

Agenda Date: May 12, 2021  
Item Number: D1

**Docket: U-200281**

Staff: Bridgit Feeser, Assistant Director of Consumer Protection  
Deborah Reynolds, Assistant Director of Conservation and Energy Planning

### **Recommendation**

Issue an order adopting the recommendations set forth in the Third Revised Term Sheet (Attachment 1 to this memo), which maintains the July 31, 2021, (resumption date) utility disconnection moratorium expiration date for electric and gas utilities.

### **Background**

On April 17, 2020, Governor Inslee issued Proclamation 20-23.2, which prohibits all energy, water, and telecommunications providers from: (1) disconnecting residential service due to nonpayment, (2) refusing to reconnect residential customers who were disconnected due to nonpayment, and (3) charging late fees or reconnection fees. Proclamation 20-23.4, issued on May 29, 2020, required utilities to develop COVID-19 Customer Support Programs that address payment plan options for residential customers who are in arrears due to the COVID-19 pandemic. Subsequent proclamations extended the statewide disconnection moratorium to July 31, 2021.

Over the same time frame, investor-owned electric and natural gas utilities voluntarily suspended disconnection activities, including imposing late fees, deposits, and reconnection fees.<sup>1</sup> On February 18, 2021, the Commission issued Order 02 in this docket, providing guidance about notice activities, adopting the Second Revised Term Sheet, and extending the electric and natural gas disconnection moratorium to July 31, 2021.

The Commission requested the utilities reach out to new community partners to explore additional ways to communicate with hard-to-reach customers, to remove barriers that prevent customer engagement, and to advance the process for eligible customers to obtain financial assistance. Commission staff (Staff) facilitated a workshop on these issues on April 7, 2021.

The Commission stated that it would reassess the status of the pandemic and its health and economic impacts in early May and revisit the possibility of extending the moratorium at that time.

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<sup>1</sup> Utilities as referred to in this memo are: Avista Corporation; Cascade Natural Gas Corporation; Northwest Natural Gas Company; Pacific Power & Light Company; Puget Sound Energy.

## Discussion

### **Customer Assistance Program Update**

Utilities provided the detailed reports required by the commission in this docket, which are summarized in Attachment 2 to this memo. The information provided includes some initial effects of the implementation of the temporary COVID assistance programs approved by the commission in March and April.<sup>2</sup> With the approval of these programs, available bill assistance funding is approximately \$104 million for Washington's low-income customers of investor-owned utilities. The three sources of funds are the utilities' existing bill assistance programs (\$44 million), the temporary COVID assistance programs (\$40 million), and the federal Low Income Home Energy Assistance Program (LIHEAP) (\$20 million).<sup>3</sup> It is not yet known how much additional assistance may be available for utility arrearages from the federal American Rescue Plan Act of 2021.<sup>4</sup>

In accordance with the Commission's Term Sheet in Orders 01 and 02 in this docket, the temporary COVID assistance programs serve customers at or below 200 percent of Federal Poverty Level and are funded at 1 percent of each utility's retail revenue. Table 1 shows the assistance funds provided by all five investor-owned utilities.

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<sup>2</sup> On March 25, 2021, the Commission approved petitions to implement COVID assistance programs by Avista Corporation in UE-210114 and UG-210115, by Pacific Power & Light in UE-210131, by Puget Sound Energy in UG-210137 and UE-210138, and by Cascade Natural Gas in Docket in UG-210145. On April 22, 2021, the Commission approved Northwest Natural Gas's petition for its COVID assistance program in UG-210193.

<sup>3</sup> In the October 2019 - September 2020 Program Year, customers of the five IOUs in Washington received approximately \$20 million from the federal LIHEAP program.

<sup>4</sup> <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>. See sections 2911, 2912, 3201, 3202, 3203, 3206.

