

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: November 13, 2020

AT (OFFICE): NHPUC

FROM: Stephen Frink
Director – Gas & Water Division

SUBJECT: IR 20-089
COVID-19 Investigation
Accounting Treatment for Pandemic Related Costs and Lost Revenue

TO: Commissioners
Docket File
Service List

REVISED STAFF RECOMMENDATION

Commission Staff (Staff) recommends that the Commission authorize electric, natural gas, water, and wastewater utilities, as well as the New Hampshire Electric Cooperative (collectively, Utilities)¹ to create a regulatory asset for incremental bad debt, with conditions, and not authorize a regulatory asset for waived fees.

BACKGROUND – COVID-19 INVESTIGATION

On March 13, 2020, Governor Sununu issued an executive order declaring a state of emergency due to the COVID-19 pandemic (COVID or pandemic). The Governor also issued an emergency order on March 17, Emergency Order #3, that temporarily prohibited the state's electric, gas, and water utilities and competitive energy suppliers from disconnecting or discontinuing service for nonpayment for the duration of a state emergency declared due to the pandemic.

On March 31, 2020, the Commission issued Order No. 26,343, which implemented the Governor's prohibition with regard to public utilities and the New Hampshire Electric Cooperative, Inc. (NHEC).

On June 4, 2020, the Commission issued an order of notice (OON) opening an investigation into the effects of the pandemic on utilities and utility customers, to consider necessary and appropriate changes to existing policies and practices regarding utility operations, collections, revenues, finances, accounting, customer assistance

¹ For purposes of this recommendation, the Utilities individually will be referred to as a "Utility" and collectively will be referred to as "Utilities."

measures, and ratemaking impacts, in light of the pandemic. The Utilities were made mandatory participants in the investigation.

The OON included a number of requests for information and required each utility to respond to those requests on or before June 30, 2020, and to update responses each month thereafter. In addition, the OON required each utility to present pertinent information it believed to be relevant to the investigation.

COVID financial impacts, accounting, and cost recovery were the subjects of OON information requests 10 and 11, as follows:

Request 10, “Describe whether the Utility and/or its parent company has adequate access to capital or has been negatively affected in accessing the capital markets or has been downgraded by any credit rating services.”

Request 11, “Describe incremental costs associated with the pandemic since the State of Emergency order, how the cost is calculated, cost to date, accounting treatment, impact on earnings, and proposed or planned rate treatment.”

On August 18, 2020, Staff issued a memorandum recommending that the Commission authorize the Utilities to create a regulatory asset for incremental bad debt and waived fees related to the COVID-19 pandemic.

On September 10, 2020, the Staff filed an agreement (Agreement) regarding utility disconnections for non-payment, late payment fees and payment plans for arrearages. The Agreement was in response to the Governor’s Emergency Order #58, which terminated the moratorium on disconnections and discontinuance of service and also provided that the Utilities “shall offer payment arrangements, refrain from charging late fees, and begin normal collection activity and disconnections consistent with an agreement between a utility or utilities and the Commission’s Consumer Services and External Affairs Division.” On October 5, 2020, the Commission issued a secretarial letter finding the Agreement fulfilled the requirements of the Emergency Order. Agreement attached as Exhibit 1.

On October 13, 2020, Staff filed a letter that analyzed and summarized the information provided by the utilities in response to Staff data requests issued September 8, 2020 seeking additional information about utilities’ recent actual bad debt expense and late payment charges, the level of bad debt expense currently being recovered through base rates, and how those items compare to company annual revenue. The information was provided for the Commission’s use while considering Staff’s recommendation on creating a regulatory asset. Analysis attached as Exhibit 2.

UPDATED REVIEW

Since issuing its August 18, 2020 memorandum recommending the Commission authorize the Utilities to create a regulatory asset for incremental bad debt and waived fees related to COVID, Staff has continued to collect and review information regarding the potential impact of the pandemic on utility earnings. Additional/updated information has been collected through subsequent discovery, utility monthly COVID reports and quarterly rate of return reports. The updated review also takes into account the Agreement between the Utilities and the Consumer Services and External Affairs Division, governing utility late payment charges.

FINDINGS ON WAIVED FEES

Staff's analysis on late payment charges shows that, on average, late payment charges represented 0.38 percent of utility annual revenue in 2018 and 2019. See Exhibit 2.

Under Emergency Order #3, issued by the Governor on March 17, 2020, the rate regulated utilities and NHEC were prohibited from assessing late payment charges on balances accrued during the State of Emergency. On June 30, 2020, Governor Sununu issued Emergency Order #58, which clarified that late payment charges could not be assessed on balances accrued between March 17, 2020, and July 15, 2020. In accordance with the Agreement between the rate regulated utilities, NHEC and the Consumer Services and External Affairs Division, late payment charges will not begin to accrue on past due balances until April 1, 2021.

While the Agreement defers the assessment of late payment charges until April 1, 2021, and waives the application of late payment charges beyond that date for both residential and commercial customers entering into and complying with the terms of a payment arrangement, the revenue impact of deferring late payment charges is expected to be relatively small. Absent Emergency Order 58 and Agreement, the instances in which late payment charges can be imposed on residential customer accounts is already limited by the Commission's rules. Other than only being permissible in instances when payment is not received by the due date printed on the bill and not to exceed the amount set forth in the utility's tariff, late payment charges on commercial customer accounts are not limited by the Commission's rules.

