

Affordability and Low Income Rate Assistance

Seattle Public Utilities and Neighborhoods Committee

May 13, 2014



Affordability

- The Affordability Question: At what level are utility bills so high they become unaffordable?
- Definition: *“Essentially, affordability means that a customer can pay his or her utility bills and still afford other essential goods and services. Utility bills may be deemed unaffordable if they impair a customer’s ability to pay for food, basic housing, normal medical needs, and other essential items.” (Water Environment Federation)*
- There is no “perfect metric” that effectively measures affordable utility bills or rates

Affordability (continued)

- To whom are utility bills unaffordable?
- Two groups of utility customers: those able to pay for “essential goods” and those not able to pay
 - For customers that are able to pay: Are they willing to pay the rates that reflect service levels and utility costs?
 - For customers who are unable to pay, there are difficult and undesirable choices (e.g. forgoing an important need) being made about essential goods and services

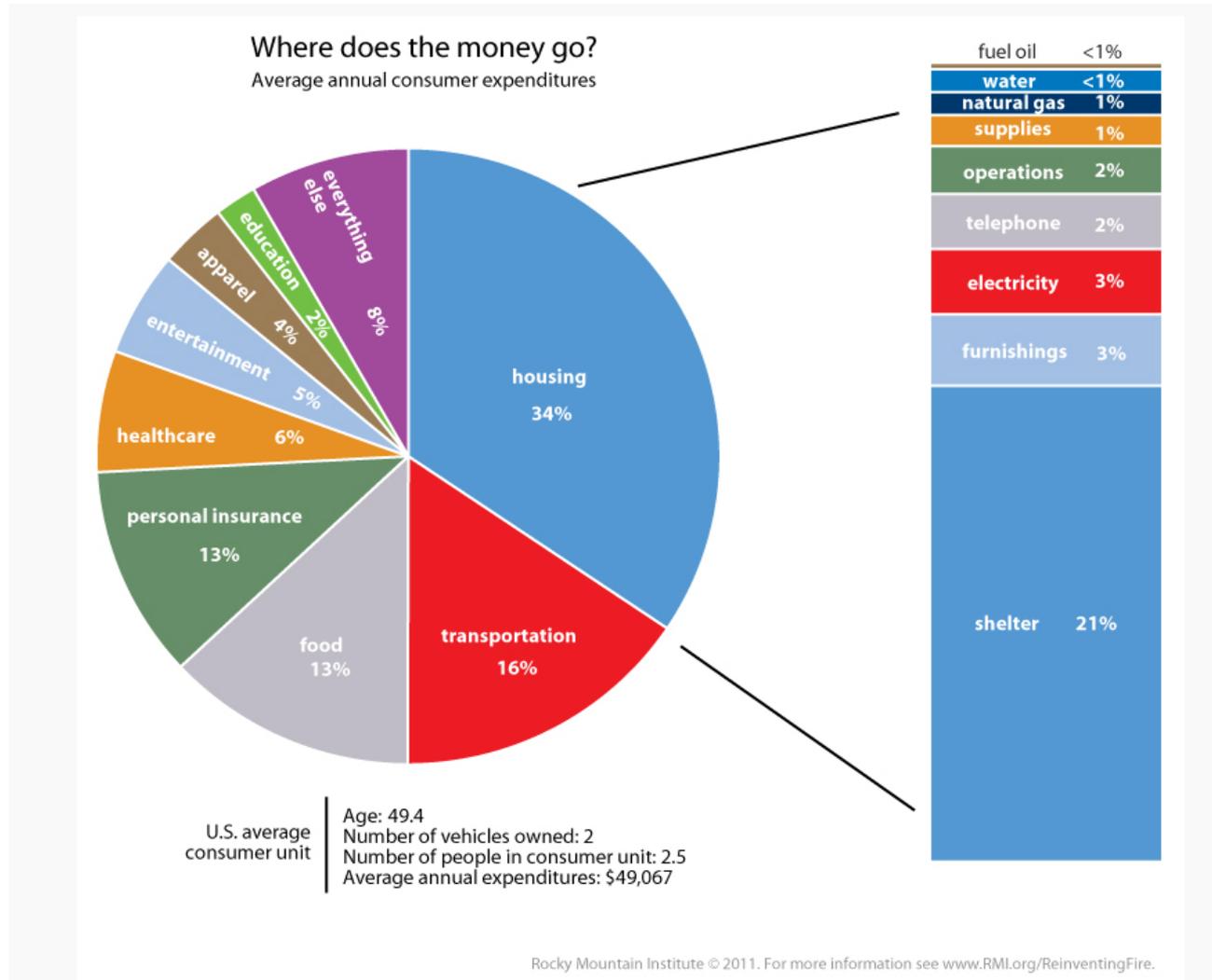
Affordability (continued)

