

**Summary of the Effects of COVID-19 on Washington's  
Investor-Owned Utility Residential Customers  
(Docket U-200281)**

The Energy Project  
June 2022

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## GLOSSARY OF KEY TERMS & ABBREVIATIONS

<b>UTC</b>	Washington Utilities & Transportation Commission
<b>TEP</b>	The Energy Project
<b>IOU</b>	Investor-Owned Utility
<b>Avista</b>	Avista Corporation
<b>PSE</b>	Puget Sound Energy
<b>CNG</b>	Cascade Natural Gas
<b>PAC</b>	PacifiCorp
<b>NWNG</b>	Northwest Natural Gas
<b>Resumption Date</b>	The day that disconnection practices resumed (10/1/2021)
<b>KLI</b>	Known Low-Income; defined as residential customers who have received energy assistance in the last two years
<b>HIC</b>	Highly Impacted Community
<b>LIHEAP</b>	Low Income Home Energy Assistance Program
<b>TPA</b>	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. The Commission issued a series of Orders in the docket adopting a disconnection moratorium and establishing 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 Orders also established detailed data collection and reporting requirements for the IOUs regarding arrearages and other credit and collection matters.<sup>1</sup>

Earlier this year, The Energy Project (TEP) analyzed the IOU data reported for the period ending with the fourth quarter of 2021, prepared the initial version of this report, and presented the report's findings to the UTC in March 2022. The TEP analysis 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 virtually always included areas classified as "Highly Impacted Communities" (HIC) by the Washington State Department of Health (DOH).<sup>2</sup>

This summative report serves as an update to the initial report, using IOU data reported through March 2022 (first 2022 quarterly report). As such, this report provides an analysis and summary of the data filed by the five IOUs since the beginning of the COVID-19 pandemic, from March 2020 through March 2022, the most recent quarterly dataset available.<sup>3</sup> The report highlights the role that this data plays in understanding and addressing the impacts of COVID-19 and inequities IOU customers face, as well as the disproportionate financial hardship experienced by HICs and vulnerable populations.

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 \$83 million in May 2021 just as temporary COVID-19 assistance programs were launched. As of March 2022, total residential arrearages have ballooned to reach an all-time high of \$93 million, a 137% increase from March 2020 levels.

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<sup>1</sup> Data reporting requirements were initiated in Order 01 and are reflected most recently in Order 06, Appendix A, Sections I, J, and K.

<sup>2</sup> The DOH Environmental Health Disparities (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. Washington's census tracts are ranked according to environmental factors and social and health vulnerability measures that influence health outcomes. 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>

<sup>3</sup> Data for the second quarter of 2022 will be available in July 2022. Data reporting will continue until the conclusion of the UTC's credit and collection rulemaking. Docket U-200281, Order 06, ¶ 18. Quarterly reports include zip code level data.

COVID-19 assistance programs, permanent utility bill assistance programs, LIHEAP, outreach efforts, and an increased number of long-term payment arrangements may have helped constrain further growth in arrearages among residential customers. It is alarming, however, that total residential arrearages are the highest they have ever been since the beginning of the pandemic, despite the influx of assistance funds. This report discusses some concerning trends in the data that illuminate the financial distress that many Washington households continue to experience. Highlights of this report's findings include:

### **ARREARAGES**

- Total residential arrearages increased during the pandemic and are at an all-time high of \$93 million in March 2022, driven in particular by 90+ day arrearages.
- Arrearages for known low-income (KLI) customers were \$10 million in March 2020 and have grown by 28% to nearly \$13 million in March 2022.
- Most arrearages are over 90 days past due. These customers are most at risk of possible disconnection. This vintage grew 320% between March 2020 (\$11.4 million) and March 2022 (\$48 million).
- The number of customers with arrearages has remained relatively constant, while total arrearages have increased, meaning that customers are carrying much larger levels of arrearages. Avista, PacifiCorp, and Northwest Natural's residential customers' average arrearages have grown by at least 75%.
- A significant portion of total residential and known low-income arrearages are concentrated in a few zip codes that contain areas designated as HICs.

### **BILL ASSISTANCE**

- Utility bill assistance programs, including ratepayer-funded COVID-19 relief funds administered by the utilities, have not been sufficiently effective at offsetting residential arrearages.
- Over \$107 million of bill assistance funds have been distributed since April 2021.
- The number of households receiving bill assistance has increased.

### **FEES AND COLLECTIONS**

- Reconnection fees were charged by two of the IOUs despite the UTC's prohibition on such fees. These have since been refunded and credited to customers, according to the companies.
- Approximately 3,000 to 5,000 customers have been referred to collections each month after the Resumption Date, presumably those with closed accounts with an unpaid balance. The Commission's prohibition on sending customers to collections applied to active accounts.

## DISCONNECTIONS

- Between 40,000 to 50,000 customers received notices in each month of the first quarter of 2022. Four of the five IOUs have reported sending disconnection notices to customers, with PacifiCorp as the exception that has not.
- Only two of the five IOUs have reported disconnecting residential customers since the end of the moratorium. During the six month period October 2021 to March 2022, Avista reported disconnecting 265 residential customers and Cascade Natural Gas reported disconnecting 278.

## 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.<sup>4</sup>

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

**Order 06**, issued March 29, 2022, extended the suspension of fees and deposits. In addition, the order extended the data reporting requirements until 30 days after the conclusion of the UTC's credit and collection rulemaking in Docket U-210800.

## 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 March 2022, including arrearages for known low-income customers.

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 are facing more severe financial hardship during the pandemic, given the significant growth

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<sup>4</sup> The Commission issued Order 05 in Docket U-200281 on July 9, 2021, establishing a disconnection moratorium and other consumer protections for water companies. This report analyzes the information provided by Washington's energy utilities and does not address water companies.

in both residential and known low-income arrearages discussed below. 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 March 2022 (282,526) compared to March 2020 (291,453).

Since 2020, **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.

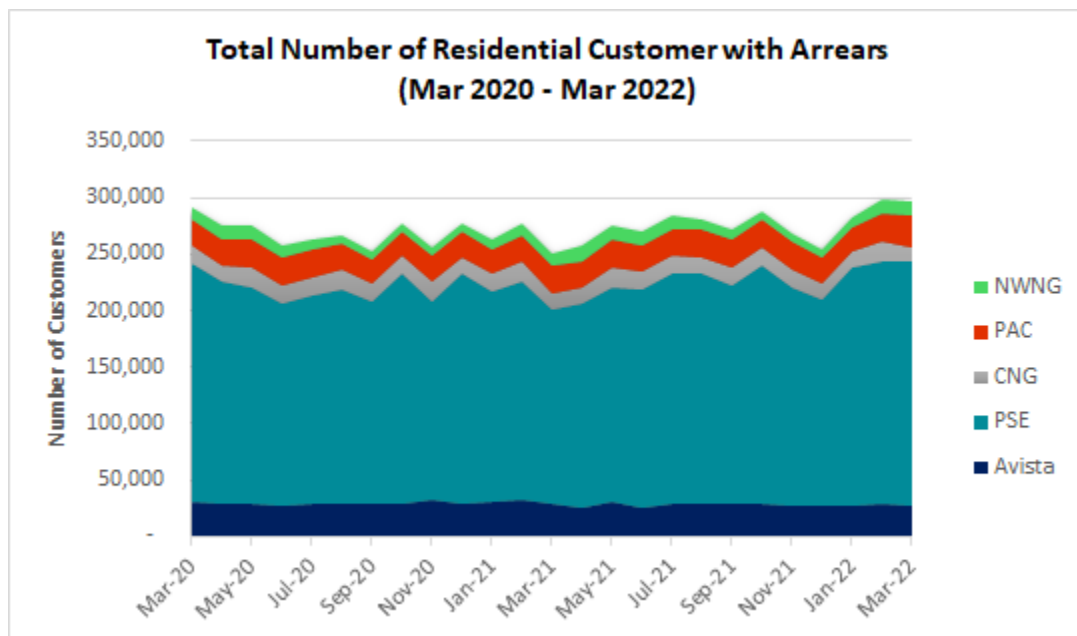


Figure 1

With the impact of the winter heating season reflected in the most recent data, Figure 2 and Table 1 below show that total residential arrearages across all five IOUs have grown 137% from March 2020 (\$39 million) to a peak in March 2022 (\$93 million).<sup>5</sup>

<sup>5</sup> PSE reported residential arrearage data differently from the other four IOUs, including customers with 1-30 day balances in the total residential arrears. The \$93 million residential arrearage figure, however, only includes PSE customers with past-due balances greater than 30 days, to be consistent with the other IOUs (sum of arrearages in the 30, 60, and 90 day vintages).