Puc 1203.08 prohibits the assessment of late payment charges on residential customer accounts that have been identified as financial hardship. Puc 1203.08 also limits the assessment of a late payment charge to payments not received prior to the due date printed on the bill. For customers who have established a payment arrangement to address arrearages, the effect of this provision of the rules is that no late payment charge would be assessed provided the customer makes timely payments compliant with the payment arrangement terms.

Given the small amount of revenue generated from late payment charges prior to the pandemic and the Agreement on late payment charges, the evidence suggests that the amount of waived fees will not be material enough to create a substantial financial burden on the Utilities that warrants extraordinary relief.

FINDINGS ON BAD DEBT EXPENSE

Staff's analysis on bad debt expense shows that, on average, bad debt expense was 0.64 percent of utility annual revenue in 2019; it also shows significant differences between utility types (1.32 percent for Gas versus 0.18 percent for Small Water) and from year to year. See Exhibit 2.

Bad debt expense is not recovered until accounts are terminated and written off. As a result of the Emergency Order 3 disconnections moratorium and the components of the Agreement governing payment arrangements and service disconnections, there will be a significant lag in write-offs. To date, utilities have not seen an increase in bad debt expense due to the pandemic and may actually experience a short-term decrease as a result of Emergency Order 3 and the Agreement.

The Utilities have seen deteriorating aging accounts receivable and a significant increase in customer arrearages, which is likely to lead to a significant increase in bad debt expense in the later stages of, and after, the pandemic.

In Staff's judgement, the incremental (that is, above typical experience) bad debt expense related to COVID qualifies as an extraordinary expense in that it is infrequent, unusual, and potentially material in size. The incremental bad debt expense may create a substantial financial burden on the Utilities that warrants extraordinary relief.

Bad debt is an expense with significant fluctuations from year-to-year under normal circumstances. Accordingly, to avoid a possible windfall profit, certain conditions should be imposed when establishing a regulatory asset for incremental bad debt.

To address the volatility of year-to-year bad debt expense, incremental costs should be determined using a base line average bad debt expense for the three years prior to the pandemic, calendar years 2017 through 2019.

As bad debt is an expense, the regulatory asset should be amortized in operating income and the unamortized balance should not be afforded rate base treatment. In addition, interest should not accrue, and carrying charges on the amounts deferred should not be recorded at this time.

The regulatory asset should be subject to a prudence review when the utility requests recovery in rates. The incremental bad debt, along with supporting information, should be tracked with sufficient detail to allow for a prudence review by the Commission and

any other interested party prior to final disposition on their recovery in a future proceeding

STAFF REVISED RECOMMENDATIONS

The Commission should issue an order that authorizes electric, natural gas, water, wastewater utilities, and NHEC to create a regulatory asset for incremental bad debt due to COVID subject to the following conditions.

- 1) The regulatory asset to be amortized in operating income and not afforded rate base treatment.
- 2) The regulatory asset accrues no interest between now and the Company's next rate case; carrying charges on the amounts deferred should not be recorded at this time.
- 3) The amount subject to being deferred to the regulatory asset is charge-offs net of recoveries, above the three-year average for 2017, 2018 and 2019.
- 4) The regulatory asset to be subject to a prudence review when the utility requests recovery.
- 5) Incremental bad debt, along with supporting information, to be tracked with sufficient detail to allow for a prudence review by the Commission and any other interested party prior to final disposition on their recovery in a future proceeding

The Commission order should also:

- 1) Require each utility to identify cost savings associated with the impacts of COVID and to track and report COVID cost savings since March 31, 2020, to be included in monthly COVID reporting. Savings to be tracked should include, but not be limited to, savings attributable to the suspension of disconnections, limiting customer work to essential services only, having all non-essential employees work from home, and any other measures during the emergency declaration which may offset incremental expenses incurred.
- 2) Require each utility to identify any loans, grants, assistance, tax credits, or benefits received by the utility in connection with COVID, regardless of form or source, that would offset any COVID related expenses, and describe and report them in monthly COVID reports. Items to be reported should include, but not be limited to, CARES Act payments², Paycheck Protection Program payments, and FFCRA tax credits.³

² Coronavirus Aid, Relief, and Economic Security Act.

³ The Families First Coronavirus Response Act (the "FFCRA"), signed by President Trump on March 18, 2020, provides small and midsize employers refundable **tax credits** that reimburse them, dollar-for-dollar,

- 3) Inform the utilities there is no guarantee of full recovery and that the Commission will evaluate whether the utility's request for recovery of the regulatory asset is prudent, reasonable, and necessary. Additionally, the Commission will also rule on the appropriate period of recovery for the approved amount of regulatory asset, any amount of carrying costs thereon, and other related matters when the utility seeks recovery.

for the cost of providing paid sick and family leave wages to their employees for leave related to COVID-19.

AGREEMENT

This agreement is entered into as of this date, by and between the Consumer Services and External Affairs Division of the New Hampshire Public Utilities Commission and the following electric, gas, and water utilities operating in the State of New Hampshire:

Public Service of New Hampshire d/b/a Eversource Energy
Unitil Energy Systems, Inc.
Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities
New Hampshire Electric Cooperative, Inc.

