



# Affordability

Public Utility Meeting

July 8, 2020



# OVERVIEW

1

Current Assistance Programs

2

Income & Equity

3

Affordability for a City of Tacoma Resident

4

Affordability by Utility

5

Recommendations

6

Next Steps

# CURRENT PROGRAMS

## Discount Rate Program (LIE/D)

- < 150% poverty level
- 30% discount on entire bill
- Embedded in rate-design
- 62+ years or disabled
- \$3.0 million discounted in 2019
- 5% of residential customers eligible
- 57% of eligible customers participate
- Last updated in 2011

## Bill Credit Assistance Plan (BCAP)

- < 150% poverty level
- Monthly credit
- Budget expense
- 15% - 20% of average bill
- \$211,179 disbursed in 2019
- 11% of residential customers eligible
- 6% of eligible customers participate
- Implemented in 2016

## Emergency Assistance (EAP)

- < 200% poverty level
- One-time credit due to COVID
- Budget expense
- \$1.7 million disbursed in 2020
- 25% of residential customers eligible
- 16% of eligible customers participate
- Effective in 2020

# PROGRAM DESIGN BY UTILITY

Program Design	Power	Water	Solid Waste	Surface Water	Wastewater
<b>Average Monthly Bill</b>	\$94	\$41*	\$33	\$26	\$50
<b>Monthly BCAP</b>	\$21	\$7	\$7	\$4	\$8
<b>Income Eligibility</b>	150% federal poverty level				
<b>Monthly Discount Rate</b>	30% discount on monthly bill				

\* Average monthly bill for residential single family inside City of Tacoma.

