

IR 20-089 - Investigation into the Effects of the COVID-19 Emergency on Utilities and Utility Customers

1. Provide information regarding changes in payment behavior or patterns and account receivables levels since the declaration of the State of Emergency on March 13 and the Governor’s Emergency Order #3 issued on March 17. Such information should be provided for each utility rate class.

With the phased resumption of collections activities, New Hampshire Electric Cooperative (NHEC) has seen a sustained reduction in member arrearages in excess of 90 days. As shown in Figure 1, members’ arrearages in excess of 90 days have dropped below \$1 million for the first time since November. Figure 2 shows the number of NHEC members in arrears in each of the aging groups – 30, 60, and 90 days. Figure 3 shows arrearage by member class – residential and non-residential. The non-residential member group is comprised of commercial, industrial, primary, large primary, and ski areas. The increases in 30 day arrearages is consistent with historic norms for this time of year.

Figure 1.

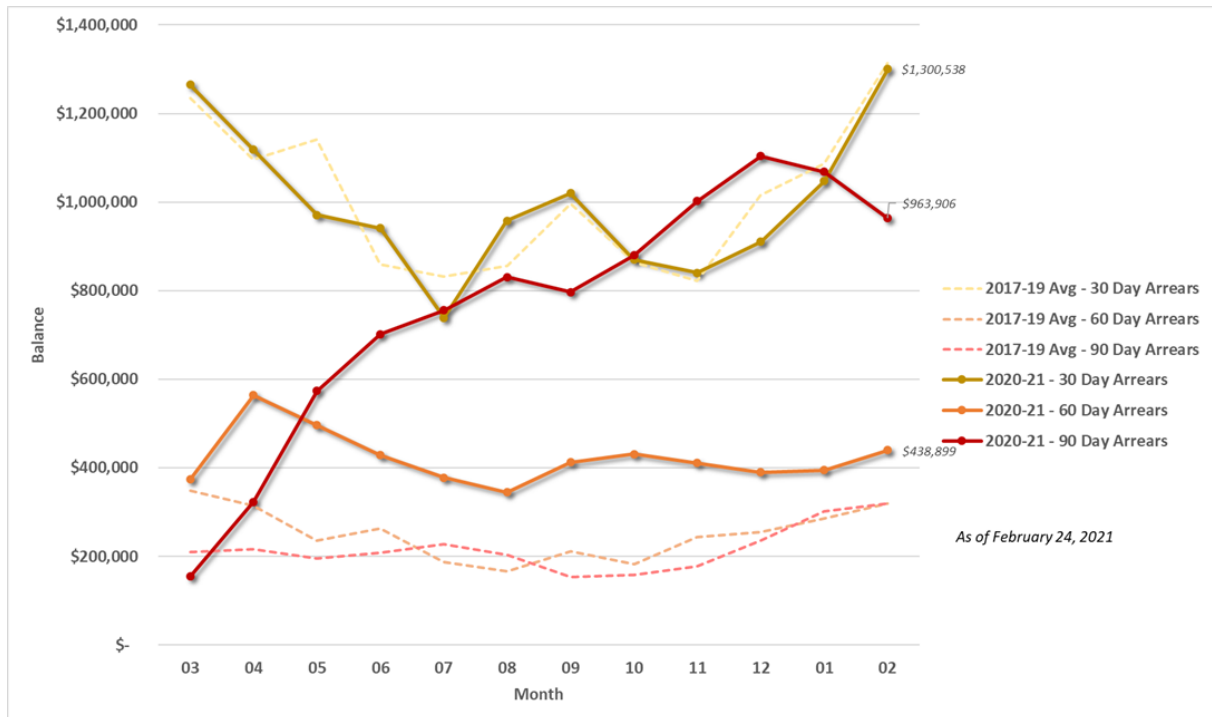


Figure 2.

