



DETROIT
**Water & Sewerage
Department**

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Office of Director
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TO: The Honorable Detroit City Council
David D. Whitaker, Director, Legislative Policy Division

FROM: Gary A Brown, Director
Detroit Water and Sewerage Department

DATE: March 22, 2019

RE: Rate Affordability

Every decision at the Detroit Water and Sewerage Department begins with a conversation about the affordability of rates customers pay for water, sewerage and drainage charges. The purpose of this report is to highlight DWSD's efforts to ensure rate affordability, provide factual information and to dispel misinformation.¹ We begin with the definition of key terms in the water utility industry:

Water affordability refers to an individual utility customers' ability to pay for water and wastewater service levels necessary for human health and sanitary needs without facing undue hardship (e.g. deferring food or medicine).²

Water affordability/assistance programs are efforts, like GLWA's Water Residential Assistance Program, that are oriented toward rendering assistance to individual customers. This assistance is income qualified and may be in the form of bill payment assistance, water conservation measures, etc. These programs do not involve applying different rates for service.

Water affordability rates are when utilities are allowed to establish customer classifications and/or implement certain rate designs that address water affordability. An inclining block rate design (applicable to a class of users or system-wide), or discounted

¹ The City's Corporation Counsel provided this Honorable Body with a privileged attorney communication in response to City Council President Brenda Jones' memorandum requesting legal opinions related to the City's Regional Water and Sewage Disposal System Leases with Great Lakes Water Authority. Corporation Counsel's privileged communication also responds to several aspects of the Legislative Policy Division's February 7, 2019, "3 recent reports on water policy, equity and security" memorandum as it relates perceived shortcomings of DWSD/GLWA bifurcation and lease agreements.

² *Principles of Water Rates, Fees and Charges*, Manual of Practice M1, American Water Works Association, (2012, 6th Ed.) , p. 190; *Financing and Charges for Wastewater Systems*, Manual of Practice No. 27, Water Environment Federation, (2018, 4th Ed.) pp. 239-245; *Affordability of Wastewater Service*, Water Environment Federation, 2007, pp. 1-2 and 1-3.

rates for eligible users are examples of such rate forms. The income-indexed rate form recommended in the Water Affordability Program for DWSD³ and introduced in Philadelphia, PA are forms of water affordability rates. These options may be developed to reflect cost-of-service differences or may provide discounts to certain customers from the costs of providing service.⁴

Financial Capability Assessment (a/k/a EPA's Affordability guidance) is an analysis that may be used to provide relief from enforcement actions and permit requirements under the federal Clean Water and Safe Drinking Water Acts. These assessments gauge a community's financial capability and schedule relief for compliance with the relevant Acts; and have been colloquially referred to as an "affordability waiver." The MDEQ currently grants the City (and GLWA as co-permittee) an affordability waiver due, in part, to the level of poverty in the City and region.

Factors Affecting Water Rates

The majority of DWSD's budget includes fixed costs; however numerous factors affect rates, including:

- Consumption. DWSD notes positive volume variances and increases in numbers of accounts and meters in FY 2019. Trends are expected to continue into FY 2020.
- Debt Service. Repaying bonds for Detroit local system capital improvements.⁵
- Operation and Maintenance expenses including personnel, contractual services, commodities and non-CIP equipment. Particularly noteworthy are:
 - Staffing needs. DWSD continues to explore several opportunities to in-source functions currently contracted out.
 - Advances in Technology. DWSD has an aggressive technology agenda to streamline operations, improve customer service, and become less dependent on GLWA for network and systems.
 - Bad Debt Expense. Rate affordability is inextricably linked to everyone paying their bill. The collection rate in 2016 was 77%. The current collection rate has risen to 93%. For every 1% increase, DWSD collects \$4.5 million. The national standard is 95%, which is DWSD's goal.
- Capital Improvements. DWSD has launched an aggressive capital program. Our goal is to replace 1.5% to 2% of infrastructure per year. Massive improvements are needed to address

³ A Water Affordability Program for The Detroit Water And Sewerage Department (DWSD), Prepared by: Roger Colton, January 2005.

⁴ There are varying legal opinions whether such rate programs violate the Michigan Constitution and the Michigan Supreme Court decision in *Bolt v Lansing*. The legal questions and related implications are not the subject of this memorandum.