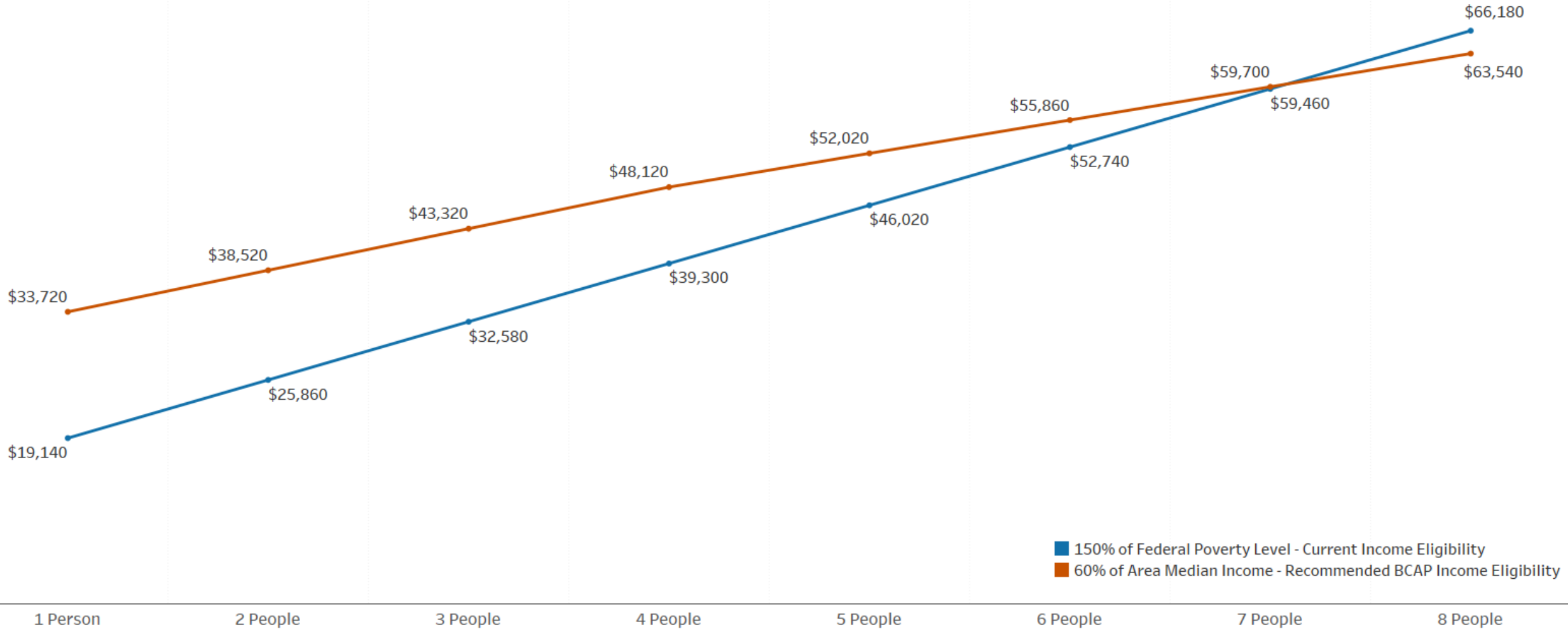
# INCOME & HOUSEHOLD SIZE

## Current Program Participant Demographic

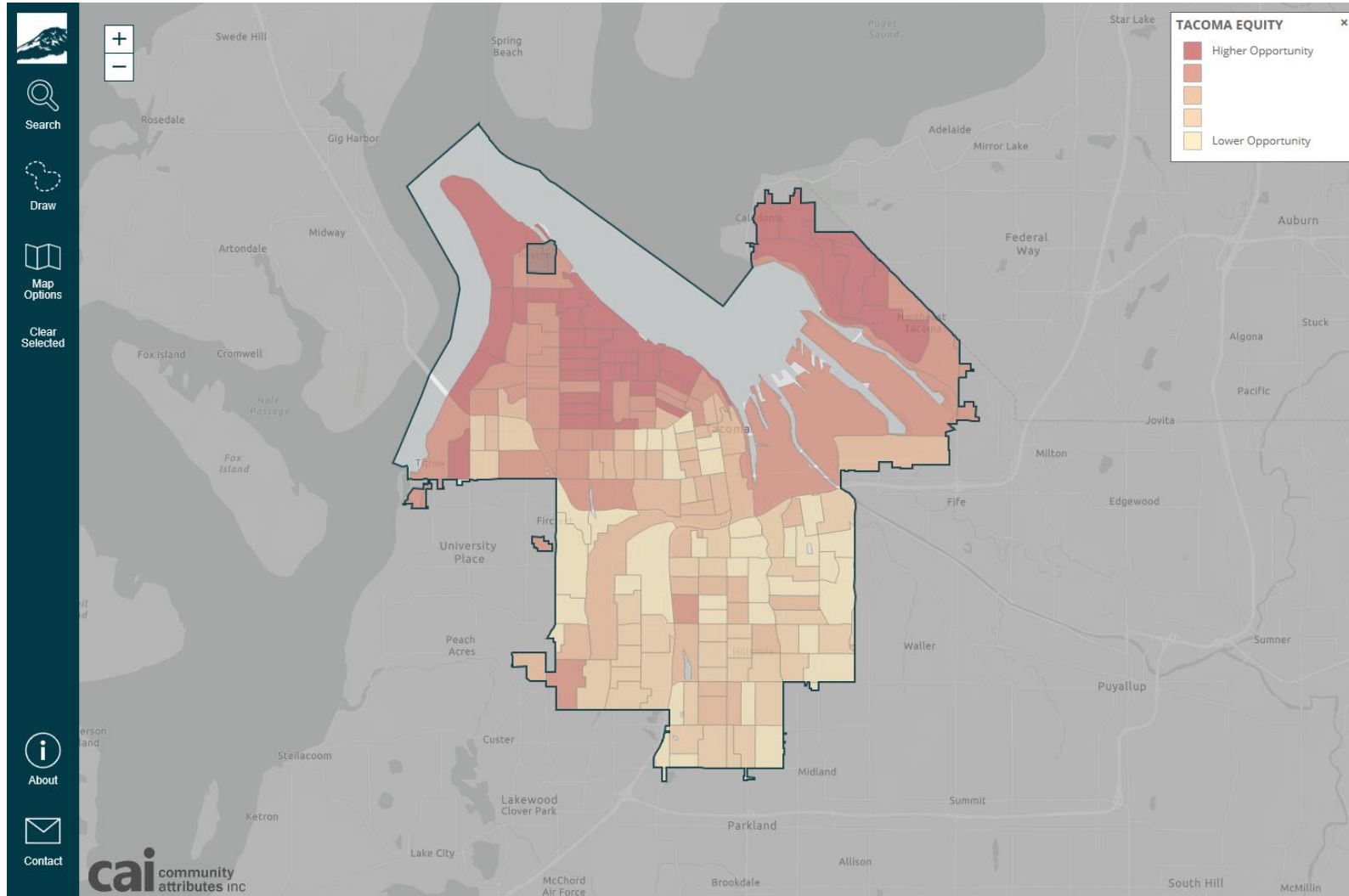
Assistance Program	Average Monthly Income	Average Household Size
Discount Rate	\$651	1.5
BCAP	\$609	2.5
Emergency Assistance	\$1,844	3.0

