

Appendix A

UTC Staff Third Revised Term Sheet COVID-19 Response

This appendix updates the revised term sheet attached to the Commission’s Order 01, Docket U-200281, issued October 20, 2020. This third revised term sheet is directed to electric and natural gas utilities, and specifically for residential and small commercial customer classes.

Staff notes that telecommunications and water utilities are subject to the Governor’s moratorium but were not members of the COVID-19 workgroup or its process. However, Staff recommends the telecommunications and water utilities work with Commission Regulatory Staff to ensure appropriate transition plans and consumer protections are in place for their respective industries.

Section A – Disconnection Moratorium

Staff recommends the Commission:

1. Accept the Utilities’ agreement to suspend disconnection of utility services for residential and small commercial customers (i.e., commercial customers not served on a large consumption tariff) until July 31, 2021 (Resumption Date).
2. Utilities may resume issuing disconnection notices, including the delivery of the 30-day notice described below, on or after June 1st or with the utilities’ June 2021 billing cycle, so long as no disconnections occur prior to July 31. [see Diagram 1 below]



Notes:

- July 31st falls on a Saturday so first potential disconnections may not occur until August 2nd
- Dates of each event may vary slightly by utility
- 30 Day Notice may be delivered with June bill cycle or as early as June 1st

Diagram 1: Example Disconnection Notice Timeline

3. Continue current disconnect practices for large commercial and industrial customers.
4. Ensure the utilities have met the following provisions prior to resuming disconnections for residential and small commercial customers:
 - a. Provide a 30-day notice to customers one bill cycle in advance of the resumption of disconnection. This notice shall be in writing (at a minimum in English and Spanish), or by the customer's preferred method of receiving communications, to all of its residential and small commercial customers to include:
 - i. The resumption date of utility service disconnections,
 - ii. The resumption date of late fees and deposits as outlined in the Fees section below,
 - iii. All flexible payment options that are available to avoid disconnection and how to enroll in each flexible payment option,
 - iv. For residential customers, outline all programs that may provide financial assistance,
 - v. Utility contact information,
 - vi. Commission contacts information including the commission's toll-free number 888-333-WUTC (9882), email consumer@utc.wa.gov, web address www.utc.wa.gov, and mailing address PO Box 47250, Olympia, WA 98504-7250.
 - b. Make a good faith effort to contact the residential or small commercial customer to inform the customer of flexible payment options, financial assistance programs, and any other means to avoid disconnection.
 - c. Provide on the utility website, in a prominent location, all information regarding the flexible payment options and financial assistance programs available to customers.
 - d. Issue disconnection notices(s) specified in WAC 480-90-128 (natural gas) and/or 480-100-128 (electric) and the utility's tariff where not consistent with the rules.
 - e. Follow any applicable disconnection processes outlined in WAC and the utility tariff.
 - f. Customers applying for, receiving, and/or participating in a long-term payment arrangement, bill assistance, or medical certification protection will not be disconnected from service.
 - g. Ensure language barriers are removed by providing translation services either through its own customer service center or a contracted language translation and interpretation service provider.

Section B – Reconnection of previously disconnected customers

Staff recommends the Commission require:

1. The Utilities make a good faith effort to contact residential customers who were disconnected for nonpayment between January 1, 2020, and April 17, 2020, and offer reconnection, except for when:
 - a. Reconnection could compromise safe operations,
 - b. The Utility has proof that the customer benefitted from theft or tampering, or
2. The premises are vacant or unoccupied.
If reconnection is denied, the utility must provide the Commission's contact information so the customer can dispute the utility's decision.
3. Reconnections only be offered for the same service address that was previously disconnected for nonpayment, and each utility shall waive any fees for reconnections provided under this section.
4. The Utilities to offer any applicable flexible payment plans or other assistance programs to these customers.

