

**Summary of the Effects of COVID-19 on
Washington's IOU Residential
Customers
(Docket U-200281)**

The Energy Project

June 15, 2022



Overview

Residential & KLI Arrearages

Updated Zip Code Analysis

Bill Assistance

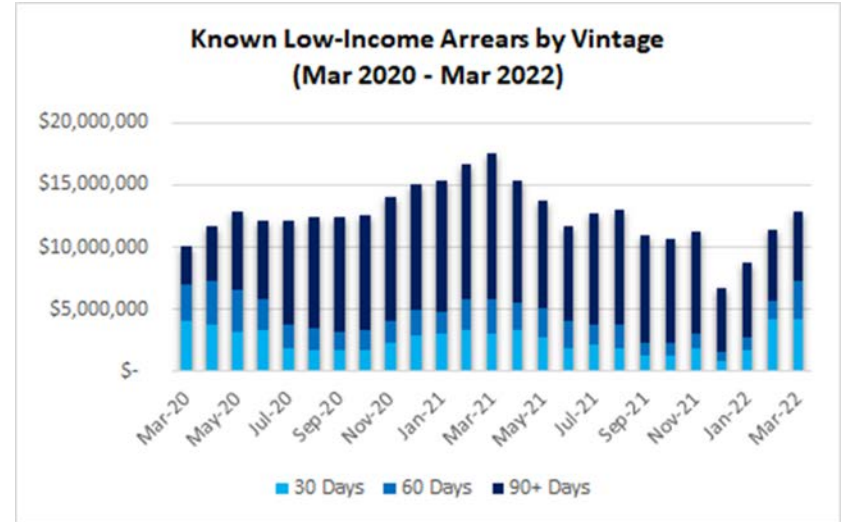
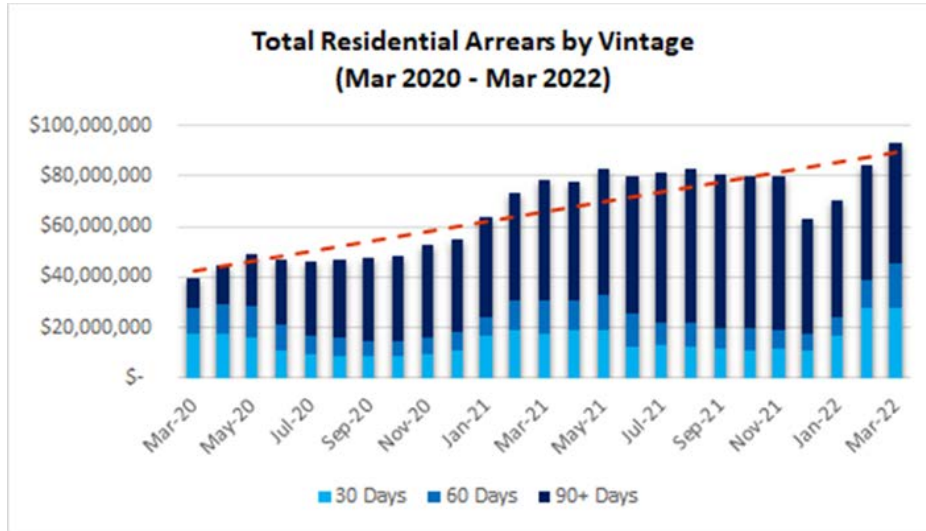
Disconnections