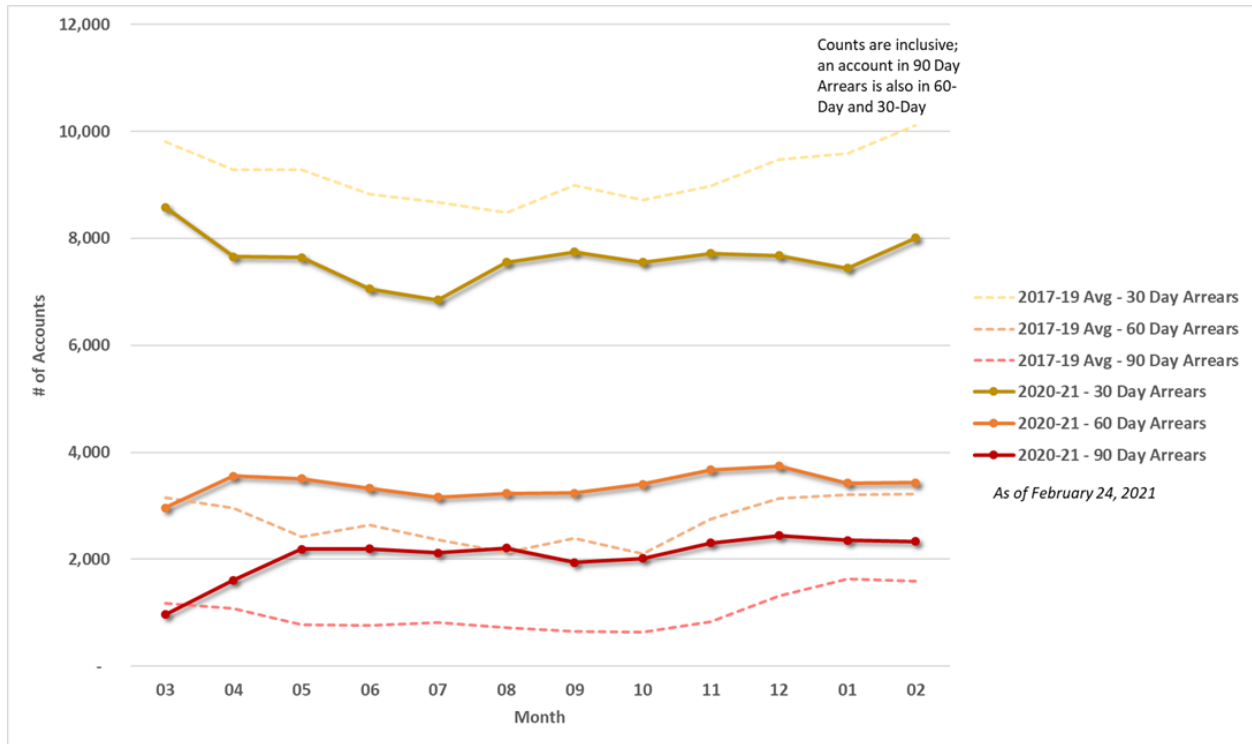
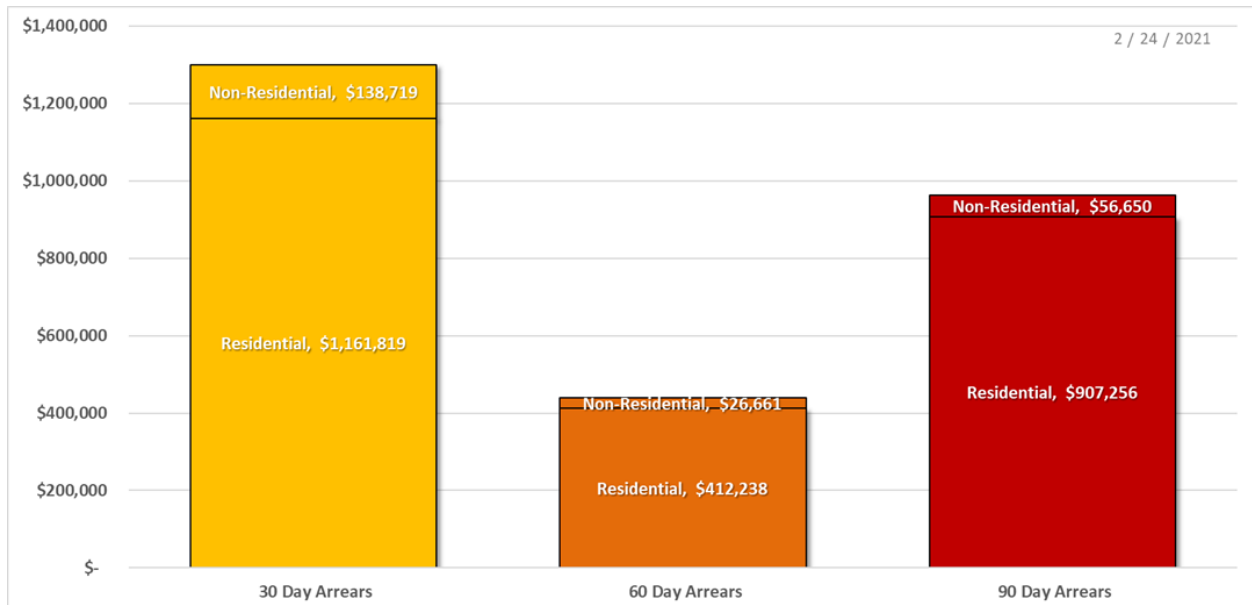


Figure 3.



