



Filed VIA E-PUC

June 19, 2020

VERMONT PUBLIC UTILITY COMMISSION
People's United Bank Building, 4th Floor
112 State Street
Montpelier, VT 05620-2701

Re: Case No. 20-0703-PET - Vermont Legal Aid request for moratorium on
Utility and telecommunications shutoffs during State of Emergency

Dear Commission:

This letter provides the information requested by the Public Utility Commission ("Commission") in its May 28, 2020 Order extending the moratorium on involuntary disconnections through July 31, 2020 and requesting details on utilities' post-moratorium plans. Recognizing the unprecedented time we are experiencing, in developing our post-moratorium plans Vermont Gas Systems ("VGS") had one overarching objective in mind: make repayment as seamless, reasonable, and simple for the customer as possible. This of course must be accomplished within the abilities of our aging customer billing system and the need to interface with the replacement billing system scheduled to come on-line in February.

Past Due Balances

As requested by the first question posed by the Commission, some data to frame the magnitude of the past due balances maybe helpful. The tables below provide data for accounts 61-90 days past due and accounts greater than 90 days past due¹, split between residential and commercial (including industrial accounts), for the periods ending May 2020 and May 2019.

A couple of high-level observations and caveats. First, the data underscores the appropriateness of the Commission's decision to extend the moratorium to non-residential accounts. As the tables show, by almost every metric, the commercial accounts have experienced a more significant increase in past due balances. Next, the residential accounts appear to show conflicting information, with significantly *lower* year-over-year past due balances for the "61-90 day" past due accounts and increased balances for the "over 90 day" past-due accounts. This is likely due to the fact that in 2019, in April and May, VGS would have begun to pursue at least the "over 90 day" past due collections,

¹ VGS is not reporting on balances past due by 31-60 days as those balances can be impacted simply by the timing of billing cycles and the majority of those customers will pay their bill within that 30-day window.

resulting in repayment of some of those delinquent balances. VGS has not been pursuing similar collections in April and May 2020. Finally, this data is for the period ending May. VGS anticipates that additional accounts, currently 31-60 days past-due at the end of May, will likely move into the “61-90 days” past-due bucket. Accordingly, VGS is monitoring its past due balances closely.

Residential	61-90 Past Due						
	Customers	Total	Avg	# Customers >\$120 balance	Total \$ for customers >\$120	Avg. Balance Customers >\$120	Maximum Past Due
End of May 2020	5610	\$558,244	\$99.51	1,721	\$325,010	\$188.85	\$5,667.87
End of May 2019	6870	\$816,749	\$118.89	2,938	\$578,002	\$196.73	\$1,578.25
Year over Year \$ Change	-1260	(\$258,506)	(\$19.38)	(1,217)	(\$252,991)	(\$8)	\$4,090
Year over Year % Change	-18.34%	-31.65%	-16.30%	-41.42%	-43.77%	-4.01%	259.12%
Commercial	61-90 Past Due						
	Customers	Total	Avg	# Customers >\$120 balance	Total \$ for customers >\$120	Avg. Balance Customers >\$120	Maximum Past Due
End of May 2020	454	\$174,313	\$383.95	279	\$162,775	\$583.42	\$14,715.90
End of May 2019	207	\$ 63,136.00	\$305.00	121	\$ 58,169.10	\$480.74	\$3,264.99
Year over Year \$ Change	247	\$111,177	\$78.95	\$158.00	\$104,606.11	\$102.69	\$11,450.91
Year over Year % Change	119.32%	176.09%	25.88%	130.58%	179.83%	21.36%	350.72%
Residential	>90 Past Due						
	Customers	Total	Avg	# Customers >\$120 balance	Total \$ for customers >\$120	Avg. Balance Customers >\$120	Maximum Past Due
End of May 2020	3,305	\$813,718	\$246.21	1,892	\$733,292	\$387.58	\$2,875.97
End of May 2019	3,154	\$587,720	\$186.34	1,466	\$502,703	\$342.91	\$3,711.60
Year over Year \$ Change	151	\$225,998	\$59.87	426	\$230,589	\$44.67	(\$835.63)
Year over Year % Change	4.79%	38.45%	32.13%	29.06%	45.87%	13.03%	-22.51%
Commercial	>90 Past Due						
	Customers	Total	Avg	# Customers >\$120 balance	Total \$ for customers >\$120	Avg. Balance Customers >\$120	Maximum Past Due
End of May 2020	226	\$113,204	\$500.90	182	\$110,550	\$607.42	\$ 9,625.52
End of May 2019	105	\$ 44,796.43	\$426.63	77	\$ 43,479.17	\$564.66	\$ 2,548.07
Year over Year \$ Change	\$121.00	\$68,407.12	\$74.27	\$105.00	\$67,071.18	\$42.75	\$7,077.45
Year over Year % Change	115.24%	152.71%	17.41%	136.36%	154.26%	7.57%	277.76%