Northern Utilities, Inc.
Liberty Utilities (EnergyNorth Natural Gas) Corp., d/b/a Liberty Utilities

Abenaki Water Company, Inc.
Aquarion Water Company of New Hampshire, Inc.
Forest Edge Water Company, Inc.
Hampstead Area Water Company, Inc.
Lakes Region Water Company, Inc.
Mill Brook Village Water System
Pennichuck East Utility, Inc.
Pennichuck Water Works, Inc.
Pittsfield Aqueduct Company, Inc.
West Swanzey Water Company, Inc.

and by the following non-utility participants in IR 20-089, New Hampshire Public Utilities Commission's Investigation into Effects of the COVID-19 Emergency Utilities and Utility Customers:

The Office of the Consumer Advocate
New Hampshire Legal Assistance
LISTEN

Hereinafter, collectively referred to as the Parties.

Whereas, the Governor of New Hampshire declared a state of emergency in Executive Order 2020-04 on March 13, 2020, which state of emergency remains in effect today per Executive Order 2020-17; and

Whereas, pursuant to Executive Order 2020-04, the Governor issued Emergency Order #3, due to COVID-19, which temporarily prohibited utility disconnections; and

Whereas, the Governor's Emergency Order #58 issued June 30, 2020 terminated Emergency Order #3; and

Whereas Emergency Order #58 further provided that the New Hampshire utilities whose rates are regulated by the New Hampshire Public Utilities Commission and the New Hampshire Electric Cooperative, which includes all the utilities listed above, “shall offer payment arrangements, refrain from charging late fees, and begin normal collection activity and disconnections consistent with an agreement between a utility or utilities and the Commission’s Consumer Services and External Affairs Division, subsequent order of the Commission, and/or rules adopted by the Commission pursuant to RSA 541-A.”

Now therefore, the Parties agree to the following terms, conditions and timeframes for customer collections and disconnection:

FOR GAS AND ELECTRIC CUSTOMERS

Commercial customers:

- Soft collections shall continue until August 31, 2020
 - Soft collections is defined by the utilities as communications with customers with an arrearage that would qualify them for disconnection where the communication is intended to advise those customers of the arrearages and the means of addressing those arrearages, but without suggesting that the customer is eligible for disconnection.

- Disconnection notices shall resume on or after September 15, 2020

- Late payment charges shall not be assessed until on or after March 31, 2021

- No late payment charges shall be charged if a customer establishes a payment arrangement

- No deposits shall be collected from existing customers through December 31, 2020; deposit requests for new accounts can begin September 21, 2020

- 12-month payment arrangements shall be offered through December 31, 2020, with a one-time opportunity to catch up a missed payment and retain the payment arrangement

Residential customers:

- Soft collections shall continue until September 30, 2020
 - Soft collections is defined by the utilities as communications with customers with an arrearage that would qualify them for disconnection where the communication is intended to advise those

customers of the arrearages and the means of addressing those arrearages, but without suggesting that the customer is eligible for disconnection

- Disconnection notices shall resume on or after October 13, 2020
- Late payment charges shall not be assessed until on or after March 31, 2021
- No late payment charges shall be charged if a customer establishes a payment arrangement
- No deposits shall be collected from existing customers until April 1, 2021
- 12-month minimum payment arrangements shall be offered through March 31, 2021, with at least one opportunity to catch up a missed payment and retain the payment arrangement, and depending on the circumstances, the utility may reasonably offer more than one opportunity
- No requests to disconnect medical accounts shall be made until April 1, 2021

Residential Financial Hardship (FH) customers, meaning customers facing financial hardship as defined in Puc 1202.09, as expanded for self-certification as detailed below:

- In addition to Puc 1202.09, financial hardship qualification for the purpose of this agreement can be defined by customer participation in any of the programs listed in the attachment to this agreement
- No disconnect notices shall be sent to FH customers until at least April 1, 2021
- No deposits shall be required for FH customers (Per current Puc 1200 rules) and no late payment charges shall be assessed for FH customers (Per current Puc 1200 rules)
- Utilities shall offer longer payment plans (up to 24 months) through July 31, 2021 as an option with no down payment required, with:
 - the opportunity to renegotiate an existing payment plan when circumstances change and the payment may no longer be affordable, and

- the opportunity to enter into the same, long-term flexible payment arrangement at least once, and even more than once when appropriate in the customer's circumstances.
- Utilities shall undertake proactive ongoing communication to FH customers through spring 2021 to encourage customers to contact their utilities and enroll in payment plan(s).
- Customers shall be afforded the one time-opportunity to self-certify as FH by indicating that they are experiencing financial challenges. This self-certification shall protect their account from disconnection for non-payment for 60 calendar days to allow for the customer to obtain and provide FH documentation to the company or social agency for approval. Self-certification will be permitted when disconnection notices for non-hardship customers resume and will cease on June 30, 2021.
 - Should the customer not provide FH documentation during the 60-day period, the customer will return to normal collections processes. Depending on the circumstances, upon customer request, the customer shall be afforded one opportunity for an additional 10 calendar days protection from disconnection during the winter period in order to obtain and provide FH documentation to the company or social agency for approval.
 - Nothing in this agreement shall prevent customers from providing evidence of FH to the utility after the 60-day self-certification period ends.
 - Once documentation is received and verified against the Financial Hardship list (attached to this agreement) and as may be amended from time to time, all hardship protection as defined by the Puc 1200 rules and this agreement will apply.
- In addition to plans available to all residential customers during and following the winter period under the Puc 1200 Rules, customers who claim financial hardship during the winter period shall be offered an extended (up to 24 months) COVID payment plan once the documentation has been received and verified by the Company against the Financial Hardship list (attached to this agreement) and as may be amended from time to time.

