



# Utilities Income-Qualified Assistance Program



Pilot Wrap-Up and Program Adoption Discussion

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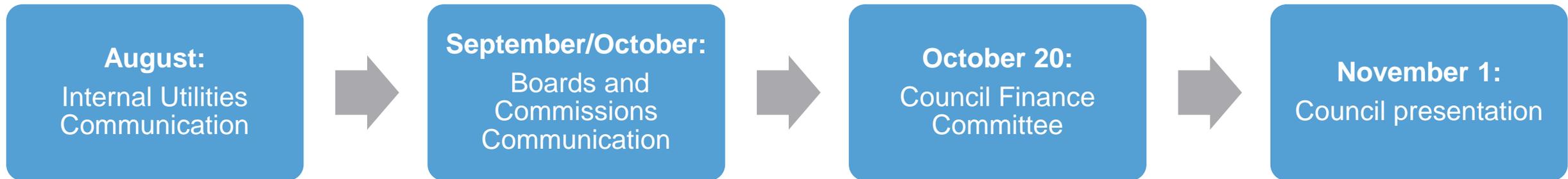


Heather Young

Community Engagement Manager

- Seeking Council approval to make the Income-Qualified Assistance Program (IQAP) an adopted program (yes, adopt ordinance or no, don't adopt)
- Follow up on existing program structure

## 2022 Timeline





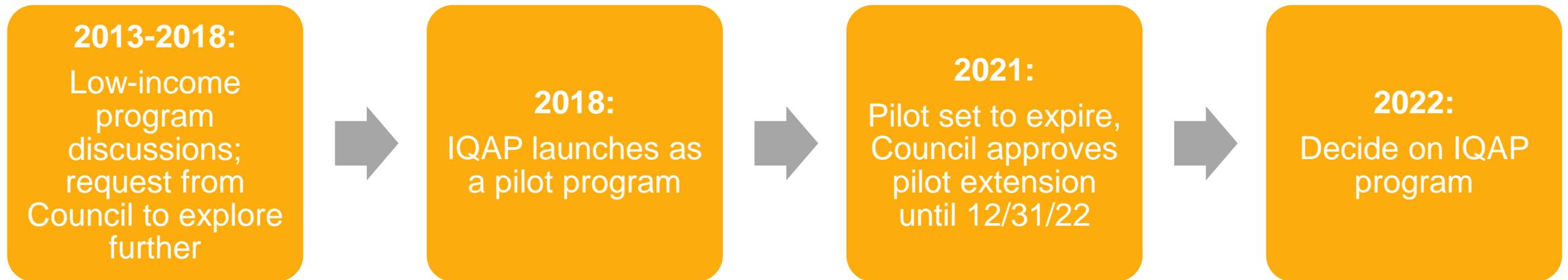
- **Neighborhood Livability and Social Health (NLSH) 1.3**
  - Improve accessibility of City and community programs to low- and moderate-income residents, and increase participation in services to eligible income-qualified residents.



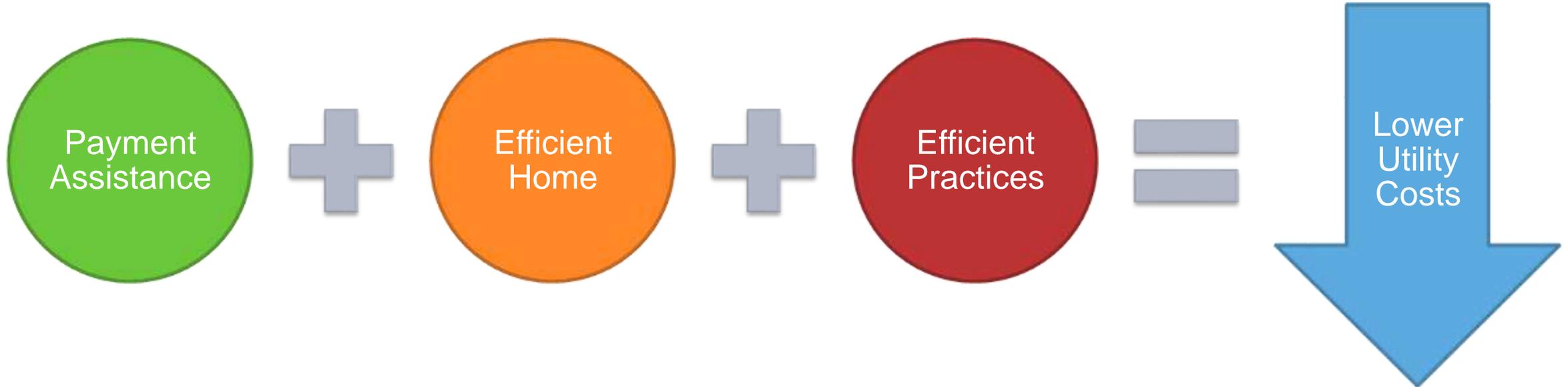
- **Our Climate Future**
  - Big Move 7 – Healthy Affordable Housing: Everyone has healthy, stable housing they can afford
  - Big Move 12 – 100% Renewable Energy: Everyone in the community receives affordable, reliable, 100% renewable electricity, including from local sources



