

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF CWA AUTHORITY, INC. FOR (1))
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR WASTEWATER UTILITY SERVICE)
IN THREE PHASES AND APPROVAL OF NEW) CAUSE NO. 45151
SCHEDULES OF RATES AND CHARGES)
APPLICABLE THERETO; (2) APPROVAL OF A)
LOW-INCOME CUSTOMER ASSISTANCE)
PROGRAM; AND (3) APPROVAL OF CERTAIN)
CHANGES TO ITS GENERAL TERMS AND)
CONDITIONS FOR WASTEWATER SERVICE.)

COMPLIANCE FILING

Pursuant to Finding Paragraph 10(C) and Ordering Paragraph 6 of the Commission's Order in this Cause dated July 29, 2019, CWA Authority, Inc., by counsel, hereby submits the attached Low Income Customer Assistance Program ("LICAP") Report, which contains the LICAP's Program Year 1 (August 1, 2019, through June 30, 2020) results, including information on the items enumerated in Finding Paragraph 10(C).

Respectfully submitted,

s/Lauren R. Toppen

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served electronically on this 31st day of August, 2020, to the following:

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Respectfully submitted,

s/Lauren R. Toppen

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Counsel for CWA Authority, Inc.

CWA Authority, Inc.
Cause No. 45151
Low Income Customer Assistance Program (LICAP) Report
Program Year 1¹ (August 1, 2019 through June 30, 2020) Results

1. Number of customers who participated in LICAP	
Bill Credit Participants	5,132
Infrastructure Fund Participants	324
2. Total Dollar Amount Disbursed Directly to Customers	
Bill Credits.....	\$ 691,934
Alternative Credits.....	\$ 0
3. Dollar Amount Expended on LICAP	
Total Amount.....	\$ 1,002,143
Bill Credits.....	691,934
Infrastructure Fund	310,209
4. Number of Customers Requesting Assistance	
Requested and received assistance	5,456
Requested but were denied assistance.....	0
5. Dollar Impact LICAP had on Average Bad Debt²	
Net Write Off during Program Year.....	\$ 529,598
Net Write Off during Prior Year.....	735,234
6. Estimated Impact LICAP has on Disconnections²	
Disconnections during the Program Year	11,131
Disconnections during the Prior Year	17,255
7. Administrative Cost Associated with LICAP	
Total Cost.....	\$ 0
8. Accounts in Arrears for Customers Considered Low Income²	
Total Value	\$ 200,724
9. Average Dollar Amount Benefit to LICAP Participants	
Bill Credit Participants (annual).....	\$ 134.83
Bill Credit Participants (monthly)	12.26
Infrastructure Fund Participants	957.44
10. Cost/Benefit Ratio of Infrastructure Projects	
Toilet Replacement Program.....	1.65
Water Heater Replacement	4.96
Water Leak Repairs	11.46
Sewer Repairs.....	1.00

¹ The program year is designed to run from July to June. The first year is 11 months due to the timing of the Order in Cause No. 45151 which approved the program.

² There is an impact on the level of net write-offs, disconnections and arrearages due to the Governor's mandated COVID-19 disconnection moratorium.

Overview of Low Income Customer Assistance Program

As a part of the Order in Cause No. 45151, CWA Authority, Inc. ("CWA") was required to submit a report to the IURC by August 31st each year with metrics from the preceding year (i.e. July to June) on the Low Income Customer Assistance Program ("LICAP") to provide transparency on the program and its efficacy.

"CWA shall report the following at a minimum: (1) the number of customers who participated in LICAP that year for each locale; (2) the total dollar amount, regardless of funding source, that was disbursed directly to customers that year as a result of LICAP via (a) a bill credit or (b) alternative credit (identifying this alternative); (3) the total dollar amount, regardless of funding source, that was expended during the prior year on LICAP; (4) the number of CWA customers (a) who requested and received assistance and (b) the number of customers who requested but were declined assistance; (5) the estimated dollar impact LICAP has on CWA's average bad debt amount; (6) the estimated impact LICAP had on disconnections; (7) the administrative costs associated with LICAP that year; (8) the total value of accounts in arrears for customers considered low income; (9) the average dollar amount benefit to LICAP participants; (10) a business investment analysis (ex: cost-benefit analysis); (11) copies of program communication to potential participants (ex: explanatory text on web page and brochures); and (12) any other factors or analysis CWA has developed to assess LICAP's effectiveness."¹ (Order, pp. 38-39)

While the program year is designed to be July to June, the initial program year ran from August 2019 to June 2020. The shortened initial year was due to the timing of the Order in Cause No. 45151 which approved the program. Going forward, the results will be based on twelve-month periods.

