MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

A WORKING CASE TO CONSIDER BEST PRACTICES FOR RECOVERY OF PAST-DUE UTILITY CUSTOMER PAYMENTS AFTER THE COVID-19 PANDEMIC EMERGENCY

FILE NO. AW-2020-0356

AUGUST 3, 2020

****** Denotes Confidential Information ******

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I. Executive Summary

On May 13, 2020, the Missouri Public Service Commission ("Commission" or "PSC") issued its *Order Opening A Working Case to Consider Best Practices for Recovery of Past-Due Customer Payments are the Covid-19 Emergency*. In its Order, the Commission noted that in response to the pandemic, utilities have taken action to suspend disconnections[1] for customer non-payment of utility bills. The Commission stated,

> As a result of those economic disruptions and continued provision of utility service to customers who are unable to pay for those services, the utilities will likely experience a sharp rise in the level of past-due customer-payment accounts-receivable. Once the emergency has passed, the utilities will be faced with the question of how to collect those past-due accounts-receivable without unduly burdening their vulnerable customers.

The Commission directed Staff to investigate this question and any other relevant issues related to the COVID-19 Emergency and file a report by August 3, 2020. On June 16, 2020, Staff submitted questions seeking response from utilities and interested non-utility stakeholders. Responses and comments were received from: Legal Services of Eastern Missouri ("LSEM"); Missouri Community Action Network ("Missouri CAN"); Missouri Department of Natural

[1] 20 CSR 4240-13.050 refers to "discontinuance of service", and defines it as: Discontinuance of service or discontinuance means a cessation of service not requested by a customer. Different sources for this report use the term "disconnect". For purposes of this report, Staff considers the terms interchangeable.

Resources – Division of Energy ("DE"); Missouri Department of Social Services ("MSS"); Consumers Council of Missouri ("CCM"); Sierra Club; Missouri Energy Efficiency for All coalition, including Renew Missouri, the National Housing Trust ("NHT"), the Natural Resources Defense Council ("NRDC"), and Elevate Energy (collectively, "EEFA"); Clean Grid Alliance ("CGA"); Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri"); Spire Missouri, Inc. ("Spire"); Summit Natural Gas of Missouri, Inc. ("SNGMO"); Confluence Rivers Utility Operating Company, Inc., Elm Hills Utility Operating Company, Inc., Hillcrest Utility Operating Company, Inc., Indian Hills Utility Operating Company, Inc., and Raccoon Creek Utility Operating Company (collectively, "CSWR"); Evergy Metro, Inc., d/b/a Evergy Missouri Metro ("Evergy Missouri Metro"), Evergy Missouri West, Inc., d/b/a Evergy Missouri West ("Evergy Missouri West") (collectively, "Evergy"); Raytown Water Company ("Raytown"); and, The Empire District Electric Company ("EDE"), The Empire District Gas Company ("EDG"), Liberty Utilities (Missouri Water) LLC ("Liberty Water"), and Liberty Utilities (Midstates Natural Gas) Corp. ("Midstates"), all Liberty Utilities companies (collectively, "Liberty Utilities" or "Liberty")[2]. Several individuals also submitted comments supporting the proposals of various non-utility stakeholders.

Following is Staff's summary of those responses and comments. Staff's report also provides Missouri-specific background information on the pandemic and a high-level summary of other states' utility-related actions in response to COVID-19. On July 29, 2020, Staff had an opportunity to participate in a webinar via invitation from the National Association of Regulatory Commissioners ("NARUC"), which provided information on disconnects. The webinar was

[2] Missouri American Water Company did not respond to Staff's questions for this case.

co-hosted by the National Consumer Law Center ("NCLC"), National Energy Assistance Directors' Association ("NEADA") and Public Utility Law Project of New York, Inc. A summary of the webinar is also provided in this report. Finally, Staff includes a legal/legislative analysis section for the Commission's information.

Staff recommends the Commission direct all utilities identified in Appendix A attached to the Commission's June 24, 2020, *Notice of Ex Parte and Extra-Record Communications Concerns and Order Correcting Responses* and the Office of the Public Counsel ("OPC") to respond to Staff's report and Staff's discussion of the responses and comments, and specifically to provide additional information and justification as to whether it is possible to implement the various stakeholder recommendations. Staff further recommends the Commission offer the same opportunity to other interested stakeholders.

II. Background Information

As of July 22, 2020, Missouri is reporting 36,063 confirmed cases of corona virus and 1,159 deaths.[3] The first confirmed case of corona virus in Missouri occurred in the St. Louis area on March 7, 2020. Since that time, all counties in Missouri have confirmed cases of the virus.

The United States Centers for Disease Control and Prevention activated its Emergency Operations Center on January 21, 2020 in response to the corona virus. The Missouri Department of Health and Senior Services ("MODHSS") implemented an incident response team to monitor the virus on January 27, 2020. The Missouri House Committee on Disease Prevention was formed on February 27, 2020 and held its first hearing on March 2, 2020. On January 31, 2020, U.S. Secretary of Health and Human Services declared a public health emergency to aid the

[3] Missouri Department of Health and Senior Services. COVID-19 Outbreak, https://health.mo.gov/living/healthcondiseases/communicable/novel-coronavirus/ (23JUL2020).

nation's healthcare community in responding to COVID-19. The World Health Organization declared a pandemic on March 11, 2020. On March 13, 2020, Governor Parson issued Executive Order 20-02, declaring a State of Emergency, the same day President Trump announced a national emergency[4]. This executive order authorized the Governor to "waive or suspend the operation of any statutory requirement or administrative rule prescribing procedures for conducting state business, where strict compliance with such requirements and rules would prevent, hinder, or delay necessary action by the department of health and senior services to respond to a declared emergency or increased health threat to the population" under Section 44.100, RSMo[5].

Missouri's first fatality due to corona virus occurred on March 18, 2020 in Boone County. The next day, Governor Parson issued Executive Order 20-04, which authorized executive agencies, with the approval of the Office of the Governor, to temporarily waive or suspend the operation of any statutory requirement or administrative rule that interfered with Missouri's response to the virus or its recovery.[6] On March 21, 2020, Governor Parson directed the DHSS Director to require statewide social distancing. State office buildings officially closed on March 24, 2020. The Coronavirus Aid, Relief and Economic Security ("CARES") Act was signed into law by President Trump on March 27, 2020. On April 3, 2020, Governor Parson issued a statewide "Stay Home Missouri" Order effective April 6, 2020. Among its provisions were requirements for Missourians to avoid leaving their homes, close public schools, and limit eating at restaurants.[7]

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[4] Executive Order 20-02 (available at . https://www.sos.mo.gov/library/reference/orders/2020/eo2)(31JUL202)).

[5] Executive Order 20-02. https://www.sos.mo.gov/library/reference/orders/2020/eo2 (31JUL2020). This was later extended by Executive Order 20-09 and a State of Emergency was declared to be continuing in Executive Order 20-12.

[6] Executive Order 20-04. https://www.sos mo.gov/library/reference/orders/2020/eo4 (23JUL2020). This was later extended by Executive Order 20-10 and extended again in part by Executive Order 20-12.

[7] Stay at Home Order https://governor mo.gov/priorities/stay-home-order (23JUL2020).

On May 4, 2020, Missouri entered Phase 1 of the Show Me Strong Recovery Plan. This plan has four pillars: an expansion of testing capacity and volume, expansion of personal protective equipment ("PPE") reserves, continuation of monitoring and expansion of hospitals and health care system capacity, and an improvement in the ability to predict potential outbreaks using Missouri's public health data. Phase 2 was announced on June 11, 2020, with an effective date of June 16, 2020. Phase 2 "fully [opened Missouri] for business" and removed the statewide health order. The state of emergency declaration was extended through Dec. 30, 2020, which allows the continued utilization of federal CARES Act funding. Some counties have used CARES Act funding to provide utility assistance when the utility service is being provided by a city or the county.[8]

The decision to reopen Missouri was driven by data presented to Governor Parson from the Fusion Cell.[9] The Fusion Cell is a group of experts from various public and private sectors that are able to provide Missouri-specific information. The Fusion Cell first met around April 8, 2020. The two focus areas are health and economy recovery. In its initial stage, the cell was mostly focused on health, where currently the cell has increased its focus on economic recovery.