Summary

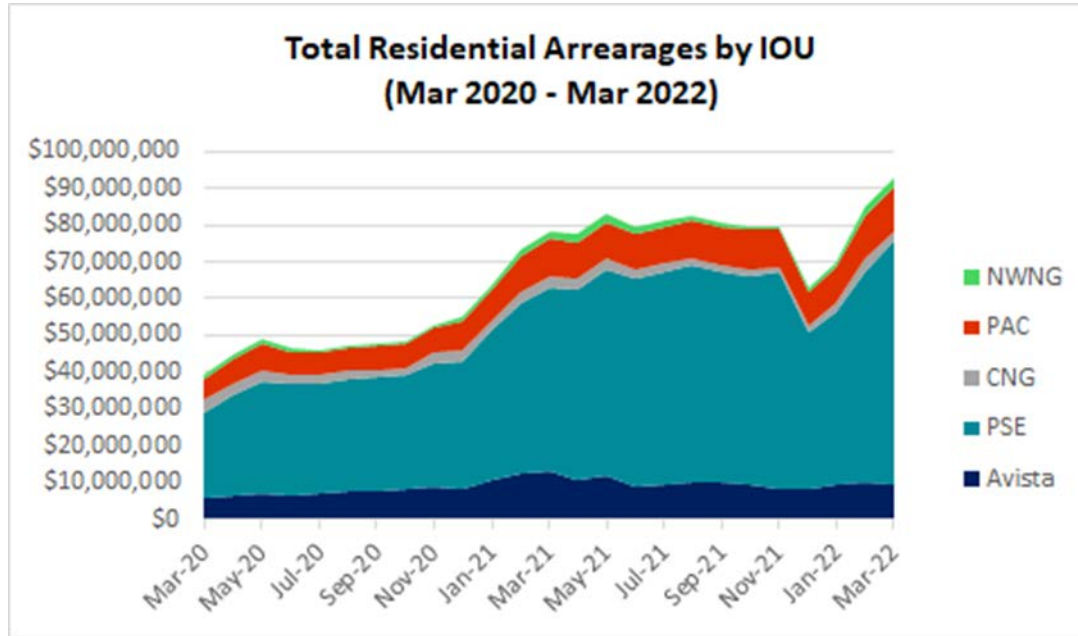
What are the goals of this report?

1. Summarize *all* IOU data reported since March 2020
2. Highlight the disproportionate financial hardship experienced by Highly Impacted Communities and Vulnerable Populations.
3. Highlight the role that this data plays in understanding and addressing the impacts of COVID-19 and inequities IOU customers face.

Residential & KLI Arrearages



Residential arrearages grew to an all time high of \$93 million in March 2022. Although known-low income arrearages decreased at the end of 2021, **KLI arrears grew to \$13 million** in March 2022, surpassing levels from the beginning of the pandemic by 30%.

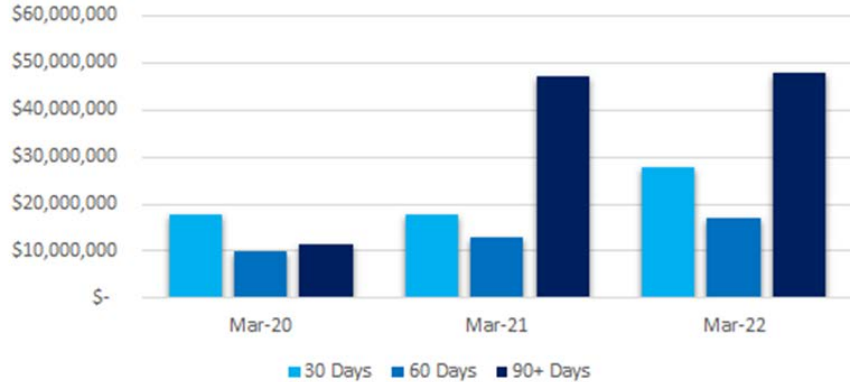


	Avista	PSE*	CNG	PAC	NWNG	TOTAL
Mar-20	\$ 5,641,851	\$ 23,415,071	\$ 3,377,895	\$ 5,814,962	\$ 921,160	\$ 39,170,939
Mar-21	\$ 13,023,842	\$ 49,663,079	\$ 3,280,734	\$ 10,227,742	\$ 1,843,860	\$ 78,039,257
Mar-22	\$ 9,602,888	\$ 65,980,760	\$ 2,425,244	\$ 12,509,712	\$ 2,498,367	\$ 93,016,971
Growth from March 2020	70%	182%	-28%	115%	171%	137%

