Lehigh County Authority
COVID-19 Customer Hardship Fund

Review of Proposed Approach

LCA Board of Directors: January 25, 2021

Lehigh County Authority

Today's Topics

- COVID-19 Collections Program
- Current Collections Performance
- Other Water/Sewer Utility Plans
- LCA's Proposed Approach
- Customer Hardship Fund Details
- Introduction to Dollar Energy Fund
- Next Steps
- Review of Resolution 01-2021-01

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 fees reinstated in January 2021
5. Service terminations for non-payment to be reinstated in March 2021 (tentative)

Collections Performance

Revenue at Risk (Collections Related)	Suburban	City	TOTAL
Penalty Revenue Lost (Penalties Waived April-December 2020)			
Past Due (5%)	$ 89,562	$ 283,898	**$ 373,460**
Warning (5%)	$ 42,860	$ 167,810	**$ 210,670**
Monthly Interest (1.5%)	$ 22,075	$ 89,753	**$ 111,828**
Total Penalty Revenue Lost	**$ 154,497**	**$ 541,461**	**$ 695,958**
Total Past-Due Receivables - December 31, 2020	$ 359,215	$ 1,685,141	**$ 2,044,356**
Average Past-Due Receivables - 2019	$ 278,634	$ 753,667	**$ 1,032,301**
COVID-19 Difference	**$ 80,581**	**$ 931,474**	**$ 1,012,055**
Total Revenue at Risk (collections related)*	$ 235,078	$ 1,472,935	**$ 1,708,013**

This figure is growing by approximately $200,000 per month, but will change with reinstatement of collections practices.

What are other water / sewer utilities doing?

- Late fees reinstated now
- Terminations proceeding now / planned for end of 1st Quarter 2020
- Larger utilities are implementing or enhancing customer assistance programs
- PMAA, AWWA, other associations offering training / webinars on customer assistance programs to help smaller utilities get started

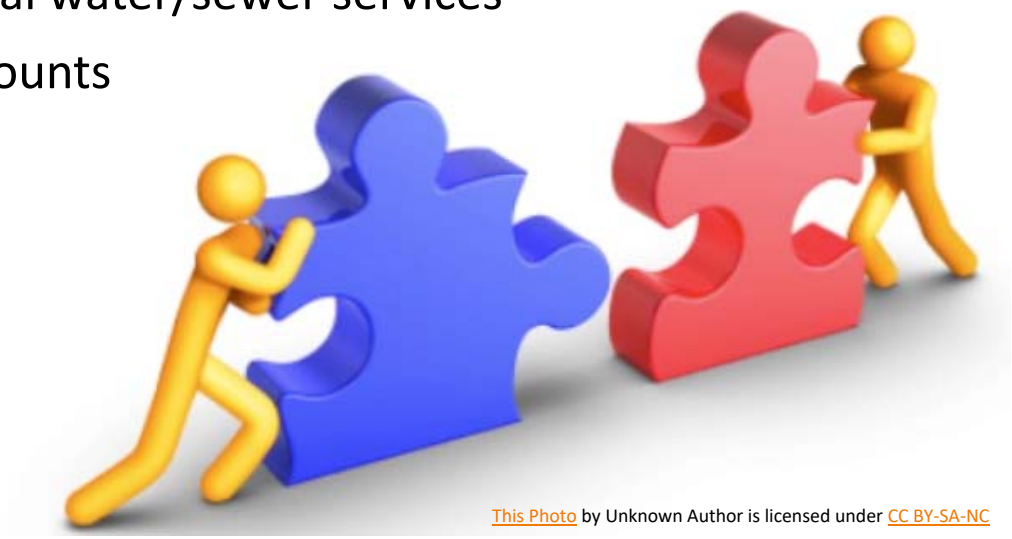
LCA's Recommended Approach to Recovery

- Customer notification → November 2020
- Reinstate late fees & penalties → January 2021
- Develop safe ways to allow for cash payments (limited customer access to LCA offices) → 1st Quarter 2021
- Phased-in service terminations →March 2021 (tentative)
- ***COVID-19 Customer Hardship Fund***
- Payment Plan Program for Additional Support

LCA Customer Hardship Fund – GOALS

Simple Concept → Start process of service terminations for non-payment, but provide help to customers who really need it!

