

HISTORY OF RESTRICTIONS ON WINTER DISCONNECTION

Case No. P-300-2

Order No. 14123 was issued 08/31/78. It was initiated to consider promulgation of rules and regulations to govern the deposit and termination practices of regulated gas, electric and water utilities. Rules were adopted to be effective 12/01/78. (Rules previously adopted by the Commission on 01/23/78 were stayed on 02/17/78 pending further proceedings.)

Order No. 15025, issued 10/26/79, considered whether the Commission's Deposit and Termination Rules complied with certain federal standards concerning termination of service to customers of gas and electric utilities as set forth in the Public Utility Regulatory Policies Act of 1978 (PURPA). Among the revisions adopted following this review was the first "moratorium" policy:

No gas or electric utility shall terminate service to any customer during the months of December, January or February or at any time at which the temperature is forecast to drop below 32° F before the next business day, without first having made contact, either in person or by telephone, with an adult member of the customer's household and giving and explaining all of the information required to be given in the written notice. During these months or under these temperature conditions, service shall not be terminated unless the utility first contacts the Public Utilities Commission and secures its permission to terminate service. This contact must be made by one of no more than three previously designated employees of the utility whose responsibilities shall include informing the Commission of the utility's intention to terminate service under these circumstances. (Attachment A-2)

This change was to have become effective 11/16/79. Order No. 15084, issued 11/15/79, delayed the effective date of the rules until 12/01/79. Order No. 15133, issued 11/30/79, granted rehearing. Order No. 15344, issued 02/22/80, amended the rules. The amended rules became effective 03/01/80.

Several changes were made pursuant to Order No. 15344, including elimination of the temperature-sensitive provision as well as the requirement to obtain Commission approval prior to termination. Notification requirements were modified so that actual contact with an adult member of the household or the customer's designated third party was sufficient to satisfy the obligation to notify the customer prior to termination. If unable to contact anyone, the utility was required to certify that no children, elderly or infirm were in the household.

Utilities were required to make reasonable payment arrangements, and, for the first time, utilities were authorized to charge interest on unpaid bills. The Commission stated,

In summary, we have adopted the proposal that during the three winter months the service of the customer who agrees to a reasonable payment arrangement cannot be terminated, but have added the additional condition that service cannot be terminated if there are minors, elderly or infirm in the household. This leaves open the possibility that laggards who are capable of paying their utility bills or entering payment arrangements will refuse to do so by holding hostage their minor children, their elderly or their infirm. But the customer's ability to do this is limited: on March 1, the company may pull the plug; furthermore, the company will not be uncompensated from people who can pay—pursuant to this order we will allow the company to charge interest on the bills of delinquent customers. With these two points of leverage the utilities will in most cases be protected in the long run from people who can pay their bills, but refuse to, while the hostages of these laggards—their children, their elderly and their infirm—will be protected in the short-run.” (pp. 6 & 7)

Case No. P-300-37

Order No. 21495, issued 10/07/87, announced a comprehensive review of rules now known as the Customer Relations Rules for gas, electric and water utilities. The Commission stated its intention to modify its moratorium policy, with the following four goals in mind: the preservation of public health and safety by limiting the circumstances under which service may be terminated during winter months; encouraging the development of good payment habits by customers; providing relief from impossible financial obligations; and facilitating collection of problem accounts.

Proposed rule changes included elimination of the “blanket” moratorium, linked protection from disconnection during the months of December through February with participation in a Winter Payment Plan (mandatory payment equal to 1/2 of level pay amount), and partial arrearage forgiveness for customers with past due bill amounts exceeding \$600.

In Order No. 177, issued 03/01/88, the Commission decided not to eliminate the winter moratorium. The Commission found that,

the better balance of our four goals is to preserve the basic protections of the current moratorium rules—that neither gas nor electric service will be terminated during the three winter months in households that contain children, elderly or infirm—and that additional incentives should be given to customers who can maintain partial payment of their bills during the winter.” (p. 3)

The Commission noted that “the moratorium is a safety net, but it has no incentives for the affected customers to pay utility bills during the winter.” (p. 5) A modified version of the originally proposed Winter Payment Plan was adopted to encourage customers to continue paying through the winter. The new Winter Payment Plan covered the months of November through March and allowed customers to pay one half of their level pay amount. Plan participants were obligated to make payment arrangements on the balance owing at the end of

the five months. The original arrearage forgiveness proposal was not adopted. The rule change had an effective date of 07/01/88.

General Order No. 177A, issued 04/27/88, adjusted the terms of eligibility for the Winter Payment Plan by changing the amount of arrears (originally \$150) that could be carried over into the plan to \$75 or the customer's utility bill for the previous 30 days, whichever was greater. General Order No. 177B, issued 06/08/88 clarified how bulk payments such as LIHEAP benefits would be applied to Winter Payment Plans. With this modification, the Winter Payment Plan provisions became effective 07/01/88. There have been no substantive changes to the rules or the Commission's moratorium policy since that time.