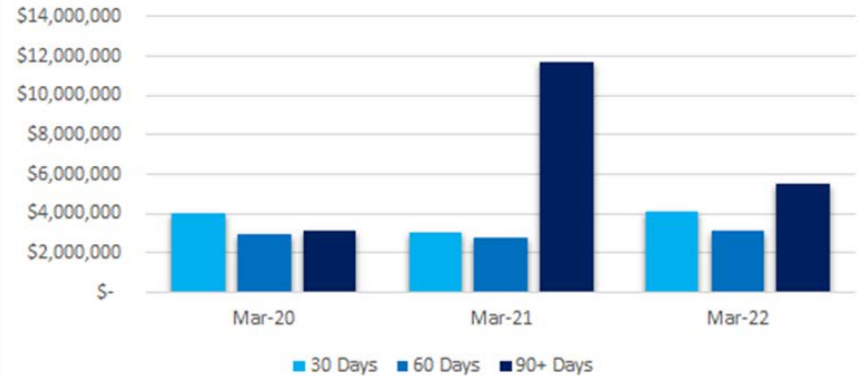
*PSE includes 1-30 day balances in total residential arrearages. However, TEP only includes PSE's past-due balances greater than 30 days to be consistent with the other IOUs.

90+ Day Residential & KLI Arrearages

Total Residential Arrears by Vintage
(March 2020, 2021, and 2022)



Known Low-Income Arrears by Vintage
(March 2020, 2021, and 2022)



Most arrearages are over 90 days past-due. These customers are most at risk of disconnection. **The 90+ day vintage remains very high for residential arrears. KLI 90+ day arrears** are substantially higher compared to the beginning of the pandemic, but have decreased significantly from March 2021 due to bill assistance.

90+ Day Average Residential Arrearage

Average 90+ Day Residential Customer Arrearages (March 2022)			
	Avista	PSE	PAC
90+ Day Arrears	\$ 6,034,492	\$ 34,244,384	\$ 6,189,558
# of Customers	8,129	51,669	7,628
Avg. Per Customer Arrear	\$ 742	\$ 663	\$ 811

This shows the **average 90+ day residential arrears for three IOUs**, which are about 80% to 100% higher than the total per customer average arrearage.

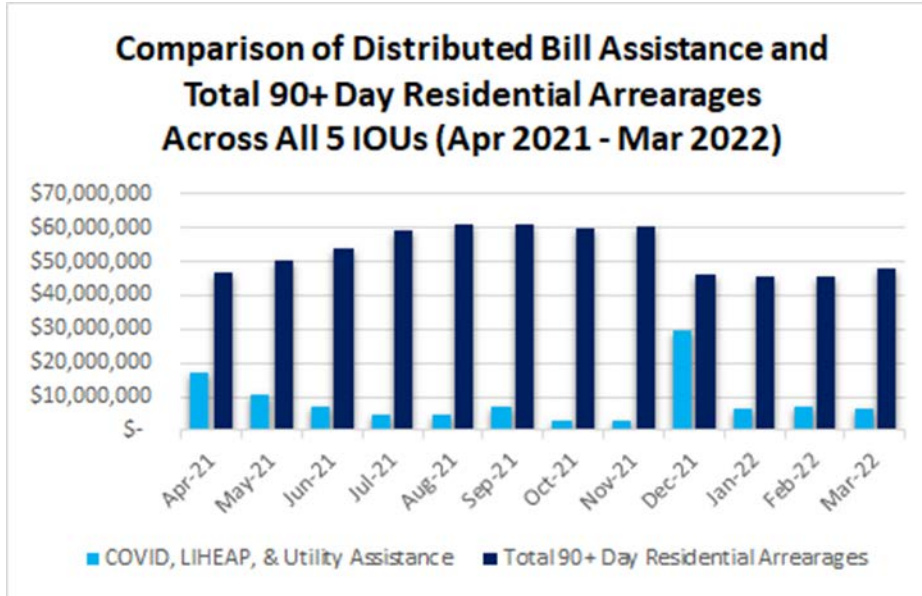
Residential Arrearages - Updated Zip Code Analysis

