

# MANAGING A PUBLIC UTILITY DURING THE COVID-19 PANDEMIC

Tuesday, April 21st, 2020



*Presented in partnership with*



# Webinar Technical Notes

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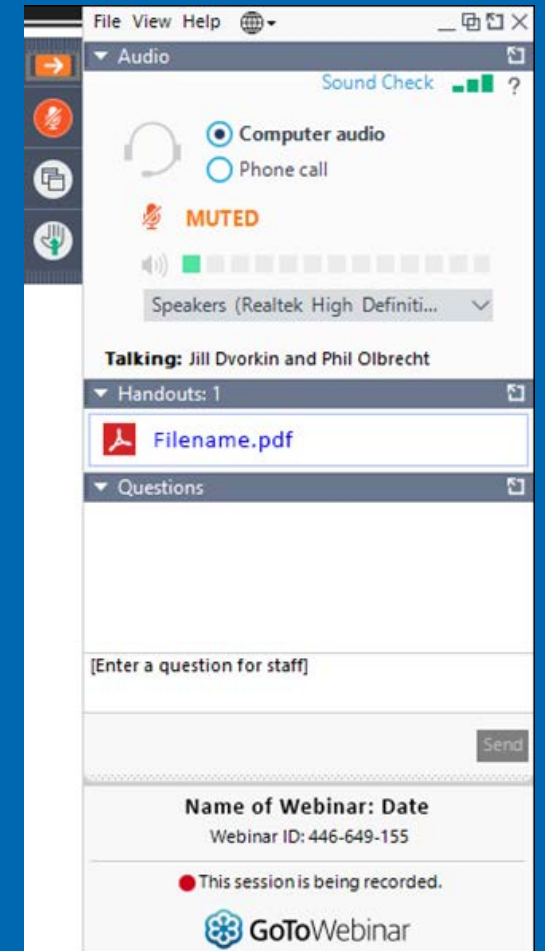
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# About MRSC



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# Presenters



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# Agenda

- Introduction
- State Orders
- Gift of Public Funds
- Policy Options
- Recovery Plan
- Delinquent Accounts
- Fiscal Impacts
- Policy Discussion
- Wrap-up



# State Orders



- **Governor's Proclamation 20-23.2 Prohibits:**
  - No disconnection of residential customers for non-payment
  - No refusal to reconnect.
  - Waive late fees
- **Strongly encourages:**
  - Payment plans
  - Coordinating with Commerce to get federal funding
  - Delegating authority to senior executives to mitigate economic impacts

# State Orders (Cont'd)



- Washington State Supreme Court Orders
  - 25700-B-607 – Suspended non-emergency civil matters until 4/24
  - 25700-B-611 – Suspended deadlines to appeal certain decisions





# Gift of Public Funds

- Attorney General's Memos – 3/17 and 4/6
  - Direct assistance to low-income individuals – OK
  - Businesses OK, **with adequate safeguards**



# Policy Option – Considerations

- No shut-off for non-payment
  - Deferred payment options will be required
    - Length of time?
- Late fees and penalties prohibited during emergency declaration
  - Waiver on payment plan options
- Payment plans will need to be established
  - How long?
  - Consideration for extensions beyond payment plan?

# Policy Options



## Customer assistance programs

- What are our options?
  - Agency based programs
    - Deferred payments
    - Waive fees
  - Customer donation programs
    - Examples on MRSC

The screenshot shows the MRSC website header with the logo and tagline "Local Government Success". Navigation links include "Contact Us", "Partners", and "Rosters". A search bar is present. The main navigation menu has four items: "RESEARCH TOOLS", "EXPLORE TOPICS", "STAY INFORMED", and "TRAINING". The breadcrumb trail reads: "Home > Explore Topics > Public Safety > Coronavirus (COVID-19) Resources for Local Governments > Coronavirus (COVID-19) Economic Impacts and Mitigation". Social media icons for Facebook, Twitter, and Print are visible. The page title is "Coronavirus (COVID-19) Economic Impacts and Mitigation". The sub-heading is "Utility Fees, Shutoffs, and Payment Plans". The main text begins: "To mitigate the economic impacts of COVID-19 on local residents, a number of local government utility providers have adopted measures temporarily suspending utility shutoffs, waiving late fees and interest, and/or authorizing the use of deferred payment".

# Policy Options



## Customer assistance programs

- Non-profit programs
  - Local agencies such as:
    - Community Action councils
    - Senior Assistance
    - Regional support programs
    - Veterans Assistance
- State Assistance – DOC/DSHA
  - Disaster Cash Assistance Program (DCAP)

The screenshot shows the MRSC website header with the logo and tagline "Local Government Success". Navigation links include "Contact Us", "Partners", and "Rosters". A search bar is present. Below the header are three main menu items: "RESEARCH TOOLS", "EXPLORE TOPICS", and "STAY INFORMED". The breadcrumb trail reads: "Home > Explore Topics > Public Works and Utilities > Utility Discounts and Financial Assistance Programs". Social media icons for Facebook, Twitter, and Print are visible. The main heading of the page is "Utility Discounts and Financial Assistance Programs".



# Recovery Plan

- Payment plans – what type of timeline for repayment?
  - Re-enactment of fees and penalties?
- Returning to the ‘new’ normal for billing and collections
  - What are our options?
  - What’s available?
  - Examples?



# Delinquent Accounts

- Water vs. other utilities
- Liens
- Collections
- Bankruptcy

# Fiscal Impacts and Considerations



- Cash Flow impacts of shut offs
  - Sufficient resources to meet debt service
  - Consideration for the timing of debt service
- Managing deferred payments as a result of COVID-19 requirements
  - Evaluate potential number of customers (%) being impacted and the resulting impacts to the utility



# Fiscal Considerations

- Fiscal policy discussions – use of reserves?
  - Are all reserves available?
  - Reserves that may not be used – debt covenants
- Budget considerations?
  - Careful analysis of 2<sup>nd</sup> quarter
  - Cities – reduction in utility income often means reduction in utility tax income to the general fund





# Policy Discussion

- Potential state or federal assistance
  - Loans or grants to utilities
  - Direct assistance to ratepayers
- Talk to governance boards and legislators about impact to finances
- Engagement with your associations and industry groups

# Questions?



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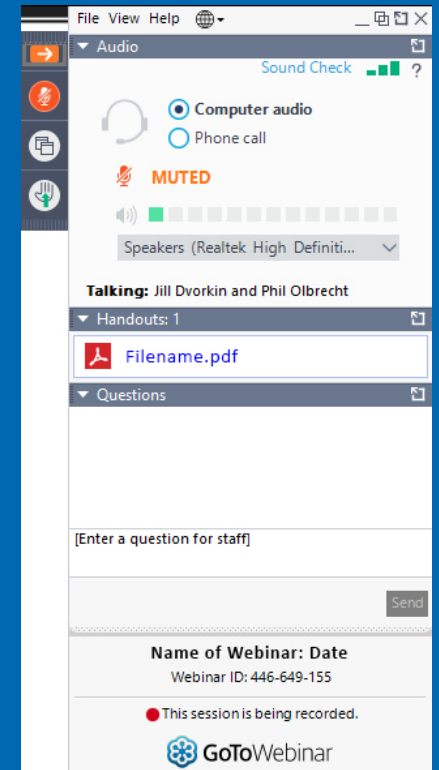
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