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STATE OF VERMONT
PUBLIC UTILITY COMMISSION

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

Case No. 20-0703-PET

**EIGHT RLECS' RESPONSES TO COMMISSION'S QUESTIONS RE:
FURTHER EXTENSION OF DISCONNECTION MORATORIUM**

Eight Vermont rural local exchange carriers (the "Eight RLECs")¹ hereby respond to the Order issued by the Public Utility Commission ("Commission") on September 3, 2020, in the above-captioned proceeding (the "Order").

I. Background

This case concerns a moratorium, first ordered by the Commission on March 18 and 27, 2020, on the practice of disconnecting residential and business customers for non-payment. The moratorium, which the Commission has extended three times, is presently set to expire on September 30, 2020. In the present Order, the Commission requests comments from affected utilities on whether to extend the moratorium beyond September 30, 2020.

More specifically, the Commission seeks responses to the recommendations proposed by the Department of Public Service ("Department") for each utility category in its July 10, 2020, comments,² as well as responses to additional questions propounded by the Commission.

The responses of the Eight RLECs follow hereinafter.

¹ Franklin Telephone Company, Inc., Ludlow Telephone Company d/b/a TDS Telecom, Northfield Telephone Company d/b/a TDS Telecom, Perkinsville Telephone Company, Inc. d/b/a TDS Telecom, Shoreham Telephone LLC d/b/a Otelco, Topsham Telephone Company, Inc., Vermont Telephone Company, Inc. d/b/a VTel, and Waitsfield-Fayston Telephone Company, Inc. d/b/a Waitsfield Telecom, d/b/a Champlain Valley Telecom.

² Case No. 20-0703-PET, Comments of the Department of Public Service (July 10, 2020), at 4.

II. Responses of the Eight RLECs

A. General Responses

The Eight RLECs oppose further extensions of the Commission's moratorium on service disconnections. As long-time service providers in their respective territories, the Eight RLECs are closely tied to the communities and customers they serve. In addition, as carriers of last resort under state law, as eligible telecommunications carriers under federal law, and as carriers of E911 traffic, the Eight RLECs have an obligation to keep their customers connected whenever possible.

The Eight RLECs recognize that many customers have experienced significant disruptions to their household and business finances during the COVID pandemic. The Commission's disconnection moratorium was a prudent response to the economic shock that resulted from the shutdown of Vermont's economy. However, the protracted moratorium, which is about to enter its seventh month, has had unintended consequences. Many customers have accumulated significant arrearages that may be challenging to resolve. Further, the prolonged moratorium has proven to be a disincentive for customers to engage with service providers about the need to enter into payment arrangements.

In addition, the Eight RLECs are concerned that some customers are unfairly "gaming" the system. For example, some seasonal customers received telephone service from Memorial Day to Labor Day and have now departed without making a single payment on their telephone bills. Similarly, the Department's new arrearage relief program is open only to customers with more than 60-days past-due arrearages, which penalizes customers who have tried to reduce their arrearages with partial payments.

In sum, the protracted moratorium has had the effect of tying providers' hands in their efforts to work with their customers to reach reasonable solutions to their arrearages.

B. Eight RLECs' Responses to Specific Questions

The Commission's Order lays out a series of specific questions, drawn both from the Department's earlier recommendations and from the Commission's additional concerns. The Eight RLECs' responses to these questions follow below.

1. Impact of Vermont COVID-19 Arrearage Assistance Program ("VCAAP")

The Commission notes that the Department in August initiated a program to distribute up to \$8 million in federal CARES Act funding to help relieve the arrearages in customer accounts that have accumulated during the moratorium. The Commission asks whether the Department's program affects utilities' support or opposition to an additional moratorium extension.

Eight RLECs' Response. At this early stage of VCAAP, the Eight RLECs are not able to evaluate the program's impact on the disconnection status of any customers. As a result, VCAAP has not affected the Eight RLECs' decision to oppose further moratorium extensions.

After receiving and processing customer applications to participate in VCAAP in August, the Department just last week distributed lists of qualified customers to the respective utility service providers. However, when some of the Eight RLECs attempted to login to review the customer lists, they encountered login-credential issues and other system errors. The Department has halted and restarted the VCAAP system several times to resolve issues and errors. Thus far, the Eight RLECs have not been able to determine how many of their customers will receive arrearage relief and in what amounts.