# POVERTY THRESHOLDS

Scaling Differences in Federal Poverty and Area Median Income Metrics



# ASSISTANCE BY EQUITY INDEX



# AFFORDABILITY MEASURES

Measures	Power	Water	Wastewater	Surface Water	Solid Waste
<b>Average Monthly Bill</b>	\$94	\$41	\$33	\$26	\$50
<b>Income Eligibility</b>	150% federal poverty level				
<b>Affordability Metric</b>	6.0%	2.5%	2.0%	0.5%	1.0%
	Internal draft target	Environmental Protection Agency (EPA) standard		Internal draft target; average bill @ median income	



# PROPOSED METRIC

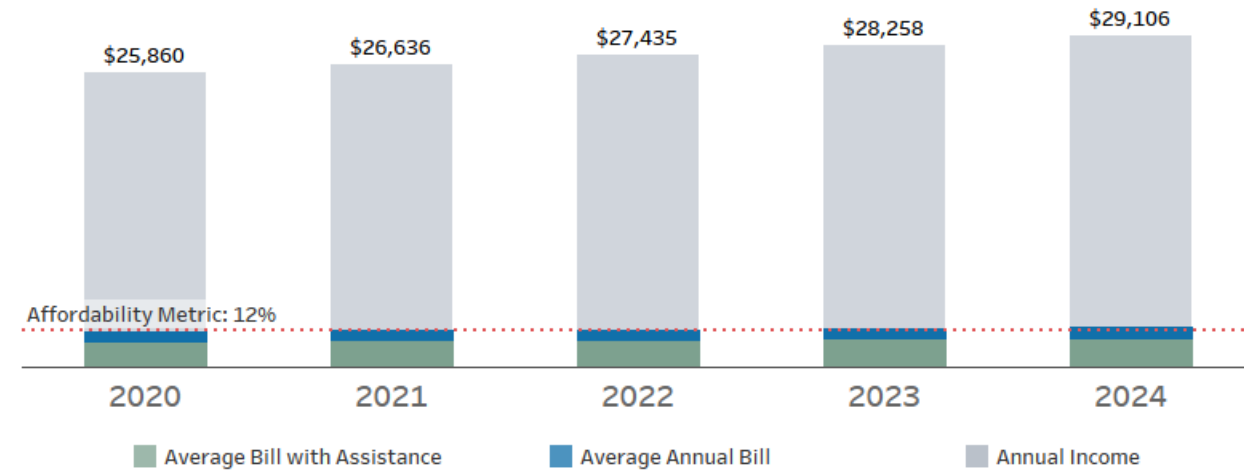
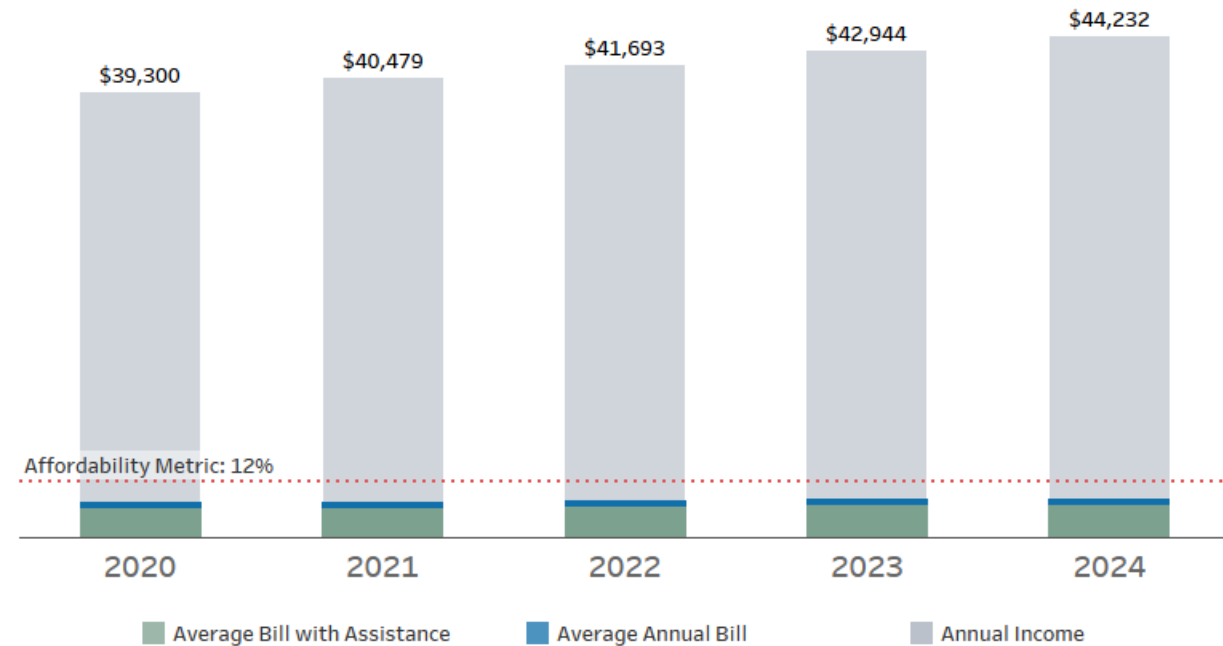
## Monitoring the Income Burden of an Average Utility Bill