- Customers that are able to pay want value for their money. SPU needs to demonstrate it is:
 - Providing services and programs that are important to customers and provide tangible benefits
 - Providing transparency on the cost of these services
 - Continuing to actively manage costs and be as efficient as possible
- The 2015-2020 Strategic Business Plan strives to achieve these goals

Affordability (continued)

- For customers unable to pay, Seattle has several programs to reduce utility bills including:
 - Conservation programs (lower use = lower bill)
 - The Emergency Assistance Program
 - The Utility Discount Program (UDP)
- The Executive and Utilities (SPU and Seattle City Light) are working to further expand the UDP program.

Typical Household Expenditures Nationally



Regional Utilities and Other Large Utilities

2012 Typical Residential Customer Utility Bills

Utility Type	Seattle	Kirkland	Bellevue	Tacoma	Portland	San Francisco	Atlanta
Drainage	\$21.81	\$18.13	\$18.26	\$17.82	\$23.90	\$0.00	\$4.00
Wastewater	\$45.92	\$68.79	\$53.06	\$42.94	\$42.00	\$46.87	\$108.08
Solid Waste	\$37.00	\$22.02	\$19.24	\$36.55	\$32.40	\$34.08	\$32.93
Water	\$33.95	\$42.55	\$36.01	\$28.27	\$27.85	\$33.10	\$42.64
Total	\$138.68	\$151.49	\$126.57	\$125.58	\$126.15	\$114.05	\$187.65