The PSC began participation in the Fusion Cell on May 12, 2020 to provide the Fusion Cell with information about Missouri's public utilities. The PSC also participates and/or monitors three microcells: Infrastructure, Business, and Community. The microcells are subset groups of the larger fusion cell with a narrowed focus. The goal of the Infrastructure microcell has been to find federal dollars to invest in various infrastructure projects in Missouri, including transportation,

[8] Eddy, Ashley, 26JUN2020. "Callaway County to issue chunk of CARES Act funding towards utility assistance" https://krcgtv.com/news/local/callaway-county-to-issue-chunk-of-cares-act-funding-towards-utility-assistance (24JUL2020).

[9] Spain, Emily, 29APR2020. "One-on-one: Gov Parson says decisions are data driven." https://www.komu.com/news/one-on-one-gov-parson-says-decisions-are-data-driven (27JUL2020).

energy, and broadband infrastructure projects, to assist economic recovery. The Community microcell works to assist local governments and nonprofits meet the needs of their customers, including utility assistance. Finally, the Business microcell, which was assigned to the Department of Commerce and Insurance to lead, has been assigned the task of finding regulations that stand in the way of economic recovery. The PSC continues to monitor developments in Missouri's efforts to recover from the pandemic and to provide information that may help assist in the recovery through these groups.

III. Utility Responses to Staff Questions

A. <u>Customer Experience Responses</u>

In order to provide guidance on Staff's Report, Staff requested, and the Commission ordered, responses to the following questions on the utilities' actions related to customer experience during the pandemic:

1. What date did the company initiate the suspension of discontinuances of service as a result of the COVID-19 pandemic emergency?
2. Please describe practices used prior to the suspension of customer discontinuances that were used to minimize past due accounts receivable.
3. Please describe efforts made since the suspension of discontinuances to mitigate past due accounts receivable.
4. Please provide examples of customer communication regarding changes in collection practices related to accounts subject to discontinuance.
5. Please describe any changes in procedures related to customer payment arrangements since initiating the suspension of discontinuances of service.
6. Please provide documentation of the number of customers with payment arrangements, on a monthly basis, by customer class, from March 2016 to 2020 YTD. For each period, provide the number of Cold Weather Rule and non-Cold Weather Rule payment arrangements for residential customers.
7. Please describe the alternatives discussed by company management to collect past due accounts receivable without unduly burdening vulnerable customers when discontinuances of service are resumed. For each alternative, please describe the

associated advantages and disadvantages. Please describe how alternatives to collect past due accounts receivable will be communicated to customers.

8. What criteria will be used to determine the timing for resuming discontinuances of service?
9. If applicable, describe COVID-19 related changes to the company's community-funded assistance program (i.e. Dollar More, Dollar Help etc.). If eligibility requirements were modified in an effort to assist more customers, did the changes result in increased pledges on customer accounts, please explain.
10. Please describe any programs now being implemented or planned to be implemented in the future to assist customers in returning to current status.
11. Please describe any programs now being implemented or planned to be implemented in the future to assist the most vulnerable or at risk customers.

Staff Discussion

Utilities initiated the suspension of discontinuances of services in mid-March 2020 between March 13 and March 16. Prior to the COVID-19 pandemic and the suspension of customer discontinuances, utilities used a variety of programs and practices to help customers manage their past due accounts. Some of the programs offered to low-income customers include direct utility bill credits[10] and other programs that provide funds from community assistance agencies through the Low-Income Home Energy Assistance Program ("LIHEAP") and other funding sources. Most utilities also offered their customers a budget billing program and multiple payment options, as well as flexible payment arrangements including special terms that normally apply during the months that the Cold Weather Rule is in effect.

Utilities have used various approaches to help mitigate past due accounts receivable since the onset of the COVID-19 pandemic. Some companies such as Ameren Missouri have made direct contributions to energy assistance funding through organizations such as United Way.[11] Spire has committed matching funds through its DollarHelp program to help residential and small

[10] Comments of Union Electric Company, d/b/a Ameren Missouri. July 15, 2020.
[11] Comments of Union Electric Company, d/b/a Ameren Missouri. July 15, 2020.

business customers.[12] Ameren Missouri reported that it entered into an agreement with OPC to shift more money to low-income energy assistance in the calendar year 2020.[13] Liberty Utilities and Ameren Missouri have set aside discretionary funds that customer service representatives may apply to customers' accounts, within specified limits, when they identify a critical need.[14] [15]

Utilities have also increased communication efforts with customers who have past due balances. Rather than discontinuance letters, companies have sent payment reminder letters stating that customers with past due accounts would be subject to discontinuance if the moratorium were not in effect. In addition, some utilities have made telephone calls to customers with delinquent accounts advising them of options to pay, the opportunity to set up payment arrangements, and the possibility of applying for energy assistance. Utilities have also made increased efforts to use radio, TV, newspaper, and social media to promote awareness of available energy assistance programs and opportunities to set up payment arrangements. Utilities provided examples of customer communication efforts to explain the suspension of discontinuing past due accounts. Customers were also informed of utility plans to resume mailing discontinuance notices. Communication channels included press releases, emails, automated calls, social media postings, flyers, and website information.

In response to the COVID-19 pandemic, utilities have commonly extended the terms of the Cold Weather Rule where customers were expected to make a 12% payment up front and pay the balance in up to 12 months. In May and June 2020, Spire began offering terms such as 50% down

[12] Comments of Spire Missouri, Inc. July 15, 2020.
[13] Comments of Union Electric Company, d/b/a Ameren Missouri. July 15, 2020.
[14] Liberty's Response to Commission Order. July 15, 2020, and Comments of Union Electric Company, d/b/a Ameren Missouri. July 15, 2020.
[15] Evergy has explained the various options it is offering to customers in File No. EO-2020-0383.

with the balance due over the next 3 months.[16] Liberty Utilities also began offering installments for deposits and allowed customers to stay on their budget billing program even though their accounts were past due.[17] In June 2020, Evergy implemented four-month and one-month Pay Your Balance plans that provided credit incentives to help customers pay their account balances.[18]

Utilities provided information regarding the number of customers with payment arrangements from March 2016 to 2020 YTD. The following table illustrates the number of customers with payment arrangements from March to June 2019 when discontinuance of services were allowed, compared to the number of customers with payment arrangements from March to June 2020, when discontinuance of service activities were suspended. The table below includes data from Ameren Missouri, Evergy, Spire, and SNGMO:[19]

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[16] Comments of Spire Missouri, Inc. July 15, 2020.
[17] Liberty's Response to Commission Order. July 15, 2020.
[18] Evergy Missouri Metro's and Evergy Missouri West's Response to Order Directing Filing. July 15, 2020.
[19] Comments of Union Electric Company, d/b/a Ameren Missouri. July 15, 2020.
Evergy Missouri Metro's and Evergy Missouri West's Response to Order Directing Filing. July 15, 2020.
Comments of Spire Missouri, Inc. July 15, 2020.
Summit Natural Gas of Missouri, Inc.'s, Responsive Comments. July 15, 2020.

Payment Arrangements for Residential Customers

	March		**April**		**May**		**June**	
	2019	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**
Ameren Missouri								
Cold Weather Rule	9,772	5,954	826	176	0	0	0	0
Non-Cold Weather Rule	2,584	2,367	8,260	6,953	7,841	6,301	7,660	5,395
Total	**12,356**	**8,321**	**9,086**	**7,129**	**7,841**	**6,301**	**7,660**	**5,395**
Evergy								
Cold Weather Rule	22,179	17,145	18,175	14,246	11,260	10,539	6,849	10,807
Non-Cold Weather Rule	1,031	1,375	4,302	1,676	6,814	1,717	6,602	2,315
Total	**23,210**	**18,520**	**22,477**	**15,922**	**18,074**	**12,256**	**13,451**	**13,122**
Spire								
Cold Weather Rule	32,057	25,738	30,521	19,071	22,965	19,483	19,208	16,256
Non-Cold Weather Rule	1,883	2,450	2,818	2,253	5,715	2,170	7,574	4,659
Total	**33,940**	**28,188**	**33,339**	**21,324**	**28,680**	**21,653**	**26,782**	**20,915**
SNGMO								
Cold Weather Rule	21	10	0	0	0	0	0	0
Non-Cold Weather Rule	0	0	42	3	23	8	14	7
Total	**21**	**10**	**42**	**3**	**23**	**8**	**14**	**7**

The information in the table reveals important information regarding payment arrangements during a period of time when discontinuances of service were not performed. Although utilities have offered an extension of Cold Weather Rule terms and more lenient payment arrangements in response to the COVID-19 pandemic, the overall number of payment arrangements has decreased when discontinuances of service were not performed.

