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Ms. Judith C. Whitney, Clerk
Vermont Public Utility Commission
112 State Street, Drawer 20
Montpelier, VT 05620

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

Dear Judy:

By Order dated July 30, 2020, the Vermont Public Utility Commission (“Commission”) extended the *Temporary Moratorium on Involuntary Utility Service Disconnections* (“Moratorium”) through September 30, 2020. On September 3, 2020, the Commission issued an Order requesting comments on whether the Moratorium should remain in place after September 30. The Commission further sought comments on whether any extension of the Moratorium should apply to the utilities that are currently covered and what consumer protections should be in place at the expiration of the Moratorium. Vermont Public Power Supply Authority (“VPPSA”) offers the following responses to the Commission’s request.

The VPPSA members remain very concerned about the financial well-being of all their customers, and are eager to work with those customers who are presently in arrears to bring their electric accounts into good standing. At this point, the blanket Moratorium on disconnects is hindering this ability to work with individual customers in light of their unique circumstances. Although well-intentioned, the disconnect Moratorium is a blunt tool that is likely having unintended consequences that go far beyond protecting those that have borne negative economic impacts of the COVID-19 pandemic. Rather than simply safeguarding Vermonters that have been unable to keep up with utility bills due to the effects of the pandemic and accompanying state of emergency, the Moratorium is allowing *any* customer to not pay an electric bill without consequence for the time being. When the Moratorium is eventually lifted, many customers will have balances that simply cannot be repaid – and many of these customers will not be eligible for financial assistance.

Moratorium Extension

VPPSA opposes another extension of the Temporary Disconnect Moratorium for the reasons cited above and in a previous filing dated July 27, 2020, which is incorporated herein by reference. Most significantly, having a moratorium on electric utility disconnections in place for five months has allowed customers to accumulate balances of thousands of dollars *regardless of whether or not their income has been affected by the COVID-19 pandemic.*

In its *Order Extending Temporary Moratorium of Involuntary Utility Disconnections* dated July 30, 2020, the Commission extended the Moratorium to September 30th in part based upon the \$8 million that the Department of Public Service recently received from the Vermont General Assembly to address the impacts of COVID-19 on ratepayers. In that Order, in response to VPPSA's and other utilities' opposition to the extension, the Commission noted that "the Department needs time to produce a successful program, and that the success of that program will alleviate many of the concerns raised by those utilities that oppose an extension of the temporary moratorium on disconnections." Order at 5. In its most recent request for comments on the Disconnect Moratorium the Commission specifically requested comments regarding "whether the Department's new program will ease the debt burden and ***whether this affects their support or opposition to an additional extension.***"

VPPSA's concerns have not been alleviated and continues to oppose extending the disconnect Moratorium on the basis that customer arrearages are growing to the point that they will not be manageable even with grant funds and extended repayment plans. One VPPSA member utility has 38 residential customers with past due balances over \$1000, and ten (10) residential customers with overdue balances greater than \$2000. These balances will likely be difficult if not impossible to repay even with the benefit of the Department's COVID-19 Arrearage Assistance Program ("VCAAP"), and should not be allowed to increase over the upcoming winter months.

Since the most recent extension to the Moratorium, the VCAAP has been put in place. The VPPSA member utilities have actively engaged with the Department on program development, provided data, received training on the online VCAAP portal, and acted as beta testers for the system. VPPSA and its members are actively promoting the VCAAP through bill stuffers and social media posts. In addition, the VPPSA utilities have been making direct calls to customers with outstanding balances to notify them of the availability of these funds, and in some cases have hand delivered VCAAP information to customers who could benefit from the program. To date, only a small fraction of VPPSA member customers (approximately 150) have applied for VCAAP funds out of the 5,200 customers that are in arrears.

The VCAAP is an essential tool to mitigate the financial hardship caused by COVID-19 and the VPPSA members are appreciative of the funds allocated by the General Assembly and the work done by the Department to put this program in place. VCAAP does, of course, have its limitations and it will not completely mitigate the financial impacts of the Moratorium.

Because VCAAP has a limited pool of funds, the Department made the programmatic decision to implement a per customer limit on the amount of arrearage assistance any individual customer may access. Residential electric ratepayers may receive up to \$440 and non-residential customers may access up to \$1,120. Many customers have balances well in excess of these caps and therefore will likely need to establish payment plans to repay arrears even after grant funds are received.

VPPSA members have found that sending notification of disconnection does in fact cause customers to contact their utility to make payment arrangements, while without the disconnect notices customers are more likely to avoid such conversations. Lifting the Moratorium on disconnects would signal to customers the importance of applying for VCAAP funds and being in touch with their utility to address unpaid bills.

