

September 30, 2020

VIA ELECTRONIC FILING

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
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**Re: Docket U-200281—Response to COVID-19 Pandemic
Joint Utilities’ Comments in Response to Staff Term Sheet**

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Avista Utilities, Cascade Natural Gas, NW Natural, PacifiCorp, and Puget Sound Energy (Joint Utilities) appreciate the opportunity to respond to the Commission’s Notice of Opportunity to Comment issued on September 17, 2020.

The Joint Utilities appreciate the Commission’s and Commission Staff’s leadership in coordinating efforts to respond to the COVID-19 pandemic. The Joint Utilities continue to support Washington-specific guidelines to find a path forward that provides much-needed certainty for customers and utilities alike. For that reason, the Joint Utilities are supportive of Staff’s proposed term sheet with certain minor modifications identified below.

While the Joint Utilities and the Advocates both strove to maximize benefits to customers through the workshops in this docket, several components of the Advocates’ term sheet went beyond the scope of what the Commission tasked the Workgroup to evaluate in response to the COVID-19 pandemic. Specifically, the Commission directed the Workgroup to “*facilitate development of guidelines for ensuring that customers experiencing hardship as a result of the COVID-19 pandemic maintain access to essential services after Proclamation 20-23 expires and the moratorium on disconnection and late fees is no longer in effect.*”¹ Rather than focus on making permanent changes to the way in which utilities provide service in Washington, the Joint Utilities sought to reach consensus on guidelines that addressed the Commission’s directive. Unfortunately, the Joint Utilities and the Advocates could not reach consensus on a set of guidelines due to significantly different perspectives.

Given the current posture of the docket, the Joint Utilities will not specifically address each item in the Advocates’ last term sheet, as that term sheet was the subject of a negotiated process. We would note, however, that the outcome of this process should not lose sight of the financial stability and liquidity of the regulated utilities, and that any guidelines should align with the principles of the regulatory compact. To that end, we should not compromise the financial integrity of companies that provide an essential service to customers in the face of this unprecedented challenge. The Joint Utilities respectfully recommend that the Commission adopt Staff’s proposed term sheet with minor modifications as described further below.

¹ U-200281 – Notice of Opportunity to Comment, September 17, 2020

Joint Utilities' Response to Commission Staff's Proposed Term Sheet

The Joint Utilities' Response below addresses, in order, the topics contained in Staff's Proposed COVID-19 Response Term Sheet (Staff's Term Sheet), with cross-references to the subsections as listed in Staff's Term Sheet.

1. Disconnection Moratorium

The Joint Utilities support the April 30, 2021, as the disconnection resumption date (Resumption Date) for small commercial and residential customers. A specific date provides certainty, which will allow for efficient implementation of other initiatives in Staff's Term Sheet that are dependent on the Resumption Date. April 30, 2021, also marks just over a year since the Joint Utilities voluntarily suspended disconnects and late fees after the region began seeing the impacts of COVID-19 and a public health emergency was declared. Extending the moratorium for residential and small commercial customers through April 2021 also provides certainty to our customers through the upcoming winter heating season. Additionally, the Joint Utilities have each implemented proactive customer outreach campaigns and will continue this outreach so that customers are aware of the flexible payment arrangements, energy assistance, and additional resources that are available to them in advance of the Resumption Date. The Joint Utilities support holding an open meeting in February to check in on progress made towards the resumption date and other items in Staff's Term Sheet.

To clarify Staff's Term Sheet, the Joint Utilities would recommend including a provision that authorizes normal billing and disconnect practices for large commercial and industrial customers upon approval of the term sheet.

For the 30-day notice contemplated in Staff's Term Sheet item 3a, the Joint Utilities propose that the notice be sent only to residential and small commercial customers with a past due balance no later than April 1, 2021.

2. Reconnection of Previously Disconnected Customers

The Joint Utilities support this provision and are pleased to report that this work is already beginning or has been completed.

3. Fees

The Joint Utilities appreciate Staff's acceptance of the proposal to waive late fees and deposit requirements for new or existing residential customers until 180 days after the Resumption Date. The Joint Utilities also support waiving disconnection and reconnection fees for the same period for residential and small commercial customers, in light of the financial impacts of the pandemic on our customers. The Joint Utilities request that the term sheet be further modified to clarify that the waiver of disconnection and reconnection fees only apply to residential and small commercial customers.

The Joint Utilities do not oppose a rulemaking to investigate potential long-term changes but are sensitive to the need to appropriately balance the workload of Staff and utilities in this rulemaking-heavy period.

4. Additional Customer Programs

The Joint Utilities support Staff's recommendation to establish utility-specific COVID-19 bill payment assistance programs for eligible low-income families, subject to the cost recovery provisions in Staff's Term Sheet. The Joint Utilities appreciate the flexibility to work with low-income program advisory groups on the implementation of this program, and the flexibility to work with the maximum per-household benefit cap.

