

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.

As shown in Figure 1, New Hampshire Electric Cooperative (NHEC) members’ arrearages continue to age in excess of historic norms. Figure 2 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.

Figure 1.

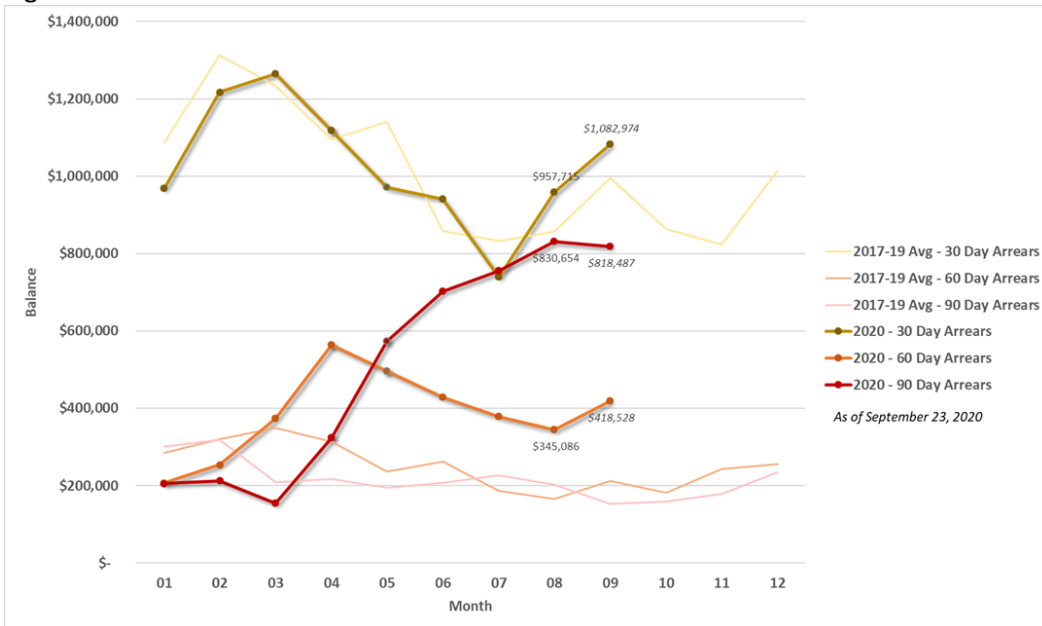
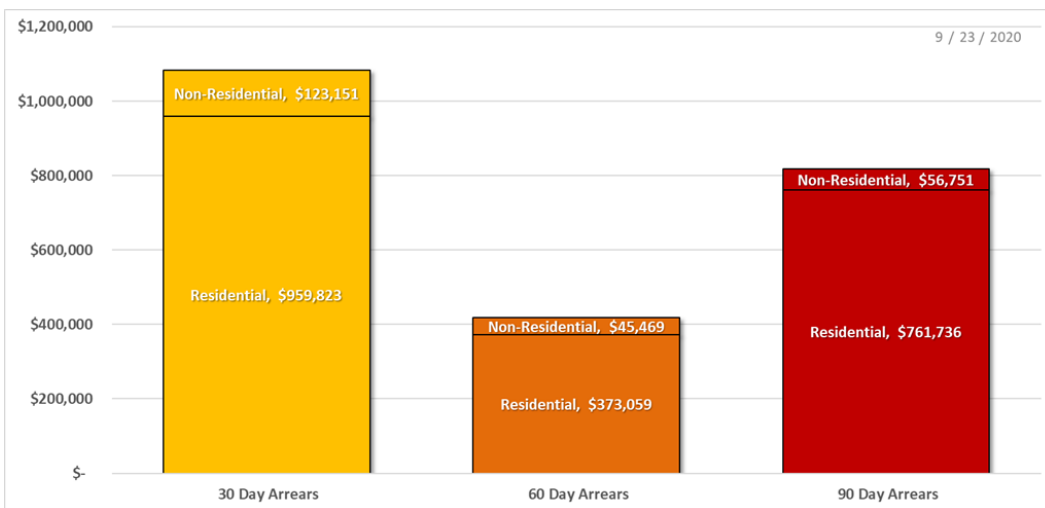


Figure 2.



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 August 2019 and 2020.

March - August 2020		
	<u>Delinquent Members</u>	<u>Delinquency Percentage</u>
Residential	16,113	21%
Commercial	1,712	16%
Industrial	71	24%

March - August 2019		
	<u>Delinquent Members</u>	<u>Delinquency Percentage</u>
Residential	19,458	26%
Commercial	2,017	19%
Industrial	70	24%

- 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 August 2019 and 2020.

March - August 2020		
	<u>Members</u>	<u>Percentage</u>
Residential	4,294	27%
Commercial	612	36%
Industrial	34	48%

March - August 2019		
	<u>Members</u>	<u>Percentage</u>
Residential	5,297	27%
Commercial	719	36%
Industrial	39	56%

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 submission on June 30, 2020. That 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.

NHEC continues to utilize all its messaging channels (website, newsletter, social media, etc.) to inform members of available financial assistance services and encourage them to contact the organization. NHEC has completed outbound calls to all members with the oldest and largest arrearages. NHEC is currently in the process of making outbound calls to members with arrearages in excess of 60 days. These outbound calls are focused on offering members assistance and encouraging them to contact the organization.

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.