# Grants to Utilities for Residential Customer Arrearages

In 2022, the Legislature appropriated $100 million for public and private water, sewer, garbage, electric and natural gas utilities arrearages. The funding will be used by utilities to reduce residential customer arrearages accrued between March 1, 2020, and Dec. 31, 2021. Only customers who have received help from the **Low-Income Home Energy Assistance (LIHEAP)** and **Low-Income Household Water Assistance (LIWAP) programs** or **rate-payer-funded programs** are eligible to receive funding. Utilities had until May 27, 2022, to apply for this new grant program.

## Update as of 11.9.2022 – Below are recently added Q&A

### What if Customers had COVID related debt, are still in debt but the structure of our payment plans (paying oldest debt first) makes eligibility confusing?

Customers are eligible for this funding, if the following criteria is met:

1. Did the customer accrue an unpaid balance between March 1, 2020 – December 31, 2021? *If so, this amount is the maximum a customer may receive*.
2. Did the customer receive qualified assistance from LIHEAP/LIHWAP/Rate Payer funded utility assistance?
3. Does the customer have a current unpaid balance? *If so, the grant may pay the balance to zero, as long as it is equal to or less than the amount accrued March 1, 2020 – December 31, 2021.*

Further, here are examples:

Customer A, accrued an eligible balance of $3000 during March 1, 2020 and December 31, 2021. They were placed on a long-term payment plan, and have been making regular payments to address the arrearage and are also incurring new charges for service. Customer A is still in debt. We have heard that payments are typically applied to the oldest debt first. If your utility is able to apply the previous payments to current charges or debt post 12/31/21, up to $3000 could still be applied to the account to wipe it to zero.

Customer B, accrued an eligible balance of $2000 during March 1, 2020 and December 31, 2021 and sought utility assistance in August of 2020.  Additionally, they have been making regular payments of $250 since January having enrolled in a ratepayer funded long term payment plan, and applied for assistance through LIHEAP and received a $1000 grant.  Including charges accrued since January 2022, their balance is $800, $300 of which is outstanding from 3/20-12/21. Based on the above, the customer is not only eligible for $300 in assistance, they could be eligible for up to $800 if your utility has a way to apply the grant to older debt vs newer debt.

### Can grants be applied to inactive accounts?

If all other eligibility is met, the funds can be applied to inactive accounts.

### Can grants be applied to inactive accounts that are in collections? What about fees?

If all other eligibility is met, the funds can be applied to inactive accounts in collections however collection fees cannot be covered.

### Current timeline and next steps:

The timeline of the next steps will be dependent on the response time of each utility.

**If your utility completes the following by October 28, 2022, you will be in the first phase of distribution. If you need more time, your funds will be processed in subsequent batches.**

For the earliest distribution, complete the following by October 28, 2022.

**Step 1:**

* Create an account with the Department of Commerce’s Contract Management System.
  + Instructions can be found in the System Access Request Form CMS Portal document attachment
* Fill out this survey on how your utility plans to prioritize customers in need. This survey will include an opportunity to update the contact person for your utility. Note: This contact person will be the recipient of the electronic contract.
  + Survey link will be available early the week of 10/24

**Step 2:**

* If your utility completed Step 1 by October 28, the week of October 31 your utility will receive an electronic contract. **Note:** The contract will be sent to the designated contact who filled out the prioritization survey.
* Electronically Sign the Contract

**Step 3:**

* The Department of Commerce will email the designated contact your utility’s final allocation amount, and a draft invoice example. Your utility will need to send that invoice back to commerce. Commerce will then provide your utility with a lump sum of the final allocation amount.
* Based on how you set up your statewide vendor number – you will receive a **lump sum payment** **through the method you selected (ACH, paper check, etc.)**

**Final Step:**

* By March 1, 2023, each utility who opted into the grant program must report to the department, utilities and transportation commission, and state auditor on how the funds were utilized and how many customers were supported.  This is anticipated to be as simple as possible, to report back on the number of households helped and create a narrative on why this funding was important. Additional details are forthcoming.

# Frequently asked Questions and Answers:

### Where can I find the proviso language and grant structure?

Final budget language, page 136: <http://leap.leg.wa.gov/leap/Budget/Detail/2022/cohConferenceH-2990.1.pdf>

(199) $100,000,000 of the coronavirus state fiscal recovery fund—federal appropriation is provided solely for grants for public and private water, sewer, garbage, electric, and natural gas utilities to address low-income customer arrearages compounded by the COVID-19 pandemic and the related **economic downturn that were accrued between March 1, 2020, and December 31, 2021.**

(a) By May 27, 2022, each utility that wishes to participate, must opt-in to the grant program by providing the department the following information:

(i) Current arrearage balances for residential customers as of March 31, 2022; and

(ii) Available information on arrearage balances of low-income customers, including customers who received assistance from the low income home energy assistance program, low-income water assistance program, or ratepayer-funded assistance programs between April 1, 2020, and March 31, 2022, as of March 31, 2022. If a utility does not have access to information regarding customer participation in these programs, the department must distribute funding to the community action program serving the same service area as the utility instead of the utility.

