

MSD Customer Assistance Program



On February 19, 2019, the Board of Hamilton County Commissioners held a public hearing to solicit public comment on MSD's proposed Customer Assistance Program (CAP) and its proposed sewer rate revision. MSD presented information about its proposed CAP, which provides for 20% rate reduction for eligible low income seniors. Provided below are the public comments that the County Commissioners received from those in attendance and MSD's responses.

1. Why did MSD propose a 20% rate reduction for low-income seniors and not a 30% or 40% reduction?

MSD proposed a 20% rate reduction for low-income seniors to keep the program *rate neutral*. Based on a recent analysis of the anticipated eligible customers, the CAP, as proposed, could cost as much as \$1.7M with full participation.

Using MSD's November 2018 "Comprehensive Wastewater Revenue Requirements Study" as a guide, the foregoing \$1.7M revenue loss is within the Study's planned baselines of CAP costs being \$400K in Program Year 1, \$800K in Program Year 2, and \$1.2M in Program Year 3 (and beyond). These revenue losses also are accommodated by the Study's recommended 1% rate increases beginning in 2020 ("Comprehensive Wastewater Revenue Requirements Study," page 22).

Any sewer rate reduction greater than 20% would create a greater revenue loss and could result in higher rates than the Study's recommended amount.

Finally, MSD examined comparable customer discount programs already in place in other Ohio metropolitan areas, which range from 10% - 50%, to determine an appropriate starting point for its program. Once the County Commissioners approve a CAP, MSD implements it, and participation levels are established, the Sewer District will be in a better position to recommend any further rate reductions to the Commissioners.

2. Why is the income criteria set at 200% Federal Policy Level and not 175% of the Federal Poverty Level?

MSD's proposed CAP is based upon Ohio Revised Code, Section 6117.02. This law allows the County Commissioners to establish rate discounts for seniors (65+) **ONLY**. Within that requirement, the Commissioners must establish income eligibility requirements based upon either:

- The Homestead Exemption income threshold that is indexed by Ohio Dept. Taxation and for 2019 is \$32,800, which is approximately 200% federal poverty level; or
- Low to moderate income threshold that is set by the Ohio Housing Finance Agency, which uses Federal HUD guidelines.

MSD selected the Homestead Exemption criteria because it is used locally for other comparable discount programs (e.g., the Hamilton County Auditor) and it is well-defined under Ohio law.

3. Why not expand the CAP to include low income disabled persons in addition to low income seniors, or expand it to include all low income persons, not only seniors or disabled?

Ohio law allows establishment of a rate discount program for seniors only. Neither the County Commissioner nor MSD have authority for any other discount rate that is not based upon age (65+).

4. Why does the proposed CAP only apply to property owners and not renters?

Initially, MSD has proposed a CAP for low-income, owner occupied seniors because it can be implemented under existing billing practices. There are significant challenges to including renters in the CAP, related both to eligibility criteria (e.g., determining who is responsible for utility costs, landlord or renter) and current billing practices for MSD sewer services.

While MSD supports cost affordability for sewer services, it can presently only deliver discounts to ratepayers as identified in the GCWW billing system. In the future, an expansion of the program could cover renters identified in the billing system as *ratepayers*, if they meet all eligibility criteria.

5. MSD should have a 3rd party administer the CAP.

Given the anticipated size of the program, MSD recommends administering the CAP internally with existing MSD staff. MSD will monitor the program and, if participation rates increase, will consider adding more staff or hiring a third party (cost efficiency will be an important factor). MSD has found that other communities pay large costs to a third party administrator that could otherwise go into providing ratepayer benefits. MSD finances are auditable.

6. What is the appeals process?

Disputes about MSD bills or denial of participation under the CAP program may be appealed to the City of Cincinnati Office of Administrative Hearings. Decisions made by the Office of Administrative Hearings are also appealable to the Hamilton County Court of Common Pleas.

7. Why do CAP applications need to be renewed annually?

Annual verification of low income program eligibility is standard for public assistance as income and home ownership may change year to year. MSD will require annually renewals of CAP participants to verify eligibility. MSD will send reminder notifications to all persons included in the prior year.

8. Why not change the minimum amount charged for sewer services?

Any such changes to the current rate structure would require an extensive rate study with multiple alternatives for the policy makers' consideration. As such, the subject of minimum charges is beyond the scope of MSD's CAP proposal.

For more information, please visit www.msdbg.org/CAP.

