



LODI ELECTRIC UTILITY
COMMUNITY
BENEFITS INCENTIVE
DISCOUNT (CBID)

CITY COUNCIL MEETING
OCTOBER 1, 2025

2

COMMUNITY BENEFITS INCENTIVE DISCOUNT

- Adopted in 1996
 - To encourage development and continued operation of organizations providing wide spectrum of direct benefits to the community
 - Never anticipated to be fiscally neutral or positive
 - Approximately 14 entities currently receiving discount
 - 5 ineligible under current criteria
 - Cost = less than \$30,000 annually



Provides 30 percent discount on monthly electric charges for **IRS 501(c)(3) non-profit** entities receiving **CDBG funds in past 2 years**

3

BACKGROUND

- Staff review of discount and eligibility requirements in 2019
 - Legal opinion that any changes could trigger Proposition 26
 - Staff directed to notify and remove ineligible customers
 - Activities put on hold due to COVID
 - Recent legal opinion that discount is considered a subsidy even though approved prior to Proposition 26



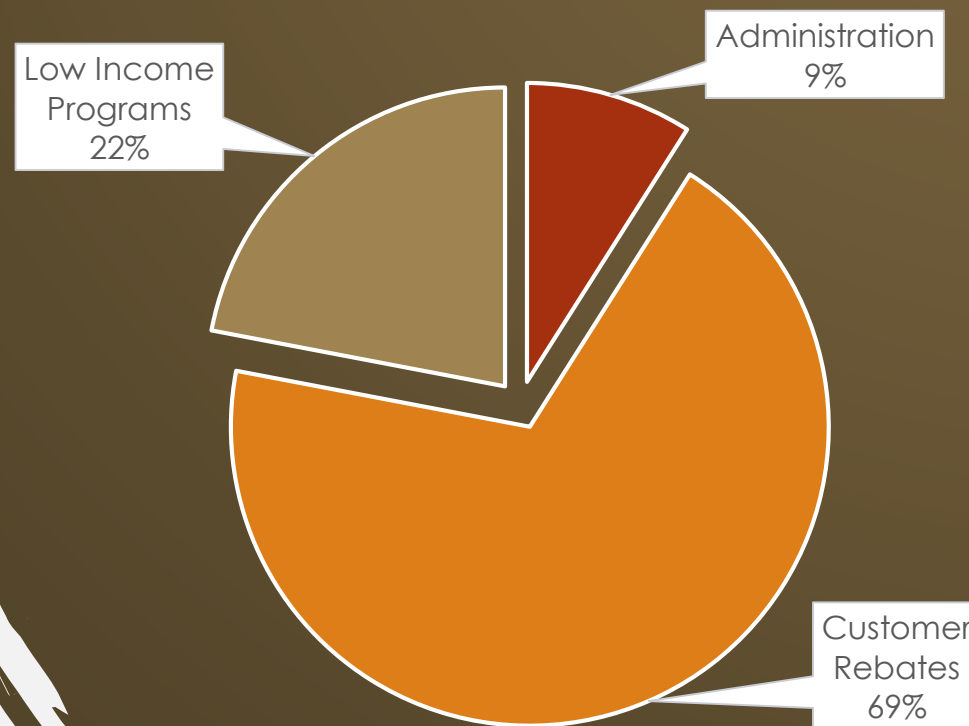
Proposition 26 prevents provision of specific benefit, privilege, government service or product to a customer whereby the cost is subsidized by another

4

PUBLIC BENEFITS FUNDING

- Requires utilities to collect and set aside portion of retail energy sales for:
 - Energy Efficiency
 - Renewable Energy
 - Research & Development
 - **Low Income Programs**
- LEU collects approximately \$2M each year in Public Benefits funding
 - Approximately 20 percent current used for SHARE Discount Program and CARE payments

Annual Public Benefits Budget



OPTIONS TO CONSIDER

- STATUS QUO
 - Not an option – MUST change funding source
- OPTION 1 – CHANGE FUNDING SOURCE TO PUBLIC BENEFITS
 - Leave eligibility criteria as is
 - Possibly expand CDBG recipient status from “within past 2 years” to longer period
 - Applicants would need to demonstrate/self-certify non-profit serves low-income/disadvantaged communities
- OPTION 2 – CHANGE FUNDING SOURCE AND ELIGIBILITY CRITERIA
 - Would caution against opening to all non-profits
 - CDBG recipient criteria ensures discount is being provided to community/service type organizations
- OPTION 3 – ELIMINATE DISCOUNT



NEXT STEPS

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QUESTIONS DISCUSSION

Lodi Electric Utility

www.lodielectric.com

