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COMMENT LETTER TO UTILITIES & TRANSPORTATION COMMISSION
On COVID-19 and Impacts to Utility Customers, Docket # U-200281

July 31st, 2020

Dear Judge Kopta,

Puget Sound Sage, Front and Centered, and The Sierra Club appreciate the opportunity to submit comments on the impacts of COVID-19 to utility customers, Docket # U-200281. Puget Sound Sage works with Black, Brown, Indigenous, and low-income communities in the South Seattle and South King County regions. Front and Centered is a state-wide coalition of organizations rooted in communities of color and with lower incomes. Together, we are committed to equity and ensuring climate and environmental justice because our communities are hit first and worst by extraction, pollution, and climate change, exacerbating existing health and economic disparities. Our communities are also disproportionately impacted by this pandemic and the economic downturn. We are joined in this letter by the Sierra Club, who represents approximately 90,000 members and supporters in Washington State. As a collective, we submit this letter urging the UTC to develop policy that supports those most impacted by the COVID-19 pandemic in surviving and recovering from this crisis.

Two years ago, Puget Sound Sage set out to understand the impact of energy costs to Black, Brown, Indigenous, low-income, disabled, female, and LGBTQ+ people in King County. Our study, involving over 450 people across the county, identified that high energy costs have created a financial burden on too many households, forcing people to make decisions between paying their utility bills and buying food or other necessities.

We concluded that energy is vital to people on the social margins, but also precarious. Energy is necessary to get to work and school, for operation of lifesaving medical equipment, and for day-to-day survival of low-income households - many of whom live paycheck to paycheck. Yet, our distribution system assumes that people don't deserve energy if they can't afford it. Worse still, high energy costs can also tie people into long-term debt that makes it even harder to keep above water.

The pandemic, and subsequent economic shut-down, has compounded these disparities. Black, Indigenous, people of color are dying at higher rates than white people. Low-wage workers deemed essential are disproportionately exposed to COVID-19 at their workplace. Disabled people have been cut off from life sustaining activities, and laid off service-sector workers have no income and dim prospects for a long time. Our state and nation have entered an unprecedented economic downturn in which people on the margins have been affected first and worst. If past recessions are an indicator, they will also be last to be hired back and for the lowest wages. And, the downturn will be harder and longer than the recent Great Recession. We are in an unfolding disaster that turns cracks in our safety nets into yawning chasms.

In this state of emergency, we absolutely cannot let households facing multiple threats to life and safety be cut off from energy utilities. This is not only an equity issue – with several ongoing national crises, anyone could suddenly find themselves facing disaster. If just one working member of a household dies of COVID-19, or becomes disabled, an entire family could be plunged into indefinite economic hardship. By centering people already in hardship or on the edge, we can craft a response to this unprecedented crisis that ensures no-one falls off the cliff. Our recommendations below reflect this analysis.

We urge the UTC to adopt the following regulatory response to the COVID-19 crisis:

1. Establish a moratorium on utility shut-offs, late fees, reconnection fees, down payments, and reconnection deposits until all counties have reached Phase 4 plus a recovery period of 180 days.
2. Utilities should reconnect customers who have already been disconnected (up to a year before the moratorium goes into effect) until the end of the moratorium plus recovery period (180 days).
3. Utilities should erase the debt for households making 30% Area Median Income (AMI) and below.
4. Utilities should create arrearage payment plans for households between 31-80% AMI, based on a proportion of their income. For example, households from 31-50% AMI would pay only 2% of their monthly income and households from 51-80% AMI would pay only 3% of their monthly income to pay down the debt. After a reasonable time period, remaining debt would be erased.
5. Utilities cannot create caps or limits for how many low-income customers can participate in debt erasure.
6. Utilities should conduct robust and thorough outreach to communities in relevant languages and cultural contexts – which includes translation, interpretation, in-person outreach, and outreach by trusted community organizations. All means of communication must be maximized to negate the need of using shut-offs to prompt communication from customers.
7. Utilities must report customer data monthly, until at least the end of 2021, including zip code, multiple indicators of credit, and collections trends for their customers. Data collection needs to be prioritized on arrearages and needs for assistance to inform development of payment plans.
8. Utilities will discontinue the practice of reporting customers to collection and reporting agencies for the duration of the moratorium, recovery period, and no less than four months after the recovery period.
9. The costs of the pandemic response and debt erasure should not be born exclusively by ratepayers. In particular, it is not in the public interest under present circumstances to allow for regulatory accounting for lost revenues attributable to customer load reduction. There is no guarantee that a utility will make a profit or receive certain revenues. The ratemaking process of setting just and reasonable rates requires balancing investors' right to an *opportunity* to earn a fair rate of return with the right of the public to pay no more than reasonable rates for the utility's service. As with any investment, investors bear certain risks. Reduction in load demand is one of those risks. Reduced profit during periods of crisis are another such risk. We expect shareholder profit and executive compensation reductions to contribute to paying the cost burden of crisis adaptation and customer relief efforts.