Utilities explained that the changes in procedures initiated after suspending discontinuances of service have now been fully implemented. As previously discussed, these procedural changes have included extension of the Cold Weather Rule and the provision of more lenient payment arrangements. Companies indicated that the provisions of these payment terms and arrangements will continue to be followed when discontinuances of service are resumed. Evergy commented that it had initiated a comprehensive direct outreach customer communication plan through emails, post cards, and outbound calls to advise customers of its payment plan incentives.[20] Some companies have indicated these changes in procedures have enabled many customers with past due accounts to continue receiving service. However, utilities stated that the implementation of these procedures will also likely delay the resolution of past due balances.

Utilities have also provided advance notice to customers regarding the resumption of discontinuances using bill messages, bill inserts, social media posts, press releases, and website notices. This communication has included information about energy assistance programs and the ability to make payment arrangements.

Utilities responded that they are basing their timing on resuming discontinuances of service on several factors. Most utilities reported these factors include the increasing number and amount of arrearages of customers with past due accounts. Utilities are also taking into account industry practices and government guidelines and directives in making this decision.

Several companies are implementing new programs to help customers pay off past due balances. For example, Ameren Missouri has introduced a Clean Slate program for residential customers and a Small Business Relief program for businesses with fewer than 50 or fewer

[20] Evergy Missouri Metro's and Evergy Missouri West's Response to Order Directing Filing. July 15, 2020.

employees.[21] The Clean Slate program is designed to provide energy assistance to low-income customers. The Small Business Relief program provides up to $250 in bill credits to qualifying customers. Spire indicated it is developing a coronavirus pandemic program to assist small business customers having difficulty staying current on their accounts.[22]

Most utilities are placing greater emphasis on promoting existing programs and more lenient payment arrangements. For example, Ameren Missouri is promoting its Keeping Current, Keeping Cool, and Dollar More programs.[23] These programs provide specific bill credits to certain customers who meet specified poverty level requirements. Liberty Utilities indicated that customer service representatives are directed to encourage customers to apply for energy assistance.[24] Automated calls are also made to customers with past due accounts and they are given the opportunity to connect with a representative to make payment arrangements. Utilities are also reminding customers of available budget billing programs.

Ameren Missouri's Dollar More program provides up to $600 in energy assistance for customers that meet the income requirement of being at or below 200% of the Federal Poverty Level ("FPL"). There were no changes to the eligibility requirements; however, due to COVID-19, Ameren Missouri added the option to give using a credit card through an online contribution form hosted on the United Way of Greater St. Louis' website. Ameren Missouri also offered $25,000 in matching funds to encourage donations to the program.[25]

[21] Comments of Union Electric Company, d/b/a Ameren Missouri. July 15, 2020.
[22] Comments of Spire Missouri, Inc. July 15, 2020.
[23] Comments of Union Electric Company, d/b/a Ameren Missouri. July 15, 2020.
[24] Liberty's Response to Commission Order. July 15, 2020.
[25] Comments of Union Electric Company, d/b/a Ameren Missouri. July 15, 2020.

According to the Liberty Utilities Company website, Project Help is an assistance program created to meet emergency energy-related expenses of the elderly and/or disabled residents in Liberty Utilities electric service area.[26] Liberty relaxed Project Help fund guidelines to allow customers that typically pay on time but were affected by COVID-19 to qualify. Prior to COVID-19, Project Help funds generally helped one or two customers a month. For the months of May and June 2020, Liberty reports helping 15 customers and pledged over $9,000 in funding.[27]

In an effort to assist more customers, Evergy created the Dollar-Aide Covid-19 Community Relief Fund, raising the FPL from 150% to 200%. The program began June 10th and runs through December 31st or until funding is depleted. The organization that manages Evergy's Dollar-Aide funds[28] reported that it has not seen a significant increase in pledges; however, with the moratorium on disconnects ending the week of July 13, an increase in pledges is anticipated.[29]

SNGMO, CSWR and Raytown responded that the question related to community-funded assistance programs is not applicable to their operations.

Question 18 asked about any utility programs offered to assist the most vulnerable or at risk customers. In response to this question, Ameren Missouri references its answers to questions summarized above, and adding information about its customers on the Medical Equipment Registry ("MER"). MER customers that have not made a payment in three months or have a past due balance of $300 receive special handling, which includes an attempt to coordinate energy assistance.

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[26] https://central.libertyutilities.com/all/residential/my-account/project-help html
[27] Liberty's Response to Commission Order. July 15, 2020.
[28] Mid America Assistance Coalition ("MAAC") manages Evergy's Dollar-Aide funds.
[29] Evergy Missouri Metro's and Evergy Missouri West's Response to Order Directing Filing. July 15, 2020.

Liberty refers to its responses to questions previously discussed above, stating that it continues to evaluate its options and assess the changing conditions.

In addition to referencing the programs described in Evergy's *Application*[30] filed May 22, 2020, Evergy mentions its customer outreach efforts. Outreach includes partnerships with organizations that continue to provide support such as food distribution. Evergy provided flyers about the summer Energy Crisis Intervention Program ("ECIP") as well as LIHEAP applications to those receiving food through Evergy's food distribution partners. Evergy plans to provide the same flyers and applications to customers over the upcoming weeks at various back-to-school events. A video was created for Evergy.com and social media pages to promote and instruct customers how to apply for LIHEAP (summer ECIP).[31]

Spire states it is working more with LIHEAP agencies to pledge DollarHelp funds to eligible customers in threat of disconnection. Additionally, Spire refers to modifications to its Low-Income Affordability tariff, and an increase from a $200 to $300 bill credit to small business customers. In an effort to increase awareness of LIHEAP, this fall, Spire plans to host virtual outreach events.

SNGMO is working with utility assistance organizations to provide the most up to date information for the most vulnerable customers to request support (LIHEAP).[32] SNGMO also states that, although payment terms are extended to six months, it will monitor any requests for longer payment terms to determine if existing terms should be expanded.

[30] Evergy Missouri Metro's and Evergy Missouri West's Application for Approval of Covid-19 Customer Programs and Motion for Expedited Treatment, EO-2020-0383.
[31] Evergy Missouri Metro's and Evergy Missouri West's Response to Order Directing Filing. July 15, 2020.
[32] Summit Natural Gas of Missouri, Inc.'s Responsive Comments. July 15, 2020.

In response to this question, CSWR references previous responses regarding suspension of discontinues. Raytown responds that payment plans, installment plans and budget billing are offered to customers; additionally, the Company refers customers to assistance organizations (LIHEAP).[33]

B. Auditing Response

Staff also requested, and the Commission ordered, responses to the following questions on the impact to the utilities' costs and revenues during the pandemic:

12. Please identify the amount of revenues foregone as of June 30, 2020 due to the COVID pandemic by revenue type, such as late fees, reconnection fees, etc. (Note: This should not include any estimates of "lost revenues" due to a reduction in sales to customers attributable to the COVID pandemic or economic downturn, which is being requested separately below.) Also, please provide an estimation for the period of July 1, 2020 through December 31, 2020 for the revenues forgone.
13. Please provide the change in revenues on an overall basis, and by rate class, by month, starting with February 2020 through June 2020 and the amount attributable to the impacts of the COVID-19 pandemic. Also, please provide estimated revenue changes, by rate class for the period July 1, 2020 through December 31, 2020.
14. Please quantify for each of the following costs that has been incurred due to the COVID-19 pandemic to date: incremental bad debt expense, incremental costs to allow employees to work at home, additional cleaning expense, protective supplies for employees, costs related to new assistance programs implemented to aid customers with payment of bills, costs incurred for possible sequestration, and any other cost tracked by your utility. Also provide a current annual projection for each of these costs.
15. Please quantify for each of the following categories the savings that has been realized due to the COVID-19 pandemic to date: external travel costs, external training costs, utilities expense for office use, or any other savings category tracked by your utility. Also provide a current annual projection for each of these savings categories.
16. Please provide a detailed estimate/projection of any COVID-19 related costs that might be covered by governmental reimbursement programs (federal and/or state). Have applications been made for any federal or state grants, loans or other measures of assistance associated with the COVID pandemic? If so, please provide a list of such.

