

Agenda Date: March 25, 2021
Item Numbers: A1, A2, A3, A4, A5 and A6

Dockets and

Company Name: UE-210114 Avista Corporation, d/b/a Avista Utilities
UG-210115 Avista Corporation, d/b/a Avista Utilities
UE-210131 PacifiCorp, d/b/a Pacific Power & Light Company
UG-210137 Puget Sound Energy
UE-210138 Puget Sound Energy
UG-210145 Cascade Natural Gas Corporation

Staff: Jing Liu, Deputy Assistant Director – Energy Regulation
David Panco, Regulatory Analyst – Energy Regulation
Hanna Navarro, Regulatory Analyst – Energy Regulation
Margrete Jordahl, Regulatory Analyst – Energy Regulation
Molly Brewer, Regulatory Analyst – Energy Regulation
Andrew Sellards, Regulatory Analyst – Consumer Protection

Recommendation

Allow the tariffs filed by Avista Corporation in UE-210114 and UG-210115, by Pacific Power & Lights in UE-210131, by Puget Sound Energy in UG-210137 and UE-210138, and by Cascade Natural Gas in Docket in UG-210145, become effective by operation of law.

Summary of Filing

Four utilities filed tariff revisions to establish temporary COVID-19 assistance programs pursuant to the Commission’s Order 01 and Order 02 in Docket U-200281.¹

On February 19, 2021, Avista Corporation, d/b/a Avista Utilities (Avista) filed to add new electric Tariff Schedule 73 and new gas Tariff Schedule 173 to implement a “Residential Debt Relief Program” (Debt Relief Program). On February 22, 2021, Avista filed a replacement filing to correct the effective date and the distribution date for the automatic grant to April 1, 2021. On March 19, 2021, Avista filed a second replacement filing to remove one-time provision for automatic grant and to remove the statement about the company’s administrative cost and marketing cost.

¹ *In the Matter of Response to the COVID-19 Pandemic*, Docket U-200281, Order 01 (October 20, 2020) (hereinafter Order 01); *In the Matter of Response to the COVID-19 Pandemic*, Docket U-200281, Order 02 (February 18, 2021) (hereinafter Order 02) (collectively Order 01 and Order 02).

On February 26, 2021, PacifiCorp, d/b/a Pacific Power & Light Company (PacifiCorp) filed to add new Tariff Schedule 119 to implement a “Residential COVID-19 Bill Payment Assistance Program,” effective April 1, 2021.

On February 26, 2021, Puget Sound Energy (PSE) filed revisions to electric and gas Tariff Schedule 129 Low Income Program, to reflect PSE’s proposed Crisis Affected Customer Assistance Program Phase 2 (CACAP-2). On March 5, 2021, PSE filed a revised cover letter to correct typographical errors. PSE seeks an effective date of March 28, 2021, for the revised tariff. CACAP-2 benefits will be available beginning April 12, 2021.

On March 1, 2021, Cascade Natural Gas Corporation (Cascade) filed to add new Tariff Schedule 304 to implement a temporary COVID-19 residential bill assistance program (Big Heart Grant), effective April 1, 2021. Cascade subsequently filed replacement filings on March 8 and March 12, 2021, that reflect modifications to the program based on feedback from commission staff (staff) and other stakeholders.

Table 1 provides an overview of the COVID Assistance filings.

Table 1. Utilities’ Proposed COVID Assistance Programs

Company	Docket	Program Name	Effective Date	Funding Size	Lead Staff
PSE	UG-210137 UE-210138	Crisis Affected Customer Assistance Program (CACAP 2)	3/28/2021	\$27.7 million	Maggie Jordahl
Cascade	UG-210145	Big HEART Program	4/1/2021	\$2.5 million	Jing Liu
PacifiCorp	UE-210131	Residential COVID-19 Bill Payment Assistance Program	4/1/2021	\$3.1 million	David Panco
Avista	UE-210114 UG-210115	Debt Relief Program	4/1/2021	\$6.5 million	Hanna Navarro Molly Brewer

Background

Since the outbreak of COVID-19 pandemic in early 2020, Washington State has taken a series of measures to ensure all customers would continue to receive essential utility services. On April 17, 2020, Governor Inslee issued Proclamation 20-23.2, prohibiting all energy, water, and telecommunications providers from disconnecting residential services due to non-payment. The prohibition has been extended through April 30, 2021. On May 29, 2020, the governor issued Proclamation 20-23.4, requiring utilities to develop COVID-19 Customer Support programs to provide payment plan options for residential customers with arrears due to the pandemic.

The commission formed a COVID-19 response workgroup of stakeholders and conducted workshops to address the disconnection and customers' financial hardship. On October 20, 2020, the commission issued Order 01 in U-200281, adopting Staff's Revised Term Sheet with modifications. Among other things, Order 01 ordered investor-owned electric and natural gas utilities to continue a moratorium on disconnection for nonpayment by residential and small commercial customers until April 30, 2021.² Order 01 also directs the utilities to establish a temporary COVID-19 bill assistance program, using 1 percent of its retail revenue.³

On February 18, 2021, the commission adopted Staff's Second Revised Term Sheet, which extends suspension of disconnection for nonpayment to July 31, 2021, and allows the utilities to resume disconnection notice activities 60 days prior to that date.⁴ The commission plans to reassess the status of the pandemic and its health and economic impacts in early May and revisit the possibility of extending the moratorium.⁵ The commission expressed that it will "be crucial to assessing how the Joint Utilities are addressing long-term and extensive arrearages, as well as customer outreach and engagement."⁶

The Commission's Term Sheet in both Order 01 and Order 02 provides,

- 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.*

Discussion

Staff reviewed the filings from Avista, PacifiCorp, PSE, and Cascade and believes the proposed COVID assistance programs comply with the Commission's Term Sheet in Order 01 and Order 02 of Docket U-200281. All the COVID assistance programs provide financial assistance to customers at or below 200 percent of Federal Poverty Level and are funded at 1 percent of retail revenue.⁷ The programs are supplements to, not substitutes for, the federal Low Income Home Energy Assistance Program (LIHEAP) and the utilities' existing bill assistance programs.