Any final agreement from the negotiations in this process should be approved by a legally-binding UTC order.

In crafting our comments, we opted to not redline the Illinois COVID-19 Stipulation (IS), as suggested, because we do not think it is an appropriate starting point for UTC action in Washington State. The IS did not stem from an analysis of disproportionate impacts to Black, Brown, Indigenous, low-income, disabled, female, and LGBTQ+ people. As a result, the subsequent design was flawed in ensuring all of these communities would benefit from the utility programs. We have the following additional concerns:

- The IS assumes a sunset to the moratorium (Aug 1st, 2020) that is completely unrealistic in Washington (and probably for Illinois as well).
- The IS allows all net COVID-19-related costs to be recovered from ratepayers. Utilities need to contribute shareholder dollars and executive pay during the worst crisis of our lifetime.
- The IS allows each utility to establish different debt relief structures and amounts, which creates confusion and potential disparities between service regions.
- The first come, first serve design of the debt erasure programs is not acceptable. The starting goal in Washington should be that everyone who qualifies for relief should receive it.
- The IS provides an insufficient grace period of 60 days. We need to plan for economic recovery and not just recovery from the pandemic.
- The IS provides inadequate guidance around utility communications to customers. Utilities communications need to be accessible, in-language, and culturally appropriate, and not just limited to English and Spanish.
- The IS puts the responsibility on the customers to contact the utilities, initiate negotiations, and prove eligibility in order to benefit from flexible payment programs or debt forgiveness. This creates further barriers and hardship to low-income customers already in distress.
- The IS rolls outstanding balances into reconnected accounts. Instead, reconnection should be done at the same time as debt erasure, so that the minimum amount is rolled in.

Below, we have identified several mechanisms from the Illinois COVID-19 Stipulation (IS) and the California Public Utility Commissions' recently approved Arrearage Management Program (AMP) that would also enhance what we do in Washington state.

- In the IS, if one region in Illinois regresses in its opening phases, the stipulation may be renegotiated to revisit the moratorium period.
- In the IS, customers can express financial hardship verbally, with no documentation required, to enter into Deferred Payment Arrangement (DPA) plans.
- In the IS, there is no down payment for DPAs for customers expressing hardship, qualified for LIHEAP, or eligible for bill assistance.
- In the IS, utilities must file every month, by zip code, multiple indicators of credit and collections trends for their customers. Separate data will be provided for LIHEAP qualified customers and Percent of Income Payment Plan qualified customers. Reports are required through the moratorium period and 6 months after that.
- In the AMP, up to \$8,000 of debt is erased.
- In the AMP, each payment made immediately erases that portion of the debt. For example, in the AMP, payment plans are 12-months long. After each payment is made, 1/12 of the debt is erased.
- In the AMP, customers can remain in the program even if they miss up to 2 payments, as long as they make the next payment. Bill payment plan can be extended beyond 3 months (90 days)

upon discretion of customer service representative. Even if a customer falls out of the program, they can reapply at a future date.

Thank you for considering our comments. We urge you to use your power to protect Washingtonians during this unprecedented crisis. If you have any questions, please do not hesitate to contact us.

Sincerely,

Katrina Peterson, Climate Justice Program Manager at Puget Sound Sage

Deric Gruen, Co-Executive Director of Programs and Policy at Front and Centered

Julian Aris, Associate Attorney at Sierra Club