

PUBLIC SERVICE COMMISSION OF WISCONSIN

Memorandum

June 2, 2020

FOR COMMISSION AGENDA

TO: The Commission

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RE: Investigation on the Commission's Own Motion to Ensure Safe, Reliable and Affordable Access to Utility Services During Declared Public Health Emergency for COVID-19 5-UI-120

Suggested Minute: The Commission (directed/did not direct) that a supplemental order be prepared related to the investigation on the Commission's Own Motion to Ensure Safe, Reliable and Affordable Access to Utility Services During Declared Public Health Emergency for COVID-19 consistent with its discussion.

Introduction

In response to Governor Evers' declaration of a public health emergency due to COVID-19, the Commission issued an Order on March 24, 2020, temporarily altering the tariffs of all Wisconsin public utilities until further order of the Commission. ([PSC REF#: 386373](#).) The Commission issued the Order to prevent injury to the business and interests of the people and the public utilities of the state, pursuant to the Commission's authority under Wis. Stat. §§ 196.02(1) and 196.70, and Wis. Admin. Code §§ PSC 113.01(2), PSC 134.01(2), and PSC 185.11(4).

In response to the Commission's order of March 24, 2020, Wisconsin Utilities Association (WUA) and the Citizens Utility Board (CUB) requested clarification on whether the order points in docket 5-UI-120 would be rescinded upon the Governor's termination of the public health emergency. ([PSC REF#: 387340](#).) The Order states that the Commission finds it necessary to temporarily alter the tariff provisions of all public utilities in the state, which will not be rescinded when the Governor lifts the public health emergency, but rather will be in place until further order of the Commission. ([PSC REF#: 386373](#).) Both parties commented on the duration of the Order, the timeline for lifting requirements and indicated that all parties would benefit from greater clarity regarding the Commission's intentions related to the term of the requirements. ([PSC REF#: 387786](#).)

The Commission has authority under Wis. Stat. § 196.70(1) to temporarily alter or amend any existing rates, schedules, or orders and also has discretion to determine when circumstances no longer warrant the temporary tariff alterations. The Commission finds that making a determination regarding the duration of the provisions of its orders in this docket will require information on the effects of those orders as well as information on the economic and public health concerns and conditions facing utilities and customers. At its open meeting on April 30, 2020, the Commission directed staff to report back at set intervals on each issue for the Commission to make determinations on an as-appropriate basis regarding the duration, conclusion, or unwinding of any part of the Commission's order of March 24, 2020, or the Commission's Supplemental Order – First ([PSC REF#: 390567](#)). The Commission issued a data request on May 8, 2020, soliciting relevant data and information from stakeholders with responses due by May 15, 2020 ([PSC REF#: 389134](#)), and directed staff to report to the Commission no later than June 1, 2020 ([PSC REF#: 390567](#)).

Summary and Analysis of Data Request Responses Received

A summary of the data request responses received is attached to this memorandum as Appendix A.

Duration and Conclusion of Any Commission Action Related to These Topics

The Commission received data request responses from 25 utilities, as well as Municipal Electric Utilities of Wisconsin (MEUW) and WPPI Energy (WPPI), commenting on the duration or conclusion of Commission actions taken in this docket. While several responses requested the Commission lift restrictions following the lifting of the Safer at Home order, 11 utilities offered specific time frames based on the need to collect arrears and bring accounts current prior to the next winter moratorium. The most common response specifically requested that the temporary requirements expire 30 to 60 days after the expiration of the public health emergency or the lifting of Safer at Home.¹ Some responses noted balancing the objectives of customer safety and collections activity prior to the start of the winter moratorium on November 1. Some utilities that collect delinquent amounts using the tax roll process pursuant to Wis. Stat. § 66.0809² requested certain temporary provisions be lifted in time to initiate that process.³ Most utilities agreed upon a winding down period that would allow utilities time to communicate with

¹ The public health emergency declared by the Governor under Executive Order #72 automatically expired on May 11, 2020, 60 days after it was declared, and the Safer at Home order was lifted on May 13, 2020. https://docs.legis.wisconsin.gov/misc/lc/issue_briefs/2020/covid_19/ib_orders_sm_2020_17_04

https://docs.legis.wisconsin.gov/misc/lrb/lrb_reports/covid_19_public_health_emergency_4_9.pdf

² Wisconsin State Statute § 66.0809 requires municipalities to place delinquent water bills on the tax roll as a special charge against the property that was furnished with utility service. Electric utilities who want to use the tax roll must have an ordinance to do so.

³ Municipal utilities that use tax roll collections must provide the property owner notification on October 15 of the property's arrears. If the arrears remain unpaid by November 15, the arrears and a 10 percent penalty are levied as a special charge, as defined under s. 74.01 (4), against the lot or parcel of real estate to which utility service was furnished and for which payment is delinquent.

customers to set up a deferred payment agreement (DPA) or for customers to seek financial assistance.