Family of Four: Rate Adjustments Remain Affordable



Family of Two (65+): Rate Adjustments are Becoming a Burden



% of Burden on Income: Annual Utility Bill / 150% Federal Poverty Level (DHHS, escalated by 2% annually).

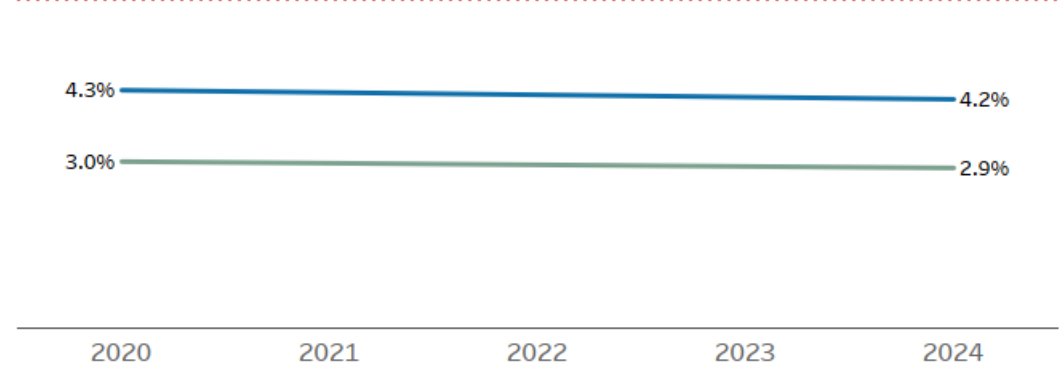
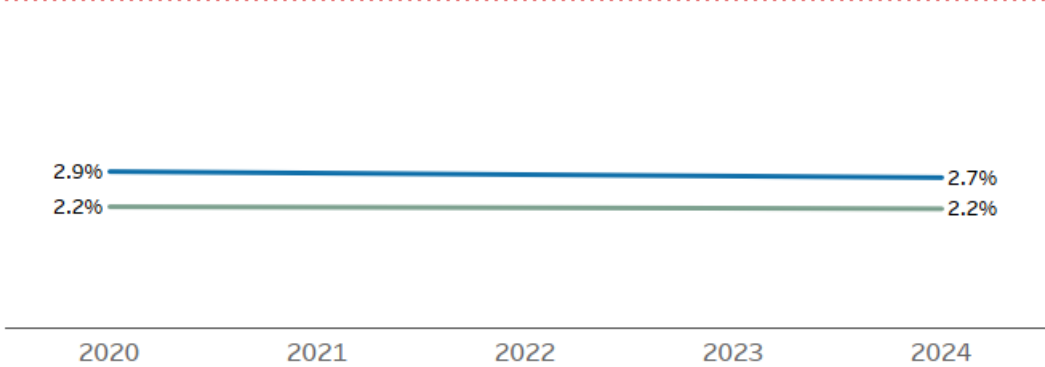
# CURRENT METRICS BY UTILITY