FOR WATER CUSTOMERS

Recognizing that the customer service systems of the state's water utilities have certain limitations in differentiating between commercial and residential accounts, as well as limitations

in differentiating FH customers from other customers, the Parties agree to the following terms, conditions and timeframes for customer collections and disconnection for water utilities:

Commercial and Residential Customers:

- Soft collection efforts shall begin on or after September 14, 2020.

- Disconnection notices shall resume on or after October 12, 2020.

No late payment charges shall be charged on balances accruing before March 31, 2021.

- No late payments shall be charged if a customer establishes a payment arrangement.
- A 12-month minimum payment arrangement shall be offered through March 2021, with at least one opportunity to catch up a missed payment and retain the payment arrangement, and depending on the circumstances, the utility may reasonably offer more than one opportunity.

Residential Financial Hardship (FH) customers, meaning customers facing financial hardship as defined in Puc 1202.09, as expanded for self-certification as detailed below:

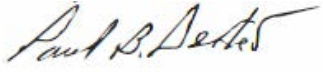
- Water utilities will abide by the same self-certification process as defined for the gas and electric utilities subject to the following exceptions:
 - Water utilities do not differentiate between FH and non-FH customers in their systems for the purpose of sending disconnection notices. Accordingly, water utilities will not extend the moratorium on disconnection notices for FH customers to April 2021.
 - In light of the immediately preceding exception, water utilities will also not be engaged in special proactive ongoing communication to FH customers through spring 2021. Rather, all customers will be receiving the same ongoing communications regarding arrearages and payment plans.
 - Any customer that is identified as FH will be offered an extended (up to 24 month) payment plan,

All Gas and Electric utilities shall undertake proactive ongoing communications to all customers to encourage customers to contact their utilities to enroll in a payment plan. All Water utilities

will undertake similar communications, appropriately scaled to their size and number of customers

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION CONSUMER AFFAIRS AND
EXTERNAL COMMUNICATIONS DIVISION

By: 
Paul B. Dexter, Esq.
Staff Attorney

Date: 09/08/2020

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
D/B/A LIBERTY UTILITIES

By: _____
Michael Sheehan, Esq.
Senior Counsel

Date: _____

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

By: _____
Mark W. Dean, Esq.

Date: _____

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY

By: _____
Matthew Fossum, Esq.
Senior Regulatory Counsel

Date: _____

UNITIL ENERGY SYSTEMS, INC.

By: _____
Gary Epler, Esq.
Chief Regulatory Counsel

Date: _____

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NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION CONSUMER AFFAIRS AND EXTERNAL COMMUNICATIONS DIVISION

By: _____
Paul B. Dexter, Esq.
Staff Attorney

Date: _____

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
D/B/A LIBERTY UTILITIES



By: _____
Michael Sheehan, Esq.
Senior Counsel

Date: 9/8/2020

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

By: _____
Mark W. Dean, Esq.

Date: _____

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY

By: _____
Matthew Fossum, Esq.
Senior Regulatory Counsel

Date: _____

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Paul B. Dexter, Esq.
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Date: _____

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By: _____
Michael Sheehan, Esq.
Senior Counsel

Date: _____

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

By:  _____
Mark W. Dean, Esq.

Date: 9/9/20

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Staff Attorney

Date: _____

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By: _____
Michael Sheehan, Esq.
Senior Counsel


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NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

By: _____
Mark W. Dean, Esq.

Date: _____

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY

By:  _____
Matthew Fossum, Esq.
Senior Regulatory Counsel

Date: __September 8, 2020__

UNITIL ENERGY SYSTEMS, INC.

By: _____
Gary Epler, Esq.
Chief Regulatory Counsel

Date: _____

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By: _____
Paul B. Dexter, Esq.
Staff Attorney

Date: _____

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY

By: _____
Matthew Fossum, Esq.
Senior Regulatory Counsel

Date: _____

UNITIL ENERGY SYSTEMS, INC.

By:  _____ for
Gary Epler, Esq.
Chief Regulatory Counsel

Date: September 9, 2020

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
D/B/A LIBERTY UTILITIES



By: _____
Michael Sheehan, Esq.
Senior Counsel

Date: 9/8/2020

NORTHERN UTILITIES, INC.

By: _____
Gary Epler, Esq.
Chief Regulatory Counsel

Date: _____

ABENAKI WATER COMPANY, INC.

By: _____
Don Vaughn
President, New England Service Company

Date: _____

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

By: _____
Matthew Fossum, Esq.
Senior Regulatory Counsel

Date: _____

FOREST EDGE WATER COMPANY, INC.

By: _____
Nathaniel Sullivan
President

Date: _____

HAMPSTEAD AREA WATER COMPANY, INC.

By: _____
Anthony Augeri, Esq.
General Counsel


Date: _____

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By: _____
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Senior Counsel

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NORTHERN UTILITIES, INC.

