

STATE CORPORATION COMMISSION

AT RICHMOND, MAY 26, 2020

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2020-00048

Ex Parte: Temporary Suspension of Tariff RequirementsORDER SEEKING COMMENT ON SUSPENSION OF SERVICE DISCONNECTIONS

Earlier this year the United States and the Commonwealth of Virginia were plunged into a socioeconomic crisis by the coronavirus (COVID-19). The State Corporation Commission ("Commission") recognized the unprecedented emergency posed by COVID-19 and its likely socioeconomic repercussions and took early actions to mitigate the effects on Virginia utility customers. On March 16, 2020, we ordered an immediate moratorium on service disconnections for non-payment caused by the COVID-19 crisis by jurisdictional electricity, natural gas, water, and sewer utilities, providing immediate protection to both residential and business customers.¹ This moratorium was initially put in place to run sixty days, to May 15, 2020. On April 9, 2020, we issued a second order extending this moratorium for an additional thirty days, to run to June 15, 2020.²

In that second order, however, we cautioned that unpaid utility bills pose serious costs that mount daily and those costs ultimately burden other customers, including many who

¹ *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Order Suspending Disconnection of Service and Suspending Tariff Provisions Regarding Utility Disconnections of Service (Mar. 16, 2020).

² *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Order Extending Suspension of Service Disconnections (Apr. 9, 2020) ("*Extending Order*").

themselves are struggling to pay their utility bills in the current economic catastrophe. We wrote that:

If such bills are never paid, the costs of these unpaid bills are ultimately borne by paying customers as operational costs of the utility. These costs do not disappear; they are shifted to other customers, who themselves may be struggling to make ends meet in the economic catastrophe caused by the COVID-19 pandemic. Non-payment of bills also impacts a utility's liquidity and could even threaten its ability to continue providing service to all of its customers, a factor particularly salient with regard to electric cooperatives, who have no stockholders to provide equity capital and are owned by their own customers.³

We further noted that the Office of the Attorney General, Division of Consumer Counsel, also recognized that other customers ultimately bear the costs of unpaid bills.⁴

While we recognize the hardships faced by many Virginians as a result of jobs lost due to the COVID-19 catastrophe, the reality is that a moratorium on all service disconnections due to unpaid bills is not sustainable on an unlimited basis in the absence of programs to ensure that the growing costs of unpaid bills are not unfairly shifted to other customers.⁵ These growing costs eventually become unsustainable, making it virtually impossible for customers ever to repay and potentially affecting the utilities themselves, especially smaller utilities and cooperatives which have little or no access to investor equity capital. Indeed, such negative impacts on small,

³ *Extending Order* at 2. The *Extending Order* also: (1) directed that late payment fees shall not be assessed for customers whose payment arrearages are due to the coronavirus emergency; (2) included pre-paid customers in the service disconnection moratorium; and (3) granted any individual tariff waivers necessary to implement the *Extending Order* for the duration of the period during which the order remained in effect, pending further order of the Commission. *Id.* at 4-5.

⁴ *Id.* at 2.

⁵ The Commission notes that, according to information collected by the National Association of Regulatory Utility Commissioners, numerous states and other jurisdictions nationwide have not placed mandatory prohibitions on utility service disconnections, but have followed various forms of voluntary measures to avoid or reduce service cut-offs. Some states have allowed initial mandatory moratoria to expire or convert to voluntary measures. *See* <https://www.naruc.org/compilation-of-covid-19-news-resources/map-of-disconnection-moratoria>.

less-capitalized utilities and member-owned electric cooperatives could, if allowed to increase indefinitely, affect the ability of such utilities to continue providing vital services – electricity, natural gas, water and sewer – a danger that could impact vital services to *all* customers of such small utilities, not just those temporarily unable to pay their bills due to COVID-19.

Given the huge importance of this issue to millions of Virginia utility customers, both residential and business, as well as to Virginia's economy, before taking any further action in this docket we will give interested persons the opportunity to comment, an invitation also extended to those holding important positions of public office. Among the compelling and relevant questions we request commenters to address are these:

- a. Should the mandatory moratorium on utility service disconnections currently in place be extended beyond June 15, 2020? If so, for how long?
- b. If the commenter advocates extending the mandatory moratorium on service disconnections indefinitely or for a significant period beyond June 15, please identify the programs and mechanisms, public or private, that will provide sufficient funding to ensure that the costs of unpaid utility bills are defrayed and will not result in even higher costs on other utility customers.
- c. Should the *mandatory* moratorium on service disconnections be replaced on June 15 (or some specific later date) with *voluntary* measures by utilities to reduce or avoid service disconnections, including as examples and without limitation, offering extended payment plans with no late fees and/or waivers of reconnection charges?

Commenters are, of course, invited to address any other relevant issues they wish to raise.

Responses to these questions and other relevant comments should be filed in this docket electronically no later than 5:00 p.m. on June 5, 2020.

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

A COPY hereof shall be sent electronically by the Clerk of the Commission to the utilities providing electricity, natural gas, water, and sewer services in the Commonwealth that are subject to regulation by the Commission as identified in the attached service list, as well as to previous commenters in this docket.

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