

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-210755

SHAWN M. COLLINS

EXHIBIT SMC-2

SUMMARY OF THE EFFECTS OF COVID-19 ON WASHINGTON'S INVESTOR-
OWNED UTILITY RESIDENTIAL CUSTOMERS

April 25, 2022

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GLOSSARY OF KEY TERMS & ABBREVIATIONS

UTC	Washington Utilities & Transportation Commission
TEP	The Energy Project
IOU	Investor-Owned Utility
Avista	Avista Corporation
PSE	Puget Sound Energy
CNG	Cascade Natural Gas
PAC	PacifiCorp
NWNG	Northwest Natural Gas
Resumption Date	The day that disconnection practices resumed (10/1/2021)
KLI	Known Low-Income; defined as residential customers who have received energy assistance in the last two years
HIC	Highly Impacted Community
LIHEAP	Low Income Home Energy Assistance Program
TPA	Time Payment Arrangement

EXECUTIVE SUMMARY

In March 2020, the Washington Utilities and Transportation Commission (UTC) opened Docket U-200281 to investigate and address the impacts of the COVID-19 pandemic on Washington investor-owned utility (IOUs) customers. Governor Jay Inslee established a disconnection moratorium in April 2020, prohibiting IOUs from disconnecting residential service due to nonpayment. After conducting workshops and taking written comments, the Commission issued Order 01 in Docket U-200281 extending the disconnection moratorium to April 2021. Order 01 established requirements and restrictions for reconnection, late fees, long-term payment arrangements, arrearage management plans, credit and collection practices, and additional funding for customer bill assistance programs. The Order also established data and reporting requirements regarding arrearages and other credit and collection matters. These requirements and restrictions were reaffirmed, with some modifications, in several subsequent Orders. The disconnection moratorium expired on September 30, 2021. A number of key additional consumer protections ordered by the UTC are set to expire on March 30, 2022. Data reporting continues until 12 months after the Resumption Date.¹

The Energy Project (TEP) analyzed the reported data in March 2021 and presented findings to the UTC. TEP found that (1) the majority of residential arrearages were classified as 90+ days overdue, (2) most arrearages were from a select few zip codes, and (3) zip codes holding the most arrearages almost always included areas classified as “Highly Impacted Communities” (HIC) by the Washington State Department of Health (DOH). The DOH Environmental Health Disparities (EHD) map ranks Washington’s census tracts according to environmental factors and social and health vulnerability measures that influence health outcomes, including people of color, unemployment, social vulnerability to COVID-19, and percent of population in poverty. The EHD identifies HICs based on these and other factors.² The findings of this report highlight the disproportionate financial hardship experienced by HICs. This summative report serves as an update on the IOU data reported through December 2021 and highlights the role that this data plays in understanding and addressing the impacts of COVID-19 and inequities IOU customers face.

At the beginning of the pandemic, in March 2020, total residential arrearages reported by all five IOUs in the state were \$39 million. That amount grew to a peak of \$83 million in May 2021 just as temporary COVID-19 assistance programs were launched, an

¹ U-200281, Order 03, paragraph 37.

² The DOH EHD mapping tool is part of the DOH Washington Tracking Network (WTN) mapping tool. The EHD map considers socioeconomic factors, sensitive populations, environmental effects, and environmental exposure. Census tracts ranked 9 or 10 and those with tribal lands are designated as “highly impacted communities” (HIC). <https://doh.wa.gov/data-statistical-reports/washington-tracking-network-wtn/washington-environmental-health-disparities-map>

increase of 112%. COVID-19 assistance programs, other utility bill assistance programs, and LIHEAP as well as outreach by utilities, and an increased number of long-term payment arrangements may have helped constrain further growth in arrearages among residential customers. However, some concerning trends in the data illuminate the financial distress that many Washington households continue to experience. Highlights of this report's findings include:

- Total residential arrearages increased during the pandemic due to 90+ day arrearages, although there was a significant decline in December 2021.
- Despite the overall residential arrearage trend, there was a decline in arrearages for known low-income (KLI) customers.
- Most arrearages are over 90 days past-due, and this vintage is growing. These customers are most at risk of possible disconnection.
- A significant portion of total residential and known low-income arrearages are concentrated in a few zip codes that contain areas designated as HICs.
- An update of our zip code analysis from March 2021 to December 2021 shows that IOUs reduced residential and KLI arrearages in the top five zip codes, but due to the seasonality of utility data it will be important to review trends in March 2022.
- Utility bill assistance programs, which include COVID-19 relief funds administered by the utilities, have not been sufficiently effective at offsetting residential arrearages.
- The number of households receiving bill assistance has increased.
- Reconnection fees were charged by two of the IOUs despite the UTC's prohibition on such fees.
- Approximately 3,000-4,000 customers have been referred to collections each month, presumably those with closed accounts with an unpaid balance. The Commission's prohibition on sending customers to collections applied to active accounts.
- Between 20,000-30,000 customers received disconnection notices in each month of the fourth quarter of 2021.

This report aims to provide an analysis and summary of the data filed by the five IOUs since the beginning of the COVID-19 pandemic, from March 2020 through December 2021, the most recent data available. Data for the first quarter of 2022 will be available in April 2022 and quarterly data will be reported through the third quarter of 2022.

BACKGROUND

In March 2020, the Washington Utilities and Transportation Commission (UTC) opened docket U-200281 to investigate and address the impacts of the COVID-19 pandemic on Washington investor-owned utility (IOUs) customers. On April 17, 2020, Governor Jay Inslee issued Proclamation 20-23.2, prohibiting 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. In the Commission docket, a work group formed to establish requirements and expectations for the IOUs both during and after expiration of the disconnection moratorium. A series of workshops and Open Meetings were held by the UTC where stakeholder input helped form subsequent consumer protection terms for the five investor-owned electric and gas utilities. These protections were put into effect by the Commission Orders described below:

Order 01, issued October 20, 2020, extended the disconnection moratorium until April 30, 2021 and established that the UTC would assess health and economic conditions in February 2021, prior to the moratorium expiration date. Order 01 established requirements and restrictions for reconnection, late fees, long-term payment arrangements, arrearage management plans, credit and collection practices, and additional funding for customer programs. The Order also established data and reporting requirements regarding arrearages and other credit and collection matters. These requirements and restrictions were reaffirmed, with some modifications, in each of the subsequent Orders.

Order 02, issued February 18, 2021, extended the disconnection moratorium until July 31, 2021. Order 02 also stated that the UTC would assess health and economic conditions in May 2021, prior to the disconnection moratorium expiration date.

Order 03, issued May 18, 2021 maintained the moratorium expiration date of July 31, 2021, allowing IOUs to resume disconnection notice activities 30 days prior to that date. On May 28, 2021, the Public Counsel Unit of the Attorney General's Office filed a Petition for Reconsideration of Order 03 and a Petition for Stay, requesting the UTC extend the moratorium until September 30, 2021. However, Governor Inslee issued Proclamation 20-23.16 on July 2, 2021, extending the moratorium until September 30, 2021, rendering this request moot.

Order 04, issued July 2, 2021, extended the disconnection moratorium until September 30, 2021, consistent with Governor Inslee's proclamation, and established a disconnection "Resumption Date" of October 1, 2021. Appendix A, attached to Order 04

and adopted by the Commission, extended and modified certain reporting requirements of the prior Order.

With the passage of the Resumption Date, disconnection activities have resumed. A number of key consumer protections in Order 04 will expire 180 days after the Resumption Date, on March 30, 2022. These include: (1) reconnection protections; (2) waiver of late fees, reconnection fees, disconnection fees, and deposit requirements; (3) 18-month long-term payment arrangements; and (4) the prohibition on referral to collection agencies.

Data reporting will continue for 12 months after the Resumption Date.

RESIDENTIAL ARREARAGES

The state of residential past-due balances, or arrearages, is an important indicator of the vulnerability and needs of Washington's energy utility customers. Customers with large past-due balances, particularly balances greater than 90 days past-due, are most at risk of potential disconnection from energy service. This section shows the changes in residential energy utility customers' arrearages from March 2020 to December 2021.

Since the start of the COVID-19 pandemic in March 2020, the total number of residential customers with accounts in arrears (Figure 1) has remained relatively constant. This suggests that customers with a prior history of past-due balances continued to face financial hardship during the pandemic. On average, there were slightly more customers in arrears each month in 2021 than in 2020. However, the number of customers in arrears was lower in December 2021 (254,351) compared to December 2020 (277,132).

