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June 15, 2020

Honorable Chuck Eaton, Chairman
Georgia Public Service Commission
244 Washington Street, SE, First Floor
Atlanta, Georgia 30334-5701

Re: DOCKET NO. 42516: Georgia Power Company's 2019 Rate Case: Consideration of Staff's Recommendation on the Methodology for determining Incremental Bad Debt, and other costs incurred, due to COVID-19

Dear Chairman Eaton and Commissioners:

The undersigned organizations ("Commenters") respectfully submit the following comments regarding Staff's recommendation for identifying and handling incremental bad debt potentially arising from the moratorium on electric utility shutoffs amid the ongoing COVID-19 crisis.

As an initial matter, Commenters commend Georgia Power Company for its decision in March to voluntarily suspend shutoffs as the pandemic and its economic fallout took hold. Commenters are likewise deeply grateful for Commissioner Shaw's April 7th motion to extend the moratorium and place it under the Commission's authority.

Nevertheless, Commenters have serious concerns about the Commission's decision to lift the moratorium effective July 15th, in the middle of summer season, when electric needs are often highest. As the Commission knows, many Georgians faced an intolerable energy burden[1] before the pandemic hit, with that burden particularly acute in communities of color and rural communities. The pandemic has made this situation worse. Georgia is, unfortunately, one of the hardest-hit states in the country. Since the COVID-19-related shutdowns began "[a] staggering 40.3 percent of the [Georgia's] workers—two out of every five—has filed for unemployment insurance payments."[2] According to one recent study, Georgia ranks 1st—*i.e., worst*—in a ranking of states hit hardest by unemployment claims since the start of the COVID-19 crisis.[3] While nationally the number of unemployment claims fell last week, they remain higher than normal. The Federal Reserve has cautioned that there will be an "extended period" in which it

[1] Adam McCann, *Most & Least Energy-Expensive States*, WALLETHUB (July 3, 2019) (ranking Georgia 4th in the nation with average total energy costs for households totaling $344 each month—an average of $148 each month for electricity costs), https://wallethub.com/edu/energy-costs-by-state/4833/.
[2] Megan Cassella, *Reopening reality check: Georgia's jobs aren't flooding back*, POLITICO (May 21, 2020),https://www.politico.com/news/2020/05/21/georgia-reopening-coronavirus-jobs-273070.
[3] Adam McCann, *supra* note 1.

will be "difficult for many people to find work."[4] And of course, the pandemic is not just an economic crisis but remains an ongoing public health threat.

The economic and public health impacts of COVID-19 disproportionately impact communities of color.[5] These communities can have a high percentage of low-wage earners doing "essential work," which forces these Georgians to risk their health more than higher-wage earners, all while struggling to pay for electricity and other essential services. Simply put, customers who struggled with high electric bills before the pandemic face an even higher burden now, through no fault of their own.

Commenters appreciate that under Staff's proposal customer repayments would not begin until October 1, 2020. Commenters also recognize that the Commission retains authority to revisit its decision and to take further action as necessary to protect vulnerable customers as circumstances evolve. These facts give Commenters some comfort that the Commission's decision to lift the moratorium will not trigger a spate of disconnections. The Commission can, and should, carefully monitor the plight of struggling customers over the next few months, and alter its policies as necessary to protect them. It is in everyone's interest for customers to remain connected, especially at this critical time, and for incremental bad debt to be kept as low as possible.

As the Commission moves into this next phase of managing the crisis, Commenters are concerned that the focus appears to be limited to the accounting treatment of incremental bad debt. We understand that a significant quantity of unpaid balances has arisen during the moratorium, which *could* become bad debt. Whether and to what degree those sums become bad debt is an important issue that the Commission is right to be concerned about.

But given the scale of the problem, and the very real human suffering taking place, Commenters urge the Commission to adopt a broader focus. There should be equal, if not greater, focus on (1) securing the data necessary to fully understand the scope and detail of COVID-related customer arrearages; (2) developing and implementing a plan governing the Company's interactions with affected customers going forward; and (3) encouraging affected customers to participate in the Company's DSM offerings, which would help those customers manage their electric bills, while avoiding the compounding of current bad debt and the creation of future bad debt.