(b) In determining the amount of funding each utility may receive, the department must consider:

(i) Each participating utility's proportion of the aggregate amount of arrearages among all participating utilities;

(ii) Utility service areas that are situated in locations experiencing disproportionate environmental health disparities;

(iii) American community survey poverty data; and

(iv) Whether the utility has leveraged other fund sources to reduce customer arrearages.

(c) The department may retain up to one percent of the funding provided in this subsection to administer the program.

(d) Each utility shall disburse funds directly to customer accounts by December 31, 2022. Funding shall only be distributed to customers that have participated in the low-income home energy assistance program, low-income water assistance program, or ratepayer-funded assistance programs.

(e) Utilities may, but are not required to, work with other utilities or use community action agencies to administer these funds following the eligibility criteria for the low-income home energy assistance program and the low-income household water assistance program.

(f) By March 1, 2023, each utility who opted into the grant program must report to the department, utilities and transportation commission, and state auditor on how the funds were utilized and how many customers were supported.

(g) Utilities may account for and recover in rates administrative costs associated with the disbursement of funds provided in this subsection.

### Which customers are eligible to receive assistance under this grant program?

Each utility will self-qualify customers based on known data.

Per the proviso each customer who received help from the *Low-Income Home Energy Assistance (LIHEAP)* and *Low-Income Household Water Assistance (LIHWAP)* programs are automatically qualified. Customers who utilized ratepayer-funded programs also are eligible to receive funds.

Eligible balance must have been accrued between March 1, 2020, and December 31, 2021.

Ratepayer-funded assistance programs may include but are not limited to:

* **COVID-related Long-Term Payment Plans:** Customers who were placed on long-term payment plans that were created to support customers who were negatively impacted by the pandemic are eligible for assistance under the category of rate-payer-funded assistance program. Self-attestation of need may have been used but is not required for a customer to have qualified for this assistance.
* **COVID-Specific Assistance Programs:** Customers who received support from a COVID-specific ratepayer assistance program including but not limited to direct grants and bill credits are eligible for assistance under the category of rate-payer-funded assistance program. Self-attestation of need may have been used but is not required for a customer to have qualified for this assistance.
* **Existing Low-Income Assistance Programs:** Customers on existing ratepayer-funded low-income assistance programs are eligible for assistance under the category of ratepayer funded assistance program. This may include but is not limited to low-income bill credits, low-income rates, and other forms of assistance. If a customer has received these benefits, Self-attestation of need may have been used but is not required for a customer to have qualified for this assistance.
* **Existing Senior, or Disabled Assistance Programs:** Customers on existing ratepayer-funded senior or disabled assistance programs are eligible for assistance under the category of ratepayer funded assistance program. This may include but is not limited to senior or disabled bill credits, rates, and other forms of assistance. If a customer has received these benefits, Self-attestation of need may have been used but is not required for a customer to have qualified for this assistance.
* **Other rate payer funded programs administered by the utility:** Customers that received grants, pledges, or direct bill assistance that was administered by the utility leveraging 3rd party funds or assistance.

### When do the grant funds need to be spent by?

Per the legislative budget proviso, each utility must disburse funds directly to customer accounts by December 31, 2022. Funding shall only be distributed to customers that have participated in the low-income home energy assistance program, low-income water assistance program, or ratepayer-funded assistance programs as outlined above.

### What is a ratepayer-funded assistance program?

Ratepayer-funded assistance programs may include but are not limited to:

* **COVID-related Long-Term Payment Plans:** Customers who were placed on long-term payment plans that were created to support customers who were negatively impacted by the pandemic are eligible for assistance under the category of rate-payer-funded assistance program. Self-attestation of need may have been used but is not required for a customer to have qualified for this assistance.
* **COVID-Specific Assistance Programs:** Customers who received support from a COVID-specific ratepayer assistance program including but not limited to direct grants and bill credits are eligible for assistance under the category of rate-payer-funded assistance program. Self-attestation of need may have been used but is not required for a customer to have qualified for this assistance.
* **Existing Low-Income Assistance Programs:** Customers on existing ratepayer-funded low-income assistance programs are eligible for assistance under the category of ratepayer funded assistance program. This may include but is not limited to low-income bill credits, low-income rates, and other forms of assistance. If a customer has received these benefits, Self-attestation of need may have been used but is not required for a customer to have qualified for this assistance.
* **Existing Senior, or Disabled Assistance Programs:** Customers on existing ratepayer-funded senior or disabled assistance programs are eligible for assistance under the category of ratepayer funded assistance program. This may include but is not limited to senior or disabled bill credits, rates, and other forms of assistance. If a customer has received these benefits, Self-attestation of need may have been used but is not required for a customer to have qualified for this assistance.
* **Other rate payer funded programs administered by the utility**: Customers that received grants, pledges, or direct bill assistance that was administered by the utility leveraging 3rd party funds or assistance.

