

MEMORANDUM

TO: Tim Heinrich, Executive Director
Municipal Electric Utilities of Wisconsin

FROM: Anita Gallucci
Lawrie Kobza

DATE: March 25, 2020

RE: PSC Orders Related to COVID-19

On March 22, 2020, Governor Evers issued Emergency Order #11 which temporarily suspends certain rules of the Public Service Commission of Wisconsin (“PSC” or “Commission”). This paved the way for the PSC to issue emergency orders pursuant to its authority under Wis. Stat. § 196.70. These orders require utilities to take certain emergency actions in light of COVID-19 issues. **The PSC discussed a draft of two emergency orders at its March 24th open meeting and approved finalizing and issuing those emergency orders immediately.**

I. EMERGENCY ORDER – SERVICE RULE AND COLLECTION REVISIONS

A. Summary of the Order

The first emergency order in Docket 5-UI-120¹ will temporarily alter all public utility tariffs by amending them to provide that, notwithstanding any tariff provision to the contrary, during the public health emergency, and *until further order of the Commission*:

- No Disconnections. No public utility may disconnect or refuse service to any customer in any class for any reason other than to prevent a dangerous condition.

¹ *Investigation on the Commission’s Own Motion to Ensure Safe, Reliable and Affordable Access to Utility Services During Declared Public Health Emergency for COVID-19*. See order at <http://apps.psc.wi.gov/pages/viewdoc.htm?docid=386373>.

- If service is currently disconnected, the public utility is required to contact the customer, regardless of customer class, assess whether the respective property is occupied or in use, determine whether there are any conditions which would preclude the utility from safely reconnecting the service, and work with the customer to safely reconnect service.
- Exception. A public utility may request permission from the Commission to disconnect a customer for another reason, and the authority to approve such a request has been delegated to the division administrators of the Division of Energy Regulation and Analysis, the Division of Water Utility Regulation and Analysis, and the Division of Digital Access, Consumer and Environmental Affairs.
- No Delay in Connection Based on Identity Requirements. Every public utility may request that an applicant for new service provide documentation to prove identity and residency, but no public utility may refuse or delay service to any customer in any class for failure to provide such documentation.
- Deferred Payment Agreements for All Customer Classes. Every public utility shall offer to any customer, regardless of customer class, a deferred payment agreement, if the customer is unable to pay a bill in full, for the period beginning March 25, 2020.
 - The administrative code provisions pertaining to procedures for deferred payment agreements shall continue to apply, except the availability of agreements shall not be limited to certain customers.
 - A municipality may choose to offer a deferred payment agreement to a customer who is a tenant at a rental dwelling unit, however, because of statutory limitations, the Commission cannot require a municipal utility to offer a deferred payment agreement to a customer who is a tenant at a rental dwelling unit.
- No Late Fees. No public utility may assess upon any customer, regardless of customer class, any fee or charge for late payment for an arrearage incurred during the period beginning March 25, 2020 and extending to the last day of the public health emergency.
- No Deposits Required. No public utility may require a cash deposit or other guarantee as a condition of new service.

- Option to Waive Credit Card Fees. A public utility may, but is not required to, waive credit card convenience fees in order to encourage online payment. This permission begins with the effective date of the order and extends until the PSC issues a subsequent order lifting this general permission.
 - Utilities wishing to waive credit card fees must contact the Commission to request to opt-in to waiving fees, and they will be provided a temporary tariff provision indicating the waiver to be in effect during this period.

B. PSC Open Meeting Discussion

At yesterday's open meeting, the Commissioners all acknowledged that this is a quickly changing situation and that the order may have consequences that will need to be addressed in individual situations. The Commissioners expect – and the emergency order provides – that **any public utility may submit a request to modify the requirements in the order with respect to specific situations.** Such a request should be made by submitting a petition to the Commission in the docket. The Commission may take action on such requests either collectively or individually, as appropriate, and issue supplemental orders in this proceeding.

