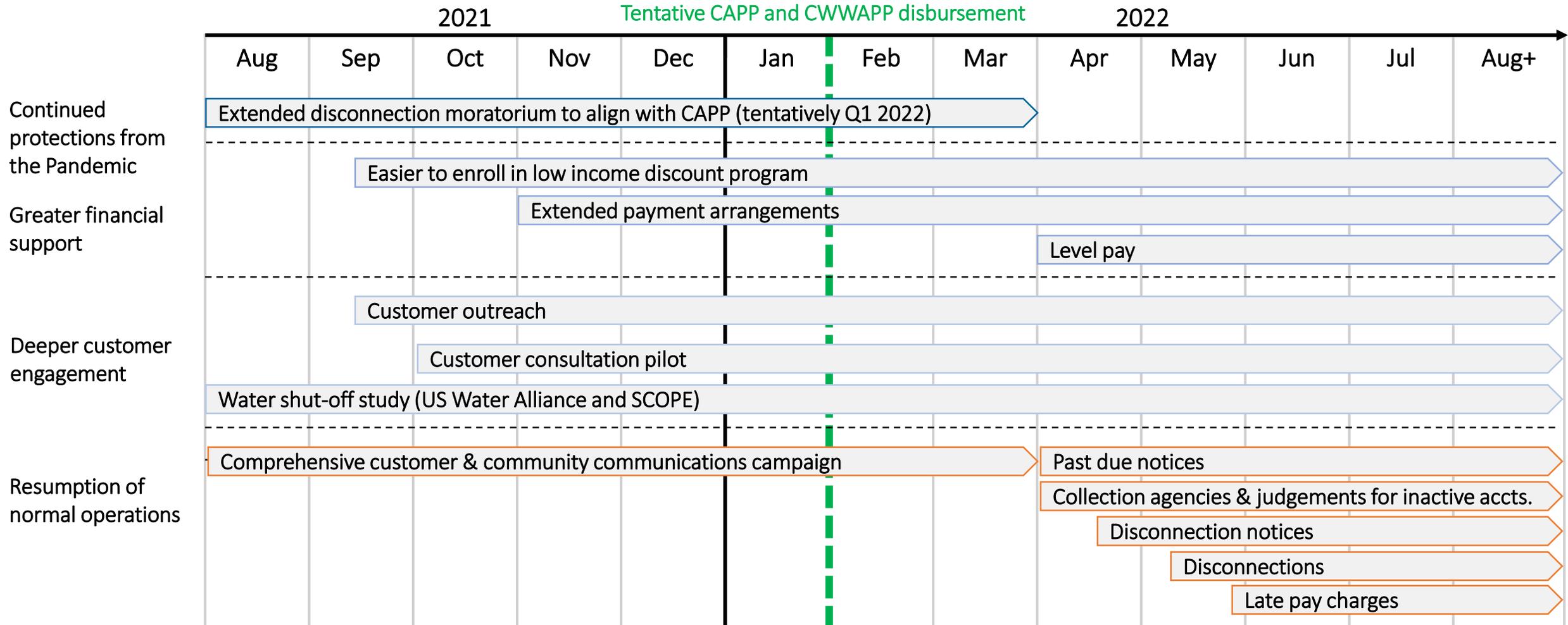


Given this, we recommend extending the moratorium to 90 days after CAPP funds are applied to provide all customers a longer runway to recover

- Participation in CAPP and CWWAPP require extended disconnection protections for eligible program participants
- To minimize customer confusion and streamline LADWP operations, **we recommend aligning to the CAPP “moratorium”, projected to be in the first quarter of 2022** <sup>(a)</sup>
- LADWP’s moratorium will be extended from September 30, 2021 to March 31, 2022.

\*Note: (a) CAPP rules provide disconnection protections 90 days from CAPP benefit disbursement (no later than 1/31/2022). Should CAPP disbursement occur before 1/31, the proposed moratorium will change.

