

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 24, 2020**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: September 17, 2020

TO: Public Utility Commission

FROM: Michael Dougherty

THROUGH: Michael Grant and Bryan Conway

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF
(Docket UM 2114)
Investigation into the Effects of the COVID-19 Pandemic on Utility Customers

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission or PUC) should authorize Staff, and the affected utilities and stakeholders to execute three stipulations incorporating the three term sheets (Energy, Water, and Telecommunications) that were developed during the Commission's investigation into the Effects of the COVID-19 Pandemic on Utility Customers.

DISCUSSION:

Issue

Whether the Commission should authorize Staff and the affected utilities and stakeholders to execute stipulations incorporating the three term sheets (Energy, Water, and Telecommunications) that were developed during the Commission's investigation into the Effects of the COVID-19 Pandemic on Utility Customers.

Applicable Law

ORS 756.040 describes the general powers and duties of the Commission in supervising and regulating public utilities and telecommunications utilities, which include representing the customers of any public utility or telecommunications utility and the

public generally in all controversies respecting rates, valuations, service, and all matters of which the commission has jurisdiction. The Commission's regulatory authority is further specified in ORS Chapters 756, 757 and 759, as relevant here. The Commission has adopted administrative rules relevant to the matters discussed herein in OAR Chapter 860, Divisions 21, 34 and 36.

On March 8, 2020, Governor Brown declared a statewide state of emergency due to the public health threat posed by the novel infectious coronavirus, COVID-19.¹ Several extensions of that order have been issued, and the state of emergency is currently extended to November 3, 2020.² In a related executive order, the Governor explains that COVID-19 is a global pandemic that is causing a significant economic downturn in Oregon, imposing sustained economic hardship on many Oregonians in the form of lost wages and an inability to pay basic household expenses.³ Oregonians were directed to stay home to the greatest extent possible and a number of government offices and retail businesses were closed.⁴ Phased re-opening has begun but is not complete, and the restrictions may be re-imposed based on changing conditions.⁵

Analysis

Background

On June 9, 2020, the Commission conducted a Special Public Meeting, on the topic of *"Impact to Utility Customers during the COVID-19 Pandemic and Future Economic Recovery."* During this public meeting, the Commission heard from investor-owned energy, water, and telecommunications utilities, as well as customer groups, and other stakeholders on the impacts of the COVID-19 pandemic, including actions taken by utilities and additional actions needed to protect customers during this pandemic.

Prior to the meeting, investor-owned energy utilities had already taken voluntary actions to suspend disconnections of residential and non-residential accounts, stop sending late and final notices, stop assessing late fees, offering more and flexible payment arrangements, and other actions to assist customers impacted by COVID-19. Many regulated water utilities, including Avion, NW Natural water companies, and Oregon Water Utilities, also took similar actions. Additionally, telecommunication utilities had committed to the Federal Communications Commission's (FCC) "Keep America Connected Initiative," which ran from March 13, 2020 to June 30, 2020. The purpose of

¹ EO 20-03 (March 8, 2020).

² EO 20-24 (May 1, 2020); EO 20-30 (June 30, 2020); EO 20-38 (September 1, 2020).

³ See EO 20-11 (March 22, 2020).

⁴ EO 20-12 (March 23, 2020).

⁵ See EO 20-27 (June 5, 2020).

that initiative was to ensure that Americans do not lose their broadband or telephone connectivity as a result of COVID-19 circumstances.

As a result of the Public Meeting, the PUC assembled a team of representatives from across the agency, with expertise and ability to assist with various aspects of the COVID-19 challenge. The purpose of team was to:

- a. Develop and share relevant information concerning actions taken by utilities concerning COVID-19.
- b. Ensure the PUC takes an integrated, timely approach to COVID-19-related issues, and that all relevant aspects of the challenge are considered.
- c. Ensure stakeholder engagement, input, and awareness.
- d. Provide information that will inform other, related dockets and Commission processes.

Workshops and Public Meetings

To ensure a thorough investigation, Staff conducted six general workshops, two data-focused workshops, one workshop dedicated to issues concerning water utilities, and two workshops dedicated to issues concerning telecommunications utilities from the period of June 30, 2020 to September 3, 2020. Additionally, a Commission Workshop was held on this subject. The following workshops and public meetings were conducted:

- Commission Special Public Meeting – June 9, 2020
- Workshop #1 – June 30, 2020
- Data Workshop #1 – July 8, 2020
- Workshop #2 – July 16, 2020
- Telecommunications Workshop #1 – July 30, 2020
- Data Workshop #2 – August 6, 2020
- Workshop #3 – August 12, 2020
- Workshop #4 – August 26, 2020
- Water Workshop #1 – September 1, 2020
- Telecommunications Workshop #2 – September 2, 2020
- Workshop #5 – September 3, 2020
- Subgroup discussion on equity and inclusion of community views – September 3, 2020
- Commission Workshop – September 8, 2020
- Workshop #6 – September 15, 2020
- Commission Special Public Meeting – September 24, 2020

Information on all workshops including agendas, comments, data, presentations, information requests, and meeting recordings are located on the Commission's COVID-19 page, accessible using the following link:

<https://www.oregon.gov/puc/utilities/Pages/COVID-19-Impacts.aspx>

In addition to the workshops, Staff developed a survey that canvassed various participants and others interested in proposed solutions to assist customers and utilities during the current COVID-19 pandemic and the aftermath of the pandemic. Survey results are also posted on the Commission's COVID-19 page, available through the link above.

All workshops included respectful and robust discussion among participants. Although different participants had diverse viewpoints, participants allowed others to be heard. The contributions by utilities and stakeholders allowed Staff to better understand points of agreement and points of differences.

Valuable information was provided by Oregon Housing and Community Services, the agency that administers low-income energy programs including Low Income Home Energy Assistance Program (LIHEAP) and Oregon Energy Assistance Program (OEAP). Additionally, the information provided by utilities in response to numerous Staff information requests helped frame the Data Workshops and allowed all participants to better grasp the seriousness of the challenges faced by customers and utilities.

Results and Agreements in Principle

Generally, there was a great deal of agreement, collaboration, and compromise by the parties to achieve the goals to protect utility customers during and after the COVID-19 pandemic. The agreements obtained during the process are contained in Appendices A, B, and C.

Agreements on the Water and Energy Term Sheets are being finalized. Although strong progress has been made on the Telecommunications Term Sheet, there is still work that needs to be done. Parties have agreed to numerous Term Sheet paragraphs and are attempting to reach agreement on certain key paragraphs. With that said, Parties continue to work together in hope of a developing a final agreement.

Should the Commission authorize the parties to execute stipulations incorporating the above terms, Staff will endeavor to obtain the agreement of the parties. If the parties are unable to reach agreement on terms that are satisfactory, Staff may present alternative recommendations for Commission action at a later date.

Energy Utilities Term Sheet

Agreement is in the process of finalization on the Energy Term Sheet and will hopefully be endorsed by Portland General Electric (PGE), NW Natural (NWN), Pacific Power (PAC), Avista, Idaho Power (IPC), Cascade Natural Gas (Cascade), Staff, CUB, CAPO, Northwest Energy Coalition (NVEC), Verde, and Multnomah County Office Of Sustainability (MCo) prior to the September 24, 2020, special public meeting.

