

Service Date: October 20, 2020

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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

BACKGROUND

- 1 On April 17, 2020, Governor Inslee issued Proclamation 20-23.2, which prohibits all energy, water, and telecommunications providers from (1) disconnecting residential service due to nonpayment, (2) refusing to reconnect residential customers who were disconnected due to nonpayment, and (3) charging late fees or reconnection fees. The prohibition was set to expire on May 4, 2020, but subsequent proclamations have extended that date through December 31, 2020. Proclamation 20-23.4, issued on May 29, 2020, also requires utilities to develop COVID-19 Customer Support Programs, consistent with state guidance from the Governor's office and that will address payment plan options for residential customers who are in arrears due to the COVID-19 pandemic.
- 2 On June 16, 2020, the Washington Utilities and Transportation Commission (Commission) conducted a virtual special open meeting to receive status updates from regulated utilities and interested persons regarding their general experiences responding to the COVID-19 pandemic, and to discuss utilities' transition plans related to the Governor's moratorium on disconnections and late or reconnection fees. The Commission also received written comments on these issues both before and after the special open meeting.
- 3 The Commission formed a COVID-19 response workgroup of stakeholders to facilitate development of guidelines for ensuring that customers experiencing economic hardship as a result of the COVID-19 pandemic maintain access to essential services after Proclamation 20-23 expires and the moratorium on disconnections and late fees is no longer in effect. Workgroup members included Commission staff (Staff), energy utilities Puget Sound Energy, Avista Corporation, d/b/a Avista Utilities, PacifiCorp, d/b/a Pacific Power & Light Company, Cascade Natural Gas Corporation, and Northwest Natural Gas Company (collectively Joint Utilities), and consumer, social justice, and environmental

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advocates the Public Counsel Unit of the Washington Attorney General's Office, The Energy Project, Front and Centered, Northwest Energy Coalition, Puget Sound Sage, and the Sierra Club (collectively Joint Advocates).

- 4 Workgroup members exchanged proposed term sheets and participated in several workshops. The participants agreed on some of the issues presented but were unable to reach consensus on a single proposed set of guidelines or requirements. Accordingly, Staff prepared a term sheet that reflected the terms on which the workgroup agreed and Staff's recommended resolutions of the disputed issues (Term Sheet).
- 5 On September 17, 2020, the Commission issued a Notice of Opportunity to Comment and Notice of Recessed Open Meeting (Notice), requesting written responses to the Term Sheet and scheduling a recessed open meeting to consider Staff's recommendations. The Notice also requested that the utilities provide updated data on past due balances, bill assistance and payment plan participation, and bad debt expenses.
- 6 The Commission received over 1,700 written comments in response to the Notice on or about September 30, 2020. The vast majority of those comments were from members of the public who described the economic hardships they have endured and continue to experience and urged the Commission to take appropriate action to provide relief. The Joint Utilities filed comments largely supporting the Term Sheet with few modifications. In their comments, the Joint Advocates also agreed with much of the Term Sheet and recommended several changes.
- 7 On October 6, 2020, the Commission conducted a recessed open meeting to address the Term Sheet. The Commission heard oral comments from members of the public and presentations from Staff, the Joint Utilities, and the Joint Advocates.
- 8 Staff revised the Term Sheet to reflect the Commission discussion during the recessed open meeting (Revised Term Sheet). The Commission heard additional comment on the Revised Term Sheet at the regularly scheduled open public meeting on October 15, 2020.

DISCUSSION

- 9 The COVID-19 pandemic and the measures taken to combat it have affected every person in Washington. While we are all navigating the same storm, we are doing so in different boats. Our hearts go out to those who have lost their livelihoods or loved ones and are struggling to stay afloat. We initiated this docket and the workgroup to explore ways to assist those people who continue to need essential utility services but are unable to pay for them because of this crisis.

10 We are not alone in this effort. The Joint Utilities have been proactive and suspended disconnections voluntarily before the Governor issued his proclamation. The Joint Advocates, each in their own way, have been assisting beleaguered consumers. Both groups fully participated in negotiations to develop improved conditions to relieve energy customers of hardships associated with the pandemic. The participants agreed on many of those conditions although they did not reach consensus on all issues.