- Help at-risk households maintain vital water/sewer services
- Reduce balance of uncollectible accounts



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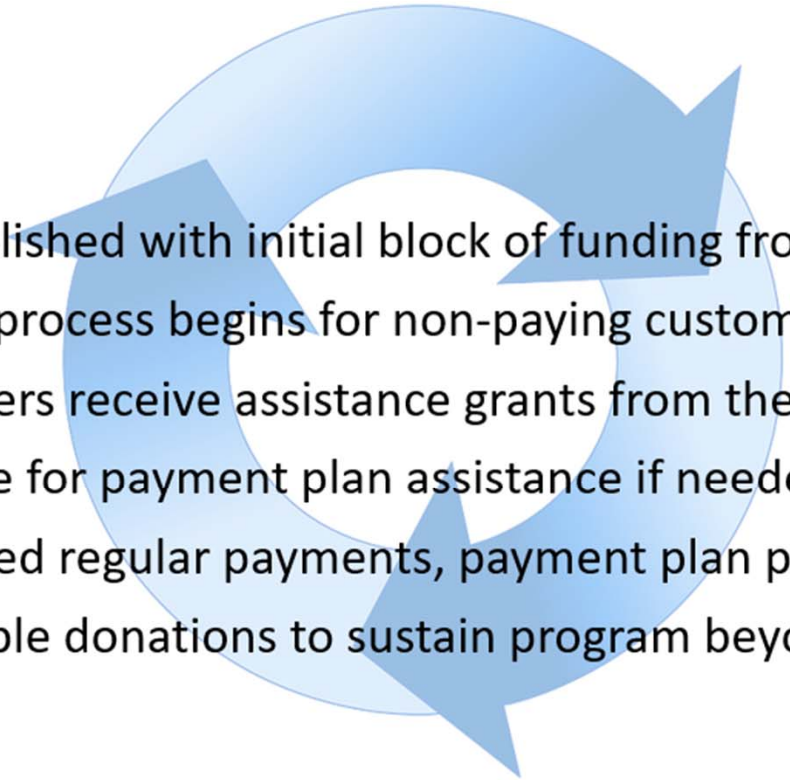
Customer Hardship Fund – HOW?



1. Hardship Fund established with initial block of funding from LCA
2. Service termination process begins for non-paying customers
3. Low-income customers receive assistance grants from the Fund to keep the water on
4. All customers eligible for payment plan assistance if needed (with parameters)
5. LCA receives increased regular payments, payment plan payments & hardship grants
6. Potential for charitable donations to sustain program beyond initial block of funding

Customer Hardship Fund – DETAILS

- Estimated need to help qualified low-income households avoid service termination = $500,000
- One-time funding block available January 1st from bond refinancing due to pandemic-related interest rate savings
- Maintain separation of Suburban / Allentown funds
- Keep it simple & keep it local
- Third-party program administrator
- Program available as long as funds last

Customer Hardship Fund – DETAILS

Role of third-party program administrator:

- Bring expertise in customer assistance programs to LCA
- Work with LCA to establish grant program parameters
- Develop network of local community-based organizations (CBOs) to work with our customers
- Accept and evaluate customer applications either locally or online
- Handle personal customer information securely and confidentially
- Disburse funds back to LCA for eligible customers' assistance grants
- Use 501(c)3 status to support future fund-raising efforts, if desired
- Processing fee of approximately $25 per eligible customer (portion goes to the local CBOs who are working with our customers)

Customer Hardship Fund – DETAILS

Initial Customer Eligibility Requirements:

- Customer at or below 200% of Federal Poverty Income Guidelines
- Maximum customer assistance grant = $300
- "Sincere Effort" payment of at least $100 in last 2 months
- One grant per customer per year

- Evaluate after 3 months to see if it's working and adjust!
  - *Are we improving LCA's uncollectible account balances?*
  - *Are we reducing the number of households eligible for service termination?*
  - *How are the eligibility requirements matching the needs of LCA's customers?*
  - *Are the Federal Poverty Income Guidelines the right barometer to use in this pandemic environment?*

Customer Hardship Fund – DETAILS

Recommended award of contract to Dollar Energy Fund:

- Non-profit specialty organization
- Administer similar programs for utilities nationwide (they are the experts!)
- Will establish relationships with local organizations for applicant screening
- Online portal for program tracking, web-based applications & charitable donation programs
- Excellent references from several large utilities including PA American and Pittsburgh Water & Sewer Authority

Introductions:

Lindsay Mulvihill, Director of Business Development

&

Mary Sally, Program Manager

Dollar Energy Fund Background

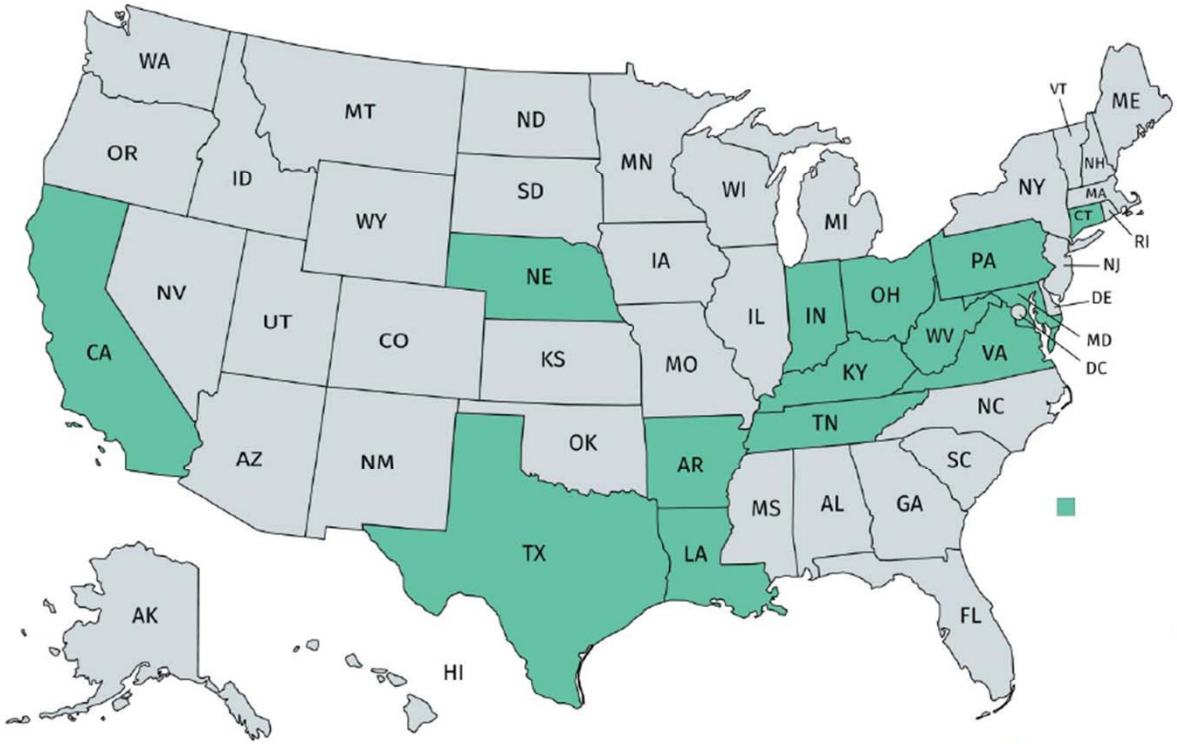
- Registered 501(c)3 Organization
- One of the largest and longest running fuel funds in the US
  - Dollar Energy Fund was founded in 1983 in Pittsburgh, PA
- Has a 175 seat full-service contact center staffed with trained customers service representatives (CSR)
- Celebrating 36 years of experience

Dollar Energy Fund Quick Facts

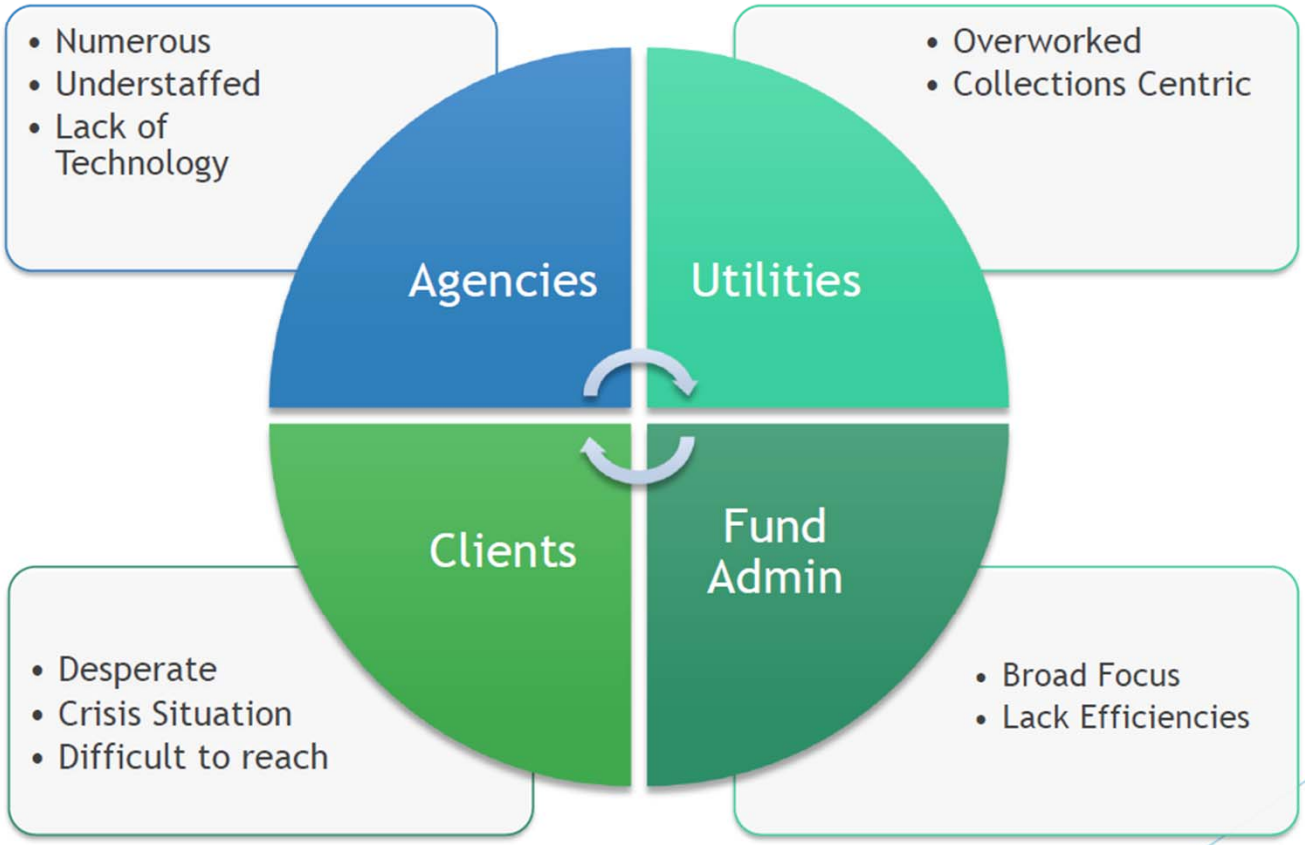
- Since its inception in 1983:
  - Over $146 million in assistance grants distributed
  - Over 530,000 households assisted
- On average, Dollar Energy Fund:
  - Processes over 30,000 hardship fund applications each year for gas, electric, water and sewerage utilities
  - Processes over 5,500 telephone assistance applications each year
  - Handles over 50,000 phone calls per month through its Customer Contact Center

