

Antonia Hover

From: Katie Chiles Ottenweller <katie@votesolar.org>
Sent: Tuesday, July 28, 2020 12:22 PM
To: Records Clerk; Mark Futrell; Shaw Stiller
Subject: COVID Workshop: written comments from Connected in Crisis and Vote Solar
Attachments: CIC Coalition Written Comments for July 29 COVID Workshop.pdf; Vote Solar COVID July 29 Workshop Comments.pdf

Dear Clerk,

I am attaching two sets of comments for the Commission's consideration related to tomorrow's COVID workshop, one from the Connected in Crisis coalition and another from Vote Solar.

Let me know if you have any questions. We look forward to continuing to engage on these important issues.

Best,
Katie Chiles Ottenweller

Katie Chiles Ottenweller | Southeast Director



katie@votesolar.org | 706.224.8017

Vote Solar
Atlanta, Georgia
votesolar.org





Mr. Adam Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Comments Concerning Covid-19 Pandemic Impacts on Ratepayers and Actionable Recommendations to Improve Energy Security

Dear Commissioners:

We submit the following comments on behalf of the Connected in Crisis Coalition.

The Connected in Crisis Coalition is made up of a broad group of non-profit organizations, as well as individuals and community leaders dedicated to the idea that no family should have their power disconnected as long as the COVID-19 public health threat exists. Members include Vote Solar¹, Florida Conservation Voters², The CLEO Institute³, New Florida Majority⁴, Catalyst Miami⁵, Sierra Club Florida⁶, Earthjustice⁷, Southern Alliance for Clean Energy⁸, Solar United Neighbors of Florida⁹, ReThink

¹ Vote Solar is a 501(c)(3) non-profit, grassroots organization that works to foster economic opportunity, promote energy independence for consumers, and address environmental concerns by making solar generation accessible and cost-effective for all Americans.

² Florida Conservation Voters is a 501 (c)(4) non-profit, non-partisan organization dedicated to electing and supporting public officials who will enact sound policies to protect our environment and healthy communities for everyone.

³ The CLEO Institute is a 501(c)(3) non-profit, non-partisan organization exclusively dedicated to climate change education, engagement, and advocacy in Florida.

⁴ New Florida Majority is a 501(c)(3) organization which works to increase the voting and political power of marginalized and excluded constituencies toward an inclusive, equitable, and just Florida.

⁵ Catalyst Miami is a 501(c)(3) organization whose purpose is to identify and collectively solve issues adversely affecting low-wealth communities throughout Miami-Dade County.

⁶ The Sierra Club is a historic 501(c)(4) organization that seeks to practice and promote the responsible use of the earth's ecosystems and resources; to educate and enlist humanity to protect and restore the quality of the natural and human environment; and to use all lawful means to carry out these objectives.

⁷ Earthjustice is a non-profit public interest environmental law organization with offices throughout the United States.

⁸ Southern Alliance for Clean Energy is a 501(c)(3) which advocates for energy plans, policies, and systems that best serve the environmental, public health, and economic interests of communities in the Southeast, including Florida.

⁹ Solar United Neighbors of Florida is a 501(c)(3) organization dedicated to representing the needs and interests of solar owners and supporters.

Energy Florida¹⁰, the League of United Latin American Citizens¹¹, and the Miami Climate Alliance¹².

We commend the Public Service Commission for organizing the July 29th workshop to discuss the implications of the COVID-19 pandemic for both utilities and Florida ratepayers. This is key as the state is under a statewide emergency order, and is currently experiencing the peak of its COVID-19 outbreak, with thousands of new cases being reported every day.¹³ What is more, the associated negative economic impacts of the COVID-19 pandemic continue to plague the state. Florida's unemployment rate has hovered well above 10 percent since April.¹⁴ Unfortunately, recovery from the economic crisis is not likely to happen quickly. Experts at Goldman Sachs, JP Morgan, and Bank of America estimate unemployment in the second quarter of 2020 to be between 15 and 20 percent.¹⁵

Each Florida utility is taking a different approach to addressing these challenges; this piecemeal approach has resulted in confusion and uncertainty.