Narrative of Results from the Program Year

Below are specific details regarding the measurement and reporting of each of the above measures during the program year August 2019 to June 2020.

Number of customers who participated in LICAP

In measuring the number of customers who participated in LICAP, participation was gauged according to the two components of the program — bill credits and infrastructure fund. Each customer counted as a participant in either component of the program met the necessary qualification criteria. Additionally, for bill credit customers, their participation at any point in the year includes them in the measurement as they may come on or go off the system throughout the program year. For infrastructure fund customers, it is possible that they may have needs that require them to make more than one request to the fund. In these instances, the customers' participation is only counted once. Lastly, those customers counted in the infrastructure fund are also counted in the bill credit component given the program eligibility requirements. Viewing these customers differently with respect to the infrastructure fund gives more insight into the need for and utilization of the fund. Over the first program year, there were 5,456 program participants in total: 5,132 in the bill credits and 324 in the infrastructure fund.

¹ At this time, CWA has not developed any other factors or analysis to assess LICAP's effectiveness.

Total dollar amount disbursed directly to customers

It is important to note that there are no program funds disbursed directly to customers. The credits that each participating customer receives on their bill are what are considered disbursed to customers for the purpose of this measure. During the program year, \$691,934 was credited to customers via their bills. There were no alternative credits disbursed.

Total dollar amount expended on LICAP (regardless of source)

During the initial program year, a total of \$1,002,143 was expended on LICAP. The majority of that was via the bill credit component, as presented in the total dollar amount disbursed directly to customers section above. The remainder, \$310,209, was expended on infrastructure repair and replacement.

Number of customers who requested and received / requested but were denied assistance

The number of customers who requested and received assistance are the same as the number of customers who participated in LICAP, as discussed above. Fortunately, there were no customers who requested, but were denied assistance in the initial year because funds were sufficient to meet the need.

Estimated dollar impact LICAP had on average bad debt amount

For the purpose of this measure, CWA chose net write-offs instead of bad debt expense. Net write-offs reflect the actual amount written-off after the five month “waiting” period. Whereas, bad debt expense is an accounting accrual that can also be influenced by changes in accounting policy. In reviewing the dollar impact that LICAP had on bad debt, it was first important to note that CWA does not write-off customer balances until five months after the balance is incurred. Given this, the first month that LICAP would have had any impact is January 2020 (five months after the initiation of the program). Therefore, for the purposes of this report, the time period measured includes the months January through June 2020. For comparative purposes, the same months from 2019 are used. Total CWA bad debt, or net write-offs, for the six-month period ended June 2020 was \$529,598. For the comparable period in 2019, the amount was \$735,234. This represents a decrease of 205,636, or 28.0 percent.

Estimated impact LICAP had on the number of disconnections

CWA compared the number of disconnections from October 2019 through June 2020 to the similar nine-month period, one year prior. October 2019, 60 days after the start of the LICAP program, was the starting point because it reflects when LICAP credits could have impacted customer disconnections. The number of disconnections during this period was 11,131 compared to 17,255 disconnections from October 2018 to June 2019.² The number of disconnections during the program year was influenced by the moratorium on service disconnections due to Governor Holcomb’s Executive Order 20-05, signed March 19, 2020 and then extended by EOs 20-28 and 20-33 until August 14, 2020. While the assistance that customers received from LICAP may have had some impact on the reduction in disconnections, it is clear the Governor’s executive orders had the greatest impact during the program year. Thus, it is difficult to specifically quantify the impact of the program. As the program continues and certain existing external factors are no longer present, it may be easier to see the impact of the program on disconnections.