	ZC 1	ZC 2	ZC3	ZC 4	ZC 5	Sum & % of March 2022 Residential (or KLI) Total
Puget Sound Energy	98003	98023	98032	98092	98002	
<i>Communities Served</i>	<i>Federal Way</i>	<i>Federal Way</i>	<i>Kent</i>	<i>NE Auburn</i>	<i>Auburn</i>	
Total Residential Arrearages	\$ 1,746,856	\$ 1,686,450	\$ 1,458,170	\$ 1,354,851	\$ 1,258,765	\$7.5M (11%)
90+ Day Arrearages	\$ 876,197	\$ 912,567	\$ 756,384	\$ 756,695	\$ 619,734	\$3.9M (11%)
KLI Arrearages	\$ 291,540	\$ 202,343	\$ 177,375	\$ 302,177	\$ 232,089	\$1.2M (13%)
90+ Day Arrearages	\$ 74,887	\$ 44,781	\$ 78,432	\$ 137,550	\$ 47,402	\$0.38M (12%)

As residential arrears have grown, they continue to be clustered in certain zip codes that include **Highly Impacted Communities**.

Top 5 Zip Codes with Highest Arrears	Communities Served	Number of Census Tracts per Zip Code	Range of DOH Disparities Ranks			
			People of Color	Unemployed	Pop. In Poverty ≤ 185% FPL	Highly Impacted Community
98003	<i>Federal Way</i>	15	8-10	3-9	4-9	Yes
98023	<i>Federal Way</i>	10	7-10	2-10	4-7	Yes
98032	<i>Kent</i>	13	8-10	2-10	4-10	Yes
98092	<i>NE Auburn</i>	15	2-10	1-10	1-8	Yes
98002	<i>Auburn</i>	8	7-9	2-10	6-10	Yes

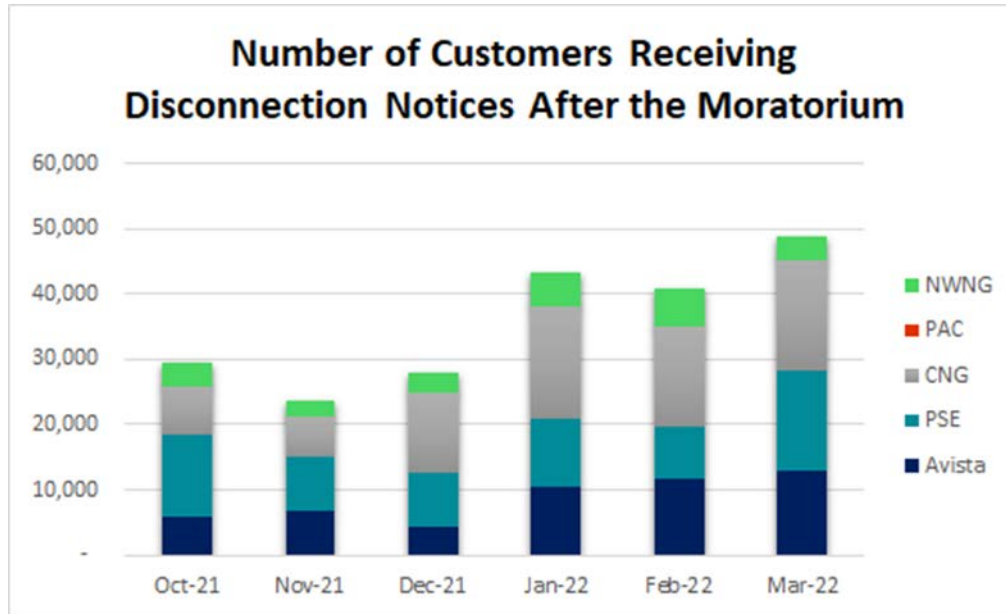
Bill Assistance vs. 90+ Day Arrears



- Funds were distributed through COVID, LIHEAP, and utility programs
- **There were insufficient funds to offset residential 90+ day arrears in 2021**
- While the gap narrowed in December 2021, due to PSE CACAP funds, a substantial gap remains as of March 2022

