

To: [puc.publiccomments@state.or.us](mailto:puc.publiccomments@state.or.us)

Re: UM 2114 COVID-19 Pandemic Impacts docket— Special Public Meeting Public Comment of SBUA

Date: 5/12/21

**Small Business Utility Advocates (“SBUA”) recommends:**

1) The Oregon Public Utility Commission order Staff to convene a workshop focused on small commercial customers to examine the case of the small commercial customer with potential bad debt expense separated out for small commercial, and other COVID-19 related impacts on utility customers and utilities.

2) Commission require Staff to report on residential and small commercial separately as practicable, including reporting on small commercial arrearages, and to examine significant shifts between reporting months in numbers.

**Background:**

SBUA agrees w/Staff’s Report for this meeting (“Report”) on p3-4 re background re closures ordered by Governor Brown. SBUA had offered comments and input regarding small commercial customer in August and again in September 2021.<sup>1</sup> Washington and California had approved moratoria for small commercial customers to match the residential moratoria of April 2, 2021.<sup>2</sup> In fairness to its constituency, given these examples, and having no hard data regarding end of impacts in sight, and technical support from a recent rate case acknowledging similarities between residential and small commercial, SBUA did not sign on to the Oregon stipulation.<sup>3</sup>

**COVID-19 related challenges continue:**

COVID-19 has lead to over 12,800 business closures across the State of Oregon.<sup>4</sup>

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<sup>1</sup> SBUA Comments, 8/17/20 <https://www.oregon.gov/puc/utilities/Documents/COVID-19-WS3-Comments-%20SBUA.pdf> ; 9/8/20 <https://www.oregon.gov/puc/utilities/Documents/COVID-19-CommissionWS-Comments-SBUA-09082020.pdf>

<sup>2</sup> U-200281 <https://www.utc.wa.gov/casedocket/2020/200281> the Washington Utilities and Transportation Commission, 10/06/2020 -- Continued to the October 15, 2020 open meeting. Commissioner Rendahl moved in Docket U-200281, that the commission issue an order extending the moratorium suspending disconnection for utility services for residential and small commercial customers until April 30, 2021 for non-payment, that the proposal in the docket for additional funding be for not only bill assistance but arrearages, and that the payment arrangements discussed in the term sheet for small commercial customers not be limited to six months, but potentially one year to 18 months including waivers on late fees. The motion carried (3:0). See also California Public Utilities Commission Res. M-4849 Directing Utilities to Extend Emergency Customer Protections Through June 30, 2021.

<sup>3</sup> SBUA Public Comment 11/3/20 <https://edocs.puc.state.or.us/efdocs/HAC/um2114hac172244.pdf> SBUA maintains that not having an equitable moratorium for small commercial was not reasonable and prudent.

<sup>4</sup> Business Oregon 2/25/21 budget presentation to Oregon Legislature Joint Committee on Ways and Means Subcommittee on Transportation and Economic Development.

There are various challenges to businesses utilizing relief avenues. Reports show that demand exceeds supply and a national scale and show uncertain business investment context.<sup>5</sup> SBUA agrees with Staff that Oregon is in an improving but ever changing, economic recovery and COVID-19 pandemic situation. Report p5.

**Similarities between residential and small commercial:**

Staff makes several comments re residential customers that may also be applied to small commercial customers, for example the following:

- By extending the moratorium, other customers will benefit as well because instead of having the utility write-off the unpaid bills, the additional time will allow the utility to collect additional monies for those bills paid through the increased federal support monies. Report p8.
- Having lower utility write-offs means that the deferrals the Commission has authorized will accrue smaller balances.
- Smaller deferral balances means smaller rate increases needed to amortize the deferral balances.

**Applying the data:**

SBUA is glad to have some data by which the impact of the pandemic on small commercial electric and natural gas customers can be ascertained. This data came on line only in February 2021, shortly before the Staff Report and Commission's last Special Public Meeting re COVID-19.<sup>6</sup> In this report SBUA notices aspects in Staff's reporting on the pandemic's impact on customers that mixes the ratepayer classes and also does not present the small commercial context fully despite having the data.

1. Staff consistently says "customers" and seldom differentiates between residential and small commercial customers. C.f. p9, p14, p 35, among many other parts of the Report. Staff should clearly differentiate which customers. The residential customers' arrears are severe and warrant substantial focus. However, residential rates will be determined in their own rate schedule, and as the small commercial which are also significantly impacted. Also, per the Stipulation, only the residential are able to utilize the arrearage management plans. This should be clearly stated along with the amounts of the small commercial arrearages.

It is important to differentiate given that these are different rate classes and impacted as individual rate classes by the pandemic. To mix them in reports during ongoing proceedings is not reasonable where small commercial did not have the benefit of further delayed disconnection and focused review with Commission Staff of impacts and measures to mitigate the impacts.

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<sup>5</sup> An example of reporting of current national scope survey questions and reports is provided by the National Federation of Independent Business (NFIB): <https://www.nfib.com/surveys/small-business-economic-trends/>. Business Oregon provides a list of resources: <https://oeda.biz/assisting-communities-businesses-with-coronavirus-impact/>. Media report re restaurant assistance <https://www.bizjournals.com/portland/news/2021/05/05/more-than-180k-businesses-apply-to-restaurant-fund.html>

<sup>6</sup> Order 21-057 2/24/21 <https://apps.puc.state.or.us/orders/2021ords/21-057.pdf>

2. Staff notes that the number of small commercial customers that are in arrears in March 2021 (10,170) is less than January 2020 (prepandemic numbers) (12,958).<sup>7</sup> SBUA notes that the amounts of arrearages are far higher for small commercial customers in February 2021 than in January 2020.