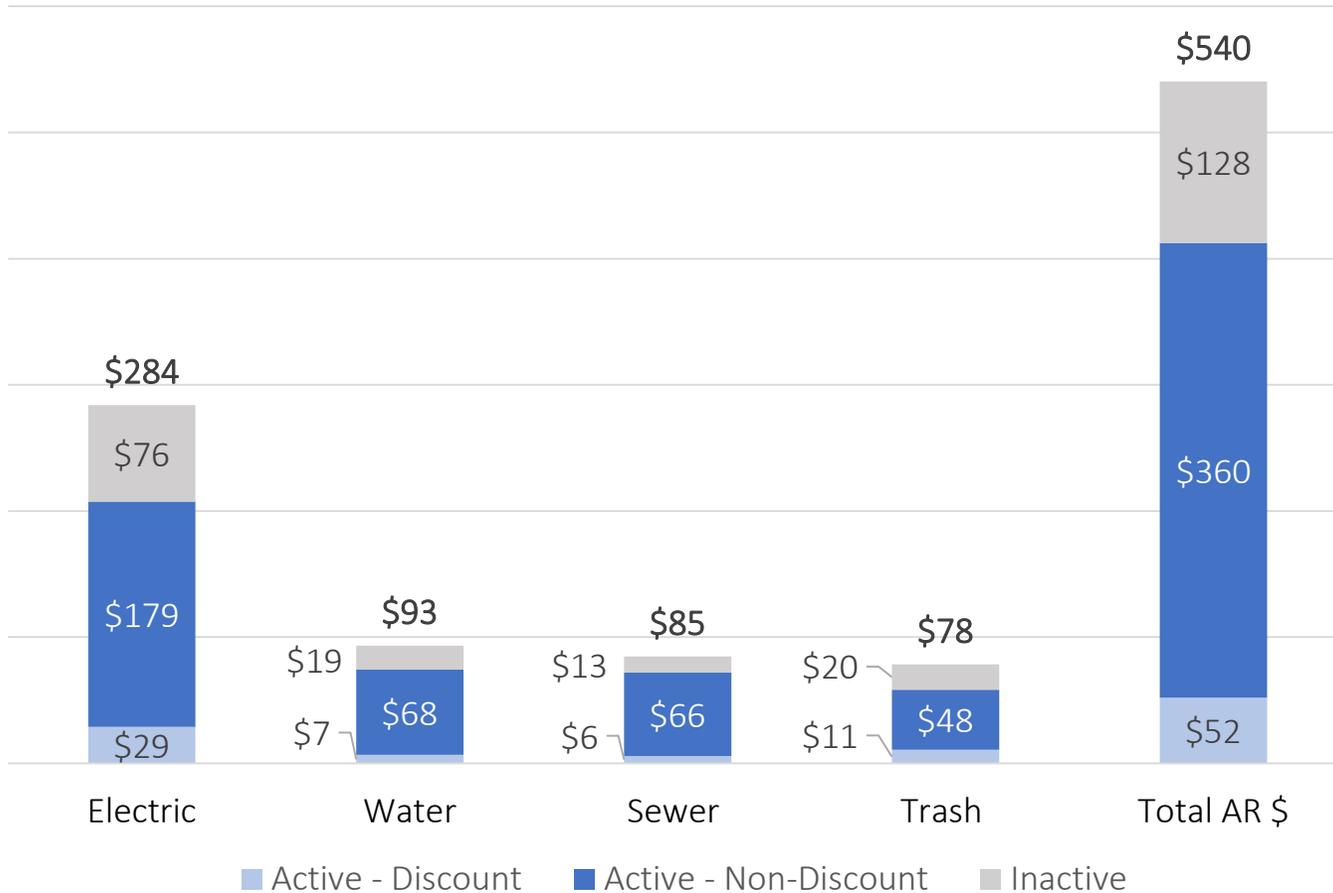
# Enhanced LADWP programs will be available to customers as we ramp up to normal operations



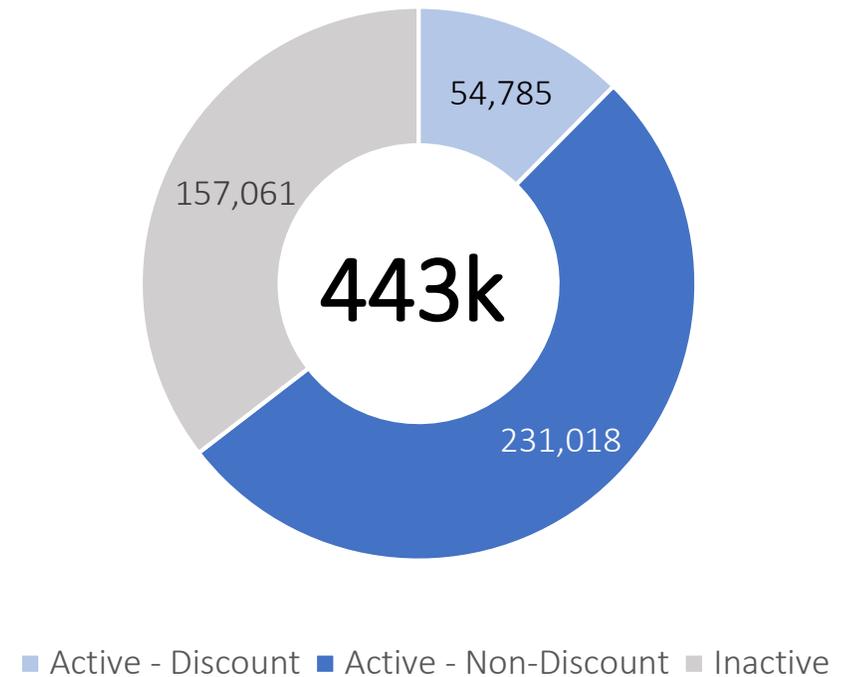
# Appendix

As of the end of July 2021, there are ~443k residential customers with ~\$540m in arrears (61+ days)

