

Puget Sound Energy
Disconnection Reduction Plan
Dockets UE-190529 and UG-190530 (consolidated)

July 8, 2021

Puget Sound Energy (PSE) is committed to helping our customers and communities recover from the COVID-19 pandemic. PSE’s Disconnection Reduction Plan was prepared in accordance with the Settlement Stipulation (Stipulation) in the 2019 General Rate Case (Dockets UE-190529 and UG-190530, consolidated). The objectives of this plan are to describe: (1) existing business practices, (2) PSE’s disconnection reduction plan, and (3) PSE disconnection data. Our goal is to reduce the number of customers that reach the disconnection queue, receive a disconnection notice, and temporarily lose essential utility service due to non-payment.

Existing Business Practices

PSE strongly prefers to assist its customers with past due balances through energy assistance programs and extended payment plans to avoid disconnection whenever possible. It is important to emphasize that disconnections for nonpayment are a last resort and not a tool PSE employs lightly.

When a disconnection for nonpayment does occur, PSE provides options for customers to be reconnected quickly through its website, mobile app, and by telephone. For residential customers, once disconnection occurs, the past due account is closed and the balance owed moves to a “prior obligation.” Once the customer is reconnected, they start service with a new account without payment of a deposit or a reconnection fee, if that action occurs within 180 days of the disconnection moratorium being lifted. There are no fees for accounts that are eligible for remote disconnection/reconnection.

Before the pandemic and disconnection moratorium, PSE’s customers entered the **collection process** when they reached past due balances of \$70 for residential and \$250 for commercial. The collection process provides multiple opportunities for customers to obtain assistance. PSE proactively contacts customers throughout the process; customers receive courtesy and reminder calls, an urgent notice, and a final notice before they enter the disconnect queue.



PSE customers can exit collections at any time by:

- Paying the balance in full
- Making a payment to reduce the balance to < \$70 residential, \$250 commercial,
- Applying for any assistance program or
- Starting a Payment Arrangement

In the 12 months prior to COVID, 97% of customers exited the collection process without being disconnected.

PRE-COVID (12MO before 2020-03-01)	Low ¹	Med ¹	High ¹	Disconnect	TOTAL
Total collection cycles	462,649	412,113	697,560	42,301	1,614,623
% Of collection cycles ending at level	29%	26%	43%	3%	100%

¹ The levels indicate the point at which the customer exited the collection process:

- Low corresponds to proactive collection outreach calls and urgent notices
- Medium corresponds to a proactive reminder call and collection call
- High corresponds with the final notice and reaching the disconnect queue

PSE offers multiple programs to help customers manage their utility service, make payments, and exit the collection process:

PSE customers can elect to receive **Bill Alerts**. This gives customers the ability to set a dollar amount for an alert and allows customers to make changes to energy use to reduce their monthly bill.

PSE customers can “**pick your own due date**”. This allows customers to align their energy bill to their paycheck cycle.

PSE’s **Budget Payment Plan** is designed to help customers avoid large payment fluctuations throughout the year. The total cost of energy usage between the time the customer enrolls and June is estimated then divided by the number of months remaining until June to provide level monthly payments. (Program year begins in July and ends the following June.)

Payment Plans are available to help customers that need up to 3 months to pay their bill. (Payment Plans were extended to 18 months during the pandemic and this will remain in place until January 2022.) Payment Plans are agreements between a customer and PSE that allows the customer to make incremental payments on their outstanding balance. Customers can make one payment arrangement within 6 months and request a one-time revision to their payment arrangement, and may have up to 3 months to pay the arrangement.

The **Home Weatherization Assistance Program** is an income-based program providing free upgrades for single family homes, manufactured homes or eligible apartment buildings. Upgrades include insulation, roof repairs, duct sealing and much more. PSE partners with 7 of our Community Action Partnership (CAP) agencies and 3 housing authority agencies in 10

counties to administer the program. Agencies work directly with our customers explaining the program, its benefits and determining income eligibility. Eligible customers can work directly with agencies to obtain contractor referrals so there is no need to find them on their own.

The **PSE Home Energy Lifeline Program (HELP)**, which is currently available to income eligible customers at or below 150% of FPL. Beginning with the new program year starting October 1, 2021, we will increase the income eligibility threshold to 80% of area median income or 200% of federal poverty level, whichever is greater. For this program, we partner with 11 (CAP) agencies in 10 counties who work directly with our customers to determine income eligibility, and the amount of assistance, if eligible.

PSE's **Warm Home Fund** administered by The Salvation Army, the fund includes voluntary contributions from our customers, employees and investors. If a customer receives a disconnect notice and they are income qualified, the Warm Home Fund will pay off the amount due on the notice.

Disconnection Reduction Plan

PSE's Disconnection Reduction Plan leverages lessons learned and new ideas / input during the COVID-19 pandemic to create a strategy aimed at keeping our customers out of the disconnection queue. It includes a combination of proactive efforts (e.g., **low-income rates**, greater accessibility to **cash payment stations, increased access to energy assistance funds**), help for customers with past due balances (e.g., **arrearage management plan, extended payment arrangements**), and a **customer-first focus** during **field visits** and in our **revised collection procedures**.