# Background



# How we help income-qualified customers reduce utility costs:





## Payment Assistance

### Income-Qualified Assistance Program

~23% rate reduction on electric, water, and wastewater services

Customers are approved through the Low-income Energy Assistance Program (LEAP)

Customers are automatically enrolled/renewed in IQAP based on LEAP approval

Customers must be at 60% State Median Income or lower

**Colorado State Median Income (60%) - 2022**

Number in Household	Income Limit
1	\$33,109
2	\$43,297
3	\$53,484
4	\$63,672
5	\$73,860
6	\$84,047

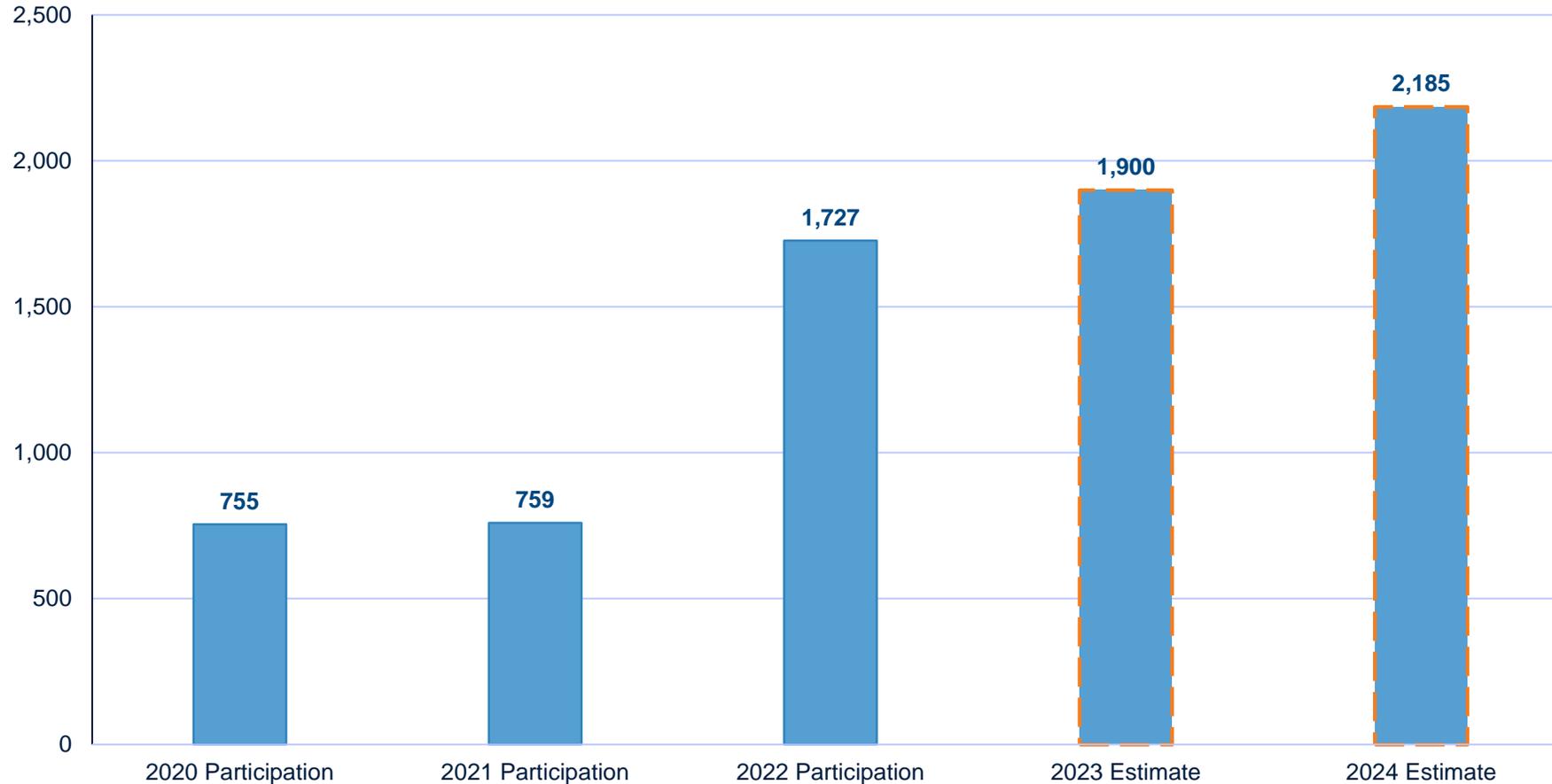
**Larimer County Area Median Income (60%) - 2022**

Number in Household	Income Limit
1	\$45,120
2	\$51,540
3	\$57,960
4	\$64,380
5	\$69,540
6	\$74,700

**According to the 2020 Census, 16% of Fort Collins residents live in poverty.**

[census.gov/quickfacts/fortcollinscitycolorado](https://www.census.gov/quickfacts/fortcollinscitycolorado)

## IQAP Participants



- Assumes a 10% increase in program participation for 2023 and a 15% increase in 2024.
- Estimated total reach is 10,000 households using a city-wide poverty rate of ~16%, based on 2021 Census Bureau data combined with controlling for the student population in Fort Collins (City Rebates Eval Report, 2019).
- At present, there are nearly 70,000 households in our electric service area.