The Commissioners also made very clear that they were not granting customers a free pass not to pay their utilities bills. The temporary tariff changes are to protect those customers who cannot pay due to their economic circumstances. A utility who suspects that a customer is inappropriately taking advantage of the tariff changes can petition the PSC for a waiver from the new requirements so that the utility with respect to that specific customer can, for example, ask for permission to collect any unpaid bills through a collection agency or disconnect the customer.

C. PSC Request Comments

The PSC will be accepting comments on issues that may arise related to the emergency order as part of Docket 5-UI-120. **Comments are due Friday, April 10, 2020 by 1:30 p.m.**²

² The Notice of Investigation for Docket 5-UI-120 can be found at <http://apps.psc.wi.gov/pages/viewdoc.htm?docid=386370>.

WUA submitted comments in this docket in advance of the Commission's meeting, and the Commissioners would appreciate comments from other utilities addressing the issues WUA raised as well as any additional issues affecting the commenting utility.³

II. EMERGENCY ORDER – DEFERRAL ACCOUNTING

A. Summary of the Order

The second emergency order in Docket 5-AF-105⁴ addresses accounting issues. This order authorizes all public utilities to defer expenditures incurred by the utility resulting from its compliance with Emergency Order #11, the PSC's emergency order in Docket 5-UI-120 and as otherwise required to ensure the provision of safe, reliable, and affordable access to utility services during the declared public health emergency for COVID-19. Utilities are required to track the costs deferred. If a utility elects to waive credit card processing fees as allowed by the emergency order, the deferral should include those expenditures.

The deferral authorization is for accounting purposes only and does not bind the Commission to any specific accounting treatment in any future proceeding. This deferral is to continue until a future Commission order on this topic or future rate case proceeding.

B. PSC Request Comments

The Commission also seeks additional information from utilities in Docket 5-AF-105. In this docket, the Commission intends to investigate the appropriate accounting treatment of the deferred expenditures and/or any foregone revenues attributable to actions the utilities are taking during the declared public health emergency. According to the notice, the Commission recognizes that there may be foregone revenues, and after receipt and review of comments from the utilities, the Commission will address that issue in a future supplemental order.

The Commission specifically requests comments on the following:

³ WUA's comments (PSC REF#: 386276) can be found at <http://apps.psc.wi.gov/pages/viewdoc.htm?docid=386276>.

⁴ *Accounting Treatment for Utility Costs Incurred Due To and During Declared Public Health Emergency for COVID-19*. See order at <http://apps.psc.wi.gov/pages/viewdoc.htm?docid=386353>.

1. Identify what expenditures and/or foregone revenues the utility has incurred to date as a result of and during the declared public health emergency for COVID-19. Provide a brief description of the expenditures and/or foregone revenues incurred, the account(s) charged, and date(s) incurred.
2. Identify what expenditures and/or foregone revenues the utility anticipates it may incur as a result of and during the declared public health emergency for COVID-19. Provide estimates if possible and a brief description of the method used to determine the estimated expenditures and/or foregone revenues.
3. Identify other sources of funds that may provide reimbursement for expenditures and/or foregone revenues incurred as a result of and during the declared public health emergency for COVID-19 (e.g. Federal Emergency Management Assistance funds).
4. Other than deferral accounting treatment, identify other proposals for the accounting treatment for the expenditures and/or foregone revenues the utility has or will incur as a result of and during the declared public health emergency for COVID-19.
5. Identify how the utility intends to track expenditures and/or foregone revenues and specify the account(s).
6. The rate at which carrying costs, if any, should be accrued for any deferral.

Comments in Docket 5-AF-105 are due no later than **Friday, April 3, 2020, at 1:30 p.m.**⁵

⁵ The Notice of Investigation for Docket 5-AF-105 can be found at <http://apps.psc.wi.gov/pages/viewdoc.htm?docid=386334>.