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Public Utility Commission of Texas


Commissioner Memorandum

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PUBLIC UTILITY COMMISSION
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TO: Commissioner Arthur C. D'Andrea
Commissioner Shelly Botkin

FROM: Chairman DeAnn T. Walker 

DATE: March 25, 2020

RE: Open Meeting of March 26, 2020 – Agenda Item No. 14
Project No. 50664 – *Issues Related to the State of Disaster for Coronavirus Disease 2019*

I have been in ongoing discussions with various people throughout today on this matter. There are several issues that we will need to discuss tomorrow related to the COVID-19 Electricity Relief Program before an ultimate decision can be made. However, I wanted to provide this memorandum to set forth some changes that will need to be made to the various documents in the event that the Commission moves forward with an action tomorrow.

In the event that the Commission takes action tomorrow, I recommend that the Commission make several changes to the proposal contained within the memorandum.

- Two additional water and sewer rules should be added to the Order Directing Certain Actions and Granting Exceptions to Certain Rules. There are set forth below.
 - 16 TAC §24.165(d), which authorizes a water utility to charge interest on a deferred payment plan.
 - 16 TAC §24.167(a)(2)(F), which authorizes a utility to disconnect water service for non-payment of a solid waste charge.
- Attachment C to the memorandum should be modified as provided in the red-lined version that is attached to this document. The changes address issues related to the funds provided by the Electric Reliability Council of Texas and recovery of securitization-related charges.
- The Order Related to COVID-19 Electricity Relief Program should be modified by adding a new ordering paragraph 3 and renumbering the subsequent ordering paragraphs. The new ordering paragraph will address the fact that the Lower Colorado River Authority is not a transmission and distribution utility for purposes of the COVID-19 Electricity Relief Program
- Attachment C to the memorandum should be attached to the order and the order should be modified to reflect this.

Attachment C

COVID-19 Electricity Relief Program

COVID-19 Electricity Relief Program

Overview

- During the duration of Governor Abbott's COVID-19 Disaster Declaration and any extensions, the Commission authorizes creation of a customer assistance program for residential customers meeting eligibility criteria approved by the Commission (COVID-19 Electricity Relief Program).
- The COVID-19 Electricity Relief Program creates a temporary exemption from disconnections for non-payment for eligible residential customers in areas open to customer choice, thus protecting affected residential customers and reducing the exposure of the competitive market from excessive COVID-19-related bad debt that could lead to industry upheaval and bankruptcies.
- Only the residential classes will be eligible for the COVID-19 Electricity Relief Program and suspension of disconnection for non-payment. Retail electric providers (REPs) will contact residential customers to place the customer on deferred payment plans before submitting reimbursement claims.
- As previously recommended, the Commission will issue an order under 16 Texas Administrative Code (TAC) §§ 25.480(j)(1)(B) and 25.498(i)(1)(B) requiring REPs to offer deferred payment plans to customers who have experienced financial hardship due to the state of disaster Governor Abbott has declared for COVID-19. As provided by those rules, REPs may implement switch-holds for customers who enter into a deferred payment plan. When a customer contacts a REP and indicates an inability to pay a bill, or to make a deferred payment plan installment, the REP will inform the customer of the COVID-19 Electricity Relief Program and will provide instructions for the customer to contact the Low-Income List Administrator (LILA) to self-enroll.
- The moratorium on disconnections for non-payment currently implemented by the transmission and distribution utilities (TDUs) will end upon the implementation of the COVID-19 Electricity Relief Program as described below.

Mechanism

- TDUs will implement a rider to facilitate funding the COVID-19 Electricity Relief Program for customers within the customer choice areas of the Electric Reliability Council of Texas (ERCOT). The rider will collect funds to be utilized to reimburse TDUs and REPs for unpaid bills from eligible residential customers experiencing unemployment due to the impacts of COVID-19 and to ensure continuity of electric service for those residential customers.
- The rider will be a set amount per kilowatt hour ("kWh") with funds collected and administered by the TDUs across all customer classes. The initial rider will be based on \$0.65 per megawatt hour (MWh). The TDUs will implement the rider within ten

days of the Commission's order establishing the COVID-19 Electricity Relief Program. The rider will have an immediate effective date.