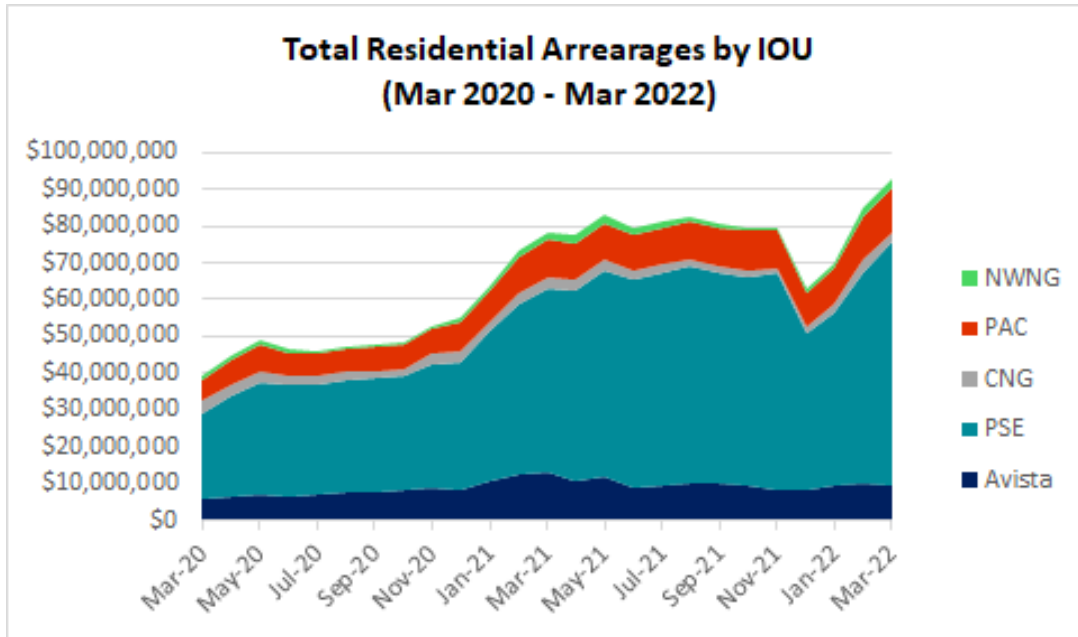


Figure 2

Table 1. Total Residential Customer Arrearages by IOU in March 2020, 2021, and 2022

	Avista	PSE*	CNG	PAC	NWNG	TOTAL
Mar-20	\$ 5,641,851	\$ 23,415,071	\$ 3,377,895	\$ 5,814,962	\$ 921,160	\$ 39,170,939
Mar-21	\$ 13,023,842	\$ 49,663,079	\$ 3,280,734	\$ 10,227,742	\$ 1,843,860	\$ 78,039,257
Mar-22	\$ 9,602,888	\$ 65,980,760	\$ 2,425,244	\$ 12,509,712	\$ 2,498,367	\$ 93,016,971
<b>Growth from March 2020</b>	70%	182%	-28%	115%	171%	137%

\*As noted above, PSE includes 1-30 day balances in total residential arrearages. However, TEP only includes PSE's past-due balances greater than 30 days to be consistent with the other IOUs throughout this report.

Figure 3 shows the trend of arrearage growth for all residential customers by vintage. As shown by the trend line, there has been a substantial increase in residential arrearages since the beginning of the pandemic, although there was a notable decline in December 2021, likely due to distribution of COVID-19 assistance funds.

Coupled with the trend in Figure 1 that the number of customers with arrearages has held fairly constant, the trends in Figures 2 and 3 and Table 1 all show that **residential arrearages have increased substantially since the beginning of the pandemic, and thus households are carrying much larger arrearages.**

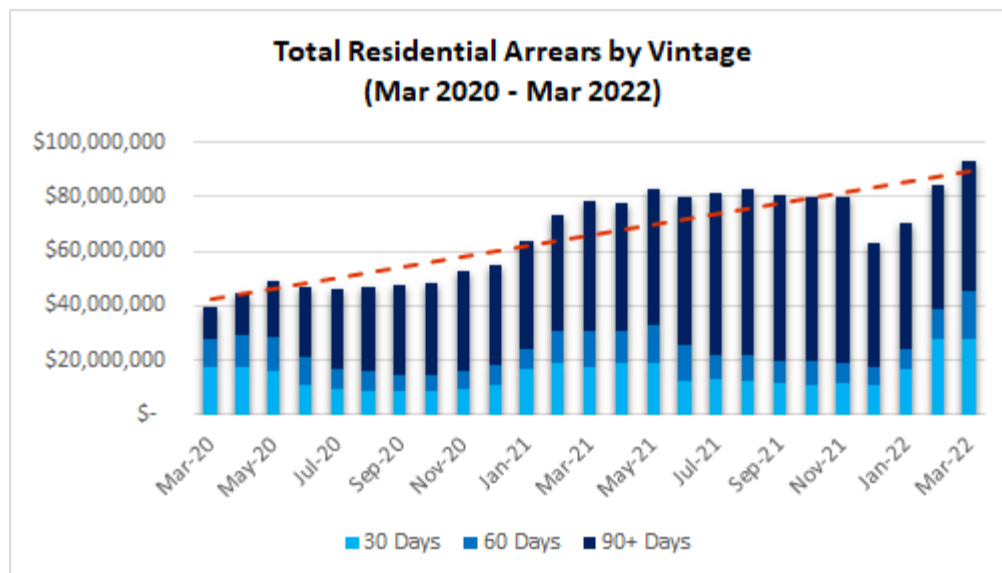


Figure 3<sup>6</sup>

Known low-income customers are those with a history of receiving utility bill assistance during the prior two years. Known low-income arrearages (KLI) have also increased overall since the beginning of the pandemic, as shown in Figure 4, from \$10 million in March 2020 to nearly \$13 million in March 2022, a 28% increase. Although current levels of KLI arrearages are lower in comparison to the peak level of \$17.5 million in March 2021, they have been rising in recent months. KLI arrearages dropped notably in December 2021 due to assistance funds, but have doubled in the past three months, and have surpassed March 2020 levels, a very concerning trend.

<sup>6</sup> The March 2022 version of this report incorrectly reported total residential arrearage values for March, April, and May 2020. The incorrect arrearage values reported for these months were \$35,143,756, \$40,624,453, and \$45,719,620, respectively. The corrected values shown in Figure 2 are \$39,170,938, \$44,466,456, and \$48,854,898, respectively.

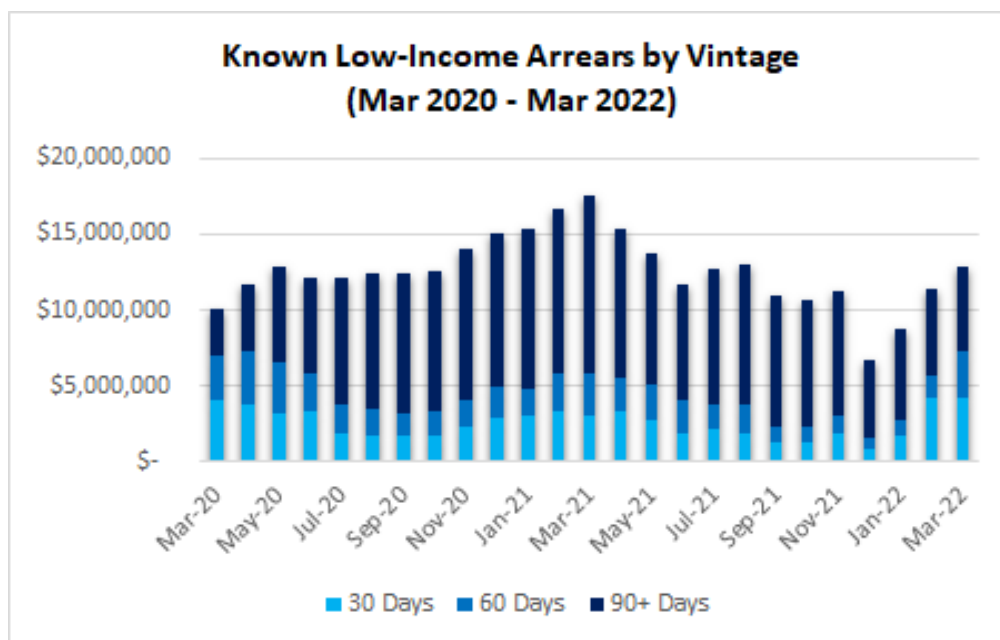


Figure 4

Table 2 highlights the burden experienced at the customer level. Avista, PacifiCorp, and Northwest Natural's residential customers' average arrearages have grown by at least 75% since March 2020. As shown in the table below, Cascade's residential customers saw a slight decrease in their average arrearage.

