



**Portland General Electric Company**  
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June 29, 2020

Public Utility Commission of Oregon  
Attention: Shelly-Ann Maye  
P.O. Box 1088  
Salem, OR 97308-1088

Re: PGE's Responses to COVID-19 Workshop #1 Questions

Dear Ms. Maye,

Thanks for the opportunity to participate in the workshop scheduled for June 30, 2020. We appreciate the questions the Commission developed to facilitate this workshop. Attached are PGE's responses to these questions as well as subsequent requests that we received informally from Staff. I'm also including material reflecting our thinking on resumption of credit and disconnect activities in furtherance to continued discussion with stakeholders and the Commission.

At the beginning of the COVID-19 global pandemic, PGE recognized the uncertainty and hardship facing so many business and residential customers and implemented suspensions of disconnections for non-payment of retail service among other actions to support customers.

We look forward to discussing next steps with stakeholders.

Sincerely,

/s/ Jay Tinker  
Jay Tinker  
Director, Rates and Regulatory Affairs

JT/np  
Enclosure



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## Questions for All Participants

1. *What obstacles have customers identified when dealing with utility bill arrearages? How are those obstacles unique for different customers, such as individuals without bank accounts, low-income and other vulnerable populations, and urban vs. rural customers, among others?*

Our customers are being impacted by COVID-19 in various ways (laid off, reduced hours, difficulties receiving unemployment, having or caring for family with the virus, etc.) Customers are seeing higher bills due to increased usage as a result of the stay at home order.

Our customers have shared they are unsure if they need to pay their bill which has caused some customers with regular payment history to go past due.

We have heard from low-income customers who are experiencing a variety of obstacles when dealing with utility bill arrearages. These customers often live in places that lack energy efficiency which makes it difficult to keep usage low. Accessing energy assistance can be discouraging for customers. It can be difficult to reach agencies due to limited open phone lines and appointments. Customers often think if agencies are not currently accepting appointments then they are out of funding.

We have not heard any issues specific from our cash only customers. Starting in January this year, we offered fee free cash payments for customers through Western Union and CheckFreePay. There are over one hundred Western Union and CheckFreePay locations throughout PGE's service territory which offer more locations and extended hours where customers without bank accounts can pay in person for free. These locations are typically in grocery stores and convenience stores which have remained open during the pandemic.

Non-residential customers have experienced shortage in revenues due to being closed or partially open. In order to keep floating, they need to pay their bills with credit/debit cards for free. In response to COVID-19, PGE is currently waiving the \$4.95 transaction fee for non-residential customers for payments up to \$600. We received positive feedback from non-residential customers, and they hope this will remain an option.

2. *What opportunities and resources are available, or could be made available to assist customers with their utility costs, or to assist them with utility programs? (Including voluntary assistance programs as well as increased programmatic and assistance funding; also including Energy Trust).*

PGE is focused on making it easier for customers to access energy assistance and finding ways to collaborate with CAP agencies to increase spending. Additional funding is being provided to agencies during COVID and PGE is working to make sure customers can access that funding, especially customers reaching out for help for the first time. PGE is currently partnering with three CAP agencies (Clackamas, Yamhill, Washington) to provide direct referrals but would like to expand the referral process to additional counties

and strengthen those partnerships already in place.

PGE also supports having a robust process at the OPUC to consider additional tools to make bills more affordable for low-income customers. The traditional crisis assistance infrastructure in place today plays an important role but is insufficient to meet the need, has significant barriers to access, and is not the optimal approach for all utility customers. Some customers would be better served by a well-designed low-income rate or bill credit program. For example, an elderly customer on a fixed income would likely benefit more from a modest monthly assistance amount than receiving a large lump sum all at once.

3. *What recommendations do you have to address past due bills? This could include debt forgiveness, not adding interest payments, multi-year payment plans, deferral of debt payments, and rate discounts, among others.*

We put a suite of options together we can offer to our customers, including extended payment plans (for additional information, refer to the PGE Credit Strategy Recommendation – Customer Care Options slide). Our goal is to be able to support our customers in a way that best fits their needs, as each customer is experiencing COVID impacts differently.