⁵ These are now bonds issued by GLWA on behalf of DWSD for local system improvements. GLWA bond debt service expenses are embedded in GLWA revenue requirements and included in GLWA's charges for regional water and wastewater services.

decades of delayed maintenance and repair. Service rate impacts are a function of the mix of debt and current revenue funding of these improvements

- Exposure to Financial Risks. By way of example, new state regulations require DWSD to replace all lead service lines *at the water supplier's expense* within 20 years. This will cost an estimated \$625 million over 20 years (\$5K/line x 125,000 lead service lines)⁶

DWSD'S Efforts to Keep Rates Affordable

DWSD carefully evaluates each of the above categories in setting the annual budget and planning for current and future capital needs, makes prudent operating decisions, and strives to lower bad debt expense. Other efforts to keep rates affordable include:

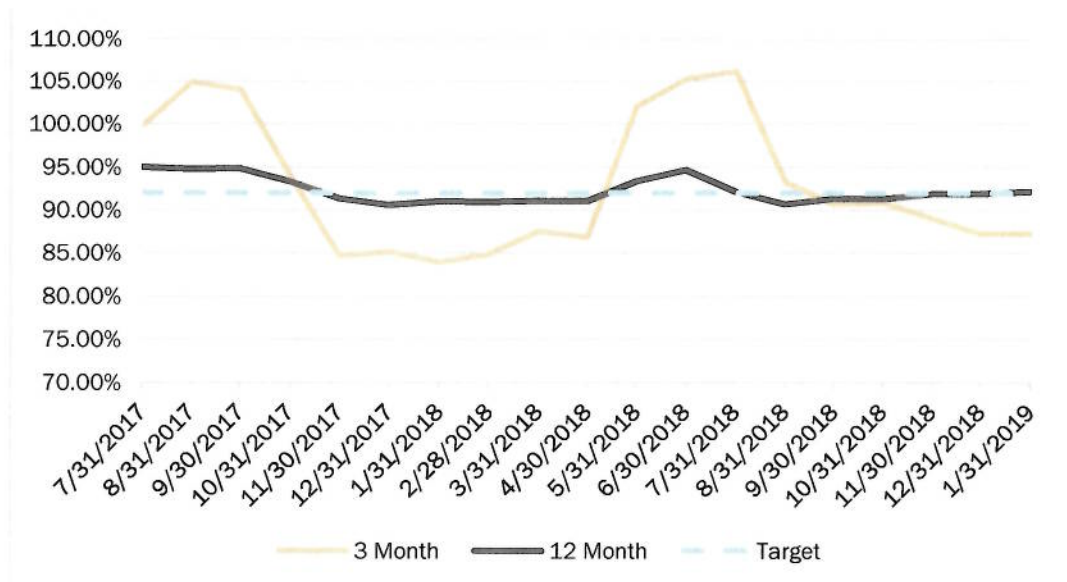
- Utilizing the Water Residential Assistance Program funds available through the GLWA and retaining Wayne Metropolitan Community Action Agency to effectively administer the program.
- 10-30-50 Payment Plan.
- Service interruptions when customers do not pay their bills and/or do not apply for payment assistance when eligible. Simply stated, maximizing the number of paying customers helps keep rate increases low.
- Investigating commercial buildings we suspect are not paying for water. Over \$8 million in lost revenues have been identified since July 2017. We are prosecuting/suing commercial entities.
- Aggressively defending and prosecuting litigation regarding our rate models or matters that affect rate affordability.
- Engaging with City Council and state legislators on opportunities to advance legislation that would improve freedom to act on issues impacting affordability (e.g., WRAP expansion, access to private portion of LSLs, use of liens, etc.)
- Customer service policy review, customer service training, and service enhancements.
- Low flow toilet replacement program and other water conservation efforts (i.e. leak detection, consumer education).
- Active participation in GLWA's wholesale customer outreach processes that impact recommended allocations of GLWA costs to Detroit.

Current Pathways for Customers to Avoid Service Interruption

DWSD *does not* consider service interruption its first or only option to maintain acceptable collection rates; however, it is an important tool to incentivize customers who are able to pay for services rendered. Utilities around the country utilize service interruptions as a collection tool, as do cell phone and cable providers.