² Order 01, Appendix A, at 1.

³ Order 01, Appendix A, at 3.

⁴ Order 02, Appendix A, at 1.

⁵ Order 02, ¶19.

⁶ Order 02, ¶22.

⁷ Avista and PSE will make the total funds available for both electric and gas customers.

Customers who receive benefits from the COVID assistance programs still qualify for LIHEAP or other applicable bill assistance programs as well as other payment plan options.

Although not all the proposed COVID assistance programs are identical, they all have an auto-enrollment component and a component that requires customer applications. For customers who have received energy assistance (LIHEAP or utilities bill assistance programs) in the past 24 months, the utilities will automatically apply a grant to forgive the past payment due.⁸ Utilities may conduct auto-enrollment more than once, or provide subsequent grants upon request, depending on their evaluation of customer needs and funding availability and subject to \$2,500 annual cap for individual customers. For customers who have not received energy assistance in the past 24 months and cannot be identified as “low income” in the utilities’ system, they will need to apply for the COVID assistance benefits by either contacting the utility directly or contacting the community action agencies (CAAs). Staff believes the two components strike a balance between administrative simplicity and the need for income verification, and address both the financial need of identified low-income customers and the financial need of new applicants.

The fund distribution strategies vary slightly among companies. Of the four programs, Cascade and PSE will administer their COVID assistance grants in house. PSE will primarily accept customers’ applications through their internet portal and mail applications will also be accepted. Cascade will rely on the CAAs’ certification of customer income for other energy assistance as well as self-reported household income from customers to determine income eligibility. Avista and PacifiCorp will work with CAAs for new customer applications.

A few companies mentioned in their initial filings that they intend to include some support costs for the program to be deferred and recovered at a later date.⁹ Under staff’s advice, companies have removed the deferral of support costs from their filings. Staff takes a narrow interpretation of the Commission’s Term Sheet on program spending; that is, the funding at 1 percent of retail revenue only covers the direct benefits to customers and the compensation to the CAAs. Each utility’s petition for deferred accounting treatment for COVID-related costs was granted in separate dockets earlier this year.¹⁰ Utilities will need to identify and justify specific cost items when they seek cost recovery.

All utilities developed their programs in consultation with their Energy Assistance Advisory Groups. All stakeholders have had the opportunity to provide feedback and the utilities have incorporated the feedback into the final program proposal.

⁸ PSE’s CACAP-2 is a little different in that it requires no customer application if customers received energy assistance in both the prior and the current program years and have a balance more than 60 days past due; it requires customer application if customers received bill assistance in the current program year only and have a balance.

⁹ For example, PSE mentioned cost recovery of “education costs.” Cascade’s initial filing mentioned “promotion cost.” Avista mentioned “all associated program costs not otherwise included in rates.” Avista also proposed to use 1 percent of the fund for Avista’s administration.

¹⁰ The dockets for COVID-related cost deferrals are UE-200407 and UG-200408 for Avista, UE-200234 for PacifiCorp, UE-200780 and UG-200781 for PSE and UG-200479 for Cascade.

The Energy Project, Public Counsel and staff recommend the utilities report the data, as outlined in Attachment A of staff memo, to assess the performance of the new COVID assistance programs in April 2021. The April data shall be reported in Docket U-200281 before the commission resume the discussion on the disconnection moratorium in an open meeting in May 2021.

Conclusion

Staff believes the COVID assistance programs proposed by Avista, PacifiCorp, PSE, and Cascade comply with commission Orders 01 and 02 in Docket U-200281. By addressing financial hardship of low-income customers due to the pandemic, these programs provide necessary safety nets and are consistent with the public interest. Therefore, staff recommends the commission allow the tariffs filed by Avista Corporation in UE-210114 and UG-210115, by Puget Sound Energy in UG-201137 and UE-210138, by Pacific Power & Light in UE-210131 and by Cascade Natural Gas in Docket in UG-210145, become effective by operation of law.

Attachment A

Data Report for the Commission’s Open Meeting in May on Disconnection Moratorium

1. Energy Assistance Disbursement in April 2021

	New COVID Bill Assistance Programs			LIHEAP	Utility's Current Permanent Bill Assistance Program
	Automatic Grants	New Applications	Total		
Total Benefits					
Number of accounts					
Average Benefits					

Please provide the electric and gas fund disbursement separately if applicable.

2. Past Due Balances as of April 30, 2021, (the same data as listed in Section J-8 of the Second Revised Staff Term Sheet approved in Order 02 in Docket U-200281) in a consistent format and at the same level of details with the report for the first quarter of 2021, and a calculation of the difference from data as of March 31, 2021.
 - 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.

3. Long-term Payment Agreement, Arrearage Management Plans (AMPs), and debt relief in April 2021 (the same data as listed in Section J-4 of the Second Revised Staff Term Sheet approved in Order 02 in U-200281) in a consistent format and at the same level of details with the report for the first quarter of 2021, and a calculation of the difference from data as of March 31, 2021.
 - 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 in April 2021, both a narrative and the specific number of contacts the company made by phone, mail, email, etc.