

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE: WINTER MORATORIUM EXTENSION	DOCKET NO. SPU-2020-0003
IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. M-0150
IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. M-0156
IN RE: BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC d/b/a BLACK HILLS ENERGY	DOCKET NO. M-0225

RESPONSE TO CUSTOMER SUPPORT PLANS

The Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice, responds as follows to the “Customer Support Plans” filed on or about May 14, 2020 in Iowa Utilities Board Docket Nos. M-0150 (Interstate Power and Light Company), M-0156 (MidAmerican Energy Company), and M-0225 (Black Hills Energy):

On March 27, 2020, in response to the statewide disaster proclamation of public health emergency issued by Governor Kim Reynolds on March 9, 2020, the Iowa Utilities Board (Board) issued an “Order Regarding Disconnection of Electric, Natural Gas, and Water Utility Customers” that prohibited all municipal and natural gas utilities, electric cooperatives, and investor-owned electric, natural gas, and water utilities from disconnecting customers through

the duration of the public health emergency proclamation. The Board also strongly encouraged and requested other water utilities not regulated by the Board to suspend disconnections of customers through the duration of the public health emergency. Unless the public health emergency proclamation is extended, it is set to end on May 27, 2020.

On May 1, 2020, the Board issued Order Authorizing Regulatory Accounts and Establishing Additional Reporting Instructions (May 1 Order). As the restrictions on disconnection are scheduled to come to an end, the Board explained that coordination is needed “to minimize ramifications while assuring both safe, reliable service to customers and just and reasonable compensation to the utilities.” OCA believes that the gathering of information and tracking of financial impacts of the health emergency, as proposed in the May 1 Order, should help assure the ramifications to utilities *and* customers are minimized, particularly if the tracking proposals are focused on the health emergency impacts and consider cost savings and opportunities to mitigate rate impacts. According to the May 1 Order, any public utility intending to establish and use a regulatory asset account shall file a proposal with the Board identifying the costs, financial assistance, revenue changes, and other matters to be accounted for in the regulatory asset account on or before June 1, 2020. The public utility may include in its proposal additional data to be reported. The public utility shall propose appropriate periodic reporting requirements. Responses to the five possible proposals are due within 20 days of the proposal.

On May 20, 2020, the Board issued its Order Phasing in Disconnection of Utility Service and Modifying March 27, 2020 Order establishing conditions and requirements that need to be met before disconnections are allowed to begin on May 28, 2020. Subject to certain conditions and requirements, the investor-owned utilities are permitted to resume disconnection of natural

gas, electric, and water service on or after July 1, 2020. The May 20 Order notes that MidAmerican Energy Company and Interstate Power and Light Company had already filed plans with the Board that establish procedures for delaying disconnections consistent with the May 20 Order.

The Customer Support Plans were filed to provide additional information regarding the utilities' efforts to support their customers in recent weeks and the steps the utilities will be taking in the coming weeks as the state public health emergency is lifted. Among other provisions, the Plans address customer education, resumption of collection activities and disconnections, expansion of medical exemption policies and payment agreements. The Plans discuss various proposals to temporarily offer more flexible terms for payment agreements, budget billing, and waiver of disconnect and late payment fees. The public health emergency is a good reason for greater flexibility and relief from fees for disconnection and late payment. OCA is generally supportive of the utilities' proposals to offer additional education and go above and beyond the current rules and tariff provisions for the benefit of customers as long as the more flexible terms are administered in a fair and equitable manner and are accompanied by ongoing education about expanded Low-Income Energy Assistance (LIHEAP), other assistance options, and ongoing communications efforts to emphasize the importance of customers paying as much of their utility bills as they can afford. These steps along with efforts to mitigate rate impacts are critical to minimizing the ramifications of resuming normal disconnection policies and the possibility of another public emergency due to households being disconnected from essential utility services.

OCA has no disagreement with the extension of the disconnection moratorium through July 1 for the investor-owned utilities, but is concerned that the abrupt resumption of disconnection activities after several months of non-enforcement could catch customers by surprise and leave many customers vulnerable. It is extremely important that the utilities use effective and ongoing communications prior to the resumption of disconnection activities to advise customers of the importance of staying current with their bills in order to prevent future disconnection. These messages will enable customers to plan, seek assistance, negotiate payment arrangements, and pay what they can now to avoid even larger arrearages and bigger financial burdens. Michigan utilities are using public service announcements to encourage customers who are falling behind on utility bills to seek payment arrangements. OCA believes public service messages may be an especially effective means to broadly disseminate information and could be more effective than websites, social media, email, or computer-generated phone messages in reaching customers who may have difficulty paying their utility bills.