- **Engagement**
  - Monthly Utilities Insights newsletter
  - Customer surveys
  - Direct customer engagement at events and through targeted outreach
  - Participation in efficiency programs
- **Outreach**
  - Increased outreach for the 2022-2023 LEAP season. Events planned at the following:
    - La Familia
    - CSU (staff and off-campus students)
    - Northside Aztlan Community Center
    - Senior Center
    - Old Town Library
    - CARE Housing

*\*Materials are also translated into Spanish*

September 2022 | Issue 9

# UTILITIES INSIGHTS

Small changes. Big Differences

City of Fort Collins Utilities

Monthly newsletter for Fort Collins Utilities customers with tips to save energy and water to lower utility bills.

Renters can reduce energy use, too! Whether you own or rent, these tips will help you save.

### LAUNDRY

Switch from hot to warm water when using your washing machine. This alone can cut energy use in half! Switch to cold water to save even more.

### UPGRADES

Receive free energy efficiency upgrades. Both you and your landlord fill out applications.

- CO Affordable Residential Energy: [fcgov.com/CARE](http://fcgov.com/CARE)
- Weatherization Assistance Program: [fcgov.com/WAP](http://fcgov.com/WAP)

### WATER HEATER

Turn the water heater temperature down to 120°, as recommended by the Department of Energy. For most household water heaters, this switch can save between \$30 and \$60 per year.

### TRACK USE

Sign up for My Energy to track energy use, find new ways to save, and earn rewards that can be used in stores. Learn more: [fcgov.com/portals](http://fcgov.com/portals)

Turn off your sprinkler system by **Oct. 1!**

Take the pledge at [fcgov.com/off](http://fcgov.com/off).

Winterize your system a little earlier than normal this fall. Lawns will come back healthy and green in the spring.

Eligible residential Fort Collins Utilities water customers who pledge and turn off their sprinklers will be entered into a drawing for **\$50 off your water bill!**

fcgov.com/UAAP | utilitiesaffordability@fcgov.com | 970-212-2900

Auxiliary aids and services are available for persons with disabilities, V/TCO 711



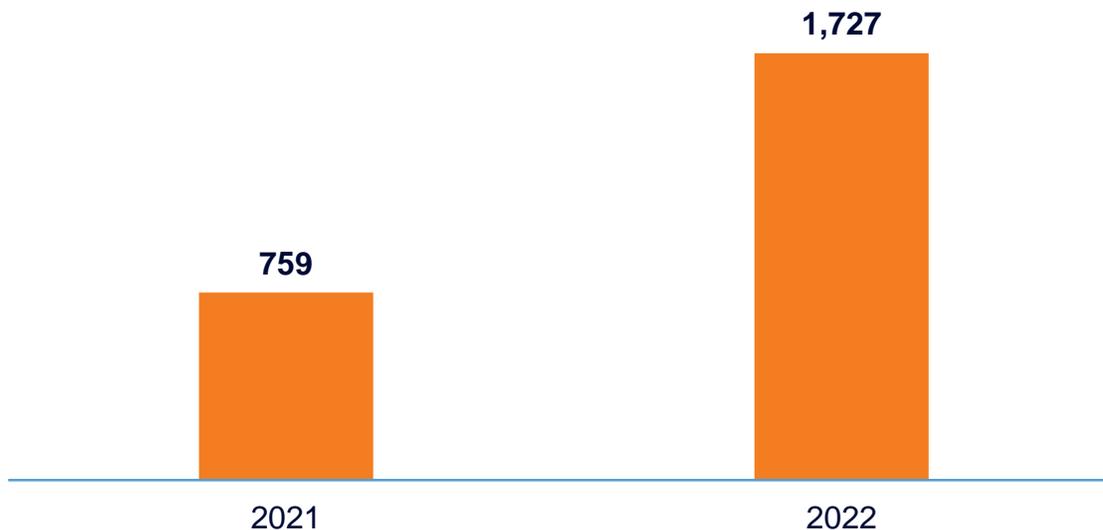
# Program Update

In 2021, we removed the IQAP application.