In 2021, **Avista, Cascade Natural Gas (CNG), and Northwest Natural Gas (NWNG) have seen a small decline** in this metric, while **Puget Sound Energy (PSE) and PacifiCorp (PAC) have seen a gradual growth.**

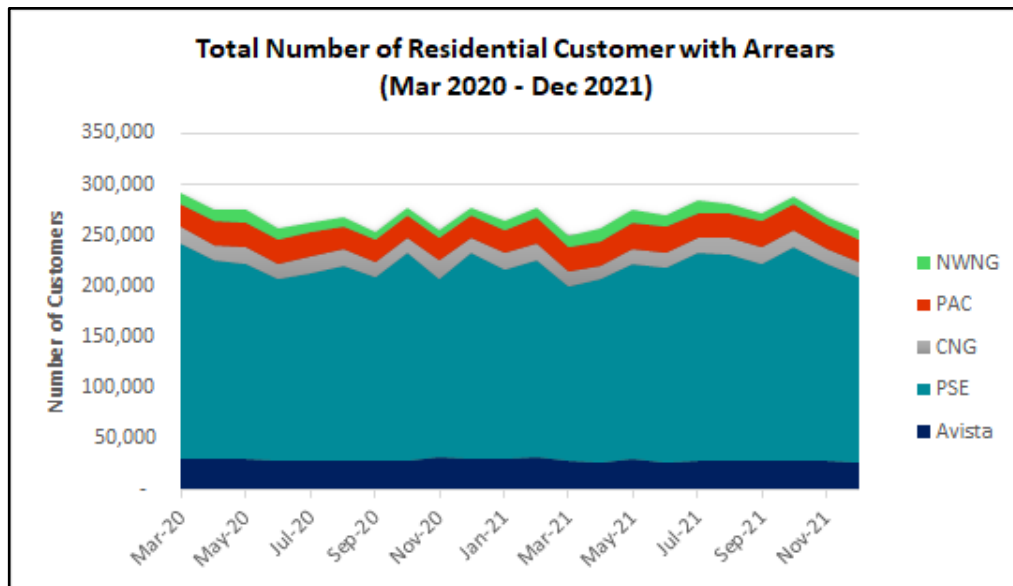


Figure 1

Figures 2 and 3 show opposite trends of arrearage growth for all residential customers (Figure 2) and known low-income residential customers (Figure 3). Known low-income customers are those with a history of receiving utility bill assistance during the prior two years. Figure 2 shows that overall, residential arrearages grew by 112%, from \$39 million in March 2020 to \$83 million in May 2021, when residential arrearages were at the highest levels.

As shown by the trend line in Figure 2, the overall trend is a substantial increase in residential arrearages, although there was a significant decline in December 2021. Coupled with the trend in Figure 1 that the number of customers with arrearages has held fairly constant, the trend in Figure 2 shows that **residential arrearages have increased substantially since the beginning of the pandemic, and thus households are carrying much larger arrearages**. In contrast, Figure 3 shows a slight decline in arrearages among known low-income customers. These figures highlight that the utilities have been focusing on and are **lowering known low-income arrearages**; however, they are **not succeeding at lowering total residential arrearages**. Additionally, the bulk of residential arrearages have remained consistently large in the **90+ days vintage**.

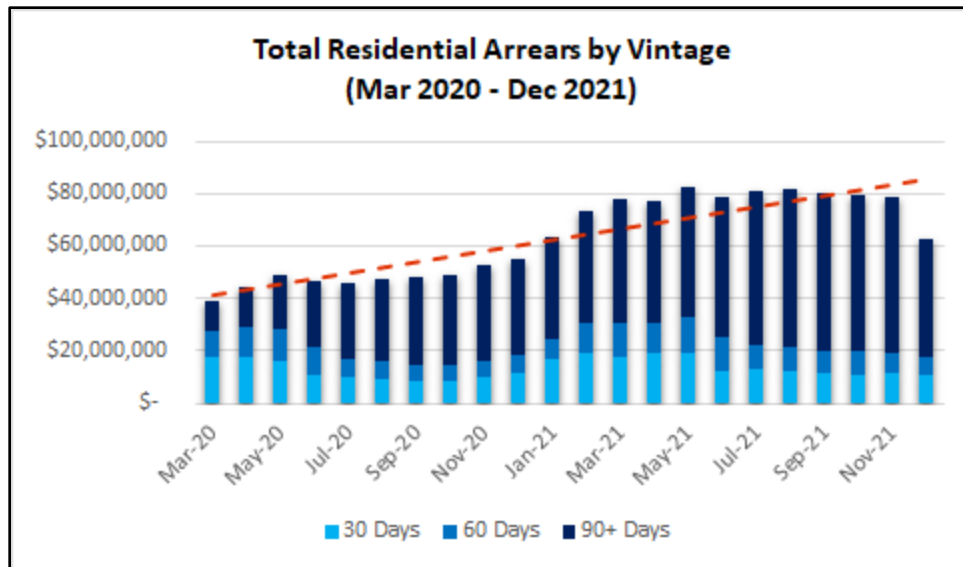


Figure 2

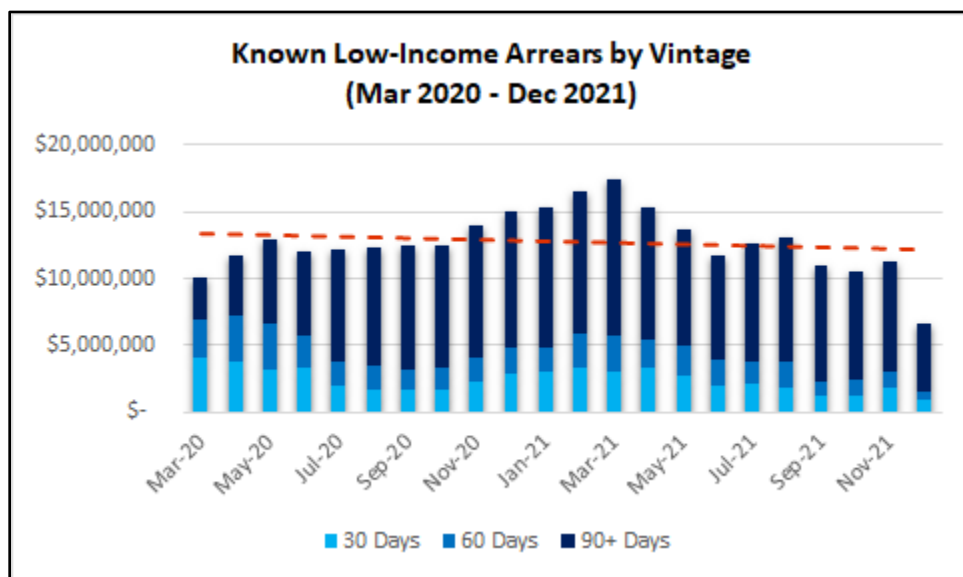


Figure 3

The proportion of total residential arrearages in the 90+ Days vintage has grown for the same time periods in 2020 and 2021 (see Figures 4 and 5). **Compared to 2020 (58%), 2021 had an even larger proportion of arrearages in the 90+ Days vintage (69%).** Figures 6 and 7 below also show the disparity between vintages; however, they also illuminate another trend. While the 90+ day vintage grew for total residential arrearages, it was cut in half for known low-income arrearages. Customers with arrearages in the 90+ day vintage are most at risk of potential disconnection, so the significant increase among total residential customers is a disturbing trend.