4. *When should the suspension of utility disconnections, late payment notices, late fee assessments, and other temporary COVID-related measures end? What information should be considered when making these decisions, such as declining unemployment filings, Phase 3 re-opening, seasonal utility load increases, number of payments in arrears, or other economic conditions? Are there changes that should be permanently made on these topics, even once the moratorium is lifted?*

Our primary focus right now is to encourage customers to get in contact with us. We have been using a variety of social media, mail, and email, postcard campaigns to encourage customers to get in touch with us to get connected with energy assistance, help managing their usage or to make payment arrangements if they choose. Our call volumes continue to be down 40-50% from typical this time of year.

PGE's Credit Strategy Recommendation is a staged approach, based on the phases of the Governor's Re-opening Plan to encourage customers to get in contact with PGE. Starting to charge late fees, resuming standard disconnect notices and automated phone calls will be the first step. Disconnection of service is always the last resort.

For additional information, refer to PGE Credit Strategy Recommendation – PGE Customer Care & Credit Strategy slides.

5. *Once a utility has determined a date they will be lifting service suspensions, what customer notification should be required?*

PGE is committed to full transparency with our customers and plan to share our plans prior to implementation. We commit to providing a minimum of eight communications attempts (including 15-day, 5-day notices, 15-day and 5-day automated outbound calls) prior to resuming disconnections.

Right now, we are proactively calling our customers to let them know we're here to help. We're helping them get in touch with energy assistance, manage their increased usage from staying at home and offering payment arrangements, among other things. We are using social media to discuss energy saving tips, offer payment arrangements, as well as internal and external energy assistance. These efforts have been a way for us to reach our customers when they aren't contacting us during this time.

**6. *What recommendations do you have to improve programs for low-income utility customers?***

From a process standpoint, improving programs for low income utility customers must include the perspectives of low income customers. In designing programs or program improvements, PGE notes that it does not support the utility having customer income information. Rather, program design should allow utilities to contract for outside validation of a customer's eligibility for low income programming.

In comments regarding the Governor's executive order, PGE recommended that the Commission prioritize work to reduce differential energy burden and there likely is a need to do this beyond traditional energy assistance. The Oregon Housing and Community Services agency has undertaken quantifying energy burden in Oregon with stakeholders. The Commission should leverage the existing and ongoing OHCS energy burden work to inform improvement of programs to serve low income utility customers.

With regard to ETO programs and cost effectiveness, to serve low income utility customers, PGE agrees that it is appropriate to expand access for low income customers. This is an area that the Commission should provide guidance to allow the ETO and utilities to make investments in low income solutions.

PGE notes that there is also a role for utility pilots to deploy technology solutions for bill savings and resiliency benefits for low income customers. We have the Smart Grid Test Bed pilot in which we are exploring smart enabling technologies for low income customers and also seeking to learn more about how to best engage and enable diverse communities.

**7. *If the PUC had the legal authority to allow differential rates for low-income and/or energy-burdened customers, what recommendations do you have on how rates should be structured and administered?***

Program rate structure should be informed by good design principles including: 1) encourage efficient use of energy, 2) be equitable across participating customers, 3) be easy for customers to understand, and 4) lead to predictable results to facilitate utility revenue projections/rate setting processes. Criteria for eligibility should be clear and easy to verify by the utility with efficient enrollment processes. Administration should not be unduly burdensome or costly and support customer privacy considerations.

