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June 26, 2020

VIA ELECTRONIC FILING

TPUC.DocketRoom@tn.gov

Hon. Robin L. Morrison, Chairman
c/o Ectory Lawless, Docket Room Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: *In Re: Emergency Petition To Suspend Service Disconnections Filed By The Consumer Advocate Unit Of The Financial Division Of The Office Of The Tennessee Attorney General, TPUC Docket No. 20-00047*

Dear Chairman Morrison:

Please find attached for filing *Tennessee-American Water Company's Comments on Post-Emergency Declaration Measures* in the above-captioned docket.

As required, one (1) copy of this filing will be mailed to your office. Should you have any questions concerning this filing, or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER/SNOW LLP


Melvin J. Malone

clw

Attachment

cc: Elaine Chambers, TAWC

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**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

June 26, 2020

IN RE:)	
)	
EMERGENCY PETITION OF THE CONSUMER)	Docket No.
ADVOCATE UNIT OF THE FINANCIAL DIVISION)	
OF THE OFFICE OF THE TENNESSEE ATTORNEY)	20-00047
GENERAL)	

**TENNESSEE-AMERICAN WATER COMPANY’S
COMMENTS ON POST-EMERGENCY DECLARATION MEASURES**

Tennessee-American Water Company, Inc. (“Tennessee-American” or “TAWC”), files its comments (“Comments”) in response to the Tennessee Public Utility Commission’s (“Commission”) Notice of Special Commission Conference, issued June 22, 2020 (“*June 2020 Notice*”), regarding an *en banc* session on June 29, 2020, to consider what additional measures may be appropriate upon the expiration of the state of public health emergency, which was declared by Tennessee Governor Bill Lee on March 12, 2020.

As the State of Tennessee (“State”) continues to cautiously reopen and lift restrictions imposed under the emergency declaration due to the COVID-19 pandemic, Tennessee-American maintains its focus on two major priorities—the health and safety of its employees and its customers. Tennessee-American understands the Commission’s concerns expressed in its March 31, 2020 Order and continues to focus its efforts on the needs of its customers. As detailed below, Tennessee-American supports continuing to provide relief to customers in need while providing greater flexibility to utilities.

In response to the Commission’s *June 2020 Notice*, Tennessee-American provides the following comments:

I. BACKGROUND

1. Recognizing the challenging circumstances related to the COVID-19 pandemic, TAWC proactively activated its business continuity plan and implemented several essential measures for the health, safety and well-being of its customers, employees, and the public on March 13, 2020. Among those measures, which apply to both residential and commercial customers, are a moratorium on any billing related disconnections of service, the timely re-connection of any previous disconnections of service and the suspension of late fees until further notice. These and other related measures were communicated to the public at large. TAWC notified the Commission that these measures had been undertaken and implemented in a letter dated March 16, 2020. These response measures remain in place.
2. On March 19, 2020, the Commission issued an *Ongoing Request for Information Related to Measures Taken During Coronavirus COVID-19 Public Health Emergency* (“*March 19, 2020 Order*”) to its gas, electric, water, and wastewater jurisdictional utilities.
3. In response to the Commission’s *March 19, 2020 Order*, TAWC submitted its first report on March 24, 2020 and has submitted subsequent weekly reports to the Commission as well. In its reports, TAWC, among other things, outlined the essential operational and responses measures previously implemented, along with subsequent action, to ensure the safety and well-being of its customers and the public.
4. On March 31, 2020, the Commission issued its *Order Requiring All Jurisdictional Utilities to Suspend Actions to Disconnect Service for Lack of Payment During the State of Public Health Emergency* (“*March 31, 2020 Order*”).
5. In response to the Commission’s *March 31, 2020 Order*, TAWC submitted its Post-Emergency Declaration Report on April 30, 2020. In its report, TAWC, among other things, further outlined

the essential operational and response measure it had taken and respectfully submitted that it believed it was too early to definitively outline post-emergency declaration measures related to temporary grace periods, payment plans, and other options that will be implemented or will continue following the expiration or lifting of the public health emergency declaration.

II. POST-PUBLIC HEALTH EMERGENCY ORDER

6. The Commission's *June 22, 2020 Notice* invites comments on what additional measures may be appropriate upon the expiration of the state of public health emergency, which, if not further extended by Governor Bill Lee, is scheduled to expire on June 30, 2020.
7. As evidenced by the submissions in Commission Docket No. 20-00047, TAWC, along with other utilities, voluntarily implemented response measures regarding the COVID-19 pandemic before the Commission issued its *March 19, 2020 Order*. Other utilities implemented such measures prior to the Commission's *March 31, 2020 Order*. As such, these utilities have demonstrated a proactive approach as related to the COVID-19 pandemic and the health and safety of their respective customers. And, it appears that the remaining utilities – or at the least most of them - have dutifully complied with the Commission's *March 31, 2020 Order* for an extended period. For these and other reasons, TAWC believes that the most appropriate course of action is one that allows discretion for utilities to continue the service disconnection and late fee moratorium on a voluntary basis. Voluntary extensions will allow utilities to implement their own individual programs designed to assist customers in need and to encourage payment by customers, helping mitigate cost shifting to other customers.
8. TAWC is keenly aware that access to essential utility services was necessary to slow the initial spread of the disease, and the importance of maintaining essential services that permit frequent hand washing and sanitation in residences and elsewhere is strongly recommended to protect

public health.

9. Assuming the emergency declaration expires on June 30, 2020, under existing circumstances, TAWC intends to take a measured approach to resuming collection activities and submits that it does not foresee resuming normal collection activities until at least August 2020. As TAWC continues to evaluate these activities, it will continue to follow the Commission's requirements and guidance and consider the actions and guidance from federal, state and local officials and organizations, including but not limited to the Centers for Disease Control and Prevention and Tennessee Department of Health.