By:  _____ for
Gary Epler, Esq.
Chief Regulatory Counsel

Date: September 9, 2020

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Senior Counsel

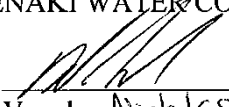
Date: _____

NORTHERN UTILITIES, INC.

By: _____
Gary Epler, Esq.
Chief Regulatory Counsel

Date: _____

ABENAKI WATER COMPANY, INC.

By:  _____
~~Don Vaughn~~ Nicholas Zachary
President, New England Service Company

Date: 9/9/20

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

By: _____
Matthew Fossum, Esq.
Senior Regulatory Counsel

Date: _____

FOREST EDGE WATER COMPANY, INC.

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Nathaniel Sullivan
President

Date: _____

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Anthony Augeri, Esq.
General Counsel

Date: _____

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Senior Counsel

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Chief Regulatory Counsel

Date: _____

ABENAKI WATER COMPANY, INC.

By: _____
Don Vaughn
President, New England Service Company

Date: _____

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

By:  _____
Matthew Fossum, Esq.
Senior Regulatory Counsel

Date: __September 8, 2020__

FOREST EDGE WATER COMPANY, INC.

By: _____
Nathaniel Sullivan
President

Date: _____

HAMPSTEAD AREA WATER COMPANY, INC.

By: _____
Anthony Augeri, Esq.
General Counsel

Date: _____

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Chief Regulatory Counsel

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ABENAKI WATER COMPANY, INC.

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Don Vaughn
President, New England Service Company

Date: _____

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

By: _____
Matthew Fossum, Esq.
Senior Regulatory Counsel

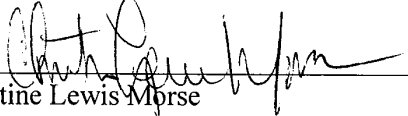
Date: _____

FOREST EDGE WATER COMPANY, INC.

By: _____
Nathaniel Sullivan
President

Date: _____

HAMPSTEAD AREA WATER COMPANY, INC.

By: 
Christine Lewis Morse
Vice President

Date: 9/8/20

LAKES REGION WATER COMPANY, INC.

By: Tom Mason
Tom Mason
President

Date: 9/8/2020

MILL BROOK VILLAGE WATER SYSTEM

By: _____
James Ingram
Owner

Date: _____

PENNICHUCK EAST UTILITY, INC.
PENNICHUCK WATER WORKS, INC.
PITTSFIELD AQUEDUCT COMPAY, INC.

By: _____
Donald Ware
Chief Operating Officer

Date: _____

WEST SWANZEY WATER COMPANY, INC

By: _____
Sarah Brown
President

Date: _____

THE OFFICE OF CONSUMER ADVOCATE

By: _____
D. Maurice Kreis, Esq.
Consumer Advocate

Date: _____

NEW HAMPSHIRE LEGAL ASSISTANCE

By: _____
Raymond Burke, Esq.
Stephen Tower, Esq.

Date: _____

LAKES REGION WATER COMPANY, INC.

By: _____
Tom Mason
President

Date: _____

MILL BROOK VILLAGE WATER SYSTEM

By: _____
James Ingram
Owner

Date: _____

PENNICHUCK EAST UTILITY, INC.
PENNICHUCK WATER WORKS, INC.
PITTSFIELD AQUEDUCT COMPAY, INC.

By: Donald Ware
Donald Ware
Chief Operating Officer

Date: 9/10/2020

WEST SWANZEY WATER COMPANY, INC

By: _____
Sarah Brown
President

Date: _____

THE OFFICE OF CONSUMER ADVOCATE

By: _____
D. Maurice Kreis, Esq.
Consumer Advocate

Date: _____

NEW HAMPSHIRE LEGAL ASSISTANCE

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Raymond Burke, Esq.
Stephen Tower, Esq.

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LAKES REGION WATER COMPANY, INC.

By: _____
Tom Mason
President

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MILL BROOK VILLAGE WATER SYSTEM

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PENNICHUCK WATER WORKS, INC.
PITTSFIELD AQUEDUCT COMPAY, INC.

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Donald Ware
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By: _____
Sarah Brown
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Date: _____

THE OFFICE OF CONSUMER ADVOCATE

By: 
D. Maurice Kreis, Esq.
Consumer Advocate

Date: September 8, 2020

NEW HAMPSHIRE LEGAL ASSISTANCE

By: _____
Raymond Burke, Esq.
Stephen Tower, Esq.

Date: _____

LAKES REGION WATER COMPANY, INC.

By: _____
Tom Mason
President

Date: _____

MILL BROOK VILLAGE WATER SYSTEM

By: _____
James Ingram
Owner

Date: _____

PENNICHUCK EAST UTILITY, INC.
PENNICHUCK WATER WORKS, INC.
PITTSFIELD AQUEDUCT COMPAY, INC.

By: _____
Donald Ware
Chief Operating Officer

Date: _____

WEST SWANZEY WATER COMPANY, INC

By: _____
Sarah Brown
President

Date: _____

THE OFFICE OF CONSUMER ADVOCATE

By: _____
D. Maurice Kreis, Esq.
Consumer Advocate

Date: _____

NEW HAMPSHIRE LEGAL ASSISTANCE

By: /s/ Raymond Burke

Date: 9/9/2020

Raymond Burke, Esq.
Stephen Tower, Esq.

Raymond Burke, Esq.
Stephen Tower, Esq.