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[4] Reuters, *U.S. Layoffs Easing, Labor Market Distress Persists*, THE NEW YORK TIMES (June 11, 2020), https://www.nytimes.com/reuters/2020/06/11/business/11reuters-usa-economy/.

[5] Associated Press, *'It's Gone Haywire:' When COVID-19 Arrived in Rural Georgia*, WABE.ORG (May 6, 2020) (Analysis by the Associated Press revealed that "African Americans represent 14% of the population in the areas covered but nearly one-third of those who have died."), https://www.wabe.org/its-gone-haywire-when-covid-19-arrived-in-rural-america/.

I. The Commission should require Georgia Power to file comprehensive monthly data so that affordability challenges are well-understood and policies can be developed to respond to those challenges.

We believe that data is critical to understanding the full impact of the COVID-19 economic crisis on customers' ability to manage their electric bills. As John Howat, Senior Energy Analyst at the National Consumer Law Center, has advised, "[p]*rograms and policies for consumer protection are far more effective when utilities, regulators and advocates know exactly what affordability challenges residents are facing, and who is facing them*."[6] Likewise, the recent COVID-19 policy resolution issued by the National Association of State Utility Customer Advocates ("NASUCA")[7] calls for better and standardized reporting of arrearages and other data, referencing back to a 2018 resolution that urged states to gather uniform statistical data on billings, arrearages and disconnections for nonpayment.[8]

Gathering these data by zip code is essential. Geographically granular data will help the Commission and Georgia Power in targeting effective energy-efficiency programs and other forms of assistance.

We recognize that Georgia Power has shared some data related to disconnections and unpaid or negative balances with Staff. The data do not, however, clearly detail the number of customers that would have been subject to disconnection absent the moratorium.[9] Further, the data aggregates both residential and commercial customer data, making it impossible to understand how each customer class is being affected. Finally, there simply are not enough data points to meaningfully understand the impacts of the COVID-19 economic crisis and to inform policies to help struggling Georgia families reduce their energy burden.

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[6] John Howat, *Utility shutoff bans are in effect for many families, but what happens when they end?,* UTILITY DIVE (Apr. 28, 2020), https://www.utilitydive.com/news/utility-shutoff-bans-are-in-effect-for-many-families-but-what-happens-when/576838/.

[7] NAT'L ASS'N OF STATE UTIL. CUSTOMER ADVOCATES, RESOLUTION 2020-01: NASUCA RECOMMENDATIONS CONCERNING THE EFFECTS OF THE PUBLIC HEALTH AND ECONOMIC CRISES RESULTING FROM COVID-19 UPON UTILITY RATES AND SERVICES PROVIDED TO CONSUMERS BY PUBLIC UTILITIES (May 12, 2020), https://www.nasuca.org/nwp/wp-content/uploads/2020/05/2020-01-NASUCA-COVID-19-Policy-Resolution-Final-5-12-20-.pdf.

[8] NAT'L ASS'N OF STATE UTIL. CUSTOMER ADVOCATES, RESOLUTION 2018-04: URGINGSTATES TO DIRECT NATURAL GAS AND ELECTRIC UTILITIES TO COLLECT AND POST ON THE PUBLIC UTILITY COMMISSION WEBSITE UNIFORM TIME SERIES STATISTICAL DATA ON RESIDENTIAL BILLINGS, COLLECTIONS, ARREARAGES AND DISCONNECTIONS FOR NONPAYMENT (NOV. 11, 2018), https://www.nasuca.org/nwp/wp-content/uploads/2018/01/2018-04-NASUCA-Data-Collection-Resolution-Final-11-11-2018.pdf.

[9] Column I on the spreadsheet is titled "SUSPENSION PERIOD Post Pay Involuntary Disconnections Total Cut Non-Pay Orders." As of May 22, 2020, there were 240,314 of these orders, but we understand this total does not represent a number of households.