⁶ State of Michigan provided *zero* funding resources to water suppliers for lead service line replacement. The City of Detroit joined a coalition of water suppliers in a legal action against the State of Michigan regarding its amended "Lead and Copper Rule." Our objections are based on the absence of funding support, legal considerations, and access to private property issues; though we share the objective of effecting full lead service line replacements. The action is pending in the Court of Claims.

The graph below shows what happens when DWSD does not perform service interruptions as a collection tool during winter months—the collection rate *plummets*. Collections rebound when service interruptions resume; averaging out at 92% annually.



If we were to forego service interruptions when the weather warms, customers would not be incentivized to pay bills. That bad debt would roll back into the rate methodology for the following year, causing rates to inequitably increase further. It is not fiscally prudent, nor a responsible practice for those customers who pay their water bills, to have a moratorium on service interruptions. DWSD has a contractual duty to GLWA, and a legal and fiduciary duty to collect for services rendered. There were 17,366 residential and 252 non-residential service interruptions for non-payment in calendar year 2018. Based upon our records, water was restored to all properties except for approximately 250 accounts, which we believe to be vacant properties. (There were 44,000 service interruptions in 2016.)

10-30-50. Customers who struggle to pay their water bills have opportunities to avoid service interruption. Our 10-30-50 payment plan is offered to any customer; there are no income restrictions to qualify. To enroll, a customer must be a Detroit resident, make a down payment of 10% of the past due balance and the past due amount is equally spread over a 12 to 24-month period, and the customer must pay their regular monthly bill. If the customer defaults on the payment plan, he or she may re-enroll by paying 30% of the past due balance. If the customer defaults a second time, a 50% deposit must be paid to re-enroll. A third default means the customer is no longer eligible.

Water Residential Assistance Program. Customers who have household income at or below 150% of the poverty threshold qualify for the WRAP.

Household Members	Household Income	Household Members	Household Income
1	\$17,805	5	\$42,660
2	\$24,030	6	\$48,870
3	\$30,240	7	\$55,095
4	\$36,450	8	\$61,335

Customers must provide proof of residency and income, allow DWSD to install a new meter, if necessary, and stay current on their monthly bill payment.

Program benefits include:

- Arrears are suspended for 12-24 months
- No service interruption once customer applies for WRAP program
- A \$25 monthly bill credit
- Customers who successfully make six months of payments receive an additional credit of up to \$350 toward arrearages (up to \$700 during a 12-month period)
- Total payment assistance up to \$1,000 per household per year.
- Residents with water usage exceeding 120% of average household consumption are eligible for a free water conservation audit and up to an additional \$1,000 for minor household plumbing repairs based on the audit.

DWSD believes this is one of the most aggressive, comprehensive and robust payment assistance programs in America. Other cities have reached out to DWSD to learn about the WRAP and wish to use the same business model for their communities. The total commitment of WRAP funds to Detroiters to date is \$8.5 million and over 13,000 customers have participated. DWSD continues to advocate for an expansion of funding sources and criteria to reach more qualifying customers.

Helping Residents Who Require Resources for Basic Living Necessities

Unquestionably, as the city with the highest poverty rate in the country, there are Detroit residents who are unable to participate in a payment plan or the WRAP program because they are in dire financial distress and cannot pay for basic living necessities. This is not a water affordability issue. This is a health and human services issue that requires multiple stakeholders at the federal, state, regional and local level to come together for a discussion of holistic solutions. We must have an honest discussion about situations such as unauthorized persons living in a home trying to obtain heat, electricity and water service by any means possible (including dangerous illegal connections); persons paying minimal cash rent to unscrupulous "landlords" to live in uninhabitable properties with leaking pipes and basements filled with sewage just to have a roof over their heads; and other equally unacceptable living situations.

DWSD would like to be one of numerous stakeholders at the table of a *Health and Human Services Task Force* that includes State and County representatives from departments of health/human services, housing, and environment; representatives from Detroit's Housing Commission, Housing and Revitalization Department, Health Department, Buildings Safety Engineering and Environmental Department, and Department of Neighborhoods; and several key social service organizations, foundations and academia.

