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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

Comments of Vermont Electric Cooperative, Inc.
Order Requesting Comments on Extending Disconnection Moratorium, To Whom and Extension
Should Apply, and Consumer Protections

Vermont Electric Cooperative (VEC) appreciates the opportunity to offer comments on the topics outlined in the September 3, 2020 *Order Requesting Comments on Extending Disconnection Moratorium, To Whom and Extension Should Apply, and Consumer Protections*. VEC continues to appreciate the goal of supporting members who are experiencing financial difficulty due to the COVID pandemic and we believe the moratorium on involuntary disconnections has served its intended purpose. VEC recommends that it is time to transition away from the moratorium and initiate other processes to ensure sustainable financial outcomes.

Moratorium Extension

The Commission seeks comments on whether to extend the temporary disconnection moratorium beyond the current September 30, 2020, deadline. The Commission recognizes that in recent comments in this proceeding, several utilities did not support any further moratorium extensions—mainly because they believed that extending the moratorium would add to the escalating debt incurred by customers. We now observe that the Department has opened a program to distribute up to \$8 million in arrearage relief funding. We expect that these grant funds will help mitigate the arrearage debt burden being carried by customers and utilities. For commenters objecting to an extension because of debt burden, we would appreciate comments on whether the Department’s new program will ease the debt burden and whether this affects their support or opposition to an additional extension.

VEC supports the expiration of the current moratorium. As noted by the Commission, the arrearage assistance program is now available to members who have incurred utility debt due to the COVID emergency. As VEC has advocated in previous comments, an end to the moratorium will provide an incentive for members that have arrearages to engage with the Co-op to set up practical payment arrangements. This is essential so that the member will not fall further behind. An end to the moratorium will also provide an incentive for eligible members to apply for the arrearage assistance program before the end of November program deadline. VEC is concerned that an extension of the moratorium will diminish the urgency of applying for available funding before the program closes.

A continuation of the moratorium will also compound the financial burden on the Co-op membership since monthly arrearage totals have increased as the moratorium continues. VEC data shows that 60-90 day, and over 60 day arrearages have increased every month since the start of the COVID emergency. At the end of August 2020, the total for these arrearage categories (\$440,000) is almost three times what it was in June 2019 (\$150,000). The over 90 day arrearage category is five times what it was in June 2019.

Although VEC sales are typically one-half residential and one-half non-residential, 90% of the current arrearages are residential. VEC is concerned that as arrearages continue to build, VEC members will face real challenges to making payment arrangements that will be manageable.

VEC is committed to working with our members to ensure successful repayment plans. If the moratorium was to end on Sept. 30, VEC will immediately:

- Utilize on-bill messages, social media, mass email, and the VEC website to alert members that the moratorium is ending, they may be eligible for the arrearage assistance program, and they should contact VEC to set-up a payment arrangement plans.
- Implement outgoing Interactive Voice Response (IVR) calls that encourage members to contact VEC.
- Make personal calls when the member has not responded to other outreach.
- Update the insert in the disconnection notice to inform the member about the moratorium end date, the need to contact VEC to set-up a payment plan to avoid interruption of power, and to provide information about the arrearage assistance program.
- Commence disconnection process in accordance with PUC rule 3.300 if the member has not responded to notices and outreach.

Covered Utilities

The Commission also seeks comments on whether any extension of the temporary disconnection moratorium should apply to all regulated telecommunications, electric, gas, and water utilities in Vermont. The Commission observes that some commenters have argued that not all these utilities should be subject to an extended moratorium on disconnections. For those arguing that certain utilities should be exempt from a moratorium extension, the Commission requests detailed comments on why an exemption is appropriate and what additional consumer protections would be offered to customers once the moratorium ends.

VEC's comments only concern our electric utility. We do not have a position on other regulated entities.

Consumer Protections

The Commission observes that states across the country are proposing and implementing innovative consumer protections for utility customers in the face of COVID-19's unprecedented impact. We now ask commenters to file with the Commission any updated recommendations on the consumer protections that utilities should have in place when our disconnection moratorium ends. We request that commenters respond to the specific suggestions already provided by the Department in earlier comments.