**Note: This timeline was selected because the COVID-19 assistance programs officially began in April 2021*

Disconnections



- Between **40,000 - 50,000 customers received a disconnection notice** in each month of Q1 2022
- **PSE, PAC, & NWNG did not report any disconnections**
- **Cascade (278) and Avista (265)** were the only IOUs to report residential customer disconnections as of March 2022

**Note: PAC reported disconnection notices as “none” for the fourth quarter of 2021 and first quarter of 2022*

Summary

Between March 2020 to March 2022:

1. Residential arrears increased substantially, from \$39M to \$93M.
2. KLI arrears are 30% higher than they were at the beginning of the pandemic.
3. The 90+ day arrearage vintage is growing.
4. A significant portion of residential and KLI arrears are in a few zip codes.
5. Among the top 5 zip codes with highest arrears virtually all contain HICs.
6. Utility bill assistance programs have not been sufficient to offset arrears.
7. The number of households receiving bill assistance has increased.
8. Reconnection fees were charged by two utilities despite the UTC's prohibition on such fees; those IOUs indicated they credited and refunded customer accounts.
9. 3,000 - 4,000 customers have been referred to collections each month, presumably those with closed accounts and an unpaid balance.
10. About 40,000 - 50,000 customers received disconnection notices in each month of Q1 2022.

For More Information:

TABLE OF CONTENTS

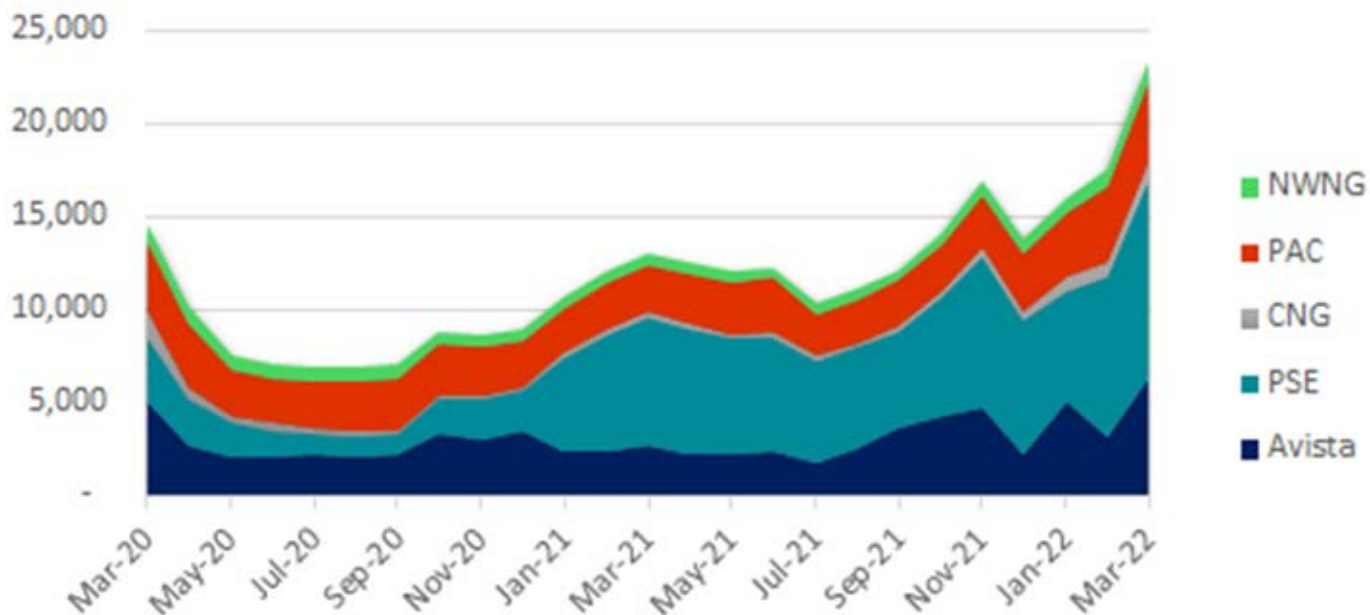
GLOSSARY OF KEY TERMS & ABBREVIATIONS	2
EXECUTIVE SUMMARY	3
BACKGROUND	5
RESIDENTIAL ARREARAGES	6
Zip Code Analysis	10
BILL ASSISTANCE	16
COVID-19 Assistance, Permanent Utility Assistance & LIHEAP	16
RESUMPTION OF DISCONNECTIONS	19
LONG-TERM PAYMENT ARRANGEMENTS	20
FEES	23
CREDIT & COLLECTION REFERRAL	24
DATA REPORTING	26
LANGUAGE BARRIERS	28
OUTREACH	28
CONCLUSION	29