■ % of Burden on Income  
 ■ % of Burden with Assistance

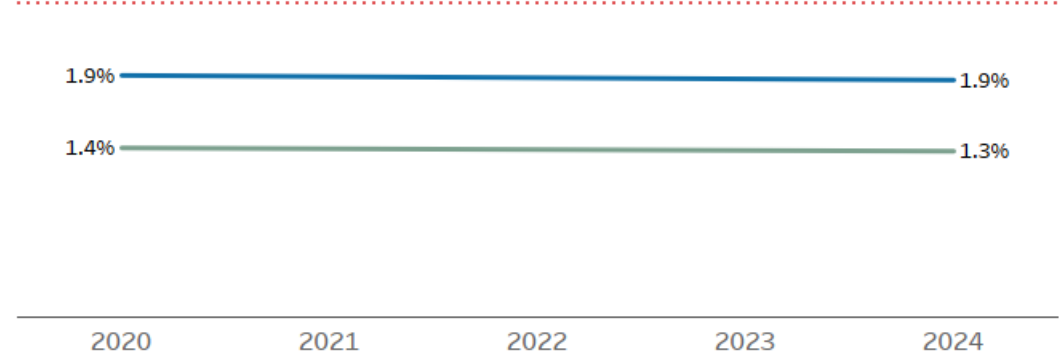
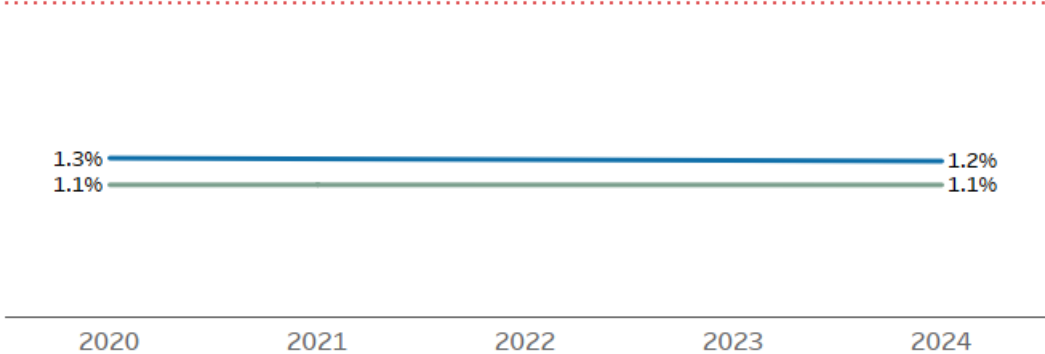
TACOMA POWER  
 TACOMA PUBLIC UTILITIES