Residential arrears (in \$ millions) as of July 31, 2021<sup>a</sup>



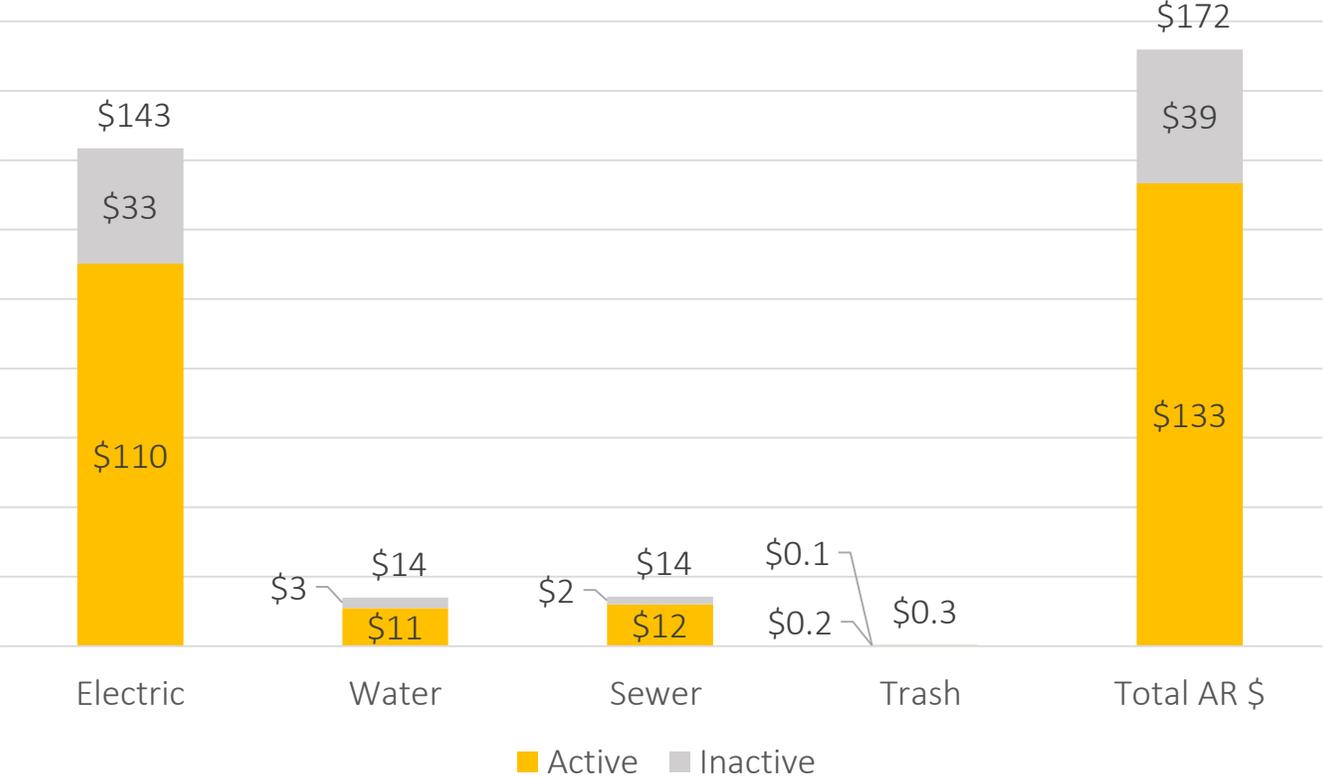
Number of residential accounts in arrears 61+ days (as of July 31, 2021)\*



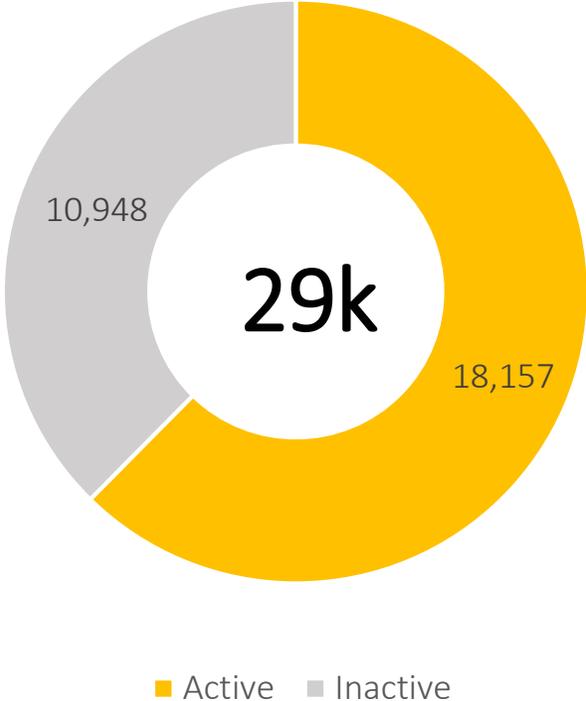
a. Arrearages up to 4 years old; b. Trash includes payment arrangements, SRF, and BIF arrearages (if applicable)

There are ~29k commercial customers with ~\$172m in arrears (61+ days) as of the end of July 2021

Residential arrears (in \$ millions) as of July 31, 2021<sup>a</sup>



Number of commercial accounts in arrears 61+ days (as of July 31, 2021)



a. Arrearages up to 4 years old; b. Trash includes payment arrangements, SRF, and BIF arrearages (if applicable)