DWSD believes successful collaboration could begin with three primary objectives:

- Developing a safe, non-combative mechanism to identify and address problems of poverty where governmental entities and community organizations act as partners in addressing variance between stated policies and on-the-ground practices.
- Outlining a research agenda and discussing what additional information is needed to better understand the issues of concern.

- Collaboration on legislative measures that will enhance stakeholders’ ability to act “outside the box.” (For example, legislation that clearly defines payment assistance as an appropriate component of the costs of service could help DWSD expand water assistance/affordability programs yet insulate it from legal challenges.)

Water Policy, Equity and Security Studies

A recent LPD report provides a summary and context for 3 reports related to water affordability, equity and security that individually and collectively amplify the importance of these issues. DWSD concurs with the view that DWSD and GLWA’s mission “... should meet the universal goal that everyone benefits from region-wide water security and improved environmental quality and public health.” (LPD Report, p. 3, citing Haas Report⁷, Executive Summary, p. 6)

DWSD is encouraged by several additional studies and developments that may help advance efforts toward addressing water affordability and security issues. These efforts signal emerging trends nationally to recognize the value of universal access and affordability. They assess the potential to provide reliable revenue funding of assistance efforts within individual states’ differing legal frameworks. They call for changes in how federal and state regulatory agencies measure and assess household affordability. And, they suggest consideration of alternative water rate structures that may help assure affordability of service across the income distribution.

The American Water Works Association has recently published a policy statement on water affordability that underscores the importance of addressing water affordability while maintaining the fiscal sustainability of utilities. The policy statement notes that low-income assistance may take many forms and may be considered an appropriate component of revenue requirements (AWWA statement, adopted Oct. 24, 2018).

In the FY 2016 Appropriation, Congress directed EPA to use the National Associations of Public Administrators (NAPA) to conduct an independent study to create a definition and framework for community affordability. NAPA issued its report *Developing a New Framework for Community Affordability of Clean Water Services* in October 2017. Among its findings and recommendations were that EPA should focus on low-income users most vulnerable to rate increases rather than Median Household Income users, on the prevalence of vulnerable populations, and consider the total costs – water, wastewater and drainage charges – in assessments of water affordability burdens.

A Brookings Institute report, *Water affordability is not just a local challenge, but a federal one too*, (Kane, Joseph, January 25, 2018), urges federal leaders to provide greater policy direction and financial support to address water affordability. Kane recommends a two-pronged approach (1) incorporating the NAPA report recommendations, *supra*, and (2) a federal focus on customer assistance programs (CAPs) to provide additional financial capacity for utilities to expand affordability efforts—Congress, in particular, being in the best position to provide more robust support for CAPs.

University of North Carolina’s Environmental Finance Center published a report titled *Navigating Legal Pathways to Rate-Funded Customer Assistance Programs: A Guide for Water and Wastewater Utilities*

⁷“Water Equity and Security in Detroit’s Water and Sewer District,” January 2019, a joint publication of Haas Institute for a Fair and Inclusive Society at UC Berkeley, MOSES and Praxis Partners.

in 2017 signaling the growing interest in ensuring reliable, revenue funding of programs similar to the GLWA Water Residential Assistance Program.

In *Affordable Water Service for Southeast Michigan: The Economics of Addressing the “Insider” and “Outsider” Impacts of Inability-to-Pay* (prepared for the Mott Foundation, Flint, Michigan, December 2018), Roger D. Colton offers research findings on water affordability challenges in Southeast Michigan and recommends implementation of an Income-Based Water Rate Affordability Program.

The National Association of Clean Water Agencies (NACWA) contends affordability is one of the most important issues facing water and wastewater utilities today. In November 2016, NACWA presented the merits of a Low Income Household Water Assistance Program (LIHWAP) similar to the federal LIHEAP program for home energy costs.

There is no shortage of studies on rate affordability and all studies we have reviewed agree this is not an issue solved solely at the local utility level. It requires a partnership of regional, state and federal entities in collaboration with community organizations, philanthropy, academia, etc.