8. *Do you have any additional regulatory mechanisms that you would recommend be implemented during the time of dealing with a pandemic or similar situation? This could include decoupling, power cost mechanisms, deferrals, adjustment clauses, or other*

First, in the near term we recommend the Commission approve the deferral request that we have filed, noting that auditing of appropriate charges to the deferral, reviews of earnings and methods of amortization all typically occur in a 2<sup>nd</sup> phase. Stated differently, near-term approval of the deferral will be for accounting purposes only but would signal financial stakeholders that the Commission intends to support the utility as we continue our efforts to provide an essential service. The Commission would retain the ability to make decisions regarding amortization at a later date.

In addition, we recommend that the Commission modify our decoupling mechanism to remove the 2% limit on collections from customers or allow amounts in the balancing account that exceed the 2% limit to carry forward to the subsequent year (or years) for recovery. PGE's current decoupling mechanism, Schedule 123, has a 2% rate increase cap by rate schedule to minimize the risk that rate revisions to the Sales Normalization Adjustment or Nonresidential Lost Revenue Recovery Adjustment mechanisms result in bill impacts greater than 2% in any particular year. Refunds to customers are not subject to a 2% limit.

Finally, we encourage the Commission to consider the use of tariff rider constructs for bad debt expense in a future proceeding in particular to the extent that the Commission adopts or recommends disconnect and credit policies that might reasonably be expected to increase volatility of these costs beyond the deferral period. Under these circumstances, the use of test year rate making to recover these costs is inadequate, even when coupled with use of deferred accounting.

9. *What data is currently available to evaluate changes over time and effectively maintain situational awareness? What additional data is needed that's not currently available?*

The data currently available to evaluate changes over time along with situational awareness:

- Arrears data
- Customers who have called stating they have had impacts due to COVID-19
- Results of outbound phone calls
- Agency commitments on PGE accounts

Data which is not available and would be helpful:

- Available funding by agency
- Income of customers by address to provide lists to agencies of the balances for qualified customers

10. *What current rules or practices need to be amended or added to allow utilities increased flexibility in assisting customers during this pandemic?*

We don't believe any rule changes are needed. We are voluntarily changing practices and have created some new solutions that are detailed in our PGE Credit Strategy Recommendation.

### Additional Questions for Utility Service Providers

1. How many of your customers are currently in arrears by 30, 60, and 90 days? Additionally, please break down this data by customer classes (residential, commercial, industrial). How does that compare to 2019?

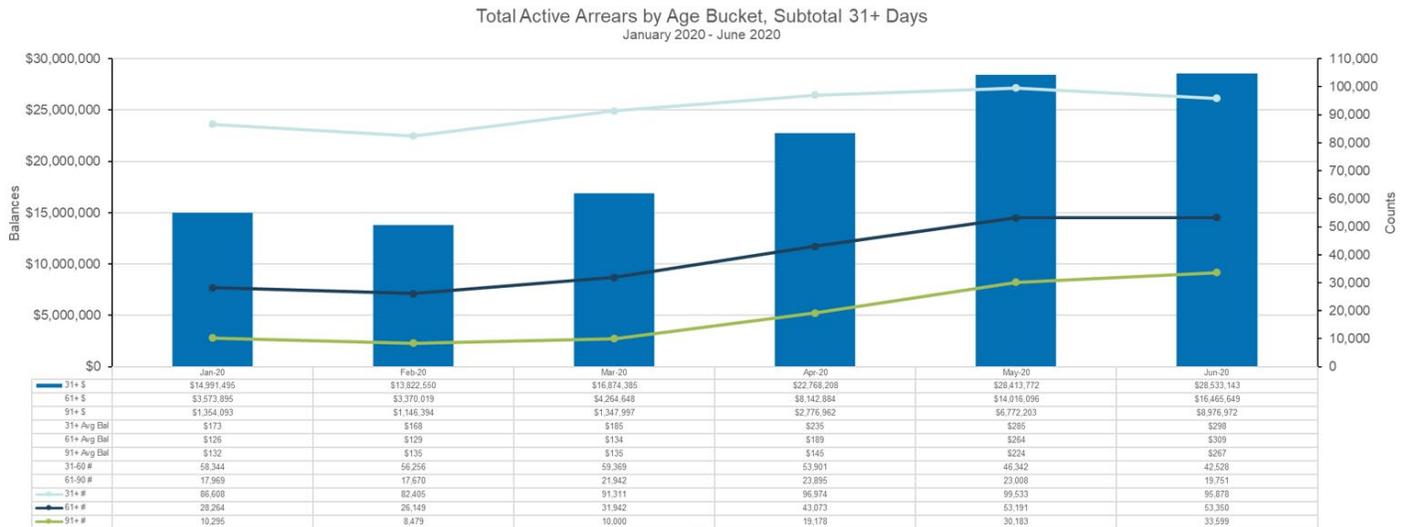
We track arrears by residential and commercial accounts. 2019 data was not a normal year for PGE arrears as customers were still catching up their accounts from a 2018 system upgrade when credit activities were paused. We provided information below to show what the progression looked like from the beginning of January to present.