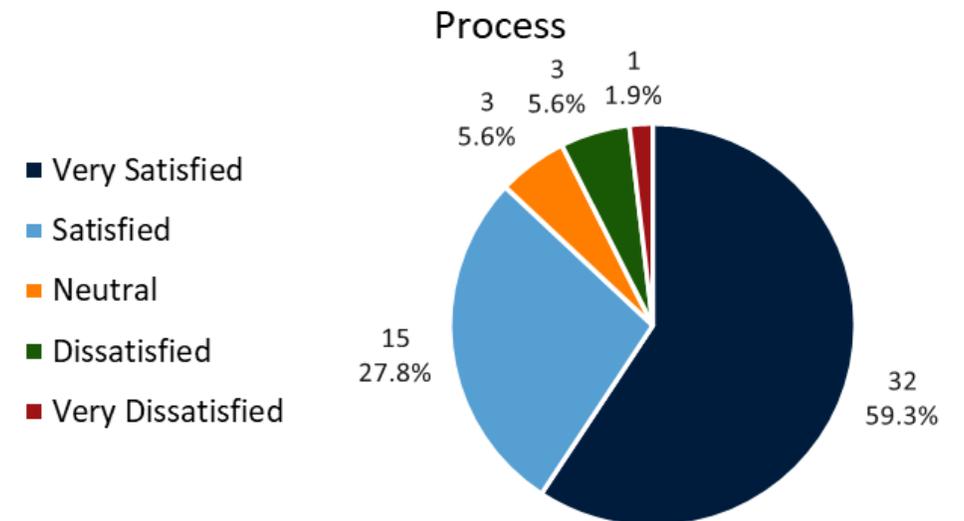
Now, customers enroll in LEAP and staff enrolls them in IQAP.

- Enrollment has increased 128%
- One less application for customers to fill out
- Less staff time to process
- 87% of auto-enroll customers are satisfied or very satisfied in the ease of auto-enrollment

Average IQAP Participation

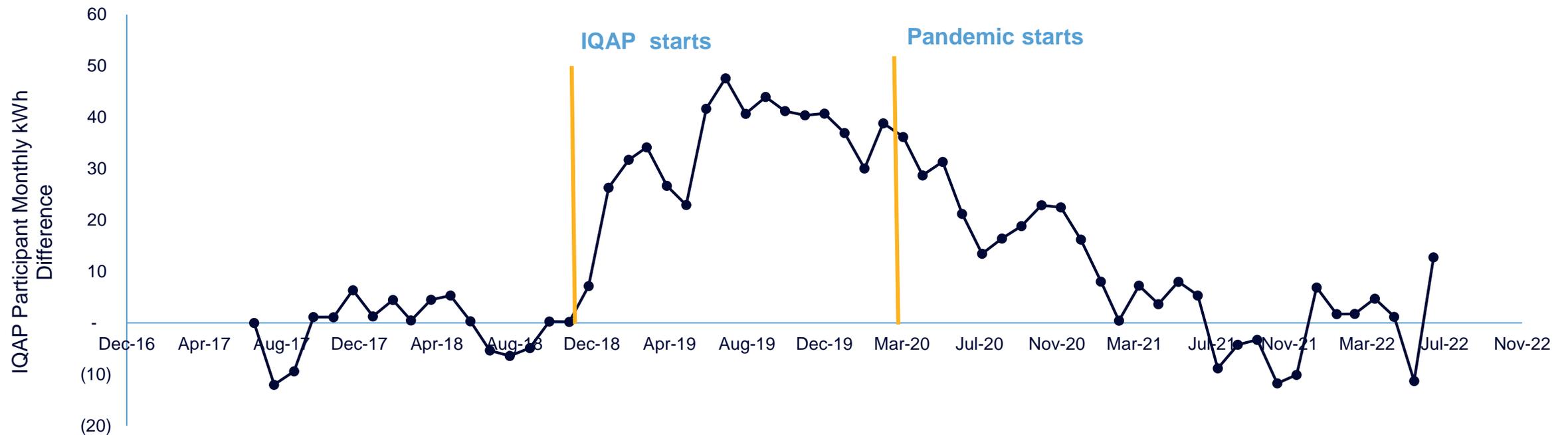


Level of Satisfaction with IQAP Auto-Enrollment Process



## Energy Use Analysis

- Energy use from auto-enroll IQAP participants initially increased by 2.9% on average (220 kWh/year).
- This increase likely reflects that households are no longer as worried about paying their energy bills and are choosing to keep their homes at a more comfortable temperature.
- By year three of enrollment, both IQAP and non-IQAP participants had similar energy use.



## Customer Survey

Every year, participants in IQAP are offered an opportunity to complete a program survey. Participants are asked questions such as, “What has been the biggest benefit of receiving the IQAP utility bill discount?” and, “Is there anything you would like to change about the Income-Qualified Assistance Program?”