VEC is interested in implementing transition steps that include reasonable and achievable payment plans for payments that are due. VEC intends to temporarily modify our usual practices including allowing for longer than usual payment arrangements. Our goal would be to get back to usual business practices by the start of the new year while continuing to consider unique circumstances and needs attributable to the COVID emergency.

VEC is taking all available steps to support our membership during this difficult time. The VEC Board released patronage capital earlier than usual this year and the \$1.4 million released was purposely allocated to provide greatest benefit to current VEC members.

The Commission also asked commenters to address the following questions:

- *The current moratorium applies to both residential and non-residential programs, but many consumer protections apply only to residential customers. After the moratorium, would utilities apply consumer protections (such as extended payment arrangements) to both residential and non-residential customers?*

In VEC territory, 90% of both the arrearage dollars and the number of accounts with arrearages are residential, despite historic sales being 50% residential. Accordingly, most of our transitional attention will be with residential members. VEC intends to work with our commercial accounts similarly to our residential members in respect to notice, payment plans, and other processes.

- *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?*

If the state-imposed moratorium is not extended beyond September, VEC will spend the month of October educating and notifying members that disconnections for non-payment by VEC may begin in November. If the member does not contact VEC to arrange a payment plan, and abide by agreed upon payment agreements, VEC may commence the usual disconnection procedures in November. The VEC team will be flexible and responsive to individual circumstances as may be necessary.

- *Will the utilities offer payment arrangements of substantial lengths (such as 12 or even 24 months)?*

VEC's 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 from 2 weeks to 3

months. As we transition out the of moratorium, for the remainder of the year, VEC would allow for new payments arrangements for longer terms than usual, including up to one year. However, if a payment arrangement is broken, VEC would plan to follow the PUC rules that address disconnection for broken payment arrangements, with some discretion for individual circumstances.

- *Will the utilities waive any fees and deposits and allow deposits to go toward arrearages?*
Yes. During 2020 VEC would plan to waive some, although not all, of the usual fees.
 - Disconnection notice fee. Starting in December, VEC would begin charging the usual disconnection notice fee of \$3.60 per notice for additional notices after two notices have already been issued in the past 12 months (to cover the cost of developing and mailing notices). The notice fee is not currently being charged although we have continued to send informational notices.
 - Disconnection trip fees. VEC would waive the \$67 trip fee for the remainder of 2020.
 - Deposits. VEC would allow members to apply security deposits to outstanding bills as part of repayment plans, or due to unique circumstances, on a case by case basis as we transition out of the COVID emergency.
 - Late fees: VEC does not assess late fees for residential accounts. Commercial accounts are subject to 1% late fees which we would consider waiving as part of payment arrangements or due to unique circumstances as we transition out of the COVID emergency.

Because our fees are tariff-based, VEC could not waive them without Commission permission. VEC asks that the Commission provide a blanket approval as part of this docket to give utilities the discretion to waive fees, rather than require a separate approval process.

VEC appreciates the good intentions of the DPS July 10, 2020 recommendations, but we find some of them to be overly prescriptive and in some cases counterproductive. In response VEC offers the following comments.

1. Ensure that a utility that automatically enrolled its customers in a payment arrangement also provides those customers with clear information that the payment arrangement was provided as a courtesy and how to contact the company if an alternate payment arrangement is desired. Customers should also be informed that they may choose to pay the full amount due (including arrearages).

This is not relevant to VEC since we do not do automatic payment arrangements.

2. Payment of current charges due shall forestall disconnection of utility service until December 31, 2020.

VEC's billing system does not differentiate between payments for current and past charges. This recommendation would require a manual process which could be resource intensive. VEC would prefer to work with members to set up payment plans that are

reasonable and implementable for all payments due. The payment plan would likely include payment of the current bill plus some portion of the arrearage and the plan could extend up to one year.

3. Reasonable payment arrangements, considering COVID-19 as an unforeseen circumstance, shall be offered for nonresidential and residential customers alike and shall be at least of twelve months duration.

VEC agrees with the concept of reasonable payment arrangements that consider the unique circumstance of the COVID emergency. VEC does not support a mandatory twelve-month payment arrangement because that may not always be in the interest of the member. If it is determined necessary, for the remainder of the year, VEC is amenable to new payment arrangements that extend twelve months in duration.