MEUW and WPPI on behalf of municipal utilities suggested the Commission restore tariff provisions and rules related to disconnection, late payment fees, DPAs, deposits and documentation of residency and identity with sufficient time for utilities to work with customers to bring accounts current in advance of the winter moratorium. ([PSC REF#: 389539.](#)) Northern States Power Company – Wisconsin (NSPW) stated that most requirements should expire 30 to 60 days after the expiration of the public health emergency, but indicated the decision should balance the need for the requirements against the cost of maintaining the requirement measured by the size of the deferral balances. ([PSC REF#: 389523.](#)) Superior Water, Light and Power (SWL&P) suggested a winding down of 30 to 60 days, and noted customer, community, and utility employee health should be balanced with stakeholder needs like affordability, reliability, and overall financial health of the utility. ([PSC REF#: 389555.](#))

The primary theme that emerged regarding the duration of the temporary requirements was a concern that a prolonged moratorium on disconnections would result in an increase in uncollectible accounts and arrears carrying over to the next year. Suspension of disconnections and the requirement to reconnect service ensures access to essential utility service that is vital amidst the COVID-19 crisis. Moreover, utilities recognized that the economy will not immediately return to normal. Waiving late payment fees, credit card fees and deposits provides customers some relief. Many utilities' responses described looking for the best option to reconcile providing essential services with maintaining the financial health of the utility.

To complement the findings from the data request responses to develop alternatives for potential future Commission action, Commission staff reviewed public health emergency

responses from other Midwest states based on their geographic proximity to Wisconsin. Illinois, Michigan and Minnesota issued similar orders to prevent disconnections and waive late payment fees during the public health emergency, but at this time have not provided a plan for an unwinding of these temporary alterations. The Iowa Utility Board (IUB) recently issued an order in connection with the May 27, 2020, expiration of the Iowa Governor's COVID-19 public health proclamation, directing the phasing-in of utility service disconnections.⁴ The order provides that a municipal utility or an electric cooperative may resume disconnection of gas or electric service on or after May 28, 2020, and investor owned utilities (IOUs) may resume disconnections after July 1, 2020, with proper notice. IOUs may decide to waive all or some portion of a customer's past-due amount, or enter into additional payment agreements beyond those required. If an IOU waives a portion of a customer's arrears, the utility may include those amounts in a regulatory asset account. Utilities must comply with specific disconnection conditions and requirements as directed in the order and provide proper notice. In addition, each customer subject to disconnection must be allowed a 30-day extension of disconnection for any special health condition, pursuant to IUB rules, if the customer has a health condition that requires the use of electric or natural gas service. A 30-day extension of disconnection must also be allowed when the customer or a member of the customer's household has tested positive for COVID-19. The utility may require verification of the test results. The 30-day extension must be extended if the customer, or a person in the household, is still under COVID-19 quarantine at the end of the original 30-day period.

⁴https://efs.iowa.gov/cs/idcplg?IdcService=GET_FILE&dDocName=2029186&allowInterrupt=1&noSaveAs=1&RevisionSelectionMethod=LatestReleased

Commission Alternatives: Duration and Conclusion

Alternative One: Lift all temporary provisions simultaneously on a date set by the Commission.

Alternative Two: Address the lifting of each temporary provision on an individual basis as applicable and as discussed in the following sections of this memorandum.

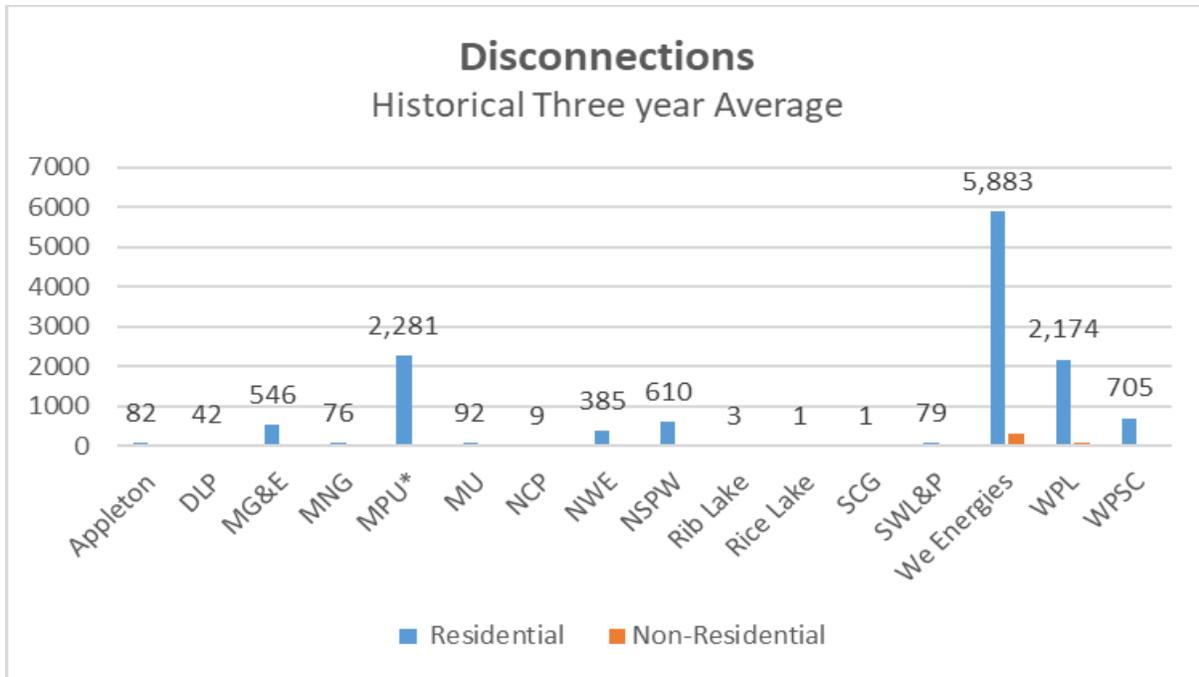
Alternative Three: Take no action on this issue at this time.

