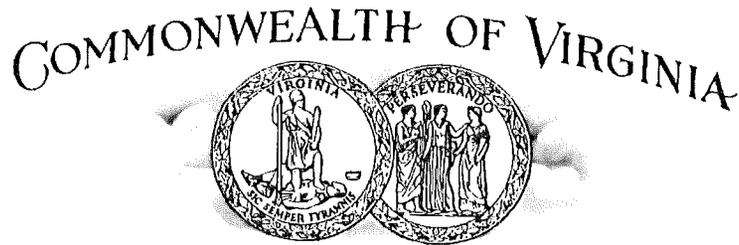


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STATE CORPORATION COMMISSION

October 1, 2020

The Honorable Ralph S. Northam
Governor, Commonwealth of Virginia
Patrick Henry Building
1111 East Broad Street
Richmond, Virginia 23219

Dear Governor Northam:

Please accept this response to your October 1, 2020, letter to the Commissioners, requesting an extension of the moratorium on service disconnections by jurisdictional electricity, natural gas, water, and sewer utilities. As discussed in the enclosed order of September 15, 2020 (which also closed the Commission's official proceeding in this matter), the Commission-mandated moratorium began on March 16, 2020, and will not be extended beyond October 5, 2020.

I would like to emphasize, however, that Commission-mandated consumer protections continue – pursuant to that same Commission order – beyond October 5th. Specifically, the Commission has ordered all jurisdictional utilities to continue to offer extended payment plans of up to 12 months. The Commission further directed that customers on such plans (or other good-faith repayment plans with the utility) shall not be charged late fees and shall not be disconnected. Thus, for these customers, the protections of the moratorium continue.

Finally, your correspondence references legislative activity on this matter as part of the ongoing General Assembly special session that began on August 18, 2020. In this regard, please know that the Commission, as always, stands ready to implement any statutory directives that result therefrom.

Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Dudley', is written over a large, stylized, circular graphic element.

John F. Dudley
Counsel to the Commission

Encl: *Additional Order on Moratorium,*
Case No. PUR-2020-00048 (Sep. 15, 2020)

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, SEPTEMBER 15, 2020

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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

CASE NO. PUR-2020-00048

Ex Parte: Temporary Suspension of Tariff
Requirements

ADDITIONAL ORDER ON MORATORIUM

On March 16, 2020, the State Corporation Commission ("Commission") ordered an immediate moratorium on service disconnections for unpaid bills caused by the COVID-19 crisis by jurisdictional electricity, natural gas, water, and sewer utilities.¹ This moratorium provided immediate protection to both residential and business customers and was initially put in place to run sixty (60) days. The Commission subsequently issued Orders in this docket on April 9, June 12, and August 24, 2020, extending this moratorium for additional periods. The Commission's August 24, 2020, Order extended the moratorium through September 15, 2020, "to provide an opportunity for the General Assembly to choose whether to address legislatively the effects of the COVID-19 crisis on utility customers and utilities" during its special session that began on August 18, 2020.²

On September 14, 2020, the Commission received correspondence from Governor Ralph S. Northam, requesting the Commission to extend the moratorium through October 5, 2020, and

¹ *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Doc. Con. Cen. No. 200320175, Order Suspending Disconnection of Service and Suspending Tariff Provisions Regarding Utility Disconnections of Service (Mar. 16, 2020).

² *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Doc. Con. Cen. No. 200830060, Order on Moratorium at 2-3 (Aug. 24, 2020).

stating (among other things) that such "extension will give the General Assembly the time they need to address this issue."³

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that we will extend the moratorium on jurisdictional utility service cut-offs through October 5, 2020, as requested by Governor Northam in his letter of September 14, 2020, in which he explained that he and the General Assembly need this additional time to address this issue in the ongoing General Assembly special session that began on August 18, 2020.

The Commission, however, will not extend the moratorium beyond October 5, 2020. Since we first imposed the moratorium on March 16, 2020, we have warned repeatedly that this moratorium is not sustainable indefinitely.⁴ The mounting costs of unpaid bills must eventually be paid, either by the customers in arrears or by other customers who themselves may be struggling to pay their bills. Unless the General Assembly explicitly directs that a utility's own shareholders must bear the cost of unpaid bills, those costs will almost certainly be shifted to other paying customers. This is inevitably the case with utilities such as electric cooperatives, which do not have shareholders but are member-owned. We have also noted the potential financial damage to small electric and water utilities that may not have ready access to additional capital.

³ The Governor's September 14, 2020, correspondence is being contemporaneously entered into the record of the instant proceeding.

⁴ See, e.g., *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Doc. Con. Cen. No. 200830060, Order on Moratorium at 3 (Aug. 24, 2020); *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Doc. Con. Cen. No. 200630135, Order on Suspension of Service Disconnections at 9 (June 12, 2020).

In addition, the Commission has further emphasized in past orders that "utility regulation alone" cannot solve the problem.⁵ We have urged the Governor and General Assembly to appropriate funds for direct financial assistance to those customers who are unable to pay their bills due to the COVID-19 pandemic, in order to avoid shifting these costs to other customers. We hope the General Assembly uses this additional time to act on this recommendation.

Finally, while the Commission will not extend the moratorium beyond October 5, 2020, we reiterate and expand on the additional customer protections that we have implemented for customers in arrears due to COVID-19. Specifically, in this regard:

- All jurisdictional utilities were directed during the moratorium to offer customers in arrears extended payment plans of up to 12 months.⁶
- These extended payment plans shall remain in effect after October 5, 2020.
- In addition, we herein direct utilities to continue offering extended payments plans after the Commission-imposed moratorium expires pursuant to this Order.
- Customers shall continue to be protected from service cut-offs as long as they are current in such plans or have entered other good-faith repayment plans with the utility.

⁵ *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Doc. Con. Cen. No. 200830060, Order on Moratorium at 2 (Aug. 24, 2020); *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Doc. Con. Cen. No. 200630135, Order on Suspension of Service Disconnections at 10 (June 12, 2020).

⁶ *See, e.g., Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, Doc. Con. Cen. No. 200630135, Order on Suspension of Service Disconnections at 10 (June 12, 2020).

- Customers who enter into extended-payment plans or other good-faith repayment plans, and are current thereon, shall not be charged late fees.
- Finally, utilities shall submit quarterly reports to the Commission's Division of Utility Accounting and Finance on the current number and status of repayment plans, and on the current status of the utility's aged accounts receivables as impacted by the requirements of this docket.⁷

As a result, the end of the Commission-directed moratorium does *not* mean the end of protections for customers in arrears who are making a good-faith effort to pay their bills over a longer time period. Customers who enter into such extended-payment plans will continue to be protected from service cut-offs even after the end of this moratorium.

Accordingly, IT IS SO ORDERED, and this proceeding is dismissed.

A COPY HEREOF shall be sent electronically by the Clerk of the Commission to the utilities providing electric, natural gas, water, and sewer services in the Commonwealth that are subject to regulation by the Commission as identified in the attached Service List.

⁷ The first such report shall be submitted in January 2021 for October to December 2020.