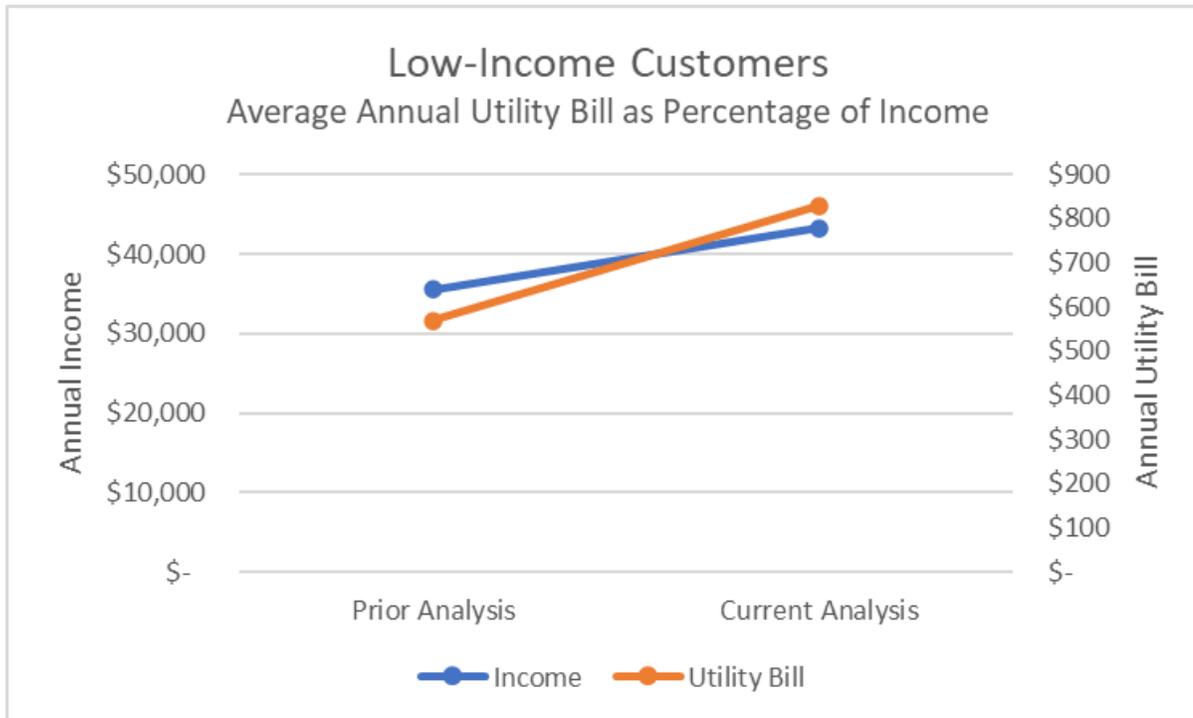
### **Benefit responses included:**

- increased quality of life
- being able to save money for other expenses
- decreased stress with paying bills
- being educated on ways to conserve energy
- budgeting on a fixed income

**When asked about changes they would like to see to the program, a larger discount was listed repeatedly.**

*"The IQAP program is an integral and essential part of our lives. Being on a fixed income is difficult and this program makes it easier to continue to live in this beautiful city we have called home for many decades. We use the money we save each month to buy essentials such as food, insurance, fuel, clothing, shoes. We do not waste it or spend it frivolously. Thank you for offering the IQAP."*

- In 2021, Council requested that we evaluate whether a 23% rate reduction is still sufficient
  - Methodology: Aim for low-income customers to spend a similar percentage on utilities as someone who makes 100% of area median income
  - Takes LEAP benefit and gas bills into consideration
- Recommendation: Increase rate reduction to 25% moving forward, evaluate every 3-5 years



**Why? Since 2018, utility bills have increased at a higher rate than income.**

	23% rate reduction (current)	25% rate reduction (proposed)
Average annual discount/customer	\$220.50	\$240
Average annual Utilities cost*	\$392,000	\$415,000

*\*Based on 1,727 enrolled participants. Prior projections estimated that 2,000 customers would be enrolled during the pilot phase. Total cost is nominal (0.3% of \$138M), would minimally impact other Utilities customers.*

**With a 25% rate reduction, customers would save an average of \$20/month on their Utilities bill.**

Group	Outcome
Energy Board – June 25, Sept. 8	Supportive of this program
Affordable Housing Board – Oct. 6	Supportive of this program
Council Finance Committee – Oct. 20	TBD
Water Commission – Oct. 20	TBD



# Question for Discussion

- Income disparity and energy inequity exists in our community. Contributing factors include race, ethnicity and low-quality housing.
  - “High energy burdens and energy insecurity are well-documented and pervasive national issues. Even in 2017, a time of economic prosperity, well over one-quarter of all U.S. households experienced a high energy burden.” (1)
- Additional factors:
  - Energy costs increase as we work towards carbon neutrality
  - Climate change = hotter temps = more energy use
- Utility costs continue to increase at a faster rate than income, locally and nationally.
  - Some customers are on fixed incomes, especially seniors.
  - Inflation means people have to spend more of their income on basic needs like utilities.
  - Without access to heating, cooling, and water, unpaid utility bills can have dire health impacts.
  - “It’s higher prices. It’s heat waves and increasing needs for energy.” (2)

1) <https://www.aceee.org/energy-burden>

2) <https://www.bloomberg.com/news/articles/2022-08-23/can-t-pay-utility-bills-20-million-us-homes-behind-on-payments-facing-shutoffs>

- IQAP creates parity within the residential rate class as to the percentage of household income committed to utility bills, compensating for income differences between low-income customer and customers who earn 100% of AMI
- The nominal financial impact to Utilities by not recovering a portion of each participant's monthly utility bill is offset by administrative efficiency through:
  - Timely billing payment (i.e. customers regularly pay their remaining bill without Utilities engaging in collections or payment plans)
  - Increased participation in conservation programs, e.g., LCCC retrofits and/or CARE Program, that make low-income customer dwellings more efficient and reduce utility costs across the residential rate class
  - Extended reach of Utilities conservation and efficiency education that affects user habits in households that historically do not participate in these efforts
- Combined program education and incentives allows Utilities to pursue environmental goals more aggressively.