Seattle's Utility Discount Program

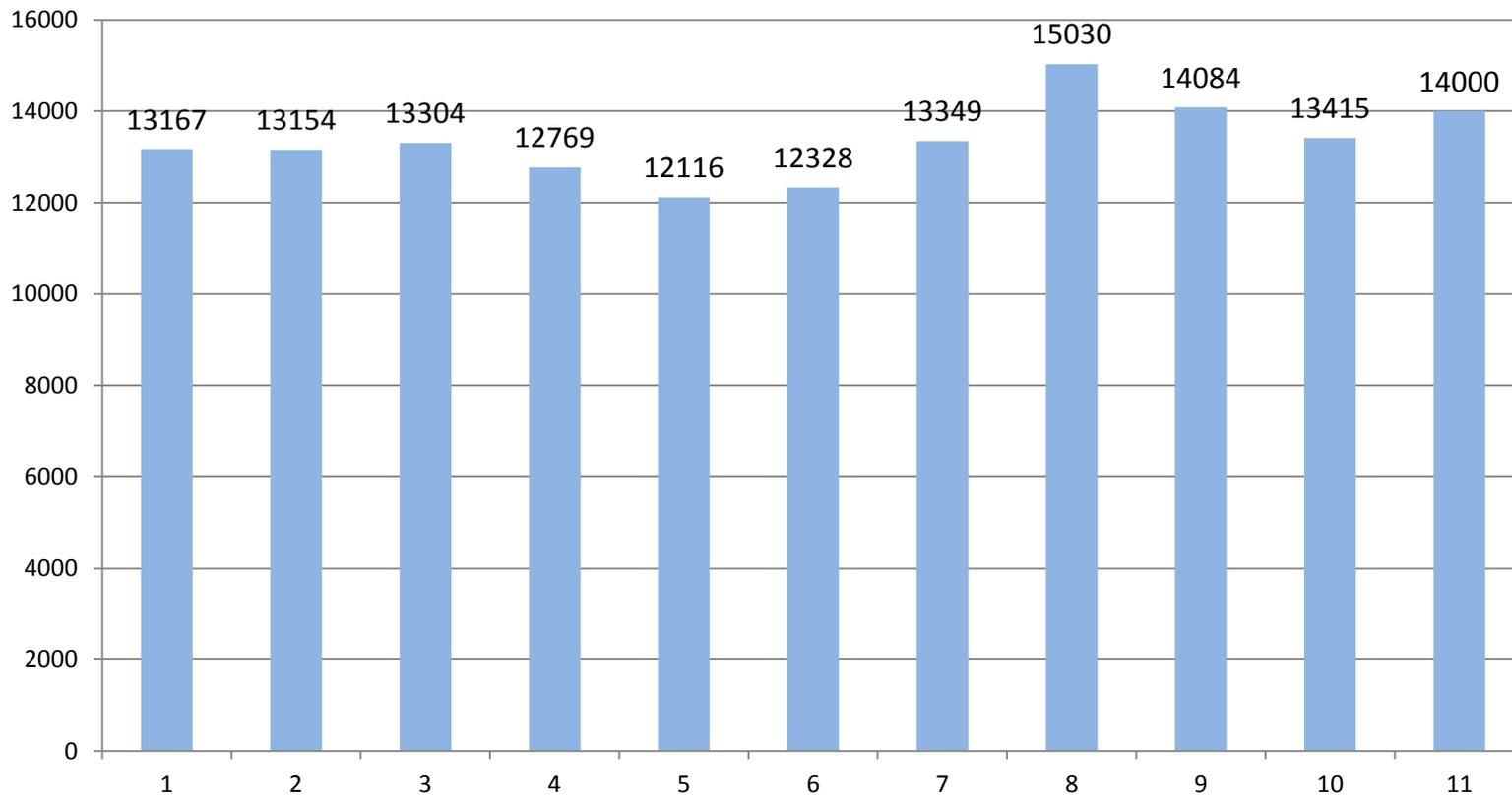
Funded by Seattle Public Utilities and Seattle City Light
Administered by Seattle's Human Services Department

Customer benefits include:

- SPU water/sewer/solid waste utility– 50% discount
- SPU customer average annual savings -\$ 767
- SCL electric utility – 60% discount

Total Active Program enrollment- 14,650 households

Enrollment 2003-2013



Income guidelines - 70% of State Median Income

Household Size	Gross Annual Income	Gross Monthly Income
1	\$30,600	\$2,550
2	\$40,020	\$3,335
3	\$49,440	\$4,120
4	\$58,860	\$4,905

48% of participating households earn less than half of income threshold

Program Participants

- Age:
 - Children 25%
 - Adults 18-64 – 44%
 - Seniors – 31%

Program Participants

- Race/Ethnicity
 - White/Caucasian – 39%
 - Asian/Asian American – 27%
 - Latino/Hispanic – 13%
 - African/African American – 13%
 - Native American – 1%

**Customers were assisted in 28 Languages

Program Outreach 2013

Applications approved – 8140

Transactions made – 22,000

Outreach activities:

- Brochures/promotions
- Tabling/enrollment Events
- Education/training
- Organizational assistance for completing applications

Expanding Enrollment

In January 2013, Mayor Murray announced his goal of doubling program participation by 2018.

An Interdepartmental Team, made up of members of Seattle Public Utilities, Seattle City Light and the Human Services Department are currently working on strategies to meet that goal.