The Joint Utilities also support setting the one-time funding level at one percent of each Washington utility's retail revenues as reported in each of the Joint Utilities' 2019 Commission Basis Report, with the clarification that the COVID-19 bill payment assistance program is not a permanent program.

5. Long-Term Payment Arrangements (TPAs)

The Joint Utilities support the use of extended TPAs to further mitigate the effects of the COVID-19 pandemic on customers. TPAs are a tool that utilities already have, and therefore can quickly implement. The Joint Utilities will continue to provide flexibility to help customers manage their monthly payments.

6. Arrearage Management Plans (AMPs)

The Joint Utilities support Staff's recommendation for utilities and low-income program advisory groups to explore development of other programs to assist customers.

7. Credit and Collection Process

The Joint Utilities support this provision.

8. Cost Recovery

The Joint Utilities appreciate Staff's recognition that the financial stability of utilities is an important factor through this uncertain time. The Joint Utilities agree with Staff's assessment that all costs and benefits are unknown at this time due to the unprecedented nature of the COVID-19 pandemic, but are open to making modifications or clarifications in each respective deferral proceeding as needed. Consistent with the Commission's normal practices, these costs and benefits will be analyzed and reviewed within the context of a future Commission proceeding in which each of the utilities request recovery.

The Joint Utilities also request the following clarifications to the bullets listed in the cost recovery section of Staff's Term Sheet:

- Direct costs: The Joint Utilities recommend that this paragraph be clarified that costs and savings deferred are directly related to the pandemic. Additionally, the Joint Utilities recommend adding language clarifying that direct incremental costs for reasonable measures taken by the utilities include, but are not limited to, the list provided in the bullet. The list of items in Staff's Term Sheet is not a complete list, and there is potential that the utilities may also incur costs that are not known at this time. Specific language proposed to be added to the end of this paragraph is as follows:

“Due to the unprecedented nature of the COVID-19 pandemic, not all costs may be known at this time. Utilities are not limited to deferring costs that are expressly enumerated above; provided, however, that all such costs are related to the pandemic and are subject to a future Commission prudence review proceeding.”

- Bad debt: The bad debt expense should cover the period through the end of 2022 at a minimum instead of ending in 2021. Due to the April 2021 resumption date, plus 180 days of extended customer protections for fees, TPAs, and other programs that have yet to be determined, it is likely that the impact to bad debt expense will not be fully realized through at least the end of 2022. The Joint Utilities request that the bad debt expense be evaluated through the end of 2022 and potentially 2023.
- Late payment fees: The bullet on late payment fees should be clarified as follows:

For calendar year 2020, the average annual amount of late payment fees collected over the previous five years (2015-2019) less the actual amounts collected by the Utility from January 1, 2020 through March 1, 2020. For 2021, the Utility may defer ~~that same~~ the average annual amount of late payment fees collected from ~~prorated on a monthly basis for the period of 2015-2019, prorated on a monthly basis from~~ 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.

- Reconnection charges: The bullet on reconnection charges should be clarified and corrected as follows:

For calendar year 2020, the average annual amount of reconnection charges collected over the previous five years (2015-2019) less the actual amounts collected by the Utility from January 1, 2020, through March 1, 2020. For 2021, the Utility may defer ~~that same~~ the average annual amount of reconnection charges collected from ~~prorated on a monthly basis for the period of 2015-2019, prorated on a monthly basis from~~ January 1, 2021, through the Resumption

Date plus 180 days. If the Resumption Date plus 180 days extends into 2022, the Utility may defer reconnection charges using the same formula as described for 2021 in 2022. However, Utilities with Advanced Metering Infrastructure must prorate the average annual amount by the percentage of AMI meters installed as of March 1, 2020, for calendar year ~~2021~~2020 and January 1, 2021, for calendar year 2021.

9. Data and Reporting / List of Requested Data

The Joint Utilities support the data reporting requirements in Staff's Term Sheet with a few modifications. First, the utilities recommend that the data reporting be only for the residential and small commercial classes, consistent with the other provisions in the term sheet. The Joint Utilities also recommend language stating that if a utility is unable to provide any of the requested data, that it be required to provide an explanation for the omission. Lastly, the Joint Utilities request that data be provided in each company's existing formats, instead of requiring the development of a template. Creating a template that works for each of the companies may prove to be a difficult and time-consuming task when each utility should be focusing on implementation of the provisions of the term sheet.

We appreciate the opportunity to provide comments on Staff's Term Sheet and look forward to continuing the conversation. Please feel free to contact us if you have any questions.

Sincerely,

/s/ Patrick Ehrbar

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