PSE's Disconnection Reduction Plan includes the following proactive efforts to help customers with their energy bills and avoid past-due balances.

Low Income Discount Rate

Per the Regulatory Reform Bill SB 5295 - 2021-22 (link to the [Session Law](#)), PSE will propose a low-income discount rate and a low-income senior discount rate: "Each gas or electric company must propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs."

PSE's work to design and implement a Low-Income Rate program for both senior customers and low-income customers is currently underway. These rates are intended to reduce energy burden and prevent low-income customers from reaching eligibility for disconnection for non-payment. We will be working closely with many key stakeholders including; Commission Staff, Northwest Energy Coalition, Energy Project, Attorney General's office, and our Low-Income Advisory Committee and Equity Advisory Group to design and develop the rates for PSE's anticipated 2022 GRC filing.

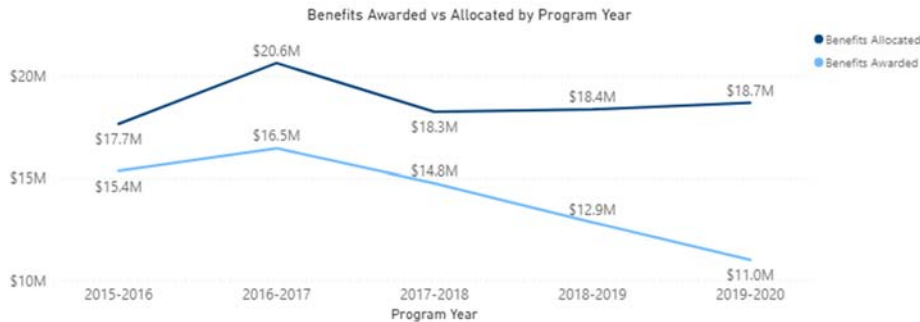
Cash Payments

Customers who are needing to pay in cash either by choice or because they do not have a bank account – referred to as unbanked or underbanked customers, need additional options within PSE's service territory to make payments which post to their accounts in near real time. PSE will

expand and enhance capabilities for customers to make payments in cash. This will enable all PSE customers, including those who are income eligible/low income, in densely populated or rural areas, those who use public transportation, who have disabilities or who may need to have a face-to-face interaction, to make a cash payment at locations that are easily accessible for no fee. This work will also provide a near-real time payment post that will cancel any potential field disconnection activity immediately when a cash payment is made. This project advances our efforts to support PSE’s underserved and vulnerable communities, and is expected to go live in late 2023.

Increased Access to Energy Assistance Programs

Energy Assistance is a vital lifeline for many of our low-income customers to prevent loss of service due to disconnection for non-payment. The ability to serve customers and provide benefits has declined year-over-year with 58% of assistance funds allocated being awarded to customers in 2019-2020. (For comparison, 87% of allocated funds were awarded to customers in 2015-2016.)



PSE expects the volume of work related to distributing assistance funds will increase over time as more dollars are available to help customers and new rates and programs require income eligibility confirmation. The process for customers to apply for assistance and verify eligibility is critical for success and must improve to make meaningful progress toward reducing disconnections. We have learned through our COVID-19 bill assistance program that on-line application processes work. We were able to award over \$9 million through our Crisis Affected Customer Assistance (CACAP) program in 2020 and are seeing similar success in 2021 with our COVID Bill Assistance Program, having already allocated over \$10 million to over 9,600 customers. PSE will work with our LIAC and other stakeholders to devise a multi-faceted method for qualifying and distributing funds to more customers and meet the needs of our large and diverse service territory.

Continuing Education, Outreach, and Reporting

The **Education and Outreach** plan created for COVID-19 has been successful and has given us data to understand how effective these efforts have been in increasing the awareness of offered programs with our customers. We will continue these efforts, utilizing tactics identified during the pandemic that have been most successful, including:

Promoting awareness of existing programs:

- Paid social media ads
- Digital banner ads
- “The Voice” (a monthly publication sent to our customer by mail or email depending their preference) dedicated to education and awareness about PSE’s assistance programs and resumption of disconnections
- Email marketing campaigns
- Updates to PSE’s website and app
- Outbound customer calling
- Partnership toolkit distribution to existing and new community partners, elected officials, and government agencies

Introducing new programs and significant changes to existing programs:

- NPR sponsorship
- Media partnerships with KOMO (English) and KUNS (Spanish)
- Radio sponsorships across 20+ radio stations in the Puget Sound region
- Purchased ad space in the Seattle Chinese Post, NW Asian Weekly, The Seattle Medium, The Facts, South Seattle Emerald, Converge Media, and Tulalip News
- Direct engagement with the community:
- Presentations at virtual events and meetings (e.g., city and county council meetings)

Multi-Language Support

PSE is currently investigating options for **expanded translation** support of the www.pse.com website through external, machine translation services (e.g., Google Translation, Amazon Translate). Key factors for this evaluation include technical feasibility, translation quality, information security, service cost, and maintainability. When implemented, expanded translation services will enable translation of high-traffic www.pse.com pages into approximately 10 languages.

