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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Memorandum

To: Municipal Utility Directors; and City, County, and Town Chief Administrative Officers
From: Erik Johnston, Director, Virginia Department of Housing and Community Development (DHCD)
Date: November 19, 2020
Re: COVID-19 Municipal Utility Relief Program: **SCC Application Deadline is November 30, 2020**

This memo is to inform you that provisions within the Appropriation Act make municipal utility system customers eligible for relief due to ongoing matters related to the COVID-19 pandemic. A municipal utility is a "utility providing electric, gas, water, or wastewater service that is owned or operated by a city, county, town, authority, or other political subdivision of the Commonwealth."

The Virginia State Corporation Commission (SCC) has developed an online application system whereby interested municipal utilities may submit an application based on their arrearages over 60 days and 30 days as of October 31, 2020. Please note that arrearages incurred before March 1, 2020, are to be included in the SCC application to determine allocation awards, however arrearages incurred before March 1, 2020, are not eligible for assistance per Federal Treasury Department rules. **Applications from municipal utilities to the SCC are due by COB November 30, 2020, to be considered for this allocation of funds.**

After the application deadline, the SCC will determine the amount that each municipal utility that applied for funds is eligible to receive as a proportion of all statewide arrearages for both regulated and non-regulated utilities. It is important to note that funding is not guaranteed to cover all arrearages that have accumulated over this time period and utilities are likely to be allocated a pro-rata share.

DHCD will follow up with a separate memorandum that provides more details on the next steps that will need to be taken by those municipal utilities that apply for funds and are awarded allocations by the SCC. This process will occur after the November 30 application deadline and will entail a required certification process before funds can be dispersed.

Given the tight timeline for utilization of these funds and to ensure each utility directly receives these funds in an expedited manner, each municipal utility system awarded funds will need to partner with a county or city to act as the fiscal agent to receive funds through the Department of Accounts (DOA) and then forward to the partner municipal utility to implement the program for the utility's customers. Therefore, it will be important for each municipal utility system to quickly identify and seek the approval from the Chief Administrative Officer of their partner city or county. For example, towns should seek the assistance of one of the counties in which they are located. For regional municipal utility systems, the same concept would apply, but any of their member counties or cities can serve as the fiscal agent for the utility. The forthcoming memorandum will include a certification by both the city or county and the utility

director. The city or county and utility can work together to develop the customer grant program that works best locally/regionally and is in compliance with state and federal law.

DHCD will follow-up with this post award certification application to collect a joint certification from the (1) Chief Administrative Officer of the partner city or county and (2) the executive director for the corresponding utility system before directing DOA to disburse such allocation. Furthermore, DHCD will provide additional guidance regarding the use of such funding which will follow requirements outlined in the Appropriations Act and in accordance with eligibility requirements pursuant to the United States Department of the Treasury guidance. **Please note that the U.S. Treasury guidance requires attestation by utility customers of the COVID-19 economic hardship, which means utilities will need to collect and save these customer attestations before forgiving eligible arrearages.**

Overall, upon receipt of such funds, utilities shall create separate COVID-19 Utility Assistance Funds and record direct assistance payments to customers on their books in accordance with applicable accounting standards. Utilities may not direct any funds provided through this program to new deposits, down payments, fees, late fees, interest charges, or penalties. Utilities shall reflect the direct assistance payment on an eligible customer's monthly bill, after the funds are applied to the customer's account. Utility customers may only receive a direct payment subsidy from the utility's COVID-19 Utility Assistance Fund once. Fund payments may not be used for government revenue replacement, including the replacement of unpaid utility fees.

For questions contact: utility@dhcd.virginia.gov

Information from SCC and SCC Application Link

The SCC has developed an application for municipal utilities to apply for CRF. In order to receive a portion of CRF, a municipal utility needs to complete and submit the application by the close of business on November 30, 2020. Applications are electronically transmitted to the SCC upon submission.

Application for Coronavirus Relief Funds Municipal Utilities

The SCC has determined that CRF will be distributed to regulated utilities and municipal utilities in the following manner:

- SCC will first combine regulated and non-regulated utility arrearage information to determine if CRF allotted by HB 5005 is sufficient to offset all utility arrearages over 60 Days
- SCC will next determine allocation amounts for individual utilities if CRF is insufficient to: (i) offset all 60-Day Arrearages; and if applicable, (ii) offset all 30-Day Arrearages of participating utilities
- SCC will use the following allocation methodology: (i) establishing each participating utility's percentage of all arrearages to total participating utility arrearages, and (ii) applying that percentage to total CRF dollars available for allocation. As shown below, this formula will yield each utility's CRF allocation:

$$\frac{\text{"Utility A" 60-Day Arrearages}}{\text{Total 60-Day Arrearages of all participating utilities}} \times \text{CRF} = \text{Individual CRF Amount}$$

Any remaining CRF will be allocated as follows:

$$\frac{\text{"Utility A" 30-Day Arrearages}}{\text{Total 30-Day Arrearages of all participating utilities}} \times \text{CRF} = \text{Individual CRF Amount}$$