2. Provide the following data for each utility rate class:

- The number, and percentage, of customers who made partial or no payment in March, April, and May of 2019 and 2020.

The following chart has been updated to include the requested data from January 2020 and 2021.

March 2020 - January 2021		
	<u>Delinquent Members</u>	<u>Delinquency Percentage</u>
Residential	21,219	27%
Commercial	2,421	21%
Industrial	86	27%

March 2019 – January 2020		
	<u>Delinquent Members</u>	<u>Delinquency Percentage</u>
Residential	25,215	32%
Commercial	3,008	28%
Industrial	96	31%

- The number, and percentage, of customers who made partial or no payment in March, April, and May of 2019 and 2020 and did not have an outstanding balance during the prior six months.

The following chart has been updated to include the requested data from January 2020 and 2021.

March 2020 - January 2021		
	<u>Members</u>	<u>Percentage</u>
Residential	6,753	32%
Commercial	911	38%
Industrial	43	50%

March 2019 – January 2020		
	<u>Members</u>	<u>Percentage</u>
Residential	8,183	32%
Commercial	1,299	43%
Industrial	55	57%

3. Describe any programs or initiatives undertaken to assist customers specifically as a result of the COVID-19 pandemic, the State of Emergency, Emergency Order #3, and the related stay-at-home restrictions.

NHEC has no additional information to add to this response since its submissions on June 30, 2020 and January 29, 2021. Those responses read as follows:

In addition to its response provided June 30, 2020, in December 2020, NHEC donated an additional \$50,000 to Project Care to provide additional financial assistance to members struggling to pay their electric bills. NHEC's June 30, 2020 response reads as follows:

NHEC members have two primary channels for providing payment assistance and community giving. Project Care is a nonprofit, tax-exempt 501(c)(3) organization that was formed in 1990 to assist NHEC members in need with their electric bills. Members eligible to receive Project Care assistance receive a credit applied to their bill. Project Care is primarily funded by member donations and contributions from the NHEC Foundation, in addition Project Care received a \$50,000 donation from NHEC in April 2020. To better assist members during the COVID-19 pandemic, the Project Care Board of Directors has waived the requirement that members obtain a referral from a social service agency to apply for financial assistance. Project Care currently has a positive balance, but its outlays in support of members are closely tracked by NHEC.

The NHEC Foundation is a nonprofit, tax-exempt 501(c)(3) organization that provides grants to charitable organizations throughout NHEC's service territory. The NHEC Foundation is funded by members who elect to round up their monthly electric bills to the nearest dollar. The rounded amounts fund the NHEC Foundation. On April 9, the NHEC Foundation donated \$10,000 to the New Hampshire Food Bank. This donation was distributed to 28 local food pantries throughout NHEC's service territory. NHEC employees have matched this donation with an additional \$10,000 in personal contributions to the Food Bank.

NHEC has also extended the length of payment arrangements offered to members with arrearages up to 12 months.

NHEC continues to evaluate various initiatives and mechanisms to provide members impacted by the COVID-19 pandemic with assistance and greater flexibility.

4. Provide a detailed description of customer outreach undertaken to date.

On January 6, disconnection notices resumed for non-hardship members. Disconnection notices are being issued in accordance with the Puc 1200 Rules and are initially being sent to NHEC members with the largest and oldest arrearages. NHEC will continue this phased approach as it returns to normal collections activities.

NHEC continues to utilize all its messaging channels (website, newsletter, bill inserts, social media, etc.) to inform members of available financial assistance services and encourage them to contact the organization.

5. Describe the Utility's review and evaluation of best practices and successful initiatives undertaken in other states.

NHEC has no additional information to add to this response since its submission on June 30, 2020. That response reads as follows:

NHEC has engaged with several organizations throughout the COVID-19 pandemic. These organizations include the National Rural Electric Cooperative Association, American Public Power Association, Northeast Public Power Association, Edison Electric Institute, and National Rural Utilities Cooperative Finance Corporation. Several NHEC employees engage in working groups and committees through which the electric cooperative community shares information and best practices.