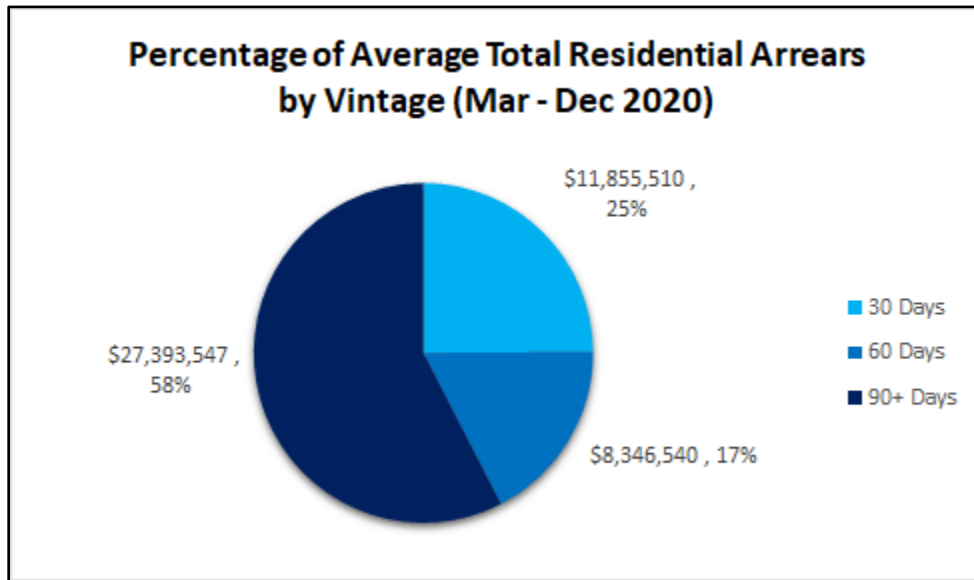


Figure 4

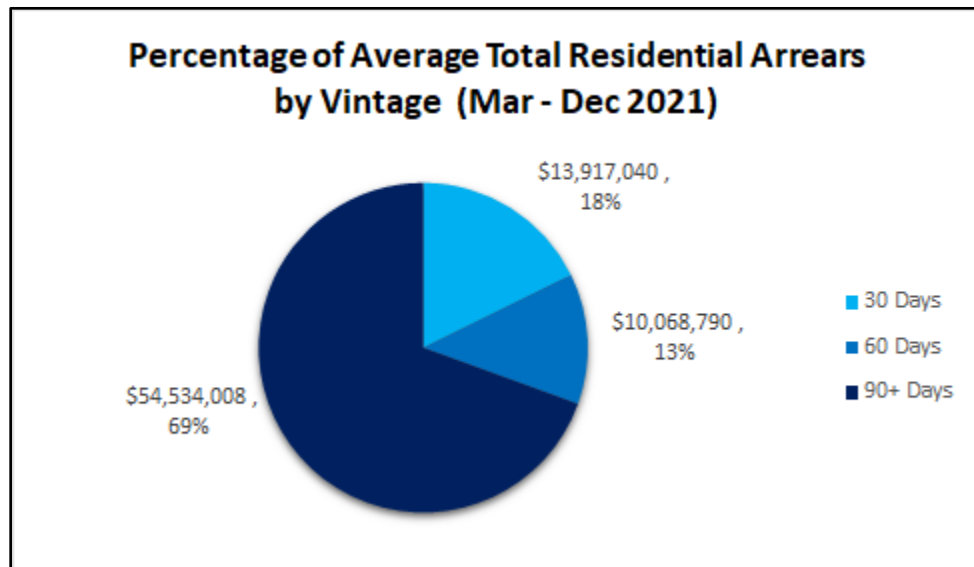


Figure 5

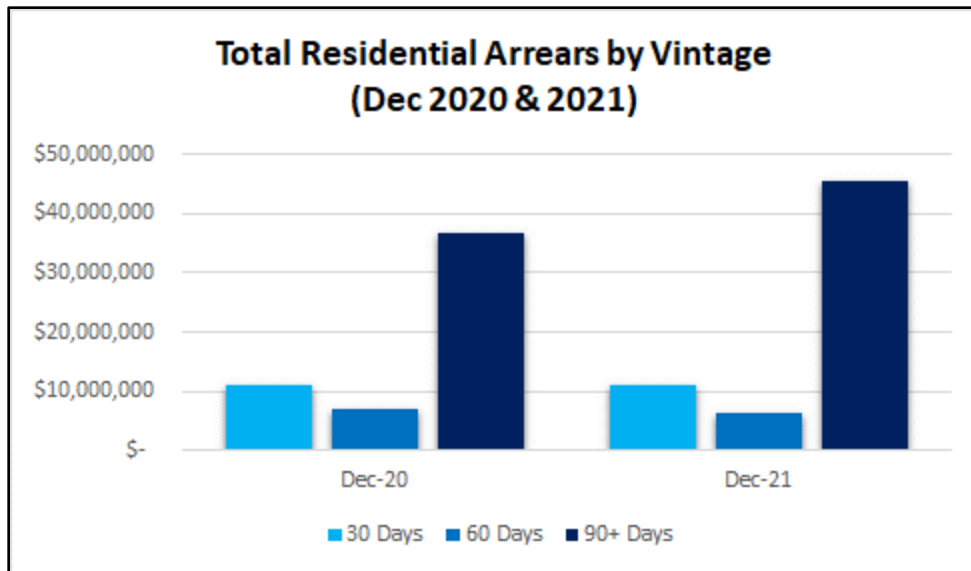


Figure 6

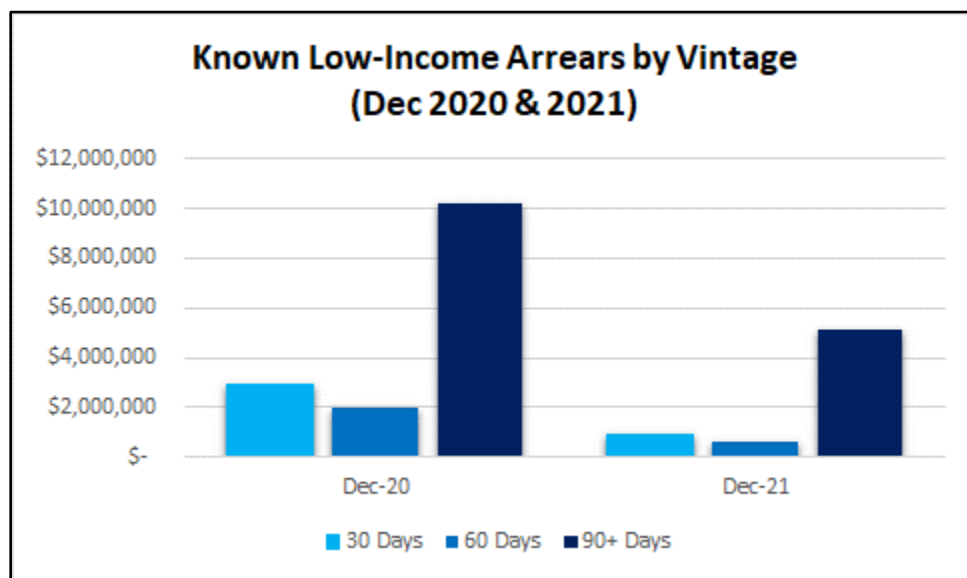


Figure 7

Zip Code Analysis

On May 12, 2021, the UTC held a Recessed Open Meeting for stakeholders to further discuss the state and conditions surrounding the disconnection moratorium. At this meeting, The Energy Project presented the results of a detailed analysis summarizing the inequitable and significant concentration of arrearages in the top five zip codes for each utility (as of March 2021). This analysis also identified that most of the utilities' top

five zip codes with the highest residential arrearages were also designated as *Highly Impacted Communities* by the Washington State Department of Health.³

At the conclusion of the May 12, 2021 meeting, Commissioner Rendahl stated that she “would urge the companies [to focus] on those areas where folks are being hurt the hardest.”⁴ This report has been prepared by The Energy Project to continue to highlight and name the communities that are being hurt the hardest, with customers facing financial hardship during the pandemic, and vulnerable to possible disconnection from critical utility service.

The following tables provide an updated zip code analysis as of December 2021. These tables show: 1) the top five zip codes with the highest residential arrears in each utility’s service area, 2) the total residential arrearage and the 90+ day vintage arrearage values, 3) the known low-income arrearage and the 90+ day vintage arrearage values, and 4) what percent of the entire utility’s arrearages lie in the top five zip codes. We also explain that almost all of the zip codes with highest residential arrearages have areas designated as Highly Impacted Communities (HIC) by the DOH.

Lastly, it is important to be mindful of the seasonality of utility bills and arrearages in considering the trends in this zip code analysis. While we indicate trends from March 2021 to December 2021, the full impacts from the winter heating season will not be known until March 2022.

Avista

Table 1. Top 5 Zip Codes with Highest Residential Arrearages (of 105 Zip Codes)

	ZC 1	ZC 2	ZC 3	ZC 4	ZC 5	Sum & % of Dec 2021 Residential (or KLI) Total
Avista	99205	99208	99207	99202	99223	
Communities Served	NW Spokane	North-central Spokane	North-central Spokane	East Spokane	SE Spokane	
Total Residential Arrearages	\$ 828,079	\$ 793,941	\$ 755,005	\$ 412,348	\$ 376,990	\$3.17M (38%)
90+ Day Arrearages	\$ 634,932	\$ 566,828	\$ 613,594	\$ 336,399	\$ 256,820	\$2.41M (39%)
KLI Arrearages	\$ 249,949	\$ 235,457	\$ 292,605	\$ 156,255	\$ 110,787	\$1.05M (45%)
90+ Day Arrearages	\$ 205,850	\$ 190,982	\$ 252,219	\$ 135,527	\$ 87,951	\$0.87M (45%)

³ Washington State Department of Health, <https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/ClimateProjections/CleanEnergyTransformationAct>

⁴ U-200281, Recessed Open Meeting (May 12, 2021). Recording in UTC Video Archive at <https://www.utc.wa.gov/documents-and-proceedings/events/video-archive>

Avista's top five zip codes with the highest residential arrearages are exactly the same as those identified in March 2021. The only difference is that zip codes 99207 (North-central Spokane, WA) and 99208 (North-central Spokane, WA) switched places. A significant portion of residential and known low-income arrearages are still concentrated in a few zip codes. Avista's service territory covers 105 zip codes. Sixty-two percent (62%) of total residential arrearages and sixty-four percent (64%) of known low-income residential arrearages are from the top ten zip codes. This is an increase in concentration for both total residential arrearages and known low-income arrearages since the March 2021 analysis. Additionally, all of Avista's top five zip codes shown in the table above have areas designated as Highly Impacted Communities by the Washington State Department of Health.

However, Avista successfully reduced total residential and known low-income arrearages in the top five zip codes since March 2021.