Section C – Fees

Staff recommends the Commission:

1. Waive late fees and deposit requirements for new or existing residential and small commercial customers until 180 days after the Resumption Date.
2. Require the Utilities to waive any applicable disconnection and reconnection fees in the same fashion as late fees.
3. Initiate a CR-101 to investigate the potential long-term changes and improvements to the customer notice, credit and collection rules and possible permanent elimination of late fees, disconnection and reconnection fees, and deposits with particular attention to the experience of those limited English proficiency and customers of color as soon as reasonably possible.

Section D – Additional Funding for Customer Programs

Staff recommends:

1. Each Utility establish a temporary COVID-19 assistance program, subject to cost recovery under Section 8.e. below, to provide eligible residential customers to include customer earning up to 200 percent of the Federal Poverty Level (FPL) with annual maximum award amount of \$2500 per household. COVID-19 assistance programs may include provisions for bill assistance and arrearage assistance.

2. Establish the funding level at 1 percent of Washington retail revenues, and that no increase to that funding level occur without prior Commission approval.
3. Each Utility work with its Low-Income or Energy Assistance Advisory Group to implement its COVID-19 assistance program, which may include direct utility assistance, but not require existing program modification or require fund administration by the community action agencies unless the Utility believes that is the more efficient strategy.

Section E – Long-term Payment Arrangements

Staff recommends:

1. Each Utility should offer extended Time Payment Arrangements (TPAs) for up to 18 months for residential customers and up to 12 months for small commercial customers. For natural gas utilities, TPAs under this section are not available to transportation customers.
2. Each Utility will offer the availability of these TPAs for 180 days after the Resumption Date. Additional plan requires or parameters are provided below:
 - a. A residential or small commercial customer whose financial condition changes during the term of a TPA, or a customer who defaults on a TPA and who seeks to reestablish payment arrangements, may do so one time under the same terms described above.
 - b. Missing up to two consecutive payments does not constitute default on the payment plan.
 - c. Financial hardship may be verbally expressed and does not require documentation.
 - d. The Utility must disclose to customers seeking long-term payment arrangements of all the programs available to address arrearages, including bill assistance.
 - e. No customer will be required to make a down payment or deposit.

Section F – Arrearage Management Plans (AMPs)

Staff recommends the Commission require that Utilities:

1. Explore development of an AMP, Percentage of Income Payment Plan (PIPP), or other potential programs, as well as barriers to access, in order to address potential long-term solutions for customers' energy burden beyond TPAs with their Low-Income or Energy Assistance Advisory Group, including the cost of development and implementation.

2. Start discussions within 60 days of Commission action in this proceeding.
3. Provide an update on the progress of those discussions, including whether or not the Utility will pursue implementing an AMP plan, during the February 2021 open meeting referenced in the *Disconnection Moratorium* section.

Section G – Credit and Collection Process

Staff recommends that the Utilities continue to refrain from sending active customer accounts to collections agencies, credit bureaus, or reporting agencies until 180 days after the Resumption Date.

Section H – Cost Recovery

Staff provides the following guiding principles for the Commission to consider with regard to COVID-19 deferred accounting:

1. Petitions must identify specific categories of expenditures and certain revenues and not include overly broad requests. While it is neither normal Commission practice, nor Staff's preference to allow the deferral of revenues, this is an unprecedented time, and the future financial stability and liquidity of the regulated utilities is of equal important to the immediate customer protection needs.
2. Establishment of regulatory asset accounts that provide for specific expenditure and revenue categories and regulatory liability accounts for identified benefits. However, due to the unprecedented nature of the COVID-19 pandemic, Staff understands that not all costs and benefits may be known at this time and does not recommend the Commission require the Utilities to provide the estimated deferral amounts at this time.
3. Possible recovery of any deferrals be subject to a future Commission proceeding for prudence review as per the Commission's normal practice.
4. Future reporting that itemizes the utility costs in any approved COVID-19 petitions for deferred accounting in the docket approving the petition.
 - a. The first report should be filed by December 1, 2020, and cover the period between March 1, 2020, and September 30, 2020.
 - b. Subsequent reports should be required 30 days after the close of each quarter and shall include information from the previous quarter to continue until the conclusion of the proceeding in which the Utility requests recovery of the deferred expenses, or until such time the Commission determines the reports no longer provide benefit.