Nonetheless, the Eight RLECs have some general concerns about the VCAAP funding. First, most of the \$8 million in funding is allocated for electric and natural gas service arrearages, since arrearage relief for those services is capped, respectively, at \$440 and \$320 per residential account, while arrearage relief for telephone service is capped at just \$150 per account. The Department's initial VCAAP budget allocates the following amounts for each utility category:

| | | |
|---------------|-------------|------|
| Electric | \$6,195,000 | 85% |
| Natural Gas | \$ 320,000 | 4% |
| Private Water | \$ 150,000 | 2% |
| Telephone | \$ 635,000 | 9% |
| Total | \$7,300,000 | 100% |

The amount allocated for telephone arrearages limits the benefits of VCAAP for telecommunications providers and their customers. In addition, the \$150 cap may not provide enough relief to avoid disconnection for some telephone customers, particularly if the Commission's moratorium is extended further and arrearage amounts continue to accumulate.

Moreover, customers must apply for VCAAP funding on their own initiative, following a period of customer notice and education by the providers and the Department. Telephone customers also have the additional burden of uploading a copy of their telephone bill with their application and having it verified by their carrier—steps not required to authenticate other utility arrearages. Customers who have not made any payments on their utility bills during the pandemic will also qualify for the program ahead of customers who have made partial payments, which will deplete the available funds before other customers can qualify. This approach penalizes customers who have established payment arrangements and have made partial payments on their accounts. As with the moratorium itself, the Eight RLECs are concerned that the VCAAP program will create disincentives for customers to work with their providers to establish payment arrangements.

2. Exemptions from the Moratorium

The Commission asks whether a further extension of the moratorium “should apply to all regulated telecommunications, electric, gas, and water utilities in Vermont,” and, if not, an explanation of why an exemption from the moratorium is appropriate and what additional consumer protections would be offered to customers when the moratorium ends.

Eight RLECs' Response: The Eight RLECs do not support any further extension of the present moratorium past September 30, 2020. If the Commission decides to order an extension, the Commission should exempt the Eight RLECs from the extension. The Eight RLECs are relatively small, community-based carriers with close and longstanding relationships to their customers. The Eight RLECs are also subject to service obligations that do not apply to other providers of voice services in Vermont. The Eight RLECs are carriers of last resort under Vermont law and have obligations as Eligible Telecommunications Carriers under federal law to serve ubiquitously throughout their territories. The Eight RLECs are also subject to the Commission's rules requiring continuous access to E911 service. Mindful of all of these obligations, the Eight RLECs historically have worked directly with their customers, especially during times of economic stress, to keep customers connected whenever possible.

As discussed above, the prolonged moratorium has proven to be a disincentive to customers' willingness to enter into payment arrangements with the Eight RLECs. As a result, many customers have accumulated substantial arrearages that will prove challenging to pay, even with the Department's VCAAP relief funds. Exempting the Eight RLECs from further extensions of the moratorium will restore the ability of the Eight RLECs to find individualized solutions to address their customers' accumulated arrearages.

3. Updated Consumer Protection Recommendations

The Commission asks utilities to provide “any updated recommendations on the consumer protections that utilities should have in place when our disconnection moratorium ends.” More specifically, the Commission asks that utilities respond to the specific recommendations advanced by the Department in for each utility industry.

Eight RLECs' Responses: The Eight RLECs' responses to the Department's recommendations for telecommunications service providers are as follows:

| | Department's Recommendation | Eight RLECs' Response |
|----------|---|--|
| 1 | Permanently waive any late fees applicable to the period of the moratorium. | The Eight RLECs concur, while noting that most of them do not charge late fees. For those that do, waiver of the fees represents a permanent loss of revenue that the companies must absorb. |
| 2 | Provide a minimum 6-month payment arrangement, if the customer requests a payment arrangement to repay arrearages. | The Eight RLECs prefer to tailor repayment arrangements to meet the individual circumstances of each customer. In general, newer customers without established payment histories should not be given repayment arrangements of greater than 6 months, while longer payment arrangements of up to 6 months may be extended to customers with established payment histories. The Eight RLECs do not favor a mandatory minimum period of 6 months and note in particular that such a requirement would not be appropriate for seasonal customers. |
| 3 | Provide notice before sending an account to collections. | The Eight RLECs concur, as this recommendation is consistent with their longstanding practice. |
| 4 | Allow consumers that were placed in collections for COVID-19 related arrearages to make a reasonable 6-month (or longer) payment arrangement to restore services. | The Eight RLECs are willing to enter into repayment arrangements of up to 6 months if circumstances warrant. They note the challenges of confirming that arrearages are COVID 19-related. |
| 5 | Include a bill stuffer and/or utilize other electronic means (emails, web, social media) to communicate with customers to encourage applications to VCAAP. | At the Department's request, the Eight RLECs have notified all customers about the availability and current application period of VCAAP relief funding. |
| 6 | Suspend disconnections to any home with a terminally ill household member or a household member relying on life-sustaining equipment. | Rule 7.623 suspends the disconnection of basic service to a location for which a carrier has received a medical emergency certificate. If a resident is terminally ill or relies on life-sustaining equipment, this condition is usually stated on the medical emergency certificate. The Eight RLECs adhere to the Commission's Rules in these circumstances. |

4. Additional Commission Questions

The Order sets forth additional questions for which the Commission seeks utilities' comments.

Eight RLECs' Responses: The Eight RLECs' responses to the Commission's additional

questions are as follows:

| | Commission's Question | Eight RLECs' Response |
|----------|---|--|
| 1 | The current moratorium applies to both residential and non-residential programs, but many consumer protections apply only to residential customers. After the moratorium, would the utilities apply consumer protections (such as extended payment arrangements) to both residential and non-residential customers? | The Eight RLECs are open to negotiating reasonable payment arrangements with any customer, including a business customer, at the customer's request. As small, rural carriers, the Eight RLECs would rather not do so under a Commission order but would prefer to tailor any arrangements to the individual circumstances of the requesting customer. |
| 2 | Will any utilities impose on themselves a disconnection moratorium even if the Commission's moratorium is no longer in place? If so, how long would such a moratorium last? | The Eight RLECs are not considering adopting a voluntary moratorium on disconnections upon expiration of the Commission's mandatory moratorium. |
| 3 | Will the utilities offer payment arrangements of substantial lengths (such as 12 or even 24 months)? | As a matter of general practice, the Eight RLECs do not expect to offer payment arrangements greater than 6 months in length. |
| 4 | Will the utilities waive any fees and deposits and allow deposits to go toward arrearages? | The Eight RLECs do not intend to waive their right to collect deposits in accordance with Commission rules. They note that applying customer deposits toward their arrearages unfairly penalizes customers who keep current on their accounts and puts providers at greater risk of bad debt, which is contrary to the purpose of customer deposits. |
| 5 | Will the utilities consider streamlining enrollment into any existing consumer assistance programs (e.g., auto-enrollment, allowing self-certification, etc.)? | The Eight RLECs are not in control of enrollment procedures for existing programs. They would expect to accommodate any new enrollment procedures that the State of Vermont may establish. |

The Eight RLECs thank the Commission for the opportunity to respond to these questions and to assist the Commission in its consideration of these important issues.

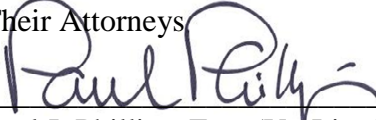
DATED at Montpelier, Vermont, this 17th day of September, 2020.

Respectfully submitted,

Franklin Telephone Company, Inc., Ludlow Telephone
Company, Northfield Telephone Company, Perkinsville
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Topsham Telephone Company, Inc., Vermont
Telephone Company, Inc. d/b/a VTel, and Waitsfield-
Fayston Telephone Co., Inc. d/b/a Waitsfield Telecom,
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CERTIFICATE OF SERVICE

I, Paul J. Phillips, Esq., certify that on September 17, 2020, I caused electronic copies of the "Eight RLECs' Responses to Commission's Questions Re: Further Extension of Disconnection Moratorium" to be delivered to all participants in Case No. 20-0703-PET by means of the ePUC electronic filing system of the Vermont Public Utility Commission.

DATED: September 17, 2020



Paul J. Phillips, Esq.