Puget Sound Energy

Table 2. Top 5 Zip Codes with Highest Residential Arrearages (of 232 Zip Codes)

	ZC 1	ZC 2	ZC 3	ZC 4	ZC 5	Sum & % of Dec 2021 Residential (or KLI) Total
Puget Sound Energy	98092	98023	98003	98042	98391	
<i>Communities Served</i>	<i>NE Auburn</i>	<i>Federal Way</i>	<i>Federal Way</i>	<i>Covington</i>	<i>Bonney Lake</i>	
Total Residential Arrearages	\$ 1,515,747	\$ 1,443,909	\$ 1,366,432	\$ 1,314,962	\$ 1,176,413	\$6.82M (10%)
90+ Day Arrearages	\$ 693,752	\$ 822,092	\$ 799,024	\$ 590,773	\$ 592,742	\$3.5M (11%)
KLI Arrearages	\$ 237,656	\$ 75,094	\$ 107,437	\$ 80,024	\$ 69,980	\$0.57M (12%)
90+ Day Arrearages	\$ 111,354	\$ 37,032	\$ 57,883	\$ 41,259	\$ 41,107	\$0.29M (11%)

PSE's top five zip codes with the highest residential arrearages are similar to those identified in March 2021. The only differences are that 98002 (Auburn, WA) and 98032 (Kent) are no longer in the top five; instead, 98042 (Covington, WA) and 98391 (Bonney Lake, WA) are now in the top five.

A significant portion of residential and known low-income arrearages are still concentrated in a few zip codes. PSE's service territory covers 232 zip codes. Nineteen percent (19%) of total residential arrearages and twenty-six percent (26%) of known low-income residential arrearages are from the top ten zip codes. However, this is a decrease in concentration for total residential arrearages and no change for known low-income arrearages since the March 2021 analysis. Additionally, all of PSE's top five zip codes shown in Table 2 have areas designated as Highly Impacted Communities.

However, PSE successfully reduced total residential and known low-income arrearages in the top five zip codes with the highest arrearages since March 2021.

Cascade Natural Gas

Table 3. Top 5 Zip Codes with Highest Residential Arrearages (of 76 Zip Codes)

	ZC 1	ZC 2	ZC 3	ZC 4	ZC 5	Sum & % of Dec 2021 Residential (or KLI) Total
Cascade	98902	99301	98225	98312	98226	
<i>Communities Served</i>	<i>SW Yakima</i>	<i>W Pasco</i>	<i>Bellingham</i>	<i>Bremerton</i>	<i>Bellingham</i>	
Total Residential Arrearages	\$ 251,730	\$ 227,259	\$ 138,721	\$ 110,491	\$ 107,778	\$836K (28%)
90+ Day Arrearages	\$ 202,193	\$ 196,759	\$ 112,059	\$ 81,403	\$ 91,874	\$684K (23%)
KLI Arrearages	\$ 12,218	\$ 7,932	\$ 1,447	\$ 2,584	\$ 2,694	\$27K (35%)
90+ Day Arrearages	\$ 75	\$ 105	\$ -	\$ 65	\$ 29	\$274 (7%)

Cascade's top five zip codes with the highest residential arrearages are almost the exact same as those identified in May 2021. The only difference is that 99362 (Walla Walla, WA) is no longer in the top five; instead, 98226 (Bellingham, WA) is now in the top five.

A significant portion of residential and known low-income arrearages are still concentrated in a few zip codes. Cascade Natural Gas's service territory covers 76 zip codes. Forty-five percent (45%) of total residential arrearages and fifty-six percent (56%) of known low-income residential arrearages are from the top ten zip codes. This is an increase in concentration for both total residential arrearages and known low-income arrearages since March 2021. Additionally, all of Cascade's top five zip codes shown in the table above have areas designated as Highly Impacted Communities.

Cascade successfully and significantly reduced total residential, known low-income, and 90+ day known low-income arrearages in the top five zip codes since March 2021. However, 90+ day total residential arrearages grew.

PacifiCorp

Table 4. Top 5 Zip Codes with Highest Residential Arrearages (of 35 Zip Codes)

	ZC 1	ZC 2	ZC3	ZC 4	ZC 5	Sum & % of Dec 2021 Residential (or KLI) Total
PacifiCorp	98902	98908	98901	98903	99362	
Communities Served	Yakima	W Yakima	NE Yakima	SW Yakima	Walla Walla	
Total Residential Arrearages	\$ 1,710,070	\$ 1,150,290	\$ 1,037,377	\$ 859,874	\$ 688,899	\$5.45M (60%)
90+ Day Arrearages	\$ 1,138,561	\$ 806,449	\$ 738,299	\$ 547,335	\$ 429,878	\$3.66M (56%)
KLI Arrearages	\$ 70,064	\$ 15,806	\$ 38,646	\$ 37,826	\$ 43,075	\$205K (45%)
90+ Day Arrearages	\$ 21,587	\$ 2,716	\$ 18,602	\$ 17,571	\$ 10,675	\$71.2K (40%)

PacifiCorp's top five zip codes with the highest residential arrearages are exactly the same as those identified in March 2021.

A significant portion of residential and known low-income arrearages are still concentrated in a few zip codes. PAC's service territory covers 35 zip codes. Eighty-two percent (82%) of total residential arrearages and eighty-four (84%) of known low-income residential arrearages are from the top ten zip codes. This is an increase in concentration for total residential arrearages and about the same concentration for known low-income arrearages since March 2021. Additionally, four of five of PAC's top five zip codes shown in the table above have areas designated as Highly Impacted Communities.

Like Cascade, PacifiCorp successfully and significantly reduced total residential, known low-income, and 90+ day known low-income arrearages in the top five zip codes with the highest arrearages since March 2021. However, 90+ day residential arrearages grew.

Northwest Natural Gas

Table 5. Top 5 Zip Codes with Highest Residential Arrearages (of 41 Zip Codes)

	ZC 1	ZC 2	ZC3	ZC 4	ZC 5	Sum & % of Dec 2021 Residential (or KLI) Total
Northwest Natural Gas	98682	98685	98684	98661	98604	
Communities Served	E Five Corners	Salmon Creek	Evergreen	Vancouver	Battle Ground	
Total Residential Arrearages	\$ 221,777	\$ 118,268	\$ 101,047	\$ 97,669	\$ 94,559	\$633K (48%)
90+ Day Arrearages	\$ 118,647	\$ 53,131	\$ 59,296	\$ 66,758	\$ 45,783	\$344K (47%)
KLI Arrearages	\$ 743	\$ 155	\$ 525	\$ 707	\$ 365	\$2.5K (57%)
90+ Day Arrearages	\$ 71	\$ -	\$ 128	\$ 91	\$ 91	\$0.38K (48%)

NWNG's top five zip codes with the highest residential arrearages are similar to those identified in March 2021. The only differences are that 98662 (Five Corners, WA) and 98607 (Camas, WA) are no longer in the top five; instead, 98685 (Salmon Creek, WA) and 98661 (Vancouver, WA) are now in the top five.

A significant portion of residential and known low-income arrearages are still concentrated in a few zip codes. NWNG's service territory covers 41 zip codes. Seventy-eight percent (78%) of total residential arrearages and eighty-one percent (81%) of known low-income residential arrearages are from the top ten zip codes. However, this is a decrease in concentration for both total residential arrearages and known low-income arrearages since March 2021. Additionally, three of five of NWNG's top five zip codes shown in the table above have areas designated as Highly Impacted Communities.

Like Cascade and PacifiCorp, NWNG successfully and significantly reduced total residential, known low-income, and 90+ day known low-income arrearages in the top five zip codes with the highest arrearages since March 2021. However, 90+ day residential arrearages grew.

Highlights of Zip Code Analysis:

- Compared to The Energy Project's March 2021 zip code analysis, nearly the same five zip codes were identified as having the highest residential arrearages for each utility.
- A significant portion of total residential and known low-income arrearages are still concentrated in a few zip codes, especially zip codes where there are Highly Impacted Communities.
- The utilities were more effective at reducing known low-income residential arrearages than total residential arrearages. Arrearages within the total residential 90+ day vintage grew.

Where Can I Find the Data? Arrearage data can be found in the monthly reports (sheet 2) and by zip code in quarterly reports (sheet 8) in Docket U-200281 at www.utc.wa.gov/.

BILL ASSISTANCE

COVID-19 Assistance, Permanent Utility Assistance & LIHEAP

All five of the Washington IOUs established temporary COVID-19 assistance programs, approved by the UTC in March and April of 2021. With an annual household maximum award amount of \$2,500, the funding level was established at one percent of Washington retail revenues for each utility.⁵ Bill assistance for customers is also provided through permanent utility programs (e.g. PSE HELP, Avista LIRAP), as well as through the federal LIHEAP program.

When the Commission considered further extension of the disconnection moratorium at its May 12, 2021 Open Meeting, the temporary COVID-19 relief programs had just recently been launched. At that time, based on the total funds available through all assistance programs, the Commission stated in its Order 03 (to not extend the moratorium) that the “amount of funding available currently exceeds the amount of debt owed by customers who are past-due. As such, there is no reasonable set of circumstances under which any vulnerable customer should be disconnected.”⁶ As described below, the data indicates that unfortunately, funding distributed through 2021 has not been adequate to offset all residential arrearages in 2021.⁷

The tables below show the benefits provided to Washington IOU customers through the three primary types of bill assistance.⁸

⁵ U-200281, Order 04 (July 2, 2021), Appendix A, Amended Third Revised Term Sheet, pp. 3.

⁶ U-200281, Order 03, (May 18, 2021), paragraph 38.

