



## HOUSE INTERIM COMMITTEE ON ENERGY AND ENVIRONMENT

### MEETING ON UTILITY ASSISTANCE RELATED TO COVID-19

May 28, 2020

Chair Power, Vice-Chairs Sollman and Bonham, and Members of the Committee:

For the record, my name is Ted Case, and I am the Executive Director of the Oregon Rural Electric Cooperative Association (ORECA). ORECA represents 18 electric cooperatives that serve over 500,000 Oregonians in some of the most rural and frontier parts of our great state. I appreciate the opportunity to testify on the impacts of COVID-19 on behalf of Oregon's 36 consumer-owned utilities (COUs). The testimony given today should be considered joint testimony of the three COU trade associations: ORECA, the Oregon People's Utility District Association (OPUDA) and the Oregon Municipal Electric Utilities Association (OMEU.)

Oregon's COUs know this is not business as usual. COVID-19 has created unprecedented challenges for Oregon families, making it difficult for many Oregonians to pay their utility bills. While these are difficult times, we believe our business model is uniquely suited to meet the moment. Because Oregon's COUs do *not* have a profit motive, we can focus our attention on what consumers and our local communities require right now – our compassion, our support, and our assistance.

While each COU is locally controlled and operates with different procedures, there are commonalities: we are *all* working closely with our consumers and communities to meet their needs through programs that include but are not limited to: deferred payment schedules, enhancing existing utility assistance programs, creating new assistance programs, returning excess revenues to our members and linking up consumers with local agencies that can provide assistance. After all, these consumers are not just a name and account number on a utility bill, they are our neighbors and our friends.

At the end of our testimony, we have highlighted several examples of innovative programs that COUs are currently offering, ranging from financial assistance, free broadband, and resources to help consumers navigate complex federal guidelines for loans. This is not a comprehensive list, but rather, a sampling of what select COUs are doing to help their consumers during this unprecedented time.

Moreover, while each utility has different policies, COUs have voluntarily suspended disconnections and waived late fees during this crisis for residential customers. There has been considerable debate on disconnections, and we want to point out that – even in normal times – disconnections are exceedingly rare and only occur after long, persistent efforts to work with the consumer. COUs are proactively working to make sure that consumers know that assistance and payment programs are available – just as we did *before* the pandemic. The ultimate objective for every COU is to do our part in helping our consumers to get back on stable financial footing.

It is too early in the pandemic to have all the pertinent data to show how COUs are being affected. Each month that goes by will tell us a new story about the financial impact and potential needs for assistance, and we may not know the full impact until mid-summer or fall. Oregon’s COUs also cover a wide geographic footprint in the state with vastly different demographics and local economies. Areas with a higher concentration of senior citizens and those on fixed incomes may not be as impacted as areas dependent on tourism or manufacturing operations that have been curtailed because of COVID-19. However, based on reports from individual COUs we can draw some conclusions for the committee.

For instance, a quarter of Oregon’s electric cooperatives are experiencing past due balances that are 50% higher than we would expect this time of year, while about a third of the co-ops are experiencing normal trends. Approximately 40% of Oregon’s co-ops report a modest to significant increase in requests for bill payment assistance, while 60% are tracking with normal pre-pandemic levels.

The Oregon PUDs are experiencing similar impacts. While some PUDs are seeing only modest increases in delinquent accounts, their management believes the level will increase significantly in the upcoming months. However, one PUD reports “astronomical increases” in accounts that are delinquent between 30 and 90 days – a level they deem unsustainable long term. There is also a concern that some consumers are getting so far in arrears that the balance is unlikely to ever be collected.

Oregon’s municipal utilities are also experiencing a high level of delinquent accounts. For example, looking at the increase in accounts 60 days delinquent this April versus the same period last year, municipal electrics are experiencing an 82% growth in delinquencies. One municipal utility reports a staggering 740% increase in delinquencies from April 2019 levels.

