

Utilities & Environmental Protection Report to
SPC on Utilities and Corporate Services
2020 March 18

ISC: UNRESTRICTED
UCS2020-0368

Analysis of the Need for a Water Utility Customer Assistance Program Study

EXECUTIVE SUMMARY

The purpose of this report is to provide Council with recommendations on whether or not to proceed with the previously proposed Water Utility Customer Assistance Program Study. On November 19, 2018, Council directed Administration to conduct additional data collection and analysis to test the assumptions outlined in the Water Customer Assistance Program Pilot Report UCS2018-1193. Administration has completed the analysis using a sample group of arrears customers who met low-income criteria and found that:

- Four per cent of the selected arrears group (134 of 3,253 arrears accounts) were confirmed as low-income and their water consumption was in line with typical residential consumption.
- Awareness of existing arrears payment support programs appears low.

Based on this analysis, the Water Utility plans to refine the arrears management process to support low-income customers by promoting awareness of existing provincial and community programs that offer arrears payment support and providing earlier notification to customers on overdue payments. Further investigation into a Water Utility Customer Assistance Program is not recommended at this time.

ADMINISTRATION RECOMMENDATION:

That the Standing Policy Committee on Utilities and Corporate Services recommend that Council:

Direct Administration to continue to refine the arrears management process to:

1. Better meet the needs of low-income customers by earlier notification of overdue payment and improved information on existing provincial and community supports for arrears payment; and,
2. Reinstate the option to use disconnection for non-payment, when appropriate, for all customers, prioritizing those with high-value arrears.

PREVIOUS COUNCIL DIRECTION / POLICY

On February 26, 2018, Council directed Administration to “*identify the requirements for an assistance program for low-income customers and bring it to Council for consideration in 2018 as part of the Utility's 2019-2022 business planning*” (UCS2018-0091). Administration brought the *Water Customer Assistance Program Pilot Report UCS2018-1193* to the Standing Policy Committee on Utilities and Corporate Services on October 10, 2018. Through a motion arising, Council directed that:

- (1) Administration proceed with a project to conduct customer billing data collection and analysis to determine the need for a Water Customer Assistance Program Study and report back to Council no later than Q1 2020 on results and recommendations for next steps.

Analysis of the Need for a Water Utility Customer Assistance Program Study

- (2) Customers that meet low income and residency screening criteria, as outlined in Report UCS2018-1193, will continue to have water disconnections placed on hold.
- (3) Customers that do not meet low income and residency screening criteria will have the water disconnection process reinstated.

BACKGROUND

The needs of low-income customers are complex and supporting these customers is a challenge faced by the water utility industry as a whole. As part of the *Water Customer Assistance Program Pilot* report, The Water Utility outlined key unknowns and assumptions that made determining the requirements of a meaningful support program challenging. Key unknowns included understanding if:

1. A significant number of customers with accounts in arrears meet low-income criteria;
2. Low-income customers who fall into arrears are accessing existing community agency and provincial government supports, and their experience with the programs;
3. The Water Utility could help low-income customers reduce their consumption by providing water conservation education and fixture replacement; and;
4. Savings from reduced volume of consumption, and a partial rebate on the fixed portion of the water bill, would support low-income customers' ability to pay, and if it would result in fewer accounts with accumulating arrears.

These unknowns formed the basis of the Water Utility's data collection and analysis activities.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Water Utility identified three areas to review: customer billing data; Fair Entry information; and customer behaviours and circumstances that may influence their water bill. Administration worked with the Access and Privacy Office and Fair Entry to leverage existing processes and ensure customer privacy.

Single-family residential accounts (3,253) that were in arrears for at least 60 days as of April 30, 2019 were mailed an application package informing them that:

- A temporary exemption from disconnection of water services was available to customers who met low-income criteria; and,
- The City of Calgary wanted to learn more about the factors that may be impacting their ability to pay their water bill through an optional survey.

Of the 3,253 invited accounts, 157 submitted an application to Fair Entry. Of the 157 who applied, 134 met the low-income criteria. Of the 134, 82 completed the optional survey.

