



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Adopt a Motion Approving Participation in the California Arrearage Payment Program (CAPP) 2022, and a Resolution of Appropriation.

- 1) Motion approving participation in the 2022 California Arrearage Payment Program.
- 2) Resolution appropriating \$1,528,053.21 received from the State of California for the California Arrearage Payment Program.

COUNCIL ACTION

Item Type: Consent Calendar

Approved for October 18, 2022 **calendar**

EXECUTIVE SUMMARY

The State of California has appropriated an additional \$1.2 billion in State General Fund dollars to support the establishment of the 2022 California Arrearage Payment Program ("2022 CAPP") to address electric customer arrears accrued during the pandemic. The 2022 CAPP will provide relief in the form of bill credits to active residential electric customers only who had accrued energy debt during the COVID-19 pandemic bill relief period of March 4, 2020 to December 31, 2021. Utility customers do not need to apply individually to receive assistance, and there is no income qualification for either program. GWP will apply assistance directly to customers' electric bills. Based on qualified electric arrearages as of September 13, 2022, GWP requested \$1,528,053.21 in CAPP 2022 funding. By law, GWP will be required to disperse funds received based on customer priorities set by the State.

COUNCIL PRIORITIES

N/A

RECOMMENDATION

Authorize the City Manager, or his designee, to accept State funding via the California Arrearage Payment Program (CAPP) to provide utility bill credit for electric customers, and to adopt a Resolution of Appropriation in the amount of \$1,528,053.21 for the 2022 California Arrearage Payment Program.

BACKGROUND

Due to the COVID-19 pandemic, millions of Californians fell behind on payment of their electric, water, and wastewater utility bills. In Glendale, total pandemic-related customer arrears of more than 60 days for electric, water and sewer accounts as of June 15, 2021 were over \$6.2 million and affected approximately 1,105 water, 6,128 electric and 5,852 sewer customers.

The State of California, using funds provided by the federal American Rescue Plan Act of 2021 ("ARPA"), created two programs offering direct financial assistance to electric and water utilities in order to address customer arrears accrued during the pandemic.

In 2021, the State appropriated \$993.5 million to establish the California Arrearage Payment Program ("CAPP") for electric service and \$985 million to create the California Water and Wastewater Arrearage Payment Program ("CWWAPP"). Through 2021 CAPP and the 2021 CWWAPP, the City of Glendale received funding for electric, water, and wastewater customers. Below is the breakdown of funds received from CAPP and CWWAPP Programs:

CAPP - Electric: Total number of customers who received CAPP benefits was 6,128 and only \$4,995,041 of the CAPP funding was applied out of \$5,199,473. The remaining balance of \$204,432 was refunded back to the State of California per CAPP guidelines.

CWWAPP - Water: Total number of customers who received CAPP benefits was 1,105 and only \$785,584 of the CWWAPP funding was applied out of \$950,268. The remaining balance of \$164,684 was refunded back to the State Water Resources Control Board per CWWAPP guidelines.

CWWAPP - Wastewater: Total number of customers who received CAPP benefits was 5,852 and only \$473,892.09 of the CWWAPP funding was applied out of \$517,269.86. The remaining balance of \$43,377.77 was refunded back to the State Water Resources Control Board per CWWAPP guidelines.

In 2022, the State appropriated an additional \$1.2 billion in State General Fund dollars to support the adoption of 2022 CAPP to help address the ongoing financial impacts of COVID-19 pandemic on Californians. The California Department of Community Services and Development ("CSD") is again administering the CAPP program. This program is designed to provide utility financial assistance for active residential customer accounts with unpaid balances that are at least 60 days past due for services provided from March 4, 2020 to December 31, 2021. This relief period was extended from the previous 2021 CAPP to assist more customers due to delinquent balances originated from COVID-19 pandemic.

The assistance programs are directed toward utility customers who are unable to pay their bills due to the impacts of COVID-19. Customers who are able to pay some or all of their bills, whether current or past due, are encouraged to do so. Additionally,

customers who are currently enrolled in payment plans with GWP are encouraged to continue making payments under the terms of the agreement. As part of the program participation requirements, GWP will not impose late fees or penalties and will not be disconnecting service on past due accounts for only qualifying active residential customers while the 2022 CAPP program is being implemented.