11 Staff has built on the terms to which the Joint Utilities and Joint Advocates have agreed. The resulting Revised Term Sheet includes reasonable conditions that will assist consumers to retain their energy services during this challenging time.¹ We adopt those conditions with several modifications and require compliance with them as described below.

Disconnection Moratorium

12 The Revised Term Sheet recommends Disconnection Moratorium terms, including but not limited to suspending through April 30, 2021, the disconnection of electric and natural gas service to residential and small commercial customers for nonpayment of bills (Resumption Date); an assessment of the state’s health and economic conditions in early February 2021 to determine the propriety of the Resumption Date; and customer notice requirements prior to the resumption of disconnection activities. The Commission adopts these recommendations and requires the Joint Utilities to comply with them.

13 All stakeholders agree on the April 30, 2021, date, but the Joint Advocates urge the Commission not to permit a utility to resume disconnections until all counties in the utility’s service territory are in Phase 4 of the state’s Safe Start Plan. We find such a condition to be premature. The health and economic assessment the Commission will make in early February next year will better enable us to determine the conditions that will likely exist at the end of April than we can predict today. Accordingly, we will accept the utilities’ and stakeholders’ agreement of an April 30, 2021, Resumption Date subject to our re-evaluation of that date in February.

14 The Joint Advocates also express concern about the meaning of “good faith effort to contact” customers when utilities resume disconnection activities, and the Joint Advocates propose additional language to clarify and expand on that term. We agree that further explanation would be useful. Accordingly, we amend section 4.b of this portion of

¹ The Joint Utilities represented at the October 15, 2020, open meeting that they support the Revised Term Sheet without modification. We nevertheless address the concerns the Joint Utilities expressed in their comments on the original Term Sheet that the Revised Term Sheet does not incorporate.

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the Revised Term Sheet to include the following at the end of that subsection:
“Communications plans should be developed in consultation with low-income advisory groups and community-based organizations, with the intent to provide widely broadcasted communication with consumers.”

- 15 The Joint Utilities recommend that they be required to serve notices 30 days in advance of the Resumption Date only to customers with past due bills. We disagree. There may be customers who become delinquent in their accounts within that 30-day period, and all utility customers need to be aware of the resumption of the possibility that their service may be disconnected for nonpayment of their bills.

Reconnection of Previously Disconnected Customers

- 16 The Revised Term Sheet includes recommended terms on Reconnection of Previously Disconnected Customers with which the Joint Utilities and Joint Advocates agree. The Commission adopts and orders the Joint Utilities to comply with these terms. Indeed, the Joint Utilities represent that they have already begun or have completed actions necessary to comply with these requirements.

Fees

- 17 The Revised Term Sheet includes Fee terms, including but not limited to waiving late fees, deposit requirements, and any applicable disconnection or reconnection fees until 180 days after the Resumption Date. The Joint Utilities and Joint Advocates agree with these terms. The Commission adopts and orders the Joint Utilities to comply, as applicable, with these terms. Staff must open a docket and prepare a CR-101 when reasonably practicable to consider potential long-term changes and improvements to customer notice, credit and collection rules, including permanent elimination of late fees, disconnection and reconnection fees, and deposits, with the understanding that such consideration may or may not result in proposed rules, an interpretive and policy statement, or Commission action.

Additional Funding for Customer Programs

- 18 The Revised Term Sheet recommends terms for Additional Funding for Customer Programs, including but not limited to each of the Joint Utilities establishing a temporary COVID-19 assistance program for residential customers earning up to 200 percent of the Federal Poverty Level with annual maximum award amount of \$2500 per household, funded at a level of one percent of each utility’s Washington retail revenues. The Joint Utilities generally agree with these terms. The Commission adopts these terms with the

understanding that additional funding may be applied to existing utility and non-utility customer assistance programs, including application to customer arrearages, and accepts the Joint Utilities' commitment to provide funding for these programs, subject to the resolution of cost recovery issues.

- 19 The Joint Advocates agree with the concept and some of the specific terms but propose prescriptive requirements on the distribution of the funds and on notification of the availability of this support. We do not adopt these additional requirements. Rather, we find that each utility's flexible implementation of this additional funding, in conjunction with the utility's Low-Income or Energy Assistance Advisory Group, will best ensure that the support will efficiently and effectively reach eligible customers. We expect the utilities to work with the advisory groups and within existing programs to ensure customers receive complete and consistent information about assistance programs.

