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Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

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COMMISSION

Re: Docket U-200281: Response to Commission Request for COVID-19 Written Comments in Advance of February 17, 2021 Recessed Open Meeting

Dear Mr. Johnson:

Puget Sound Energy (“PSE”) appreciates the opportunity to provide written comments in response to the Commission Notice of Opportunity to File Written Comments (“Notice”) issued on January 26, 2021 in this docket. Throughout the COVID-19 pandemic, PSE has been keeping customers informed about changes in its processes, and also educating them about the assistance programs available. PSE launched its Crisis Affected Customer Assistance Program (CACAP) in April of 2020, and as of February 1, 2021, PSE has provided \$8.8 million in assistance to over 15,000 customers who experienced a financial impact due to COVID-19. In August of 2020, PSE extended the term of its payments arrangements from 3 months to 12 months for both residential and commercial customers, giving customers more time to pay their bills during this challenging time. Currently, PSE is focused on implementing the requirements of the COVID-19 Customer Assistance Plan to assist its customers as PSE nears the resumption of collection activities, which have been paused during this moratorium. Our goal as PSE restarts these processes is to ensure safe, continued service for all customers with a focus on maximizing assistance and/or payment plans to households in need wherever possible.

Below PSE addresses each of the discussion topics outlined in the Notice.

Progress of Arrearage Management Plans or Debt Forgiveness Plans

Arrearage management plans (AMPs) or debt forgiveness plans has been an area of research and education for PSE over the last several months. PSE has been examining the types of AMP or debt forgiveness plans throughout the country and consulting with its Low-Income Advisory Group on these programs. PSE also met with Avista to understand how it created and implemented its program. As a result of these discussions, PSE would like to further investigate how it might implement a program of this type, either an AMP or a Percent Income Payment Plan (PIPP) or some other related mechanism to reduce energy burden for our customers. Given the inherent complexity of designing and implementing these types of programs, PSE has

prioritized starting up the COVID Bill Assistance Program first. PSE intends to resume discussions on this topic in the second quarter of 2021.

Communications and Outreach Actions for Customers with Past Due Balances

PSE's key objectives for its communication and outreach to customers during this time are to:

- 1) Provide awareness to in-need customers of the energy assistance programs that PSE offers; and
- 2) Lower language and technology hurdles for in-need customers as a means of increasing engagement as well as access to assistance.

PSE is using multiple forms of media to provide information and education to its customers regarding past due balances and the assistance available, including the use of search engine marketing, paid social media, new customer mailing packets, and its monthly newsletter, The Voice (which reaches 1.8 million customers), streaming audio, direct mail, e-mail and outreach through community organizations. For examples of some of PSE's recent communications with customers, please see Attachment A.

In addition, PSE is continuing its efforts to distribute CACAP program funds to those customers with incomplete applications by contacting each customer by phone, email, and a CACAP postcard, which was sent by mail on February 5, 2021 and is included as Appendix A for reference.

Planned Communications Regarding the Resumption of Disconnections

Once the collection process resumes, PSE will continue using multiple forms of media to educate and inform its customers, as described above. PSE is also working on a more robust multilingual communications effort. This effort includes Spanish language pages on the pse.com website for energy assistance and low-income weatherization, social media and digital ads in English and Spanish, along with developing a plan for supporting our agencies and community non-profits with print materials and links to short videos in English, Spanish, Mandarin, Russian, and Vietnamese.

Current Customer COVID-19 Data as Specified in Order 01

Consistent with the COVID-19 Response Term Sheet and the customer data reporting requirements outlined in Order 01, PSE provided COVID-19 related customer data to the Commission on December 1, 2020 and February 1, 2021. On February 9, 2021, PSE filed a correction to the data previously submitted to correct an error in the data reported for past-due balances for known low-income households.

In reviewing this data, PSE is finding that, without collections activity, customer action to reduce balances is down:

- 1) Payments: Nearly 30% of the customers who were past due as of January 31, 2021 have not made a payment in the last 90+ days (since before November 1, 2020) and 14% of those customers (29,166) have either never made a payment or have not made

- a payment since before April of 2020. These customers represent almost \$46 million in outstanding balances.
- 2) Energy Assistance: When comparing March-December 2020 versus March-December 2019, the number of customers receiving energy assistance pledges (excluding CACAP) decreased by 6.5%.
 - 3) Payment Arrangements: When comparing March-December 2020 versus March-December 2019, the number of customers entering into payment arrangements with PSE decreased by 42.5%. The number of overall payment arrangement transactions decreased by over 47%.
 - 4) Medical Emergency Payment Arrangements: When comparing March-December 2020 versus March-December 2019, the number of customers entering into medical emergency payment arrangements with PSE decreased by 92.4%. The number of overall medical emergency payment arrangement transactions decreased by 93.5%.