Although Small Business Utility Advocates (SBUA) was an active and contributing participant, SBUA stated in comments, dated September 8, 2020, that it is concerned about the base information considered by the group regarding small commercial customers. SBUA believes there is less utility data presented in COVID-19 proceedings with regard to small commercial customers regarding arrearages and disconnections, even though the impact of COVID-19 has been significant on small commercial customers. SBUA also believes the term sheet goes beyond COVID-19 considerations, including the Governor's executive order on greenhouse gas emissions, EO 20-04, the Community Solar program, and rulemaking, at the least.

SBUA is also concerned about the earlier disconnect date, December 1, 2020, compared to the residential disconnect date of April 2021. SBUA floated the date for small commercial disconnect at January 1, 2021, to allow small commercial to continue operations through the December holidays. SBUA also believes that small commercial customers should be eligible for the arrearage management program.

SBUA also asks that the Commission Staff reach out more to Business Oregon, or other sister agencies, to learn more regarding impacts of COVID-19 on Oregon's small businesses. Staff agrees with SBUA on reaching out to Business Oregon, and Business Oregon participated in a couple of workshops. Business Oregon did mention the relief packages offered to small businesses by the CARES Act. These benefits include Paycheck Protection Loans, Small Business Administration (SBA) Economic Injury Disaster Loans, SBA Emergency cash grants, small business debt relief programs, and small business tax provisions.

Major features of the Energy Utilities' Term Sheet include:

- Disconnects for small commercial customers would not start until December 1, 2020, and only after certain proactive customer notifications are made.
- Disconnect notices to residential customers will not be sent until April 1, 2021, and only after certain proactive customer notifications are made. Utilities will

provide that its notices are accessible to customers that are not English speakers based on languages relevant to that utility's customers.

- During the COVID-19 pandemic, Time Payment Arrangements (TPAs) will be offered up to 24 months for residential customers and up to six months to non-residential customers.
- Residential and non-residential customers who seek to renegotiate a TPA may do so one time under the same terms of the original agreement.
- Utilities will continue to offer levelized payments in accordance with OAR 860-021-0415 to customers that have outstanding arrearage balances. When the levelized payment plan is established, Utilities will inform customers of Equal Payment Plans described in OAR 860-021-0414.
- Utilities will waive new deposit requirements associated with late or non-payment, arrearages, or credit related issues for new or existing residential customers, through October 1, 2022 (or later if separately extended outside the provisions of this Term Sheet).
- Utilities may apply existing residential and small commercial customer deposits to the associated residential account as of April 1, 2021, and small commercial customer account as of December 1, 2020, for purposes of reducing the arrearage.
- Prior to November 15, 2020, each Utility will reconnect those residential customers that request reconnection and who were disconnected for nonpayment between January 1, 2020 and March 13, 2020, except for circumstances related to unsafe conditions, tampering or theft.
- Utilities will not apply service disconnection and reconnection fees to residential customers until October 1, 2022. Parties agree to confer in good faith on or about October 1, 2021 to determine whether to request that the Commission modify the October 1, 2022 end date.
- Utilities will not accrue and collect late payment fees, interest, and penalties for all residential customers retroactive to the date of the start of the utility's disconnect moratorium and through October 1, 2022. Parties agree to confer in good faith on or about October 1, 2021 to determine whether to request that the Commission modify the October 1, 2022 end date.

- Utilities will continue their current practices of not reporting late payments and nonpayment for active customers to credit bureaus and reporting agencies.
- Under most circumstance, service disconnections for non-payment will be limited between the hours of 8:00 am and 2:00 pm to facilitate responsive, same-day reconnection of service through December 1, 2021.
- Utilities will not use third parties to collect past due charges for active customers.
- Utilities will allow initial self-certification of customer medical certificates when a medical certificate is required and allow customers two months to submit confirming certification from a qualified medical professional through October 1, 2022. Parties agree to confer in good faith on or about October 1, 2021 to determine whether to request that the Commission modify the October 1, 2022 end date.
- Each Utility, prior to resuming disconnections, will establish a program to identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on utility accounts. The program may identify and waive residential arrearages at an initial amount of at least 1% of each utilities' Oregon retail revenues (approximately \$39 million combined total for all utilities), not to be increased without prior Commission approval.
- Utilities and Customer groups will jointly petition the Joint Legislative Emergency Board for additional taxpayer funded energy bill payment assistance payment funding (\$30 - \$50 million request if federal funds become available).
- Utilities and Customer groups agree to jointly petition the Oregon Legislature to increase the "Low Income Assistance" charge on residential customers' electric bill from \$0.69 to \$1.00. Additionally, gas utilities will, in accordance with legislative action, proportionately increase their public purpose charge to raise funds for low-income gas bill payment assistance.
- If a Utility does not already have a voluntary program where customers can choose to "round-up" their bill to the next whole dollar or other voluntary customer program to provide bill assistance, the Utility will explore creating such a program. This will include studying the costs and benefits of such a program.
- Energy Utilities with decoupling (e.g. PGE, Avista, Cascade, and Northwest Natural) will continue to explore the possibility of excluding decoupling

surcharges from customer bills for 2021, and to defer such surcharge amounts for later amortization in customer rates, no earlier than July 2022.

- Commission Staff and CAPO will recommend closure of UM 2058, Low-Income Investigation; and AR 637, Review of OAR 860-021-0405.
- Staff will review energy customer rules (OAR 860, Division 21) and request a temporary rulemaking no later than December 1, 2020, if changes need to be made. After the initial review is completed, Staff will notify utilities if a waiver of a rule is required to meet the terms and conditions in the stipulation.
- Staff will recommend approval of the Energy Utilities' applications for deferred accounting of COVID-19 related costs and benefits. Recovery of those amounts deferred will be subject to a future Commission prudence review proceeding to assure deferrals are either directly related to this stipulation or are related to other increased costs due to COVID-19. The deferrals will be accrued at a lower cost of capital.
- Energy utilities will provide to Commission Staff enhanced reporting for twelve quarters (three years) starting January 20, 2021 (for the previous quarter, October to December) and such reports will be provided on a quarterly basis after the end of the reporting quarter. Certain reporting requirements will be submitted on a monthly basis and by zip code (with additional four digits) starting November 20 for the month of October.
- Commission Staff shall convene an advisory committee to focus on low-income customers' energy burden and related social inequities. The Commission's Diversity, Equity, and Inclusion Director shall staff the advisory committee for the Commission. Other Low Income, Social Justice, and Environmental Justice initiatives include:
 - Staff will convene workshops on arrearage management including examining the potential of including Deferred Payment Plans as an additional tool to assist customers.
 - Staff will work with stakeholders to prioritize the investigation and implementation of policies to mitigate differential energy burdens, and other inequities of affordability, including rate design as the Commission moves forward with EO 20-04 implementation.
 - Staff will work with stakeholders to propose exceptions to cost effectiveness tests and leverage other funding sources to increase availability of no-cost low-income weatherization, smart thermostats,

- manufactured home replacements, and other energy efficiency savings solutions such as ductless heat pumps.
- Staff will work interested stakeholders to examine ways to leverage federal and other funds to bring down the cost of Community Solar Program subscription fees for low-income customers; and reduce the contributing cost of roof top solar for low-income customers.
 - Staff will work with interested stakeholders to determine effective ways to streamline enrollment in low-income programs.
 - Staff in partnership with the Utilities and OHCS, will examine opportunities to perform geospatial analysis of Utility data. The analysis should include risk factors associated with race, income, and other social factors, as available.