Charges Included in DWSD Bills

DWSD has two primary functions since the bifurcation of Detroit's water and sewerage systems. They are: (1) to maintain, repair and/or replace infrastructure for the local systems and (2) to bill and collect charges for the cost of services rendered to operate the local systems. The median monthly residential customer bill⁸ is comprised of the following cost categories:



- **Water Usage:** The cost of service for each centum cubic foot (CCF) of water (approx. 748 gallons) used during a billing period. Usage is based on the monthly meter reading at a customer's home.
- **Water Service Charge:** A fixed monthly amount based on meter size to cover the cost of the meter, billing, and customer service.
- **Sewerage Disposal:** The cost to collect, treat and dispose of raw sewage for each CCF of water used during a billing period.
- **Sewerage Service Charge:** A fixed monthly amount to cover the following:
 - **Operations, Maintenance, and Repair Charges (OM&R):** Amount for day-to-day customer service and maintenance operations.
 - **Capital Charges:** Cost of improving meters, service centers, and equipment.

⁸ Based on 5 CCFs of water for an average family of three members using a 5/8-inch meter and 0.05 impervious acreage.

- **Drainage Charge:** Monthly fee for cost to collect and treat stormwater as required by law, calculated by impervious (hard surface) acreage (even if no water service). An automatic credit of about 25% is applied to bills for parcels subject to the fee. No charge for parcels with less than .02 impervious acres.

Since bifurcation, rate increases have averaged 3% per year and the anticipated rate increase for FY2020 is around 3%. As many Council Members may recall, customers experienced double-digit rate increases during prior Administrations.⁹

Fiscal Year	Median Residential Bill	Rate Change	10-Year Rate Change	15-Year Rate Change	Average Rate Change
2001-02	31.43	11.22%	153.04%	259.75%	9.81%
2002-03	35.65	13.43%			
2003-04	38.21	7.18%			
2004-05	44.67	16.91%			
2005-06	46.75	4.66%			
2006-07	55.54	18.80%			
2007-08	55.89	0.63%			
2008-09	66.71	19.36%			
2009-10	72.46	8.62%			
2010-11	79.53	9.76%			
2011-12	86.89	9.25%			
2012-13	90.33	3.96%			
2013-14	97.85	8.33%			
2014-15	105.18	7.49%			
2015-16	113.07	7.50%			
2016-17	116.75	3.25%			
2017-18	118.73	1.70%			
2018-19	123.48	3.60%			

Legislative Opportunities

In this regard, DWSD notes several legislative measures – some patterned on legislation adopted in other states – could provide greater clarity and authority for the City/DWSD to more proactively address water affordability. For example, in the same way that recent Indiana legislation¹⁰ clarifies utilities may revenue-fund customer assistance programs, if Michigan legislation so clarifies this point it would diminish DWSD’s exposure to legal challenges based on plaintiff interpretations of the *Bolt vs. Lansing*

⁹ This analysis begins with baseline average monthly residential water bill in Fiscal Year 2001-02. The rate is combined for water, sewer and drainage.

¹⁰ Indiana SEA 416 (120th General Assembly, 2017) -- provides that “[a] customer assistance program that affects rates and charges for service is not discriminatory for purposes of this chapter or any other law regulating rates and charges for service.”

decision, and would enhance DWSD's freedom to act. Similarly, with respect to prospective Full Lead Service Line Replacements (FLSLRs) called for under the revised Michigan Lead and Copper Rule (LCR), clarity about utilities' ability to replace the private side of service line connections would facilitate cost-effective project delivery and obviate Michigan utilities' concerns that their FLSLRs will violate legal constraints on public improvement of private properties. In addition, reinvigorating previous legislative initiatives that would provide funding for a state-wide assistance program, potentially drawing from the State of California's program design work documented in the LPD report, could benefit Detroit.¹¹ However, Detroit will need the support of other communities and bi-partisan support from across the state to bring such legislative initiatives to fruition.

Just yesterday, a coalition of Democratic Michigan Senators introduced Senate Bill No. 240, which establishes a Low-Income Water Residential Affordability Program to be administered by the Michigan Department of Health and Human Services. The bill is attached for your review. This bill is a laudable effort to address affordability legislatively. We have concerns about the language in Sec. 14n(4), which requires the water provider to charge an eligible customer a rate that is affordable based on the Department's determination of the customer's household income *or* the Department may provide a subsidy. More discussion and details are needed around this legislation, particularly Sec. 14n(4).

DWSD appreciates and shares the passion of this Honorable Body and its Legislative Policy Division that we must consistently strive to develop solutions to keep rates affordable, especially for our most impoverished residents, to ensure access to water. We would embrace the opportunity to be part of a collaborative effort.

