



Filed via ePUC in Case 20-0703

## VPPSA Member Utilities' Post-Moratorium Disconnect Plan

In its Order extending the moratorium on utility disconnects through July 31, 2020, dated May 28, 2020, the Public Utility Commission (Commission) requested that utilities file concrete and detailed plans on how, when the moratorium is lifted, they propose to reinstate routine service disconnection activities. This filing represents the response of the 11 municipal utility members of Vermont Public Power Supply Authority (VPPSA). VPPSA is aware that Lyndonville Electric Department has submitted a plan in response to the Commission's request; this VPPSA filing supplements and does not replace Lyndonville's filing.

Utilities have been asked to answer the following questions:

- *What is the magnitude of the 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 past due balances for the VPPSA members have reached \$1,229,944 as of the beginning of June. The total number of customers in arrears is 4585 or roughly 18% of VPPSA members' customers. The VPPSA municipals remain concerned about the impact of these unpaid balances. As non-profit, community-owned entities, the VPPSA members do not have financial resources outside of their ratepayers to cover unpaid balances.

Please see the attached spreadsheet with the detail on unpaid balances for the 11 VPPSA member utilities for the same time period in 2019 and 2020.

- *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?*

Once the current moratorium on disconnects is lifted the VPPSA member utilities intend to return to implementing their individual Commission-approved tariffs and terms & conditions. While the tariffs and terms & conditions will be implemented, the VPPSA members plan to allow flexibility on repayment terms to the extent appropriate to each individual situation. The VPPSA member municipals routinely work with their customers, who are fellow community members, on an individual basis in a manner that best serves both the customer and the utility.

Customers with delinquent balances at the end of the disconnect moratorium will receive normal delinquent and disconnect notices as part of the regular billing cycle in accordance with Rule 3.300. Upon expiration of the disconnect moratorium, the member utilities will resume the standard disconnection process with possibility of offering modified repayment terms for customers that have experienced financial difficulty as a result of the COVID-19 pandemic.

It is worth noting that the VPPSA member utilities have not been waiting for the expiration of the disconnect moratorium to engage with customers around non-payment of electric bills. Rather throughout the COVID pandemic and resulting disconnect moratorium, staff from these community-owned utilities have been calling customers with outstanding balances to discuss payment ability and encourage customers to enter repayment plans. Customers with delinquent balances have also received written reminders regarding unpaid balances and repayment plans available through their utilities.

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

The VPPSA members plan to work with customers that cannot repay outstanding balances within the typical timeframe due to financial hardship resulting from the COVID-pandemic and accompanying stay at home order from Vermont's governor. The VPPSA members would note that the existing Rule 3.300 provides considerable flexibility in the establishment of a reasonable repayment plan for customers with delinquent balances. Specifically, 3.302 (G) requires: "When establishing a reasonable repayment plan, the company shall consider the income and income schedule of the customer, if offered by the customer, the customer's payment history, the size of the arrearage and current bill, the amount of time and reason for the outstanding bill and whether the delinquency was caused by unforeseen circumstances."

Consistent with Rule 3.300, the VPPSA members will work with customers to establish reasonable payment plans based on each customer's individual circumstances. Typically, the VPPSA members offer payment plans in a duration of 3-6 months. For those customers that have experienced economic impact of the COVID pandemic, the member utilities will consider extending repayment plans beyond the typical term.

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

The only "late fee" charged by the VPPSA members for past due balances is the Commission approved 1% penalty charge on overdue balances. The VPPSA members generally agreed to waive late fees during the moratorium. At the expiration of the disconnect moratorium the VPPSA members intend to resume the imposition of the 1% penalty charge on overdue balances as required by their approved tariffs.

Several VPPSA members have indicated that there would be substantial complexity from *not* assessing this fee on delinquent balances at the end of the moratorium. Separating the arrears that were accrued prior to (or after) the moratorium as opposed to the balances that accrued during the moratorium would be a time-consuming manual process. In one case, the billing software provider has advised the utility that all accounts in arrears would need to be closed and new accounts would need to be reopened for each of these customers in order to avoid the automatic application of the 1% fee. In most cases, the administrative cost of waiving this fee would exceed the revenue from the fee itself.

The 1% late payment fee is a modest charge intended to partially offset the utilities' costs of collecting unpaid balances. It is important to view this charge in the context of the overall electric bill; in general, the bill impact of the 1% fee pales in comparison to the energy efficiency charge and the financial impact of net metering on an average electric ratepayer. VPPSA would advise against having its members incur administrative costs to waive this fee once the moratorium is lifted unless utilities were expressly required by the Commission to do so.

- *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?*

VPPSA and some of its members have been working through the Northeast Public Power Association, American Public Power Association, and Transmission Access Policy Study Group to lobby for federal funding to offset unpaid electric balances in the next Congressional Bill to address COVID impacts. VPPSA is further aware that the Vermont Legislature is currently considering allocating a portion of the federal CARES funds to the payment of delinquent utility bills under a program to be administered by the Department of Public Service and VPPSA supports this proposal. The VPPSA members will notify customers of any additional assistance funding sources as they may become available.

VPPSA itself has expanded its line of credit in order to help its members ride through the revenue shortage resulting from the non-payment of electric bills during the disconnect moratorium. VPPSA has eased its payment terms for members to assist them until the financial impacts of the COVID pandemic are addressed. While this approach does not alleviate the need to ultimately collect past due amounts and stabilize utility revenues, it does provide an avenue for smoothing the impacts.