We urge the Commission to require Georgia Power to file residential customer data (both in aggregate and by zip code) regarding residential billing, receipts, credit and collections, including the following in executable spreadsheet format:

- Number of customers
- Dollar amount billed
- Total receipts
- Number of customers charged a security deposit
- Dollar value of security deposits charged
- Number of customers requesting a deferred payment agreement
- Total number of accounts past due
- Number of accounts past due by vintage
    - 60 - 90 days past due
    - more than 90 days past due
- Total dollar value of accounts past due
- Dollar value of accounts past due by vintage
    - 60 - 90 days past due
    - more than 90 days past due
- Number of customers charged a late payment fee
- Dollar value of late payment fees charged
- Number of disconnection notices issued
- Number of new deferred payment agreements entered into
- Average duration of new payment agreements
- Number of deferred payment agreements successfully completed
- Number of failed deferred payment agreements
- Number of disconnections for nonpayment

- Number of service reconnections after disconnection for nonpayment
- Number of accounts written off as uncollectible
- Dollar value of accounts written off as uncollectible

This data should be publicly filed on a monthly basis in a designated docket on the Commission's website. The data should be filed starting immediately and continuing on an ongoing basis, even after the impacts of the pandemic subside.

II. The Commission should require Georgia Power to submit a detailed plan discussing how customers will be protected from shut-off once the suspension is lifted, what options will be available to them to work out payment arrangements, and how that information will be communicated.

Commenters are concerned by the lack of details addressing Georgia Power's plans for communicating with customers at-risk of disconnection. From the staff memorandum, we know only that customers will be asked to enter installment plans covering a six-month repayment period; that re-payment under the installment plans will not be required until October 1st; and that payments received from customers will be applied in priority order with oldest arrears taking priority.

Additionally, Georgia Power has now filed an implementation plan for customer self-certification for medically fragile individuals and Georgians 65 and older, as required by the Commission's Order lifting the moratorium. However, that plan too is conspicuously lacking in details. The Company's one-page filing cites a "modified approach" to its existing "Medical Hold" process, without describing what that approach will be. The Commission should note that under its existing rules governing "disconnection during illness," the customer must furnish a written statement from a medical provider identifying their illness, its expected duration, and certifying that the illness would be aggravated by disconnection. The proposed disconnection is then held in abeyance for the length of the illness or one month, *whichever is shorter*, and the customer is given only one more possible postponement period using the same procedure.

Georgia Power has not explained how it intends to modify this procedure to address medically fragile individuals whose health and well-being are negatively impacted by the pandemic. The existing rules are not a good fit for the current circumstances, in which medically fragile individuals face additional logistical hurdles to interacting with their medical providers. Nor is a mere one month reprieve from disconnection sufficient given that this health and economic crisis is far from over. As a result, a modified approach makes sense, but it needs to be clear exactly what the Company is proposing.

The Company's implementation plan also says it will "proactively capture customers enrolled in the Senior Citizen Discount program." But here too, the filing does not provide any further explanation.

We urge the Commission to require Georgia Power to develop and file a detailed plan for its outreach to all customers threatened with disconnection now that the moratorium has been lifted. Commenters acknowledge that Georgia Power recently provided some additional detail in response to requests by Staff, but these details are largely not included in the Staff methodology you're being asked to approve. Moreover, the information does more to underscore the plight of customers soon to be affected by the resumption of cutoffs than to describe how the Company intends to work with those customers to keep them as customers. Georgia Power's responses reveal the following:

- Georgia Power will apply a "one-size fits all" approach that requires all post-pay customers with Covid-related arrearages to pay their full debt over a six-month period without regard to their ability to pay, or face disconnection.

- Similarly, pre-pay customers will have 25% of their future payments applied toward their deferred balances without regard to whether the deduction of those sums from future usage leaves them with adequate levels of service.

- Normal disconnection policy will apply to summer bills. Thus, even though payments under installment plans are not required until October 1st, a customer unable to pay her July, August, or September bills will face disconnection after 45 days. This result is consistent with the Commission's decision to lift the moratorium, but the Commission should be clear about what it means: customers who have been unable to pay their bills over the last few months will now again be required to pay their bills in full just as temperatures and monthly bills are rising. And in October, those payment obligations will become heavier with the additional of past-due installments.