LISTEN Community Services

By: /s/ Angela Zhang
Angela Zhang
Program Director

Date: 9/8/2020

FINANCIAL HARDSHIP CODING

- Aid to Permanently and Totally Disabled (APTD)-GOVERNMENT
- Aid to the Needy Blind
- Catholic Charities- **Financial Work Up***
- Child Care Assistance/Scholarships
- Commodity Surplus Foods Program (for women, infants and children)-STATE
- Disability social security
- Easter Seals- **Financial Work Up* (Veterans count is part of Easter Seals)**
- Elderly Commodity Surplus Foods Program-STATE
- Electric Assistance Program -FUEL
- Families in Transition
- Family Assistance Program (FAP)
- Financial Assistance to Needy Families (FANF)
- Food Stamps (Supplemental Nutrition Assistance Program or "SNAP")-GOVERNMENT
- Front door- (Nashua Area)- **Financial Work Up***
- Fuel Assistance Program- **Financial Work Up***
- Head Start Program-STATE
- Healthy Kid (Partners in Health)-STATE
- Housing Relief Program -STATE
- Housing Choice Voucher Program (Section 8)-STATE
- Listen
- Jaden's ladder- (woman with domestic violence) Portsmouth-**Financial work up***
- Medicaid-GOVERNMENT
 - Granite Advantage Health Care Program
 - NH Healthy Families
 - Well Sense
 - AmeriHealth Caritas NH
 - "MEAD" (Medicaid for Employed Adults with Disabilities)
 - In & Out Medical Assistance
- Medicare Savings Programs
 - Qualified Medicare Beneficiary Program or QMB
 - Specified Low-Income Medicare Beneficiary Program or SLMB
- Medicare "Extra Help" Program
- Merrimack Valley Assistance-**Financial Work Up***
- NHN-FUEL
- Old Age Assistance-State
- Pandemic EBT (P-EBT) Benefits (temporary use until no longer available)
- Reduced Lunch Program-SCHOOL
- Salvation Army-**Financial Work Up***
- Share Fund **Financial Work Ups** -Milford area (town they help are Milford, Mt Vernon, Amherst & Brookline)

- Share Fund-Rochester-**Financial Work up***
- Emergency Assistance (EA) Program as known as State Welfare (state will pay two (2) utility bills)
- Supplemental Security Income Program (SSI) - GOVERNMENT
- Supportive Assistance Project-**Financial Work Up***
- Temporary Assistance for Needy Families Program (TANF)-STATE
- Town Welfare- **Financial Work Up***
- Unemployment Insurance (temporary use until June 30, 2021)
- Waypoint (old Child & Family service)-**Financial work up***
- Women, Infants and Children Program (WIC) GOVERNMENT

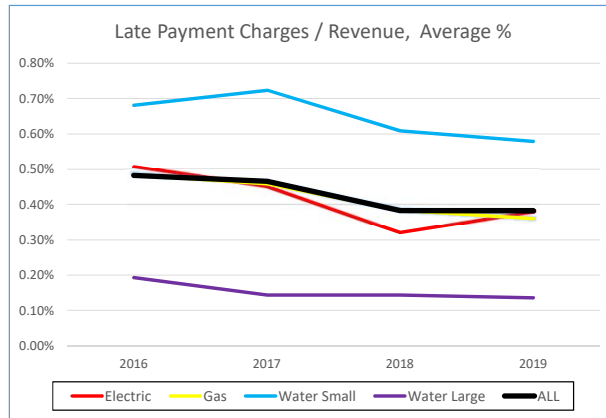
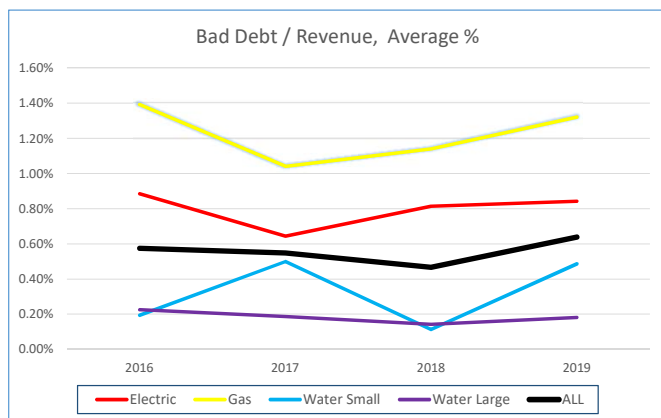
*The **Financial Work Up** form is not used to verify financial hardship status. To verify financial hardship status, a customer must provide documentation of their eligibility for the assistance programs listed above. The Financial Work Up form was established by the Customer Advisory Board to determine the appropriate payment plan for customers with a medical hardship. The utility will enroll a customer with a medical hardship in a more flexible payment plan when the agencies listed in this document complete the form. The payment plan amount cannot be less than \$50 per month.

NON-HARDSHIP CODING

- Bridges
- Churches
- Corpus Christi
- Girls Inc.
- Krem
- Medicare – unless enrolled in a Medicare Savings Program
- Pecan
- Social Security Retirement (Elderly)
- St Vincent De Paul
- Veterans Inc.