Staff supports the following for consideration of deferral treatment:

- Direct costs for reasonable measures taken by the Utility in response to the COVID-19 pandemic, including incremental costs associated with personal protective equipment, cleaning supplies and services, contact tracing, medical testing, financing costs to secure liquidity, information technology updates, equipment needed for remote work options, and the administrative needs to implement the term sheet components accepted by the Commission. Direct costs are net of savings, credits, payments, or other benefits received by the Utility from a federal, state, or local government that are directly related to a COVID-19 direct cost, including federal, state, or local tax credits or benefits.
- Any amount of bad debt expense accrued in 2020, 2021 and 2022 above the bad debt baseline as defined below. While the Utilities will defer the bad debt expense that is accrued above the baseline being collected from customers today, it will not collect any amount above the actual amount that is written-off. The bad debt expense baseline is the amount that is currently being collected from customers for bad debt, as determined in their last general rate proceeding as of October 1, 2020.
- For calendar year 2020 the average annual amount of late payment fees collected over the previous five years (2015-2019) less the actual amount collected by the Utility from January 1, 2020, through March 1, 2020, for calendar year 2020. For 2021, the Utility may defer the average annual amount of late payment fees collected from 2015-2019, prorated on a monthly basis for the period of January 1, 2021, through the Resumption date plus 180 days. If the Resumption date plus 180 days extends into 2022, the Utility may defer late payment fees using the same formula as described for 2021 in 2022.
- For calendar year 2020 the average annual amount of reconnection charges collected over the previous five years (2015-2019) less the actual amount collected by the Utility from January 1, 2020, through March 1, 2020, for calendar year 2020. For 2021, the Utility may defer the average annual amount of reconnection charged collected from 2015-2019, prorated on a monthly basis for the period of January 1, 2021, through the Resumption date plus 180 days. If the Resumption date plus 180 days extends into 2022, the Utility may defer reconnection charges using the same formula as described for 2021 in 2022. However, Utilities with Advanced Metering Infrastructure must prorate the average annual amount by the percentage of AMI meters installed as of March 1, 2020, for calendar year 2020 and January 1, 2021, for calendar year 2021.
- Costs to fund a COVID-19 bill payment assistance program, as described in the *Additional Funding for Customer Programs* section.

Staff opposes the deferral of lost revenues due to the reduction in customer usage.

Section I – Data and Reporting

Staff recommends:

1. The Utilities provide the data listed in Section J quarterly to this docket:
 - a. No later than December 1, 2020, for the period of March 1, 2020, through September 30, 2020,
 - b. No later than February 1, 2021, for the period of October 1, 2020, through December 31, 2020, and
 - c. On a quarterly basis until 180 days after the Resumption Date. These reports should be filed on or before the last day of the month following the end of the quarter.
 - i. April 30, 2021, for the period January 1, 2021, through March 31, 2021;
 - ii. August 2, 2021, for the period April 1, 2021, through June 30, 2021;
 - iii. November 1, 2021, for the period July 1, 2021, through September 30, 2021;
 - iv. February 1, 2022, for the period October 1, 2021, through December 31, 2021.
2. The Utilities provide the data listed in Section K to this docket monthly until 180 days after the Resumption Date.
3. The Utilities work with Staff to develop a reporting template for ease of review by the Staff, stakeholders, and interested members of the public.

Section J – List of Requested Data to be filed Quarterly by zip code¹

1. General:
 - a. All reports under this Section J must include data broken down by month and by zip code.
 - b. The number of customers, by customer class; and
 - c. The retail load by customer class.
2. Disconnections
 - a. The number of customers, by customer class, disconnected each month during the period;
 - b. Average duration of disconnection by customer class;
 - c. The number of customers, by customer class, receiving disconnection notices each month during the period; and
 - d. The number of customers, by customer class, who would have been disconnected each month for non-payment but for the moratorium.