GWP has completed and submitted its initial application of electric arrearages during this new relief period (March 4, 2020 to December 31, 2021). Based on qualified electric arrearages as of September 13, 2022, GWP requested 2022 CAPP funding in the amount of \$1,528,053.21. By law, GWP will be required to disperse funds received based on customer priorities set by the State. The State is expected begin disbursing funds during the first half of calendar year 2023.

ANALYSIS

2022 CAPP

Based on qualified electric arrearages as of March 4, 2020, GWP requested CAPP funding in the amount of \$1,528,053.21. GWP will be required to disperse funds received based on customer priority set by the State as described below at the time GWP received the funding. Importantly, residential customers must be active at the time an Energy Utility submits its 2022 CAPP Application. 2022 CAPP only has two priority groups:

1. Active residential customers with past due bills and who, absent 2022 CAPP assistance or other protection or additional assistance provided by the Utility Applicant, might be subject to service disconnection due to nonpayment of balances incurred during the COVID-19 pandemic bill relief period.
2. Active residential customers with past due bills incurred during the COVID-19 pandemic bill relief period.

Based on the above guidelines and our initial CAPP request, the following table summarizes the initial estimate of how CAPP benefits would be applied:

2022 CAPP Customer Priority		Number of Customers	Total Qualified Arrearages - December 31, 2021	Grant Funding to be received and applied	% Arrearage Benefit per Customer
1	Active Residential customers with past due balances who are at risk of disconnection due to non-payment	3,021	\$1,528,053.21	\$1,528,053.21	100%
2	Active residential customers with past due bills incurred during the COVID-19 pandemic bill relief period*	0	\$0.00	\$0.00	100%
Total		3,021	\$1,528,053.21	\$1,528,053.21	

*The CAPP 2.0 program covers arrearages between March 4, 2020- December 31, 2021 - The customers that qualify for this program are all at risk of disconnection.

It must be noted that grant funds received will cover past due amounts that remain unpaid on customer accounts at the time GWP applied for the CAPP funding. Payments made by customers subsequent to GWP's initial 2022 CAPP request will not reduce the amount of assistance credit applied to individual customer accounts. As such, the final distribution of CAPP funds described above is not expected to change unless the customer moves out of the City.

STAKEHOLDERS/OUTREACH

Our customers will be notified via a letter, there will be a line item on their bill, and more information will be available on our website.

FISCAL IMPACT

GWP is in the process of applying for 2022 CAPP grant of \$1,528,053.21 to assist GWP electric customers with outstanding past due electric bills. The grant funds will be applied as bill credits directly to customer bills. As the amount was not included as a part of the FY 2022-23 approved budget, staff is requesting for an appropriation of \$1,528,053.21 from Federal Grant Revenue. The appropriation request is outlined below:

Requesting Appropriation			
Amount	From (Account String)	To (Account String)	Funding Source
\$1,375,256.51	GL: 31240-5820-GWP-0020-	GL: 43113-5820-GWP-0020 PL: GWP00928AG	Federal Grant Revenue
\$152,796.70	GL: 31240-5820-GWP-0020-	GL: 43114-5820-GWP-0020 PL: GWP00928AG	Federal Grant Revenue

ENVIRONMENTAL REVIEW

This item is exempt from the California Environmental Quality Act (CEQA). It is not a project as defined by CEQA and there is no reasonable likelihood that compliance with AB 361 will result in any significant impacts to the environment.

CAMPAIGN DISCLOSURE

This item is exempt from campaign disclosure requirements.

ALTERNATIVES

Alternative 1: Authorize the City Manager, or his designee, to accept State funding via the 2022 California Arrearage Payment Program (CAPP) to provide utility bill credit for electric customers, and appropriate funding in the amount of \$1,528,053.21 for CAPP electric bill relief.

Alternative 2: Do not approve the proposed action, which will result in not accepting State funding to assist utility customers with delinquent bills.

Alternative 3: Consider any other alternative not proposed by staff.

ADMINISTRATIVE ACTION

Prepared by:

Craig Kuennen, Assistant General Manager - Business Services

Leo Zalyan, Administrative Analyst - Utility Legislative Affairs

Approved by:

Roubik R. Golanian, P.E., City Manager

EXHIBITS / ATTACHMENTS

None.