**Table 1. Bill Assistance Programs Offered by Investor-Owned Utilities**

	<b>Avista Corporation</b>	<b>Cascade Natural Gas</b>	<b>Puget Sound Energy</b>	<b>Northwest Natural Gas</b>	<b>PacifiCorp</b>	<b>Total</b>
<b>Permanent Bill Assistance Programs</b>	Low Income Rate Assistance Program (LIRAP)	Washington Energy Assistance Fund (WEAF)	Home Energy Lifeline Program (HELP)	Gas Residential Energy Assistance Tariff (GREAT)	Low Income Bill Assistance (LIBA)	
<b>Available Funds</b>	\$ 11,274,174	\$ 1,467,400	\$ 27,491,721	\$ 500,000	\$ 3,271,523	<b>\$ 44,004,818</b>
<b>Temporary COVID Assistance Programs</b>	Debt Relief Program	Big Heart	Crisis Affected Customer Assistance Program (CACAP 2)	COVID Assistance Program	Residential COVID-19 Bill Payment Assistance Program	
<b>Available Funds</b>	\$ 6,517,040	\$ 2,473,250	\$ 27,700,000	\$ 652,000	\$ 3,100,000	<b>\$ 40,442,290</b>

All the temporary COVID assistance programs have two components: (1) Automatic grants. The utilities will provide a grant, without customers requesting it, to cover the account balances of the low-income customers who have received bill assistance recently; and (2) Customer-initiated applications. Customers who have not recently received bill assistance can apply for the grant with utilities or community action agencies.

Staff was gratified to see \$17.4 million of energy assistance disbursed in April. All utilities have implemented the initial round of automatic grants of their COVID assistance programs. The customer application process is ongoing. Utilities have improved the opportunity for customers to qualify for these programs by allowing self-certification or requiring proof of only one month of income as a last resort. In total, the five utilities disbursed \$10.3 million temporary COVID assistance dollars in the month of April, as shown in Attachment 3. Utilities' existing bill assistance programs and the federal LIHEAP additionally provided \$7.1 million in April.

Staff believes the energy assistance helped address the growing low-income arrearages. The month of April usually sees a peak in arrearages as more unpaid winter heating bills become past due. The change in arrearages for the month of April is shown in Table 2. Puget Sound Energy and Northwest Natural Gas experienced an increase in arrearages, but such change is not unusual for April.

**Table 2. Changes in Investor-Owned Utilities' Customer Arrearages**

	Avista Corporation	Cascade Natural Gas	Puget Sound Energy	Northwest Natural Gas	PacifiCorp	Total
Total Arrears as of March 31, 2021	\$13,023,842	\$4,545,208	\$49,663,079	\$1,843,860	\$ 10,227,742	\$79,303,731
Total Arrears as of April 30, 2021	\$10,746,349	\$3,857,737	\$51,579,438	\$2,146,669	\$ 10,192,311	\$78,522,504
Change in Arrears (including new arrears)	(\$2,277,493)	(\$687,471)	\$1,916,359	\$302,809	\$ (35,431)	\$ (781,227)
Percentage of Change	-17%	-15%	4%	16%	-0.3%	-1.0%

Staff recognizes that April was the first month the temporary COVID assistance programs were available to customers. Further, the automatic grant is only for those customers who have received bill assistance in the past, which is a small portion of the eligible low-income population.

After review of the arrearage data and the available energy assistance, Staff remains concerned that the distribution of federal LIHEAP and the utilities' permanent bill assistance funds through community action agencies may not adequately address the current arrearage situation in some areas. In our review of the monthly reports that will be filed by the utilities, Staff plans to keep a close watch on the arrearage balances and low-income assistance funding and advises utilities to do the same. In order to eliminate the increase in aging arrearages resulting from the COVID-19 disconnection moratorium prior to the upcoming winter heating season which begins in October, as a rough guide, the amount of COVID-related arrearage at the end of each month would need to decrease by around 20 percent each month.<sup>5</sup> If they do not, the utilities and the community action agencies should identify the barriers to such a decrease and develop new programs or expand existing programs if needed.

### Technical Workshop on Customer Equity and Communications

On April 7, 2021, Staff conducted a technical workshop with the Joint Utilities and Joint Advocates to discuss the equitable distribution of low-income assistance funding and communications strategies for reaching vulnerable populations.<sup>6</sup>

Participants reviewed utilities' draft resumption notices and discussed required information and use of non-threatening language, and further identified best practices for design and content. Workshop attendees also discussed language access strategies and best practices to ensure communications are inclusive and accessible. Finally, participants discussed the importance of

<sup>5</sup> Companies should identify baseline arrearages and estimate the additional increment related to COVID-19. This could be accomplished by comparing arrearages at the end of each month to arrearage levels in the same months before the pandemic (e.g., 2019). This is not intended to be a rigorous analysis but merely a general metric for monitoring progress in reducing arrearages that stem from the pandemic.

