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STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 20-0703-PET

Vermont Legal Aid request for moratorium on
utility and telecommunications shutoffs during
State of Emergency

Response of Vermont Electric Cooperative, Inc.
to Order Extending Moratorium and Requesting Utility Plans

As the Commission continues to assess the need for a continued moratorium on involuntary disconnections of electrical service, VEC remains concerned that a prolonged moratorium will have the unintended consequence of causing members increased difficulty in being able to come into good standing with their electric utility. We believe that the most advantageous path is to thoughtfully transition out of the moratorium and provide flexibility for the distribution utility to work with individual customers on customized payment arrangements. As arrearages continue to build, VEC and its members will face real challenges to find repayment arrangements that will be successful. We recommend that the moratorium not be extended beyond the current deadline of August 1, 2020 and that customers be encouraged to be in contact with their distribution utility to work out manageable payment arrangements. By identifying a specific date that disconnection may commence, the member will engage with the utility regarding the initiation of payment arrangements or the revision to an existing payment arrangement, to mutual benefit.

In the May 28th, 2020 Order Extending Moratorium and Requesting Utility Plans, the Commission asks whether a “one-size-fits-all” approach would be appropriate for how to reinstate routine service-disconnection activities. VEC does not recommend that a “one-size-fits-all” approach be required since utilities did not have uniform practices prior to the COVID emergency. VEC also does not believe that the lifting of the moratorium necessarily equates to reinstating previously routine service-disconnection systems and processes. VEC believes the moratorium can be lifted concurrent with the implementation of modified processes that allow for more flexibility and longer than usual payment plans.

Included below are responses to the specific questions identified in the May 28th, 2020 Order.

• What is the magnitude of past-due balances and how many customers have past-due balances? How does this compare with the same time period last year? Please break out this data into residential and non-residential customers.

The magnitude of past-due balances (through the month of May) may best be understood by looking at the over 60-day and over 90-day balances compared to those balances for May of 2018 and 2019.

- **Over 60-day arrearages in May 2020 are more than double what they were in May 2018 and May 2019.**
2018= \$146,465, 2019=\$138,850, 2020=\$ 306,980.
- **Over 90-day arrearages in May 2020 are more than two and a half times what they were in May 2018 and May 2019.**
2018= \$43,000, 2019=\$47,000, 2020=\$116,750.
- While the total combined over 60-day plus over 90-day arrearages are usually relatively flat from April to May, this year they have increased.
2018= \$102 increase, 2019= \$4,034 increase, 2020=\$50,465 increase from April to May.

2018	April	May
current	\$4,300,990	\$3,413,690
30-59 days	\$823,538	\$796,853
60-89 days	\$114,546	\$103,467
90+ days	\$31,817	\$42,998
	\$5,270,891	\$4,357,008
2019	April	May
current	\$3,851,951	\$3,207,673
30-59 days	\$652,053	\$699,927
60-89 days	\$96,597	\$91,840
90+ days	\$38,219	\$47,010
	\$4,638,820	\$4,046,450
2020	April	May
current	\$3,807,859	\$3,356,347
30-59	\$713,881	\$689,242
60-89	\$204,690	\$190,230
90+	\$51,825	\$116,750
	\$4,778,255	\$4,352,569

Number of members

The number of members currently with past-due balances over 60 days (over 60 days and over 90 days combined) in 2020 totaled 4,165 accounts. This is just under 10% of our approximately 42,000 accounts. **90% (3,765) of these are residential accounts and 10% (400) are non-residential accounts.**

Amount of arrearages

The majority of the past due arrearage dollars are also largely from residential members. **76% of the over 60-day arrearages, and 85% of the over 90-day arrearages are attributable to residential members.**

Accordingly, while we will work with all members to reduce arrearages, our payment arrangement and collection processes will focus primarily on residential members once the moratorium is lifted. Our plans and processes will acknowledge that many VEC members are experiencing financial hardship due to the COVID emergency.