Our organizations believe that access to electricity is a public health matter. Through no fault of their own, Floridians are suffering under the threat of both the COVID-19 pandemic and economic hardship. At this critical moment, we ask the Commission to provide leadership and direction to electric utilities concerning what data utilities should make available to the public, when it would be appropriate to continue service shutoffs, and how utilities should approach unpaid bills to ensure that Floridians are able to shelter at home safely, and that the COVID-19 pandemic not exacerbate the high energy burden many Floridians are already experiencing.

We ask the Commission to adopt the following recommendations:

- **Provide greater transparency.** The Commission should require utilities to file comprehensive monthly data related to the COVID-19 crisis to inform the Commission's decision-making including the number and type of customers

¹⁰ Rethink Energy Florida is a 501(c)(3) organization which works to engage, educate, and empower Floridians to take action to achieve energy independence in a healthier, more sustainable environment.

¹¹ The League of United Latin American Citizens is the largest and oldest 501(c)(3) dedicated to advancing the civil rights of Latin American people in the United States.

¹² Miami Climate Alliance is a 501(c)(3)-sponsored umbrella coalition that works to achieve equity and justice for all of Miami's communities in the face of Climate Change.

¹³ COVID HEALTH Reports

¹⁴ US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program, July 17, 2020

¹⁵ US Senate Joint Economic Committee. Automatic Support for Americans during the Coronavirus Crisis. https://www.jec.senate.gov/public/_cache/files/6d1567b9-c5df-45e8-8b6f-26596cc253c3/automatic-support-during-the-coronavirus-crisis-final.pdf

facing disconnection, the amount of balances owed, and socioeconomic and demographic data for residents facing disconnection.

- **Establish a statewide moratorium on customer disconnections.** The Commission should not only urge utilities to extend their voluntary stays on customer disconnections, but should also establish a moratorium that applies until at least sixty days after the state of emergency is lifted.
- **Provide additional forums for stakeholder-engaged public involvement.** The Commission should open a docket and schedule additional workshops in the near future in order to evaluate and provide public opportunities to address managing outstanding customer balances and other steps to protect vulnerable residents. These forums should be scheduled swiftly in order to be responsive to the emerging and ongoing crisis.

On Thursday, July 23, 2020 the Wisconsin Public Service Commission extended the statewide moratorium on utility disconnections until September 1, 2020¹⁶. The State of Virginia has taken similar action. We urge the Public Service Commission to show similar leadership.

Time is of the essence. The Tampa Electric Company has announced that they will begin disconnecting customers from power at the end of the month, putting thousands of Floridians at risk. The Public Service Commission must act swiftly to avoid jeopardizing the lives and livelihoods of vulnerable Floridians during this crisis.

We look forward to gaining meaningful information as a result of the workshop scheduled for July 29, 2020 and to further engaging in future workshops related to these issues.

16

<https://www.jsonline.com/story/money/business/energy/2020/07/23/wisconsin-public-service-commission-extends-moratorium-disconnecting-utilities-during-pandemic/5494321002/>

Next Gen COVID Emergency Bill Relief



VOTE SOLAR

Mobilizing proven bill management and energy saving programs to turn bad debt into system value

An initial analysis of Florida investor-owned utilities' options to minimize COVID arrearages

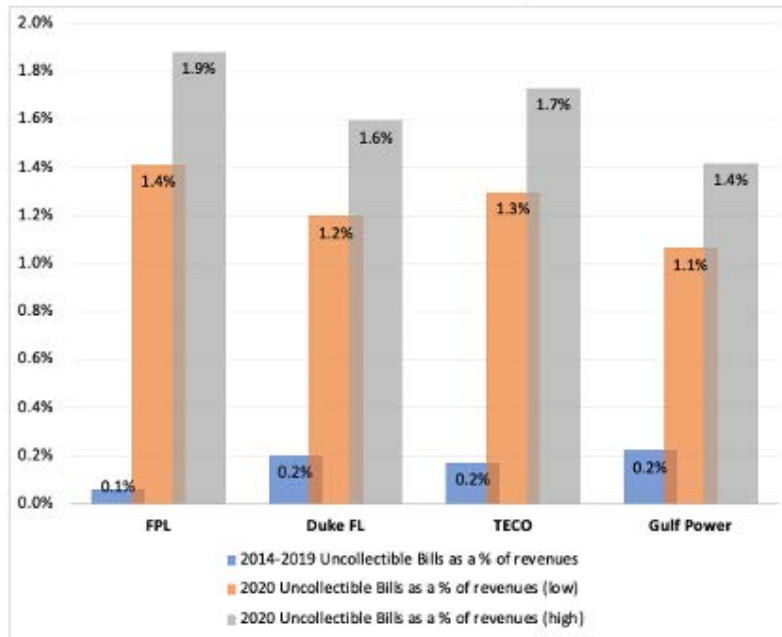
Matt Cox, PhD, Greenlink Analytics for Vote Solar

