



AGENDA ITEM

Public Utilities Commission

City and County of San Francisco



DEPARTMENT Business Services AGENDA NO. 10
 MEETING DATE January 24, 2023

Public Hearing: Accept and Expend The California Arrearage Payment Program 2022 Funds for SFPUC Ratepayer COVID-19 Debt Relief

Project Manager: Deidre Andrus and Kristin Avenis

Summary of Proposed Commission Action:	<p>Accept and expend state funds sourced from the State Budget Act of 2022 and administered by the California Community Services Department (CSD) to provide assistance to eligible Hetch Hetchy Power (Hetchy Power) and CleanPowerSF residential customers who accrued customer account arrears during the COVID-19 pandemic, from March 4, 2020 to December 31, 2021.</p>
Background:	<p>While the COVID-19 pandemic has above all presented unprecedented public health concerns, San Franciscans have also suffered from economic hardships as a result of the shelter-in-place order beginning in March 2020. Residents were forced to stay home, businesses closed, and many lost their jobs.</p> <p>In response to the growing public health and economic crisis that arose from the COVID-19 pandemic, the San Francisco Public Utilities Commission (SFPUC) implemented a collections and shutoff moratorium, which has been extended multiple times. For Power customers, both Hetchy Power and CleanPowerSF resumed collection and severance for commercial accounts as of October 2022, but have extended their moratorium to June 30, 2023 for residential customers benefiting from the California Arrearage Payment Program, as per Government Code Section 16429.10.</p> <p>Additionally, the agency administered emergency credits and discounts for customers in all enterprises. In May 2020, through Resolution No. 20-0099, the SFPUC provided an emergency bill discount for residential customers receiving SFPUC water and wastewater services and Hetch Hetchy Power electrical utility services. In October 2020, CleanPowerSF implemented a one-time customer assistance bill credit for single-family, master-metered multi-family, and small commercial customers who were enrolled in the California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) low income programs by September 30, 2020. In accordance with the Program Rules set by the CARE and FERA</p>

APPROVAL: _____
 COMMISSION SECRETARY Donna Hood

programs, single-family residential customers received \$50 in credits, multi-family residential customers received \$3,000 in credits, and non-profit small-commercial customers received \$750 in credits, totaling approximately \$3,221,050 in assistance for low-income customers. Despite these various SFPUC interventions to support customers during these challenging times, many continue to fall behind on their bill payments, accruing debt that in many cases has yet to be paid off. The number of delinquent customers and total overdue balances owed across all customer types have increased substantially since March 2020, when the shelter-in-place order was announced and many San Franciscans were laid off from work.

From March 16 to June 29, 2020, there was a 52% increase in the number of CleanPowerSF electricity customers with an outstanding account balance relative to the pre-COVID average (January 1 through March 16). In addition, SFPUC identified 744 residential and commercial delinquent power utility accounts in need for COVID-19 arrearage relief in 2021.

As part of its integrated response to help customers in arrears, the SFPUC championed a legislative strategy to secure significant state and federal funds for arrearages. SFPUC was instrumental in ensuring that the nearly \$3.2 billion allocated through the 2021-22 and 2022-23 California State Budgets reflected the agency's priorities including: (1) broad distribution of funds to ensure that ratepayers in every region—including low-income customers in urban areas with high median incomes—would receive some benefit; (2) ensuring the inclusion of wastewater customers; and (3) securing dedicated funding for customers of publicly-owned electric utilities and community choice aggregators so that both Hetchy Power and CleanPowerSF customers are eligible. The agency has worked extensively internally, with industry associations, and with the administering California State departments to ensure the successful execution of these funding programs. Additionally, the SFPUC is actively advocating at the federal level for more funding and to create a permanent program for water and wastewater bill assistance, similar to the longstanding Low-Income Home Energy Assistance Program in the energy sector. Through these successful advocacy efforts, the agency has secured funds for arrearages accumulated during the pandemic in all three Enterprises—water, wastewater and power.

In early 2022, the California Water and Wastewater Arrearages Payment Program (2021 CWWAPP) granted SFPUC \$7.3 million to pay down the accrued arrearages of and provide discounts to 15,198 residential and commercial water accounts and \$9.3 million for 13,841 residential and commercial wastewater accounts. Hetchy Power customers received \$1.9 million and CleanPowerSF customers received \$5.4 million in relief for energy bill arrearages through the California Arrearage Payment Program

(2021 CAPP). The funds for both these 2021 programs were provided by the federal American Rescue Plan Act of 2021.

As the statewide need for energy bill assistance exceeded the funding available in the 2021 CAPP, the State Budget Act of 2022 appropriated \$1.2 billion in state General Fund dollars to support the adoption of 2022 CAPP, as per Assembly Bill 205. Customers of both Hetchy Power and the CleanPowerSF are eligible. In the first iteration of the program, both commercial and residential customers were eligible for relief on debt accrued between March 4, 2020 to June 15, 2021. In 2022, only residential accounts qualified to receive CAPP benefit, but the timeline for debt accrual extended to December 31, 2021. The CAPP program offers an opportunity for the SFPUC to greatly assist customers struggling to afford their power bills.

In early October 2022, the SFPUC submitted eligible customer arrearage information to the State along with its formal application. The State announced final allocations to electric utilities on November 22, 2022 through 2022 Program Notice 01 (22CAPP-PN-05); both CleanPowerSF and Hetchy Power were allocated the full amount of funds requested (see table below). Funds for Hetchy Power were received by SFPUC on December 5, 2022 and funds for CleanPowerSF were provided directly to PG&E for application to CleanPowerSF accounts. Credits must be applied within 60 days – by February 5, 2023.

