

To: PUB  
From: PUB Low Income Discount Subcommittee  
On: April 5, 2016  
Re: Recommendations of the subcommittee

In the Fall, PUB created a subcommittee to review the Low Income Discount Report at the request of Commissioner Fish. The subcommittee met five times and received staff reports on the current program as well as plans for additional program outreach.

The subcommittee identified ten potential options for the bill discount currently administered by the Water Bureau. In their discussions, the subcommittee members voiced concern with the basic structure of the program; not all residents with similar income profiles have access to the program. Access is limited to low-income residents (renters and owners) in single-family households. As currently structured, all utility customers subsidize the program through their rate payments. That structure increases the burden on low-income residents who can't access or choose not to participate in the program.

The subcommittee is forwarding three policy options for consideration of the full PUB:

#### Option A: Status Quo

The initial goal for the program was to have 10,000 participants. While the number varies, about 8,000 households annually are enrolled in the program. The Water Bureau is working with area service providers to make it easier to reach low-income customers and get them into the program. The foregone revenue for this expansion would be \$1.1 million annually. The rate impact would be very small. If this option is chosen, the subcommittee recommends that this outreach focus on areas of the city where there are high numbers of service shutoffs and that the outreach efforts should include an assessment after reaching the 10,000 goal to evaluate the strategies.

#### Option B: Expansion

To address some of the inequities in the current program, the Low-Income Discount Report considered expanding the program to the estimated 13,000 residents living in managed affordable multi-family units and using rate funds to pay for the expansion. Based on information from the Water Bureau and BES, this would cost an estimated \$7.8 million in foregone revenue. This would result in a rate increase of about 3.7% or \$1.73 on monthly utility bill. In addition, providing a discount to non-metered units presents several challenges and may require changes to the billing system and additional FTE to support the program.

#### Option C: Phase Out

Because of the inherent inequities in the program, the most equitable option may be end the discount program. The subcommittee recommends phasing out participants if this option is implemented. All customers would realize a small rate benefit though roughly 8,000 residents would lose an average of \$552 of annual assistance.