COMPARISON OF EXISTING MORATORIUM POLICY AND PROPOSED PILOT PROGRAM

	Existing Policy	Proposed Pilot Program
Time Period	December through February	December through February
Eligibility	Residential customers with children, elderly or infirm in household <i>and</i> declared inability to pay in full	Low income residential customers who meet LIHEAP eligibility criteria (currently 150% of Federal Poverty Guidelines)
Special Provisions for Children & Elderly	Customers with children or elderly in household cannot be disconnected from December through February	No special provisions
Special Provisions for Medical Problems	Infirm customers cannot be disconnected from December through February	30 day exemption from disconnection if medical certificate received by utility; additional 30 day extension possible
Payment Required	Yes, but no particular amount specified	One-half of Level Pay Amount
Disconnection for Nonpayment	No disconnection of eligible customers from December through February regardless of amount paid or failure to pay	Disconnection for failure to make required payment
Alternative Payment Plans Available	Regular Level Pay Plan or special payment plan tailored to individual circumstances	Regular Level Pay Plan or special payment plan tailored to individual circumstances

CURRENT MORATORIUM POLICY AND PROPOSED PILOT CUSTOMER IMPACT

Scenario. On December 1, the customer declares inability to pay and has children under 18 in the household. The customer has a past due balance of \$100. The customer is billed \$75 in December, \$100 in January, and \$125 in February for energy usage. For simplicity, interest charges, which would normally apply, are not included in these examples.

Outcomes Under Existing Moratorium – Rule 306

Example 1

Customer eligible for LIHEAP. The customer makes no payment from personal funds for the months of December through February. The utility receives an Energy Assistance benefit amount of \$250 in January, which is applied to the customer's past due balance of \$275 (\$100 balance carried forward plus \$75 bill for December and \$100 bill for January.) The utility is prohibited from disconnecting the customer's service from December through February. On March 1, the customer has a past due balance of \$150 (\$25 remaining from January bill plus \$125 February bill) and is disconnected. To restore service, the customer must pay the past due balance (or make other acceptable payment arrangements) plus a reconnection fee and a deposit.

Example 2

Customer not eligible for LIHEAP. The customer makes no payment for the months of December through February. The utility is prohibited from disconnecting the customer's service from December through February. On March 1, the customer has a past due balance of \$400 and is disconnected. To restore service, the customer must pay the past due balance (or make other acceptable payment arrangements) plus a reconnection fee and a deposit.

Outcomes under proposed Winter Protection Program (WPP)

Example 3

Customer eligible for LIHEAP. The customer's regular level pay amount (based on estimated annual usage plus the past due balance of \$100 divided into 12 monthly installments) is \$90. The customer's monthly payment amount under the Winter Protection Program for December, January and February is \$45, one-half the regular level payment amount. The customer pays \$45 in December as agreed. The utility receives an Energy Assistance benefit amount of \$250 in January, which is applied to the customer's actual balance of \$230 (\$100 balance carried forward plus \$75 bill for December and \$100 bill for January minus the \$45 payment made in December.)* A \$20 credit balance remains after applying the LIHEAP benefit amount to the actual balance owing. Because the customer has a credit balance, the customer does not have to make a WPP payment of \$45 in January. In February, the customer makes the \$45 WPP payment, leaving a balance owing of \$60 (\$125 February bill minus \$20 credit balance minus \$45 payment). On or after March 1, the customer must renegotiate payment arrangements. Options available include calculating a new regular level payment amount, making special payment arrangements to pay off the \$60 balance owing over a prescribed length of time, or paying the balance in full and paying future bills as they become due.

*At the customer's request, the utility may recalculate the monthly payment amount following receipt of a LIHEAP or other "bulk" financial assistance payment.

Example 4

Customer eligible for LIHEAP but fails to make payment. The customer's regular level pay amount (based on estimated annual usage plus the past due balance of \$100 divided into 12 monthly installments) is \$90. The customer's monthly payment amount under the Winter Protection Program for December, January and February is \$45, one-half the regular level payment amount. The customer fails to make the initial \$45 payment in December as agreed and the utility has not yet received Energy Assistance benefit payment on behalf of the customer. The customer fails to respond to 7 day and 24 hour notices from the utility and is disconnected. The customer pays the \$45 owing under the WPP agreement and service is restored. The utility includes the reconnection fee on the January bill. PacifiCorp will request a deposit, payable with the January bill. Intermountain Gas will also request a deposit, but will bill it separately after February. The utility receives an Energy Assistance benefit amount of \$250 in January, which is applied to the customer's actual balance of \$250 (\$100 balance carried forward plus \$75 bill for December, the \$100 bill for January, and a \$20 reconnection fee minus the \$45 payment made in December.) * In the case of PacifiCorp, the deposit amount would also be carried forward on the customer's account. The customer pays \$45 in February. On or after March 1, the customer must renegotiate payment arrangements. Options available include calculating a new regular level payment amount, making special payment arrangements to pay off the balance owing over a prescribed length of time, or paying the balance of \$80 (\$125 February bill minus \$45 payment) and paying future bills as they become due. In the case of PacifiCorp, the customer would also owe the deposit.

*At the customer's request, the utility may recalculate the monthly payment amount following receipt of a LIHEAP or other "bulk" financial assistance payment.

Example 5

Customer not eligible for LIHEAP. The customer does not qualify for the WPP and must pay bills as they become due. Other payment arrangement options are available. The customer's regular level pay amount (based on estimated annual usage plus the past due balance of \$100 divided into 12 monthly installments) is \$90. Alternatively, the customer may negotiate a special payment arrangement tailored to his or her particular circumstances. The utility may disconnect service if the customer fails to pay bills as they become due or to keep a payment arrangement. If disconnection occurs, the customer must pay the past due balance plus a reconnection fee and a deposit.