Disconnection of Service

The majority of responses supported lifting the temporary prohibition against disconnection of service for nonpayment within 30 to 60 days following the expiration of the Public Health Emergency or Safer at Home order. Wisconsin Electric Power Company and Wisconsin Gas, LLC (We Energies) and Wisconsin Public Service Corporation (WPSC) suggested the ability to issue a 30-day disconnection notice on July 1, with the first available disconnection date occurring on July 31, as one way to give customers additional time to prepare for service disconnections, as opposed to the minimum 10-day notice that is generally required when disconnecting a customer for nonpayment. We Energies and WPSC also cited concerns for employee safety when entering customer homes to reconnect service. ([PSC REF#: 389578.](#))

Many of the water utilities who responded do not disconnect service for non-payment.

Of the 26 data request responses, five utilities do not disconnect service, three utilities reported no disconnections during the period in question and one utility has no information available.



Utilities with smaller customer bases generally reported low numbers of disconnections historically, with exceptions. The utilities with the largest customer bases generally report more significant historical disconnection activity. Manitowoc Public Utility (MPU) tracks disconnections as a total number, therefore the 2,281 reported disconnections represents both residential and non-residential customers.

Most utilities reported no disconnections from April 15, 2020 through May 15, 2020. Madison Gas and Electric (MG&E) disconnected 15 customers due to structure fires and gas leaks on customer piping. ([PSC REF#: 389561.](#)) SWL&P ([PSC REF#: 389555](#)) disconnected for meter tampering and at vacant properties, and Wisconsin Power and Light Company (WP&L) disconnected 10 meters because of a dangerous condition and 430 at the customer’s request. ([PSC REF#: 389577.](#))

While the moratorium on disconnections provides necessary customer protections and ensures access to essential utility service during the pandemic, it also leads, for certain utilities, to higher deferral balances and uncollectible expenses. The data responses demonstrate a

concern for balancing customer safety with utility collections. Staff note that under normal circumstances, utilities may, but are not required to, disconnect service for nonpayment pursuant to the requirements of the Wisconsin Administrative Code. Therefore, the effective date upon which this temporary provision is lifted is not the date upon which a utility must commence disconnections. The utility may roll out a phased approach based on thresholds as required by operational conditions and constraints, as long as the approach is nondiscriminatory. This phased rollout of disconnection activity is generally common among larger utilities during the non-moratorium months.

As a matter of operating and disconnection process, if the Commission wishes to identify an upcoming date for the lifting of this requirement in the near term, allowing disconnection notices to be issued as soon as July 15, 2020, should the Commission choose, may allow sufficient time for the Commission to issue its order and for utilities to begin ramping up internal processes as well as customer communications in the meantime.

The Commission, if it lifts this temporary provision as of a specified date, may wish to clarify whether a positive COVID-19 test of a customer or a member of a customer's household shall be considered a medical emergency for the purposes of a 21-day medical extension of service,⁵ and whether the 21-day extension must be extended if the customer, or a person in the household, is still under a COVID-19 quarantine at the end of the original 21-day period.

Commission Alternatives -- Disconnection of Service

Alternative One: Take no action on this issue at this time.

⁵ The Wis. Admin. Code provides for 21-day medical extensions of service in Wis. Admin. Code §§ PSC 113.0301(13)(a), PSC 134.062(11)(a), and PSC 185.37(10)(b).

Alternative Two: Lift this temporary provision, providing that disconnection notices may be issued effective July 15, 2020, and the first available date for disconnection for nonpayment to occur is 10 days later on or after July 25, 2020. Make any clarifications related to medical extensions and COVID-19 as discussed by the Commission.

Alternative Three: Lift this temporary provision, providing that disconnection notices may be issued effective upon a date specified by the Commission, and that the first available date for disconnection for nonpayment to occur is set at a date established by the Commission, at least 10 days following the first available notice date in order to allow for at least the minimum disconnection notice procedures to be applied. Make any clarifications related to medical extensions and COVID-19 as discussed by the Commission.

Documentation of Residency and Identity

Regarding the temporary prohibition against disconnection or refusal of service for failure to provide sufficient documentation of residency and identity, Commission staff noted in the April 24, 2020 memorandum it did not at that time have sufficient information to provide an estimate of the uncollectible amounts associated with this provision or the extent to which customers were impacted. ([PSC REF#: 388494.](#)) The data request responses generally indicated this temporary waiver affected relatively few customers and did not have notable or material impacts on utilities. Other utilities note the potential for identity theft and increased arrears could be of concern.