VEC is very concerned that as arrearages build, VEC and its members will face challenges in finding repayment arrangements that can be successful. It is also important to note that when members do not pay bills, VEC immediately loses revenue but still incurs costs as electricity is billed after consumption has already taken place.

• How will past-due balances accrued during the moratorium be addressed with customers, and how will past-due balances accrued before or after the moratorium be addressed with customers?

VEC has continued to send past-due notices to members so that they are informed about the status of their account and to encourage them to be in contact with us to make payment arrangements. We believe it best serves the individual member and the entire Co-op community if the member keeps up with their account as much as possible (even during difficult times) since as a nonprofit Co-op when a member is not able to pay their bill other members will need to cover those costs. At this time VEC has no plans to forgive arrearages or to differentiate between arrearages incurred before or after the Emergency Order although we will consider individual circumstances as indicated.

VEC believes it is time to phase out the moratorium, so members will have an incentive to be in touch with us. We have found that member-initiated contact has declined considerably from usual times. Pre-COVID we had an average of 1,100 active payment arrangements per month. This number is considerably down and continues to decline. In March 2020 we had 828 active payment arrangements, 397 in April, and only 360 in May. **While the disconnect moratorium remains in place there is less incentive for members to contact us to make payment arrangements.**

Once the date for the end of the moratorium is determined VEC will:

- Utilize on-bill messages, social media, mass email, and the VEC website to alert members that the moratorium is ending and to encourage members to contact VEC to set-up payment plans.

- Recommence outgoing IVR calls that encourage members to contact us.
- Recommence personal calls to accounts when no contact has been made by the member.
- Update disconnect notice insert to inform about the moratorium end date and the need to contact us to set-up a payment plan to avoid interruption of their power.
- Leave door-knocker if no contact is made by member (and waive the usual \$67 trip fee for 2 months).
- Commence disconnection process in accordance with PUC rule 3.300 if the member has not responded to disconnection notice, phone calls, and/or property visit.

• **Will reasonable payment arrangements be made available? If so, of what duration?**

VEC's plan is to continue to send notices and work with members to encourage them to make payment plans. The pre-COVID payment arrangement options were customized and might involve ½ of the past due amount with the remaining amount due paid over a period of time from 2 weeks to 3 months. During the COVID emergency VEC has been extending the payment options to provide for up to 1 year for arrearage payment and we intend to continue that process. However, if the payment arrangement is broken we would follow the PUC rules that address disconnection for broken payment arrangements, again with some discretion for individual circumstances.

• **Will late fees be imposed or waived for past-due balances accrued before, during, or after the moratorium?**

VEC does not assess late fees for residential accounts. There are disconnection notice fees (\$3.60) that are intended to cover the cost of developing and mailing notices, that are charged for additional notices only after two notices have already been issued in the past 12 months. The notice fee is not currently being charged although we continue to send informational notices. Our recommended plan would be to continue to waive the disconnection notice fees for two months after the moratorium is lifted.

Commercial accounts are also subject to 1% late fees which we have continued to assess during the COVID emergency. We will consider waiving late fees as part of payment arrangements or due to unique circumstances on a custom basis as we transition out of the COVID emergency.

• **Is the utility seeking outside funds (e.g., federal or private monies) to help offset the past-due balances accrued as a result of the moratorium? If so, and if such funds are received, how will the utility apply the funds to its customers' arrearages?**

VEC has not sought outside funds to help offset the past-due balances although we would welcome the opportunity. We recently pursued VLITE funding to assist income-eligible

members to participate in VEC Co-op Community Solar, which would have provided bill relief, but it was not funded.

VEC has taken the action of releasing patronage capital earlier than usual this year in the hope it can assist members who have financial stress. The \$1.4 million released was also allocated differently than usual to provide greater benefit to current VEC members. VEC is also exploring under what circumstances we would allow members to apply security deposits to outstanding bills as part of repayment plans.

Dated at Montpelier, Vermont, this 19th day of June 19, 2020.

Respectfully submitted,

VERMONT ELECTRIC COOPERATIVE, INC.

A handwritten signature in black ink, appearing to read "A. Cohen", is positioned below the company name.

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