Shareholder Contributions

In this Term Sheet, the energy utilities have agreed to accrue interest on the deferrals equal to the blended Treasury rate plus 100 basis points. (See Order No. 08-263 with regard to establishing Commission policy). This is a departure from the standard established by the Commission to use the company's authorized rate of return for deferral balances not yet reviewed for prudence. Assuming the blended Treasury rate (average of the interest on one-, three- and five-year Treasury rates) plus 100 basis points is roughly 2.50 percent and a company's authorized rate of return of 7.50 percent, this would represent a 5.00 percent reduction in the interest rate that would accrue on the deferral balance.

This is a substantive interest differential and materially benefits customers by reducing the amounts recoverable by the utilities. As part of the agreement among the parties, each of the energy utility's deferral balance would be annually reviewed for prudence. Having annual prudence reviews, instead of a prudence review after all costs have been deferred, reduces the utility's risk of carrying the deferral during the pre-prudence period and provides more ongoing regulatory certainty to the utility regarding its deferral. All parties agree this treatment is reasonable given the unique nature of the current circumstances and is not precedential in any other Commission proceeding.

Water Utilities' Term Sheet

Agreement in principle was reached on the Water Term Sheet and a stipulation will be signed by the three participating Water Utilities, Staff, the Oregon Citizens' Utility Board (CUB), and Community Action Partners of Oregon (CAPO).

Major features of the Water Utilities Term Sheet include:

- Disconnects would not start until December 1, 2020, and only after certain customer notifications are made.
- During the COVID-19 pandemic, Time Payment Arrangements (TPAs) will be offered up to 12 months for residential customers and up to three months to non-residential customers.
- Residential and non-residential customers who seek to renegotiate a TPA may do so one time under the same terms of the original agreement.
- Service disconnection and reconnection fees will not be applied until December 1, 2020.
- Late payment fees, interest, and penalties for all residential customers retroactive to the date of the start of disconnection moratoriums and through December 1, 2020, will not be accrued or collected.
- Prior to November 15, 2020, each Utility will reconnect those residential customers that request reconnection and who were disconnected for nonpayment between January 1, 2020 and March 13, 2020, except for circumstances related to unsafe conditions, tampering or theft.
- Water Utilities will continue their current practices of not reporting late payments and nonpayment for active customers to credit bureaus and reporting agencies.
- Under most circumstances, service disconnections for non-payment will be limited between the hours of 8:00 am and 2:00 pm to facilitate responsive, same-day reconnection of service through December 1, 2021.
- Water Utilities will not use third parties to collect past due charges from active residential customers, until December 31, 2022.

- Staff will review water customer rules (OAR 860, Division 36) and request a rulemaking no later than December 1, 2020, if changes need to be made. After the initial review is completed, Staff will notify utilities if a waiver of a rule is required to meet the terms and conditions in the stipulation.
- Staff will recommend approval of the Water Utilities' applications for deferred accounting of COVID-19 related costs and benefits. Recovery of those amounts deferred will be subject to a future Commission prudence review proceeding to assure deferrals are either directly related to this stipulation or are related to other increased costs due to COVID-19. The deferrals will be accrued at a lower interest rate than the utility's cost of capital demonstrating meaningful shareholder contributions.
- Class A and B water utilities will provide to Commission Staff enhanced reporting for eight quarters (two years) starting January 29, 2021 (for the previous quarter, October to December) and such reports will be provided on a quarterly basis after the end of the reporting quarter.

Although the conditions above apply to the participating water utilities, Staff recommends that all Class A and B water utilities be required to adhere to the reporting requirements. Staff believes this information is critical in evaluating the overall effects of the COVID-19 pandemic and recovery from the pandemic. Staff will propose rule language to set temporary reporting requirements for all Class A and Class B utilities before the end of 2020.

Telecommunications Utilities Term Sheet

Although strong progress was initially made on the Telecommunications Term Sheet, the parties have yet to reach a final agreement in principle. The Telecommunications Term Sheet was the least comprehensive Term Sheet, in recognition of the fact that telecommunications is both a competitive industry and has a different regulatory structure. Discussions are still ongoing with parties.

Major features of the Telecommunications Utilities' Term Sheet include:

- Disconnects would not start until October 1, 2020, and only after certain customer notifications are made.
- During the COVID-19 pandemic, Time Payment Arrangements (TPAs) will be offered up to 12 months but no less than three months for both residential and business customers proportionate to the amount owed.

- A residential customer whose financial condition changes during the term of a TPA, or a residential customer who defaults the first time on a TPA and who seeks to renegotiate payment arrangements, may do so at least one time in a 12 month period.
- Each Telecommunications Utility will prominently display information on Oregon Lifeline and enhanced benefits on its websites. Telecommunications Utilities will also, in good faith, enhance their promotion of the Oregon Lifeline program. Enhanced promotion includes but is not limited to additional outreach to customers as compared to the status quo prior to October 1, 2020, regular coordination with the Commission's Oregon Lifeline Program Manager and supporting outreach staff, and at least three bill inserts through April 1, 2021.
- Each Telecommunications Utility will waive new deposit requirements associated with late or non-payment, arrearages, or credit related issues for new or existing residential customers, through April 1, 2021.
- Telecommunications Utilities will not report late payments and nonpayment for active customers to credit bureaus and reporting agencies through October 1, 2021.
- Telecommunications Utilities will not use third parties to collect past due fees from active customers through October 1, 2021.
- Each Telecommunications Utility that has annual Local and Switch Access operating revenue of over \$1,000,000 per year on a regular basis as presented in the most recent Oregon Utility Annual Statistics will provide relevant credit and collections data sufficient to evaluate customer needs to the Commission for eight quarters (two years) starting January 31, 2021.
- The stipulation, other than the reporting requirements, will expire October 1, 2021.

Should the Commission authorize the parties to execute a stipulation incorporating the above terms, Staff will endeavor to obtain the agreement of the parties. If the parties are unable to reach agreement on terms that are satisfactory, Staff may present alternative recommendations for Commission action at a later date.

Conclusion

Staff concludes that the three term sheets (Energy, Water, and Telecommunications) attached to this memo contain provisions that provide necessary protections for residential and small commercial customers of the participating utilities during and after the COVID-19 pandemic and establish mechanisms for additional action based on a continuing evaluation of circumstances related to the pandemic.

PROPOSED COMMISSION MOTION:

Authorize Staff and the affected utilities and stakeholders to execute three stipulations incorporating the attached term sheets (Energy, Water, and Telecommunications) that were developed during the Commission's investigation into the Effects of the COVID-19 Pandemic on Utility Customers.

Attachment A
Oregon Non-Binding Term Sheet – Energy Utilities

This Term Sheet describes the basic terms and conditions to be included in a stipulation waiving hearing rights that would address the disconnection of utility services and the imposition of late fees due to the COVID-19 pandemic. The intent of the stipulation would be to:

- A) Memorialize the customer protections that electric and natural gas utilities (“Utilities”) subject to the jurisdiction of the Public Utility Commission of Oregon (“Commission”) have voluntarily put in place during the COVID-19 pandemic;
- B) Obtain an order from the Commission directed to each participating utility approving the stipulation and memorializing the public process that led to the stipulation;
- C) Establish additional customer protections for residential and small commercial customers to mitigate the resumption of utility service disconnections and late fees; and
- D) Establish regulatory certainty for incremental net costs that Utilities have incurred and will incur as a result of the COVID-19 pandemic, including but not limited to all costs associated with the topics of this settlement.