PSE’s Disconnection Reduction Plan includes the following programs to help customers that fall behind on their payments:

Extended Payment Arrangements

During the pandemic PSE increased the number of months for payment from 3 to 18 months and removed the requirement to pay 50% of the past due balance with the first payment arrangement. Moving forward we will continue offering extended payment terms up to 12 months with no requirement to pay 50% on their first installment.

Arrearage Management Plan (AMP)

Today, PSE’s COVID Bill Assistance program is available as an arrearage management program (AMP), providing debt relief for income qualified customers with a past due balance. The program will run until funds are exhausted (i.e., estimated Q2 or Q3 2022). PSE is hopeful that

its customers and communities will be on the path to recovery from the COVID-19 pandemic by the time the program ends.

PSE examined AMPs, debt forgiveness plans, and Percentage of Income Plans (PIPPs) currently available throughout the country and consulted with its Low-Income Advisory Committee (LIAC) on these programs. PSE will pilot an AMP in 2022 to better understand and develop a long-term program to replace COVID Bill Assistance. PSE will work with its LIAC to create the program, including determining customer eligibility requirements, structure of arrearage forgiveness, determine what technology changes will be required to facilitate changes to its billing system, application of credits, and resources required to manage the program. This program will consider existing programs, including reduced rates based on recent legislation, SB 5295.

PSE’s Disconnection Reduction Plan includes the following changes to our collection procedures:

Field Visits

Puget Sound Energy is committed to helping our customers and minimizing customer service interruptions as much as possible. In the event a customer is up for disconnection our field visit protocol will be customer focused and include an engaged conversation to ensure customers are aware of all payment options including education and awareness of our payment arrangements and bill payment assistance available. If the customer indicates they are interested in any of these options, the disconnection will be cancelled.

Revised Collection Procedures

Puget Sound Energy plans to continue researching other ways to improve the experience for low-income customers, including revising collection procedures to give more time and opportunities to get assistance.

Disconnection Reduction Plan Timeline

Below is a proposed timeline for activities related to realizing the disconnection reduction goals we have outlined in this plan:

Disconnect Reduction Plan Proposed Timeline												
Project	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Extended Payment Plans (12 months)												
Low-Income Discount Rates			Plan and File						Prepare for Implementation		Initial Rollout	
Cash Payments												
Arrearage Management Program Pilot												
Arrearage Management Program Project									TBD after pilot completes			→
Revised Field Visit Protocols												
Increase Access to Energy Assistance												
Continuing Outreach and Education												
Enhanced Translation Services												

Customer First Focus

PSE understands that implementing all of the pieces of this plan will take time and we are committed to working with our customers to provide assistance and long-term payment plans to avoid disconnections. During the window of time that PSE is working on implementing all aspects of this plan, we will continue to use a “Customer First” focus, offering extensions where necessary to avoid disconnection if a customer wishes to seek assistance from any of our programs.

Disconnection Reporting

Attached in Exhibit A is Puget Sound Energy’s first annual Disconnection Reduction Report. With the onset of the COVID-19 pandemic, PSE voluntarily suspended disconnections for non-payment on March 10, 2020. As disconnections did not occur during the remaining 2020 calendar year, we are providing data for the 2019 calendar year to serve as a baseline for future reporting periods.

PSE completes service disconnections for customer requested disconnections, non-payment and service disconnection between occupants. Service disconnections can be performed manually by a Customer Field Representative or via the Company’s remote disconnect/reconnect capabilities provided by our AMI system. A visit to the customer premise will occur for all customers who have received energy assistance in the previous 2 years or has a medical emergency hold on their account.

Exhibit A includes the following reporting (2019 calendar year as base):

1. Total disconnections for all purposes
2. Total residential disconnections for non-payment
3. Total disconnections of customers receiving low-income bill assistance
4. Total remote disconnections of residential customers for non-payment
5. Total remote disconnections of customers receiving low-income bill assistance
6. Total disconnections of customers with a medical emergency verified at the service location within two years
7. Number of premise visits for “dunning” purposes related to disconnection
8. Number of disconnections prevented by receipt of payment at the premises
9. Number of payments received during premise visits to prevent disconnection and the method of payment
10. Number of free pay stations
11. Number and nature of customer complaints related to disconnections

Conclusion

Puget Sound Energy continues to be focused on providing long term services and programs that support our low-income, underserved and vulnerable customers and communities. PSE will be filing an AMP tariff schedule once the pilot has concluded, as well as proposals for Low Income Discount Rates in our next General Rate Case. With the approval of these filings, PSE will be able to offer additional options to

support the goal of reduced energy burden and disconnection reduction. These new products are in addition to the other offerings outlined in this document, including payment arrangements, energy assistance programs, budget billing and cash payment improvements. Marketing campaigns will be ongoing and in multiple languages to ensure that the maximum number of customers can be reached. All of this to accomplish the goal of COVID-19 recovery and longer-term solutions for customers in need.