The state's Arrearage Assistance Program has funds available to assist those that were affected financially by the COVID-19 pandemic. Only customers with balances due related to COVID-19 are eligible to receive funds, and utilities must verify that the balance was incurred after March 1. Customers must self-certify that their outstanding utility balance accrued as a result of the financial impacts of COVID. As such, only a portion of the current arrears are eligible to be paid using VCAAP funds. The current disconnect Moratorium, on the other hand, applies to all customers. If the Moratorium is extended, some customers will go more than a year without paying an electric bill due to the difficulty of carrying out disconnects during the winter months in Vermont.

One VPPSA member utility reports having 45 customers, totaling \$25,980 in unpaid balances that have not made any payments on their accounts since the Moratorium was put in place. Of these 45 customers, 32 had pre-COVID arrears totaling \$12,976; these balances cannot be attributed to the COVID-19 pandemic and thus are not eligible for VCAAP funds.

Operating under a continued Moratorium on utility disconnects has allowed customers to accrue large balances unrelated to COVID with no prospect of financial assistance. VPPSA and its members are specifically concerned about the economic impacts to these customers of further extending the Moratorium. Going forward, a more refined approach is needed to reach customers that have balances that are COVID-related for whom the VCAAP funds are not adequate to address their balances. Customers with both COVID-related balances and balances that are not related to the pandemic may need to access emergency assistance available through the state's Community Action Agencies. VPPSA continues to advocate with Vermont's congressional delegation for increased LIHEAP funding to assist those customers, but notes that even if additional LIHEAP funding were obtained it often cannot be accessed with the customer receiving a notice of disconnect.

Consumer Protections

The topic of consumer protections was covered in previous filings, including the utilities' post-moratorium disconnect plans that were submitted on June 19 and VPPSA's response to the Department's recommendations filed on July 21, both of which are incorporated herein by reference. Significant consumer protections are already embedded in Rule 3.300, making disconnecting electric service a last resort. Nonetheless, the VPPSA members are willing to extend greater flexibility to customers than what is required under Rule 3.300, provided customers reach out and work with their utilities.

VPPSA offers the following responses to specific Commission questions that were not addressed in previous filings.

- To the extent there are commercial customers that are struggling with unpaid balances resulting from the COVID pandemic, the VPPSA members are willing to offer extended repayment plans to these customers. The vast majority of VPPSA members' customers that are in arrears are residential customers.
- None of the VPPSA members would self-impose a blanket moratorium on disconnection once the Commission's moratorium is lifted. Conversely, the VPPSA municipals would engage with their customers to address unpaid balances in light of each customer's individual arrears and financial circumstances. Once the moratorium is lifted, the VPPSA members intend to work with the customers on payment plans that could avoid the accumulation of unsurmountable arrearages in the spring. The VPPSA utilities are offering to be more flexible than the provisions of Rule 3.300 require, but in order to implement this flexibility they are requesting that customers be given the necessary motivation to contact their utilities.
- VPPSA members are prepared to extend repayment plans to terms up to 12 months on a case by case basis. Some of the VPPSA utilities are willing to extend payment plans for terms up to two years. It is important to note that extending repayment plans (and thus lowering the monthly payment that is required) increases financial risk to the utility. It is not uncommon for customers, especially renters, to accrue large unpaid balances and then move to another utility service territory without paying off the arrearage. Balances on these closed accounts are not eligible for VCAAP funds and will most likely need to be written off by the utility, thereby imposing a cost on all customers. As consumer-owned not-for-profit utilities, VPPSA notes that any such balances that are written off will directly result in increased costs to other customers. In considering further extension of the Moratorium, the Commission should strive to strike a balance of protecting the customers that are in arrears while also protecting other customers that may be struggling to pay their bills but manage to keep their electric accounts up to date, and who could be tipped into the non-payment category if utilities are forced to raise rates due to written off account balances.

Other Comments/Conclusion

In the VPPSA utilities' experience, frequently customers with past due balances do not make a payment or contact their utilities until they receive disconnect notices. Utilities that have sent disconnect notices in anticipation of the Moratorium being lifted have had greater success in getting customers enrolled in repayment plans than the utilities that have not sent such notices.

The VPPSA member utilities are not anxious to disconnect electric service to their customers. Rather, these community-owned utilities are eager to motivate customers to contact the utility to find a path to repayment. It should be noted that many of VPPSA's members are not just electric utilities. They are seeing similar difficulties in relation to customer payments on water and wastewater accounts, property taxes and other municipal services.

As long as there is a blanket Moratorium on utility disconnects, some customers will elect not to engage productively with their utility, thus delaying the impacts of bill non-payment and ultimately making it more difficult (if not impossible) to dig out of the financial hole that has been created. Lifting the Moratorium and creating the potential for disconnection will help encourage eligible Vermont electric customers to take advantage of the VCAAP funds and get their accounts back in good standing. Utilities should be afforded the discretion to work with their customers under their Post-Moratorium Disconnect Plans and provide greater flexibility than what exists under Rule 3.300 when it will benefit the customer and utility.

Thank you for your consideration of these comments.

Very truly yours,

/s/ William F. Ellis
William F. Ellis