- The Company will communicate installments plans to customers through email, phone call, text, interactive voice response units and live agents, but it appears those communications will not simultaneously advise those customers about applicable payment assistance programs, or available weatherization or energy efficiency programs that could help them. For that information, customers are expected to consult the federal government-sponsored website, benefits.gov, the Company's own COVID-19 webpage, and the Company's generally available information regarding efficiency offerings.

- Available payment assistance programs are woefully insufficient. The Company reports that an alarming **40% of its residential customer base is income-qualified to receive LIHEAP or other income-based assistance**. But LIHEAP is only funded for 10 to 15% of those who are eligible. Further, it is our understanding that state LIHEAP funds are virtually exhausted already, such that few customers going forward can count on such assistance.

Perhaps most troublingly, when asked by Staff to explain how it proposes to "work with" customers having an arrearage from March-July as well as an ability to remain current on bills following the lifting of the moratorium, the Company simply references its standard disconnection policy, under which customers have 45+ days to pay for each bill, lest they face disconnection. In other words, the Company proposes nothing beyond the prior status quo, even though the circumstances many customers face remains dire.

Under Staff's proposal, the Commission is being asked to assume that "50% of the amount of both the arrears and the installment plans at the end of the disconnection moratorium period" is bad debt. This assumed "incremental bad debt" will go into the storm reserve account, making it the responsibility of ratepayers rather than Company shareholders. Not only is this result inequitable given the Company's recent earnings history and higher-than-average approved return on equity, it gives the Company absolutely no incentive to prevent this assumed bad debt from becoming *actual* bad debt. With an unforeseen crisis of this magnitude, the Company's changed debt expectations should not be assumed to be the ratepayers' problem. Company shareholders earn a significant return in exchange for assuming risk, including that debt projections may prove worse than assumed in the last rate case.

For these reasons, the Commission should not make any decision regarding responsibility for changed debt expectations without consideration of the Company's overall performance. If that means Company shareholders earn lower returns in the interim, so be it. The approved earnings band intentionally accommodates a wide range of acceptable financial performance while also protecting the Company from significantly negative results.

But if the Commission does decide to proceed with the Staff proposal, it should require far more from Company in terms of its plans to "work with" burdened customers, including a plan for some element of **debt forgiveness**.[10] Indeed, if up to 50% of the accumulated arrearages are going to be assumed as bad debt anyway, and chargeable to all customers, the Company should be prepared to forgive those amounts to customers most in need. At least then ratepayers will know that added debt expenses they're being asking to cover will serve the socially desirable purpose of keeping struggling customers connected.

Specifically, as part of any approval of Staff's methodology, the Commission should require Georgia Power to file a detailed plan governing its outreach to customers with COVID-related arrearages. The plan should include the following:

1) **A proposal for income-qualified debt forgiveness**. Income-qualified for these purposes should be defined according to standard metrics, i.e., 60% of state-median income or 200% of the federal poverty guidelines, whichever is higher.

2) **Caps on installment amounts and/or lengthened payback periods for income-qualified customers.** Rather than divide past due amounts into six installments without regard to the customer's ability to pay them and keep current on new bills, the Company should cap total bills at a percentage of household income and/or provide for payback periods exceeding six months.

[10] Importantly, debt forgiveness programs do not necessarily cause other customers' bills to increase. Added costs to Georgia Power do not directly translate to upward pressure on rates and bills. For instance, we know that even after accounting for all its costs in the years 2014, 2015, 2016, 2017, 2018, and 2019, Georgia Power still earned profit at a level well above the approved target Return on Equity (ROE). 2019 Georgia Power Rate Case Tr. at 261-370, Dkt. 42516 (Sept. 30, 2019); 2019 Ga. Power Annual Surveillance Filing, Dkt. 36989 (Mar. 12, 2019). In fact, in most of those years, Georgia Power had an ROE in excess of 12%—the top end of the earnings band. We estimate that in 2019, Georgia Power could have incurred up to an additional $200 million in expenses and still earned above the target ROE authorized by the Commission for rate-setting purposes. ***We urge the commission to consider Georgia Power's long track record of extraordinary earnings when determining what options to provide for struggling Georgia families.***

3) **Enhanced seasonal protections.** For at least the remainder of the summer season (through September), the Company should continue to observe a moratorium on disconnections for especially vulnerable low-income customers, i.e. senior citizens, medically fragile individuals, and families with infants.