Seven utilities indicated they have not disconnected or refused service to a customer for failure to submit documentation of residency and identity over the last three years, with five additional utilities indicating this question did not apply to them – possibly because some of the responding utilities do not require initial proof of residency and identity. Fourteen utilities

indicated they require some documentation of either identity or residency, or both. Of the utilities that reported historically disconnecting or refusing service to customers for this reason, all reported low previous three-year average numbers with the exception of the largest responding utility, We Energies, which reported a three-year average of 856 disconnections or refusals of service.

Some responding utilities noted that requiring documentation of identity and residency helps protect the utility and its customers against identity theft and uncollectible debt, and are not difficult for a typical customer to provide. MG&E noted that applications for service typically increase over the summer months, and stated the importance of being able to require such documentation to lower the risk of identity theft and fraudulent applications. ([PSC REF#: 389561.](#))

When asked about the suggested timeline for unwinding this temporary provision, some utilities suggested this be lifted along with the Safer at Home Order. IOUs tended to suggest a window of approximately 30 to 60 days following the expiration of the public health emergency to allow time for affected customers to secure documentation.

Commission Alternatives -- Documentation of Residency and Identity

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision, allowing disconnection notices for failure to provide documentation of residency and identity to be issued as of July 15, 2020, and for the first available date for disconnection or refusal of service for this reason to resume to be July 25, 2020.

Alternative Three: Lift this temporary provision, allowing disconnection notices for failure to provide documentation of residency and identity to be issued as of July 22, 2020, and for

the first available date for disconnection or refusal of service for this reason to resume to be July 31, 2020.

Alternative Four: Lift this temporary provision on another date and notification timeline consistent with the Commission’s lifting of the prohibition against disconnections and refusals of service for nonpayment.

Alternative Five: Lift this temporary provision effective upon a date and notification timeline specified by the Commission.

Deposits

The majority of responses suggested that the Commission lift the temporary prohibition against requiring a cash deposit or other guarantee as a condition of any new service when the Safer at Home Order is lifted, or within 30 days. Of the 26 utilities that provided responses to the data request, 14 do not assess new customer deposits.

Utility Name	Amount	Historical 3-year Average	Projections/Estimates
Rice Lake	\$350.00	\$975.00	None
NSPW	\$72,2999.00	\$132,289	None
City Gas Company	\$386.00	\$1,774.00	None
WP&L	\$7,980.00	\$27,244.00	None
We Energies	300 Commercial deposits	272 Commercial deposits	None
WPSC	250 Commercial deposits	306 Commercial deposits	None
Marshfield Utilities	No information	\$17,218	None
North Central Power	No information	\$2,618.00	None

Both St. Croix Gas (SCG) and MPU only assess deposits on commercial accounts, and MPU reported it would have assessed fewer than five new customer deposits following the Commission's March 24, 2020 order. We Energies and Dahlberg Light and Power Company (DLP) both assess new customer deposits, but provided no data on amounts.

Some utilities provided that prolonged restrictions on deposits would be beneficial to customers who are coping with the financial hardship because of the public health emergency, and would pose minimal financial impact to the utility. WP&L responded that its volume of accounts where deposits were assessed was low and would not require a phased approach. WP&L suggested a 30 to 60 day transition period to allow for a return to normal business operations. ([PSC REF#: 389577.](#)) We Energies and WPSC proposed the suspension of customer deposits remain in place until July 31, 2020 to provide relief to customers who are struggling with the financial impacts of COVID-19. ([PSC REF#: 389578.](#)) Utilities may, but are not required to, issue a new customer deposit under specific circumstances under the general requirements of the Wisconsin Administrative Code. Therefore, the date upon which this temporary provision is lifted is not the date upon which a utility must commence issuing new customer deposits, but rather the date upon which it is able to.

Commission Alternatives – Deposits

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision effective as of a date consistent with the Commission's lifting of the prohibition against disconnections and refusals of service for nonpayment.

Alternative Three: Lift this temporary requirement effective as of a date established by the Commission.