4. Customers may elect to apply their deposit to an arrearage/account balance.

VEC is amenable to applying deposits to arrearages on a case by case basis for the remainder of the year. There may be circumstances when this is not in the best interest of the Co-op such as when a member has been deemed a serious credit risk.

5. Customers who have failed to honor a payment arrangement for a deposit shall not be disconnected if the current amount due on the account is paid.

This recommendation would require a manual process to differentiate between current charges, past charges, and deposits. As stated above, we believe a better process would be to work with members to set up payment plans for all payments due and then work with the member to ensure the plan is reasonable and implementable.

6. Customers who have broken a payment arrangement must be provided a conventional notice of disconnection with at least 14 days-notice. Suspend 3.305 Notice Under Repayment Plan so that a utility may not disconnect rapidly with only 72 hours-notice for a broken payment arrangement.

VEC is amenable to this for the remainder of the year but it should be noted that this change could cause confusion for members due to overlapping of notices and billing cycles.

7. Waive all late fees and fees associated with disconnection until December 31, 2020.

VEC can support a waiver of trip fees through the end of the year but not beyond. If a technician must go to the property there are significant costs involved that we would not want shift to other members.

8. Cease reporting late payments to credit bureaus until January 1, 2021.

VEC does not currently report late payments to credit bureaus. VEC does report to credit bureaus inactive accounts if balances are due.

9. New account holders who elect to make a payment arrangement for a deposit shall be afforded the opportunity to pay their deposit in equal installment payments over six months.

It is not clear why this accommodation is necessary. VEC would not support this since new account holders may not be in arrears and may not have experienced an economic burden due to the COVID emergency.

10. Install drop boxes to receive checks for payment on accounts, if not already available.

VEC does not support the installation of new drop boxes. This can be expensive, requires security oversight, and there are many alternative ways we can work with members who need to make payments. During the pandemic we been promoting to members to transition to electronic forms of payment which has benefit for the member and the Co-op. VEC is planning to continue SmartHub outreach efforts and we believe it would be more advantageous to put our resources towards that.

11. Increase marketing and outreach about the ability to make automatic payments or utilize online/electronic payment of utility bills. Utilize reminder calls and notices (other than the disconnection notice) to encourage payment.

VEC's routinely markets the ability to make automatic and electronic payments and this work will continue. VEC outreach also now includes promotion of the arrearage assistance program. VEC will also utilize reminder calls. We do find that disconnection notices often provide an incentive for a member to contact and engage with us, so we would object to any imposed limitations on using this tool.

12. Suspend requirement for door knocks until the heating season resumes and require an additional phone contact. (Rule 3.306)

VEC believes the door knock requirement should be suspended indefinitely. We all have been working hard to limit unnecessary physical interaction during the COVID emergency.

13. Provide an additional 5 days-notice to tenants in advance of disconnection. (Rule 3.302 C)

VEC has no objection to this change through the end of 2020.

14. Provide heating customers resuming service in the fall after a seasonal voluntary disconnection the opportunity to pay arrearages over a minimum of six months.

This is not relevant to VEC.

15. Consider the optimal use of concurrent budget billing with arrearage repayment plans.

VEC already offers budget billing concurrent with arrearage repayment plans. We have no objection to this recommendation.

16. Suspend increases to a budget billing plan that resulted from increased usage during the Stay at Home/Stay Safe Executive Order until January 1, 2021.

VEC has no strong objection to suspending increases to budget plans in the short-term, although we do prefer having the option of making plan adjustments that ensure financial sustainability for the member and the Co-op.

17. Include a bill stuffer and/or utilize other electronic means (emails, page on utility's website, including an application or link to application, and social media) to communicate with customers to encourage applications to the Vermont Arrearage Assistance Program.

Bill stuffers are expensive and not necessarily effective. We have less expensive ways to encourage applications that we have been utilizing including social media, electronic communications, and on-bill messaging.

18. Suspend disconnections to any home with a terminally ill household member or a household member relying on life sustaining equipment

VEC would certainly work with any of these members to support their unique and difficult situation. We do note that there are current processes in support of these situations that we believe are sufficient. It is unclear whether this recommendation is time-limited. If intended as an ongoing policy change we suggest it would be best considered as part of the more comprehensive disconnection rule review.

We appreciate your consideration of our recommendations and planned actions as we work towards a responsible transition out of the moratorium on disconnections.

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

Respectfully submitted,

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