In the Community

- Dollar Energy Fund currently has 46 utility partners
  - Serving thirteen (14) states



Dollar Energy Fund Hardship Model



Community Based Organizations (CBO)

- Dollar Energy Fund will recruit, train and manage all CBOs to assist in the administration of the program
  - Year-round support provided by Dollar Energy Fund
- Dollar Energy Fund looks for CBOs that:
  - Provide multiple services
  - Have a reputation for high-quality customer service
  - Have access to the Internet
  - Provide regular service hours

Partnership Roles

Client

- Contact Utility
- Visit Agency
- Bring Documents

Agency

- Verify Documents
- Complete Intake
- Offer other services

Utility

- Review Customer Info
- Confirm Amount
- Restore Service/Stop Term

Administrator

- Review compliance
- Grant/Deny
- Notify Client
- Issue Funds

Automated Communication & Workflow

iPartner©

- Primary tool used to administer hardship programs
- Customizable to fit utility company needs
- Automated workflow and communication
- Cloud-Based application
- iPartner includes:
  - Electronic Funds Transfer (EFT)
  - Document Imaging
  - Storage & Management
  - Real-time Reporting

Reporting

1 of 1 Export to the selected format Export

5/20/2019

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iPartner

iPartner 2018 - Pennsylvania

Global Statistics

Date
10/1/2018 - 5/20/2019

Monthly Participation

Month	Applications	Grants	Amount Granted
October 2018	2,661	2,415	$831,185.00
November 2018	1,159	917	$300,456.00
December 2018	144	128	$45,146.00
January 2019	128	114	$41,471.00
February 2019	211	192	$60,368.00
March 2019	1,826	1,642	$567,895.00
April 2019	3,199	2,757	$1,052,410.00
May 2019	991	799	$287,601.00
Total	10,319	8,964	$3,186,532.00

Data & Security

Cloud Based	• Does not require interaction with utility's CIS system
User specific login and password	• User/agency specific screens and digital dashboards
Data segregation	• Users only see data specific to their agency, utility, or clients
Workflow audit trail	• Tracks all actions in applications by time, date, user, and action
Hosted on Secure Server	• Data is protected and backed up
Encryption	• Field level at-rest encryption as well as in-transit encryption

DOLLAR ENERGY FUND

Questions?
Thank You!

Next Steps

01

Board approval for LCA Customer Hardship Fund

- Resolution 01-2021-02
- Details on next slide

02

Develop other program details for LCA staff administration

- Payment plans
- Allowing cash payments w/ reduced customer contact

03

Customer notification

- Schedule for late fees & service terminations
- Availability of customer assistance programs

LCA Resolution 01-2021-01

- Establishes Customer Hardship Fund
- Approves allocation of $500,000 into the Fund
- Specifies requirement to separate funds between Suburban & Allentown divisions
- Approves initial customer eligibility criteria, with CEO authority to make adjustments in future to meet program goals
- Approves contract with Dollar Energy Fund in substantially the same form attached to Resolution
- Staff authorization to execute documents

Lehigh County Authority

Discussion / Questions

Thank you!