- Supporting low-income customers and providing energy equity aligns with the policies of Fort Collins Utilities and the City of Fort Collins.
  - As a municipal utility provider, we aim to offer equitable service to all customers, yet a significant portion of our customers are not receiving equitable service.
  - Utilities serve a unique role where we provide foundational services to community members, and, by offering these services at a reduced rate, we can ease some of the burden of this disparity.
- Future updates on the impact of this program would be included in rates and fees updates.



- Adopting the Income-Qualified Assistance Program:
  - Aligns with existing priorities.
  - Invests in our community – the total financial cost is small compared to the customer and community impact.
  - Would have minimal impact to future rate increases, given current and projected participation numbers and a 25% rate reduction.
  - Is a responsible use of rate payer dollars because IQAP builds on existing benefits through LEAP, leveraging this partnership to help share the cost.



- Should the Income-Qualified Assistance Program become an adopted Utilities program?
  - Yes, adopt ordinance
  - No



**THANK YOU!**





### One-Time Payment Assistance

- Payment Assistance Fund
- Utilities Pandemic Assistance
- Neighbor to Neighbor Funding



### Reduced Rates

- Income-Qualified Assistance Program
- Medical Assistance Program
- Digital Equity Rate



### Retrofit Programs

- Larimer County Conservation Corps Water and Energy Program
- Colorado Affordable Residential Energy



### Outreach

- Utilities Insights Newsletter
- Direct customer engagement
- Outreach to agencies



### One-Time Payment Assistance

- Payment Assistance Fund

- Can receive funding once per season (Oct. 1 – Sept. 30)
- Bills must be past due
- 80% of Area Median Income
- Energy Outreach Colorado matches funds 1:1
- Contact partner agencies to receive funding:
  - Neighbor to Neighbor – 970-484-7498
  - Catholic Charities – 970-484-5010
  - La Familia/The Family Center – 970-221-1615
  - Discover Goodwill – 1-888-775-5327
  - CSU (students and staff only) – 970-491-8051

Funding source	Where to apply	Customers served	Number of customers served (2020/2021)	Amount distributed (2020/2021)	Average per customer	Utilities funds remaining
Utilities Pandemic Assistance	Fort Collins Utilities	Residential and commercial	647	\$296,386	\$458	\$466,712
Consolidated Appropriations Act	Neighbor to Neighbor	Residential, income-qualified, renters	898	\$261,734	\$291	?
Payment Assistance Fund – Energy Outreach Colorado	La Familia Neighbor to Neighbor Catholic Charities Discover Goodwill CSU	Residential, income-qualified	1,443	\$562,380	\$390	\$333,961
CARES Act	Fort Collins Utilities	Residential and commercial	1,423	\$575,910	\$405	\$0
<b>Total</b>			<b>3,528</b>	<b>\$1.4 million</b>	<b>\$405.71</b>	<b>\$1.1 million</b>



### Reduced Rates

- Income-Qualified Assistance Program
- Medical Assistance Program
- Digital Equity Rate

Income-Qualified Assistance Program	Medical Assistance Program	Digital Equity Rate
Launched in 2018 with Time-of-Day electric rates	Launched in 2012	Launched with Connexion
~23% rate reduction	~23% rate reduction	\$19.95/month rate
<p>Qualifications:</p> <ul style="list-style-type: none"> <li>• Approved through the Low-income Energy Assistance Program (LEAP)</li> <li>• Automatically enrolled/renewed in IQAP based on LEAP approval</li> <li>• 60% State Median Income</li> </ul>	<p>Qualifications:</p> <ul style="list-style-type: none"> <li>• Medically necessary electric equipment or air conditioning</li> <li>• Physician certification</li> <li>• 60% Area Median Income</li> </ul>	<p>Qualifications:</p> <ul style="list-style-type: none"> <li>• 60% Area Median Income</li> </ul>



Retrofit Programs

<p><b>Larimer County Conservation Corps Water and Energy Program</b></p>	<p><b>Colorado Affordable Residential Energy</b></p>
<p>Basic inspection of home, appliances, windows, toilets and heating/cooling system</p>	<p>Comprehensive upgrades available for air sealing, insulation, HVAC, windows and appliances</p>
<p>Install efficiency measures</p>	<p>Assessment and efficiency measures installed</p>
<p>Partnership with Larimer County, Loveland utilities</p>	<p>Partnership with Energy Outreach Colorado, Xcel Energy, Platte River Power Authority</p>
<p>Annual program targets:</p> <ul style="list-style-type: none"> <li>• 350 assessments</li> <li>• 175,000 kWh</li> <li>• 1.9M gal water</li> </ul>	<p>Annual program targets:</p> <ul style="list-style-type: none"> <li>• 40 upgrades</li> <li>• 15,000 kWh</li> </ul>