Administrative cost associated with LICAP

There was no administrative cost associated with LICAP for this program year. This is largely driven by the fact that LICAP was designed to leverage the existing process used by the Universal Service Program (“USP”) previously implemented by Citizens Gas. Given that the eligibility verification process is the same as the USP, there was only one additional data element — i.e. CWA account number — that needed to be

² For comparison purposes, the number of disconnections for the 12-month period ended June 2019 was 22,873.

captured. So, there were no changes to the existing process necessary in order to implement the LICAP. The cost of putting the process in place is a “sunk cost” that was captured in a prior period. Additionally, there were neither any staff added, nor a third-party administrator used.

Total value of accounts in arrears for customers considered low income

The total value of accounts in arrears for those identified as low income at the end of the initial program year is \$200,724. CWA’s billing system could not calculate historical arrearage, so there is no measurement from June 30, 2019 to which to compare. As the program continues, the measure from the initial year can be used as a benchmark to gauge the impact on low-income customer arrearage.

Average dollar amount benefit to LICAP participants

The average dollar amount benefit is a simple metric considering certain measures discussed above: a) number of customers who participated in LICAP and b) total dollar amount expended on LICAP. Both measures were reported according to customers receiving bill credits and those participating in the infrastructure fund. The total dollar amount expended is divided by the number of customers participating to derive the average dollar benefit.

The average amount for bill credit participants during the 11-month initial program year was \$134.83. This measure reflects the aggregate amount of bill credits received, on average, during the program year. Taking this measure and dividing by the number of months in the program year (11) yields an average monthly amount of \$12.26 per participant. The average infrastructure fund benefit during the program year was \$957.44 per participant.

Cost-benefit analysis of all projects underwritten by the LICAP wastewater infrastructure fund

CWA contacted M. Sami Khawaja, Ph.D., Senior Vice President at Cadmus, for assistance developing the cost-benefit analysis approach. Dr. Khawaja’s input, as well as CWA industry experience, were used to determine the assumptions and methodology for the analysis. The approach does not attempt to estimate or include other societal benefits that would be enjoyed by recipients under the infrastructure program.

There are four components to the LICAP infrastructure program:

- Toilet replacement program;
- Water heater replacement;
- Water leak repair; and
- Sewer leak repair.

The cost-benefit analysis was structured to estimate the ratio of the present value of benefits compared to the average cost per unit in the program. See Exhibit No. 1 for the infrastructure program analysis.

Toilet replacement program (“TRP”)

The TRP analysis utilizes Indianapolis Census data for the number of people in a home of 2.51 and applies the reduction in water consumption from replacing old toilets (prior to 1993) that consume 3.5 gallons per flush compared to 1.6 gallons per flush for a new toilet. The savings was multiplied by five flushes per day for 365 days, resulting in 8.7 kgals saved per year with replacement.

The water savings were then multiplied by Citizens Water and CWA rates as of January 1, 2020³ to determine the financial benefit from the toilet replacement. The estimated life of the TRP benefit is nine years⁴ with a resulting present value of benefits of \$366,873. The present value of benefits compared to the total cost of toilet replacements during the program year of \$221,924 resulted in a benefit/cost ratio of 1.65.

Water heater replacement

CWA analyzed the impacts of the water heater replacement by estimating the energy, water, and wastewater savings that would result from replacing an older leaking water heater.

CWA utilized the Department of Energy's online Energy Cost Calculator to determine energy savings that would result from replacing a 53% efficient gas water heater with a 62% efficient water heater.⁵ The resulting 40 therms saved was multiplied by the Citizens Gas average incremental rates for 2019.⁶

Water savings was estimated using Citizens Water experience with average leak adjustments for Residential customers over the 24-month period from May 2018 through April 2020. The average estimated leak volume of 47.79 kgal was multiplied by Citizens Water and CWA rates. The total benefit was determined using an estimated life for water heaters of 13 years, resulting in a present value of benefits of \$304,006. The PV of benefits compared to the total cost of gas water heater replacements during the program year of \$61,351 resulted in a benefit/cost ratio of 4.96.