Table 2. Average Residential Customer Arrearage by IOU

Average Residential Customer Arrearage by IOU					
	Avista	PSE*	CNG	PAC	NWNG
Mar-20	\$ 185	N/A	\$ 211	\$ 259	\$ 87
Mar-21	\$ 458	N/A	\$ 228	\$ 419	\$ 169
Mar-22	\$ 363	N/A	\$ 193	\$ 455	\$ 188
<b>Growth from March 2020 to March 2022</b>	96%	N/A	-9%	75%	115%

\*This calculation cannot be performed accurately for PSE as the company reports the number of customers with arrears in one vintage based on their oldest arrearage's time frame (e.g. if a customer has a 35-day old arrearage and a 70-day old arrearage, they would only be counted in the 60-90 day vintage).

The customer-level burden is even greater for those with arrearages over 90 days past due. Table 3 shows the average per customer arrears for the three IOUs that posted customer-level data for the 90+ day vintage. The average arrearage for customers with a balance over 90 days past due is notably larger than the average arrearage when looking at all residential customers (which includes those with balances between 30-60 days past due and 60-90 days past due).

Table 3. Average 90+ Day Residential Customer Arrearage by IOU (March 2022)

<b>Average 90+ Day Residential Customer Arrearages (March 2022)</b>			
	<b>Avista</b>	<b>PSE</b>	<b>PAC</b>
90+ Day Arrears	\$ 6,034,492	\$ 34,244,384	\$ 6,189,558
# of Customers	8,129	51,669	7,628
<b>Avg. Per Customer Arrear</b>	<b>\$ 742</b>	<b>\$ 663</b>	<b>\$ 811</b>

Taken together, these data paint a disturbing picture of the financial hardship faced by IOU customers. Although utility bill assistance programs have had some success with lowering known low-income arrearages from peak levels in March 2021, **unfortunately KLI arrearages have increased in recent months, surpassing March 2020 levels by almost 30%**. In addition, **total residential arrearages are again trending upward, and have surpassed the previous peak level in May 2021**. Additionally, the bulk of residential arrearages have remained consistently large in the **90+ days vintage**.

TEP analyzed arrearages by vintage in March of each year, 2020 to 2022, to determine the portion of residential and known low-income customers with arrearages in the 90+ day vintage, because these customers are most at risk of potential disconnection. The results are shown in Figures 5 and 6 below.

As shown in Figure 5, **while 29% of residential customers had arrearages in the 90+ days vintage in March 2020, that proportion was substantially larger in both March 2021 (60%) and March 2022 (52%)**. Figures 5 and 6 also illuminate another trend. While the 90+ day vintage remains high for total residential arrearages, this vintage has been reduced by about half for known low-income arrearages during the past year, from March 2021 to March 2022. Nevertheless, **90+ day arrearages for known low-income customers have grown by 79% since the beginning of the pandemic, from \$3.1 million to \$5.6 million**. Customers with arrearages in the 90+ day vintage are most at risk of potential disconnection, so the significant and persisting increase among total residential customers, and the increase for KLI customers from March 2020 to March 2022, are both disturbing trends.

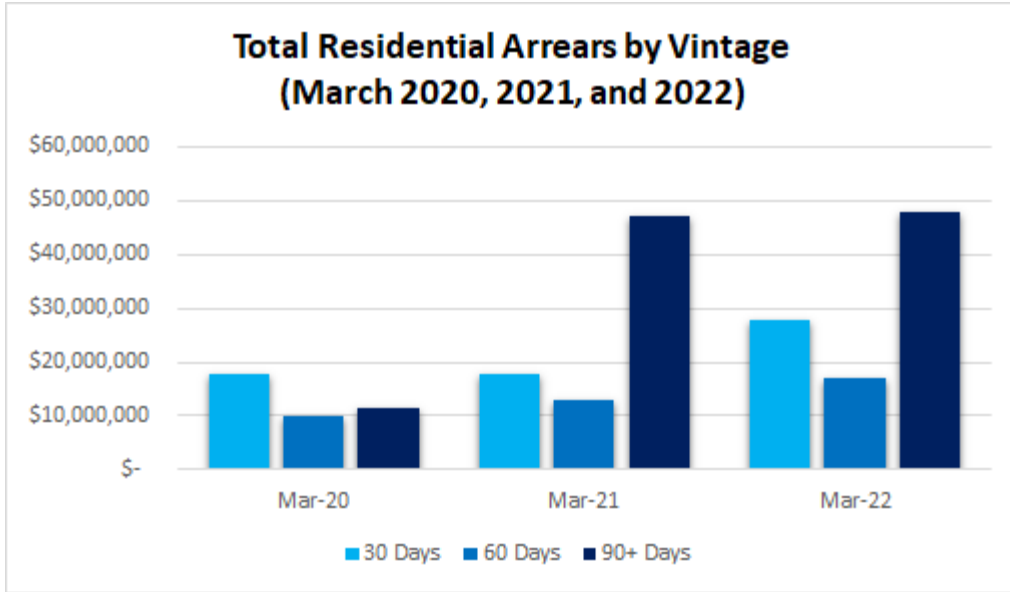


Figure 5

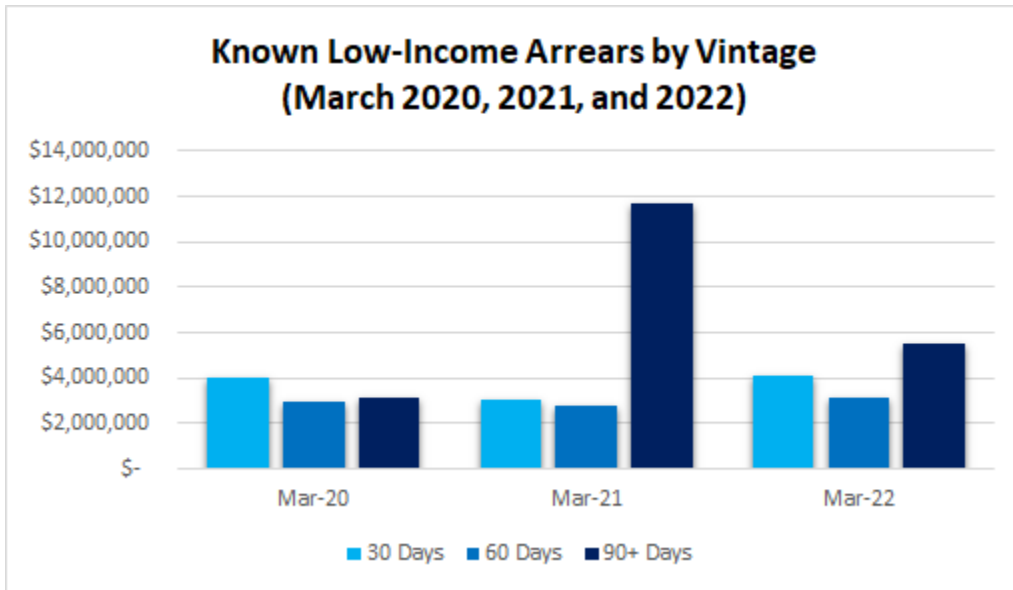


Figure 6

## 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 that 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.<sup>7</sup>

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.”<sup>8</sup> 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 March 2022 for each utility. 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. This analysis shows that almost all of the zip codes with highest residential arrearages have areas designated as Highly Impacted Communities (HIC) by the DOH.