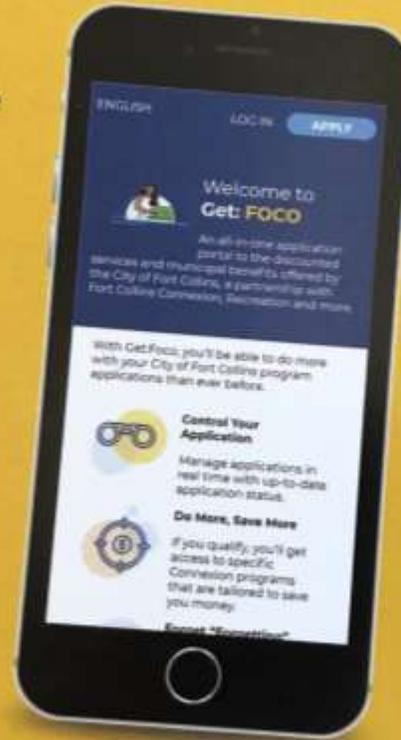
## Welcome to **Get: FOCO!**

An all-in-one application to discounted services offered by the City of Fort Collins for income eligible residents.

- Discounted 1 Gig Internet but Not at Reduced Speed or Service
- An Annual Grocery Tax Rebate
- Reduced Fees for Recreation Programs and Access to City Facilities
- And more!

### **One application, multiple possible discounts!**

Serving full-time residents of Fort Collins with a demonstrated financial need.



## ¡Bienvenido a **Get: FOCO!**

Se trata de una aplicación que permite obtener descuentos en los servicios que ofrece la ciudad de Fort Collins para los residentes con derecho a percibir ingresos.

- Internet de 1 Giga con descuento, pero sin reducir la velocidad ni el servicio
- Una rebaja anual del impuesto sobre los alimentos
- Tarifas reducidas para programas de ocio y acceso a las instalaciones de la ciudad
- ¡Y aún más!

### **¡Obtenga múltiples descuentos posibles con tan solo una aplicación!**

Sirviendo a los residentes de Fort Collins de tiempo completo con necesidades financieras demostradas.

[fcgov.com/getfoco](http://fcgov.com/getfoco)



[fcgov.com/getfoco](http://fcgov.com/getfoco)

## Charter Article XII, Sec. 6:

*All net operating revenues of the city's utilities shall be held within the respective utility's fund and may be expended only for renewals, replacements, extraordinary repairs, extensions, improvements, enlargements and betterments to such utility, or other specific utility purpose determine by the Council to be beneficial to the ratepayers of said utility.*

- When we avoid disconnecting a customer, the utility saves ~\$24/avoided disconnect in printing, mailing, and staff costs.

Process Step	Cost
Send disconnect notice (Printing and mailing)	\$0.60
Actual disconnect	\$6.06
Collect payment	\$5.15
Reconnect service once payment is made	\$6.06
Send customers to collections	\$6.06
<b>Total cost</b>	<b>\$23.93</b>

Low-Income Household Water Assistance Program (LIHWAP) provides funds to assist low-income households with water and wastewater bills.

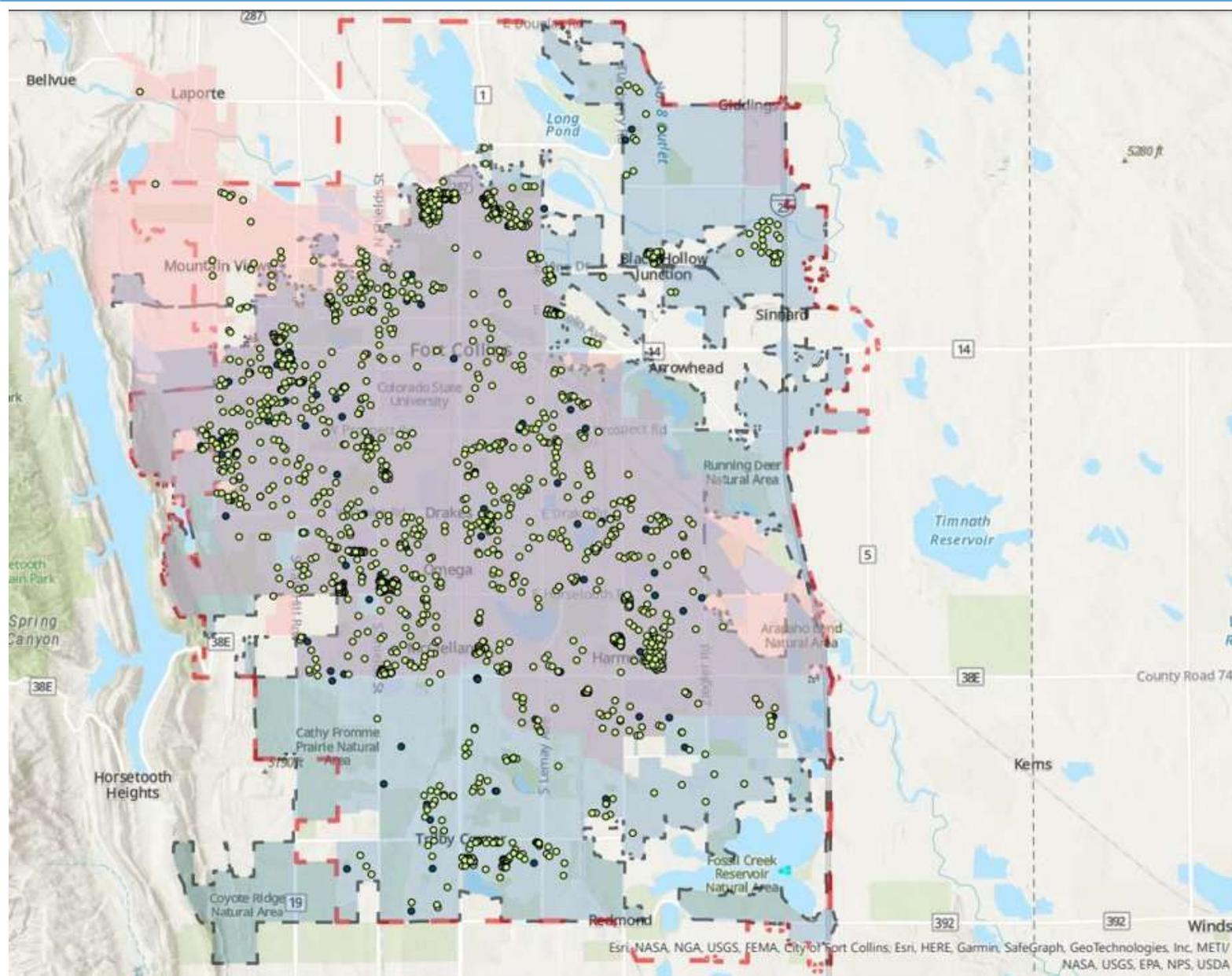
- The City of Fort Collins is not able to participate in this program due to our current billing system.
- Funds are required to only be applied to the water portion of the customer's bill and our current system does not allow payments to be separated per service.
- A new billing system is in the RFP process and will hopefully include the ability to apply payments to specific utility services.