Water leak repair

CWA utilized the same average leak adjustment information, discussed above, to estimate the benefit of repairing a LICAP customer's water leak. The 47.79 kgal was multiplied by Citizens Water and CWA rates to determine an estimated annual benefit of \$613.51. A conservative value of 10 years was used for the estimated life of a water leak repair to determine the net present value of benefits of repairs made during the program year. This PV of benefits of \$178,205 compared to the total cost of water leak repairs during the program year of \$15,544, resulted in a benefit/cost ratio of 11.46.

Sewer leak repair

CWA utilized a conservative approach for determining the benefit to cost ratio of a sewer repair made under the LICAP infrastructure program. Specifically, the benefit to the homeowner from the sewer repair was assumed to be the same as the cost of the repair. This was conservative because no other benefits were estimated and because it assumes a homeowner is able to contract for a sewer repair at a similar cost as to what CWA incurs. Therefore, the estimated savings for a sewer leak repair equals the average cost of a sewer repair in the program, with a resulting benefit/cost ratio of 1.00.

³ Citizens Water's Residential metered water rate is \$4.8981 per kgal and CWA's Nonindustrial sewage disposal service rate is \$7.9385 per kgal (for the first 7.5 kgal), as of January 1, 2020.

⁴ TRP life is estimated to be 9 years using a blend of 30 years for the average life of the toilet structure and 5 years for the average life of mechanicals within the toilet.

⁵ <https://www.energy.gov/eere/femp/energy-cost-calculator-electric-and-gas-water-heaters-0#output>

⁶ For this analysis, utilized Citizens Rider A, Rider C, and Rider F, as well as the variable component of its base rate that would be avoided (i.e. first or second tier rate depending on typical therms used by a Residential customer during the month).

Program Communication to Potential Participants

Exhibit No. 2 contains the communications used to inform potential participants of LICAP. The exhibit contains the following items:

- Back of a customer monthly bill with FAQs regarding the program
- LICAP Infrastructure Guidelines. This is material provided to United Way to assist them in communicating the program to eligible customers and assisting them in enrollment
- Toilet Replacement Program Application. This is an application used to verify customer eligibility for the TRP. Includes images of the replacement units.

CWA LICAP Infrastructure Program

Cost Benefit Analysis

Program Year 1 Results (August 2019 through June 2020)

	A	B	C	D	E	F	G	H	I	J	K	L	M
					Per Unit								
	Component	Ave install cost per unit	Number of units installed	Life (yrs)	Water savings (kgal) per year	Energy savings (therms)	Water savings value/ unit	Sewer savings value/ unit	Energy savings value/ unit	Total benefit	PV of benefits	Total cost	Benefit to cost ratio
1	Toilet Replacement Program	\$ 541.28	410	9	8.70		\$ 42.61	\$ 69.06		\$ 45,788	\$ 366,873	\$ 221,924	1.65
2	Water Heater (Gas)	\$ 1,426.77	43	13	47.79	40	\$ 234.10	\$ 379.41	\$ 25.60	\$ 27,482	\$ 304,006	\$ 61,351	4.96
3	Water Leak	\$ 471.04	33	10	47.79		\$ 234.10	\$ 379.41		\$ 20,246	\$ 178,205	\$ 15,544	11.46
4	Sewer Repair	\$ 1,035.38	11							\$ 11,389	\$ 11,389	\$ 11,389	1.00
5										Overall	\$ 860,473	\$ 310,209	2.77

Account:	Service Address:	Current Balance:	Due Date:
		\$51.41	9/15/2020

[My Account](#) > [Account Detail](#) > [Statements](#)

Statements

10/29/2019 ▾

[Pay Bill](#)

[Payment Activity](#)

[Print Bill](#)

[Statement](#)

[FAQs & Definitions](#)

[Inserts](#)