⁷ The Commission observed, “Staff noted in its presentation that there is approximately \$80 million in combined total arrearages for all joint utilities, and more than \$100 million in assistance available.” Order 03, paragraph 26. Reported data indicates that \$86.5 million in total assistance was distributed April-Dec 2021, and that total residential arrearage are \$63.3 million in December 2021.

⁸ There were some anomalies with PacifiCorp’s reporting of bill assistance. PAC reported an estimate of utility bill assistance for April 2021. In addition, PAC did not report utility bill assistance for May to December 2021, but it is possible utility bill assistance was included with LIHEAP assistance.

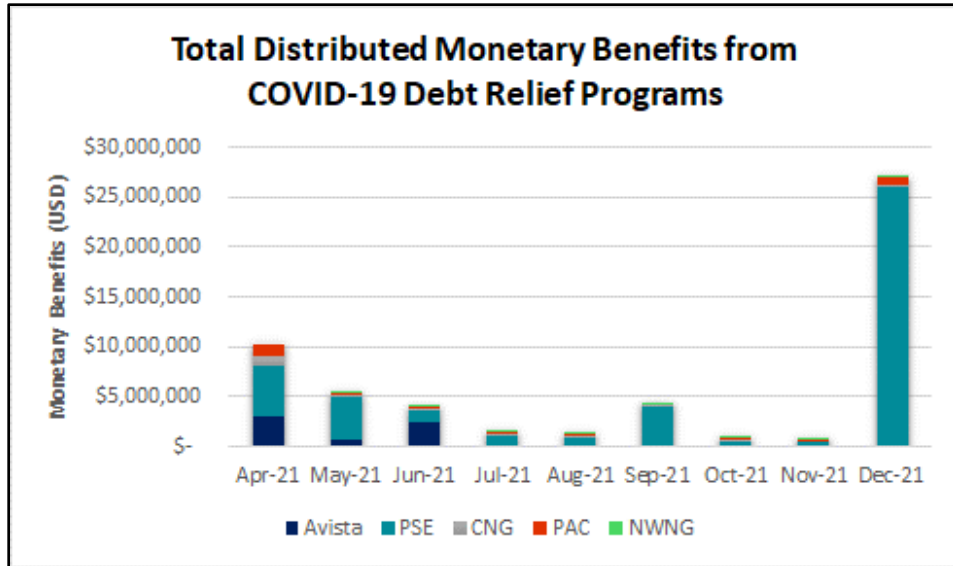


Figure 8

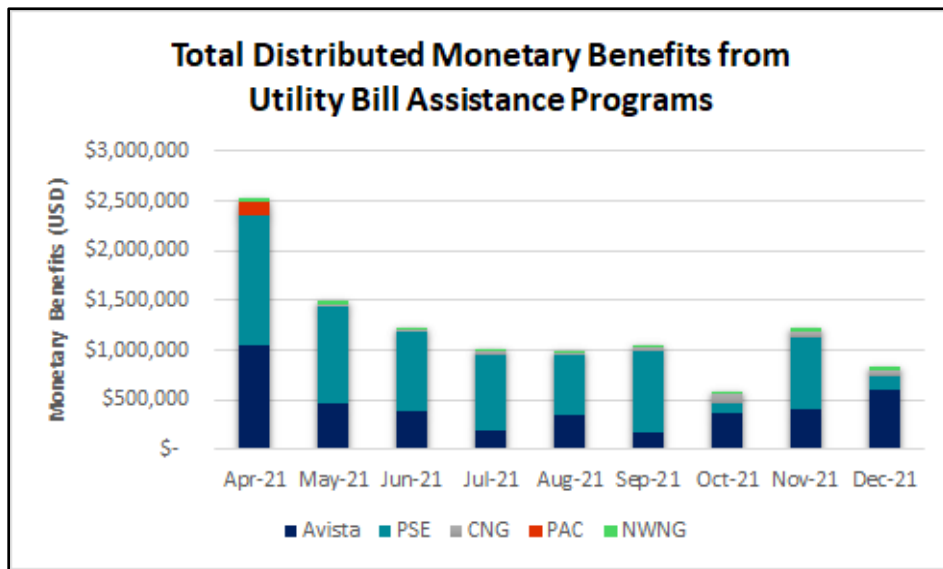


Figure 9

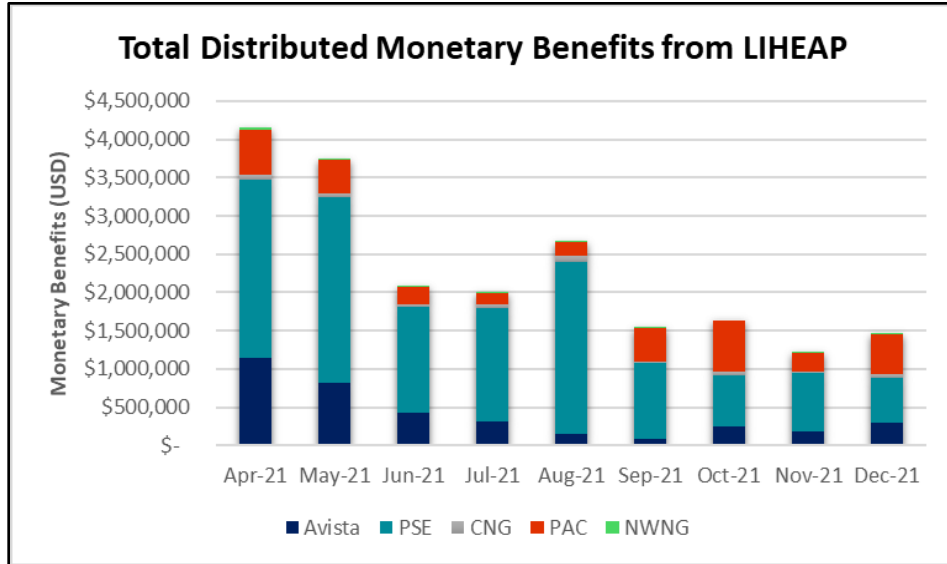


Figure 10

However, based on the available data, there were not adequate funds distributed into communities to offset residential customers with 90+ day arrearages in 2021. Figure 11 shows the total funds distributed by month for all low-income assistance programs– COVID-19, utility bill assistance, and LIHEAP– available from April to December 2021. In addition, the darker blue columns show the 90+ day total residential arrearages. This timeline was selected because the COVID-19 assistance programs officially began in April 2021.

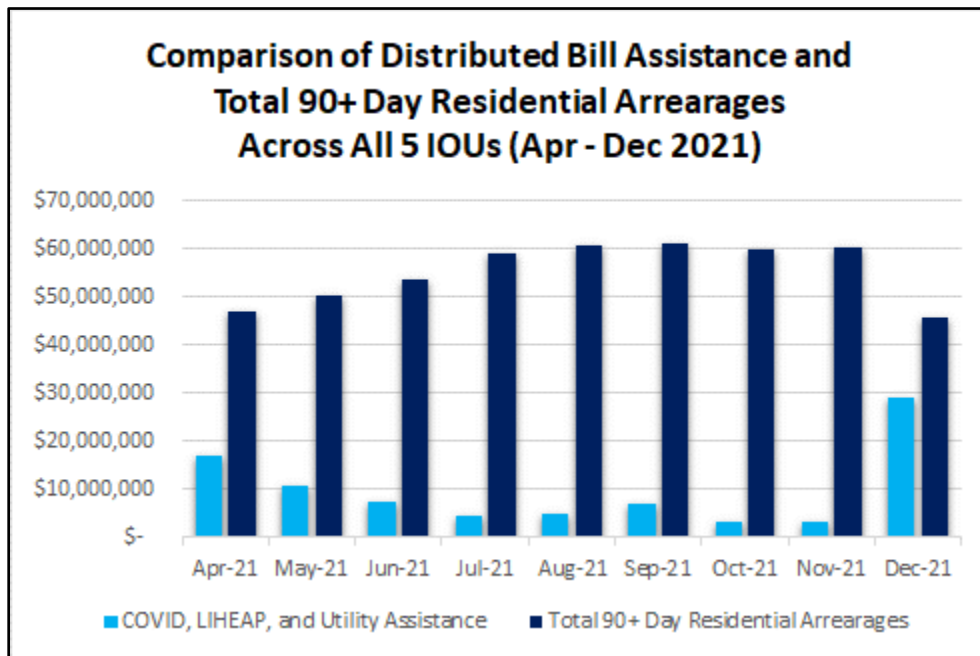


Figure 11

Across all utilities, **the number of premises receiving bill assistance or enrolled in an assistance program increased** since the beginning of the pandemic in March 2020. An increase in enrollment occurred at the end of 2021, driven primarily by PacifiCorp and PSE (Figure 12).⁹ However, 90+ day arrearages still surpass bill assistance distributed as of December 2021 by a wide margin, as shown in Figure 11.

