



Date: June 5, 2023
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
Marc Heirshberg, Deputy City Manager
From: Brian A. Ritschel, Management and Budget Director
Scott Bouchie, Energy and Sustainability Director
Subject: Schedule E1.11 Revision

PURPOSE AND RECOMMENDATION

The purpose of this report is to provide staff recommendations for removing “Pilot Program” from Electric Rate Schedule E1.11 and adjusting the eligibility requirements for program participants. The schedule revisions are recommended to be effective 30 days after the adoption of these changes.

BACKGROUND AND DISCUSSION

The Summer Electric Assistance (SEA) Program began as a Pilot program in Fiscal Year 2015/16 to assist low-income households with their summer electric bills. Applicants are required to provide income verification to meet the qualification thresholds of the program. The current eligibility is total verified household income at or below \$27,000 annually, or consideration of household size in relation to income as well as federal poverty guidelines to determine eligibility.

In January of 2023, the Social Security Administration raised the Social Security benefits and Supplemental Security Income 8.7%. This increase has caused some SEA program participants' income to rise above the \$27,000 threshold for eligibility. The Energy Resources department is proposing a change to various eligibility conditions on the rate schedule. For condition 3, Energy Resources would like to remove “As this service is a Pilot Program, there is no guarantee of continued eligibility or availability and there will be limits on the number of customers who may participate.”

Condition 4 will be revised to increase the threshold to \$34,000 and allow for further annual adjustment by an escalation factor equal to the changes in the U.S. Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), calculated in a manner consistent with the Cost-of-Living Adjustment by the United States Social Security Administration. Energy Resources also proposes to change condition 5 to “The Mesa Electric Utility may include consideration of household size in relation to income as well as U.S. Department of Health and Human Services (HHS) federal poverty level guidelines and U.S. Department of Housing and Urban Development (HUD) Fair Market Rents and Income Limits data to determine whether customers receive service under this Schedule. Consideration may also be made for customers who require life support, are disabled, or have other vulnerabilities.”

Energy Resources also proposes to make the program permanent and remove “Pilot Program” from the rate schedule. The SEA Program began in Fiscal Year 2015/16 and the next program will span Fiscal Years 2022/23 and 2023/24.

ALTERNATIVES

Alternatives would be to keep the program as is and cause current SEA program participants to become ineligible due to the increase in Social Security income.

FISCAL IMPACT

The fiscal impact would be negligible based on current program participants remaining eligible for the SEA program if the revisions are approved and variability of participants from year to year.