### My utility does not collect information on low-income customers. How do I use the funds?

Each utility will self-qualify customers based on known data. See the descriptions above to determine which customers are eligible to receive funding.

### How will invoicing work?

**Step 1:**

* Create an account with the Department of Commerce’s Contract Management System.
  + Instructions can be found in the System Access Request Form CMS Portal document attachment
* Fill out this survey on how your utility plans to prioritize customers in need. This survey will include an opportunity to update the contact person for your utility. Note: This contact person will be the recipient of the electronic contract.
  + Survey link will be available early the week of 10/24

**Step 2:**

* If your utility completed Step 1 by October 28, the week of October 31 your utility will receive an electronic contract. Note: The contract will be sent to the designated contact who filled out the prioritization survey.
* Electronically Sign the Contract

**Step 3:**

* The Department of Commerce will email the designated contact your utility’s final allocation amount, and a draft invoice example. Your utility will need to send that invoice back to commerce. Commerce will then provide your utility with a lump sum of the final allocation amount.
* Based on how you set up your statewide vendor number – you will receive a **lump sum payment** **through the method you selected (ACH, paper check, etc.)**

### How do I qualify customers?

Each utility will self-qualify customers based on known data. See the descriptions above to determine which customers are eligible to receive funding.

### Can a customer receive more funding than their outstanding arrearage balance? Can I credit their account or reduce non-COVID related arrearages?

No. This funding can only be used to reduce debt accrued during the pandemic. This funding may not be applied as a bill credit above the amount of pandemic related debt.

### Can utilities recover costs for this program?

Per (g) in the final budget language, utilities may account for and recover administrative costs associated with the disbursement of funds through rates. Utilities may NOT use grant funds to recover costs associated with the disbarment of funds.

### How will my utility get the funds?

The timeline of the next steps will be dependent on the response time of each utility. If your utility completes the following by October 28, 2022, you will be in the first phase of distribution. If you need more time, your funds will be processed in subsequent batches. For the soonest distribution, complete the following by October 28, 2022.

**Step 1:**

* Create an account with the Department of Commerce’s Contract Management System.
  + Instructions can be found in the System Access Request Form CMS Portal document attachment
* Fill out this survey on how your utility plans to prioritize customers in need. This survey will include an opportunity to update the contact person for your utility. Note: This contact person will be the recipient of the electronic contract.
  + Survey link will be available early the week of 10/24

**Step 2:**

* If your utility completed Step 1 by October 28, the week of October 31 your utility will receive an electronic contract. Note: The contract will be sent to the designated contact who filled out the prioritization survey.
* Electronically Sign the Contract

**Step 3:**

* The Department of Commerce will email the designated contact your utility’s final allocation amount, and a draft invoice example. Your utility will need to send that invoice back to commerce. Commerce will then provide your utility with a lump sum of the final allocation amount.
* Based on how you set up your statewide vendor number – you will receive a **lump sum payment** **through the method you selected (ACH, paper check, etc.)**

### How did Commerce determine the funding distribution?

Per the proviso, the Department of Commerce used the following four metrics, weighted equally, to determine each utility’s allocation.

* Each participating utility’s proportion of the aggregate amount of arrearages among all participating utilities;
* Whether the utility has leveraged other fund sources to reduce customer arrearages;
* Utility service areas that are situated in locations experiencing disproportionate environmental health disparities; and
* American Community Survey poverty data

The formula utilized z-scores which tells us a numbers “relative standing” in a data set. Relative standing is a measure of how many standard deviations above, or below, a data value is from the mean. Here is a hypothetical example:

* Utility A and Utility B had the same amount of arrearages
* Utility A and Utility B both leveraged the same amount of funds to reduce customer arrearages
* Utility A is in an area of high poverty and high environmental health disparities – level 10/10
* Utility B is in an area of low poverty and low environmental health disparities – level 1/10

Hypothetically, assume Utility A and Utility B were set to receive .01% of the total appropriation ($99m) = $990,000. Once you overlay the z-score of the poverty data and environmental health disparities. Utility A will get a positive multiplier based on the z-score and Utility B will get a negative multiplier based on the z-score.

* Utility A $990,000 x 1.025 (Poverty z-score, relative to all others) x 1.025 (Health Disparities z-score, relative to all others) = $1,040,118
* Utility B $990,000 x .975 (Poverty z-score, relative to all others) x .975 (Health Disparities z-score, relative to all others) = $941,118

Note: these numbers are hypothetical as z-scores are relative to all data inputs.

### What if I no longer want to participate in the program?

Please contact [Utility.Grants@Commerce.wa.gov](mailto:utility.grants@commerce.wa.gov) if you no longer wish to participate in the program. Your funds will be reallocated to participating Utilities.