IR 20-089, Covid-19 Investigation
Analysis of Bad Debt Expense to Revenue and Late Payment Charges to Revenue

	Type	Size	Metric	2016	2017	2018	2019
Average	Electric		Bad Debt / Revenue	0.88%	0.64%	0.81%	0.84%
	Gas		Bad Debt / Revenue	1.39%	1.04%	1.14%	1.32%
	Water	Small	Bad Debt / Revenue	0.19%	0.50%	0.11%	0.49%
	Water	Large	Bad Debt / Revenue	0.22%	0.19%	0.14%	0.18%
	ALL		Bad Debt / Revenue	0.57%	0.55%	0.47%	0.64%
Average	Electric		Late Payment Charges / Revenue	0.51%	0.45%	0.32%	0.38%
	Gas		Late Payment Charges / Revenue	0.48%	0.46%	0.38%	0.36%
	Water	Small	Late Payment Charges / Revenue	0.68%	0.72%	0.61%	0.58%
	Water	Large	Late Payment Charges / Revenue	0.19%	0.14%	0.14%	0.14%
	ALL		Late Payment Charges / Revenue	0.48%	0.47%	0.38%	0.38%
% Change from Prior Year	Electric		Bad Debt / Revenue		-27%	26%	4%
	Gas		Bad Debt / Revenue		-25%	10%	16%
	Water	Small	Bad Debt / Revenue		159%	-77%	331%
	Water	Large	Bad Debt / Revenue		-17%	-24%	28%
	ALL		Bad Debt / Revenue		-5%	-15%	37%
% Change from Prior Year	Electric		Late Payment Charges / Revenue		-11%	-29%	19%
	Gas		Late Payment Charges / Revenue		-5%	-16%	-6%
	Water	Small	Late Payment Charges / Revenue		6%	-16%	-5%
	Water	Large	Late Payment Charges / Revenue		-25%	0%	-5%
	ALL		Late Payment Charges / Revenue		-3%	-18%	0%



Comparison of Bad Debt Included in Current Rates with Actual Bad Debt

Notes	Company	Metric	Bad Debt Included in Rates		Actual Bad Debt (see note A)			
			Effective Date	Amount Included	2016	2017	2018	2019
(B)	Abenaki	Bad Debt	12/28/2018	(C)				0
	Aquarion	Bad Debt	7/1/2012	24,000	5,072	6,996	6,996	10,875
	Eversource	Bad Debt	7/1/2019	2,528,567				
(B)	Hampstead	Bad Debt	7/1/2019	(C)				
	Liberty - Energy North	Bad Debt	11/1/2018	1,505,283				1,680,771
	Liberty - Granite State	Bad Debt	7/1/2020	178,526				
(B)	Lakes Region Water Company	Bad Debt	8/12/2019	9,000				
	Northern Utilities	Bad Debt	5/1/2018	248,010				280,546
(D)	Pennichuck Water Works	Bad Debt	11/1/2020	35,377				
	Pennichuck East Utility	Bad Debt	2/24/2019	30,044				
	Pittsfield Aqueduct Company	Bad Debt	7/22/2014	7,887	2,638	6,864	2,082	4,097
	Unitil	Bad Debt	7/1/2016	526,252		339,394	721,658	584,561

- (A) Actual bad debt is shown only for years subsequent to effective date of current rates and, also, only if bad debt included in current rates was provided.
- (B) Company has multiple tariffs, each covering one or more divisions. "Effective date" is for the tariff with the most recent effective date.
- (C) This information is missing from the company's response to Staff 1-1
- (D) Effective date is an estimate; PWW's permanent rates in DW 19-084 have not yet become effective.

Below is the data, submitted by each utility in response to Staff data request Set 1 in IR 20-089, used for the analysis above..