Total arrears for both residential and commercial customers have doubled since January 2020, increasing from \$14M in January to \$28M by June 19<sup>th</sup>. We started to see increasing numbers mid-March as we responded to COVID by stopping disconnections. Residential customer average balances have increased significantly. In January, 31+ days past due was \$140 and went to \$265 by June. The 91+ days past due balances increased from \$97 to \$245.

Arrears Data as of June 19, 2020						
	31-60 \$	61-90 \$	91+ \$	31-60 #	61-90 #	91+ #
Non-residential	\$2.6 mm	\$1.2 mm	\$1.4 mm	3.6 k	1.5 k	2.7 k
Residential	\$9.5 mm	\$6.2 mm	\$7.6 mm	38.9 k	18.3 k	30.9 k

Arrears Data as of January 3, 2020						
	31-60 \$	61-90 \$	91+ \$	31-60 #	61-90 #	91+ #
Non-residential	\$2 mm	\$381k	\$280k	4k	1 k	1.4 k
Residential	\$8.2 mm	\$2.1 mm	\$939k	51 k	20 k	9.6 k

The graph below provides a visual for how arrears have grown since COVID:



2. *What accommodations are you offering to assist customers with past-due balances? This could include enhanced time payment agreements, applying deposits to bills, or others.*

PGE is offering a variety of flexible payment arrangements for customers with past-due balances, which are included in our PGE Credit Strategy Recommendation. We will work with customers to figure out what option best fits the customer’s needs. Some of these options include:

- 6-month time payment agreements for commercial accounts
- 18-month time payment agreements for residential accounts
- Renegotiate current time payment agreements
- Reverse late pay charges as part of negotiation with customer
- Offer to apply deposits from 2020 to account as part of negotiation with customer (with potential to expand past 2020)
- Credit 10% of bill to qualified accounts if customer pays remaining 90%

Once disconnections resume, we will also offer to:

- Cancel pending disconnection if customer has energy assistance appointment scheduled
- Waive new deposit assessments at reconnection

3. *What is your current uncollectible rate? How does it compare to historical and in current rate cases?*

Without disconnects, we cannot write-off invoices for active accounts, which is driving a lower than normal write-off rate. Our uncollectible rate has trended to 0.32% of total

revenue as of the end of May 2020. Historically, uncollectible rates have been in the 0.56-0.62% range. We had been experiencing higher than normal write-offs as the result of complications arising from implementing a new billing system in Q2 of 2018. Note that we have seen a 7% increase in our 31-60 days arrears and a 80% increase in our 61+ days arrears from December 31, 2019 to May 31, 2020. This is driven in part by COVID and in part by our limited ability to write-off invoices while disconnects are suspended. In response to these conditions and increased unemployment, at Q1 we increased our projection of bad debt expense from \$6 million to \$15 million for 2020.

4. *How does the CARES Act or other federal or state stimulus funds or insurance proceeds factor into utilities' financial impacts caused by the pandemic?*

For the most part, the CARES Act does not apply to a company our size and in our industry, which provides an essential service. PGE will take advantage of deferring income tax payments (due April 15 and June 15) until July 15. Also, PGE will defer payroll taxes due in 2020 until 2021 and 2022.

