



Lehigh County Authority Customer Assistance Program

Review of Proposed Approach

LCA Board of Directors: November 9, 2020



Today's Topics

- COVID-19 Collections Program
- Current Collections Performance
- Other Water/Sewer Utility Plans
- Pa. Public Utility Commission Approach
- LCA's Proposed Approach
- Next Steps



LCA's COVID-19 Collections Protocols

1. All late fees & interest suspended since March 2020
2. All termination proceedings for non-payment suspended since March 2020
3. Late notices issued with encouragement to pay
4. Late notices modified in November stating late fees will be applied beginning January 1, 2021

Collections Performance

Revenue at Risk (Collections Related)	<u>TOTAL</u>
Penalty Revenue Lost (Penalties Waived April-September 2020)	
Past Due (5%)	\$ 222,260
Warning (5%)	\$ 131,639
Monthly Interest (1.5%)	\$ 63,244
Total Penalty Revenue Lost	\$ 417,143
Total Past-Due Receivables - September 30, 2020	\$ 1,747,494
Average Past-Due Receivables - 2019	\$ 1,032,301
Total Revenue at Risk (collections related)*	\$ 1,132,336
<i>* Penalties revenue lost plus above-normal past-due amounts.</i>	

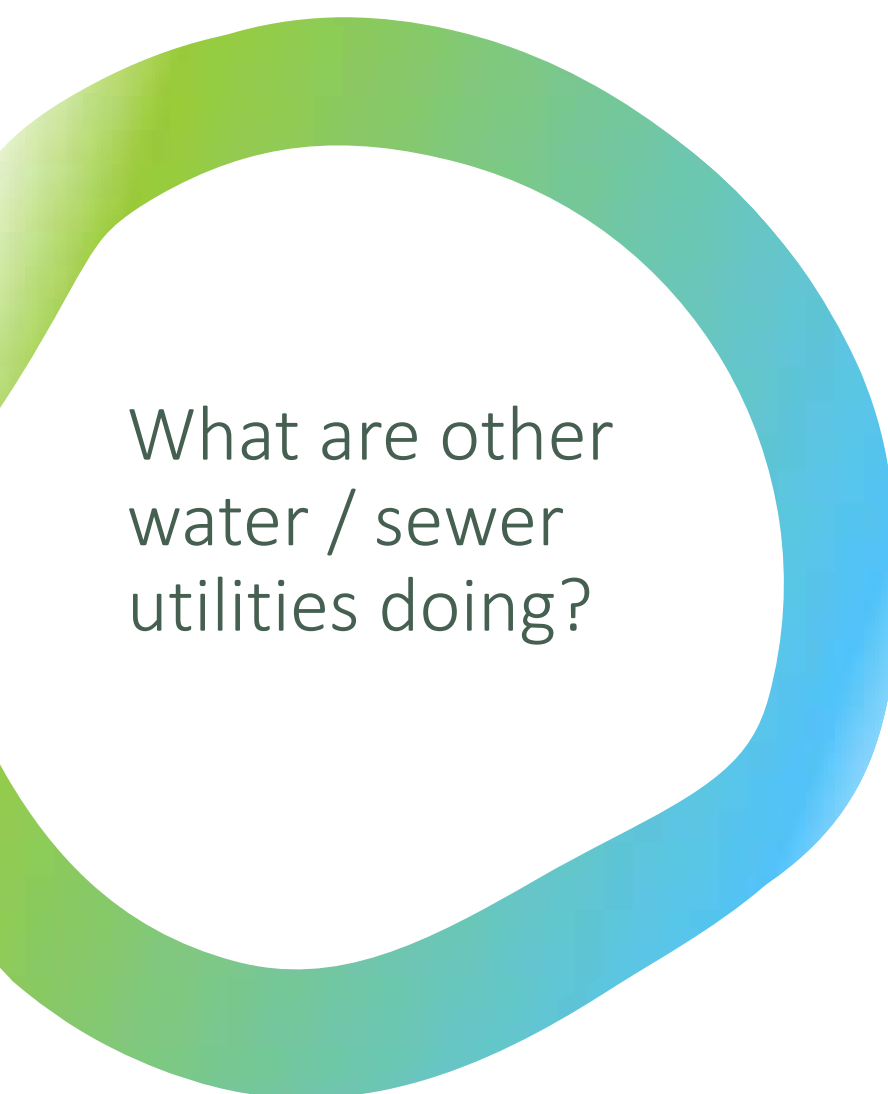
Collections Performance

Terminations for Non-Payment	<u>Suburban</u>	<u>City</u>	<u>TOTAL</u>
# of Customers w/ Balance > \$100 (eligible for shutoff) - 2019 Average	132	2,167	2,299
Average balance past due per customer	\$223	\$261	\$259
Total Past Due Eligible for Service Termination	\$29,406	\$566,194	\$595,599
# of Customers w/ Balance > \$100 (eligible for shutoff) - September 2020	265	2,713	2,978
Average balance past due per customer	\$215	\$330	\$319
Total Past Due Eligible for Service Termination	\$56,877	\$894,024	\$950,901
COVID-19 Difference	\$27,472	\$327,830	\$355,302

Summary of COVID-19 Collection Performance

- Real revenue loss due to suspension of late fees: \$417,143
- Revenue at risk due to suspension of service terminations: \$355,502
- Revenue at risk due from customers not yet eligible for service termination: \$359,892
- **Total Revenue Loss / At-Risk = \$1,132,537**

Based on current trends, LCA should expect this figure to grow by approximately \$200,000 per month if no action is taken



What are other
water / sewer
utilities doing?

- Terminations proceeding now / planned
- Late fees reinstated now / planned
- Some larger utilities are considering customer assistance programs
- PMAA, AWWA, other associations offering training / webinars on customer assistance programs
- Grant funding limited via CARES Act; other COVID relief stalled

Pa. Public Utility Commission (PUC)

October 8, 2020 ruling: Utility service terminations may resume November 9, 2020