### Avista

Table 4. Top 5 Avista Zip Codes with Highest Residential Arrearages (of 105 Zip Codes)

	ZC 1	ZC 2	ZC 3	ZC 4	ZC 5	Sum & % of March 2022 Residential (or KLI) Total
<b>Avista</b>	99205	99207	99208	99202	99223	
<i>Communities Served</i>	<i>NW Spokane</i>	<i>North-central Spokane</i>	<i>North-central Spokane</i>	<i>East Spokane</i>	<i>SE Spokane</i>	
<b>Total Residential Arrearages</b>	\$ 968,687	\$ 881,962	\$ 783,499	\$ 459,191	\$ 448,041	\$3.54M (37%)
90+ Day Arrearages	\$ 606,371	\$ 540,025	\$ 501,656	\$ 295,576	\$ 257,176	\$2.20M (36%)
<b>KLI Arrearages</b>	\$ 294,742	\$ 332,259	\$ 233,670	\$ 176,720	\$ 155,797	\$1.19M (42%)
90+ Day Arrearages	\$ 202,190	\$ 213,758	\$ 170,407	\$ 121,038	\$ 111,415	\$0.82M (42%)

<sup>7</sup> Washington State Department of Health, <https://www.doh.wa.gov/DataandStatisticalReports/WashingtonTrackingNetworkWTN/ClimateProjections/CleanEnergyTransformationAct>

<sup>8</sup> 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.

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. As shown in Table 4, thirty-seven percent (37%) of Avista's total residential arrearages and forty-two percent (42%) of known low-income arrearages are from the top five zip codes.<sup>9</sup> The concentration of residential arrearages is about the same and known low-income arrearages increased since March 2021 in the top five zip codes. 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.**

### *Puget Sound Energy*

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

	ZC 1	ZC 2	ZC 3	ZC 4	ZC 5	Sum & % of March 2022 Residential (or KLI) Total
<b>Puget Sound Energy</b>	98003	98023	98032	98092	98002	
<i>Communities Served</i>	<i>Federal Way</i>	<i>Federal Way</i>	<i>Kent</i>	<i>NE Auburn</i>	<i>Auburn</i>	
<b>Total Residential Arrearages</b>	\$ 1,746,856	\$ 1,686,450	\$ 1,458,170	\$ 1,354,851	\$ 1,258,765	\$7.5M (11%)
90+ Day Arrearages	\$ 876,197	\$ 912,567	\$ 756,384	\$ 756,695	\$ 619,734	\$3.9M (11%)
<b>KLI Arrearages</b>	\$ 291,540	\$ 202,343	\$ 177,375	\$ 302,177	\$ 232,089	\$1.2M (13%)
90+ Day Arrearages	\$ 74,887	\$ 44,781	\$ 78,432	\$ 137,550	\$ 47,402	\$0.38M (12%)

PSE's top five zip codes with the highest residential arrearages are exactly the same as those identified in March 2021. The only differences are that 98023 (Federal Way), 98032 (Kent) and 98002 (Auburn) switched placements.

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. As shown in Table 5, eleven percent (11%) of total residential arrearages and thirteen percent (13%) of known low-income arrearage are from the top five zip codes.<sup>10</sup> This represents a slight reduction of the concentration of total residential arrearages and known low-

<sup>9</sup> In addition, TEP analyzed similar data from Avista's top ten (10) zip codes and found that fifty-eight percent (58%) of total residential arrearages and sixty-two (62%) of KLI arrearages are from the top ten zip codes. This is similar to the concentrations as of March 2021.

<sup>10</sup> TEP also analyzed similar data from PSE's top ten zip codes and determined that twenty percent (20%) of total residential arrearages and twenty-five percent (25%) of KLI arrearages are from the top ten zip codes. These concentration levels are similar to what they were in March 2021.

income arrearages from March 2021. Additionally, **all of PSE's top five zip codes shown in Table 5 have areas designated as Highly Impacted Communities.**

### *Cascade Natural Gas*

Table 6. Top 5 Cascade Zip Codes with Highest Residential Arrearages (of 76 Zip Codes)

	ZC 1	ZC 2	ZC 3	ZC 4	ZC 5	Sum & % of March 2022 Residential (or KLI) Total
<b>Cascade</b>	98902	99301	98908	99362	98312	
<i>Communities Served</i>	<i>SW Yakima</i>	<i>W Pasco</i>	<i>Yakima</i>	<i>Walla Walla</i>	<i>Bremerton</i>	
<b>Total Residential Arrearages</b>	\$ 189,256	\$ 122,816	\$ 115,883	\$ 101,612	\$ 92,602	\$622K (26%)
90+ Day Arrearages	\$ 61,104	\$ 43,361	\$ 34,720	\$ 26,682	\$ 27,456	\$193K (26%)
<b>KLI Arrearages</b>	\$ 7,224	\$ 3,502	\$ 2,821	\$ 5,518	\$ 2,072	\$21K (31%)
90+ Day Arrearages	\$ 161	\$ -	\$ 88	\$ 227	\$ 118	\$594 (17%)

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 98225 (Bellingham) is no longer in the top five; instead, 98908 (Yakima) 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. As shown in Table 6, twenty-six percent (26%) of total residential arrearages and thirty-one percent (31%) of known low-income arrearage are from the top five zip codes.<sup>11</sup> The concentration of total residential arrearages is the same as in March 2021, but the concentration of known low-income arrears in the top five zip codes increased. Additionally, **all of Cascade's top five zip codes shown in Table 6 have areas designated as Highly Impacted Communities.**

### *PacifiCorp*

Table 7. Top 5 PacifiCorp Zip Codes with Highest Residential Arrearages (of 35 Zip Codes)

<sup>11</sup> TEP also analyzed similar data for Cascade's top ten zip codes and determined that forty-two percent (42%) of total residential arrearages and fifty-two percent (52%) of KLI arrearages are from the top ten zip codes. These concentrations are the same for total residential arrearages and are higher for KLI arrearages than they were in March 2021.



	ZC 1	ZC 2	ZC 3	ZC 4	ZC 5	Sum & % of March 2022 Residential (or KLI) Total
<b>PacifiCorp</b>	98902	98908	98901	98903	98944	
<i>Communities Served</i>	<i>Yakima</i>	<i>W Yakima</i>	<i>NE Yakima</i>	<i>SW Yakima</i>	<i>Sunnyside</i>	
<b>Total Residential Arrearages</b>	\$ 2,011,834	\$ 1,602,588	\$ 1,327,397	\$ 1,035,729	\$ 840,744	\$6.82M (55%)
90+ Day Arrearages	\$ 1,064,534	\$ 723,624	\$ 729,188	\$ 528,714	\$ 389,283	\$3.44M (56%)
<b>KLI Arrearages</b>	\$ 121,952	\$ 38,135	\$ 89,962	\$ 52,482	\$ 84,687	\$387K (55%)
90+ Day Arrearages	\$ 45,155	\$ 11,854	\$ 38,671	\$ 24,191	\$ 28,386	\$148K (54%)

PacifiCorp's top five zip codes with the highest residential arrearages are similar to those identified in March 2021. The only difference is that 99362 (Walla Walla) is no longer in the top five; instead, 98944 (Sunnyside) is now in the top five.

A significant portion of residential and known low-income arrearages are still concentrated in a few zip codes. PacifiCorp's service territory covers 35 zip codes. As shown in Table 7, fifty-five percent (55%) of total residential arrearages and fifty-five percent (55%) of known low-income arrearage are from the top five zip codes.<sup>12</sup> The concentration of residential arrearages is about the same, but KLI arrearages have increased since March 2021. Additionally, **all five of PacifiCorp's top five zip codes have areas designated as Highly Impacted Communities.**

### Northwest Natural Gas

Table 8. Top 5 NWNG Zip Codes with Highest Residential Arrearages (of 41 Zip Codes)

	ZC 1	ZC 2	ZC 3	ZC 4	ZC 5	Sum & % of March 2022 Residential (or KLI) Total
<b>Northwest Natural Gas</b>	98682	98607	98684	98662	98661	
<i>Communities Served</i>	<i>E Five Corners</i>	<i>Camas</i>	<i>Evergreen</i>	<i>Five Corners</i>	<i>Vancouver</i>	
<b>Total Residential Arrearages</b>	\$ 481,230	\$ 207,656	\$ 206,634	\$ 193,378	\$ 176,947	\$1.27M (51%)
90+ Day Arrearages	\$ 141,455	\$ 46,784	\$ 64,041	\$ 57,037	\$ 71,243	\$381K (48%)
<b>KLI Arrearages</b>	\$ 3,082	\$ 481	\$ 1,328	\$ 1,258	\$ 152	\$6.3K (49%)
90+ Day Arrearages	\$ 282	\$ -	\$ 43	\$ 184	\$ -	\$0.5K (28%)

NWNG's top five zip codes with the highest residential arrearages are similar to those identified in March 2021. The only difference is that 98604 (Battle Ground) is no longer in the top five; instead, 98661 (Vancouver) is now in the top five.