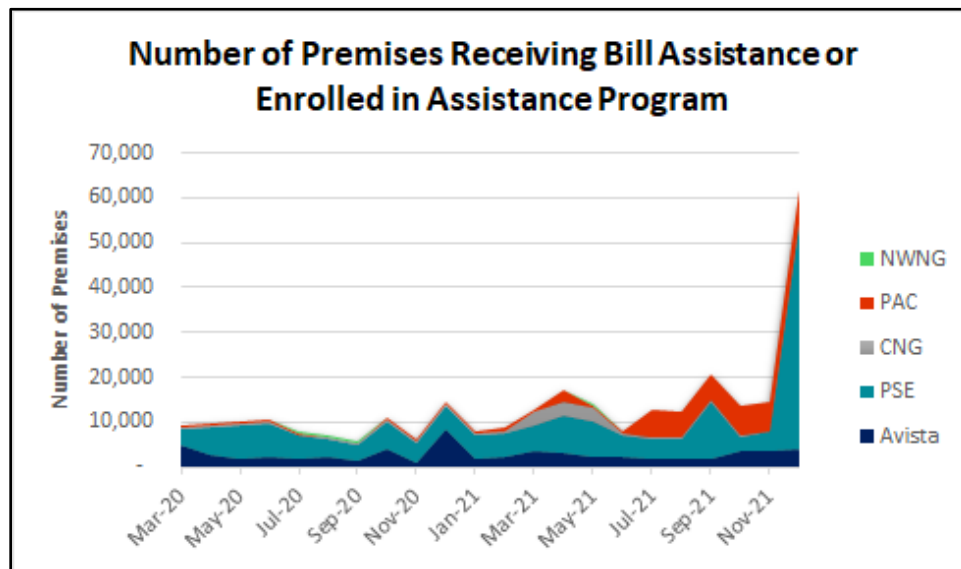


Figure 12

Where Can I Find the Data? COVID-19 and LIHEAP bill assistance data can be found in the monthly reports (sheet 1) in Docket U-200281 at www.utc.wa.gov/. Data on bill assistance enrollment can be found by zip code in quarterly reports (sheet 7) in Docket U-200281 at www.utc.wa.gov/.

RESUMPTION OF DISCONNECTIONS

With the end of the disconnection moratorium on September 30, 2021, the IOUs are now able to disconnect customers for nonpayment. In its Order 03, the UTC established a temporary additional requirement that each of the utilities must contact the UTC's Assistant Director for Consumer Protection prior to disconnecting any customer in the next 12 months. The Commission determined that this additional step acts as a safeguard that allows the UTC to "intervene on behalf of the most marginalized ratepayers prior to a service interruption. Vulnerable consumers, a disproportionate

⁹ The substantial increase in December 2021 for COVID Debt Relief programs appears to reflect substantial payments under PSE's Supplemental Crisis Affected Customer Assistance Program (CACAP) which automatically identified low-income customers and applied payments to thousands of accounts in arrears during December (Dockets UE-210792 and UG-210793)

number of whom are BIPOC, must be protected from losing access to essential services.”¹⁰

A significant number of customers have begun receiving disconnection notices. Figure 13 shows that between twenty to thirty thousand Washington customers received disconnection notices from four of the five IOUs in each month of the fourth quarter of 2021.¹¹ However, since the end of the disconnection moratorium, three IOUs— PSE, PAC, NWNG— did not report any disconnections. Cascade (154) and Avista (23) were the only utilities to report residential customer disconnections in the fourth quarter of 2021.

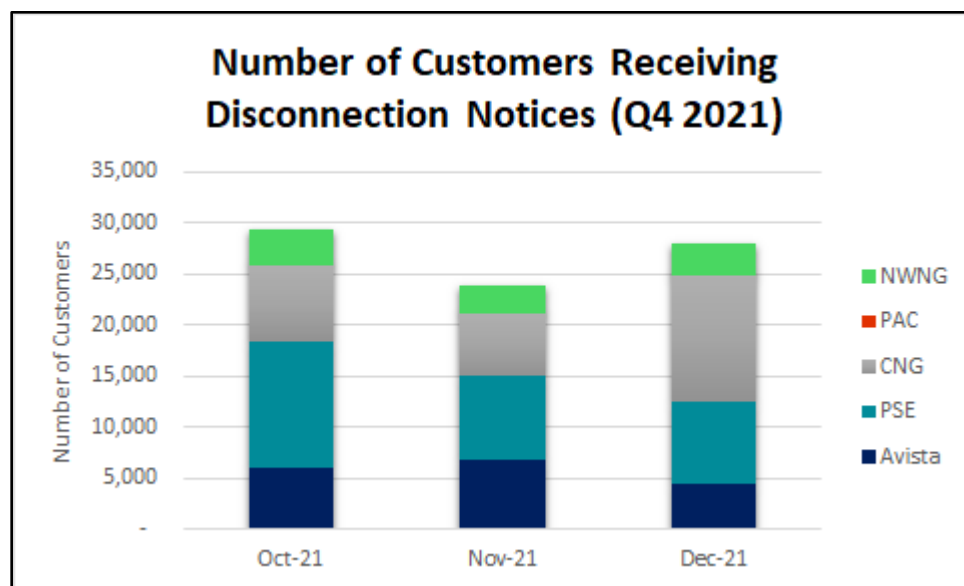


Figure 13

Where Can I Find the Data? Disconnections data can be found in the quarterly reports (sheet 2) in Docket U-200281 at www.utc.wa.gov/.

LONG-TERM PAYMENT ARRANGEMENTS

One of the enhanced consumer protections adopted by the Commission during the pandemic was a requirement that utilities offer an extended timeframe for long-term payment arrangements. Specifically, utilities were ordered to offer 18-month payment plans to residential customers and 12-month payment plans to small commercial

¹⁰ U-200281, Order 03, (May 18, 2021), paragraph 39. (Twelve months from the Resumption Date)

¹¹ PacifiCorp reported disconnection notices as “none” for the fourth quarter of 2021.

customers.¹² The utilities were required to offer these extended Time Payment Arrangements (TPAs) for 180 days after the Resumption Date.

The **number of customers with payment arrangements has increased, primarily due to increases for PSE.** PSE was the only utility to see a positive and still increasing trend in this metric, with 104% growth since March 2020. Figure 14 shows the number of residential customers with payment arrangements, with PSE driving an overall increase, whereas the other four utilities have had fairly consistent levels of customers with payment arrangements. Figure 15 below shows the notable increase in PSE customers with existing payment arrangements at the end of each quarter of 2020 and 2021. Payment arrangements are an important consumer protection because the Commission's COVID-19 Orders prohibit disconnecting a customer if they have a payment arrangement with the utility.¹³

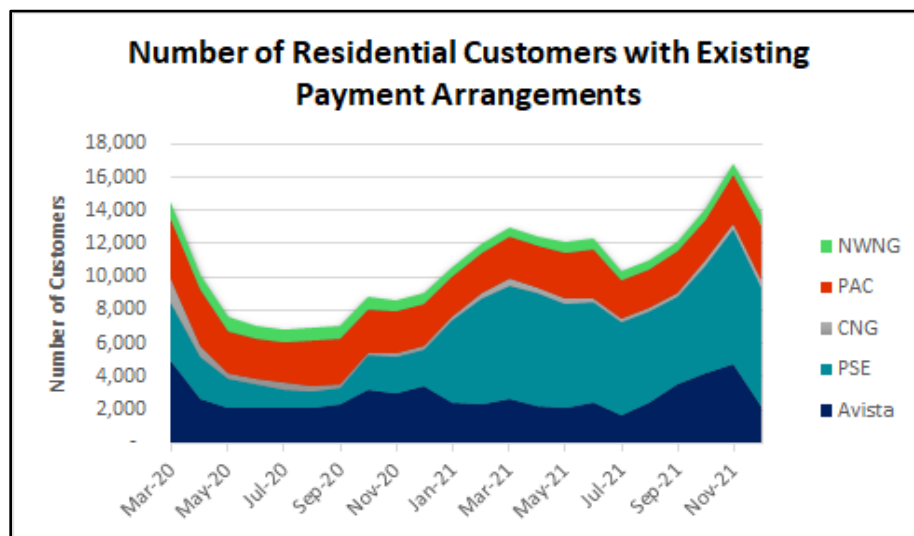


Figure 14

¹² U-200281, Order 01 (July 2, 2021), Appendix A, Amended Third Revised Term Sheet, pp. 3.

¹³ Order 04, Appendix A, Section A.4.f.