This Term Sheet is proposed by Staff to address an immediate need to address the purposes listed above. It is not binding on the Commission nor to be used for any other purpose.

No Party to a stipulation incorporating this Term Sheet shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving at this Term Sheet. No Party shall be deemed to have agreed that any provision of this Term Sheet and the resulting stipulation is appropriate for resolving issues in any subsequent proceeding, except for purposes of carrying out the provisions of this Term Sheet, in the subsequent dockets necessary to effectuate this Term Sheet as incorporated in a stipulation.

Each signatory to a stipulation incorporating this Term Sheet will acknowledge that they are signing that stipulation in good faith and that they intend to abide by the terms of the stipulation unless and until it is rejected or adopted only in part by the Commission. If the Commission rejects all or any material part of this Term Sheet or adds any material

condition to any final order that is not consistent with this Term Sheet, each Party reserves its right to withdraw from the Stipulation.

Definitions of “small commercial” customers will be provided by each of the Utilities based on each utility’s applicable tariffs.

Suspension of Utility Disconnections and the Imposition of Late Fees

1. Due to the COVID-19 pandemic, on or about March 13, 2020, the Utilities initiated a voluntarily suspension of disconnecting customers for non-payment and the imposition of late fees on past due bills.
2. All utilities will continue notifying customers of arrearages and flexible payment options with no threat of disconnection until such time that disconnection notices are allowed as specified in paragraph 4.
3. All Utilities have engaged and will continue to engage in proactive customer outreach throughout the COVID-19 pandemic. In addition to this outreach, each Utility must notify its customers with past due balances at least 30 days before issuing a 15-day notice of disconnection of: 1) the resumption of utility service disconnections and late fees, and 2) all flexible payment options that are available to avoid disconnection as specified below.
 - a. For small commercial customers with past due balances, the notice must include information on the time payment arrangement (“TPA”) as described below, and how to enroll in each flexible payment option.
 - b. Each Utility is responsible for providing that its notices are accessible to customers that are not English speakers based on languages relevant to that utility’s customers.
 - c. For residential customers with past due balances, the notice must include all information in paragraph 3(a). In addition, the notice must also outline other programs that may provide financial assistance to the customer, such as the Low-Income Home Energy Assistance Program (“LIHEAP”) and a program to identify and address bad debt on utility accounts as described in paragraph 18.
 - d. For all other commercial and industrial customers, each utility may resume normal billing operations upon approval of this term sheet.

All information that a Utility provides pursuant to this paragraph will also be made available on its website.

4. For small commercial customers, the Utilities may resume imposing late fees (in accordance with OAR 860-021-0126) and disconnecting service for non-payment (in accordance with OAR 860-021-0505) on December 1, 2020. For residential customers, the Utilities may resume the 15-day disconnection notice (in accordance with OAR 860-021-0405) on April 1, 2021. The Commission will have ongoing oversight to determine whether to extend the April 1, 2021 date to a later date based on ongoing economic and pandemic conditions. Commission Staff will schedule a workshop early in 2021 to review the COVID-19 situation to determine if additional actions should be taken. Once a utility resumes disconnections as authorized under this paragraph, a Utility may disconnect a customer for non-payment only after the following has occurred:

- a. The Utility has provided notice to the customer subject to disconnection as provided in paragraph 3;
- b. The Utility has provided notice to the customer subject to disconnection as specified in applicable regulations and the Utility's tariff;
- c. The Utility has made a good faith effort to contact the customer to inform the customer of flexible payment options, financial assistance programs, and any other means to avoid disconnection. These efforts must be documented by the Utility; and
- d. The requisite period of time specified in the Utility's tariff for the customer to enter into an arrangement to avoid disconnection has passed.

Additional Customer Programs and Initiatives

5. Each Utility currently offers TPAs of various durations. Each Utility will offer TPAs up to 24 months for residential customers and up to six months to small commercial customers. Utilities may provide additional flexibility on duration of the TPA that could go beyond 24 months for residential customers or six months for small commercial customers based on the circumstances of a customer's ability to pay. For residential customers, no down payment is required. For small commercial customers, a minimum 10% down payment is required. For natural gas utilities, TPAs under this paragraph are not available to transportation customers.

6. During the term of the TPA, a residential customer or small commercial customer whose financial condition changes during the term of a TPA, or a residential customer or small commercial who defaults on a TPA and who seeks to renegotiate payment arrangements, may do so at least one time under the same terms specified above.

7. Utilities will continue to offer levelized payments in accordance with OAR 860-021-0415 to customers that have outstanding arrearage balances. When the levelized payment plan is established, Utilities will inform customers of Equal Payment Plans described in OAR 860-021-0414.

8. Each Utility shall waive new deposit requirements associated with late or non-payment, arrearages, or credit related issues for new or existing residential customers, through October 1, 2022 (or later if separately extended outside the provisions of this Term Sheet). Utilities may include associated costs in deferral tracking as described below.

9. Utilities may apply existing residential and small commercial customer deposits to the associated residential and small commercial customer account that is in arrears as of April 1, 2021, for residential customers and December 1, 2020, for small commercial customers for purposes of reducing the arrearage.

10. Prior to November 15, 2020, each Utility will reconnect those residential customers that request reconnection and who were disconnected for nonpayment between January 1, 2020 and March 13, 2020; except for when reconnection could compromise safe operations, the Utility has proof that the customer benefitted from theft or tampering, or the premises are vacant or unoccupied. Reconnections will only be offered for the same service address that was previously disconnected for nonpayment, and each Utility shall waive any fees for reconnections provided under this paragraph.

11. Utilities will not apply service disconnection and reconnection fees to residential customers until October 1, 2022. Utilities may include associated costs in deferral tracking as described below. Parties agree to confer in good faith on or about October 1, 2021 to determine whether to request that the Commission modify the October 1, 2022 end date.

12. Utilities will not accrue and collect late payment fees, interest, and penalties for all residential customers retroactive to the date of the start of the utility's disconnect moratorium and through October 1, 2022. Utilities may include associated costs in deferral tracking as described below. Parties agree to confer in good faith on or about October 1, 2021 to determine whether to request that the Commission modify the October 1, 2022 end date.

13. Service disconnections for non-payment will be limited between the hours of 8:00 am and 2:00 pm to facilitate responsive, same-day reconnection of service through October 1, 2022. Utilities will endeavor to reconnect customers on the same day of disconnections if opportunity and time allows for same day reconnections. Parties agree to confer in good faith on or about October 1, 2021 to determine whether to request that the Commission modify the October 1, 2022 end date.
14. Utilities will continue their current practices of not reporting late payments and nonpayment for active customers to credit bureaus and reporting agencies.
15. Utilities will not use third parties to collect past due charges for active customers.
16. Utilities will allow initial self-certification of customer medical certificates when a medical certificate is required and allow customers two months to submit confirming certification from a qualified medical professional through October 1, 2022. Parties agree to confer in good faith on or about October 1, 2021 to determine whether to request that the Commission modify the October 1, 2022 end date.
17. The Utilities will provide relevant credit and collections data to the Commission. A list of such data was developed in discussion with the signatories to the stipulation. These discussions included weighing the costs and benefits of providing such data and the underlying purpose in collecting it. Attachment A includes the timing and a list of reporting requirements that will be required under a stipulation.
18. Each Utility, prior to resuming disconnections, will establish a program to identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on utility accounts. The program may identify and waive residential arrearages at an initial amount of at least 1% of each utilities' 2019 Oregon retail revenues (approximately \$39 million combined total for all utilities), not to be increased without prior Commission approval. Eligibility and funding amounts for each Utility will be specified in addendums to this Term Sheet. Parties can propose a process to address any unspent funds if the Utility program covers arrearage forgiveness in accordance with the Utility's funding addendums and funds are remaining. Utilities may include program costs and uncollectible expense identified in deferral tracking as described below.
19. Utilities and Customer groups will jointly petition the Joint Legislative Emergency Board for additional taxpayer funded energy bill payment assistance payment funding (\$30 - \$50 million request if federal funds become available).