We hope you find the above information helpful and informative.

GAB/DNP

cc: Stephanie Washington, Mayor's Office

Attachment

¹¹ Note, however, local water systems in California have limited financial support due, in part, to a "Bolt-like" legal hurdle—Proposition 218, which requires certain local government taxes, fees and assessments to go before voters for approval. Water systems providing low-income rate assistance benefits must do so from non-fee revenues. (*Options for Implementation of a Statewide Low-Income Water Rate Assistance Program*, California State Water Resources Control Board, January 3, 2019, p. 5.)

SENATE BILL No. 240

March 21, 2019, Introduced by Senators ALEXANDER, CHANG, GEISS, WOJNO, IRWIN, HERTEL, ANANICH and MOSS and referred to the Committee on Environmental Quality.

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
(MCL 400.1 to 400.119b) by adding sections 14m, 14n, 14o, 14p, and
14q.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 14M. AS USED IN THIS SECTION AND SECTIONS 14N TO 14Q:

2 (A) "ELIGIBLE CUSTOMER" MEANS A PROVIDER'S CUSTOMER WHOSE
3 HOUSEHOLD INCOME DOES NOT EXCEED 200% OF THE FEDERAL POVERTY
4 GUIDELINES OR WHO MEETS ANY OF THE FOLLOWING REQUIREMENTS:

5 (i) HAS RECEIVED ASSISTANCE FROM A STATE EMERGENCY RELIEF
6 PROGRAM WITHIN THE PAST YEAR.

7 (ii) RECEIVES FOOD ASSISTANCE UNDER THE FEDERAL SUPPLEMENTAL
8 NUTRITION ASSISTANCE PROGRAM ADMINISTERED BY THE STATE.

9 (iii) RECEIVES MEDICAL ASSISTANCE ADMINISTERED UNDER THIS ACT.

10 (iv) RECEIVES ANY OTHER FORM OF FEDERAL OR STATE PUBLIC

1 ASSISTANCE.

2 (B) "LOW-INCOME WATER RESIDENTIAL AFFORDABILITY PROGRAM" MEANS
3 THE LOW-INCOME WATER RESIDENTIAL AFFORDABILITY PROGRAM CREATED IN
4 SECTION 14N.

5 (C) "NONAFFORDABILITY APPLICATION" MEANS A FORM THAT THE
6 DEPARTMENT MUST DEVELOP TO TRIGGER AN INCOME ELIGIBILITY REVIEW FOR
7 THE LOW-INCOME WATER RESIDENTIAL AFFORDABILITY PROGRAM. THE
8 NONAFFORDABILITY APPLICATION MUST INCLUDE THE OPTION OF
9 AUTHORIZATION FOR RELEASE OF THE CUSTOMER'S INFORMATION TO THE
10 PROVIDER.

11 (D) "PROVIDER" MEANS ANY WATER AND SEWERAGE SYSTEM THAT
12 PROVIDES WATER OR SEWERAGE SERVICE IN THIS STATE.

13 (E) "TASK FORCE" MEANS THE TASK FORCE CREATED IN SECTION 14P.

14 SEC. 14N. (1) THE LOW-INCOME WATER RESIDENTIAL AFFORDABILITY
15 PROGRAM IS CREATED WITHIN THE DEPARTMENT TO ADDRESS REDUCTION OR
16 RETIRING OF WATER AND SEWERAGE BILL ARREARAGES AND TO ENSURE THAT
17 AN ELIGIBLE CUSTOMER'S MONTHLY WATER AND SEWERAGE BILL IS BASED ON
18 THE ELIGIBLE CUSTOMER'S HOUSEHOLD INCOME. THE DEPARTMENT SHALL
19 DEVELOP AND ADMINISTER THE LOW-INCOME WATER RESIDENTIAL
20 AFFORDABILITY PROGRAM CREATED UNDER THIS ACT.

