



Community and Economic Development in North Carolina and Beyond Blog: Utility Customer Assistance Partnerships

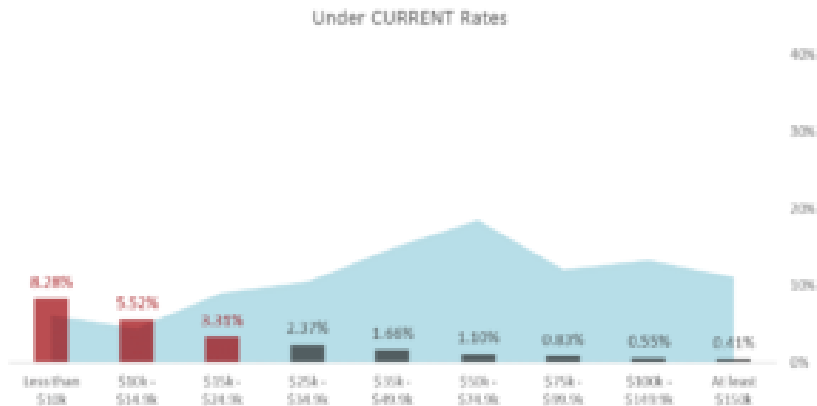
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Reports such as the recently released American Society of Civil Engineers Infrastructure Report Card shine light on the critical infrastructure investment needs facing communities throughout the country. Given recent funding trends and future state and federal fiscal challenges, local utility customers will likely carry most of the responsibility for paying for these infrastructure upgrades. While the price of water and wastewater services is relatively modest, many households still find meeting their monthly obligations difficult. Even the wealthiest communities in the state have low income communities that may be challenged to pay their bills now and in the future.

A water utility customer in Raleigh who uses 5,000 gallons per month currently pays \$828 per year for water and wastewater services. The relative burden of this payment depends quite a bit on the family's income. The chart below shows the income distribution of the City of Raleigh's population in blue, with the percentage of income that will be devoted to water and wastewater bill for a family that uses 5,000 gallons per month. For example, an average household in the \$10,000-\$14,999 bracket will spend at least 5.52% of their income on water and wastewater services.



The distribution (blue) of Raleigh water customers based on income and the percentage of their income devoted to water and wastewater services (bars)

The financial challenges facing families at the low end of the income spectrum have motivated some utilities to become more involved in establishing targeted customer assistance programs that provide rate relief to vulnerable population groups. There are many examples throughout the country and state of modest assistance programs that are funded primarily from non-utility/non-governmental revenue. Programs such as the Orange Water and Sewer Authority's 'Care to Share' program relies primarily on charitable donations. While helpful, these voluntary programs tend to be smaller in size and have limited capacity to address customer affordability challenges.

The City of Raleigh in partnership with other area local governments has recently rolled out a more ambitious and well-funded program to assist their low income water customers. According to Raleigh leaders, Raleigh recognized that the financial challenges facing some of their utility customers were significant; were not being addressed by existing social programs; and likely could not be adequately addressed by a pure voluntary program. Raleigh also recognized that



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providing assistance to utility customers would provide cost benefits to the entire community by reducing staff costs and lost revenues associated with disconnections. In December of 2016, the Raleigh City Council formally approved a new Utility Customer Assistance Program (UCAP) that would be funded through general local government revenues rather than utility customer fees or donations.

The UCAP program provides up to \$240 per year of one-time financial assistance to utility customers who meet established criteria. The program is implemented through a partnership with multiple governmental agencies. Raleigh advertises the program on their utility website, on utility bills, and through customer service staff. Wake County Human Services (WCHS) department is responsible for processing applications and carrying out eligibility screening for the program at their offices. The eligibility requirements are similar to those of the federally funded Low Income Home Energy Assistance Program (LIHEAP) which is also locally implemented by WCHS. In order to be eligible, water utility customers must have incomes less than 130% of the federal poverty level and be past due on their accounts or otherwise economically distressed. Once participants have been determined to be eligible for the program, WCHS notifies the utility and \$240 is credited to their account.

Each of the local governments that have residents served by the Raleigh Utility are able to participate in the program by providing general fund revenue into the centrally managed program. During the first year of the program, the City of Raleigh and the Town of Garner chose to participate, providing \$200,000 and \$14,173 respectively. It is estimated that the current level of funding has the capacity to serve 895 customer accounts per year. Six months after launching the program, approximately 400 low-income customers have enrolled in the program and are receiving assistance. For more information on UCAP, visit the Raleigh utility website.

Sources:

- U.S. Census Bureau's American Community Survey, obtained from American FactFinder, Income tab, Selected Economic Characteristics table from American Community Survey
- U.S. Census Bureau's American Community Survey, obtained from American FactFinder, B25118: Tenure By Household Income In The Past 12 Months
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