<sup>6</sup> Joint utilities referred to here are Avista Corporation, Cascade Natural Gas Corporation, Northwest Natural Gas Company, Pacific Power & Light Company, and Puget Sound Energy. Joint advocates include the Office of the Attorney General Public Counsel Unit, The Energy Project, NW Energy Coalition, Puget Sound Sage, Front & Centered, and Sierra Club.

more frequent reporting to ensure that the utilities are making progress in reducing arrearages prior to resuming disconnection activities.

#### *Broader Outreach*

Participants identified several areas of improvement for the equitable distribution of bill assistance funds during the workshop. These included broadening outreach efforts, developing new partners who can distribute funds, and a variety of process improvements.

The workshop focused on additional ways to communicate with hard-to-reach customers, vulnerable communities, Tribal governments, and low-income customers. Suggestions to overcome challenges reaching low-income customers included leveraging partners who are trusted in the community such as food banks, faith-based organizations, and care facilities to distribute energy assistance information. The utilities have taken steps to educate customers of the available options for bill assistance. Several utilities are using community centers and other Non-Government Organizations to distribute outreach materials. In addition, the utilities are reaching out through radio and television Public Service Announcements in multiple languages. Customer service agents are cold-calling customers in arrears to explain bill assistance options. All utilities are now offering translation services through their websites and call centers.

To further increase outreach, participants discussed the idea of providing a payment to the community partners for each applicant who sought assistance from a Community Action Agency (CAA). Multiple utilities have contacted Tribal communities to provide informational and educational materials. One utility has established a partnership with a local Tribe to administer the utility energy assistance program for customers who are also Tribal members. This partnership has several benefits: (1) it reduces the burden on the local CAA, (2) it relies on an organization that is trusted by the community it serves, and (3) the arrangement simplifies the application process for customers.

#### *Application for Assistance Process Improvements*

One utility described the way its call center representatives provide CAA contact information and assist with the transfer to the CAA. The utility representative records whether that customer reached the CAA, and if the transfer did not reach a live representative, the utility follows up with a list of incomplete transfers to the CAA so that the CAA would then be able to reach out to the customer. Utilities discussed the limited availability of energy assistance appointments and delays in securing such appointments. It was generally agreed that more avenues for distribution of assistance dollars may be needed to ensure customers receive the help they need. Participants made suggestions for reducing the strain on CAAs by finding ways to simplify the energy assistance process through changes to documentation requirements and categorical eligibility. The Energy Project mentioned the importance of digital documents as CAA staff are working remotely.

## Economic and Public Health Metrics Update

In October 2020, the Commission asked the parties to provide suggested economic and public health metrics that could inform an evaluation of the disconnection resumption date. Both the Joint Utilities and Joint Advocates filed comments in December 2020, suggesting several measures designed to guide decision-making around the disconnection moratorium. Staff evaluated those proposals and relied on the sources described below to represent the economic and public health situation using the best available data.

The Department of Commerce publishes an economic recovery dashboard that includes multiple measures illustrating how the COVID-19 pandemic has affected Washington's economic health as compared to the prior year.<sup>7</sup> New data is not yet available for seven of the ten metrics in the Commerce dashboard. Thus, in addition to the information in the dashboard, Staff examined Weekly Unemployment Insurance Initial Claims for Washington.<sup>8</sup> For the most recent week reported by the Washington Employment Security Department, April 25, 2021, to May 1, 2021, there were 10,507 such claims. This is the lowest number of initial claims in well over 13 months. Staff also considered the U.S. Bureau of Economic Analysis's estimate that the national gross domestic product (GDP) increased during the first quarter of 2021 by 6.4 percent.<sup>9</sup>

Staff relied on the Department of Health's COVID-19 data dashboard for the public health snapshot.<sup>10</sup> Since February 18, 2021, when the seven-day average COVID-19 case count was 730 per day, case counts flattened through late-March, then began an upward swing to 1,358 cases on April 27. Incomplete data available through May 3 shows a drop in the 7-day rolling average to 1,010 infections.