<sup>12</sup> TEP also analyzed similar data for PacifiCorp's top ten zip codes and determined that eighty percent (80%) of residential arrears and eighty percent (80%) of KLI arrears are from the top ten zip codes. These concentrations are the same for residential arrears and are slightly lower for KLI arrears than they were in March 2021.

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. As shown in Table 8, fifty-one percent (51%) of total residential arrearages and forty-nine percent (49%) of known low-income arrearage are from the top five zip codes.<sup>13</sup> The concentration of total residential arrearages is the same as in March 2021, but known low-income arrears have decreased in the top five zip codes. Additionally, **four of five of NWNG's top five zip codes shown in Table 8 have areas designated as Highly Impacted Communities.**

#### 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.
- Nearly all of the top five zip codes with highest residential arrearages include Highly Impacted Communities (24 of 25 zip codes include HICs).

**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/](http://www.utc.wa.gov/).

## BILL ASSISTANCE

### COVID-19 Assistance, Permanent Utility Assistance & LIHEAP

All five of the Washington IOUs established temporary ratepayer-funded 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.<sup>14</sup> 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 in April 2021. At that time, based on the total funds available through all assistance programs, the Commission stated in its Order 03 that the

<sup>13</sup> TEP also analyzed similar data for NWNG's top ten zip codes and determined that eighty-one percent (81%) of total residential arrearages and eighty-eight percent (88%) of KLI arrearages are from the top ten zip codes. These concentration levels are slightly lower than they were in March 2021.

<sup>14</sup> U-200281, Order 04 (July 2, 2021), Appendix A, Amended Third Revised Term Sheet, pp. 3.

“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.”<sup>15</sup> As described below, the data indicates that unfortunately, the bill assistance distributed since April 2021, which is over \$107 million, has not been adequate to offset all residential arrearages within this time period.<sup>16</sup>

The figures below show the benefits provided to Washington IOU customers through the three primary types of bill assistance.<sup>17</sup>

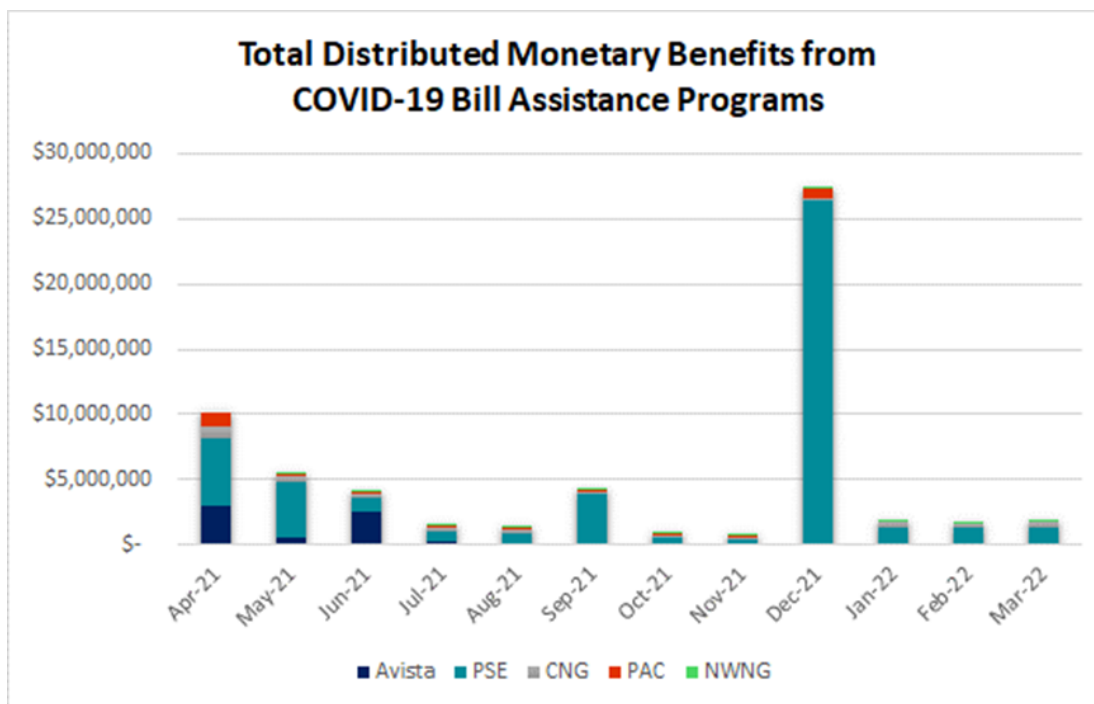


Figure 7

<sup>15</sup> U-200281, Order 03, (May 18, 2021), paragraph 38.

<sup>16</sup> 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 \$107.5 million in total assistance was distributed April 2021 - March 2022, and that total residential arrearages are \$93 million in March 2022.

<sup>17</sup> 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 2021 to March 2022, but it is possible utility bill assistance was included with LIHEAP assistance.