In addition, NHEC employees have participated in daily conference calls with the New Hampshire Emergency Operations Center, the state's other electric utilities, and weekly calls with the Public Utilities Commission Safety Division. These calls provided NHEC with additional information and awareness of other utilities' response plans and insights into states' actions. The frequency of these calls has since been reduced, but can be increased on an as need basis. NHEC has also engaged in regular calls with the PUC Consumer Affairs Division and the other electric utilities, which are focused on arrearages, communication strategies, and member assistance programs.

6. Describe whether the Utility has updated its sales forecasts in light of the pandemic and its effects on the economy.

NHEC did not update its 2020 projections.

7. Describe any operational changes the Utility is making or planning to make in response to the effects of the pandemic, including changes in budgets or personnel.

NHEC has no additional information to add to this response since its submissions on June 30, 2020 and August 28, 2020. Those responses read as follows:

NHEC has incorporated new guidelines released by the State of New Hampshire on August 13 (Safer at Home).

NHEC made numerous changes to its operations designed to limit the spread of COVID-19 and protect its employees, members, and the communities it serves. NHEC has followed its Pandemic Response Plan, which calls for maximizing remote work, increasing employee and facility sanitization, and ensuring social distancing when necessary.

NHEC requires all employees whose job function allows to work remotely. Currently, a limited number of employees report to NHEC facilities (e.g. field and control center personnel). All other employees, including NHEC's call center, are working remotely. Employees whose job function requires them to report to an NHEC facility are required to practice social distancing when possible, wear face coverings when social distancing is not possible, and take separate vehicles at all times. NHEC has also increased the frequency and level of facility sanitization.

In accordance with the state's Universal Guidelines for All New Hampshire Employers and Employees, the temperatures of all employees reporting to an NHEC facility are certified daily

and employees are asked a series of questions regarding any potential COVID-19 symptoms they may be experiencing. Employees who are experiencing any COVID-19 symptoms, or a temperature exceeding 100.0 degrees Fahrenheit, are not permitted to report to work and are instructed to contact their healthcare provider.

NHEC has also suspended all non-essential work and appointments that require a technician to enter a home or come in close, physical contact with other individuals. This includes but is not limited to the following programs: Home Performance with ENERGY STAR, Home Energy Assistance, and Small Business programs. NHEC continues to evaluate its response plan based on updated guidance from state and federal public health officials.

NHEC closely monitors the financial impact of the pandemic on its operations and members. Prior to the issuance of the Governor's Emergency Order #3, NHEC had suspended member disconnections for nonpayment and late fees. The organization has engaged in a thorough review of its 2020 budget and identified areas where savings could be achieved. NHEC has instituted a hiring freeze on new positions, and hiring replacement personnel for open positions requires authorization from the President and CEO. The organization has also deferred consideration of the annual salary adjustment for non-union employees making over \$75,000.

8. Describe any changes to capital projects and related planning budgets the Utility has made or is planning to make in response to the effects of the pandemic.

NHEC has no additional information to add to this response since its submission on June 30, 2020. That response reads as follows:

NHEC conducted a review of its capital budget and identified four projects that have been deferred in 2020. These projects total \$2,200,000. Deferring these projects will not have any significant impact on member reliability in 2020.

9. Describe any supply chain disruptions the Utility is experiencing or expects may occur and the effects of such supply chain disruptions.

NHEC has no additional information to add to this response since its submission on June 30, 2020. That response reads as follows:

NHEC has not experienced any significant supply chain disruptions and does not expect any in the foreseeable future.

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.

NHEC has no additional information to add to this response since its submission on June 30, 2020. That response reads as follows:

NHEC has adequate access to capital and its lending relationships have been unaffected by the COVID-19 pandemic. NHEC has maintained an A+/stable rating from S&P. NHEC's rating has not been downgraded and the organization has not been contacted by the rating agency requesting information.

11. Describe incremental costs associated with the COVID-19 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.

NHEC has no additional information to add to this response since its submission on August 28, 2020. That response reads as follows:

NHEC has incurred approximately \$250,000 in expenses associated with the COVID-19 pandemic since the State of Emergency order. These costs largely consist of personnel time, expenditures related to added cleaning procedures, sanitization, and the purchase of equipment required to enable remote working. These costs have been tracked and expensed by the company, with the exception of equipment which is capitalized. NHEC will seek FEMA reimbursement for eligible expenses.