

MEMORANDUM

Date: March 28, 2023

To: Water Utility Board

From: Krishna Kumar, General Manager

Subject: MadCAP Update / Informational Item

RECOMMENDATION

Informational Item – No action needed.

BACKGROUND

Madison Water Utility (Utility)'s 2022 rate case was approved by the WI Public Service Commission (PSCW) on December 29, 2022. The new rates were implemented on March 1, 2023. As part of the 2022 rate case, the Utility sought and obtained PSCW's approval for introducing a means tested Customer Assistance Program (CAP) on a 2-year pilot basis – the first such approval for a water utility in the State of Wisconsin.

Implementation of a means tested CAP is both prudent and reasonable to accomplish the Utility's twin objectives of increased water rates to make needed investments in the Utility's infrastructure and making drinking water accessible and affordable to all its customers as delayed investment in needed infrastructure replacement will ultimately cost all customer classes more money in the long run.

Madison Customer Assistance Program (MadCAP)

The City of Madison currently bills for six municipal services in one combined monthly bill administered by the Utility – Water, Sewer, Stormwater, Urban Forestry, Resource Recovery, and Landfill. Leveraging on the approval of PSCW for water services, the City of Madison is extending MadCAP to the other five city municipal services as well.

MadCAP can help reduce municipal services costs for low-income residents. It offers monthly bill credits, or discounts, to low-income customers. Eligible households can receive a monthly bill credit of \$20 or \$30 (based on income.) The average current monthly municipal services bill amounts to approximately \$100.

It is estimated that 8,258 households may be eligible to apply for MadCAP within our service area. However, at an estimated participation rate of 10% in year one and 20% in year two, approximately 826 and 1,651 residents are estimated to receive the benefits of this novel program in 2023 and 2024 respectively.

The total city wide cost, including for the Utility, for the 2-year pilot is estimated to be \$756,716 as shown in Attachment – 1. The basis and respective share of these costs for each of the services is provided in Attachment -2 and is summarized below.

Municipal Service	2023	2024	Total
Water	\$102,883	\$199,737	\$302,620
Sewer	\$93,558	\$181,576	\$275,134
Stormwater	\$41,671	\$80,875	\$122,546
Forestry	\$10,863	\$21,083	\$31,946
Resource Recovery	\$6,545	\$12,703	\$19,248
Landfill	\$1,776	\$3,446	\$5,222
Total	\$257,296	\$499,420	\$756,716

Levels of Participation

The biggest challenge with any CAP rollout is the actual level of participation by eligible households. It will take time and effort on the part of the Utility to reach meaningful levels of participation by eligible households. Clearly without a significant level of participation, the program will not meet its stated goals. The Utility staff has been in consultations with the City of Madison Community Development Authority (CDA) staff to explore ways to benefit from CDA's existing vetting process so as to potentially reduce the administrative burden on eligible households. The Utility will also leverage existing City community meetings to increase the level of MadCAP participation.

The attached application in English provides more specific information as to specific eligibility. Application forms are also available in three other languages – Chinese, Hmong, and Spanish. Copies of applications and additional information are also available on the Utility's web page: (<https://www.cityofmadison.com/water/billing-rates/madcap>).

The related press release of February 28, 2023 can be accessed at <https://www.cityofmadison.com/news/madison-launches-madcap-to-reduce-bills-of-low-income-utility-customers>

ATTACHMENTS:

1. MadCAP – 2-Year Pilot Estimated Costs
2. MadCAP – Inter-Service Cost Allocations
3. MadCAP – Application