VPPSA
Vermont Public Power Supply Authority
Putting the Public in Power.
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June 15, 2021

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street, Drawer 20
Montpelier, VT 05620

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

Dear Ms. Anderson:

Through an Order dated May 24, 2021, the Public Utility Commission ("Commission") extended the *Temporary Moratorium on Disconnection* ("Moratorium") through June 30th and directed utilities to file descriptions of "how they will engage with customers to resolve outstanding, past-due balances after the temporary moratorium ends and how they will address terminations of service for nonpayment going forward." The Vermont Public Power Supply Authority ("VPPSA") offers the following response to the Commission's Order on behalf of its 11 municipal utility members.

Throughout the COVID pandemic, unpaid electric utility balances have continued to accrue. Several utilities have indicated they are now experiencing rate pressure from customer arrearages. Recognizing both the financial hardship that the pandemic has created for many customers and the potential for unpaid utility balances to have a negative financial impact on all customers, Vermont's legislature has allocated significant federal funding to address unpaid utility bills. VPPSA is appreciative of the past efforts by the Department of Public Service ("Department") to implement the VCAAP and VERAP-U programs and urges the Department to move expeditiously to get these additional arrearage assistance funds flowing to customers and utilities.

After the Moratorium, the VPPSA member utilities will continue to work closely with customers to take full advantage of the financial assistance that is available to those suffering negative financial impacts from the COVID pandemic, as they have done throughout the Moratorium. Being community-owned and operated entities, municipal utilities exist to serve their residents, and many have done so for more than 100 years. While the conditions imposed by the pandemic are new, the municipals' commitment to meeting the needs of their community members is not. The VPPSA member utilities are closely connected to their customers, in many cases knowing customers by sight or on a first name basis, and these utilities have balanced individual needs with community needs throughout their existence. They therefore request that the Commission afford them

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discretion to work with individual customers in a flexible manner that balances the needs of individuals with the needs of the customer base as a whole.

As the VPPSA member utilities have done with previous funding programs, they will proactively notify customers of the availability of future arrearage assistance through mailers, bill stuffers, phone calls, social media posts, and conversations with utility staff. Customers who demonstrate that they have applied for arrearage assistance will not have their service disconnected while they await committed funding. It is in both the customer's and the utility's best interest to obtain assistance funds and create pathways for customers to pay past due amounts without the additional costs created by disconnection of service.

At the same time, experience has proven that lifting the Moratorium is essential in motivating some customers to reach out and work with their utilities. Continually extending the Moratorium serves as a disincentive for customers to engage with the utilities about creating a path forward to getting their accounts in good standing.

For outstanding balances that remain once state and federal assistance has been received, the VPPSA members will offer repayment plans designed to accommodate each customer's individual circumstances. The existing Rule 3.300 provides considerable flexibility in establishing repayment plans for customers with delinquent balances, and the VPPSA member utilities have used that flexibility when warranted. Specifically, 3.302 (G) requires that "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 unforeseen circumstances caused the delinquency."

Repayment plans extending beyond the typical 3-month duration will be offered when circumstances warrant. On average, payment plans in the duration of 4 to 6 months are sufficient for customers to become current. However, for those customers that have experienced the economic impact of the COVID pandemic, VPPSA members will develop extended repayment plans beyond the typical term as they have always done for customers caught in a financial crisis.

The VPPSA members are mindful, however, of the impacts of offering extended repayment plans, especially those of durations longer than 12 months. For utilities with small service territories, the risk that a customer will move out of a specific municipal's territory and leave an unpaid balance is higher than for larger utilities. One VPPSA member recently had a customer move out of its service territory, leaving a $1200 balance after making no payment on the account for a year. Options for obtaining

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payment from customers that have moved are limited, and typically these balances end up being written off as bad debt, with the costs passed on to other customers.

There are other unintended consequences created by a moratorium coupled with long duration payment plans. Some municipalities have provisions in their Charters that require tax liens, and in some cases tax sales, to be implemented for unpaid water, wastewater, and electric bills. These provisions have historically brought extra incentive for individuals to work with the utility to pay past due amounts. However, in the context of a long-term moratorium they create consequences that do not exist for other utilities.

One specific example relates to a renter who has not paid their utility bill during the entire Moratorium and that then moves out of the utility territory. The utility has not been able to disconnect for non-payment, and the landlord has not been allowed to evict for non-payment of rent. When the customer moves out, the utility is obligated to put a lien on the landlord's property unless the landlord covers the unpaid utility bills. The VPPSA members are very cognizant of these negative financial implications that extend beyond the customer that has the unpaid balance when considering repayment terms, and the unique relationship between municipalities and their residents has underpinned many of VPPSA's previous comments in this proceeding.

Once the Moratorium is lifted, termination of service for nonpayment will be carried within the constructs of Rule 3.300. VPPSA members will employ disconnection of electric service only as a last resort when all efforts to acquire some amount of account payment have been exhausted. Customers that are adhering to repayment plans will not have their electricity disconnected. If disconnection of service does occur, the VPPSA members may waive the requirement that 50% of the outstanding balance be paid prior to restoring service as long as the customer and the utility have established a payment arrangement and the customer makes a good faith payment prior to the reconnection. The goal of the VPPSA members is to receive ongoing payments of some level from customers in order to avoid pushing utility costs onto other customers.

Thank you for your consideration of these comments.

Sincerely,

Melissa Bailey
Manager of Government and Member Relations
Vermont Public Power Supply Authority