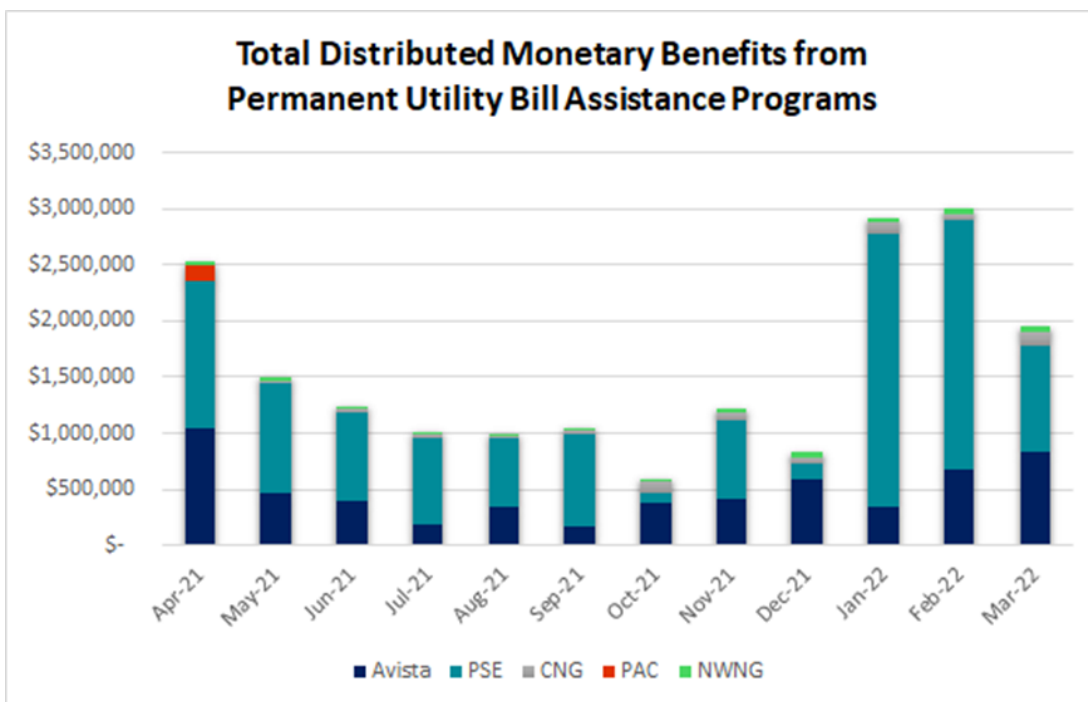


Figure 8

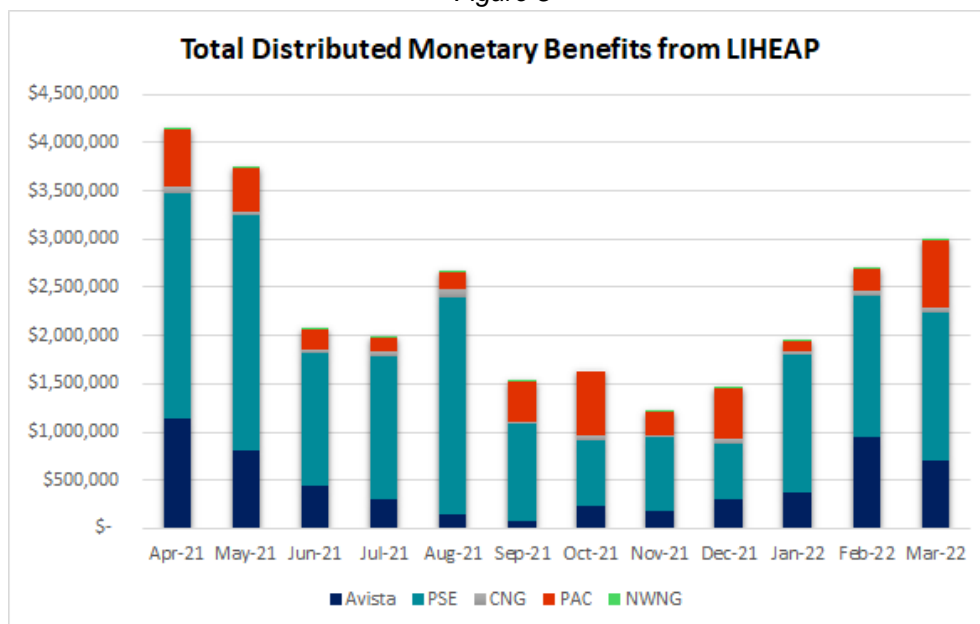


Figure 9

However, based on the available data, there were not adequate funds distributed into communities to offset residential customers with 90+ day arrearages in between April 2021 and March 2022. Figure 10 shows the total funds distributed by month for all low-income assistance programs – COVID-19, utility bill assistance, and LIHEAP – from April 2021 to March 2022. Over \$107 million has been distributed in that time period. 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.

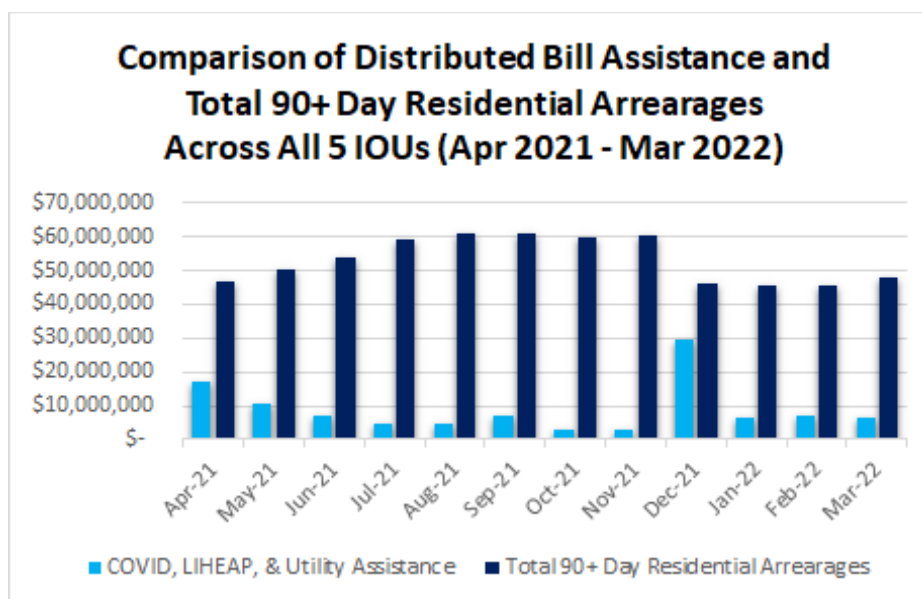
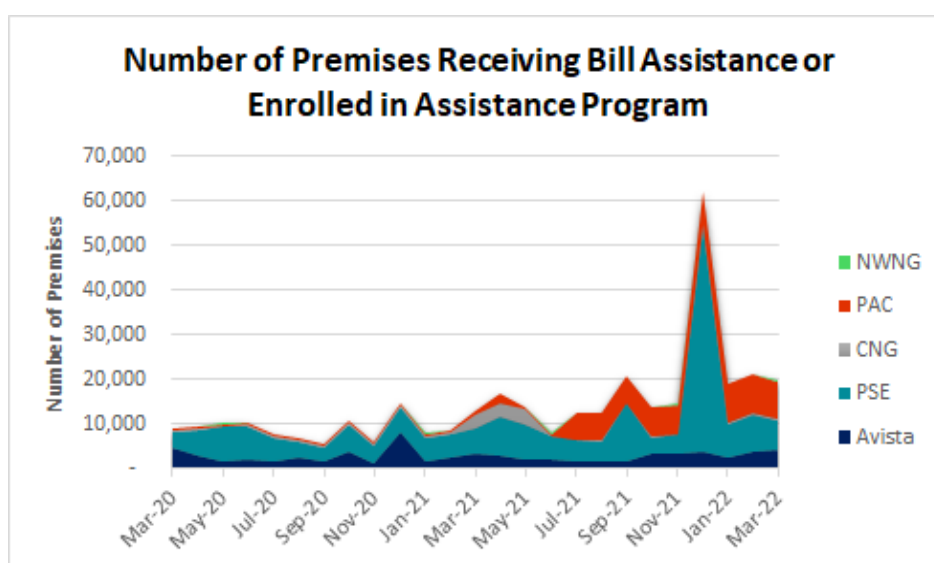


Figure 10

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 11).<sup>18</sup> However, 90+ day arrearages still surpass bill assistance distributed as of March 2022 by a wide margin, as shown in Figure 10.



<sup>18</sup> The substantial increase in December 2021 for COVID Bill Assistance 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)

Figure 11

**Where Can I Find the Data?** COVID-19, LIHEAP and utility bill assistance data can be found in the monthly reports (sheet 1) in Docket U-200281 at [www.utc.wa.gov/](http://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/](http://www.utc.wa.gov/).

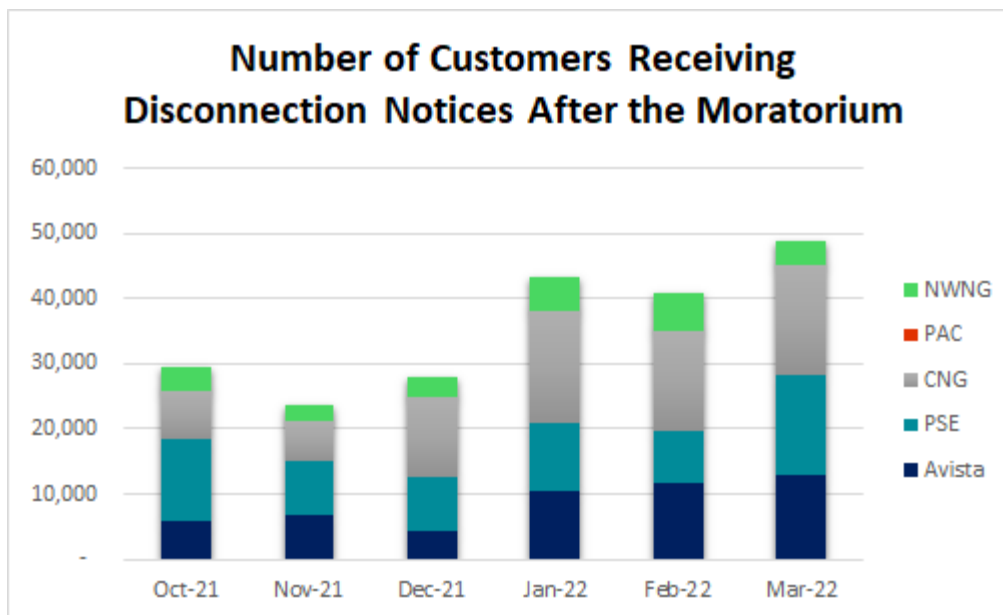
## RESUMPTION OF DISCONNECTIONS

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 number of whom are BIPOC, must be protected from losing access to essential services."<sup>19</sup>

Since the end of the disconnection moratorium, a significant number of customers have begun receiving disconnection notices from four of the five IOUs. Figure 12 shows that between twenty to fifty thousand Washington customers received disconnection notices from four of the five IOUs in each of the past six months since the disconnection moratorium ended. However, of the four IOUs that report sending disconnection notices, only two companies have reported residential customer disconnections. Cascade Natural Gas reported 278 residential disconnections and Avista reported 265, in the fourth quarter of 2021 and first quarter of 2022. Three IOUs— Puget Sound Energy, PacifiCorp, and Northwest Natural Gas— did not report any residential customer disconnections.