How does “normal” bad debt compare to COVID-19?

According to Gulf Power, 15-20% of its residential customers are behind on their electric bills

Assuming this is the case for other IOUs as well, FL utilities face unprecedented increases to bad debt

Likely 10x increase in bad debt

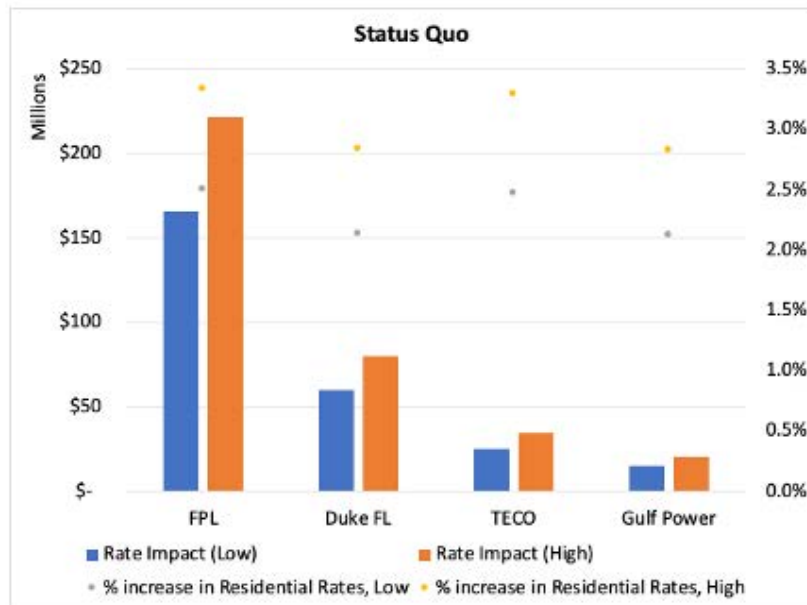


More than 57 percent of Florida residents do not have money set aside in case of an emergency, which ranks them last in the nation for emergency savings. This lack of an emergency cushion means that in the wake of a financial emergency such as COVID or extreme weather disaster, nearly six out of 10 Floridians may not be able to pay for food, critical health care services, child care, emergency housing, or home repairs without going into debt or falling deeper into poverty.

Based on recent statements by Gulf Power, Dr. Cox’s analysis assumes 15% as the low end and 20% as the high end of total residential customers who are behind on their bills, and then assumes that 44 percent of that bad debt is eventually able to be recovered from those customers who fall behind. It then estimates the percent of total revenues that is likely uncollectible over a 12 month COVID period, compared to historic uncollectible bills for each IOU.

Sources: Gulf Power statement to FL PSC, July 2020; Utilities’ FERC Form 1; National Consumer Law Center studies on arrearage best management practices

Business-as-usual bottom line: hundreds of millions in bad debt, customer rates increasing 2% - 3.5%



If utilities approach COVID bad debt in the same way as in “normal” years (relying on their standard shut-off and arrearage management policies), the result will be increased rates on all customers

What if there is a better way?