¹ *In the Matter of Response to the COVID-19 Pandemic*, Docket U-200281, Order 01 Extending Suspension of Disconnection of Energy Services for Nonpayment and Adopting Related Requirements, 29 (Oct. 20, 2020).

3. Fees
 - a. The number of customers, by customer class, assessed late payment fees, disconnection fees, or reconnection fees or charges each month during the period, and the aggregate amount of each type of fee charged.

4. Long-term Payment Agreements
 - a. The number of customers, by customer class, taking service at the beginning of each month during the period under existing long-term payment agreements;
 - b. The number of customers by customer class, completing long-term payment agreements each month during the period;
 - c. The number of customers, by customer class, enrolling in new long-term payment agreements each month during the period; and
 - d. The number of customers, by customer class, renegotiating long-term payment agreements each month during the period.

5. Medical Certificate Data
 - a. The number of customers taking service at the beginning of each month during the period under existing medical payment arrangements;
 - b. The number of customers completing medical payment arrangements each month during the period;
 - c. The number of customers enrolling in new medical payment arrangements each month during the period; and
 - d. The number of customers renegotiating medical payment arrangements plans each month during the period.

6. Deposits
 - a. The number of customers, by customer class, with required deposits with the company at the beginning of each month during the period;
 - b. The number of customers, by customer class, required to submit new deposits or increased deposits each month during the period;
 - c. The number of customers, by customer class, whose required deposits were reduced in part or foregone each month during the period; and
 - d. The number of customers, by customer class, whose deposits were returned in full each month during the period.

7. Bill Assistance
 - a. Number of premises receiving bill assistance or enrolled in any other assistance program.

8. Past Due Balances

- a. The number of customers by customer class with past-due balances (arrearages);
- b. The amount of past-due balances, by customer class, that are 30, 60, 90, and more than 90 days past due, and the total amount of arrearages;
- c. The amount of past-due balances for known low-income households that are 30, 60, 90, and more than 90 days past due, and the total amount of these arrearages;
- d. The amount of past-due balances classified as uncollectible;
- e. If different than item d, the amount of past-due balances written off and classified as bad debt; and
- f. The number of customer accounts referred to collection agencies, the total amount of debt referred for collection, and total revenue to the company from the collection process.

Reporting on Utility costs in responding to COVID-19 should be reported as recommended in the *Cost Recovery* section of this document.

Section K – List of Requested Data to be filed Monthly²

1. Requested Data

- a. Should be provided on or before the last day of the month for the preceding calendar month until, 180 days after the Resumption Date;
- b. Please provide the electric and gas data separately, if applicable;
- c. Provide the information requested in the following table:

	Temporary COVID Debt Relief Programs			LIHEAP	Utility's Current Permanent Bill Assistance Program
	Automatic Grants	Customer Initiated Applications	Total		
Total Benefits					
Number of accounts					
Average Benefits					

2. Past Due Balances

- a. The number of customers by customer class with past-due balances that are 30, 60, 90, and more than 90 days past due;

² Monthly data under Section K is not required at the zip code level.

- b. The amount of past-due balances, by customer class, that are 30, 60, 90, and more than 90 days past due, and the total amount of arrearages;
 - c. The amount of past-due balances for known low-income households that are 30, 60, 90, and more than 90 days past due, and the total amount of these arrearages;
 - d. The amount of past-due balances classified as uncollectible;
 - e. If different than item d, the amount of past-due balances written off and classified as bad debt; and
 - f. The number of customer accounts referred to collection agencies, the total amount of debt referred for collection, and total revenue to the company from the collection process.
3. Long-term Payment Agreement, Arrearage Management Plans (AMPs), and debt relief
 - a. The number of customers, by customer class, taking service at the beginning of the month during the period under existing long-term payment agreements;
 - b. The number of customers by customer class, completing long-term payment agreements in the month;
 - c. The number of customers, by customer class, enrolling in new long-term payment agreements in the month; and
 - d. The number of customers, by customer class, renegotiating long-term payment agreements in the month.
4. Outreach activities
 - a. Please provide both a narrative and the specific number of contacts the company made by phone, mail, email, etc.