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<sup>19</sup> U-200281, Order 03, (May 18, 2021), paragraph 39.



*Figure 12*

**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/](http://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 “extended TPA’s for up to 18 months” to residential customers and 12-month payment plans to small commercial customers.<sup>20</sup> 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.**<sup>21</sup> PSE, Avista, and PacifiCorp all saw a positive trend in this metric, with more customers utilizing this option. PSE experienced the largest growth (203%) since March 2020. Figure 13 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 14 below shows the notable increase in PSE customers with existing payment arrangements between 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.<sup>22</sup>

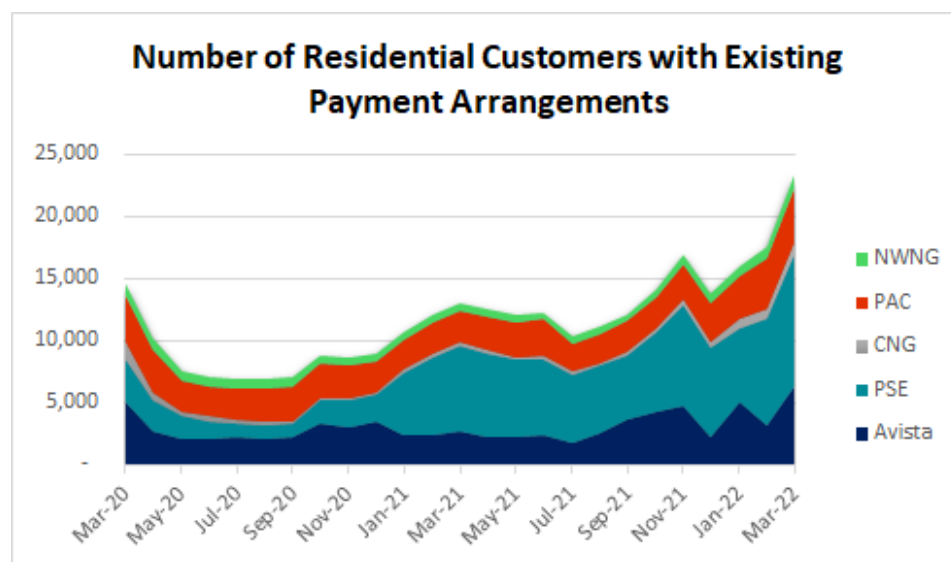


Figure 13

<sup>20</sup> U-200281, Order 01 (July 2, 2021), Appendix A, Amended Third Revised Term Sheet, pp. 3.

<sup>21</sup> The utilities did not state the length of time of the TPAs reported in their filings. Because the requirement was to offer TPAs “up to 18 months,” TPAs may have been for periods of less than 18 months.

<sup>22</sup> Order 04, Appendix A, Section A.4.f.



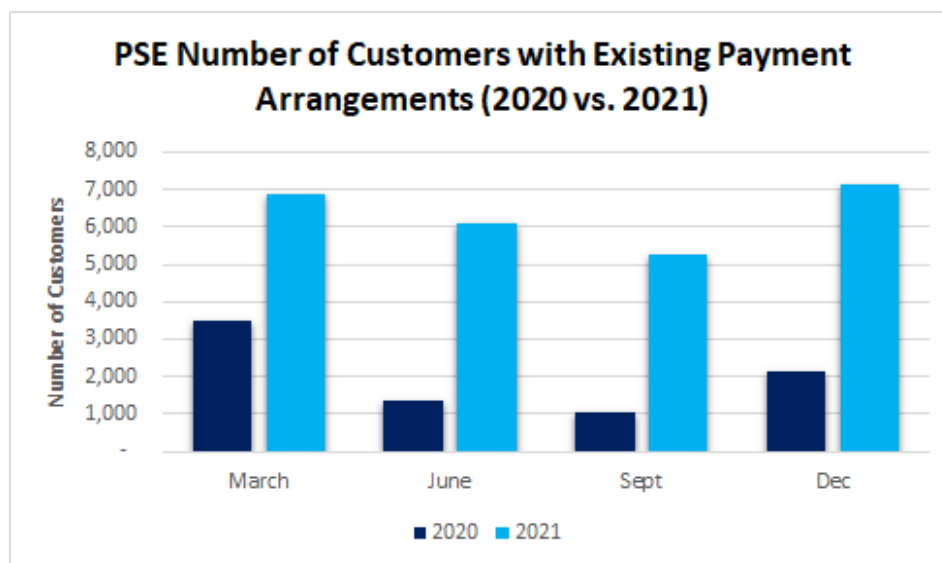


Figure 14

A notable portion of existing payment arrangements are concentrated in the top five zip codes with the highest levels arrearages for each utility. For example, as shown in Table 9, nearly 50% of Northwest Natural Gas's existing payment arrangements come from five zip codes. Northwest Natural Gas has a total of 41 zip codes. Thus, about 12% of the zip codes hold almost 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 9 are very similar to those identified as having the highest residential arrearages (see Zip Code Analysis section above).<sup>23</sup>

Table 9

Top 5 Zip Codes with Most Existing Time Payment Arrangements (TPA) as of March 2022						Total # of TPAs in Top 5 ZCs	% of Total # of IOU TPAs	# of ZCs in Service Area
AVISTA	NW Spokane (99205)	North-central Spokane (99207)	East Spokane (99202)	Spokane Valley (99206)	North-central Spokane (99208)	2458	39%	105
PSE	Federal Way (98003)	Federal Way (98023)	Bonney Lake (98391)	Lacey (98503)	South Hill (98374)	1338	13%	232
CNG	SW Yakima (98902)	W Pasco (99301)	Walla Walla (99362)	Port Orchard (98366)	Bellingham (98225)	220	25%	76
PAC	<i>*PAC did not report payment arrangements at the zip code level in March 2022</i>							35
NWNG	E Five Corners (98682)	Five Corners (98662)	Vancouver (98661)	Evergreen (98684)	Hazel Dell (98665)	491	49%	41

<sup>23</sup> U-200281, Attachment A to Supplemental Comments of The Energy Project, (May 7, 2021).

**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/](http://www.utc.wa.gov/).

## 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.<sup>24</sup> The UTC has subsequently extended the prohibition on collection of fees and deposits until 30 days after the conclusion of the credit and collection rulemaking in Docket U-210800.<sup>25</sup>

As part of our review, The Energy Project sought to verify that no fees have been collected from April 2020 through March 2022, the most recent reporting available. Table 10 shows the status of IOU reporting with respect to the UTC's prohibition on certain fees.

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<sup>24</sup> 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).

<sup>25</sup> Docket U-200281, Order 06, ¶ 18.

Table 10. Status of IOU Reporting on UTC Prohibition on Certain Fees (April 2020 - March 2022)

	<b>Late Payment Fees</b>	<b>Disconnection Fees</b>	<b>Reconnection Fees</b>
<b>Avista Corporation</b>	Not Charged	Not Charged	Not Charged
<b>Puget Sound Energy</b>	Not Charged	Not Charged	Not Charged
<b>Cascade Natural Gas</b>	Not Charged (Apr 2020 - Dec 2020); Reported as "N/A" (Jan 2021 - Mar 2021)  <i>Data missing</i> (Apr 2021 - Mar 2022)	Not Charged (Apr 2020 - Dec 2020); Reported as "N/A" (Jan 2021 - Mar 2021)  <i>Data missing</i> (Apr 2021- Mar 2022)	<b>\$5,500 Charged</b>
<b>PacifiCorp</b>	Not Charged	Not Charged	Not Charged
<b>Northwest Natural</b>	Not Charged	Not Charged	<b>\$1,050 Charged</b>

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 disconnection 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 March 2022. 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 to TEP that they worked quickly to issue customer credits and refunds to the impacted customers.