- SBUA notes that the March 2021 arrearages are much lower and seeks to review with Staff and utilities the significant decrease. SBUA remains concerned that the costs incurred in the COVID-19 period will be included in bad debt and seeks to review these costs and the impact on potential bad debt.
- SBUA notes that where the total residential arrears balance is reported as 206.8 percent higher than in January 2020, Report p13, the total small commercial arrearages in March 2021 is almost 400 percent higher than in January 2020.

Small Commercial Arrearages Comparison\*

	Small commercial arrearages 1/2020	Small commercial arrearages 2/2021
PacifiCorp d/b/a Pacific Power	\$512,000	\$2,245,000
Portland General Electric	\$406,000	\$1,181,000
NW Natural	\$17,000	\$258,000
Cascade Natural Gas	\$9,000	\$36,000
Avista Utilities (natural gas) RE	\$55,000	\$179,000
Idaho Power** RE 187	\$2324	\$7,616
Totals from Staff Commercial Totals spreadsheet	\$1,001,105	\$3,861,000

\*The arrearages figures differ from the COVID-19 deferrals (e.g. Avista reporting \$1,223,907 in its March 2021 filing in UM 2069, Cascade reporting \$137,345 in UM 2072, Northwest Natural reporting over \$5,600,000 for 2020 including \$87,000 in interest in UM 2068, and other utilities’ deferral dockets). Utilities had the opportunity to agree that small commercial should have a later moratorium.

The Commission should call on Staff to hold a small commercial workshop to examine the case of the small commercial customer and the state of the arrearages and other costs related to the pandemic.

<sup>7</sup> Information is based on data found through the PUC’s COVID-19 page <https://www.oregon.gov/puc/utilities/Pages/COVID-19-Impacts.aspx> midway down the right side of the page at: “Arrears balance All utilities March 2021”.

3. Analyzing the data at a more granular level can be constructive. Staff's observation re the number of customers in arrears should be evaluated geographically. The disconnections is less significant than the arrearages. The below chart depicts an example with the zip codes with the highest number of small commercial customers for that utility as provided in the utilities' monthly reports for February 2021.

<b>Oregon IOUs' February 2021 COVID-19 Small Commercial Customers' Arrearages</b>					
Utility	Zip Code with Most Small Commercial Customers	No. of Small Commercial Customers in that Zip Code	No. of Small Commercial Customers with Arrearages of 90+ Days in that Zip Code	Dollar Amount of total Smaller Commercial Customers' >90 day Arrearages in that Zip Code	Disconnections of small commercial customers in March'21 / reconnections w/in 7 days
PacifiCorp d/b/a Pacific Power*	97501	2,093	93	\$107,240	0
Portland General Electric	97301	2,959	38	\$37,024	28 / 20
NW Natural	97301	1,887	25	\$8,629	173/40
Avista	97501	1,489	37	\$41,197	25 or 32?/ NA
Cascade Natural Gas	97702	4387	14	\$2,982	8/7 ?
Idaho Power	97914	1073	18	\$2956	1/1

A useful comparison would find the zip code with the most arrearages, to ensure appropriately focused outreach to prevent unwanted disconnections.

Small commercial customers cannot evaluate meaningfully the risk of bad debt from small commercial alone, not to mention potential spread of residential bad debt across the full range of customers, as described in pp 45-50 in the Staff Report. More analysis is required along with opportunity to discuss with Staff and utilities together. This should occur prior to any prudence review to be performed by the OPUC Staff well before any proceeding to authorize amortization of the costs associated with COVID-19 per ORS 757.259(5).

#### 4. Equity

It would seem that the PUC given its recent emphasis on equity considerations and the availability of data regarding zip codes that a closer look at the impact on small commercial customers would be important assistance to this newer effort. Applying the Staff Report observations on p 42, a comparison of disconnections of small commercial with residential concentrations could be helpful to learn any correlation between disconnections between the classes.

#### 5. Timing:

It is appropriate timing to hold a small commercial specific workshop.

This is the first we have of data to analyze for the small commercial customer. SBUA hopes that in the future Commission meetings, and also for a small commercial specific workshop, Staff would display financial impact like arrearage balances and other costs for the small commercial customers.

Timing is fluid where we still have closures, and data from the business community shows there is much uncertainty re investment.<sup>8</sup> Staff notes this fluidity on p16 (The situation surrounding COVID-19 arrears is extremely fluid and contingent on various health and economic factors.)

Also, Companies have filed to postpone the COVID-19 related deferrals for this very reason. See UM 2063 (PAC), UM 2064 (PGE), UM 2069 (Avista), UM 2072 (Cascade), UM 2068 (NW Natural).

Staff is seeking moratorium extension for residential customers to August 1, 2021, and considering revising the Stipulation as to those customers anyway.

Now there is a better information available is a good time to have a workshop to focus on small commercial.

#### **Conclusion:**

For the reasons above, the Commission Staff should convene a workshop to examine the available data re the COVID-19 impacts on the small commercial class. Given the moratoria placed on Oregon residential postponed until at least June 2021, the Washington and California moratoria on small commercial disconnections until April 2021, it is fair for Commission Staff to examine with small commercial, utility, and perhaps, stakeholders the options available to the small commercial customers of the Oregon investor-owned utilities to reduce COVID-19 related costs in the short and longer terms.

Respectfully submitted.

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<sup>8</sup> National Federation of Independent Business <https://www.nfib.com/surveys/small-business-economic-trends/>.