20. Utilities and Customer groups agree to jointly petition the Oregon Legislature to increase the “Low Income Assistance” charge on residential customers’ electric bill from \$0.69 to \$1.00. Additionally, gas utilities will, in accordance with legislative action, proportionately increase their public purpose charge to raise funds for low-income gas bill payment assistance.

21. If a Utility does not already have a voluntary program where customers can choose to “round-up” their bill to the next whole dollar or other voluntary customer program to provide bill assistance, the Utility will explore creating such a program. This will include studying the costs and benefits of such a program.

22. Energy Utilities (PGE, Avista, Cascade, and Northwest Natural) will continue to explore the possibility of excluding decoupling surcharges from customer bills for 2021, and to defer such surcharge amounts for later amortization in customer rates, no earlier than July 2022. Parties will continue to hold discussions on the interactions of decoupling with these programs and this Term Sheet in a prompt manner.

23. Commission Staff and CAPO will recommend closure of UM 2058, Low-Income Investigation; and AR 637, Review of OAR 860-021-0405 as these dockets were adequately addressed during the COVID-19 workshops, rules review, and future actions included in “Low Income, Social Justice & Environmental Justice” portions of the Term Sheet.

24. Commission Staff will review current rules and request to open a rulemaking to revise the following (and other applicable) rules, if changes are required, no later than December 1, 2020 and recommend temporary rulemaking when necessary. The permanent rulemaking process will include both informal and formal stages. Staff will convene workshops as part of the informal process to allow focus on low-income issues.

- a. OAR 860-021-0125, Due and Payable Period
- b. OAR 860-021-0126, Late Payment Charge
- c. OAR 860-021-0200, Establishing Credit for Residential Service
- d. OAR 860-021-0205, Deposit Payment Arrangements for Residential Service
- e. OAR 860-021-0210, Interest on Deposits for Residential and Nonresidential Service by Rate-Regulated Utilities

- f. OAR 860-021-0215, Refund of Deposits
- g. OAR 860-021-0305, Grounds for Involuntary Disconnection
- h. OAR 860-021-0326, Disconnection of Gas or Electric Service to Tenants
- i. OAR 860-021-0328, Reconnection of Residential Energy Utility Service
- j. OAR 860-021-0330, Reconnection Fee for Utility Service
- k. OAR 860-021-0405, Notice of Pending Disconnection of Residential Electric or Gas Service
- l. OAR 860-021-0410, Emergency Medical Certificate for Residential Electric and Gas Service
- m. OAR 860-021-0414, Equal-Payment Plans for Residential Electric and Gas Service
- n. OAR 860-021-0415, Time-Payment Agreements for Residential Electric and Gas Service (Nonmedical Certificate Customers)
- o. OAR 860-021-0505, Disconnection Procedures for All Commercial Electric and gas Utility Customers

After the initial review is completed, Staff will notify utilities if a waiver of a rule is required to meet the terms and conditions in this Term Sheet.

Utility Costs Resulting from COVID-19

25. The signatory parties agree that the Utilities' applications for deferred accounting of COVID-19 related costs and benefits should be submitted with an approval recommendation to the Commission and recovery of those amounts deferred will be subject to a future Commission prudence review as specified in paragraph 25(g). The prudence review proceeding will assure deferrals are either directly related to this Term Sheet or are related to other increased costs due to COVID-19. The signatory parties recommend that the applications for deferred accounting be approved at the first or second public meeting following the approval of this Term Sheet. These COVID-19 related deferrals shall consist of the following:

- a. Direct costs for reasonable measures taken by the Utility in response to the COVID-19 pandemic, including, but not limited to: incremental personal protective equipment, cleaning supplies and services, contact tracing, medical testing, financing costs to secure liquidity including carrying costs associated with TPAs, information technology updates and administration needed to enact the stipulation, and equipment needed for remote work options. Direct costs are net of credits, payments, direct cost savings, or other benefits received by the Utility from a federal, state, or local government that are directly related to a COVID-19 direct cost, including federal, state, or local tax credits or benefits. Due to the unprecedented nature of the COVID-19 pandemic, not all costs may be known at this time. Utilities are not limited to deferring costs that are expressly enumerated above; provided, however, that all such costs are subject to a future Commission prudence review proceeding.
- b. The amount of late payment fees not assessed to customers between March 1, 2020 through October 1, 2022. The amount of deferred late fees recorded in any year, including any late payment fees that were assessed prior to any suspension in that year if applicable, shall not exceed the amount of late payment fees included in the Commission's final order from the utility's last general rate case.
- c. For bad debt expense, the amount that is currently being collected from customers for bad debt, as determined in its last general rate proceeding, would be the baseline. Any amount of bad debt expense incurred above this baseline, including arrearage amounts waived and associated program costs identified under paragraph 18, in 2020, 2021, and 2022 would be deferred for later recovery.
- d. For reconnections and field visits that occur between April 1, 2021 and October 1, 2022, the amount of forgone reconnection charges and field visits that do not result in disconnection and field connection charges not assessed to customers.
- e. The amount of forgone reconnection charges incurred through November 15, 2020 related to customers that may have been disconnected prior to the March 13, 2020 suspension of disconnects. Forgone reconnection fees shall not exceed the amount equal to one reconnection fee per customer who was reconnected to service without charge, pursuant to paragraph 10. The reconnection fee shall be calculated using the

applicable reconnection fee available in the Utility's tariff for reconnection during regular working hours for the reconnected customer.

- f. All costs to fund a COVID-19 bill payment assistance program, as described in paragraph 19, if funding is authorized.
- g. The parties agree that the deferral balance will be reviewed for prudence on an annual basis. The specific timing of the annual prudency review will be established in each Utility's docket requesting deferred accounting. The timing of the amortization and the amortization period will be determined as part of the prudency review process.

The deferral balance, whether being accrued (pre-prudence), found to be prudent in an annual prudence review (pre-amortization), or being amortized, shall accrue the same interest rate, equal to the blended Treasury rate plus 100 basis points. To the extent the amortization of the deferral is more than two years for a Utility, that Utility may request that the Commission authorize a larger basis point spread. For regulatory and ratemaking purposes, the financing of the deferral will not be included in the capital structure of the utility.

26. Each Utility shall provide the Commission with reports that itemize the utility costs, savings, and benefits resulting from COVID-19 described in paragraph 17. The first report will be for the period between March 1, 2020 and September 30, 2020, and shall be filed by November 1, 2020. Thereafter, reports will be due 30 days after the close of each quarter and shall include information from previous quarter. Each utility shall file a Report for every quarter until the quarter ending December 31, 2023, unless waived by the Commission.