4) **A plan for maximizing available energy efficiency programs and budgets for the benefit of customers who would otherwise face disconnection due to COVID-related arrearages**. The Company could, for example, be granted the flexibility to move funds from programs with low participation toward its income-qualified offerings. In the following section, Commenters offer additional thoughts on the increased importance of energy efficiency measures in assisting burdened customers.

The above protections are well recognized by leading consumer advocates and seem especially apt under the current circumstances.[11]

III. The Commission should require the Company to address how energy efficiency and other demand side management programs could be used to mitigate the negative effects of the COVID-19 economic crisis on customers in both the near- and long-term.

Energy efficiency programs offer a proven solution for households struggling to pay their electricity bills.[12] And they help Georgia Power and other customers by avoiding the creation of bad debt.

As discussed above, in the near term the Commission should require Georgia Power to explore how it might revamp its current DSM offerings to drive up participation by customers on installment plans. Initially, Georgia Power, like many utilities, suspended programs requiring in-home visits for health and safety reasons. With reopening now underway, certain in-home visits may soon be safely recommenced, and other programs could be adjusted, of funds reallocated, to safely deliver energy savings to burdened households.[13] Creative solutions can include virtual home energy audits, home efficiency kits with education materials, LED bulbs, and advanced power strips. Georgia Power can and should target this work using census tract data and electricity consumption records. Further, the Commission should require Georgia Power to roll over any unspent DSM program funds so that those funds can be put to immediate use in lowering customers' energy burdens.

Looking to the longer-term, the Commission should recognize the potential that expanding DSM efforts can have toward avoided bad debt creation. As the energy burden felt by

[11] John Howat, *supra* note 5.

[12] Ariel Drehobl, *A perfect storm? COVID-19 cuts incomes and hikes home energy bills*, AM. COUNCIL FOR AN ENERGY-EFFICIENT ECON. BLOG POST (May 15, 2020), https://www.aceee.org/blog-post/2020/05/perfect-storm-covid-19-cuts-incomes-and-hikes-home-energy-bills.

[13] The National Association for the State Community Service Programs created a list of recommendations for weatherization workers, including basic infection-prevention measures, changes in how crews operate, and health screening questions before home visits. https://nascsp.org/wp-content/uploads/2020/04/COVID-Considerations-for-Fieldwork.pdf.

many Georgia households deepens as a result of the pandemic, so too does the importance of efficiency measures in helping those customers manage their bills.

Commenters appreciate the Commissioners' consideration of the above recommendations.

Sincerely yours,

The 32 undersigned organizations:

Atlanta Jobs with Justice

Center for Biological Diversity

Cherry Street Energy

Climate Reality Atlanta Chapter

Community Movement Builders

Democracy Collaborative

ECO Action

Energy Efficiency for All - Georgia

Environment Georgia

Fulton Atlanta Community Action Authority

Georgia Coalition for the People's Agenda

Georgia Community Coalition

Georgia Conservation Voters

Georgia Interfaith Power & Light

Georgia NAACP

Georgia WAND

Georgia Watch

Greenlink Analytics

Groundswell

Harambee House/Citizens for Environmental Justice

HBCU Green Fund

Live Fresh, Inc.

National Housing Trust

New Georgia Project Black+Green Agenda

Partnership for Southern Equity

Rebuilding Together of Glynn County Georgia, Inc.

Sierra Club Georgia Chapter

Southern Alliance for Clean Energy

Southern Environmental Law Center

Southface

Vote Solar

West Atlanta Watershed Alliance