Additional protections for low-income customers

Customer assistance programs required

LCA not regulated by PUC, but can draw from their recommendations

LCA's Recommended Approach: January 2021

- Customer notification → starts now
- Develop safe way to reopen customer service office to allow for cash payments
- Reinstate late fees & penalties
- Phased-in service terminations for non-payment

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- Establish COVID-19 Customer Relief Fund
 - Offer Payment Plans for Additional Support

COVID-19 Customer Relief Fund

- Estimated need = \$500,000
- One-time funding block available January 1st from bond refinancing
- Third-party program administrator

COVID-19 Customer Relief Fund

- **Role of third-party program administrator:**

- Work with LCA to establish grant program parameters
- Accept and evaluate customer applications either locally or online
- Handle personal customer information securely and confidentially
- Disburse funds back to LCA for eligible customers
- Support future fund-raising efforts if desired
- Expect processing fee of approximately \$25 per eligible customer

COVID-19 Customer Relief Fund

- **Options for third-party program administrator:**

- Local community-based organization (CBO):
 - Community Action Committee of the Lehigh Valley
 - Casa Guadalupe
 - Salvation Army
- Dollar Energy Fund
 - Non-profit specialty organization
 - Administers customer assistance programs for utilities across state/nation
 - Will establish relationships with multiple local CBOs for applicant screening
 - Online portal for web-based applications & donation programs

Payment Plan for Additional Support

Low-income customers eligible for grant → automatically eligible

Other customers who request help but who are not eligible for grant

Short-duration payment plan (6-9 months)

Penalties and service termination waived if payments made on time

Late payment immediately disqualifies customer from plan

Administered by LCA staff

Why Customer Assistance Programs Work

LCA helps customers who are currently overwhelmed

Increases chance of continued payment from customers we help

LCA's uncollectible balance decreases

Reduces burden on other customers to address "bad debt"

Next Steps

01

Board approval for
COVID-19 Customer
Relief Fund

- Initial funding of \$500,000
- Contract with third-party administrator

02

Customer notification

- Late fees & service terminations begin in January
- Availability of grant funding through Customer Relief Fund

03

Payment Plan design

- LCA staff administration



Discussion / Questions

Thank you!