- For the initial balance of the fund, each TDU will verify the amount it needs based upon estimated reimbursement requests to ERCOT. To assist the public interest under the COVID-19 Electricity Relief Program, ERCOT will provide the initial contribution of up to a total of \$15 million to create the TDUs' initial fund balance, ~~from the cash reserves that it has for implementation of the real-time co-optimization project. Each TDU must repay ERCOT for the initial balance contributions received from ERCOT. This contribution will be considered an allowable expense under 16 TAC § 25.363(c).~~ For reporting purposes, ERCOT will process the contribution as an interest free receivable in its books until fully repaid by each TDU. ERCOT and each TDU will enter into an interest free loan agreement that will describe the payment terms and conditions and be consistent with the COVID-19 Electricity Relief Program. Each loan agreement will be filed with the Commission. Amounts to be repaid to ERCOT will be collected through the TDU riders and repaid prior to the end of the COVID-19 Electricity Relief Program.
- If the rider is collecting insufficient funds to cover the TDU and REP eligible costs, then the TDU will file a request for an adjustment to the rider. At any point during the pendency of the COVID-19 Electricity Relief Program, TDUs or REPs may petition the Commission for a review of or amendment to the COVID-19 Electricity Relief Program, including adjustments to the rider. The Commission will act on any petition within 30 days.
- The fund will reimburse the following entities and eligible costs: REPs with energy charges related to eligible residential customers with an unpaid, past due electric bill subject to a disconnection for non-payment notice; TDUs for delivery charges related to eligible residential customers with an unpaid, past due electric bill subject to a disconnection for non-payment notice; the third-party administrator to cover its reasonable costs of administering the COVID-19 Electricity Relief Program eligibility process; and ERCOT for the initial contribution. Disbursements to REPs will be calculated using a standardized energy charge based on an average energy cost of \$0.04 per kWh.
- The following customer identification process will be used, facilitated by the third-party vendor, who is the same entity as the Low-Income List Administrator (LILA). A residential customer who cannot pay their electric bill due to unemployment or low-income from the effects of the COVID-19 disaster must contact the LILA. The residential customer must provide the LILA with an attestation of unemployment (to be followed by documentation of unemployment within 30 days) and sufficient information to identify the customer's electric service account (e.g., service address, account number, and telephone number). The LILA will compare the customer's information to the lists of residential customers submitted by REPs to create files of matching residential customers eligible for the COVID-19 Electricity Relief Program. Each REP must retrieve from the third-party vendor the list of residential customers served by that REP who are eligible for the COVID-19 Electricity Relief Program.

- REPs will cease submitting disconnection for non-payment orders for residential customers identified as eligible for the COVID-19 Electricity Relief Program.
- A residential customer who demonstrates eligibility for the COVID-19 Electricity Relief Program is deemed as having established satisfactory credit for the purpose of 16 TAC § 25.478(a).
- TDUs will cease charging REPs for delivery charges, except securitization-related charges, related to customers identified as eligible for the COVID-19 Electricity Relief Program.
- The suspension of disconnections for non-payment and addition of residential customers to the COVID-19 Electricity Relief Program will end six months after implementation unless extended by the Commission. If the disaster declaration has not been lifted at the end of the six-month period, the COVID-19 Electricity Relief Program may be extended for an additional period based upon a reassessment of the need for the COVID-19 Electricity Relief Program by the Commission and based upon the status of the disaster declaration. The riders will remain in place and reimbursements to the TDUs and REPs will continue after the COVID-19 Electricity Relief Program has otherwise ended to complete any remaining COVID-19 Electricity Relief Program cost recovery and to disburse all reimbursement amounts or remaining balances.
- Final claims for reimbursement must be submitted to TDUs not later than 90 days after the end of the COVID-19 Electricity Relief Program. For any amounts recovered under the rider that remain after the end of the COVID-19 Electricity Relief Program, the TDUs will issue a refund through REPs to end-use customers in the same manner the rider was charged. REPs must pass through any monies refunded to customers.
- TDUs will prepare reports on the COVID-19 Electricity Relief Program to be filed at the Commission every 30 days providing data showing aggregate amounts of reimbursements to the TDUs and REPs. Reimbursements and collections will be subject to reconciliation and audit by the Commission.
- REPs will submit one spreadsheet with reimbursement claims to TDUs monthly on the 15th of each month. TDUs will create a standard spreadsheet format; however, the spreadsheet will include the following information: ESI IDs; kWh usage; kWh usage x \$0.04; and Invoice Number. Reimbursement payments to REPs will be processed within 14 days.
- REPs will reflect reimbursement sought through the COVID-19 Electricity Relief Program on the affected customer's account and cease to seek continued collection where funds are received from the program.
- The Commission will waive all relevant deadlines within its rules related to required changes to the REP's Terms of Service and Electricity Facts Labels contract documents relevant to the COVID-19 Electricity Relief Program.

- The Commission will issue an order granting authority for the TDUs to create a regulatory asset to capture all reimbursement amounts and the ERCOT contribution. The funds collected from the rider will be used to offset the regulatory asset and the ERCOT contribution repayment. The rider will stay in effect until the regulatory asset balance is zero and ERCOT has been reimbursed.