Long-Term Payment Arrangements

- 20 The Revised Term Sheet recommends terms for Long-Term Payment Arrangements, which both the Joint Utilities and Joint Advocates support. The Commission adopts and orders the Joint Utilities to implement or otherwise comply with these terms.

Arrearage Management Plans

- 21 The Revised Term Sheet recommends terms for Arrearage Management Plans (AMPs), which both the Joint Utilities and the Joint Advocates support. The Commission adopts and orders the Joint Utilities to implement or otherwise comply with these terms.

Credit and Collection Process

- 22 The Revised Term Sheet recommends Credit and Collection Process terms, which both the Joint Utilities and the Joint Advocates support. The Commission adopts and orders the Joint Utilities to implement or otherwise comply with these terms.

Cost Recovery

- 23 The Revised Term Sheet recommends that the Commission adopt certain guiding principles to consider with regard to COVID-19 deferred accounting. With minor modifications, both the Joint Utilities and Joint Advocates agree with these principles. So do we. Accordingly, we adopt these principles as stated in the Revised Term Sheet for use in evaluating the deferred accounting petitions the utilities have filed or intend to file with respect to their recovery of costs related to responding to the COVID-19 pandemic.

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- 24 The Joint Advocates, however, urge the Commission to adopt three additional principles: (1) utilities should approach cost recovery requests with the spirit of shared sacrifice; (2) recovery of deferred COVID-19 costs in rates should be subject to an earnings test; and (3) utilities should zealously pursue and document cost savings. We decline to adopt these proposals. All stakeholders agree with the guiding principles in the Revised Term Sheet, which are largely procedural and focus on the specificity of information the utilities should provide, future proceedings, and reports. There is no agreement on the additional proposed principles, which primarily reflect the Joint Advocates' advocacy positions.
- 25 The Cost Recovery terms in the Revised Term Sheet also include Staff's position on the types of costs for which it will support deferral treatment. The Joint Utilities agree with many of these recommendations but request that the Commission clarify some of the terms, including terms related to direct costs, bad debt, late payment fees, and reconnection charges. The Joint Advocates contend that any decision on specific cost deferral issues in this docket is premature and that the Commission should resolve those issues in the dockets in which the Commission will consider each utility's deferred accounting petitions.² The Joint Advocates nevertheless address and take issue with many of the types of costs Staff is willing to accept for deferral.
- 26 The dockets in which the Commission will consider each utility's deferred accounting petition(s) are the appropriate venues for resolving those petitions, and we will not prejudge them here. The Revised Term Sheet characterizes its discussion of the types of costs for deferral treatment as Staff's position on those issues, and that is how we view them – as Staff's position, not a Commission determination. Utilities may incorporate Staff's views into their accounting petitions, with or without their proposed modifications, and interested persons may take issue with those petitions, including provisions that reflect Staff's positions. Ultimately, the Commission will consider each petition on its merits and render a decision based on the record compiled in each docket. For purposes of this docket, we adopt only the four guiding principles in Staff's Cost Recovery recommendations and make no binding resolutions of the remaining cost recovery issues.
- 27 We recognize that the Joint Utilities consider the Revised Term Sheet to be a "package deal." Our deferral of the cost recovery issues to the accounting petition dockets does not alter that view. To the extent that the Joint Utilities' commitment to provide additional

² The Alliance of Western Energy Consumers also makes this recommendation in its written comments.

funding for temporary COVID-19 relief is contingent on recovering those costs, we do not expect the Joint Utilities to implement such funding until the Commission resolves the cost recovery issues. Once we resolve those issues, however, that resolution will become a part of the requirements we adopt in this Order.