[33] Raytown Water Company Response to Questions for Utilities. July 15, 2020.

17. Are limitations being placed on hiring, salary/benefit increases, discretionary construction expenditures, etc. due to the COVID-19 pandemic or any other reason? If yes, please provide documentation setting out the reasons for and the terms of such limitations.
18. Have employee layoffs occurred due to the COVID-19 pandemic? If so, how many employees were released? Have or will the implementation of any voluntary employee reduction programs in 2020 for COVID-19 or other reasons occur? If yes, please provide the timing of the program, and its rationale.
19. For electric providers – Please provide any class changes in load overall and by customer class by month starting in February 2020.
20. Please provide, and update as appropriate, the timing of the company's plans to restart collecting late fees from customers and when the company may begin disconnecting customers for non-payment.
21. If your utility has not already filed an application with the Commission requesting special accounting treatment of incremental COVID costs and/or "lost revenues," do you plan to do so at some point in the future? If yes, please discuss the timing of the application and the types of financial impacts you would request be included.

Staff Discussion

The below table provides a summary of responses on the amounts of tariffed fee revenues forgone (late fee, reconnection fees) as of June 30, 2020. Also provided are future projections of additional forgone revenues for the remaining calendar year:

Tariffed Fees Forgone

	As of June 30, 2020	Projected
Ameren Missouri	** ________ **	** ________ **
Evergy	** ________ **	** ________ **
Empire Electric	** ________ **	** ________ **
Empire Gas	** ________ **	** ____ **

	As of June 30, 2020	Projected
Empire Water	** ____ **	** ____ **
Liberty (Midstates Gas)	** ____ **	** ____ **
Liberty Water	** ____ **	** ____ **
Spire	** ________ ** [34]	** ________ **
SNGMO	$70,000	$7,000
CSWR Companies	$180,000[35]	
Raytown	$51,500	

The below table provides the total change each month in revenues for February 2020 through June 2020 compared to the same month in 2019, and the additional estimated change in revenues through the end of the calendar year 2020 as compared to 2019, as provided by the utilities[36]:

[34] As of April 30, 2020.

[35] Revenues forgone due to not implementing rate in most recent rate case, Case No. WR-2020-0053.

[36] For this comparison Ameren Missouri and Evergy weather normalized revenues. Spire and SNGMO did not indicate if they weather normalized revenues. Liberty which includes The Empire District Electric Company, Empire District Gas Company, Liberty (Missouri Water) and Liberty (Midstates Gas) provided incorrect information concerning the change in revenues. Liberty has committed to providing Staff with the correct information as soon as possible.

Change in Monthly Revenue Due to COVID-19

	Ameren Missouri	Evergy[37]	Spire	SNGMO
February 2020	** ________ **		** ________ ** [38]	Actuals not available
March 2020	** ________ **	** ________ **	** ________ **	Actuals not available
April 2020	** ____________ **	** ________ **	Actuals not available	Actuals not available
May 2020	** ____________ **	** ____________ **	Actuals not available	Actuals not available
June 2020	Actuals not available	** ____________ **	Actuals not available	Actuals not available
Forecasted	** ____________ **[39]		** ________ **[40]	$(1,467,000)[41]

The below tables break down the monthly changes in revenues by customer class from February 2020 and estimated through the end of the calendar year for each utility:

<u>Ameren Missouri – Change in Revenue Due to COVID-19</u>

	February 2020	March 2020	April 2020	May 2020	Forecasted (June 2020 – December 2020
Residential	** ________ **	** ________ **	** ________ **	** ________ **	** ________ **
Commercial	** ________ **	** ________ **	** ________ **	** ___________ **	** ___________ **
Industrial	** ____ **	** ________ **	** ________ **	** ________ **	** ________ **

[37] Includes Evergy Metro and Evergy West.
[38] Partial month 3/16/2020-3/31/2020.
[39] June 2020 through December 2020 estimated.
[40] May 2020 through July 2020 estimated.
[41] March 2020 through December 2020 estimated.

Evergy - Change in Revenue Due to COVID-19

	March 2020	April 2020	May 2020	June 2020
Residential	** **	** **	** **	** **
Commercial & Industrial	** **	** **	** **	** **

The below tables provide the COVID-19 related incremental costs to date and forecasted amounts incurred for each utility:

Ameren Missouri – Incremental Costs Incurred Due to COVID-19

	Actuals through June 2020	Forecasted (July 2020 – December 2020)
Incremental costs to allow employee to work at home	** **	
Additional cleaning expense and protective supplies for employees	** **	** **
Costs related to new assistance programs	None	
Costs incurred for possible sequestration	** **	** **
Other tracked costs	** **	** **

** **[42]

[42] Comments of Union Electric Company, d/b/a Ameren Missouri filed in Case No. AW-2020-0356, p 11.

Evergy – Incremental Costs Incurred Due to COVID-19

	Incurred as of May 31, 2020
Incremental Bad Debts	** ________ **
Incremental costs to allow employee to work at home	** ________ **
Additional cleaning expense and protective supplies for employees	** ________ **
Costs incurred for possible sequestration	** ____ **
Other tracked costs	** ____ **

Liberty - Incremental Costs Incurred Due to COVID-19

	Materials and Supplies	Labor	Donations	Legal Fees	Meals	Taxes	Total
Empire Electric	** ____ **	** ____ **	** ____ **	** ____ **	** ____ **	** ____ **	** ________ **
Empire Gas	** ____ **	** ____ **					** ____ **
Liberty (Midstates Gas)	** ____ **	** ____ **					** ____ **

Liberty is continuing to analyze and isolate the impact of COVID-19 on bad debt expense and will supplement this response.

<u>Spire – Incremental Costs Incurred Due to COVID-19</u>

	Actual through April 2020	Forecasted
Incremental costs to allow employee to work at home	** ____ **	** ____ **
COVID Leave	** ________ **	** ________ **
Additional cleaning expense and protective supplies for employees	** ________ **	** ________ **
Incremental bad debt	** ________ ** estimated	** ________ **
Costs related to new assistance programs	** ________ **	
Any other tracked costs (operations expense and lost customer revenues)	** ________ **	** ________ **

<u>SNGMO– Incremental Costs Incurred Due to COVID-19</u>

	Costs incurred through June 2020
Incremental costs to allow employee to work at home	$27,000
Additional cleaning expense and protective supplies for employees	$19,200
Other tracked costs	$44,000

SNGMO has not made any adjustments to the bad debt expense accrual calculation through June 30, 2020 related to COVID-19 impacts. SNGMO is evaluating arrearages and will resume collection efforts in July, which will provide some additional information to make necessary adjustments to the bad debt expense accrual in upcoming months.

<u>Raytown– Incremental Costs Incurred Due to COVID-19</u>

	Actual Costs as of July 15, 2020
Incremental Bad Debt Expense	$9,408
Incremental Cost to allow employees to work at home	$100
Additional cleaning expense and protective supplies for employees	$1,560

Question 13 asked each utility to quantify, for each of the following categories, the savings that has been realized due to the COVID-19 pandemic to date: external travel costs, external training costs, utilities expense for office use, or any other savings category tracked by your utility. The utilities were also asked to provide a current annual projection for each of these savings categories. ** ____

____

____

____________________ ** [43]

Below is a summary of responses for the other utilities:

<u>Evergy – Savings Realized Due to COVID-19</u>

		Savings from January 2020 through June 2020
Travel and Entertainment		** ______ **
Training		** ______ **
Utilities Expense		** ______ **

[43] Comments of Union Electric Company, d/b/a Ameren Missouri filed in Case No. AW-2020-0356, p 12.