Fair Entry confirmed whether customers met the low-income criteria and obtained customer consent to share their Fair Entry approval information and the number of people in the household. Billing data was analyzed for payment history and consumption for the confirmed low-income customers. Information from the optional survey was also reviewed, including:

Analysis of the Need for a Water Utility Customer Assistance Program Study

customer awareness and use of provincial and community support programs for arrears payment support; water conservation behaviours; and efficiency of fixtures in the home.

Fair Entry and Billing Data

Question	Findings from the invited group (3,253)
How many of the residential accounts in arrears are held by customers who meet the Fair Entry low-income criteria?	<ul style="list-style-type: none"> 4% (134) were confirmed as meeting low-income criteria The value of arrears for these accounts was \$57,898 on September 30, 2019 (the close of the application period), representing 3.7% of the total arrears of the invited accounts
Do low-income customers have higher-than-average consumption?	<ul style="list-style-type: none"> Average consumption for the 134 is in line with typical residential consumption

Optional Survey

Question	Findings from optional survey (82 customers)
Do low-income customers have inefficient fixtures?	<ul style="list-style-type: none"> There is a mix of fixture types, which is typical for all customer groups 31 customers reported they had replaced all or some of their toilets with low-flow models Another 30 stated that they “didn’t know” if their toilets had been replaced. This may be a result of unknown property history as many are renters 19 customers reported they had not replaced any of their toilets, and 2 did not provide a response
Are low-income customers in arrears aware of, and accessing, existing provincial and community programs for arrears payment support?	<ul style="list-style-type: none"> 41 customers were aware of an existing provincial or community program for arrears payment support Of those who were aware, 35 had applied for assistance with at least one program, with 25 reporting they had received assistance

These findings suggest that low-income customers make up a smaller portion of the accounts in arrears than expected. Because these customers have average household consumption, the opportunities to reduce their water bills through water conservation may be limited.

There is an opportunity for the Water Utility to better support low-income customers by refining the arrears management process to:

- Provide improved messaging on available provincial and community support programs in City communications;

Analysis of the Need for a Water Utility Customer Assistance Program Study

- Refine timelines to ensure earlier notification; and,
- Review the most effective communication tools to reach low-income customers.

These actions will minimize the risk of low-income customers reaching the stage of the arrears management process where water service is disconnected for non-payment.

Stakeholder Engagement, Research and Communication

The Water Utility engaged partners and stakeholders in the Access and Privacy Office and Fair Entry to help design an approach that worked within existing processes and respected the privacy of our customers. Single-family residential accounts (3,253) that were in arrears for at least 60 days as of April 30, 2019 were mailed an application package, which included an optional survey.

Strategic Alignment

Ensuring that low-income customers are aware of available community and provincial supports for arrears payment aligns with Calgary's community-driven Enough for All poverty reduction strategy, and the One Calgary strategic directive that calls for enhancing our partnerships with other orders of government, the non-profit sector and businesses, and providing equitable access to services for all Calgarians.

Social, Environmental, Economic (External)

Refining the arrears management process to ensure low-income customers receive earlier notification and are aware of available community and provincial supports for arrears payment, will minimize the risk of low-income customers being disconnected from water services.

Financial Capacity

Current and Future Operating and Capital Budget:

There is no budget impact associated with accepting the recommendations in this report.

Risk Assessment

Honouring the privacy of our customers limited the amount of information The City was able to collect, and introduced a potential risk that the number of low-income customers in arrears may be underestimated. However, with the approach taken, Administration was still able to gain greater insights and identify actions that can support our low-income customers.

The Water Utility is minimizing the risk of water service disconnection for low-income customers by refining the arrears management process and focusing on high-value arrears. Even with the recommended changes, low-income customers may still reach a point where water services could be disconnected due to non-payment. The practice of disconnection is only one means of obtaining payment and is used only when other options for collection have been unsuccessful.

Utilities & Environmental Protection Report to
SPC on Utilities and Corporate Services
2020 March 18

ISC: UNRESTRICTED
UCS2020-0368

Analysis of the Need for a Water Utility Customer Assistance Program Study

REASON(S) FOR RECOMMENDATION(S):

There are existing community and provincial programs that offer a safety net that minimizes the potential of disconnection by providing arrears payment support to eligible low-income customers. By adjusting the arrears management process, the Water Utility can raise awareness of the available programs, provide earlier notification and minimize the risk of a low-income customer having their water service disconnected.

ATTACHMENT(S)

No Attachments