

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

IN THE MATTER OF)	DOCKET U-200281
)	
COMMISSION STAFF’S INVESTIGATION)	COMMENTS OF THE ALLIANCE OF
INTO INVESTOR-OWNED UTILITIES’)	WESTERN ENERGY CONSUMERS
COVID-19 RESPONSE.)	
_____)	

I. INTRODUCTION

1 Pursuant to the Washington Utilities and Transportation Commission’s (“Commission”) September 17, 2020 *Notice of Opportunity for Comment* (“Comment Notice”), the Alliance of Western Energy Consumers (“AWEC”) hereby provides the following comments to the *UTC Staff Proposed COVID-19 Response Term Sheet* (“Staff’s Terms”) developed by Staff, and the *Washington Joint Utilities COVID-19 Non-Binding Term Sheet* (“Utility Terms”), submitted by Washington jurisdictional utility companies. AWEC is a non-profit trade association whose members are large energy users served by electric and natural gas utilities throughout the West, including many of the regulated utilities in Washington state. AWEC appreciates the opportunity to provide the current comments.

II. COMMENTS

2 Staff’s Terms address a range of issues including Disconnection Moratoria, Reconnection of Previously Disconnected Customers, Fees, Additional Customer Programs, Long-Term Payment Arrangements, Arrearage Management Plans, Credit and Collection Processes, Data and Reporting, and Cost Recovery. AWEC limits its comments here to the issue of cost recovery.

3 Within Staff’s Terms, Staff identifies its support for deferral treatment of:

- 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 and 2021 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.
- 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 that same average prorated on a monthly basis for the period of January 1, 2021 through the Resumption date plus 180 days.
- 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 that same average prorated on a monthly basis for the period of January 1, 2021 through the Resumption date plus 180 days. 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 and January 1, 2021 for calendar year 2021.
- Costs to fund a COVID-19 bill payment assistance program, as described in the *Additional Customer Programs* section.

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AWEC is concerned about the potential of establishing a framework for deferral treatment within this investigation proceeding, particularly in light of concurrent proceedings before the Commission. Many, if not all, of the regulated utilities in Washington have filed deferred accounting applications, including, but not limited to, Dockets UE-200234 for PacifiCorp, UE-200780 for Puget Sound Energy (“PSE”), and UE-200407 for Avista. AWEC is an intervening party in the PSE and Avista dockets, and its member, Packaging Corporation of America, has intervened in the PacifiCorp docket.

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In its petition, PacifiCorp notes it “has suspended all service disconnections and late fees associated with nonpayment”, and that it “expects that it will incur costs in its response to the public health emergency, including bad debt expense...[and] additional costs that cannot currently be predicted given the unprecedented nature of [the] public health emergency.” PSE’s petition similarly notes it has “suspended all service disconnections and late payment fees in order to help limit the impact on customers for the hardships they will experience that are outside of their control.” PSE further notes that the pandemic “is expected to significantly increase PSE’s account receivable write-off expense”, and will result in “other costs related to the emergency that are outside of normal business risk that the Company is currently unable to predict or quantify.” Likewise, Avista’s petition clarifies that it too “has suspended all service disconnections and late payment fees in order to help limit the impact on customers as they navigate these difficult economic times.” Avista’s petition requests the Commission allow Avista to defer “costs because of the potential magnitude and unprecedented nature of the COVID-19 public health emergency.” Notably, the regulatory process in each of these matters

has yet to begin in earnest, with little progress made on the underlying substance of each of these petitions to date.

6 AWEC submits that the Commission should not be determining what costs, if any, are eligible for deferred accounting treatment outside of the specific utility deferral application proceedings currently before the Commission. While the general descriptions are similar between the utility examples identified above and Staff’s Terms, specific details and actions of each utility should be evaluated to provide the proper context for potential deferrals and allow the Commission to make a fully informed decision when, if appropriate, any deferral is approved. Making a decision in the current investigation addressing the very issues before the Commission in other contemporaneous dockets is prejudicial to parties, including AWEC, who have intervened and are actively participating in those other proceedings before the Commission.

7 Indeed, none of the petition dockets requesting deferral authorization in which AWEC is participating contain a notice of the Comment Notice in this matter, nor a notice of the October 6, 2020 open meeting. Nonetheless, even if such a notice was provided, the Commission’s statement that the purpose of the October 6, 2020 open meeting is “to consider proposals for guidelines or requirement to assist customers who are experiencing economic hardship as a result of the COVID-19 pandemic to maintain access to essential services” would not provide notice of the scope and breadth of Staff’s Terms, and the interactions with the parallel petition proceedings, specifically the proposals for approving principles for COVID-19 related deferred accounting treatment. The Commission should exercise caution when evaluating Staff’s Terms, and should limit the scope of any stipulation reached in this matter, to ensure language of any such agreement does not result in prejudice to stakeholders participating

in simultaneous Commission proceedings. Moreover, AWEC asserts that any Commission decision in the current investigation should not alter the standard framework that recovery of any deferred costs should be contingent upon the subject utility meeting its burden of proof in a subsequent proceeding, when such costs are proposed to be amortized in rates.

8 Based on the comments above, AWEC recommends the Commission withhold addressing or establishing any guiding principles regarding deferred accounting for COVID-19 related utility costs in the current investigation docket. The full and individual context of incurrence of COVID-19 related costs by utilities can be better and more transparently evaluated in the individual proceedings for each utility.

9 In the event the Commission does move forward with establishing framework principles for deferred accounting for COVID-19 related costs in this matter, AWEC concurs with Staff that revenues alleged to have been lost by utilities due to reduction in customer usage should not be included within any approved deferral guidelines. Specifically, PSE’s petition for a deferred accounting order explicitly includes a request to the Commission to authorize the deferral of “foregone revenue”, while Avista’s petition requests deferral of “the normal business costs not recovered due to the reduction in electricity and natural gas use by its customers.” AWEC is not aware of any instance where the Commission has authorized deferral of lost revenue and was unable to find a Commission decision setting such a precedent.

10 Moreover, the request to defer foregone revenue not recovered by the utilities due to the reduction in electricity and natural gas use by customers ignores the facts that are the premise of the request. The global health pandemic has significantly and negatively affected all aspects of society and the economy, including the operations of commercial and industrial

customers. Many AWEC members have themselves seen reduced revenues as a result of the pandemic, just as seen by the utilities. It is inequitable to further increase the effects of the pandemic on the expenses of businesses, and residential customers, by using customer rates to protect utility revenues.

III. CONCLUSION

11 The Commission should not make determinations on the deferral of costs associated with the COVID-19 pandemic in this proceeding, while multiple other matters directly addressing this issue are before the Commission for individual utilities. Furthermore, the Commission should not authorize deferral of lost revenues to protect utility shareholders at the expense of ratepayers who are also suffering economically due to the global health crisis.

Dated this 30th day of September, 2020.

Respectfully submitted,

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