Some accounts originally eligible for relief at the time of application submission have paid off their arrearages or have become inactive. As a result, the total relief applied to customer accounts will vary from the amount included in the application. Based on currently available information, the expected funds applied will be as follows:

	Allocated Funds	Expected Credits to Customers	Expected Benefitting Accounts
CleanPowerSF	\$1,244,798.66	N/A	N/A
Hetchy Power	\$103,243.80	\$92,262.78	219
Total	\$1,348,042.46		

Any allocated amounts not applied to customer accounts must be returned to the state.

The approval requested of this Commission will then be subject to approval by the Board of Supervisors for the SFPUC to accept and expend funds for both programs. Due to the short mandatory timeframe to apply funds to customer accounts, we are submitting this approval request to

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	accept and expend funds concurrently with our request for administration and application of credits to customer bills.
Results of Inaction:	A delay or denial in approving this agenda item will prevent the SFPUC from distributing funds to pay off eligible customer arrearages, resulting in continued debt owed to the SFPUC and customers not provided with much needed relief.
Recommendation:	SFPUC staff recommends that the Commission adopt the attached resolution.
Attachments:	<ol style="list-style-type: none"> 1. Grant Budget 2. 2022 CAPP Program Notice No. 01 (22CAPP-PN-05)

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. _____

WHEREAS, On February 25, 2020, the Mayor declared San Francisco to be in a local state of emergency due to the threat of a novel (new) coronavirus (COVID-19), posing serious health threats to the population. On March 4, 2020, Governor Gavin Newsom declared a state of emergency for all of California to protect against the threat of COVID-19; and

WHEREAS, On March 13, 2020, the Mayor mandated that the San Francisco Public Utilities Commission (SFPUC) suspend shutoffs of water and power service due to late or non-payments and the issuance of associated late penalties and fees; and

WHEREAS, On March 16, 2020, the City’s Health Officer issued a stay safe at home order, Health Officer Order No. C19-07 (the Stay Safe At Home Order), requiring most people to remain in their homes subject to certain exceptions including obtaining essential goods such as food and necessary supplies, and requiring the closure of nonessential businesses; and

WHEREAS, On June 15, 2021 Governor Gavin Newsom signed Executive Order N-07-21 and N-08-21 rescinding the Stay At Home Order and implementing the Blueprint for a Safer Economy; and

WHEREAS, On June 13, 2022, the SFPUC extended the suspension of shutoffs on power service due to late or non-payment and the issuance of associated late penalties and fees through October 2022 for retail customers and through June 30, 2023 for 2022 CAPP benefiting residential customers by adopting Resolution 22-0157; and

WHEREAS, COVID-19 has and continues to harm the local and state economies due to job loss, business closure, wage decreases, and other negative economic impacts. These challenges have made it more and more challenging for customers to afford utility bills; and

WHEREAS, As customers struggle to afford utility bills due to this economic hardship cause by COVID-19, there has been a rise in the numbers of total arrearages across all customer types, burdening customers with the financial strain of piling bills and resulting in loss of revenues for the SFPUC; and

WHEREAS, In January 2022, The SFPUC received and distributed \$1.9 million to Hetch Hetchy Power customers and \$5.4 million to CleanPowerSF customers in need of arrearage relief through the 2021 California Arrearage Payment Program (2021 CAPP), funded by the American Rescue Plan of 2021; and

WHEREAS, As part of the Fiscal Year 2022-23 State Budget Act, \$1.2 billion was appropriated from the State General Fund to the State of California Department of Community Services (CSD) to electric utilities to forgive residential and commercial customers arrearages that accrued during the COVID-19 pandemic relief bill period (March 4, 2020 through December 31, 2021); and

WHEREAS, On July 1, 2022, as part of Assembly Bill 205, the requirements of the California Arrearage Payment Program (CAPP) were established; and

WHEREAS, SFPUC submitted a CAPP application with data on eligible customers in October 2022 for customer account arrears and discount program funding; and

WHEREAS, The SFPUC was notified in November 2021 that it will receive its full requested allocation of \$1,244,798.66 for CleanPowerSF and \$103,243.80 for Hetch Hetchy Power customer arrearages; and

WHEREAS, The State CSD has processed the SFPUC's application, and funds arrived on December 5, 2022, with a 60-day window in which they must be dispersed to customers; now, therefore, be it

RESOLVED, That this Commission hereby authorizes the accept and expend of \$1,348,042.46 in funds from the 2022 California Arrearage Payment Program to cover the arrearages for eligible Hetch Hetchy Power and CleanPowerSF residential customers accumulated between March 4, 2020 and December 31, 2021.

I hereby certify that the foregoing was adopted by the Public Utilities Commission at its meeting of January 24, 2023.

Secretary, Public Utilities Commission

Grant Budget for California Arrearage Payment Program (CAPP)

	Allocation
CleanPowerSF	\$1,244,798.66
Hetch Hetchy Power	\$ 103,243.80
Total	\$1,348,042.46

Amounts shown above refer to total funds received by the SFPUC from the 2022 California Arrearage Payment Program. Actual funds applied to benefiting eligible customers will vary based off updated information on account statuses. Unused funds will be returned to the State.