21 (2) NOT LATER THAN 30 DAYS AFTER THE DEPARTMENT RECEIVES A
22 SIGNED NONAFFORDABILITY APPLICATION, THE DEPARTMENT SHALL COMPLETE
23 AN INCOME ELIGIBILITY REVIEW TO DETERMINE IF THE INDIVIDUAL MEETS
24 THE ELIGIBILITY REQUIREMENT FOR THE LOW-INCOME WATER RESIDENTIAL
25 AFFORDABILITY PROGRAM. THE DEPARTMENT SHALL DETERMINE ELIGIBILITY
26 FOR THE LOW-INCOME WATER RESIDENTIAL AFFORDABILITY PROGRAM USING
27 THE SAME PROCESS BY WHICH IT DETERMINES ELIGIBILITY FOR CASH

1 ASSISTANCE UNDER THIS ACT. THE DEPARTMENT SHALL IMMEDIATELY NOTIFY
2 THE PROVIDER IT HAS BEGUN THE ELIGIBILITY REVIEW AND THAT THE
3 PROVIDER SHALL NOT PURSUE SHUTOFF DURING THE REVIEW. THE DEPARTMENT
4 SHALL SEND NOTIFICATION TO THE APPLICANT AND THE PROVIDER ABOUT THE
5 RESULTS OF THE ELIGIBILITY REVIEW PROMPTLY ONCE THAT REVIEW IS
6 COMPLETED.

7 (3) IN ADDITION TO ANY OTHER VERIFICATION OF INCOME ACCEPTED
8 BY THE DEPARTMENT, THE DEPARTMENT MAY ACCEPT A FEDERAL INCOME TAX
9 RETURN AS DOCUMENTATION OF INCOME. WHEN APPLICABLE, THE DEPARTMENT
10 MUST USE PUBLICLY AVAILABLE INFORMATION REGARDING STANDARD BENEFIT
11 AMOUNTS FOR SUPPLEMENTAL SECURITY INCOME AND TEMPORARY ASSISTANCE
12 FOR NEEDY FAMILIES. AN APPLICANT HAS NO OBLIGATION TO PROVIDE
13 CONFIRMATION OF THE AMOUNT OF BENEFITS HE OR SHE RECEIVES FROM
14 SUPPLEMENTAL SECURITY INCOME AND TEMPORARY ASSISTANCE TO NEEDY
15 FAMILIES.

16 (4) IF, UPON THE DEPARTMENT'S DETERMINATION OF THE
17 INDIVIDUAL'S HOUSEHOLD INCOME, THE DEPARTMENT FINDS THAT THE
18 INDIVIDUAL IS AN ELIGIBLE CUSTOMER, THE DEPARTMENT SHALL PROVIDE
19 THAT INFORMATION, AS WELL AS THE ELIGIBLE CUSTOMER'S HOUSEHOLD
20 INCOME, TO THAT ELIGIBLE CUSTOMER'S PROVIDER. UPON RECEIPT OF THE
21 INFORMATION FROM THE DEPARTMENT UNDER THIS SUBSECTION, THE ELIGIBLE
22 CUSTOMER'S PROVIDER SHALL CHARGE THE ELIGIBLE CUSTOMER A RATE THAT
23 IS AFFORDABLE BASED ON THE ELIGIBLE CUSTOMER'S HOUSEHOLD INCOME AS
24 DETERMINED BY THE DEPARTMENT. ALTERNATIVELY, THE DEPARTMENT MAY
25 PROVIDE A SUBSIDY TO THE ELIGIBLE CUSTOMER BASED ON THE
26 DEPARTMENT'S DETERMINATION OF THE ELIGIBLE CUSTOMER'S HOUSEHOLD
27 INCOME.

1 (5) THE DEPARTMENT SHALL INFORM THE INDIVIDUAL OF THE
2 DETERMINATION OF WHETHER OR NOT HE OR SHE IS AN ELIGIBLE CUSTOMER.
3 IF THE INDIVIDUAL IS AN ELIGIBLE CUSTOMER, THE DEPARTMENT SHALL
4 PROVIDE HIM OR HER WITH INFORMATION REGARDING THE LOW-INCOME WATER
5 RESIDENTIAL AFFORDABILITY PROGRAM AND THE RATE TO BE CHARGED BY THE
6 PROVIDER.