Spire - Savings Realized Due to COVID-19

	Savings Incurred as of May 2020
Training Costs	** ____ **
Travel Cots	** ____ **

SNGMO - Savings Realized Due to COVID-19

	Savings Incurred as of June 30, 2020	Forecasted Savings (July 2020 –September 2020)
Training Costs	** ____ **	** ____ **
Travel Costs	** ____ **	** ____ **
Utilities Expense	** ____ **	** ____ **
Meals	** ____ **	** ____ **

All of the utilities except for Raytown and Evergy indicated they did not receive any governmental reimbursement for COVID-19 impacts. Raytown was able to secure a Paycheck Protection Program loan through the Small Business Administration. At this time it is not known if the loan will be forgiven. ** ____ ____ ____ ________________________. **

Most of the utilities indicated that they have not placed limitations on hiring, salary/benefit increases, or discretionary construction expenditures due to COVID-19. Ameren Missouri and Liberty are both currently evaluating hiring decisions, travel and training costs. Spire does not currently have any limitations on hiring, but delayed hiring of certain positions in March and April 2020. Evergy has indicated that some construction projects have been delayed to later in the year and may be pushed back to 2021 due to its commitment to social distancing.

All of the utilities responded that no employee layoffs have occurred and no voluntary employee reduction programs have been instituted due to the COVID-19 pandemic.

Question 20 asked utilities to provide information on the timing of the company's plans to restart collecting late fees from customers and when the company may begin the process of disconnecting customers for non-payment. The table below shows the start dates when each utility plans or has started collecting late fees from customers:

Company	Start collecting late fees	Disconnection Resumes[44]
Ameren Missouri	July 15, 2020 – Commercial customers August 3, 2020 – Residential customers	July 15, 2020 – Commercial customers August 3, 2020 – Residential customers
Evergy	2021	July 16, 2020
Liberty	July 16, 2020	July 16, 2020
Spire	May 27, 2020	July 6, 2020
SNGMO	July 15, 2020	July 15, 2020
Raytown	June 2, 2020	June 2, 2020

Evergy and Spire have both filed for Accounting Authority Orders ("AAO") to defer incremental costs and "lost revenues" due to the COVID-19 pandemic[45]. The rest of the utilities

[44] While the process of discontinuances of service has resumed, the timing of the actual discontinuance is dependent upon the utility's discontinuance procedures and varies from utility to utility.
[45] Missouri American Water Company has also filed for an AAO, but did not respond to Staff's questions for this case.

that responded are not planning on filing an AAO or have not made a decision at this time, but will continue to monitor the situation.

C. Additional Utility-Specific Information

OPC has held weekly meetings during the pandemic with many of Missouri's regulated utilities and other state agencies, including Staff, to discuss the various utility responses to the pandemic. Some utility-specific information is discussed in these meetings, much of which has been provided above. One area of topic discussed in the meetings but not provided above is estimated bills (See Table below).

Monthly Count of Estimated Bills by Utility

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Spire Missouri West	776	790	862	1,124	1,118	1,277
Spire Missouri East	1,365	2,033	2,533	2,419	2,698	3,084
Evergy West				363	658	269
Evergy Metro				239	337	591
Raytown			856	244	14	10
Empire Electric			2110	1537	1845	2439
Empire Water			130	222	321	183
MNG		2	4	18	8	18
Ameren Electric		2568	2704	2624	2545	2686
Ameren Gas		33	37	30	34	46
Summit			6	620	2	1
MAWC		5633	4974	6953	10615	7241

The number of estimated bills is unique to each utility and its circumstances. Ameren Missouri had no noticeable increase or decrease in its trend, while SNGMO had a large increase in the month of April only to return to normal in subsequent months. Raytown had high estimated bills in March that decreased, though the data was not available at the time of this report for prior months.

IV. Non-Utility Input

In its Order, the Commission also allowed opportunity for Staff to seek input from OPC, agencies or entities that would provide community or individual resources, other interested stakeholders, or from the public. To assist with this input, Staff developed the following questions:

1. Please describe the Low Income Home Energy Assistance Program (LIHEAP) and please describe any COVID-19 related changes to the program. Please describe any final or proposed changes to LIHEAP for the 2020-2021 Cold Weather Rule period.
2. Please describe any final or proposed COVID-19 related changes to the Low-Income Weatherization Assistance Program (LIWAP).
3. Please explain if there is a state and/or federal policy regarding the loss of rental assistance (i.e. Section 8 voucher) and potential eviction if a tenant's utility service is disconnected for nonpayment.
4. Please explain how utilities may best collect past due accounts without unduly burdening their vulnerable customers. Additionally, share other relevant concerns arising from the COVID-19 pandemic; please include how the pandemic is effecting your organization and the people your organization serves.

Staff Discussion

A. General Discussion

LIHEAP is a block grant administered by the U.S. Department of Health and Human Services ("HHS"). The State of Missouri Family Support Division ("FSD") applies for and receives LIHEAP funding, and then contracts with Community Action Agencies ("CAAs") or other agencies.[46] The block grant is utilized to assist low-income households, particularly those that pay a high proportion of household income for home energy, in meeting their immediate home energy needs. In its response, DSS summarizes various statutes and regulations applicable to LIHEAP.

[46] https://dss mo.gov/fsd/energy-assistance/pdf/liheap-manual.pdf

Concerning changes to LIHEAP, for the 2020-2021 Cold Weather Rule period, LIHEAP has expanded the definition of the Energy Crisis Intervention Program to include households in threat of disconnection, but which may not have received a disconnection notice.

CCM recommends the following further revisions to LIHEAP:

- Increase Missouri's LIHEAP eligibility guidelines above the current 135% of the poverty level,
- Increase the benefit amount above the current maximums for each household size,
- Allow payment of past-due heating bills with LIHEAP funds, prior to the winter heating season. At this time, funds are not being allowed for heating utility bills, although the state should be preparing for the upcoming difficult winter season.
- Redefine the definition of "crisis" currently being used by Missouri LIHEAP using broader definitions used in other states that allow for more flexibility and assistance to those in need.[47]

Question 3 for non-utilities asks about any state or federal policy regarding loss of rental assistance and potential eviction if a tenant's utility service is disconnected for non-payment. In response to this question, DSS refers to the Low-Income Home Energy Assistance Act of 1981 and Section 927 of the Housing and Community Development Act of 1992.[48] However, while Section 927 does describe criteria for the reduction of benefits, it is silent on the loss of benefits due to the disconnection of utility service for non-payment.

Although not presented as a direct response to question 3, LSEM states that Missouri and our nation are on the precipice of a massive housing and homelessness crisis.[49] Referencing a

[47] Consumers Council of Missouri's Responses to Staff Questions. July 15, 2020.
[48] Missouri Department of Social Services Comments, filed July 15, 2020.
[49] Comments of Legal Services of Eastern Missouri, filed July 15, 2020.

Washington Post article[50] and its experience with clients, LSEM is rightfully concerned about low-income families losing their homes or losing access to essential utility services. LSEM states that if a family decides to sacrifice rent payments for utility bills or vice versa, that family will remain at risk for eviction and homelessness regardless of which payment it makes given many lease agreements require the tenant to maintain utility services. According to LSEM, a utility disconnection can result in the termination of the Section 8 Housing Choice Voucher Program.[51]

Regarding other relevant concerns arising from the pandemic, DE responds that the pandemic is having an effect on Low-Income Weatherization Assistance Program ("LIWAP"), causing a delay of approximately three to four months in service provided to clients; however, it states that all services should resume, and all postponed work should be completed by the end of fiscal year 2021.[52]

According to DSS, LIHEAP has received fewer applications in FFY 2020, which follows a national decline in applications. The expectation is that requests for LIHEAP assistance will increase over the next few weeks due to the ending of the disconnection moratoriums and the prevailing economic conditions.

EEFA recommends implementation and extension of the disconnection moratorium for electric, gas and water utilities under the Commission's jurisdiction.

Missouri CAN recommends the following strategies to help ensure energy security for all Missourians:

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[50] https://www.washingtonpost.com/business/2020/07/06/eviction-moratoriums-starwood

[51] 24 CFR 982.552(c) (allowing a Public Housing Authority (PHA) to terminate assistance for a Section 8 Housing Choice Voucher Program participant due to a breach in family obligations, which pursuant to 24 CFR 982.551(c) and 24 CFR 982.552(c)(1) includes failing to pay for utilities).