Late Payment Fees

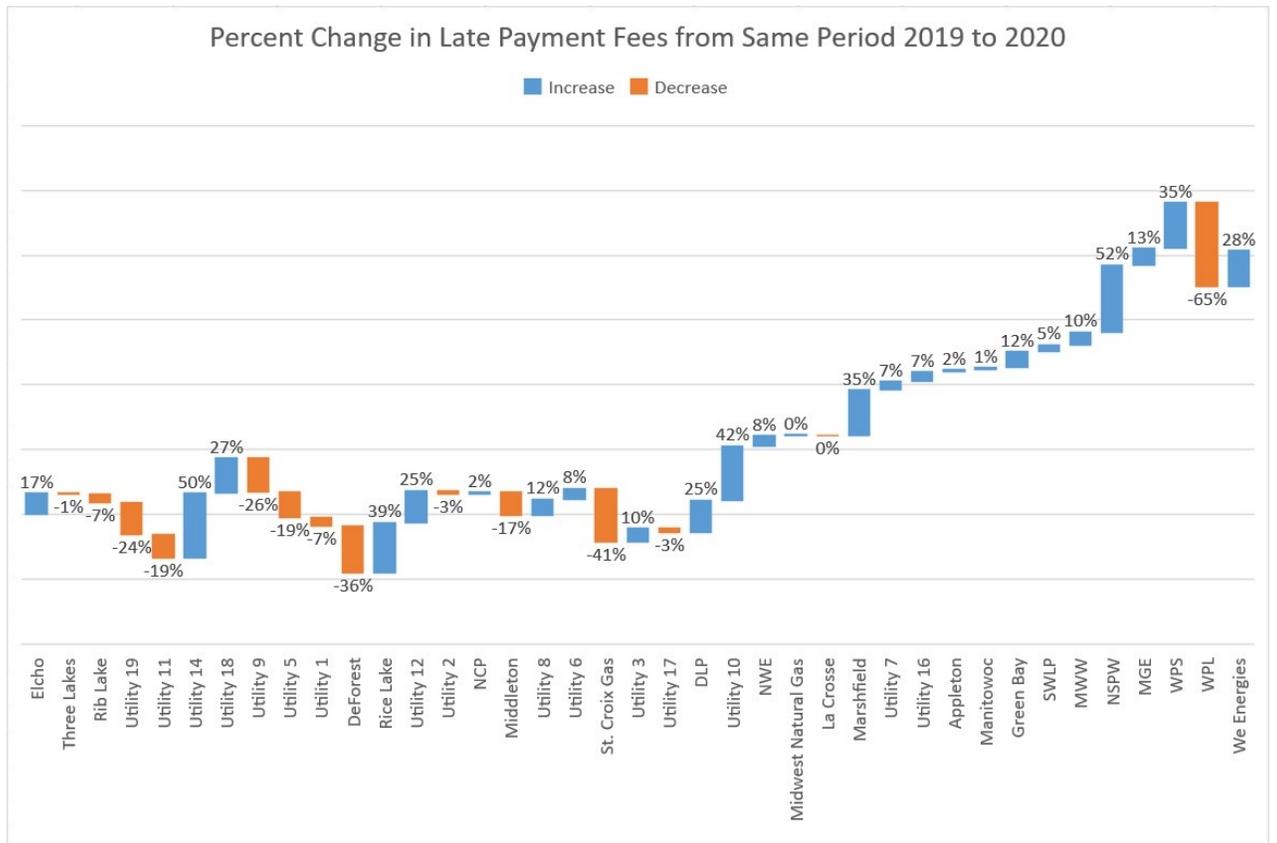
Many respondents noted that late payment fees are a source of revenue for utilities, and encourage timely payment and enrollment in DPAs. Many utilities share the concern that lost revenue due to waived late fees will contribute to bad debt, which will ultimately be passed on to ratepayers. Commission staff conversations with individual utility staff supports this sentiment.

A comparison of waived late payment fees as a result of the Commission's March 24, 2020 order against late payment fees actually assessed for the same period in 2019 shows the average percent change in late payment fees for both IOUs and municipal utilities is roughly equal. The overall average for all responding utilities and for municipal utilities only, is an increase of five percent in (actual and waived, respectively) late payment fees bill cycle over bill cycle. The average for all responding IOUs is an increase of 5.6 percent. However, the average increase for the largest responding utilities with over 100,000 customer accounts is higher at 12 percent.⁶

The analysis of utility responses is complicated by the various methodologies used by responding utilities, limitations of various utility billing systems, and differing billing cycles. It is important to note that many utilities bill quarterly and may not yet have data for the first full billing cycle following issuance of the March 24, 2020 order.

The data also suggests that different communities experience different economic impacts of the public health emergency.

⁶ The largest responding utilities are Milwaukee Water Works (MWW), NSPW, MG&E, WPSC, WP&L, and We Energies. All are IOUs with the exception of MWW, which is a municipal utility.



Some utility responses favored reinstating late payment fees along with the Safer at Home order being lifted, and others suggested reinstating late payment fees 30 to 60 days following the lifting of the Safer at Home order. MEUW and WPPI noted that a phased approach would be beneficial to prioritize assessing late payment fees to large commercial and industrial customers. ([PSC REF#: 389539.](#))

In its response, WP&L indicated it had waived late payment fees from March 1 through March 24, 2020. WP&L plans to continue to waive late payment fees for customers until July 1, 2020, regardless of the expiration of the public health emergency, and noted it would not retroactively apply late fees. ([PSC REF#: 389577.](#)) Rice Lake Utilities (Rice Lake) requested that the Commission clarify if late payment fees would apply retroactively to the full outstanding balance or only to new balances that become outstanding. ([PSC REF#: 389455.](#)) As

clarification, staff note the Commission's order of March 24, 2020, prohibited utilities from assessing upon any customer any fee or charge for late payment for an arrearage incurred during the period beginning with the effective date of the order.