The COVID Emergency Bill Relief Program combines:

- Utility postponement of disconnections through end of 2020
- Opt-out program for all customers with past-due bills offering sliding bill forgiveness (capped at 30%) that increases with each month of timely repayment
- Each participant gets immediate energy saving technologies to cut future bills by 10% as an incentive to stay in the program and minimize forward-looking bad debt

Win-win-win: Emergency bill relief programs for customers with past-due bills will save all customers money

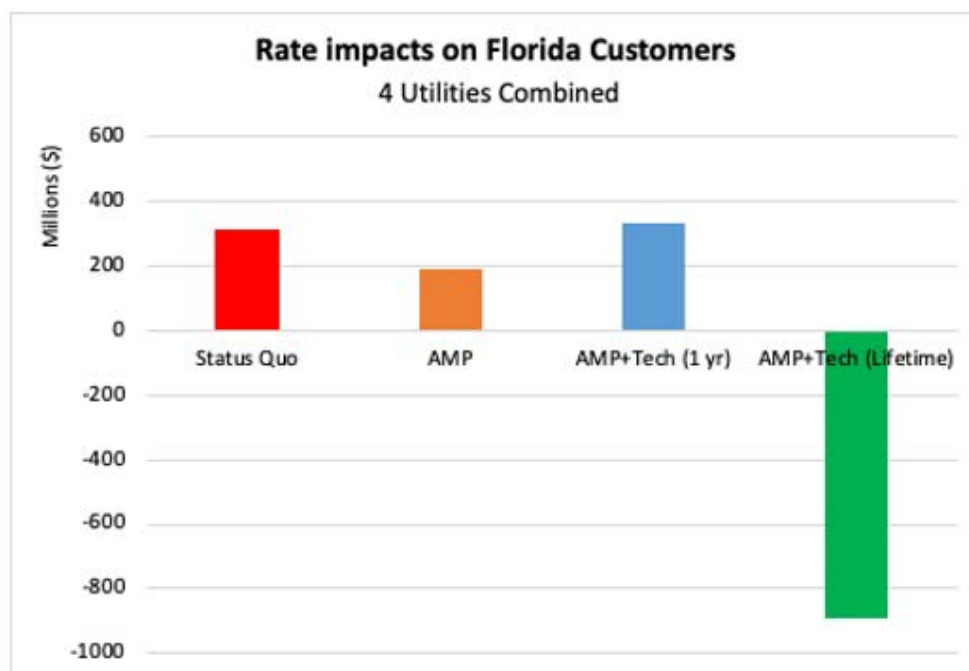


Dr. Cox ran an analysis to compare this “business as usual” COVID debt scenario with an emergency bill relief program that targets in-need customers with the following two scenarios:

- Utility commitment to postpone disconnections through the end of 2020
- AMP Scenario: Opt-out bill relief program for all customers with past-due bills; customers pay 12 month flat bill that includes arrearage. Utility forgives 5% of customers’ past due balance after each month for first 6 months of participation and timely payment
- AMP+tech Scenario: Each participant also automatically receives free, immediate energy saving technologies to cut bills by 10% (10 LED light bulbs, 1 smart home thermostat, and customers with aging A/C window units receive funds to upgrade to an efficient Energy Star model) as an incentive to join program and to minimize forward-looking bad debt. *Per kWh cost of these investments is 1.4 cents/kWh.*

Based on similar programs in other states, the analysis assumes that recoverable bad debt increases from 44% to 67% when customers are put on an arrearage management plan over a 12 month period (AMP). Then next gen energy saving technologies provide cut electric bills by 10% to create forward-looking bill stability -- making it easier for customers with past due bills to get caught up on payments, and stay caught up.

End result is net savings for participants AND lower long-term rate impact for all ratepayers than status quo utility efforts.



Emergency bill relief programs (AMP+tech scenario) is comparable in cost to the status quo approach but creates an investment (instead of bad debt) that yields savings for all customers over the long term.