5. *How has your utility been financially impacted by the pandemic?*

All sectors of the economy, our customers and the communities we serve are facing unprecedented challenges. Given the economic impact we are all facing we've taken steps to provide support and assistance by suspending disconnects and late fees, and working with our foundation to offer \$1 million to local food banks, educational programs, and other immediate community needs. Our business is not immune – in response to recessionary impacts we took steps to ensure a strong balance sheet and liquidity by raising capital and reducing O&M and capital spending. On our April investor call we announced that we expected loads to decline 1-2% from what was previously a 0.5-1.5% increase and reduced our earnings expectations by about 9%. The ultimate financial impact will depend on a number of factors but primarily:

- The trajectory of economic recovery/COVID-19 and related impacts on reduced retail revenues, and
- Credit/Disconnection policies and related impacts on bad debt expense, reduced late fee revenues, etc.

We look forward to engaging with the OPUC and parties on our role in supporting our customers.

# PGE Credit Strategy Recommendation



# PGE Intent Statement

Now more than ever we are focused on delivering safe, reliable and affordable power. As we adjust how we're working and living, our top priority is helping customers and communities. As we recover from COVID-19 impacts here are the goals we're focused on:

- Be there for our community during the moments that matter most
- Keep our customers' power on by providing additional flexible payment options
- Maintain PGE as a healthy company able to effectively serve our customers
- Transparency in our plans to ensure there are no surprises for customers by providing a minimum of 8 communication attempts prior to resuming disconnections
- Offer incentives to encourage customer payments
- Limit the number of service interruptions by only utilizing disconnection as a last resort



# PGE's Current Response to COVID-19

## Here's what we've done:

### All Customers

- Suspended late pay fees for all customers and disconnections for non-payment for all customers on March 12
- Leveraged technology and quickly trained more than 220 customer service advisors to seamlessly respond to customer calls from home. Call wait times have consistently been less than one minute
- Continued sending past due notices to alert customers of their balances but removed disconnection language
- Proactive Outbound Calls – i.e. high balance calls, planned outage, Equal Pay, Time of Use
- Established an in-house COVID-19 PGE Customer Assistance Fund to support residential and small business customers = \$250k

### Residential Customers

- Social Media campaign – customer can submit form on social media platform. Customer Service follow up to explore options with customer on how to save energy, payment arrangements, referrals for energy assistance, etc.
- Medical Certificate Renewal – modified process for renewals
- Provided energy assistance brochures to six community agencies that are providing emergency food boxes
- Over 500 direct referrals to agencies in Yamhill and Washington county to mail out energy assistance forms to customers

