



City Council Agenda Item

City Council Meeting Date: November 7, 2023

TO: Dean Albro, City Manager

FROM: Juan Esqueda, Utility Conservation Representative
j_esqueda@ci.lompoc.ca.us

SUBJECT: Adoption of Resolution No. 6614(23) Amending the Electric Rate Assistance Program

Recommendation:

Staff recommends the City Council:

- 1) Adopt Resolution No. 6614(23) (attached), which will implement the following amendments to the Electric Rate Assistance (ERA) program:
 - a. Increase the maximum monthly billing credit towards electricity charges for program participants from \$9 to \$18;
 - b. Extend the applicant recertification period from one year (12 billing cycles) to two years (24 billing cycles);
 - c. Remove the quarterly electric history usage verification requirement for mobile home residents; and
 - d. Require submission of an affidavit from program applicants with no source of income.

Background:

As required by Public Utilities Code section 385, the City has provided the Electric Rate Assistance (ERA) program to low-income residential electric utility customers since 1997 utilizing Electric Public Benefit Program (PBP) funds. The ERA is an authorized use of PBP resources, wholly funded through State mandated charges on electric use.

Currently, the ERA program offers low-income electric utility customers a monthly credit of up to \$9 towards electricity charges. The ERA program is administered entirely in-house, including tasks such as application intake and evaluation, providing recertification notices to program participants, and fielding customer inquiries regarding the program.

As of October 2023, the ERA program assists 333 low-income residential customers and 47 eligible mobile home residents.

To participate in the ERA program, electric customers must submit a completed application, along with proof of current annual or monthly income for all household members over the age of 18. Applicants whose household income is proven to fall below the “low-income” threshold, per the State of California Department of Housing and Community Development’s (HCD) Income Limit for Santa Barbara County, are then enrolled as ERA program participants.

ERA program participants receive a credit of up to \$9 towards electricity charges each month for 12 billing cycles. If a customer is billed less than \$9 for electricity charges, that customer will receive a credit in the amount that was billed for electricity. ERA program participants must resubmit an application along with updated income-verifying documents on an annual basis to continue participating in the program.

Since electricity is charged to each mobile home park in the city as a singular unit, the parks then meter the usage for each residence. As a result, to qualify for the ERA program, mobile home residents must submit a completed ERA application and an Electric History Use form. The Electric History Use forms are required to be resubmitted every quarter and must list the kWh usage and charges paid for electricity for the previous three months to continue to qualify for the program. Mobile home residents are then issued reimbursement checks for up to \$27 every three months (up to \$9 per month). Mobile home program participants who have paid less than \$9 in electricity charges in a month are issued a reimbursement check up to the amount that was paid in electricity charges for that month.

Of the total 380 current participants in the ERA program, approximately 65% were also participants in 2019. This indicates that a large portion of participants’ financial status has not changed enough in the past three years to exclude them from the ERA program.

Discussion:

Between 2001 and 2023, several comprehensive adjustments have been approved for all rate classes of electric customers including the emergency 30% rate increase approved in May 2023. In total, residential electric rates have increased approximately 65% since the last time the ERA Program credit was increased in June 2009. The national CPI rate has increased approximately 43% in that same time period. Electric costs, mainly wholesale power costs, have outpaced overall inflation by about 50% in that timeframe.

Staff recommends an increase in the ERA program’s maximum monthly credit from \$9 to \$18 per month. Total expected costs for the remainder of the Biennial Budget Fiscal Years 2023-25 are anticipated to be below ERA Program appropriations. In addition, an increase would bring the assistance level back in line with the residential rate increases approved since 2009.

Under the current ERA program guidelines, eligible customers' total household incomes must be less than 80% of the area median income, as determined by HCD (see Table 1).

Current Income Limits “Low-Income” (80% or less of the area median income)	
Household Size	Maximum Annual Income
1	\$ 82,950
2	\$ 94,800
3	\$ 106,650
4	\$ 118,500
5	\$ 128,000
6	\$ 137,500
7	\$146,950
8	\$ 156,450

Table 1

Mobile home customers participating in the ERA program are currently required to provide their past three months of electric usage quarterly to the City. That was required because in the past some mobile home customers used less than \$9 of electricity per month. However, that practice has become unnecessary as all mobile home customer program participants in the past year have been regularly billed for more than \$9 of electricity usage per month. Removing that requirement will allow cost savings to the program.

ERA program applicants are required to submit proof of household income by providing copies of tax returns, pay stubs, or other income-verifying documents. Applicants with no source of income are currently required to write a comment explaining why they cannot produce those documents. Staff recommends allowing a zero-income affidavit form to more appropriately document residents applying to participate in the ERA program with no income source. ERA program participants eligible for the program at the time of application who become ineligible for any reason during the term of participation would need to notify staff of their change in status.

Finally, ERA program applicants are required to reapply annually. With the statistics showing 65% percent of participants who first qualified in 2019 remaining in the program, staff recommend the reapplication period be extended to every two years.

Fiscal Impact:

The ERA program is an approved and budgeted program funded solely by revenues collected through the PBP per Schedule PBP-1 of the City's current electric rate schedule. Providing rate discounts for low- and very low-income electricity customers is an allowable use of PBP funds. The Biennial Budget Fiscal Years 2023-25 has appropriations adequate to provide for the recommended changes in assistance levels.

Conclusion:

Adoption of Resolution No. 6614(23) will authorize the recommended amendments discussed throughout this report to the ERA program.

Respectfully submitted,

Juan Esqueda, Utility Conservation Representative

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Brad Wilkie, Interim Utility Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: Resolution No. 6614(23)