Notes	Company	Type	Size	Metric	2016	2017	2018	2019
	Abenaki	Water	Small	Bad Debt	105	470	135	0
	Abenaki	Water	Small	Late Payment Charges	0	0	0	0
	Abenaki	Water	Small	Applicable Revenue	403,463	640,897	633,833	705,735
	Abenaki	Water	Small	Bad Debt / Revenue	0.026%	0.073%	0.021%	0.000%
	Abenaki	Water	Small	Late Payment Charges / Revenue	0.000%	0.000%	0.000%	0.000%
	Aquarion	Water	Large	Bad Debt	5,072	6,996	6,996	10,875
	Aquarion	Water	Large	Late Payment Charges	43,155	32,552	32,274	29,467
	Aquarion	Water	Large	Applicable Revenue	7,461,833	7,544,652	7,497,755	7,226,513
	Aquarion	Water	Large	Bad Debt / Revenue	0.068%	0.093%	0.093%	0.150%
	Aquarion	Water	Large	Late Payment Charges / Revenue	0.578%	0.431%	0.430%	0.408%
	Eversource	Electric		Bad Debt	2,550,869	2,346,347	2,234,202	2,354,833
(1)	Eversource	Electric		Late Payment Charges	2,289,536	2,627,082	959,162	1,902,287
(2)	Eversource	Electric		Applicable Revenue	348,483,631	346,953,015	349,839,116	355,934,505
	Eversource	Electric		Bad Debt / Revenue	0.732%	0.676%	0.639%	0.662%
	Eversource	Electric		Late Payment Charges / Revenue	0.657%	0.757%	0.274%	0.534%
	Hampstead	Water	Small	Bad Debt	8,268	0	0	0
	Hampstead	Water	Small	Late Payment Charges	39,580	41,621	38,620	38,074
	Hampstead	Water	Small	Applicable Revenue	1,721,164	1,691,632	1,937,425	2,022,963
	Hampstead	Water	Small	Bad Debt / Revenue	0.480%	0.000%	0.000%	0.000%
	Hampstead	Water	Small	Late Payment Charges / Revenue	2.300%	2.460%	1.993%	1.882%
(3)	Liberty - Energy North	Gas		Bad Debt	1,505,283	1,082,081	1,141,159	1,680,771
	Liberty - Energy North	Gas		Late Payment Charges	432,381	450,521	427,218	457,748
	Liberty - Energy North	Gas		Applicable Revenue	66,736,663	71,147,958	81,959,489	86,463,777
	Liberty - Energy North	Gas		Bad Debt / Revenue	2.256%	1.521%	1.392%	1.944%
	Liberty - Energy North	Gas		Late Payment Charges / Revenue	0.648%	0.633%	0.521%	0.529%
	Liberty - Granite State	Electric		Bad Debt	399,729	251,491	244,477	346,546
	Liberty - Granite State	Electric		Late Payment Charges	40,439	49,924	47,828	56,029
	Liberty - Granite State	Electric		Applicable Revenue	34,531,648	37,810,725	40,250,762	39,653,001
	Liberty - Granite State	Electric		Bad Debt / Revenue	1.158%	0.665%	0.607%	0.874%
	Liberty - Granite State	Electric		Late Payment Charges / Revenue	0.117%	0.132%	0.119%	0.141%
	Lakes Region Water Company	Water	Small	Bad Debt	-938	15,097	2,544	20,854
	Lakes Region Water Company	Water	Small	Late Payment Charges	5,783	6,210	6,698	6,365
	Lakes Region Water Company	Water	Small	Applicable Revenue	1,361,737	1,430,577	1,522,598	1,473,417
	Lakes Region Water Company	Water	Small	Bad Debt / Revenue	-0.069%	1.055%	0.167%	1.415%
	Lakes Region Water Company	Water	Small	Late Payment Charges / Revenue	0.425%	0.434%	0.440%	0.432%
	Northern Utilities	Gas		Bad Debt	173,011	191,961	341,047	280,546
	Northern Utilities	Gas		Late Payment Charges	104,863	97,464	94,695	76,773
	Northern Utilities	Gas		Applicable Revenue	32,814,080	34,251,433	38,449,788	40,408,217
	Northern Utilities	Gas		Bad Debt / Revenue	0.527%	0.560%	0.887%	0.694%
	Northern Utilities	Gas		Late Payment Charges / Revenue	0.320%	0.285%	0.246%	0.190%
	Pennichuck Water Works	Water	Large	Bad Debt	62,324	41,763	48,493	35,377
	Pennichuck Water Works	Water	Large	Late Payment Charges	0	0	0	0
	Pennichuck Water Works	Water	Large	Applicable Revenue	30,922,560	29,584,048	32,390,671	32,280,395
	Pennichuck Water Works	Water	Large	Bad Debt / Revenue	0.202%	0.141%	0.150%	0.110%
	Pennichuck Water Works	Water	Large	Late Payment Charges / Revenue	0.000%	0.000%	0.000%	0.000%
	Pennichuck East Utility	Water	Large	Bad Debt	30,044	23,351	15,892	25,101
	Pennichuck East Utility	Water	Large	Late Payment Charges	0	0	0	0
	Pennichuck East Utility	Water	Large	Applicable Revenue	7,410,951	7,197,307	8,724,455	8,819,088
	Pennichuck East Utility	Water	Large	Bad Debt / Revenue	0.405%	0.324%	0.182%	0.285%
	Pennichuck East Utility	Water	Large	Late Payment Charges / Revenue	0.000%	0.000%	0.000%	0.000%
	Pittsfield Aqueduct Company	Water	Small	Bad Debt	2,638	6,864	2,082	4,097
	Pittsfield Aqueduct Company	Water	Small	Late Payment Charges	0	0	0	0
	Pittsfield Aqueduct Company	Water	Small	Applicable Revenue	788,926	792,092	791,559	774,537
	Pittsfield Aqueduct Company	Water	Small	Bad Debt / Revenue	0.334%	0.867%	0.263%	0.529%
	Pittsfield Aqueduct Company	Water	Small	Late Payment Charges / Revenue	0.000%	0.000%	0.000%	0.000%
	Unitil	Electric		Bad Debt	409,505	339,394	721,658	584,561
	Unitil	Electric		Late Payment Charges	397,636	264,291	343,959	275,537
	Unitil	Electric		Applicable Revenue	53,501,664	57,499,226	60,442,266	58,955,650
	Unitil	Electric		Bad Debt / Revenue	0.765%	0.590%	1.194%	0.992%
	Unitil	Electric		Late Payment Charges / Revenue	0.743%	0.460%	0.569%	0.467%

Notes:

- (1) Eversource Commission suspension reduced LPC from Mar 2018 to Feb 2019.
- (2) Eversource Revenue used for calculation listed as 'Distribution' in Eversource schedule, excludes tracking mechanisms (ES, SCRM, TCAM, and SBC)
- (3) Liberty - Energy North Bad debt related to distribution service only. Excluded data provided for commodity-related bad debt.

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