EAP FAQs

- Q. Does my bill for wastewater service include a charge to fund the Low-Income Customer Assistance Program?**
- A.** Yes. As part of your sewer charges, each month you pay 45 cents to fund the Low-Income Customer Assistance Program. The Low Income Customer Assistance Program ("LICAP") provides a credit on wastewater service to qualified customers. LICAP also provides qualifying customers assistance with water-saving appliances and repairs. More information about our program can be found at: <https://www.citizensenergygroup.com/My-Account>.
- Q. Can I obtain a more detailed list of the charges on my bill?**
- A.** Yes. Upon request, Citizens will provide monthly bills with more detail on specific charges. You can request a detailed bill by contacting a customer service representative at (317) 924-3311 or selecting the option on-line at <https://www.citizensenergygroup.com/My-Account/MyProfile/Billing-Preferences>. There is no additional charge for a detailed bill.
- Q. How is Energy Assistance applied when my account is on budget?**
- A.** Energy Assistance will only apply to the Gas Budget amount. Water and Sewer Budget amounts will be required to be paid each month to remain on the Budget.
- Q. How is Energy Assistance applied when my account is on arrangements?**
- A.** Energy Assistance will only apply to the Gas service charges. If Energy Assistance does not satisfy the total balance on the account the arrangement agreement would still be required to be paid as scheduled.
- Q. What happens to my EAP assistance credit if I move?**
- A.** All unapplied EAP payments will be returned to the Indiana Housing and Community Development Authority (IHDA).

DEFINITIONS

CCF - Amount of gas and water which goes through the meter, measured in 100 cubic feet. For water and sewer, 1 CCF is approximately 750 gallons.

cr - Indicates a credit.

Cu FT - Cubic Feet - A standard unit of measure for volume.

Therm (THRM) Used - Energy value of the gas used.

EAP Gas Credit - The amount of Energy Assistance received from the State of Indiana. These funds can only be applied to the gas charges on your account. The Energy Assistance Summary section of the bill shows your EAP credit received, any payments applied to-date, and any balance remaining to be applied to future charges.

Conversion - Used to convert the metered consumption to calculated charges for billing purposes (for example CCF to Therms).

Universal Service Program Discount - Discount for approved Energy Assistance customers to receive a rate reduction for gas service from December to May.

Gas Charges - Includes cost of gas used, maintaining a safe and dependable distribution system, meter reading, billing and various customer services.

Sewer Charges - Based upon the volume of water used. Cost to maintain disposal system, safely process discharge, and billing services.

Water Charges - Includes cost of water used, maintaining a safe dependable distribution system, meter reading, billing, and public fire protection.

Customer Benefit Adjustment - A credit designed to distribute, to all customers, funds as approved by the Indiana Utility Regulatory Commission (IURC).

Miscellaneous Charges - Charges such as 24-month consumption report, refund charged, etc.

LICAP Credit - The Low Income Customer Assistance Program (LICAP) provides a credit on wastewater service to qualified customers.

LICAP INFRASTRUCTURE

This program provides repair or replacement protection for water/sewer lines, faucet/drain leaks, and water heaters.

GUIDELINES

- Customer must own and reside in home
- Name on bill must be same as name on deed filed with the assessor's office
- Must have Citizens' gas service to be eligible for gas line repair
- Must have Citizens' water/sewer service to be eligible for water/sewer line repair
- Water heater must be gas to be eligible for repair
- Water must be on
- Income must be below 70% SMI
- Septic systems are not eligible

Toilet Replacement Program

Must be homeowner. Name on deed filed with Marion County Assessor Office must match name on Citizens' water and sewer bill. 211 can ask the customer and Citizens' will verify.

Must be connected to Citizens' water and sewer.

Must be under income guidelines.

Name:

Address:

City:

Zip code:

Phone Number:

Number in household:

Annual income for everyone in household:

Number of toilets (max. 2):

Type of toilet: **A**:Round ---- **B**:Elongated ---**C**: High/ADA (17 inches) ---**D**: Don't know
The high toilets are also known as Americans with Disabilities Act Toilets (ADA toilets)

If the customer is eligible, please send the information in red to bmcclellan@citizensenergygroup.com

The information and account will be reviewed by Citizens Energy Group.

If approved, **Gordon Plumbing will be notified and will call the customer** to set up an appointment for the install.



Americans with
Disabilities
Act toilet
(ADA Toilet)

17" from
floor to
rim

Sits higher
than normal
toilets

Elongated Toilet
From floor to rim is 15"



Standard
Round Toilet
From floor to rim
is 15"

15"
rim
floor