Data and Reporting/List of Requested Data

- 28 The Revised Term Sheet recommends terms for Data and Reporting of the List of Requested Data. The Joint Utilities and the Joint Advocates largely support these recommendations, but each proposes additional or revised terms. The Commission adopts and orders the Joint Utilities to comply with the terms in this section of the Revised Term Sheet except as described below.
- 29 The Joint Advocates propose that the utilities compile the requested data by zip code (nine digit, if possible) or census track and that the utilities provide comparable data from 2019 as a baseline for comparison with this year. The Joint Utilities represented at the October 15, 2020, open meeting that they could provide this data, although it would take some effort, and they may be limited in their ability to retrieve historical data with the same level of granularity. We agree with the Joint Advocates that data by zip code will better enable the Commission and interested persons to assess the disparate impacts of the pandemic, particularly as compared to data from last year. Accordingly, we require the Joint Utilities, to the extent practicable, to provide the data specified in the Revised Term Sheet by zip code (nine digit, if practicable) and by December 1, 2020, to provide the same type of data for the period March 1, 2019 through December 31, 2019.³
- 30 The Joint Utilities propose that the utilities be permitted to explain the omission of any data they cannot provide and that each utility be authorized to provide the data in their own format, rather than use a single template as Staff recommends. As with any data a company must provide to the Commission, we expect an explanation for why the company does not provide that data. Whether that explanation is sufficient to excuse the omission depends on the individual circumstances, and we will not exempt a utility in advance for failure to provide the data listed in the Revised Term Sheet. Nor do we

³ The Joint Advocates also recommend that the reported data include the number of customers who would have been assessed late payment fees, disconnection fees, reconnection fees, or deposits each month but for the moratorium, as well as the number of customers taking advantage or who tried to take advantage of AMPs once a utility has established one. We decline to do so. We do not find it useful for utilities to create hypothetical data that might have existed if circumstances were different, and until each utility establishes an AMP, it is premature to require the utilities to collect data associated with the AMPs they eventually develop.

believe that data is sufficiently idiosyncratic to justify using company-specific formatting. Staff and interested parties will need to compare the data provided by all utilities and can best do so if that data is provided in the same format.

FINDINGS OF FACT

- 31 (1) The Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including investor-owned electric companies and natural gas distribution companies.
- 32 (2) Puget Sound Energy, Avista Corporation, d/b/a Avista Utilities, PacifiCorp, d/b/a Pacific Power & Light Company, Cascade Natural Gas Corporation, and Northwest Natural Gas Company are public service companies regulated by the Commission, providing service as electric companies or natural gas distribution companies.
- 33 (3) On April 17, 2020, Governor Inslee issued Proclamation 20-23.2, which prohibits all energy 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. That prohibition currently expires on December 31, 2020.
- 34 (4) The Commission formed a COVID-19 response workgroup of stakeholders to facilitate development of guidelines for ensuring that customers experiencing economic hardship as a result of the COVID-19 pandemic maintain access to essential services after Proclamation 20-23 expires and the moratorium on disconnections and late fees is no longer in effect. Workgroup members included Staff, Joint Utilities, and Joint Advocates.
- 35 (5) Workgroup members exchanged proposed term sheets and participated in several workshops. The participants agreed on many of the issues presented but were unable to reach consensus on a single proposed set of guidelines or requirements.
- 36 (6) Staff prepared the Term Sheet reflecting the terms on which the workgroup participants agreed and Staff's recommended resolutions of the disputed issues.
- 37 (7) The Commission received written comments on Staff's Term Sheet and oral comments at a recessed open meeting on October 6, 2020.
- 38 (8) Staff prepared a Revised Term Sheet to reflect the Commission discussion during

the recessed open meeting. The Commission heard additional comment on the Revised Term Sheet at the regularly scheduled open public meeting on October 15, 2020.

CONCLUSIONS OF LAW

- 39 (1) The Commission has jurisdiction over the subject matter of this proceeding and over Puget Sound Energy, Avista Corporation, d/b/a Avista Utilities, PacifiCorp, d/b/a Pacific Power & Light Company, Cascade Natural Gas Corporation, and Northwest Natural Gas Company.
- 40 (2) The recommended terms in the Revised Term Sheet are fair, just, reasonable, and sufficient as modified in this Order.
- 41 (3) The Commission should adopt and require the Joint Utilities to implement or otherwise comply with the recommended terms in the Revised Term Sheet as described in and modified by this Order.
- 42 (4) The Commission should not adopt the modifications the Joint Utilities and Joint Advocates propose to the recommended terms in the Revised Term Sheet except as otherwise provided in this Order.