The movement in COVID-19 cases will be substantially impacted by the extent to which COVID-19 vaccines are administered to Washington residents. The pace of vaccinations since the February 18 recessed open meeting has gone from a seven-day rolling average of 31,167 per day to 66,159 on April 26, 2021; incomplete data from April 27 to May 3 indicates that daily vaccinations have dropped to 48,238 doses. While this is lower than earlier highs, the estimated number of vaccinations on May 3 exceeds the Department of Health's goal of 45,000 administered doses per day. As of May 3, 2021, Department of Health reports a total Washington state population of 7,656,200 with vaccinations initiated to 3,368,279 people, or 44 percent of

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<sup>7</sup> Department of Commerce, [www.commerce.wa.gov/datadashboard/](http://www.commerce.wa.gov/datadashboard/) accessed May 4, 2021. See Memo Attachment 4.

<sup>8</sup> Employment Security Department, <https://esd.wa.gov/labormarketinfo/unemployment-insurance-data>, accessed May 5, 2021.

<sup>9</sup> U.S. Bureau of Economic Analysis, <https://www.bea.gov/news/2021/gross-domestic-product-first-quarter-2021-advance-estimate>, accessed May 5, 2021.

<sup>10</sup> Department of Health, <https://www.doh.wa.gov/Emergencies/COVID19/DataDashboard>, accessed May 5, 2021. See Memo Attachment 4.

the population.<sup>11</sup>

### **Comments**

On March 31, 2021, the Commission issued a Notice of Opportunity to File Written Comments and received two customer comments. Both comments expressed support for access to stable and debt-free utility service; extending the shut-off moratorium; no late fees, disconnect fees, or reporting to credit agencies; and advocating that ratepayers should not have to pay for all the costs associated with the pandemic and for cuts to executive and shareholder compensation.

Members of the Joint Utilities and Joint Advocates chose to file separate independent comments and the various comments are posted in the docket.

### **Conclusion**

Staff recognizes that we must balance the interests of ratepayers and the investor-owned utilities in reaching a recommendation on the resumption of service disconnections. We believe that the resumption of disconnections is in the public interest for both ratepayers and utilities: for ratepayers, to address mounting arrearages and apply for assistance before the next winter heating season, and for utilities, to begin recovering outstanding debts for services provided.

Uncertainties remain regarding the path of COVID-19 infections and its associated impact on economic recovery. However, since the February 18 recessed open meeting when utility disconnections were last addressed, the rollout of vaccinations, the availability of over \$100M in assistance programs, the decrease in Washington's weekly unemployment claims, and the growth in quarterly national GDP support the Commission's previous decision to allow the resumption of disconnections after July 31, 2021.

Staff continues to believe that the temporary COVID assistance programs coupled with extensive outreach programs are a better solution than continuing to extend the disconnection moratorium.

Staff agrees with allowing the utilities to resume disconnection activities after July 31, 2021, as reflected in the Third Revised Term Sheet, Memo Attachment 1. Staff further agrees the companies should begin to issue the 30-day resumption notices in the June billing cycle to inform customers about the opportunity to establish payment arrangements or apply for qualifying aid to reduce outstanding balances.

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<sup>11</sup> Initiated vaccinations are the number of people receiving at least one vaccine dose. The total state population (7,656,200) includes individuals below 16 years of age, who have not yet been approved to receive the vaccines. Total Washington population 16 years and over is 6,144,281, and 54 percent of the total population eligible to receive the vaccines has initiated at least one dose.

Staff recommends the Commission ask the utilities to confirm their practice of putting a pending disconnection on hold until a customer indicating financial difficulty and a desire to apply for energy assistance has completed the energy assistance application process with the utility and/or a community action agency.

Staff recommends the Commission issue an order adopting the recommendations set forth in the Third Revised Term Sheet.

**Attachments:**

Attachment 1 – Third Revised Term Sheet

Attachment 2 – Staff Summary of Utility COVID-19 Arrearages through March 2021

Attachment 3 – Staff Summary of Energy Assistance Disbursement in April 2021

Attachment 4 – Recessed Open Meeting Presentation