MidAmerican requests the Board implement its Customer Support Plan for a duration of six months or until the Board deems reasonable. Black Hills also requests the Board implement the Company's proposed Plan. OCA believes it is too early to know whether the utilities' Plans, significant portions of which are still in the process of being reviewed and developed,¹ will be adequate to address customer needs and assure continued customer access to essential utility services at just, reasonable, and affordable terms. The economic fallout from the health crisis

¹ MidAmerican states that it is creating a customer education plan that will begin on May 27, 2020. (MEC Plan at 3). IPL is evaluating additional opportunities to further assist customers through potential Federal and State crisis funds, energy efficiency resources, tax approaches, and/or legislative initiatives. IPL is also reviewing its medical exemption policies that may be implicated in supporting customers and its payment agreement policies to provide additional support for customers. (IPL Plan at 6-7). Black Hills is considering the refunding of customer deposits to be applied to past due balances and is still finalizing its Plan. (BHE Plan at 4)

will continue to be felt and has not been fully realized. It would be premature to approve the Customer Support Plans at this time when the Plans are incomplete, still under development, and subject to revision as more is known about the extent of the health crisis and the state of the economy.

The Plans focus on the utilities' costs associated with the customer support initiatives but do not discuss cost reduction opportunities or strategies to mitigate rate impacts. MidAmerican and Black Hills state that they will include certain costs associated with the public health emergency in the regulatory account filings authorized in the Board's May 1 Order.

MidAmerican agrees to waive fees for late payment and disconnection "to the extent those costs can be tracked and included as costs to be recovered as part of the plan that must be filed pursuant to the Board's May 1, 2020 Order". (Plan at 7). While utilities are properly going beyond minimum customer protections provided in Board rules and utility tariffs in an effort to help assist customers during this public health emergency, Iowa Code chapter 476 does not authorize the advance approval of indefinite and isolated cost impacts described in the Customer Support Plans. The regulatory account filings in the respective ARU dockets should identify the utility's COVID-19-related financial impacts (cost, savings, and expense reduction efforts), explain how these impacts will be distinguished from other factors, and identify efforts to mitigate customer impacts. If a utility seeks recovery of the health emergency related costs in a rate case, there will need to be much more detail about financial impacts of the health emergency, positive and negative, as well as the utility's cost/expense reduction and rate mitigation efforts.

The utilities also propose to rely on their ratepayer funded energy efficiency programs as an additional resource to help customers during the public health emergency. MidAmerican is

evaluating the opportunity to assist customers “through additional energy efficiency incentives” (Plan at 5); IPL is evaluating the opportunity to use “energy efficiency resources” (Plan at 6); and Black Hills proposes to “use available energy efficiency funds, both the current assessment provided by Iowa Code § 476.10A and funds available in the investor owned utilities’ current energy efficiency plans, to provide financial support to residential and small commercial customers.” (Plan at 5-6). The details of these possible steps are under development and may, depending on what is finally proposed, require energy efficiency plan modification or legislative authority to divert energy efficiency funds to customer relief purposes. OCA hopes the utilities will think beyond customer-contributed funds for meaningful rate relief and rate mitigation efforts.

In addition to carefully tracking financial impacts of the health crisis, it will be essential that utilities carefully manage customer rate impacts. It should not be assumed that customers can or should be the guarantors of the utilities’ financial stability during this health crisis. At this time of unprecedented unemployment levels and economic crisis for tens of millions of customers, it would be unreasonable and unfair for utility customers to shoulder 100 percent of the increased burdens associated with the health crisis. Utilities must also take proactive steps to manage costs and rate impacts for their customers.

WHEREFORE, the OCA respectfully requests consideration of these comments as the utilities continue to evaluate and finalize Customer Support Plans and as the Board considers these Plans. It would be beneficial for the utilities to provide updates on the Customer Support

Plans, including provisions currently under review and development, and the efficacy of efforts outlined in the Plans.

Respectfully submitted,

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