[52] Missouri Division of Energy's Response to Order Directing Responses. June 15, 2020.

• Restore access to service for any utility customer whose service has been cut off without requiring a down payment.

• Waive late payment fees and security deposits.

• For past-due bills, provide deferred plan options that are affordable based on a household's actual income and expenses.

• For households with low incomes, use debt forgiveness programs that avoid adding to current monthly bills.

• Expand bill payment programs that reduce monthly bills to an affordable level.

• As weatherization crews safely return to work, expand access to comprehensive wholehouse energy efficiency and retrofit opportunities.

• Require more comprehensive utility tracking and reporting of data on residential customer overdue bills, disconnections, and repayment efforts, while still respecting billpayer privacy.[53]

The majority of recommendations and concerns submitted by non-utilities called for utilities to offer flexible and extended payment plans to customers, opportunities for customers to renegotiate plans, no requirement for down payments and arrearage forgiveness measures. It is recommended by several stakeholders that deferred payment arrangements remain in place until at least six months after the Governor's Executive Order expires on December 30, 2020. LSEM called for utilities to cease credit reporting on delinquent accounts during the same period.

There were recommendations that utilities continue to refer customers to assistance agencies and to establish clear communications about new utility policies and programs.

[53] Comments from Missouri Community Action Network, filed July 15, 2020.

The Sierra Club recommends that the Commission require utilities that do not have voluntary customer-funded programs to create programs allowing customers to decide to pay extra on their bills in order to assist struggling customers.[54]

CGA suggests that the Commission investigate how utilities could contribute to Missouri's economic recovery, stating that there is an opportunity to determine if utilities can provide near term projects that are economically beneficial for Missouri.[55]

B. Energy Efficiency

Missouri CAN recommends that, "As weatherization crews safely return to work, expand access to comprehensive whole-house energy efficiency and retrofit opportunities."[56] CCM concurs[57] with the Missouri CAN recommendation. Sierra Club recommends focusing energy efficiency programs on high-risk customers [low-income customers and newly-financially strapped customers].[58]

Evergy Missouri Metro and Evergy Missouri West both offer a Heating, Cooling & Home Comfort program (formerly known as the Whole House Efficiency program) through its Missouri Energy Efficiency Investment Act ("MEEIA") demand-side portfolio. This three-part program offers; 1) home envelope measures such as insulation and air sealing once a comprehensive energy audit has been completed, 2) energy savings kits or kit components provided to residential customers by the Company to include discretionary energy assessments to targeted low-income residents; and 3) incentives for improving the efficiency of a home's HVAC equipment. Ameren

[54] Sierra Club Comments, filed July 15, 2020.
[55] Comments of Clean Grid Alliance, filed July 15, 2020.
[56] Comments of Missouri Community Action Network.
[57] Consumers Council of Missouri's Responses to Staff Questions, pg. 7.
[58] Sierra Club Comments, pg. 9.

Missouri offers an Energy Efficient Products program through its MEEIA demand-side portfolio that is intended to be an "umbrella" program. This program is intended to reduce energy use by encouraging residential customers to purchase qualifying efficient products.

Evergy Missouri Metro, Evergy Missouri West, Ameren Missouri, and Empire all offer a low-income multifamily program through their MEEIA demand-side or energy efficiency portfolios. These programs provide energy savings to low-income customers residing in multifamily properties through a combination of education, incentives, direct-install measures, and retrofit rebates. Ameren Missouri also offers a low-income single-family program that provides energy savings through similar channels as the multifamily program.

The companies have already begun implementing ways to make energy efficiency more accessible to all customers, including low-income customers, due to the COVID-19 impact. Staff recommends the companies continue to strive toward assisting in making energy efficiency more accessible to all customers, especially high-risk customers due to COVID-19 through the collaborative discussion process with stakeholders.

C. <u>Low-Income Weatherization/Programs</u>

Responses were received in regards to non-utility stakeholder questions on LIWAP and LIHEAP.

DE advised of changes made to the LIWAP program by working with the DSS. They amended the LIHEAP State Plan to allow for higher average expenditures per household when using LIHEAP funds for weatherization. This amendment raises the "average cost per unit" to $8,750, which provides improved flexibility in the use of LIHEAP funds for weatherization. DE has also increased communication with sub-grantees by holding more frequent meetings, currently on a bi-weekly basis, to stay apprised of sub-grantee activities and to answer questions as they arise.[59]

In its response, DSS provided an update on the increase to the average expenditures per household for LIHEAP to $8,750, and the Governor's recommended Amendment to House Bill 2006. Section 6.345, FY 2020, recommends an additional $1,996,764 federal funds for LIWAP, which is 10% of the state's allocation for LIHEAP.[60]

LSEM recommends:[61]

> Customer service representatives should actively review a customer's utility account for higher than average usage whenever a customer initiates contact with the utility company regarding the need for a deferred payment arrangement. If the customer's account shows a higher than average usage, the customer service representative should refer the customer to the LIWAP where appropriate and provide the customer information on how to access such assistance.

EEFA recommends:[62]

- "Allow for cross-eligibility for energy assistance funds, i.e. if one is eligible for Medicaid or SNAP (Supplemental Nutrition Assistance Program), they should also immediately qualify for assistance."
- "Utilities should be directed to increase customer outreach and education to inform customer about all methods of help with their bills – LIHEAP (cooling cap is now $600 from $300), other forms of energy assistance and aid, and energy efficiency programs.

[59] Missouri Department of Natural Resources – Division of Energy response.
[60] Missouri Department of Social Services response.
[61] The Legal Services of Eastern Missouri response.
[62] The Joint Comments of Missouri Energy Efficiency for All response.

CCM suggests recommendations to LIHEAP:[63]

- "There should be an opportunity to make recommended revisions to the state of Missouri DHSS guidelines for LIHEAP….."
    - Recommendations to Missouri's LIHEAP include:
        - Increase eligibility guidelines above the current 135% of the poverty level
        - Increase benefit amount above the current maximums for each household size
        - Allow payment of past-due heating bills with LIHEAP funds, prior to the winter heating season.
        - Redefine the definition of "crisis" currently being used by Missouri LIHEAP using broader definitions used in other states that allow for more flexibility and assistance to those in need.

Staff recognizes the recommendations from each organization for the LIWAP and LIHEAP programs have been received in response to questions sent out. Staff suggests the recommendations, without commenting on whether there is a valid need, are outside of the Commission's authority. The oversight and management of those programs are at the Federal and State level. The ability to order changes to programs and/or require utilities to screen for eligibility of programs and change availability of funds is outside the jurisdiction of the Commission and involve multiple parties to work toward expansion of eligibility.

Staff also notes OPC has not commented at this time on potential work being done to expand the reach of these programs.

V. Other States

While states may have different rules and regulations, there is no federal rule that requires utility companies to offer customers assistance during the pandemic, but as a courtesy, many utility

[63] Consumer Council of Missouri response.

companies nationwide are working with customers to do just that. As uncertainties surrounding the spread of the virus continues to grow and people are unable to work, their arrearages continue to grow. Many states have weighed in on delaying discontinuances of service and late fees due to the virus. Many states have also asked utility companies to keep track of the expenses incurred during this pandemic. But many states have not determined how the utilities will recover the lost expenses. Some states, like Alaska, have agreed to let it be recovered in future rate cases. Some states, like Texas and Florida, have stated that the commission will hear rate cases and decide on a case-by-case basis which utilities will be allowed to recover the losses. And some states, like Indiana and Minnesota, have already rejected the idea of utilities recovering lost revenue in a rate increase. According to utilitydive.com, The Indiana Regulatory Utility Commission ("IRUC") stated: "Asking customers to go beyond their obligation to pay for services they did not receive is beyond reasonable utility relief based on the facts before us."[64]

Below is a summary of information from Naruc.org summarizing tracking information of several states. Not all states are listed as not all of them had information regarding COVID-19 expenses and much of the information has not been updated since April.

Alaska – Utilities may record uncollectible residential bills and extraordinary expenses as regulatory assets to be recovered in future rate cases.