Given that customer action appears to be down, the average balance of customers in arrears has continued to grow. When comparing December 2020 versus December 2019, the total past due balance for commercial and residential customers was up nearly 58% (\$85.1 million vs. \$54 million). While the total number of customers past due is essentially unchanged year-over-year, the average past due balance had increased 58% or \$140, from average past due balance of \$240 in 2019 to \$381 in 2020.

When looking at accounts that are 60+ days past due, the increase is even more dramatic. The average balance is higher by 68% or \$321, from average past due balances of \$471 in 2019 to \$792 in 2020. If balances are allowed to continue to grow at this pace, even long-term payment arrangements may not help customers who are not eligible for assistance.

Known low-income households make up only a small percentage of the past due accounts and overall dollars past due. As of December 2020, only 12% of PSE's total dollars past due and 9% of the accounts past due are associated with known low income households (based on past assistance program participation).

One additional observation from reviewing the data: the majority of the households that are past due have prior experience with PSE's dunning process. Sixty percent of residential past due customers had experienced dunning or disconnection activity in the two years prior to the onset of COVID-19. However, the opposite is true for commercial customers – 66% of past due commercial customers had not experienced dunning or disconnection activity prior to COVID-19.

Bill Assistance Readiness with Specific Fund Availability and Projected Needs

PSE is working in collaboration with its Low Income Advisory Group to create a new bill assistance program, known as CACAP2, that:

- Provides immediate relief to customers with an arrearage balance that have received energy assistance in the previous and current program years without needing to re-apply;

- Provides a process for income-eligible customers to apply for bill assistance through our Energy Portal that will also automatically assess eligibility for additional assistance through our community action partnership (CAP) agencies and refer those applications to the customer’s local CAP agency;
- Provides a method for CAP agencies to refer customers who have qualified for PSE HELP or LIHEAP to the new bill assistance program;
- Provides payment arrangements for customers who do not qualify for other assistance, both residential and commercial customers, up to 18 months.

PSE anticipates the new bill assistance program (CACAP2), which will complement existing bill assistance programs, will be operational and available for customers by April 1, 2021. Below is a snapshot of the bill assistance funds currently allocated under PSE HELP, CACAP and the new bill assistance program CACAP2.

Bill Assistance Funds Available:						
		Gas Allocated	Gas Awarded	Electric Allocated	Electric Awarded	Total Allocated
As of 1/21/21	PSE HELP	\$ 6,025,474	\$ 844,700	\$ 21,452,698	\$ 4,775,804	\$ 27,478,172
As of 2/1/21	CACAP	\$ 3,200,000	\$ 1,988,374	\$ 7,800,000	\$ 6,871,231	\$ 11,000,000
	CACAP2	\$ 7,700,000		\$ 20,000,000		\$ 27,700,000
Total		\$ 16,925,474	\$ 2,833,074	\$ 49,252,698	\$ 11,647,035	\$ 66,178,172

Plans to Resume Credit and Collection Processes

Planning to resume PSE’s collection processes is underway, and it includes the formation of a centralized COVID-19 response team within PSE to manage resources and demand within the call center and with its field staff. PSE is expecting a significant increase in customer calls as it restarts the collection process. To ensure PSE’s customers are able to reach us and get the assistance they need, PSE will be employing a combination of tactics, including:

- Placing banners on the home page of the pse.com website and the mobile app to provide easy-to-find access to energy assistance information and tools;
- Updating the Integrated Voice Response Unit (IVR) with messaging to inform customers that call PSE that there is assistance available and how to apply either via self-service or with an agent;
- Updating agent scripts to ensure customers receive information on the assistance available;
- Deploying PSE’s proactive customer communications plan (see discussion on pg. 2);
- Ensuring customer facing technology has the capacity to handle increased volumes;
- Utilizing customer analytics to understand where customers may be encountering difficulties utilizing self-service;
- Updating information on notices and bill inserts;
- Creating a holistic collections resumption plan that incorporates a standardized methodology for collections priorities and considers impacts to our Customer Care Center, back office and field employees; and

- Uses a “start slow and assess” methodology and approach.

Finally, in response to the Commission’s interest in discussing metrics to inform the length of time for the moratorium, PSE suggests that any metrics applied should be focused on the utility’s readiness to assist customers once the collection process resumes. PSE is concerned with the trends it is seeing in the increase of overall arrearages, which are largely coming from customers who are 90+ days behind on their bill. In starting the collections process with these customers, the objective is not to disconnect these customers, but rather to help them avoid disconnection if at all possible by first exploring the assistance options available to them -- hopefully putting these customers on a more sustainable path towards paying their bill.

PSE looks forward to discussing these issues further with the Commission at the recessed open meeting on February 17, 2021. Please contact Carol Wallace at (425) 424-7351 for additional information about these responses. If you have any other questions, please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

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cc: Lisa Gafken, Public Counsel

Attachment: Attachment A