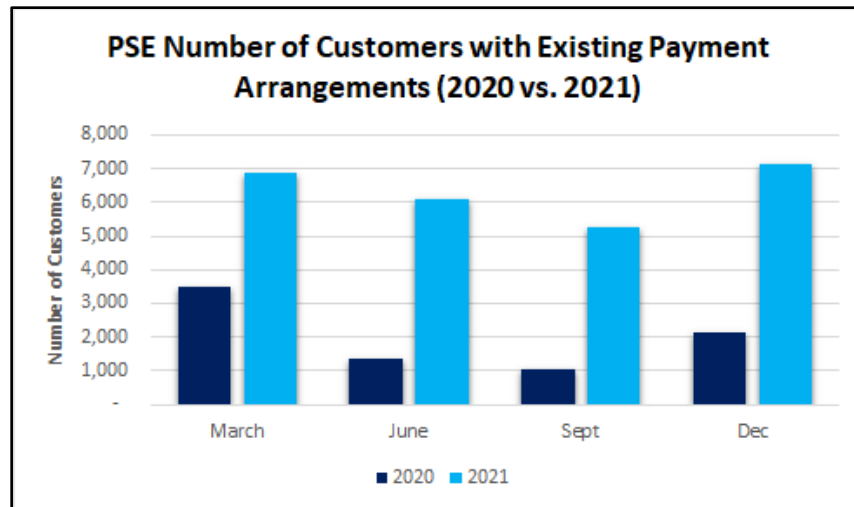


Figure 15

A notable portion of existing payment arrangements are concentrated in the top 5 zip codes with the highest levels arrearages for each utility. For example, as shown in Table 6, 50% of Northwest Natural Gas’s existing payment arrangements come from 5 zip codes. Northwest Natural Gas has a total of 41 zip codes. Thus, about 12% of the zip codes hold 50% of the existing payment arrangements. This trend holds true for all four of the utilities that reported payment arrangement data by zip code.

The communities represented in Table 6 are very similar to those identified as having the highest residential arrearages (see Zip Code Analysis section above).¹⁴

Table 6

Top 5 Zip Codes with Most Existing Time Payment Arrangements (TPA) as of December 2021						Total # of PAs in Top 5 ZCs	% of Total # of IOU PAs	# of ZCs in Service Area	
AVISTA	North-central Spokane (99208)	NW Spokane (99205)	North-central Spokane (99207)	SE Spokane (99223)	East Spokane (99202)	799	36%	105	
PSE	Federal Way (98023)	Federal Way (98003)	Bonney Lake (98391)	Auburn (98002)	NE Auburn (98092)	919	13%	232	
CNG	W Pasco (99301)	SW Yakima (98902)	Anacortes (98221)	Walla Walla (99362)	Arlington (98223)	117	23%	76	
PAC	<i>*PAC did not report payment arrangements at the zip code level in December 2021</i>								35
NWNG	E Five Corners (98682)	Five Corners (98662)	Battle Ground (98604)	Evergreen (98684)	Vancouver (98661)	386	50%	41	

Where Can I Find the Data? Data on payment arrangement can be found by zip code in quarterly reports (sheet 4) in Docket U-200281 at www.utc.wa.gov/.

¹⁴ U-200281, Attachment A to Supplemental Comments of The Energy Project, (May 7, 2021).

FEES

Each quarter, the utilities have submitted data on customer fees charged, consistent with the Commission’s reporting requirements established in Order 01 and subsequent Orders. The UTC ordered the IOUs to waive late fees, disconnection fees, reconnection fees, and deposits for residential and small commercial customers until 180 days after the Resumption Date of disconnections. This waiver was consistent with Governor Inslee’s Proclamation 20-23.16, which continued to prohibit utilities from “charging fees for late payment or reconnection of energy” until the end of the moratorium on September 30, 2021.¹⁵

As part of our review, The Energy Project sought to verify that no fees have been collected from April 2020 through December 2021, the most recent reporting available. Table 7 shows the status of IOU reporting with respect to the UTC’s prohibition on certain fees.

*Table 7. Status of IOU Reporting on UTC Prohibition on Certain Fees
(April 2020 - December 2021)*

	Late Payment Fees	Disconnection Fees	Reconnection Fees
Avista Corporation	Not Charged	Not Charged	Not Charged
Puget Sound Energy	Not Charged	Not Charged	Not Charged
Cascade Natural Gas	Not Charged (Apr 2020 - Dec 2020); Reported as “N/A” (Jan 2021 - Mar 2021) <i>Data missing</i> (Apr - Dec 2021)	Not Charged (Apr 2020 - Dec 2020); Reported as “N/A” (Jan 2021 - Mar 2021) <i>Data missing</i> (Apr - Dec 2021)	\$5,500 Charged
PacifiCorp	Not Charged	Not Charged	Not Charged
Northwest Natural	Not Charged	Not Charged	\$1,050 Charged

¹⁵ PROCLAMATION BY THE GOVERNOR AMENDING AND EXTENDING EMERGENCY PROCLAMATIONS 20-05 and 20-23, et seq., 20-23.16 Ratepayer Assistance and Preservation of Essential Services, pp. 3. (July 2, 2021).

Avista, PSE, and PacifiCorp have reported that these fees have not been charged to residential customers. Cascade reports it has charged reconnection fees during the moratorium, totaling \$5,500. Cascade reported late payment and disconnection fees as “N/A” in the first quarter of 2021 and is also missing data from April 2021 through December 2021. Northwest Natural Gas reports it charged \$1,050 in reconnection fees over various months during the moratorium. The Energy Project contacted the companies regarding these charges, which appear to have been made in error. Both companies have subsequently indicated they will work quickly to seek resolution for the impacted customers. At the filing of this report, CNG has identified the impacted customers and is taking corrective action to issue customer credits and refunds. NWN is in the process of identifying impacted customers and has indicated they will take appropriate corrective action after doing so.

Where Can I Find the Data? Data on fees can be found by zip code in quarterly reports (sheet 3) in Docket U-200281 at www.utc.wa.gov/.

CREDIT & COLLECTION REFERRAL

Another protection adopted by the Commission during the pandemic has been a prohibition on sending active customer accounts to collections agencies, credit bureaus, or reporting agencies until 180 days after the Resumption Date.¹⁶ **Although all five investor-owned utilities have reported data regarding customers sent to collections, The Energy Project understands this likely pertains to closed accounts, not active customer accounts.**¹⁷

Figure 16 shows the total number of residential customer accounts that were referred to collection agencies each month, from March 2020 to December 2021. A significant decline occurred from March 2020 to October 2020, very likely due to the Commission’s Order 01, issued October 20, 2020, which ordered a prohibition on sending active customer accounts to collections. Avista and PSE had significant declines in customers sent to collections during that period. Avista referred 1,577 customers to collections in March 2020, and 522 in October 2020. PSE referred 5,101 customers to collections in March 2020, and 3,469 in October 2020. However, even after that decline, about three thousand to four thousand Washington customers have continued to be sent to collections each month by the five IOUs.

¹⁶ U-200281, Order 04 (July 2, 2021), Appendix A, Amended Third Revised Term Sheet, Section G, pp. 4.

¹⁷ The prohibition applies to active customer accounts (Order 04, Appendix A, Section G, while the reporting requirement applies to the “number of customer accounts referred to collection agencies.” This appears to cover all accounts, not just active accounts.

Notably, Northwest Natural Gas experienced a near ten-fold increase in accounts referred to collections from November 2021 (141) to December 2021 (1,235). This may be a response to the end of the disconnection moratorium in October. None of the other IOUs experienced an abnormal spike. Data for the first quarter of 2022 will be publicly available in April 2022 and may further illuminate this increase.

It is The Energy Project's understanding that customers sent to collections during the moratorium are likely those with closed accounts, and balances owing to the utility. Because those customers do not have "active accounts," as referenced in the Commission's Order, it appears the utilities have continued their practice of sending these closed accounts to collections.

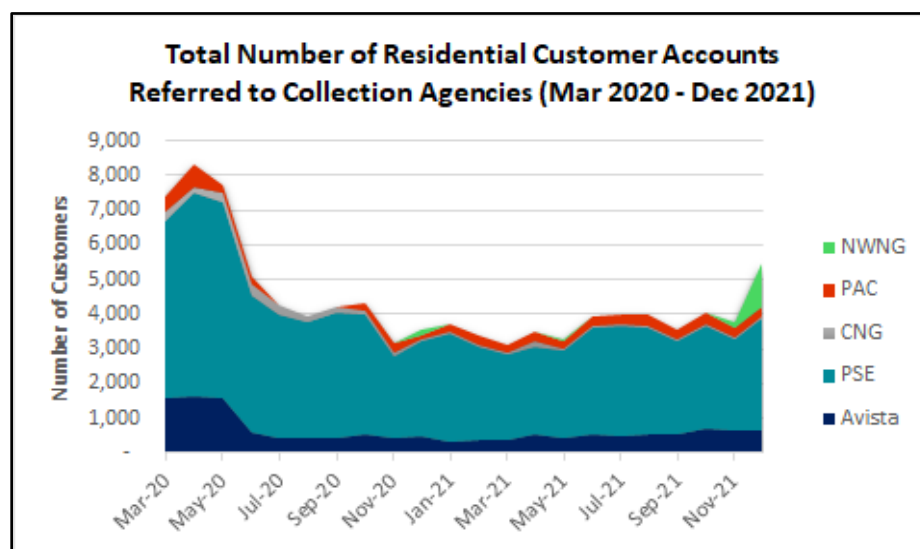


Figure 16

The five IOUs have also reported the total amount of bad debt in reports filed with the Commission, as required in Order 01 and the Commission's subsequent Orders. This data is shown below in Figure 17. Similar to the trend in Figure 16 above, the amount of bad debt referred to collection agencies declined significantly from March 2020 to October 2020, when the Commission instituted additional consumer protections. **However, from January 2021 to December 2021, the total amount of bad debt referred to collection agencies has increased.**