**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/](http://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.<sup>26</sup> **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.**<sup>27</sup>

Figure 15 shows the total number of residential customer accounts that were referred to collection agencies each month, from March 2020 to March 2022. 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 those declines, about three thousand to five thousand Washington customers have continued to be sent to collections each month by the five IOUs.

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 have been a response to the end of the disconnection moratorium in October. However, none of the other IOUs experienced a similar spike, and Northwest's numbers returned to the November range in the first quarter of 2022.

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.

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<sup>26</sup> U-200281, Order 04 (July 2, 2021), Appendix A, Amended Third Revised Term Sheet, Section G, pp. 4.

<sup>27</sup> 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.

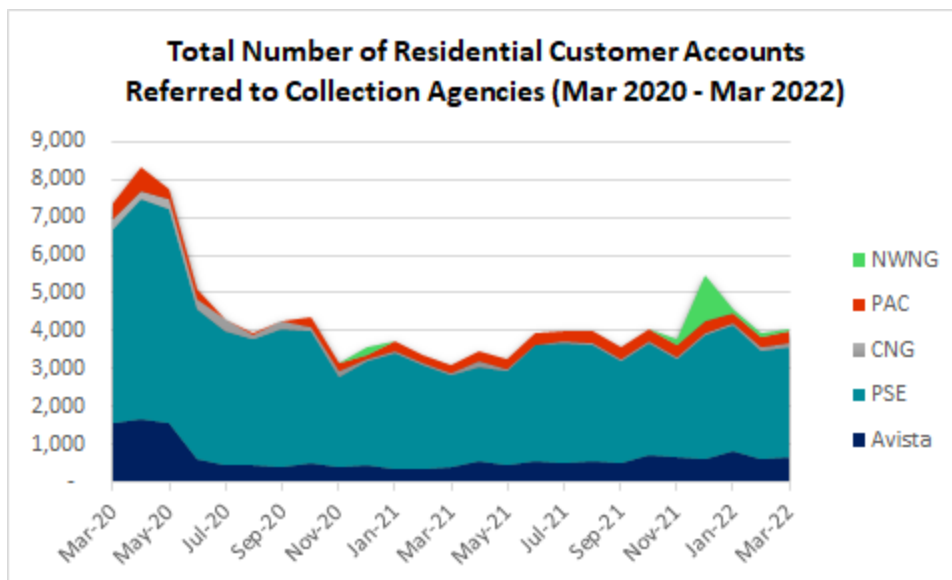


Figure 15

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 16. Similar to the trend in Figure 15 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.**

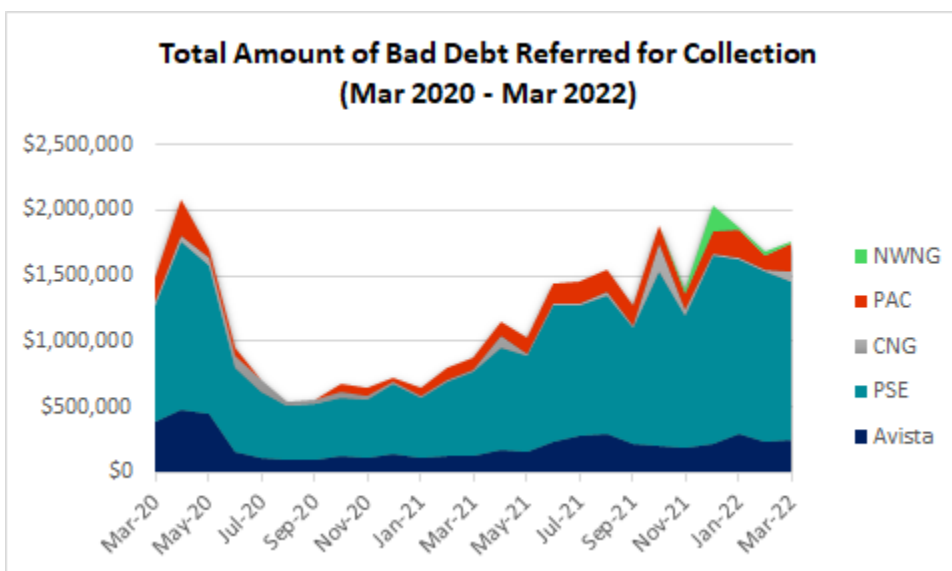


Figure 16

**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/](http://www.utc.wa.gov/).

## DATA REPORTING

Consistent with the Commission's Order 06, utilities are required to report certain data *quarterly* until 30 days after the conclusion of the credit and collection rulemaking in Docket U-210800. 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 11 assesses the status of IOU reporting according to the Commission's requirements, based upon The Energy Project's review of the IOU reports.

Table 11

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	✓	!	✓	✓	✓	✓	✓	✓

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. The following provides a 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/](http://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.”<sup>28</sup> 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.

<sup>28</sup> U-200281, Order 04 (July 2, 2021), Appendix A, Amended Third Revised Term Sheet, Section A, p. 1.

## OUTREACH

The UTC recognized the need for better utility outreach regarding customer assistance options 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.”<sup>29</sup>

**Although the Commission’s 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.,”<sup>30</sup> 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. NWN and PacifiCorp also shared information about outreach efforts at the Commission’s August 3 workshop.<sup>31</sup> All IOU’s plans can be seen or heard by listening to the recording of the 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.<sup>32</sup>

## 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 March 2022, residential arrearages increased by 137%. While COVID-19 assistance programs, permanent utility bill assistance programs, LIHEAP, as well as outreach efforts and an increased number

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<sup>29</sup> U-200281, Order 03 (May 18, 2021), Paragraph 40.

<sup>30</sup> Order 03, App. A, Section K.4

<sup>31</sup> 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.

<sup>32</sup> U-200281, Order 03 (May 18, 2021), pp. 3-7.



of long-term payment arrangements may have helped constrain further growth in arrearages among residential customers, arrearages have reached an all-time 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 are outlined below.

## **ARREARAGES**

- Total residential arrearages have increased overall during the pandemic, as shown in Figure 2, particularly due to larger past-due balances in the 90+ day vintage, and are at an all-time high of \$93 million as of March 2022.
- Most arrearages are over 90 days past-due. These customers are most at risk of possible disconnection. This vintage grew 320% between March 2020 (\$11.4 million) and March 2022 (\$48 million).
- A significant portion of total residential and known low-income arrearages are concentrated in a few zip codes. In addition, nearly all 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 expectations when the IOU ratepayer-funded temporary COVID-19 assistance programs launched in April 2021.
- Over \$107 million in bill assistance funds have been distributed April 2021 to March 2022.
- The number of premises enrolled in assistance programs has increased.

## **FEES AND COLLECTION**

- Reconnection fees were charged inappropriately 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. Cascade Natural Gas and Northwest Natural Gas have indicated to TEP that customer credits and refunds have been issued to reverse those fees.
- Approximately three thousand to five 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.

## DISCONNECTIONS

- Between 20,000-30,000 customers received disconnection notices in each month of the fourth quarter of 2021, and between 40,000-50,000 customers received notices in each month of the first quarter of 2022.
- Only two of the five IOUs have reported disconnecting residential customers since the end of the disconnection moratorium. During the six month period October 2021 to March 2022, Avista reported 265 residential disconnections, and Cascade Natural Gas reported 278.
- Pursuant to the UTC's requirement in Order 03, the IOUs are required to contact the UTC's Assistant Director for Consumer Protection prior to disconnecting customers. The Commission concluded that this additional, temporary protection was necessary to protect vulnerable customers, who are disproportionately BIPOC. However, this consumer protection is scheduled to end on October 1, 2022.<sup>33</sup>

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. The status of disconnections, arrearages, and other trends reflected in the data will warrant further study and continued attention from the Commission, utilities, and stakeholders.

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<sup>33</sup> U-200281, Order 03 (May 18, 2021), paragraph 39.