Affordability Metric: 6%



TACOMA WATER  
 TACOMA PUBLIC UTILITIES

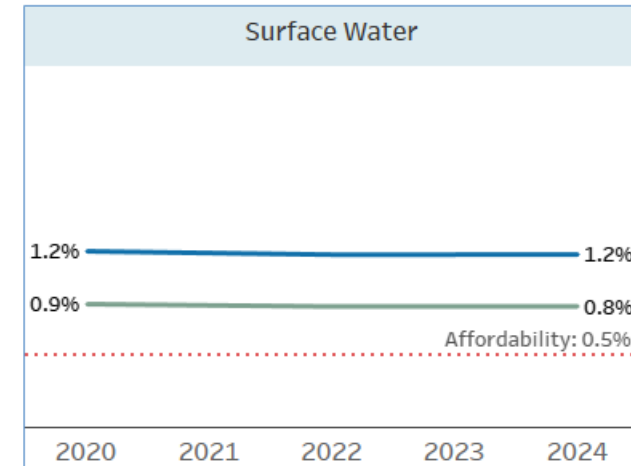
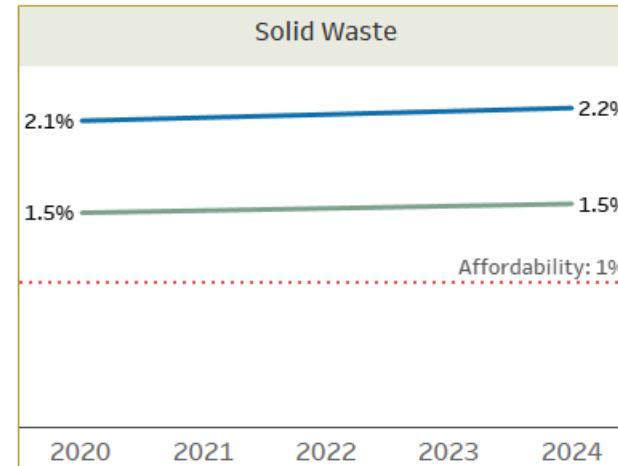
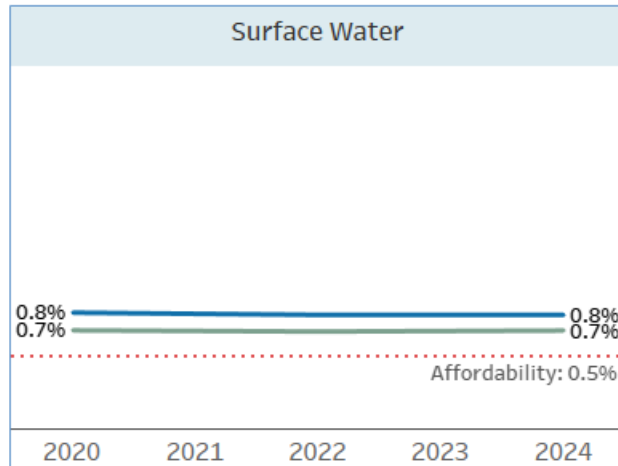
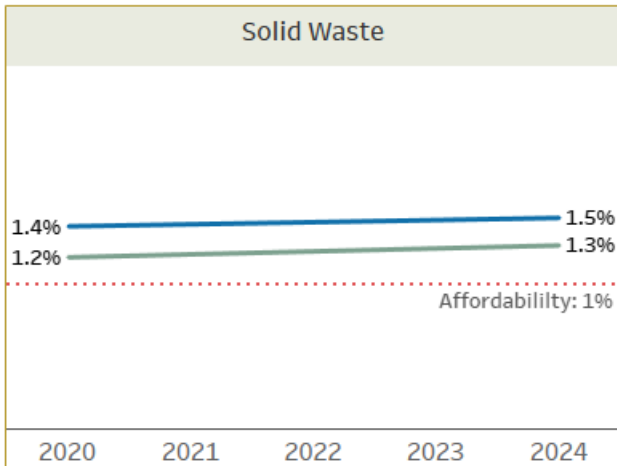
Affordability Metric: 2.5%



# CURRENT METRICS BY UTILITY



■ % of Burden on Income  
■ % of Burden with Assistance



# RECOMMENDED CHANGES

Consideration	Current	Recommendations (preliminary)	Explanation
<b>Affordability Metric</b>	N/A	12.0% of income	Establishes a metric for monitoring affordability
<b>BCAP</b>	\$47 credit per month	\$56 credit per month	Reset to align with 20% of average monthly bill
<b>BCAP Income Eligibility</b>	150% federal poverty	60% median income	Expands eligibility
<b>Discount Rate</b>	30% discount	35% discount	Maintains affordability

# RECOMMENDATIONS BY UTILITY

Recommendation	Power	Water	Solid Waste	Surface Water	Wastewater
<b>Affordability Metric</b>	6.0%	2.5%	1.0%	0.5%	2.0%
<b>Reset Monthly BCAP</b>	\$21 → \$21*	\$7 → \$9	\$7 → \$10	\$4 → \$5	\$8 → \$11
<b>BCAP Income Eligibility</b>	150% federal poverty level → 60% of area median income				
<b>Increase Discount Rate</b>	30% discount on bill → 35% discount on bill				

\* Power's current BCAP credit exceeds the 20% average monthly bill target.

# FINANCIAL IMPACT BY UTILITY

2021-2022 Impact	Power	Water	Solid Waste	Surface Water	Wastewater
<b>Reset BCAP</b>	Unchanged *	↑ \$75,000	Unchanged *		
<b>Expand BCAP Eligibility</b>					
<b>Increase Discount Rate</b>	↑ \$640,000	↑ \$140,000	↑ \$182,000	↑ \$72,000	↑ \$169,000

\* Budget remains unchanged from the 2019-2020 biennium.

# ●●● NEXT STEPS

1

Board & Council Support of Concept

2

Modeling Budget & Rate Impacts

3

Public Outreach

4

Legislative Approval

5

Changes Effective 01/01/2021

6

Continued Monitoring



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