The Commission could elect to lift the requirement to waive late payment fees effective on a specific date, or it may wish to set a date for the lifting of the requirement but specify that a utility may optionally choose to waive late payment fees for a longer determined period without violating its tariff, so long as it notifies the Commission⁷ and applies this policy to all customers in a non-discriminatory way. This approach may recognize the variation in impacts of this provision by utility and customer base.

Commission Alternatives -- Late Payment Fees

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision effective as of July 15, 2020.

Alternative Three: Lift this temporary provision effective as of July 15, 2020, and allow utilities to opt in to continuing to waive late payment fees for a specified duration of time without violating the utility's tariff provided this is done in a non-discriminatory manner, and to work with staff to notify the Commission of this opt-in.

Alternative Four: Lift this temporary provision effective as of a date specified by the Commission.

Alternative Five: Lift this temporary provision effective upon dates specified by the Commission, and allow utilities to opt in to continuing to waive late payment fees for a specified duration of time without violating the utility's tariff provided this is done in a non-discriminatory manner, and to work with staff to notify the Commission of this opt-in.

⁷ This process could be similar to the expedited process Commission staff developed for utilities to opt into waiving credit card payment fees.

Landlord Requested Termination of Municipal Electric Services

The issue of landlord requested termination of service only pertains to municipal electric utilities, and therefore eliminated responses from several utilities. Rice Lake ([PSC REF#: 389455](#)) reported two landlord requests to disconnect service to a customer who was a tenant in the period following the March 24, 2020 Order, and MPU ([PSC REF#: 389586](#)) reported one request. For all other responding utilities, this issue was either not applicable or the utility had not received any landlord requests during this period. MEUW and WPPI ([PSC REF#: 389539](#)) advised that many members have received one or more landlord requests. Should the Commission decide to terminate this temporary provision requiring a utility to report to the Commission any such requests, it would not necessarily impact customers but rather would end the Commission's tracking of this request activity.

Commission Alternatives -- Landlord Requested Termination of Municipal Electric Services

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision effective upon a date consistent with the first available date the Commission sets for utilities to disconnect service for nonpayment

Alternative Three: Lift this temporary provision effective upon a date specified by the Commission.

Credit Card Convenience Fees

Of the 26 utilities that provided data requests responses, only Deforest Municipal Water Utility (Deforest) ([PSC REF#: 389655](#)), Green Bay Water Utility (GBWU) ([PSC REF#: 389495](#)), MG&E ([PSC REF#: 389561](#)) and Rice Lake ([PSC REF#: 389445](#)) submitted

applications to the Commission for a temporary tariff provision to waive credit card convenience fees for customers. SWL&P and WP&L currently recover credit card processing fee costs in their operations and maintenance (O&M) budgets, and therefore did not file a waiver. The other 20 utilities did not submit a request for a waiver.

Utility Name	Conclusion of Provision	Associated Costs	Projection
Deforest	No information.	\$794.16	None.
GBWU	New tariff will include CC fees. Third party vendor working with Visa for lower rates. No fees waived TD.	N/A	None.
MG&E	Plans to request waiver in next rate case. Ongoing effort to make bill pay easy and convenient.	\$16,102.00	Continued analysis to address in next rate case.
Rice Lake	Will be difficult to implement. Customers still not comfortable paying bills in person.	Monthly processing fee.	None.

Utilities that submitted an application to waive credit card fees generally support extending this temporary tariff provision. MEUW and WPPI support a simplified process for utilities to secure tariff changes to waive such fees permanently. Maintaining the waiver in place for an extended period may be beneficial because it is available to utilities who request it, but not required. The associated cost is relatively small, and utilities view it as a tool to promote bill payment and reduce late payment or non-payment. ([PSC REF#: 389539.](#)) Commission staff received no additional contacts related to credit card fees.

A simplified process, such as MEUW and WPPI suggest, already exists for municipal utilities. In a January 25, 2019 letter to all municipal utilities, Commission staff advised these utilities may stop direct assessing credit card processing fees to customers without a tariff change, but the recovery of these costs would not be allowed until the utility's next rate proceeding. As is current practice, a utility would use its surplus to cover the credit card processing costs until the

next rate proceeding. ([DL: 1670016.](#)) While this does not assist IOUs, it presents an option for municipal utilities who wish to continue to provide this option to customers.

Commission Alternatives -- Credit Card Convenience Fees

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision effective upon a date specified by the Commission, except for utilities that have already received approval to recover these fees through their O&M budget and municipal utilities who choose to use the alternative options available to them as discussed in this document.

Issuance of Securities

The majority of utilities that responded to the data request did not indicate a need to file a request for a securities issuance as a result of the public health emergency. However, several utilities noted that the Commission should remain flexible, as the economic impact of the public health emergency is still largely unknown. It may be several months until utilities begin to see the full effect of the public health emergency on the utility's financial health, and there may be a need for securities as the year progresses. MEUW and WPPI noted the longer temporary waivers are in place, the greater the concern for liquidity. ([PSC REF#: 389539.](#))

Commission Alternatives -- Issuance of Securities

Alternative One: Take no action on this issue at this time.