ORDER

THE COMMISSION ORDERS:

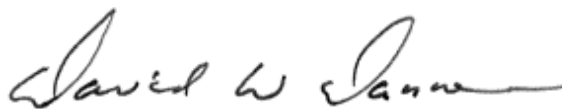
- 43 (1) The Commission adopts the recommendations in the Revised Term Sheet attached to this Order as Appendix A as modified by and incorporated into this Order as described in the body of this Order.
- 44 (2) Commission Staff, where applicable, and Puget Sound Energy, Avista Corporation, d/b/a Avista Utilities, PacifiCorp, d/b/a Pacific Power & Light Company, Cascade Natural Gas Corporation, and Northwest Natural Gas Company must implement or otherwise comply with the terms set forth in Appendix A as modified by and described in the body of this Order.
- 45 (3) The Commission delegates to the Secretary the authority to approve submissions in compliance with this Order.
- 46 (4) The Commission retains jurisdiction to enforce this Order.

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DATED at Lacey, Washington, and effective October 20, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

A handwritten signature in black ink that reads "David W. Danner". The signature is fluid and cursive, with the first name being the most prominent.

DAVID W. DANNER, Chair

A handwritten signature in blue ink that reads "Ann E. Rendahl". The signature is cursive and somewhat stylized.

ANN E. RENDAHL, Commissioner

A handwritten signature in blue ink that reads "Jay M. Balasbas". The signature is cursive and includes a long, sweeping underline.

JAY M. BALASBAS, Commissioner

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The terms contained in Staff's proposed term sheets are 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.

Disconnection Moratorium

Staff recommends the Commission:

1. Accept the Utilities and Advocates agreement to voluntarily suspend disconnection of utility services for residential and small commercial customers (i.e., commercial customers not served on a large consumption tariff) until April 30, 2021 (Resumption Date).
2. Provide a provision for energy utilities authorizing no change in current disconnect practices for large commercial and industrial customers upon acceptance of the term sheet.
3. Assess the health and economic conditions during its first open meeting of February 2021, or at a recessed open meeting around the same time (additional recommendations on the data or metrics needed are outlined in the *Data and Reporting* section).
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 of utility service disconnection and late fees,
 - ii. All flexible payment options that are available to avoid disconnection and how to enroll in each flexible payment option,
 - iii. For residential customers, outline all programs that may provide financial assistance,
 - iv. Utility contact information,
 - v. Commission contact 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.

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- 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.

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
 - c. The premises are vacant or unoccupied.
2. 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.

Fees

Staff recommends the Commission:

1. Accept the Utilities proposed term sheet to waive late fees and deposit requirements for new or existing residential and small commercial customers until 180 days after the Resumption Date.

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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.

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.

Long-term Payment Arrangements (TPAs)

Staff recommends:

1. Each Utility should offer extended TPAs for up to 18 months for residential customers and up to 12 months for small commercial customers. For natural gas utilities, TPA's 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.

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- 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.

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.

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.

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.

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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

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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.

Data and Reporting

Staff recommends:

1. The Commission request the Workgroup members to submit suggested health and economic metrics for consideration by December 1, 2020, in order for the Commission to reassess the COVID-19 pandemic conditions in early February 2021.
 - a. Initial Staff suggestions include:
 - Health Considerations -
 - What Safe Start Phase are each of the counties in by utility service territory?¹
 - Has public education returned to in-person learning?
 - Economic Considerations -
 - Unemployment rate and trend
 - United States Census Bureau Economic Indicators (Source www.census.gov)
 - Consumer Price Index, West Region (Source www.bls.gov)
 - Monthly GDP Trends (Source www.bea.gov)
 - Washington State Economic Services Administration Technical Advisory Group equitable economic recovery metrics (Source <https://www.commerce.wa.gov/datadashboard/>)
2. The Utilities provide the data listed below (by month) 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.

¹ See Safe Start Washington: A Phased Approach to Recovery (Office of the Governor, May 4, 2020), at https://www.governor.wa.gov/sites/default/files/SafeStartWA_4May20_1pm.pdf

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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.

List of Requested Data:

1. General:
 - a. The number of customers, by customer class; and
 - b. 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;
 - d. The number of customers, by customer class, who would have been disconnected each month for non-payment but for the moratorium; and
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; and
4. 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 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;
 - 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;
 - d. The number of customers renegotiating medical payment arrangements plans each month during the period; and
6. Deposits

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- 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.