Low Income, Social Justice & Environmental Justice

27. All signatory parties agree to recommend that the Commission open an investigation and begin a discussion to improve utility service for low income customers and develop a framework to analyze utility proposals through the lens of environmental and social justice. The investigation and discussion will not be focused on the specific impacts of COVID-19 and will not alter the commitments made in the paragraphs above. The investigation and discussion will be open to all interested stakeholders.

28. Commission Staff shall convene an advisory committee to focus on low-income customers' energy burden and related social inequities. The Commission's Diversity, Equity, and Inclusion Director shall staff the advisory committee for the Commission. The advisory committee shall, among other responsibilities, make policy

recommendations on dockets, as appropriate, and shall include participation from community-based and other non-profit organizations, and other interested customer advocates, particularly those organizations and entities representing impacted communities.

29. Commission Staff will host a series of workshops to identify arrearage management best practices for energy and water utilities:

- a. Working with customers to avoid disconnections.
- b. Working with customers to provide timely reconnections.
- c. Working with community-based organizations, including but not limited to Community Action Agencies to coordinate bill management, and bill payment assistance.
- d. By December 15, 2020, Parties will discuss the possibility of implementing Deferred Payment Plans (DPPs) to assist customers. Upon approval of the Term Sheet, Utilities will commence examination of the costs, barriers, and benefits of this program to enable discussions of possibly going forward with DPPs on April 1, 2021.

30. As the PUC moves forward with implementation of EO 20-04, Commission Staff, in cooperation with OHCS, will work with the Commission to prioritize the investigation and implementation of policies to mitigate differential energy burdens, and other inequities of affordability, including rate design and other programs to mitigate energy burden – this will include low-income discounts and differential rate options; as well as the effects of these programs on other residential ratepayers.

31. All interested stakeholders will work with the PUC and Energy Trust (or program administrators) to propose exceptions to cost effectiveness tests and leverage other funding sources to increase availability of no-cost low-income weatherization, smart thermostats, manufactured home replacements, and other energy efficiency savings solutions such as ductless heat pumps. The Commission's Energy Efficiency Staff shall convene and schedule these meetings.

32. All interested stakeholders will work with the PUC and program administrators to examine ways to leverage federal and other funds to bring down the cost of Community Solar Program subscription fees for low-income customers; and reduce the contributing cost of roof top solar for low-income customers. The Commission's Community Solar Program Staff shall convene and schedule these meetings.

33. All interested stakeholders will work together to determine effective ways to streamline enrollment in low-income programs. The Commission's Low Income Roundtable Staff shall convene and schedule these meetings.

34. Commission Staff in partnership with the Utilities and OHCS, will examine opportunities to perform geospatial analysis of Utility data provided in Appendix A of this Term Sheet. The analysis should include risk factors associated with race, income, and other social factors, as available.

Energy Utilities Reporting Requirements

Energy utilities will provide the enhanced reporting for 12 quarters (three years) starting January 20, 2021 (for the previous quarter, October 2020 to December 2020) and such reports will be provided on a quarterly basis, except that Subparagraphs a, b, c, d, j, l, and m will be submitted on a monthly basis and by zip code starting November 20 for the month of October:

- a. The number of customers, by customer class;
- b. The number of customers, by customer class, assessed late payment fees or charges during the period;
- c. The number of customers, by customer class, enrolled in a current Time Payment Agreement (TPA);
- d. The number of customers enrolling in a new TPA;
- e. The number of customers completing a TPA during the period;
- f. The number of customers, by customer class, renegotiating TPAs during the period;
- g. The number of customers taking service at the bill payment assistance program developed in this Term Sheet;
- h. The number of customers taking service at the beginning of the period under existing medical payment arrangements;

- i. The number of customers enrolling in new medical payment arrangements during the period;
- j. Total number of residential customers and small commercial (based on Utilities' tariffs) with arrearage balances, segmented by 30-60 days; 61-90 days; 91+ days. Reports will include total arrearages and average arrearages for each segment, and be broken down by zip code;
- k. Total number of disconnection communications delivered by vintage (15-day, 5-day, personal contact);
- l. Total number of service disconnections for non-payment; and
- m. Total number of service reconnections, segmented by 24-hour reconnect, 48-hour reconnect, less than seven-day reconnect, and more than seven-day reconnect.

Attachment B
Oregon Non-Binding Term Sheet for Class A and B Water Utilities

This Term Sheet describes the basic terms and conditions to be included in a stipulation waiving hearing rights that would address the disconnection of utility services and the imposition of late fees due to the COVID-19 pandemic, and the disposition of requested regulatory assets to record the costs thereof. The intent of the stipulation would be to:

- A) Memorialize the customer protections that Class A and B Water Utilities (each a “Utility”, and collectively the “Utilities”) subject to the jurisdiction of the Public Utility Commission of Oregon (“Commission”) have voluntarily put in place during the COVID-19 pandemic;
- B) Obtain an order from the Commission directed to each participating utility approving the stipulation and memorializing the public process that led to the stipulation.
- C) Establish additional customer protections to mitigate the resumption of utility service disconnections and late fees; and
- D) Establish regulatory certainty for incremental net costs that Utilities have incurred, and will incur, as a result of the COVID-19 pandemic, including but not limited to all costs associated with the topics of this settlement.

This Term Sheet is proposed by Staff to address an immediate need to address the purposes listed above. It is not binding on the Commission nor to be used for any other purpose.

No Party to a stipulation incorporating this Term Sheet shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving at this Term Sheet. No Party shall be deemed to have agreed that any provision of this Term Sheet is appropriate for resolving issues in any subsequent proceeding, except for purposes of carrying out the provisions of a stipulation incorporating this Term Sheet, in the subsequent dockets necessary to effectuate this Term Sheet.

Each signatory to a stipulation acknowledges that they are signing the stipulation in good faith and that they intend to abide by its terms unless and until it is rejected or adopted only in part by the Commission. If the Commission rejects all or any material part of a stipulation incorporating this Term Sheet or adds any material

condition to any final order that is not consistent with this Term Sheet, each Party reserves its right to withdraw from the Stipulation.

Except where an earlier date is specified, the provisions in this Term Sheet will expire on December 31, 2022. The expiration of any provision in this Term Sheet is not intended to affect any changes in administrative rules or legislative action that may follow approval of a stipulation incorporating this Term Sheet.

The Parties to a stipulation incorporating this term sheet will agree to confer in good faith with other parties, and if a majority of the parties, including Staff, agree that a change in circumstances warrants either a cancellation or an extension of one or more of the provisions in this Term Sheet, the Parties agree to support a request that the Commission modify that provision.

Definitions of “residential” customers will be provided by each of the Utilities based on each utility’s applicable tariffs.

Definitions of “non-residential” customers will be provided by each of the Utilities based on each utility’s applicable tariffs.

Parties are defined as participants to this Term Agreement.