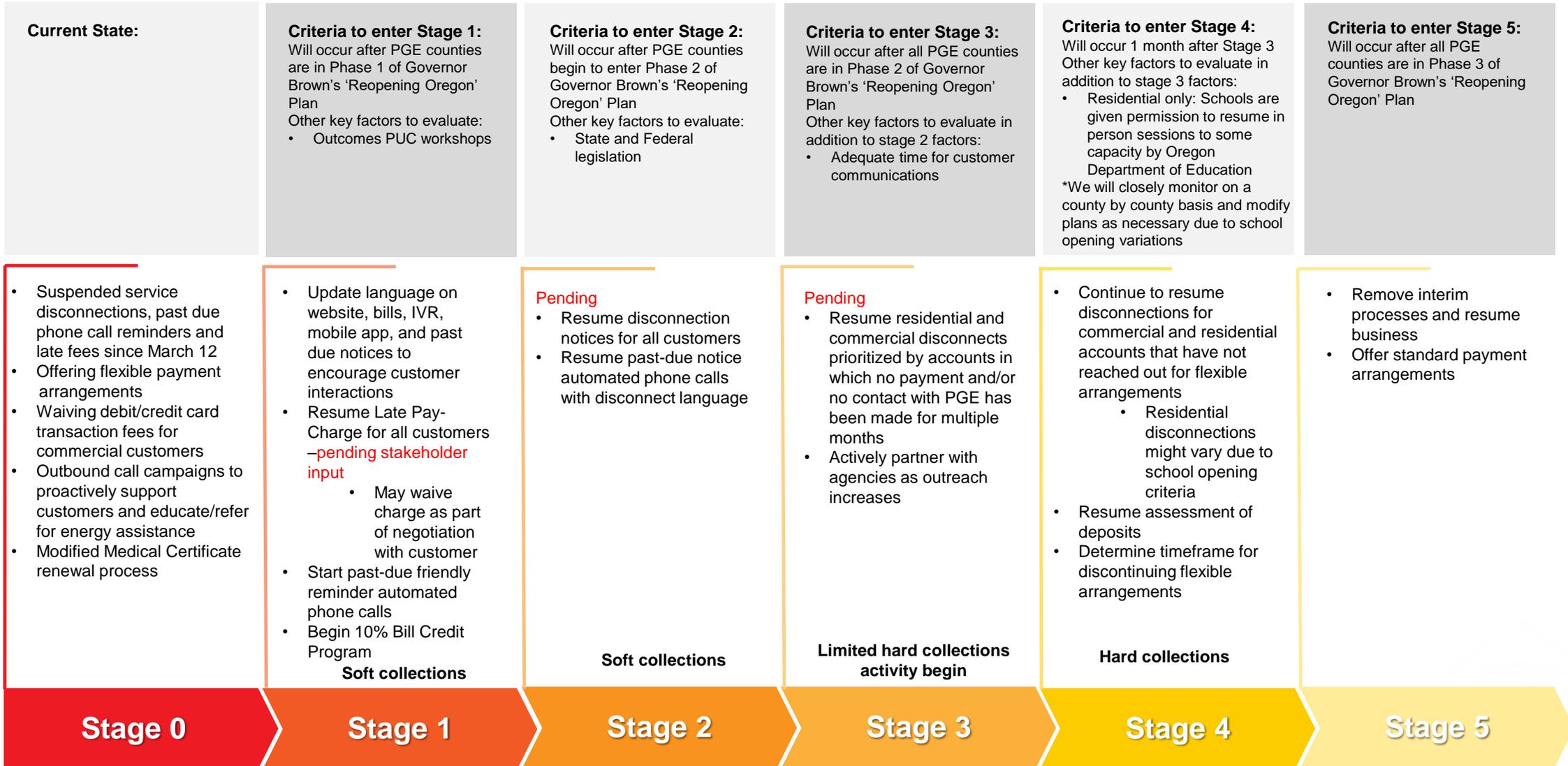
### Commercial Customers

- Time Payment Agreements available for business customers
- Waive commercial credit card fees (\$4.95 charge on transactions up to \$600)
- Trained Business Advisors on available resources for business customers (City and State grants as well as relief funds for businesses)

# Oregon County Status



# PGE Customer Care & Credit Strategy



# Customer Care Options

Customer Options/Menu	Commercial	Residential (including low income)
Offer commercial customers up to 6-month Time Payment Agreements	X	
Offer residential customers up to 18-month Time Payment Agreements		X
Offer one-time renegotiated Time Payment Agreements up to 12-months		X
Allow one-time disconnection cancellation if customer has an Energy Assistance appointment		X
Offer to apply deposits from 2020 to account if customer is able pay off past due balance as a negotiation strategy (with potential to expand past 2020 deposits)		X
Offer to reverse late pay charges if customer is paying off past due balance or proactively setting up a Time Payment Agreement	X	X
10% Bill Credit Program Credit 10% of bill to qualified customer's account if they pay remaining 90%		X
Temporarily waive all new deposit assessments once disconnections resume	X	X