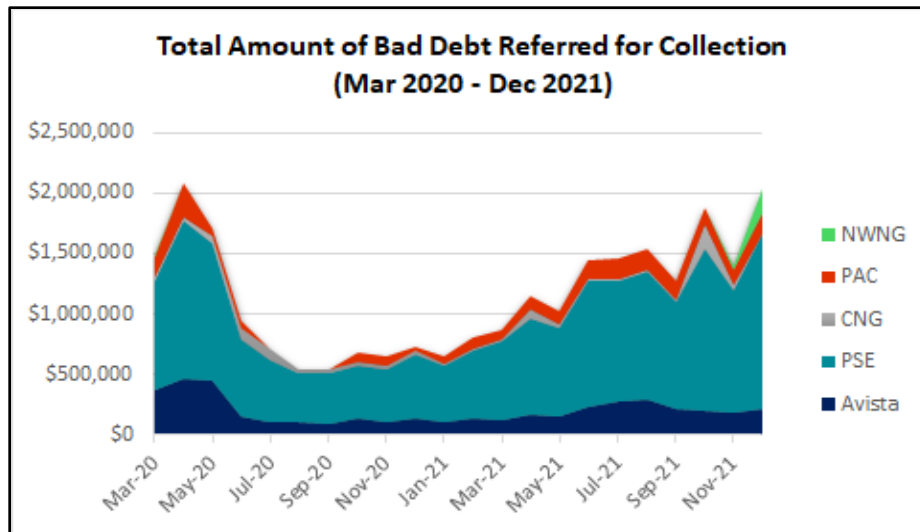


Figure 17

Where Can I Find the Data? Data on credit and collections can be found by zip code in quarterly reports (sheet 8) in Docket U-200281 at www.utc.wa.gov/.

DATA REPORTING

Consistent with the Commission’s Order 03, utilities are required to report certain data *quarterly* for 12 months after the Resumption Date. That data is to be broken into month and zip code levels. In addition, utilities are required to report other types of data *monthly*. This data does not need to be reported at the zip code level. Table 8 assesses the status of IOU reporting according to the Commission’s requirements, based upon The Energy Project’s review of IOU reports.

Table 8

List of Requested Data to be Filed Quarterly by Zip Code								
	General	Disconnection	Fees	Long-term Payment Agreements	Medical Certificate Data	Deposits	Bill Assistance	Past-Due Balances
AVISTA	✓	✓	✓	✓	✓	✓	✓	✓
PSE	✓	✓	✓	✓	✓	✓	✓	!
CNG	✓	!	✓	✓	✓	✓	✓	!
PAC	!	!	✓	!	✓	✓	✓	✓
NWNG	✓	!	✓	✓	✓	✓	✓	✓

✓	Data Reported
!	Incomplete Data Reported

In some instances, IOU reporting did not include all aspects of the requested data at the zip code level as required in Section J of Appendix A. Please see the following description for each discrepancy found in the IOU reporting:

1. **PSE Past-Due Balances** - Arrearages classified as uncollectible not broken down by zip code or class. PSE provides cumulative data and an explanation of what it means. (Order 04, App. A, Section J.8.d)
2. **CNG Disconnection** - Did not report the number of customers who would have been disconnected but for the moratorium. CNG stated they cannot predict who would be disconnected absent the moratorium. (Order 04, App. A, Section J.2.d)
3. **CNG Past-Due Balances** - Arrearages classified as uncollectible not broken down by zip code or class. (Order 04, App. A, Section J.8.d)
4. **PAC General** - Retail load by customer class not broken down by zip code. (Order 04, App. A, Section J.1.c)
5. **PAC Disconnection** – Did not report the number of customers who would have been disconnected but for the moratorium. PacifiCorp states they cannot predict who would be disconnected absent the moratorium. (Order 04, App. A, Section J.2.d)
6. **PAC Long-Term Payment Arrangements** - Not broken down by zip code. (Order 04, App. A, Section J.4)
7. **NWNG Disconnection** – Did not report the number of customers who would have been disconnected but for the moratorium. Company stated they cannot predict who would be disconnected absent the moratorium. (Order 04, App. A, Section J.2.d)

Where Can I Find the Data? Data required under Sections J and K can be found in the entirety of the quarterly and monthly reports in Docket U-200281 at www.utc.wa.gov/.

LANGUAGE BARRIERS

The UTC also required utilities to provide translation services prior to resumption of disconnection. Specifically, prior to resuming disconnections, utilities were required to “[e]nsure language barriers are removed by providing translation services either through its own customer service center or a contracted language translation and interpretation service provider.”¹⁸ While there is no publicly reported data on this, The Energy Project confirmed with UTC Staff that **disconnection notices are translated in Spanish, at minimum, by all five IOUs.**

All IOUs provide the option to translate their websites into various languages using the accessibility options in Microsoft Edge. These options are only offered through Microsoft Edge and are not hardcoded on the websites. Thus, for customers using a different browser, translation options are more limited. For hard coded translations, PSE, CNG, and NWNG provide translations in English, Cantonese, Russian, Vietnamese, Spanish, Hindi, and more.

OUTREACH

The UTC recognized the need for better utility outreach in Order 03 and discussed their expectations in paragraph 40. The UTC expects the Joint Utilities “to ensure that the most vulnerable consumers are provided access to assistance information through improved and robust outreach campaigns” and “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 facilitate the process for eligible customers to obtain financial assistance.”¹⁹

Although Order 03 required the IOUs to report monthly on their outreach activities by providing “both a narrative and the specific number of contacts the company made by phone, mail, etc.”,²⁰ limited documentation of the outreach efforts undertaken by the utilities has been reported in this docket (U-200281). Avista, PSE, and CNG made presentations at the August 3, 2021 UTC workshop that have been posted to the docket. These presentations cover outreach efforts from April 2021 through June 2021. NWNG and PacifiCorp also shared information about outreach efforts at the August 3rd workshop.²¹ All IOU’s plans can be seen or heard by listening to the recording of the

¹⁸ U-200281, Order 04 (July 2, 2021), Appendix A, Amended Third Revised Term Sheet, Section A, p. 1.

¹⁹ U-200281, Order 03 (May 18, 2021), Paragraph 40.

²⁰ Order 03, App. A, Section K.4

²¹ At the time of preparing this report, no presentation or outreach materials from NWN or PacifiCorp have been posted to the docket on the UTC’s website.

August 3, 2021 workshop (available in the docket at the UTC's website). Additional information about company specific outreach plans can be found in Order 03.²²

CONCLUSION

The data reporting required by the Commission in Docket U-200281 was intended to allow the Commission, Commission Staff, and other stakeholders the ability to assess the impact, including the disparate impact, of the pandemic on IOU customers. The reported data now available is able to provide us with a good picture of the customer experience over the past two years, and the current status quo. The COVID-19 pandemic has resulted in significant financial hardship for many households. In the energy utility landscape, this manifested in soaring levels of residential arrearages in Washington.

From the beginning of the pandemic in March 2020 to May 2021, residential arrearages increased by 112%. While COVID-19 assistance programs, permanent utility bill assistance programs, and LIHEAP as well as outreach by utilities, and an increased number of long-term payment arrangements may have helped constrain further growth in arrearages among residential customers, arrearages remain stubbornly high. Low-income customer bill assistance has shown improvements, but arrearages continue to be concentrated in Highly Impacted Communities. Analysis of the data reports submitted by the five IOUs shows some concerning trends that illuminate the continuing financial distress that many Washington households continue to experience. Highlighted findings of this report include:

ARREARAGES

- Total residential arrearages have increased overall during the pandemic, as shown in Figure 2 due to past-due balances in the 90+ day vintage.
- Most arrearages are over 90 days past-due, and this vintage is growing. These customers are most at risk of possible disconnection.
- A significant portion of total residential and known low-income arrearages are concentrated in a few zip codes. In addition, most of those zip codes contain areas designated as *Highly Impacted Communities* by the Washington State Department of Health.

BILL ASSISTANCE

- Bill assistance has not been sufficient to offset a large portion of residential arrearages, contrary to what was expected.

²² U-200281, Order 03 (May 18, 2021), pp. 3-7.

- Total funds distributed for low-income assistance have increased, as has the number of premises enrolled in assistance programs.

FEES AND COLLECTION

- Reconnection fees were charged by two of the IOUs, it appears, despite the UTC's prohibition on such fees during the disconnection moratorium and 180 days after the Resumption Date. Both companies have indicated to TEP that they are working to quickly correct this and seek resolution for affected customers.
- Approximately three thousand to four thousand customers have been referred to collections each month, according to the IOU reports, presumably if they had closed accounts with an unpaid balance. The Commission's prohibition on sending customers to collections applies to active accounts.
- Between 20,000-30,000 customers received disconnection notices in each month of the fourth quarter of 2021.

A review of the utility-reported data to date begins to give us a picture of the experience of Washington IOU customers during the pandemic. This picture will continue to become clearer as further data is provided for the first three quarters of 2022. The status of disconnections, arrearages, and other trends reflected in the data will warrant further study.