Alternative Two: Take action consistent with the Commission's discussion.

Waiver of Certain Tariff Provisions

The majority of responding utilities reported no need to file expedited requests for tariff waivers and did not foresee a need for future requests. However, a substantial number of utilities recommended leaving the option open to provide waiver requests on a case-by-case basis through the end of 2020. In general, the responses were split between some municipal utilities anticipating no need for waiver requests, as opposed to IOUs that supported an extension. NSPW ([PSC REF#: 389523](#)), SWL&P ([PSC REF#: 389555](#)), WP&L ([PSC REF#: 389577](#)), We Energies ([PSC REF#: 389578](#)), WPSC ([PSC REF#: 389578](#)) and MPU ([PSC REF#: 389586](#)) all support an extension of waiver requests that allow the utility to administer tariff provisions that are in the best interest of the customer without placing undue burden on the utility.

Expedited waiver requests are an additional option available at the discretion of the utility, and therefore pose low risk to the utility and potential benefits and flexibility for working with customers. MEUW and WPPI also support an option to file expedited waiver requests because the utility can elect to seek a waiver that helps customers save money without material negative impact to the utility or other customers. ([PSC REF#: 389539](#).)

Commission Alternatives -- Waiver of Certain Tariff Provisions

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision effective as of December 31, 2020.

Alternative Three: Lift this temporary provision effective as of a date specified by the Commission.

Arrearages

Twenty-six utilities provided data demonstrating the impact of the temporary provisions on utility arrears. A graph attached as Appendix C T shows the change percentage of arrears for the billing cycle prior to March 24, 2020 as compared to the most recent billing cycle, for residential and non-residential customers.

When asked how arrears compare to historical three-year average arrears for the same billing cycles, most utilities reported no material change. However, several IOUs reported significant increases, specifically for the April billing cycle. MG&E reported that non-residential arrears for the billing cycle prior to the March 24, 2020 Order were 7.8 percent lower than the historical 3-year average, and the arrears as of the most recent billing cycle are 120.4 percent higher than the historical 3-year average. ([PSC REF#: 389561.](#)) We Energies and WPS reported increases of \$7.2M and \$2.7M respectively, for the month of April.

Three utilities did not provide sufficient data to include their responses in the graph. GBWU reported a decrease of one percent in arrears for combined residential and non-residential customers, but no material change as compared to the historical three-year average. ([PSC REF#: 389495.](#)) North Central Power (NCP) did not have data prior to March 24, 2020 available to make a comparison, and Milwaukee Water Works (MWW) only tracks delinquency at year-end. MWW reported a 3 percent increase in delinquency for nonresidential customers and the percentage of delinquency for all classes of customers was 52 percent as of March 8, 2020. ([PSC REF#: 389588.](#))

Commission staff have been in contact with the staff who administer the Wisconsin Home Energy Assistance Program (WHEAP) at the Department of Administration. WHEAP staff indicate that the program's case load is significantly down from previous years. This aligns

with the data on EA funds received by utilities in response to the Commission's data request. There could be several reasons for the decrease, including customers changing their approach to applying for services during the pandemic due to social distancing, and no disconnection notices being issued. It is anticipated that there will be an influx of customers seeking EA once disconnections for nonpayment resume. It should be noted that there is no statewide financial assistance program for water utility service, only gas and electric.

Deferred Payment Agreements

The Commission received varied responses regarding the temporary requirement to offer to any customer, regardless of customer class, a deferred payment agreement, if the customer is unable to pay a bill in full. While several utilities requested the Commission lift this requirement immediately or upon termination of the Safer at Home Order, other utilities suggested that it remain in effect through the end of the year. NCP and Northwestern Wisconsin Electric (NWE) believe the unwinding of this temporary requirement should take place immediately, while NSPW, SWL&P, and WP&L all recommend leaving this requirement in place through the end of 2020.

Municipal utilities reported an average of zero residential customers in a current DPA and 100 percent of arrears not in a current DPA. While IOUs reported slightly higher numbers of residential customers in a current DPA, the average of arrears not in a DPA ranged from 83 to 99 percent.

In general, municipal utilities preferred stricter restrictions and an immediate lifting of this temporary provision. Appleton requested the flexibility to manage DPAs on a case-by-case basis as the pandemic has a unique impact on each community. ([PSC REF#: 389574.](#)) Rice Lake requested this requirement unwind with sufficient time prior to the beginning of the tax roll

process. ([PSC REF#: 389455.](#)) Some of the IOUs recommended that this requirement stay in place for 30 days following the reinstatement of disconnections for nonpayment, to allow customers in danger of disconnection to enroll in a DPA, and mitigate the ultimate deferred financial impact. Others recommended leaving the requirement in place through the end of 2020, and cited DPAs as a valuable tool and an opportunity to help customers return to more consistent bill payment in these uncertain economic times.