7 SEC. 140. (1) EACH PROVIDER SHALL GIVE NOTICE TO ITS CUSTOMERS
8 REGARDING THE AVAILABILITY OF THE LOW-INCOME WATER RESIDENTIAL
9 AFFORDABILITY PROGRAM AND THE PROCESS TO APPLY FOR THAT PROGRAM.
10 THE NOTICE REQUIRED UNDER THIS SUBSECTION MUST BE GIVEN TO EACH
11 CUSTOMER IN WRITING AT LEAST 1 TIME PER YEAR AND BY POSTING ON THE
12 PROVIDER'S WEBSITE.

13 (2) THE DEPARTMENT MUST INFORM ALL PERSONS RECEIVING SERVICES
14 FROM THE DEPARTMENT REGARDING THE AVAILABILITY OF THE LOW-INCOME
15 WATER RESIDENTIAL AFFORDABILITY PROGRAM AND THE PROCESS TO APPLY
16 FOR THAT PROGRAM.

17 SEC. 14P. (1) NOT LATER THAN 30 DAYS AFTER THE EFFECTIVE DATE
18 OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE DEPARTMENT SHALL
19 CREATE A LOW-INCOME WATER RESIDENTIAL AFFORDABILITY PROGRAM TASK
20 FORCE.

21 (2) THE DEPARTMENT DIRECTOR SHALL APPOINT MEMBERS OF THE TASK
22 FORCE THAT INCLUDE, BUT ARE NOT LIMITED TO, REPRESENTATIVES OF
23 PROVIDERS AND WATER AND SEWERAGE CUSTOMER ADVOCACY GROUPS.

24 (3) THE TASK FORCE SHALL DO ALL OF THE FOLLOWING:

25 (A) DISCUSS, AND ADVISE THE DEPARTMENT ON, BEST PRACTICES FOR
26 ADMINISTERING THE LOW-INCOME WATER RESIDENTIAL AFFORDABILITY
27 PROGRAM.

1 (B) BY NO LATER THAN MARCH 1, 2020, CREATE A PLAN FOR THE LOW-
2 INCOME WATER RESIDENTIAL AFFORDABILITY PROGRAM THAT IS BASED ON
3 HOUSEHOLD INCOME, THAT ADDRESSES WATER AND SEWERAGE BILL
4 ARREARAGES, AND THAT INCLUDES, BUT IS NOT LIMITED TO, FUNDING AND
5 COORDINATION OF VOLUNTARY CHECK-OFF CONTRIBUTIONS WITH PROVIDERS.
6 THIS PLAN SHALL BE IMPLEMENTED BY THE DEPARTMENT NO LATER THAN
7 OCTOBER 1, 2020.

8 SEC. 14Q. (1) THE LOW-INCOME WATER RESIDENTIAL AFFORDABILITY
9 PROGRAM FUND IS CREATED WITHIN THE STATE TREASURY.

10 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM
11 ANY SOURCE FOR DEPOSIT INTO THE FUND, INCLUDING, BUT NOT LIMITED
12 TO, MONEY RECEIVED FROM A VOLUNTARY CHECKOFF ON WATER AND SEWERAGE
13 BILLS AS PROVIDED IN THE WATER SHUTOFF PROTECTION ACT. THE STATE
14 TREASURER SHALL DIRECT THE INVESTMENT OF THE FUND. THE STATE
15 TREASURER SHALL CREDIT TO THE FUND INTEREST AND EARNINGS FROM FUND
16 INVESTMENTS.

17 (3) MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR SHALL
18 REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

19 (4) THE DEPARTMENT SHALL BE THE ADMINISTRATOR OF THE FUND FOR
20 AUDITING PURPOSES.

21 (5) THE DEPARTMENT SHALL EXPEND MONEY FROM THE FUND, UPON
22 APPROPRIATION, ONLY FOR 1 OR MORE OF THE FOLLOWING PURPOSES:

23 (A) ADMINISTRATION OF THE LOW-INCOME WATER RESIDENTIAL
24 AFFORDABILITY PROGRAM.

25 (B) PROVIDING OF A SUBSIDY TO ELIGIBLE CUSTOMERS AS DETERMINED
26 NECESSARY BY THE DEPARTMENT.

27 Enacting section 1. This amendatory act takes effect 90 days

1 after the date it is enacted into law.

2 Enacting section 2. This amendatory act does not take effect

3 unless Senate Bill No. 241

4 of the 100th Legislature is enacted into law.