

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 29, 2020

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2020-00074

Ex Parte: Authority to create regulatory asset

ORDER

On April 21, 2020, the following public utilities filed a letter request ("Letter") with the Clerk of the State Corporation Commission ("Commission"): Washington Gas Light Company; Columbia Gas of Virginia, Inc.; Roanoke Gas Company; Virginia Natural Gas, Inc.; Atmos Energy Corporation; Appalachian Natural Gas Distribution Company; Southwestern Virginia Gas Company; Aqua Virginia, Inc.; and Virginia-American Water Company. The Letter seeks the Commission's approval "to create a [r]egulatory [a]sset to record incremental prudently incurred costs and suspended late payment fees attributable to the COVID-19 pandemic."¹

The Letter notes that the Commission has issued orders² taking judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the

¹ Letter at 1. On April 27, 2020, Massanutten Public Service Corporation filed comments supporting the Letter and asking for the same relief.

² See, e.g., *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

declarations of emergency issued at both the state and federal levels.³ The Letter states that in response to such orders, the utilities have suspended service disconnections and the imposition of late payment fees. The Letter further states that although the signatories "are committed to working with customers by offering payment plans and other options to bring their accounts current and keep service on," they expect that after the end of the state of emergency there will still be customers who cannot pay their prior balances as well as their current bills for service.⁴ The Letter states that the utilities therefore "fully expect that their uncollectible expense will increase well above recent levels," and that the COVID-19 pandemic will result in "a decrease in the late payment and reconnection fees, and other potential incremental prudently incurred costs in the future."⁵

The Letter therefore asks that the utilities be permitted to

create a regulatory asset in which to record: 1) the incremental uncollectible expense incurred, 2) late payment fees suspended, 3) reconnection costs incurred with the billing suspended, 4) carrying costs, and 5) other incremental prudently incurred costs associated with the COVID-19 pandemic.⁶

³ *See, e.g.*, Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Gov. Ralph S. Northam. See also Executive Order No. 53, Temporary Restrictions on Restaurants, Recreational, Entertainment, Gatherings, Non-Essential Retail Businesses, and Closure of K-12 Schools Due to Novel Coronavirus (COVID-19), issued March 23, 2020, by Governor Ralph S. Northam, and Executive Order No. 55, Temporary Stay At Home Order Due to Novel Coronavirus (COVID-19), issued March 30, 2020, by Governor Ralph S. Northam.

⁴ Letter at 1.

⁵ *Id.* at 1-2.

⁶ *Id.* at 2.

The Letter further asserts that the creation of a regulatory asset "will facilitate the recovery of prudently incurred costs associated with the ... efforts to accommodate customers during this time of uncertainty and distress."⁷

NOW THE COMMISSION, upon consideration of this matter and in consultation with its Staff, is of the opinion and finds as follows.

All natural gas, electric, water and sewer utilities subject to regulation by the Commission may record deferral of the above-referenced expenses on their books, subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification 980. The Commission emphasizes that this Order is solely for accounting purposes and has no ratemaking impact. Such expenses may be addressed in future ratemaking proceedings to the extent relevant thereto.

Accordingly, IT IS SO ORDERED, and this matter is DISMISSED.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the attached service list.

⁷ *Id.*

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