Arizona – Commissioner Kennedy of the Arizona Corporation Commission ("ACC") continues to propose relief for ratepayers during proceedings at the ACC with approaches including emergency rates, disconnection suspension, customer bill assistance, including relief from Demand Rates and Time of Use Rates, expansion/implementation of Low-Income rates and use of Emergency Tariffs.

Arkansas – Placed a moratorium on service disconnections during the state of emergency. Also directed utilities to track costs associated with the moratorium and file quarterly reports on costs incurred and saved.

[64] See: https://www.utilitydive.com/news/regulators-reject-utility-moves-to-recover-revenue-lost-to-covid-19-as-anal/580899/

California – The California Public Utilities Commission ("CPUC") has ordered the utilities to discontinue the practice of non-payment disconnection and charging late fees on unpaid bills. Utilities have been asked to create flexible payment plans if financial hardship is a challenge. Two low-income programs can be used to offer bill discounts for low-income customers: California Alternate Rates for Energy ("CARE") and Family Electric Rate Assistance ("FERA"). See Section VI of this report for additional information.

Colorado – A state Executive Order directs, among other things, the Colorado Public Utilities Commission ("CoPUC") to work with all public utilities to develop and provide payment assistance programs to aid customers. Further, the CoPUC will collect and monitor relevant data from public utilities on the implementation of statewide measures undertaken in response to this Executive Order and on a weekly basis report these efforts to the Office of the Governor and report them on the CoPUC's website. See Section VII of this report for additional information.

Connecticut – Utilities will maintain a detailed record of costs incurred and revenues lost as a result of moratorium on disconnects, deposits, and payment arrangements.

Florida – The Florida Public Service Commission ("FPSC") has only approved one request, which came from Gulf Power Company to track and record unanticipated costs in order to defer recovery of costs due to COVID-19. The actual costs incurred and potential offsets will be reviewed by the FPSC when the company seeks approval for cost recovery.

Illinois – Utilities have been asked to keep track of costs incurred. See Section VI of this report for additional information.

Indiana – The governor issued an order encouraging utility companies, municipalities, and customers to work together to establish payment plans for past due accounts. Utilities are encouraged to offer payment plans of at least six months. The IRUC has rejected a request to raise residential electric rates to compensate for COVID-19.

M**aryland –** The Maryland Public Service Commission authorized utilities to create regulatory assets to track incremental costs related to COVID-19.

Minnesota – The state is requesting the utilities establish payment plans to help ease the monthly debt of utility customers. The Minnesota Public Utilities Commission has asked utilities to track expenses related to COVID-19 and defer those costs for possible future recovery.

Montana – Companies are allowed to increase their bad debt limit by 400%. If it becomes more, then the utility will file for recovery.

Nevada – Utilities shall establish regulatory asset accounting to reflect costs associated with COVID-19 beginning March 12, 2020 and track the number of customers whose service would have been disconnected under normal circumstances.

New York – On July 7, 2020, Governor Cuomo signed a directive to ensure utility services continue to operate. The directive included the development of policies to guide those organizations subject to commission oversight on rate-setting, rate design, utility financial strength, low-income programs, regulatory priorities, collections and termination of service, ensuring safe and adequate service at reasonable rates.

Ohio - The Public Utilities Commission of Ohio ("PUCO") issued an order March 20, directing Ohio's electric, natural gas, water & wastewater distribution utilities to suspend any in-person meter reading activities and any other non-essential work that would create unnecessary social contact.

Texas – Utilities are to record expenses due to COVID-19 as a regulatory asset. The Public Utilities Commission of Texas will decide, on a case-by-case basis, the appropriate adjustment to rates to reflect the recovery of any approved amount.

Washington DC – Utilities should create a regulatory asset account to record incremental costs related to COVID-19 that were prudently incurred, beginning March 11, 2020, to ensure residents would have utility service.

Wisconsin – Utilities are tracking costs associated with COVID-19. This tracking shall continue until a future Public Service Commission of Wisconsin ("PSCW") order. The tracking is for accounting purposes and does not bind the PSCW to any specific treatment for these costs in future cases or proceedings before the PSCW.

Wyoming – Any utility intending to apply for authority to recover lost revenue shall file an application to establish a deferred accounting order knowing that it does not guarantee the company recovery.

Many other states, including Kentucky, Kansas, Maine, Missouri, Idaho, New Hampshire, New Mexico, New York, Tennessee, and Virginia have suspended discontinuances of service but taken no formal action related to COVID-19 related expenses.

VI. NARUC Call

On July 29, 2020, a webinar was co-hosted by the National Consumer Law Center ("NCLC"), National Energy Assistance Directors' Association ("NEADA") and Public Utility Law Project of New York, Inc. The topic was "Protecting Consumers in the Time of COVID". Presentations were given by NEADA, the NCLC, Eversource (the largest energy company in New England) and California PUC Commissioner, Martha Guzman Aceves.

NEADA discussed concerns about the amount of funding available for LIHEAP in response to the growing need for assistance that will inevitably come with the ending of disconnection moratoriums. The initial funding for FFY 2020 was $3.75 billion. The CARES Act provided a supplemental funding amount of $900 million and the Health and Economic Recovery Omnibus Emergency Solutions Act ("HEROES") (House)/ Health, Economic Assistance, liability Protection and Schools Act ("HEALS") (Senate) would add $1.5 billion if passed. While LIHEAP funds are now available at record levels, there is still concern that it may not be enough to meet total household needs. Data (based on statistics from the last recession) is showing that an additional 8-9 million households may now be eligible for energy assistance when they may not have been in the past.

Some states have had moratoriums in place since last fall. Seven states have moratoriums that have already been lifted, and some customers have bills of over $1,000 or more.[65] Moratoriums are still active in 25 states and the District of Columbia. NEADA believes this is a predictable and preventable crisis and it will make coordination between advocates and regulators more important than ever.

The NCLC discussed how states have acted in response to COVID. Most states have implemented some type of moratorium: about half have been mandatory and the others have been voluntary/cooperative. Municipal and Co-op water companies are often not included in the moratoriums. There are several states that have taken steps to help consumers post-moratorium. Illinois, for example, had a settlement on June 10th that created the following stipulations: (1) terminated customers are to be restored, (2) moratoriums are to be restored until 30 days after

[65] NEADA webinar presentation, July 29, 2020.

the stipulated moratorium ends, or August 1st, (3) payment plans up to 18 or 24 months for those financially struggling (no down payments required for these), (4) debt forgiveness for LIHEAP customers ranging from $300 - $500, (5) no adverse credit reporting and no low-income deposits for six months, (6) stakeholder discussions to improve affordability, (6) zip-code level data reporting, and (7) agreement of cost recovery for companies (lost late fees, increased uncollectable and COVID expenses).

Massachusetts has opened a working docket where a joint proposal was filed by IOUs, the Attorney General, the Department of Energy, NCLC, Associated Industries of Massachusetts, and the Low-Income Energy Affordability Network ("LEAN"). The proposal included: (1) payment plans for up to 12 months or 18 months for low-income, (2) waiving of late fees, continuance of the moratorium through November 15, (3) an outreach plan (including webinars for LIHEAP agencies), (4) loosened arrearage managements programs ("AMPs") including rules for enrollment and forgiveness, (5) extension of self-certification period, and (6) discounts and AMPs.

Overall "best practices" recommended by NCLC include: longer and more affordable payment plans (at least 12 months); waiving of deposits, reconnection and late fees; adoption of arrearage management, arrearage write-offs, discount rates and income-based payment plans; easier documentation of eligibility; termination protections for elderly, infants and seriously ill; and ensuring adequate funding for low-income energy efficiency programs.

NCLC also discussed the need for data, specifically by zip code, so as to track any disparities in communities of color. This data should include: number of residential accounts, total billed and received amounts, number and dollar value of late fees, number and dollar value of unpaid accounts by vintage, number and duration of new payment agreements, number of accounts sent notice of disconnection for non-payment, number of disconnections for non-payment, number of service restorations after disconnection for non-payment, number and percent of customers completing an extended payment plan, average duration of service connection for restored accounts, and the number and dollar amounts of accounts written off as uncollectable.[66]

Eversource presented and discussed the various steps it has taken in response to the COVID-19 pandemic. Some of the special programs and services it has provided include: suspended credit activity, establishment of flexible payment plans, enhanced customer communications, launch of "CARES" team, engaging with communities, monitoring key performance indicators ("KPIs"), and expanded AMPs.[67]

The Eversource "CARES" team consisted of sixty team-members dedicated to connecting business customers to possible relief resources. Many members of this team came from areas that had formally been charged with collecting past due balances. Eversource also partnered with low-income advocates to develop new approaches, and offered webinars to its residential and business customers. Some of the KPIs tracked by Eversource include: arrearages greater than 60 days, arrears to receivables 60 and 90 days, number of customers eligible for disconnect noticing, number/percent of payment arrangements and number/percent of hardship accounts.