Suspension of Utility Disconnections and the Imposition of Late Fees

1. Due to the COVID-19 pandemic, on or about March 13, 2020, certain of the Utilities voluntarily initiated a suspension of disconnecting customers for non-payment and the imposition of late fees on past due bills.
2. For Utilities that have suspended disconnections for nonpayment and imposition of late fees on past due bills, between October 1, 2020 and November 30, 2020, each Utility must notify in writing all its residential and commercial customers with past due balances of: 1) the resumption of utility service disconnections and late fees, and 2) all flexible payment options that are available to avoid disconnection. The notice must include the time payment arrangement (“TPA”) described below, and how to enroll in a TPA.
3. The Utilities may resume disconnecting service for non-payment on and after December 1, 2020. After that date, a Utility may disconnect a customer for non-payment only after the following has occurred:

- a. The Utility has provided notice to the customer subject to disconnection as provided in paragraph 2.
- b. The Utility has provided notice to the customer subject to disconnection as specified in applicable regulations and the Utility's tariff;
- c. The Utility has made a good faith effort to contact the customer to inform the customer of flexible payment options, financial assistance programs, and any other means to avoid disconnection. These efforts will be documented consistent with utilities current practices; and
- d. The requisite period of time specified in the Utility's tariff for the customer to enter into an arrangement to avoid disconnection has passed.

Additional Customer Programs and Initiatives

4. Due to the COVID-19 pandemic, each Utility will offer TPAs of up to 12 months for residential customers and up to three months to non-residential customers. For residential customers, no down payment is required. For non-residential customers, a minimum 10% down payment may be required. A Utility may provide flexibility on the length of a TPA based on a customer's circumstances relating to the pandemic, balancing the customer's circumstances and prudent utility operating practices
5. A residential customer who defaults the first time on a TPA or who seeks to renegotiate payment arrangements, may do so at least one time under the same terms specified above.
6. A non-residential customer who defaults the first time on a TPA or who seeks to renegotiate payment arrangements, may do so at least one time under the same terms specified above.
7. Each Utility shall not apply service disconnection and reconnection fees until December 1, 2020. Utilities may include associated costs in deferral tracking as described below.
8. Each Utility will not accrue and collect late payment fees, interest, and penalties for all residential customers retroactive to the date of the start of disconnection moratoriums and through December 1, 2020. Utilities may include associated costs in deferral tracking as described below.

9. Prior to November 15, 2020, each Utility will reconnect those residential customers that request reconnection and who were disconnected for nonpayment between January 1, 2020 and March 13, 2020, except for when reconnection could compromise safe operations, the Utility has proof that the customer benefitted from theft or tampering, or the premises are vacant or unoccupied. Reconnections will only be offered for the same service address that was previously disconnected for nonpayment, and each Utility shall waive any fees for reconnections provided under this paragraph.

10. Utilities will continue their current practices of not reporting late payments and nonpayment for active customers to credit bureaus and reporting agencies.

11. Service disconnections for non-payment will be limited between the hours of 8:00 am and 2:00 pm to facilitate responsive, same-day reconnection of service through December 1, 2021. Utilities will endeavor to reconnect customers on the same day of disconnections if opportunity and time allows for same day reconnections.

12. Utilities will provide relevant credit and collections data to the Commission as listed in Attachment A. The list of such data was developed in discussion with the signatories to the stipulation. These discussions included weighing the costs and benefits of providing such data and the underlying purpose in collecting it. Attachment A includes a list of reporting required by a stipulation.

13. Utilities will not use third parties to collect past due charges from active residential customers, until December 31, 2022. Utilities may include associated costs in deferral tracking as described below.

14. Staff will review and request a rulemaking to revise the following (and other applicable) rules no later than December 1, 2020, if changes are required and recommend a temporary rulemaking when necessary:

- a. OAR 860-036-1210, Establishing Credit for Residential Service
- b. OAR 860-036-1220, Deposits for Residential Service
- c. OAR 860-036-1230, Surety Agreements
- d. OAR 860-036-1240, Deposit Payment Arrangements for Residential Service
- e. OAR 860-036-1250, Interest on Deposits for Residential and Nonresidential Service by Rate-Regulated Utilities

- f. OAR 860-036-1260, Refund of Deposits
- g. OAR 860-036-1410, Application of Partial Payments
- h. OAR 860-036-1420, Time-Payment Agreements for Residential Electric and Gas Service (Nonmedical Certificate Customers)
- i. OAR 860-036-1430, Late Payment Charge
- j. OAR 860-036-1500, Grounds for Involuntary Disconnection
- k. OAR 860-036-1510, Required Notices for Involuntary Disconnection
- l. OAR 860-036-1520, Delivery of Notices for Involuntary Disconnection
- m. OAR 860-036-1530, Water Utility Requirements on the Day of Involuntary Disconnection
- n. OAR 860-036-1550, Disconnection of Water Service to Tenants
- o. OAR 860-036-1570, Reconnection of Residential Water Service
- p. OAR 860-036-1580, Disconnection, Reconnections, and Field Visit Charges
- q. OAR 860-036-1590, Tampering with Water Utility Facilities, Theft, or Unauthorized Use of Water

After the initial review is completed, Staff will notify utilities if a waiver of a rule is required to meet the terms and conditions in the stipulation.

Utility Costs Resulting from COVID-19

15. The signatory parties agree that the Utilities' applications for deferred accounting of COVID-19 related costs and benefits should be approved by the Commission, and recovery of those amounts deferred will be subject to a future Commission prudence review proceeding to assure deferrals are either directly related to this stipulation or are related to other increased costs due to COVID-19. These COVID-19 related deferrals shall consist of the following:

- a. Direct costs for reasonable measures taken by the Utility in response to the COVID-19 pandemic, including, but not limited to: incremental personal

protective equipment, cleaning supplies and services, contact tracing, medical testing, financing costs to secure liquidity including carrying costs associated with TPAs, information technology updates and administration needed to enact the stipulation, and equipment needed for remote work options. Direct costs are net of credits, payments, cost savings, or other benefits received by the Utility from shareholder contributions or a federal, state, or local government that are directly related to a COVID-19 direct cost, including federal, state, or local tax credits or benefits. Due to the unprecedented nature of the COVID-19 pandemic, not all costs may be known at this time. Utilities are not limited to deferring costs that are expressly enumerated above; provided, however, that all such costs are subject to a future Commission prudence review proceeding.

- b. The amount of late payment fees not assessed to customers between March 1, 2020 and when the Utility resumes collection activity and disconnections. The amount of late payment fees not assessed shall be calculated assuming only one late payment fee is assessed per customer, (if such customer would have been charged a late payment fee over the March through November 2020 time period) with such late payment amount equal to the current bill and any past due amounts (up to November 30, 2020) excluding the effects of any compounding of interest charges.
- c. For bad debt expense, the amount that is currently being collected from customers for bad debt, as determined in its last general rate proceeding, would be the baseline. Any amount of bad debt expense incurred above this baseline in would be deferred for later recovery.
- d. The amount of forgone reconnection charges, field visits that do not result in disconnection, and field connection charges not assessed to customers between March 1, 2020 and December 1, 2020. These forgone reconnection charges and field connection charges shall not exceed the difference between the actual charges recorded by the utility in 2020 and the authorized annual level of reconnection charges and field connection charges authorized in the Utility's last rate case.
- e. The amount of forgone reconnection charges incurred through November 15, 2020 related to customers that may have been disconnected prior to the March 13, 2020 suspension of disconnects. Forgone reconnection fees shall not exceed the amount equal to one reconnection fee per customer who was reconnected to service without charge, pursuant to paragraph 9.

The reconnection fee shall be calculated using the applicable reconnection fee available in the Utility's tariff for reconnection during regular working hours for the reconnected customer.