Additionally, there are questions about the sustainability of “no disconnect” policies on utilities as Oregon transitions into new Phases of reopening. COUs

have no shareholders, relatively small customer bases, and have limited reserve margins to sustain high rates of nonpayment. Avoiding cost-shifting to other ratepayers on fixed incomes who are also struggling to pay bills must be a key objective. As we reopen Oregon and return to standard business practices, we will need the assistance of the state and federal government to ensure that consumers have the necessary resources to alleviate the economic stress on both families and the COU.

Oregon's COUs are part of an energy coalition that has sought \$30 million in low-income energy assistance through the Oregon Legislature to help meet the increased needs of those impacted by COVID-19. The CARES Act appropriation of \$9 million for LIHEAP is a welcomed start and we thank our congressional delegation for their support. However, given the magnitude of this crisis we urge the State to appropriate \$30 million, based on estimated needs calculated by OHCS to help low-income and newly unemployed pay down their bills. Congress has allocated a significant amount of funding to the State of Oregon via the Coronavirus Relief Fund and we urge the State to use some of these dollars for low-income utility assistance. The current impasse in Congress over COVID-19 relief will impact additional LIHEAP dollars, making it even more imperative that the State focus attention on utility assistance.

Finally, COUs are also evaluating back-to-work programs that align with Governor Brown's Reopening Oregon plan. As many of our offices serve as social hubs in our communities, we are undertaking measures to keep our employees and consumers safe, such as plexiglass at payment counters, sanitizing stations, masks and protocols to ensure required physical distancing is maintained.

Oregon's COUs appreciate the opportunity to offer testimony during this challenging time. We look forward to working with the committee throughout this crisis and beyond.

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## SELECT EXAMPLES OF COU COVID-19 ASSISTANCE PROGRAMS

- ***Springfield Utility Board (SUB)*** – Established a new “COVID-19 Relief Fund” that is available to any customer who has lost employment as of March 1, 2020, and to customers who have no income. Customers can receive a one-time credit of up to \$225 that will be applied to the electricity portion of their SUB bill while funds are available. It is not necessary for the account to be in a past-due status to receive funds. Also, 1.25% electric rate increase slated to begin in April has been postponed. (The new effective date for electric rates is July 1 for bills rendered on or after August 1.)
- ***City of Ashland*** – Helping customers set up six- and twelve-month payment plans, allowing deposits to be applied to bills, waiving late fees, suspending disconnects and deferring rate increases. Until the school year ends, free broadband internet service (from the Ashland Fiber Network -AFN) for all K-12 & college students/staff who are not current AFN customers.
- ***McMinnville Water & Light*** – Enhancements to Customers Helping Customers Program, including additional utility matching funds of \$40,000, doubling maximum assistance amount per household and allowing increased frequency of assistance. City has also pledged an additional \$20,000 in matching funds for sewer.
- ***Salem Electric*** – Supporting members who have been impacted by the COVID-19 pandemic by offering a one-time \$150 bill credit to residential and general service members. Throughout the state, electric co-ops are enhancing or creating new assistance programs to help consumers who are having trouble paying their electric bills.
- ***Umatilla Electric Cooperative (UEC)*** – Developed an innovative program for area businesses needing assistance understanding how to apply for the federal Economic Injury Disaster Loan and the Paycheck Protection Program. The co-op created the UEC Business Resource Center to provide free assistance to area business owners in applying for federal grants and low-interest loans available to businesses experiencing negative effects from COVID-19. Approved a \$2.5

million distribution to members in April 2020 as part of the cooperative's Capital Credits program.

- ***Columbia River PUD*** - Increased GLOW assistance from \$75.00 to \$100.00 with no co-pay; GLOW assistance available to all customers that can verify they have been impacted by COVID-19. Refunding deposits and applying to the customers outstanding balance on their account; crediting Budget Pay true up amounts back to outstanding balances on accounts.
- ***Douglas Electric Cooperative*** and ***Hood River Electric Cooperative*** -Working with local school districts to make sure students are not on the wrong side of the digital divide. Douglas Electric's internet business - Douglas Fast Net - launched a program called DFN Cares, specifically for remote education, that provides two months of free internet service and Wi-Fi to students who do not currently have access. Hood River Electric Cooperative is wiring low-income households in small communities such as Odell that otherwise would not have access to internet.