The Energy Project will be filing an updated report later in June, in docket U-200281 at www.utc.wa.gov/

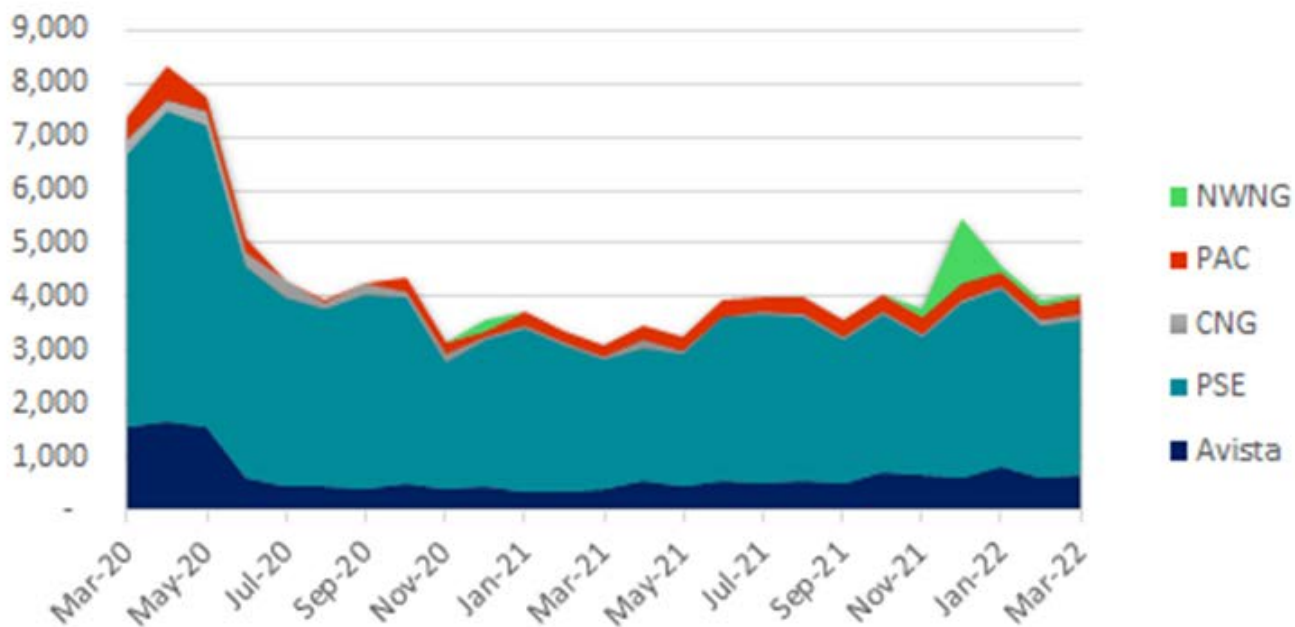
Please contact Mary Kimball (marymonty.kimball@gmail.com) with any questions.

Appendix

Number of Residential Customers with Existing Payment Arrangements



Total Number of Residential Customer Accounts Referred to Collection Agencies (Mar 2020 - Mar 2022)



Number of Premises Receiving Bill Assistance or Enrolled in Assistance Program