- f. The deferral balance whether being accrued or being amortized, shall accrue the same interest rate, and equal to the blended Treasury rate plus 100 basis points. To the extent the amortization of the deferral is more than two years for a utility, the utility may request a larger basis point spread reflecting the pattern of interest rates in the then current yield curve for Treasury securities.

16. Each Utility that has requested regulatory assets for costs associated with COVID-19 shall provide the Commission with the following reports that itemize the utility costs resulting from COVID-19 described in the previous paragraphs. The first report will be for the period between March 1, 2020 and September 30, 2020, and shall be filed by December 1, 2020. The second report will be for the period between October 1, 2020 and December 31, 2021, and shall be filed by February 26, 2022.

Class A and B Utilities Reporting Requirements

Class A and B water utilities will provide to Commission Staff enhanced reporting for eight quarters (two years) starting January 29, 2021 (for the previous quarter, October to December) and such reports will be provided on a quarterly basis after the end of the reporting quarter:

- a. The number of connections as of the end of the quarter, by customer class;
- b. The number of customers as of the end of the quarter, by customer class, assessed late payment fees or charges during the period;
- c. The number of customers as of the end of the quarter, by customer class, enrolled in a current Time Payment Agreement (TPA);
- d. The number of customers enrolling in a new TPA;
- e. The number of customers completing a TPA during the period;

- f. The number of customers, by customer class, renegotiating TPAs during the period;
- g. Total number of residential customers with arrearage balances, segmented by 30-60 days; 61-90 days; 91+ days. Reports will include total arrearages and average arrearages for each segment;
- h. Total number of disconnection communications delivered by vintage (15-day, 7-day);
- i. Total number of service disconnections for non-payment; and
- j. Total number of service reconnections, segmented by same-day / next-day reconnect, and any reconnect occurring after next day.

Attachment C
Oregon Non-Binding Term Sheet – Telecommunications Utilities

This Term Sheet describes the basic terms and conditions to be included in a stipulation waiving hearing rights that would address the disconnection of telecommunications utility services and the imposition of late fees due to the COVID-19 pandemic. The intent of the stipulation would be to:

- A) Memorialize the customer protections that telecommunications utilities (“Telecommunications Utilities”) subject to the jurisdiction of the Public Utility Commission of Oregon (“Commission”) have voluntarily put in place during the COVID-19 pandemic;
- B) Obtain an order from the Commission directed to each participating telecommunications utility approving the stipulation and memorializing the public process that led to the stipulation; and
- C) Establish additional customer protections to mitigate the resumption of telecommunications service disconnections and late fees.

Suspension of Utility Disconnections and the Imposition of Late Fees

1. In response to the COVID-19 pandemic, and the challenges that many Americans have faced, the FCC announced the Keep Americans Connected Initiative on March 13, 2020 and extended it to June 30, 2020. The Initiative was announced in order to ensure that Americans did not lose their broadband or telephone connectivity as a result of these exceptional circumstances.

2. Many Telecommunications Utilities, on their own initiative, extended the pledge well beyond the June 30, 2020, end of the pledge.

3. Many Telecommunications Utilities have engaged in proactive customer outreach throughout the COVID-19 pandemic. In addition to this outreach, telecommunications utilities that has not already notified customers, must upon approval of the stipulation, notify customers with past due balances of: 1) the resumption of telecommunications service disconnections and late fees, and 2) all flexible payment options that are available to avoid disconnection as specified below. The communications with customers must also outline other programs that may provide financial assistance to the customer including Oregon Lifeline.

4. Telecommunications Utilities may impose late fees and disconnect service for non-payment after October 1, 2020. During the duration of the stipulation, Telecommunications Utilities may disconnect a customer for non-payment only after the following has occurred:

- a. Telecommunications Utility has provided notice to the customer subject to disconnection as provided in paragraph 3;
- b. Telecommunications Utility has provided notice to the customer subject to disconnection as specified in applicable regulations and the Telecommunications Utility's' tariff;
- c. Telecommunications Utility has made a good faith effort to contact the customer to inform the customer of flexible payment options, financial assistance programs, and any other means to avoid disconnection. These efforts will be documented; and
- d. The requisite period of time specified in the Telecommunications Utility's' tariff for the customer to enter into an arrangement to avoid disconnection has passed.

The information that a Telecommunications Utility provides pursuant to this paragraph will also be available on its website.

Additional Customer Programs and Initiatives

5. Each Telecommunications Utility will offer Time Payment Agreements (TPAs) as described in and this Term Sheet and OAR 860-021-0415 for large telecommunications utilities; and OAR 860-034-0276 for small telecommunications utilities up to 12 months for residential customers, but no less than three months for both residential and business customers proportionate to the amount owed. The parties agree to support a request for waiver of any sections in OAR 860-034-0276 for which waiver is necessary under the provisions of this Term Sheet. Telecommunications Utilities may provide additional flexibility on duration of the TPA based on the circumstances of a customer's ability to pay.

6. A residential customer whose financial condition changes during the term of a TPA, or a residential customer who defaults the first time on a TPA and who seeks to renegotiate payment arrangements, may do so at least one time in a 12 month period under the same terms specified above. Except as set out in this paragraph, customers

must keep current on their bills from the time a TPA is put in place or the TPA may be terminated.

7. Each Telecommunications Utility will prominently display information on Oregon Lifeline and enhanced benefits on its websites. Telecommunications Utilities will also, in good faith, enhance their promotion of the Oregon Lifeline program. Enhanced promotion includes but is not limited to additional outreach to customers as compared to the status quo prior to October 1, 2020, regular coordination with the Commission's Oregon Lifeline Program Manager and supporting outreach staff, and at least three bill inserts through April 1, 2021.

8. Each Telecommunications Utility will waive new deposit requirements associated with late or non-payment, arrearages, or credit related issues for new or existing residential customers, through April 1, 2021.

9. Telecommunications Utilities will not report late payments and nonpayment for active wireline customers to credit bureaus and reporting agencies through October 1, 2021.

10. Telecommunications Utilities will not use third parties to collect past due fees from active wireline customers through October 1, 2021.

11. Each Telecommunications Utility that has annual Local and Intrastate Switched Access operating revenue of over \$1,000,000 per year on a regular basis as presented in the most recent Oregon Utility Annual Statistics will provide relevant credit and collections data sufficient to evaluate customer needs to the Commission for eight quarters (two years) starting January 31, 2021. Staff developed the preferred report format to be used by each Telecommunications Utility in discussion with the signatories to the stipulation as shown in Appendix A. Discussions included weighing costs and benefits of providing such data and the underlying purpose in collecting it.

12. The stipulation, other than the reporting requirements, will expire October 1, 2021.

Telecommunications Utility Reporting Requirements

Telecommunications Utilities will provide the enhanced reporting for eight quarters (two years) starting January 31, 2021 (for the previous quarter, October to December). Reports will be submitted by the end of the month following the close of the three month period:

- a. The number of wireline customers;
- b. The number of wireline customers assessed late payment fees or charges during the period;
- c. The number of wireline customers enrolled in a current Time Payment Agreement (TPA);
- d. Total number of wireline customers with arrearage balances, segmented by 30-60 days; 61-90 days; 91+ days. Reports will include total arrearages and average arrearages; and
- e. Total number of wireline disconnections for non-payment.