III. **FINANCIAL IMPACT TRACKING AND RECOVERY**

10. The Commission has issued orders taking notice of the ongoing public health emergency related to the spread of COVID-19, and the declarations of emergency issued at both the state and federal levels.
11. TAWC believes that it is both appropriate and prudent that the unique and unanticipated financial impacts of this pandemic be tracked and recovered.
12. TAWC respectfully requests that the Commission authorize deferred accounting treatment for COVID-19 incremental costs. Allowing for a deferral of such costs, subject to reasonableness and prudence review in a later proceeding, is the appropriate way for Tennessee-American and other utilities to track these costs so that they can ensure that the costs of unpaid utility bills are appropriately deferred and recovered.
13. In addition to obtaining deferred accounting treatment of incremental costs, allowing TAWC and other utilities to implement diverse and flexible strategies for cost recovery, including rate case treatment or rider mechanisms, will ensure that all Tennessee regulated utilities are well positioned to continue to serve customers.

14. TAWC also believes that the Commission should consider cost recovery mechanisms that will permit the utilities to recover these deferred costs sooner and minimize any balance of these regulatory assets that would need to be recovered from customers in the future. Specifically, the Commission could authorize utilities to offset these costs with existing regulatory liabilities or it could authorize a special purpose rider that would allow the costs to be recovered over a certain period and reconciled with actual expenses that the Commission determines to be reasonable and prudent.
15. TAWC would welcome the opportunity to work with Commission Staff and the Consumer Advocate Unit of the Financial Division of the Office of the Tennessee Attorney General (“Consumer Advocate”) to develop an appropriate mechanism that could be presented to the Commission for consideration if the Commission determines that mandatory or voluntary customer protection measures should be extended.
16. TAWC believes that utilities should be permitted to adopt flexible credit and collections procedures to ensure workable solutions in the shortest feasible timeframes.
17. To the extent that credit and collections measures result in incremental costs, however, the Commission should also authorize utilities to implement diverse and flexible strategies for cost recovery including rate case treatment, rider mechanisms and netting with existing liabilities (in addition to obtaining deferred accounting treatment of incremental costs) that will ensure all Tennessee regulated utilities are positioned to best serve customers in their various situations.

IV. CURRENT AND POTENTIAL ADDITIONAL CUSTOMER ASSISTANCE PROGRAMS

18. Such an approach enables each utility to design flexible policies that the utility can readily implement given its size and corporate structure, that are consistent with TAWC’s existing

tariffs, practices, and procedures, and that are tailored to the unique needs of the utility's customer base. For example, TAWC currently offers the following targeted customer assistance programs to help its most vulnerable customers, none of which are required by Commission regulations or by TAWC's tariffs:

- No Deposits. TAWC does not require customer deposits as a condition of water service
- TAWC Help to Others (H2O) Program. TAWC H2O is an emergency assistance program created by TAWC to help provide supplemental funding to its customers who would otherwise have trouble paying their bills. TAWC H2O is supported by TAWC's customers' voluntary donations and contributions. TAWC customers who are unable to pay their water bill can contact United Way's Help Line by dialing 211 and United Way will direct them to the proper third-party agency for assistance. Customers who qualify under the program's criteria may receive grants annually toward their TAWC water bill.
- Installment Payment Plans (IPPs). TAWC often offers customers the opportunity to enter into an IPP whereby they can pay a past due amount over time to make the repayment of that outstanding amount more manageable for the customer. IPPs can vary in length, but some may be as long as 8 months.
- Budget Billing. TAWC also currently offers budget billing, which allows customers to enter into a budget billing plan that provides predictable, leveled payments over a 12-month period. Currently, outside the current moratorium on disconnects, TAWC may provide customers an extension of the payment date in certain circumstances, with the result that the notice/disconnect process is delayed for a period of up to 14 days – for instance, if a customer whose bill is due August 10 calls and states that they are short on funds but will receive their paycheck on August 15, TAWC will not start the notice/disconnect process until August 25, if the bill is not paid by that later date.

19. To the extent the Commission authorizes utilities to implement diverse and flexible strategies for cost recovery (e.g., rider mechanisms and netting with existing liabilities), Tennessee-American would be willing to examine its existing customer assistance programs to consider how they might better assist Tennesseans economically impacted by COVID-19.

20. In addition to its existing targeted customer assistance programs described above, TAWC would consider implementing a pilot low-income tariff to provide additional assistance to its most vulnerable customers. Low income tariffs are common at American Water companies, including

Indiana, Missouri, New Jersey, Pennsylvania, West Virginia and California, with varying caps, qualifications and discounts ranging from 20% to 100% of customer and meter charges. If a utility waives a portion of a customer's past-due bill, the utility should be permitted to include those amounts in a regulatory asset account.

V. CONCLUSION

Utilities are unique, and thus one-size fits all approaches are often not feasible or even desirable in this context. Moreover, in response to COVID-19, TAWC, along with most of the regulated industry subject to the Commission's *March 31, 2020 Order*, demonstrated a proactive approach to ensuring the health and safety of their respective customers. Therefore, TAWC respectfully asks the Commission to provide TAWC the discretion and flexibility post-emergency declaration. Further, TAWC request that the Commission provide guidance to utilities subject to its *March 31, 2020 Order* regarding tracking and recovery for COVID-19 incremental costs. Tennessee-American sincerely thanks the Commission for its leadership and looks forward to working collaboratively to develop a meaningful approach to mitigate current and future COVID-19 impacts.

Respectfully submitted,

TENNESSEE-AMERICAN WATER COMPANY

By: _____



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