



MEMORANDUM

TO: Mayor and Council Members

FROM: Jackie A. Sargent, Austin Energy General Manager *JAS*

DATE: February 23, 2022

SUBJECT: Customer Assistance Program Eligibility for Utility Bill Discounts

The Office of the City Auditor recently released a special report, “Customer Assistance Program Eligibility for Utility Bill Discounts.” Austin Energy, in its role managing combined billing for all City of Austin Utilities, welcomes the Auditor’s special report, as it provides an opportunity to clarify and enhance ongoing quality controls that are in place to be good stewards of ratepayer funds.

Because the report did not include a management response, we write to provide clarity and share recent process improvements that ensure eligible customers are enrolled quickly while using robust checks and balances to prevent ineligible participation. The narrow scope of the Auditor’s special report could lead someone to misunderstand what additional income verifications are necessary. Austin Energy is confident that COA Utilities assistance eligibility and enrollment practices strike the right balance between stringent, industry-best standards and removing barriers to participation for those in need.

The Customer Assistance Program (CAP) helps reduce utility bills for customers with low incomes. In 2012, at City Council’s direction, the program moved to an automatic enrollment model to remove barriers to entry and ensure discounts to eligible customers are received as quickly as possible. Customers who participate in any of eight government-assistance programs – which verify incomes at or below 200 percent of the federal poverty level – receive the CAP discount without completing an additional application. This has increased the number of eligible households receiving the discount from 7,700 to more than 35,000.

To guard against any unintended consequences of automatic enrollment, COA Utilities established a secondary screening process in 2017. Customers with home improvement values (home structure only, not land) exceeding \$250,000 or who own multiple properties are asked to complete a secondary income verification. When this screening was conducted manually, customers received CAP discounts until the secondary income verification was completed. The goal was to complete this secondary verification within 90 days. Still, customers were also given flexibility when they had difficulty producing documents or needed additional wrap-around social services to help.

Prior to the Office of the City Auditor’s examination, COA Utilities used this process to remove from CAP 25 of the 29 accounts referenced in the Auditor’s special report. COA Utilities would gladly work with the Auditor’s office to provide additional clarity on the remaining four accounts identified in the report.

Additionally, starting in June 2021, customers eligible for CAP participation are screened by a third-party vendor against county property tax records before CAP discounts are applied. Applicants who meet the requirement for secondary income verification must complete that process before receiving CAP discounts.

The Auditor's special report findings only reflect the "124 customers who received a discount in the last three years based on a list provided to City Council by a concerned citizen." Because the scope of the special request report is not a statistically valid random sample of the population in the discount program, its findings cannot be generalized to CAP participants. For example, the special report states, "more than 80 percent of the customers in our sample owned properties with a home improvement value of at least \$250,000 . . . about 18 percent . . . owned more than one property." When looking at the entire CAP population, however, about 80 percent of CAP participants are renters. Therefore, the Office of the City Auditor's findings cannot be extrapolated to CAP customers overall.

The City of Austin's Customer Assistance Program serves as a national model for similar programs throughout the country. By leveraging the income-screening already conducted by other government-assistance programs, CAP is administratively efficient, cost-effective, and more accessible and equitable for the low-income customers it serves. We are confident that our robust system of checks and balances, and our efforts to make this process as easy as possible, enable the customers who need help to receive CAP discounts.

If you have any questions or concerns, please feel free to contact Kerry Overton, Austin Energy's Deputy General Manager & Chief Customer Officer.

cc: Spencer Cronk, City Manager
Corrie Stokes, City Auditor
Kerry Overton, Deputy General Manager & Chief Customer Officer, Austin Energy