Post-moratorium Plans

For purpose of this overview, VGS is assuming that the formal moratorium expires July 31, 2020. Should the Commission extend the moratorium, VGS will adjust its timelines accordingly. While VGS is still evaluating and assessing the details of its post-moratorium plans, and as we noted will need to be flexible and adjust as events unfold, our current post-moratorium plan, addressing questions 2-4 posed by the Commission, is described below. We intend to offer this to all retail customers, residential and non-residential.

For reference, VGS' normal practice historically would be to work with customers individually on repayment plans, generally for repayment periods of 3 to 6 months. We believe the current environment and the unprecedented disruption caused by the pandemic calls for a different approach. We are planning on implementing an "automatic" extended repayment plan to streamline and simplify repayment for the customer, eliminating the need for the customer to contact VGS. Beginning in August, in lieu of disconnection notices, VGS will send a letter to all customers with a past-due balance of at least \$120 that would otherwise have received a disconnection notice. The letter will advise them of the amount past due and inform them that they will automatically be put on an extended 12-month repayment plan beginning with September bills. No action is required from the customer: 1/12 of the outstanding balance will simply be shown as an additional charge on customers' September bills. Customers will be invited to call VGS to make alternate arrangements if the 12-month repayment option is problematic. The Customer Care team will be given the latitude to arrange longer repayment terms as needed. Additional details include:

1. For ease of customer communication and billing, VGS will not differentiate between arrearages accrued prior to the moratorium and those accrued during it. All past due balances, excluding charges not related to natural gas service, over \$120 will be included. For the Commission's information, the tables above also provide information on arrearages in excess of \$120.
2. VGS does not charge late fees for residential customers and late fees will be waived for commercial customers. At this point we intend to resume billing commercial late fees beginning in January 2021 for new arrearages. For a commercial customer maintaining payments under the extended repayment plan, the late fee will not apply to balances in the repayment plan.
3. Depending on outstanding past due balances, VGS may repeat this process in September and October to include any customers that are newly delinquent by more than \$120 that would benefit from this approach.
4. At this time VGS is not intending to resume mailing disconnection notices, and therefore will not be disconnecting customers, until January 2021. We will be in contact with assistance agencies to get their input on the matter. It is critical that customers receive any financial assistance that they may be eligible for. Should the agencies require disconnection notices as a condition of assistance, we will revisit this decision. We note that while we will resume

mailing disconnection notices in January, any actual disconnections would be both extremely rare and done pursuant to the Commission's "winter disconnection" rules.

While VGS is still testing the framework in its billing system, preliminary indications are the billing system can automate and bill under this framework with little additional programming and the fixed repayment charges will be able to be incorporated seamlessly into the new customer billing system.

VGS intends to begin calling customers with the largest outstanding balances over the next month to alert them to this proposed repayment plan so they can begin to plan accordingly. Similarly, VGS Customer Care team will be armed with information regarding financial assistance resources available to them, including VGS low-income discount. The same information will be available on VGS' website.

Finally, the Commission asked for information regarding if the utility was seeking outside funds to help offset the past-due balances. VGS is aware that there are efforts underway, federally and within Vermont, to increase the monies available to customers for their energy bills. We are of course supportive of these efforts but aren't aware of any additional resources VGS could pursue.

VGS will be reviewing the details of this repayment plan and its proposed customer letter with the Department of Public Service and of course is available to answer any questions the Commission may have.

Sincerely

A handwritten signature in black ink, appearing to read "Eileen Simollardes". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eileen Simollardes
Vice President Regulatory Affairs