Colorado's LIHWAP, which began in November 2021, is a temporary, emergency program managed and operated at a state level by the Colorado Department of Public Health, where the state is responsible for processing benefit payments to water service providers. Colorado's LIHWAP provides a one-time benefit payment for a maximum benefit amount of \$2,000. To determine the benefit level, Colorado will consider the amount past due to continue service or the total amount to be paid to the water service vendor to re-establish water service by bringing the household debt balance to zero.

- Enrollment in IQAP provides a year-round discounted rate on water and wastewater.

The Low-income Energy Assistance Program (LEAP) program works to keep communities warm during the winter (November through April) by providing assistance for heating costs, equipment repair and/or replacement of inoperable heating tools. While the program is not intended to pay the entire cost of home heating, it aims to help alleviate some of the burdens that come with Colorado's colder months.

- The City of Fort Collins billing system does not allow for payments to be applied to specific portions of a customer's bill.
- Customers receive an EBT card in the mail for the benefit amount, withdraw the money from the card, and apply it to their bill.
- Customer Care and Technology is requesting to implement a system that would allow EBT cards to be processed as a form of payment.



**Legend:**

- Blue area: Light and Power service area
- Pink area: Water service area
- Purple area: Both Light and Power and Water service areas
- Green/yellow icons: IQAP customers
- Dark blue icons: MAP customers

For most mobile home parks in Fort Collins, the property manager/owner is the utility customer for water utilities such as stormwater, wastewater, and drinking water, and the resident is the customer for electric. In this case, a park will receive a bill from the utility company for the water services, which they may choose to then re-bill to residents or include these utilities as a part of the monthly rent. Residents that are electric customers will receive their own separate electricity bill from their provider.

If residents are charged individually for water, the following rules apply: Each month, property managers must provide water billing information for the entire mobile home park's monthly water bill, amount owed to the utility provider, and amount paid by park management. Property managers must also provide the formula used to calculate the amount each mobile home resident owes for water. No additional administrative fees for water utility billing are allowed.

If water is included in the rent as an amenity, there are currently no rules regarding transparency of water billing.

We are exploring a rebate program to assist residents with the water portion of their bill.

Fort Collins Utilities received \$469,000 from Platte River Power Authority and \$381,550 from the American Rescue Plan Act (ARPA) to directly support our customers in need as a result of the pandemic.

As of October 18, 2022, the following has been allocated:

Residential	Commercial
1033 customers	29 customers
\$398,390 total funding spent	\$41,488 total funding spent
\$386 - average per customer	\$1,431 - average per customer

A new program was developed to reach property managers, who will be able to apply for these funds to cover inactive accounts that have been unpaid.

The current PUC requirement on regulated public utilities is as follows: Utilities must offer a **Percentage of Income Payment Program (PIPP)** that is designed to ensure consumers are not paying more than six percent of their monthly income on electric and natural gas bills ...

The income threshold for eligibility for the program sits at 185 percent of the Federal Poverty Level, or 60 percent of the State Median Income. In Colorado, the State Median Income is \$100,760 for a four-member household, making that family qualified at \$60,456.

- Utilities sets rates and fees for each utility to cover the cost of service (electric, water, wastewater)
- Funding is set aside for operating and maintenance expenses.
- Instead of a rate cost, IQAP falls under operating and maintenance expenses.