Commission staff note a DPA consists of a significant down payment on the outstanding account balance plus an agreement to pay the remaining outstanding balance over multiple (more than one) installments. Generally, without the temporary requirement, a utility is required to offer a DPA to a residential customer prior to disconnecting service, and may, but is not required to, offer a DPA to a commercial customer. If a customer defaults on a DPA, the utility is not required to negotiate a subsequent DPA prior to disconnection unless the customer has experienced a significant change in ability to pay. Amounts covered by a current DPA are considered current and not outstanding for the purpose of collections practices including but not limited to disconnections of service.

A utility may maintain a policy under which it offers DPAs without limit, to any or all customer classes – the DPA rules in the Wisconsin Administrative Code do not preclude a utility from establishing DPAs with customers in any case. Even if the Commission lifts this requirement, utilities in general may continue to offer DPAs to customers beyond the minimum requirement of one agreement prior to disconnection. However, some municipal utilities have elected to establish tariff language limiting the utilities' ability to offer DPAs to residential customers who are tenants pursuant to the utilities ability to limit this option under Wis. Stat. §

66.0809(9).⁸ As the Commission does not have authority to require a municipal utility to offer a deferred payment agreement to a customer who is a tenant at a rental dwelling unit, the Commission, in its March 24, 2020 order, altered the tariffs of municipal utilities to provide that, notwithstanding any provision of the tariff to the contrary, the municipality may choose to offer a deferred payment agreement to a customer who is a tenant at a rental dwelling unit. The Commission may wish to extend or lift this provision related to municipal DPA tariffs for residential tenants.

Commission Alternatives – Deferred Payment Agreements - General

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision effective as of July 15, 2020. A utility must offer a DPA to any customer unable to pay until that effective date. Following that effective date, a utility may decline to offer a subsequent DPA or initiate the process to disconnect service without offering a subsequent DPA, if applicable unless a residential customer has had a significant change in ability to pay since a previous, defaulted DPA was established. Pursuant to the specific requirements and procedures established in the Wisconsin Administrative Code regarding DPAs, if a residential customer has not defaulted on a DPA, the utility shall offer a DPA.

Alternative Three: Lift this temporary provision effective as of a date specified by the Commission. A utility must offer a DPA to any customer unable to pay until that effective date. Following that effective date, a utility may decline to offer a subsequent DPA or initiate the process to disconnect service if applicable without offering a subsequent DPA, unless a residential

⁸ Wisconsin Stat. § 66.0809(9) provides “A municipal utility is not required to offer a customer who is a tenant at a rental dwelling unit a deferred payment agreement. Notwithstanding, ss. 196.03, 196.19, 196.20, 196.22, 196.37, and 196.60, a determination by a municipal utility to offer or not offer a deferred payment agreement does not require approval, and is not subject to disapproval, by the public service commission.”

customer has had a significant change in ability to pay since the previous, defaulted DPA was established. Pursuant to the specific requirements and procedures established in the Wis. Admin. Code regarding DPAs, if a residential customer has not defaulted on a DPA, the utility shall offer a DPA.

Alternative Four: Lift this temporary provision effective as of December 31, 2020. A utility must offer a DPA to any customer unable to pay until that effective date. Following that effective date, a utility may decline to offer a subsequent DPA or initiate the process to disconnect service if applicable without offering a subsequent DPA, unless a residential customer has had a significant change in ability to pay since the previous, defaulted DPA was established. Pursuant to the specific requirements and procedures established in of the Wis. Admin. Code regarding DPAs, if a residential customer has not defaulted on a DPA, the utility shall offer a DPA.

Commission Alternatives – Deferred Payment Agreements – Municipal Tenant DPA Tariffs

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision as of an effective date established by the Commission. Upon that effective date, each municipal utility must offer or deny DPAs to residential tenants pursuant to the service rules in its tariff as applicable.

Extension of Regulatory Filing Deadlines

In the Commission's Supplemental Order – First issued in this docket, the Commission delegated to Division Administrators the authority to grant deadline tolling and extension requests, except under circumstances that would compromise public safety or provision of essential service, in which case Administrator would elevate to the full Commission.

Commission Alternatives – Delegation to Grant Deadline Tolling and Extension Requests

Alternative One: Take no action on this issue at this time.

Alternative Two: Lift this temporary provision effective as of July 15, 2020.

Alternative Three: Lift this temporary provision effective as of December 31, 2020.

Alternative Four: Lift this temporary provision effective as of a date set by the Commission.

Reporting

The Commission may wish for staff to issue a subsequent data request to utilities on any or all of the topics identified in the May, 8, 2020, data request. The Commission may wish for staff to report back on any temporary provision for which no end date has been identified.

As for staff's on-going reporting, attached as Appendix B is a summary of customer contacts since staff's last report.

Commission Alternatives – Reporting

Alternative One: Take no action on this issue at this time.

Alternative Two: Direct staff to issue a subsequent data request on issues identified by the Commission and to report back on the responses including on any temporary provision for which no end date has been specified.

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Attachments

Appendix A: Utility Data Request Summary ([DL: 1734389](#))

Appendix B: Customer Contacts Summary ([DL: 1735240](#))

Appendix C: Arrears Graph ([DL: 1744661](#))