Eversource's AMP program allowed for assistance with paying utility bills that encourages consistent payment habits, but also rewards customers by arrearage forgiveness. It also keeps customers from disconnection of service. Eversource is hoping to streamline the enrollment and re-enrollment process for the program, expand the program to natural gas customers and increase the maximum forgiveness amount.

[66] NCLC webinar presentation, July 29, 2020.
[67] Eversource webinar presentation, July 29, 2020.

Commissioner Martha Guzman Aceves from the CPUC presented on measures they have seen in California for rate and bill impact relief. In March 2020, the Executive Director of the CPUC determined that all companies under its jurisdiction should halt customer disconnections for non-payment as a result of the State of Emergency called by the governor. In April, the CPUC implemented Resolution M-4842 for Residential and Small Commercial Customer Protections which included: (1) disconnections moratoria until April 16, 2021, (2) waiver of all deposits and late fees, (3) payment plan options, (4) support of low-income and vulnerable populations through increased enrollment in California Alternative Rates for Energy ("CARE"), Family Electric Rates Assistance ("FERA"), medical baseline, and Energy Savings Assistance ("ESA") programs, (5) enhanced public outreach, and (6) Community Choice Aggregation ("CCA")/Direct Access ("DA")/Investor-owned utility ("IOU") cost recovery/sharing arrangements.[68]

The CPUC also supported key decisions to provide relief to ratepayers including: (1) the high usage charge was temporarily reduced from 75% to 25% of the Tier 2 price for all three IOUs. The temporary price reduction is in effect from June 1, 2020 to October 31, 2020; (2) advancing Electric Climate Credits for Pacific Gas & Electric ("PG&E") and Southern California Edison ("SCE") to May/June; and (3) advancing Electric Climate Credits for Liberty and PacifiCorp.

In order to protect income qualified programs and customers, all CPUC regulated IOUs offered 60-day advance payments to ESA contractors and are temporarily allowing self-certification of income via affidavit for the ESA program. IOUs have also temporarily suspended all CARE and FERA program removals, suspended renewal requirements for

[68] Commissioner Martha Guzman Aceves webinar presentation, July 29, 2020.

CARE/FERA and have increased marketing of CARE/FERA programs. Since March 1, 2020, enrollment has increased by around 10% over the IOUs.[69]

VII. Legal/Legislative Analysis

A. Low-Income Proposals

In *State ex rel. Missouri Office of Public Counsel v. Public Service Comm'n of State*,[70] the Missouri Court of Appeals, Western District held that the Commission could change the cold weather rule without a contested case, even though the original rule was contained in company tariffs. "The Commission has the power to adopt rules supported by reasonable evidence prescribing 'the conditions of rendering public utility service, disconnecting or refusing to reconnect public utility service, and billing for public utility service.' § 386.250(6)."[71]

In that case, the Commission wished to adopt an emergency amendment to the cold weather rule outside of a contested case, which would change how much of the total amount owed by a customer the utility was allowed to collect in order to prevent disconnection during winter months. Under Section 536.025, RSMo, the Commission may adopt an emergency rule if it: (1) finds an emergency exists affecting public health, safety, or welfare; (2) adopts the rule in manner "best calculated to assure fairness to all interested…parties under the circumstances; (3) provides the protections extended by the Missouri and United States Constitutions; and (4) limits the scope of the rule to the circumstances creating an emergency and requiring emergency action.[72]

[69] Commissioner Martha Guzman Aceves webinar presentation, July 29, 2020.
[70] 210 S.W.3d 330 (2006).
[71] *Id*, pg. 334.
[72] *Id*.

The court held that this did not constitute retroactive ratemaking because it was permissible "to defer the final decision on extraordinary costs until a rate case is in order."[73] Further, the costs of the emergency rule "are merely a deferment of extraordinary costs. This procedure does not include nor need it include any determination of the reasonableness of the current rates."[74]

The Missouri Court of Appeals, Western District would go on to uphold this ruling again in *State ex rel. Office of Public Counsel v. Missouri Public Service Comm'n*[75] by allowing Laclede Gas Company to defer the costs for possible future recovery of complying with the emergency rule.

The Commission's general authority to hold an emergency rulemaking is granted under Section 536, RSMo, as stated above, the presence of an Executive Order declaring a statewide emergency grants the Commission even greater leeway to respond to the COVID-19 crisis. Due to the continued implementation of the Governor's emergency declaration through December 30, 2020,[76] the Commission continues to have within its authority the power to waive or suspend statutory or regulatory requirements, subject to the governor's approval, where strict compliance would hinder the State's response to COVID-19.[77] This includes the power to implement emergency rules without undergoing an emergency rulemaking docket due to the ongoing COVID-19 emergency. The extent of the Commission's authority, however, must remain within the Commission's capacity for rulemaking, and not venture into the realm of ratemaking.

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[73] *Id*, pg. 7, citing *Mo. Gas Energy v. Pub. Serv. Comm'n*, 978 S.W.2d 434, 438 (Mo.App. W.D. 1998).
[74] *Id*.
[75] 301 S.W.3d 556 (2009).
[76] Executive Order 20-12, https://www.sos.mo.gov/library/reference/orders/2020/eo12.
[77] Executive Order 20-04, https://www.sos mo.gov/library/reference/orders/2020/eo4, as extended by Executive Order 20-12.

B. Low-Income Legislation

As of the date of this filing, only one state had passed specific legislation responding to the timely payment of utility bills in the wake of COVID-19. On June 22, 2020, Governor Jared Polis of Colorado signed into law H.B. 20-1412, otherwise known as The COVID-19 Utility Bill Payment-related Assistance Act ("the Colorado Act").[78]

As a result of the federal CARES Act, and the resulting creation of the Coronavirus Relief Fund ("CRF"), the state of Colorado received $2.233 billion from CRF for state budgetary shortfalls due to COVID-19.

Within a Frequently Asked Questions ("FAQ") issued by the United States Department of the Treasury, it is recommended that "Fund payments may be used for subsidy payments to electricity account holders to the extent that the subsidy payments are deemed by the recipient to be necessary expenditures incurred due to the COVID-19 public health emergency…if determined to be a necessary expenditure, a government could provide grants to individuals facing economic hardship to allow them to pay their utility fees and therefore continue to receive essential services."[79]

With that guidance in mind, the Colorado Act creates, within the state's treasury, the energy outreach Colorado low-income energy assistance fund, to be administered by the Colorado energy office. The fund will initially receive $4.8 million from Colorado's share of CRF funds, to be continuously appropriated for distribution. The fund will provide direct utility payments for certified low-income households who are unable to pay their utility bills due to COVID-19.

[78] https://leg.colorado.gov/sites/default/files/2020a_1412_signed.pdf.
[79] https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf.

The payments may be made to any electric or gas utility within the state, including municipal and cooperative utilities.

The state of Missouri received roughly $2.083 billion from the CRF.[80]

Finally, during the last few legislative sessions, the Missouri General Assembly has considered bills related to low-income utility services and rates. Most recently, in the 2020 legislative session, HB 1762 was introduced by Representative Jeff Knight, which would allow the Commission to authorize a low-income rate for water and sewer service. More specifically, during a general rate proceeding, the bill would have authorized the Commission to set a separate, lower fixed charge or customer charge for low-income customers of water corporations and sewer corporations. According to the bill, the aggregate impact of the low-income rate must be no more than one-half of one percent of the total revenue requirement allocated to the residential customer class. The bill stated that the Commission must require the water or sewer corporation to verify a customer's financial status using a third party or community agency. Final Disposition: Read a second time in the House.

[80] https://mapyourtaxes mo.gov/MAP/Covid19/HomePage.aspx.