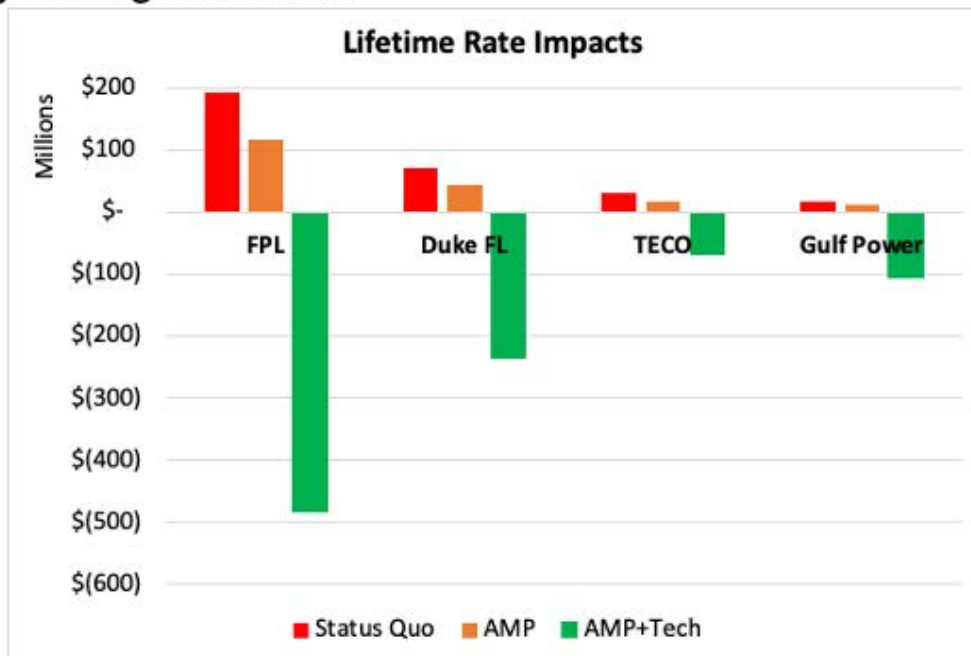
Status Quo: \$312M

AMP: \$190M

AMP+Tech 1yr: \$330M

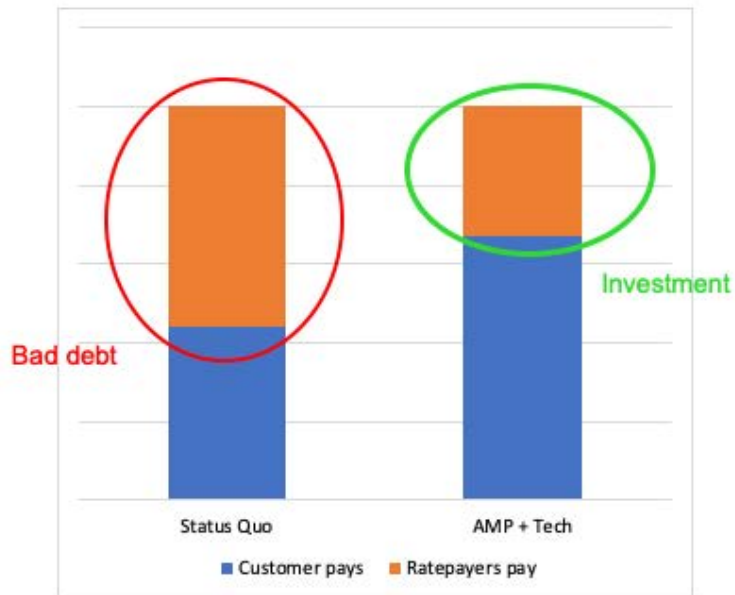
AMP+Tech Lifetime: -\$891M

And it will create significant system savings over the life of the energy saving measures



Dr. Cox's analysis shows that when a utility funds an average of \$154 in energy savings technologies for a customer who has an unpaid balance of \$450, and rolls that customer into an opt-out program to stretch bill repayment over a 12 month period in exchange for some bill forgiveness, all ratepayers save money.

Arrearage management plan + tech yields big impacts



- Individual customers pay more of what they owe
- Ratepayers pay smaller amount
- Money is *invested* in measures to
 - Reduce system-wide costs in the long run
 - Lower bills in the short run

In this demonstration, assuming that \$100 is owed, \$44 paid by customers with unpaid balances, which leaves \$56 to be socialized as bad debt across all ratepayers. Under the AMP + Tech scenario, \$67 is ultimately paid by the customer, and ratepayers invest \$33 in energy saving technologies that lower system costs for all customers.

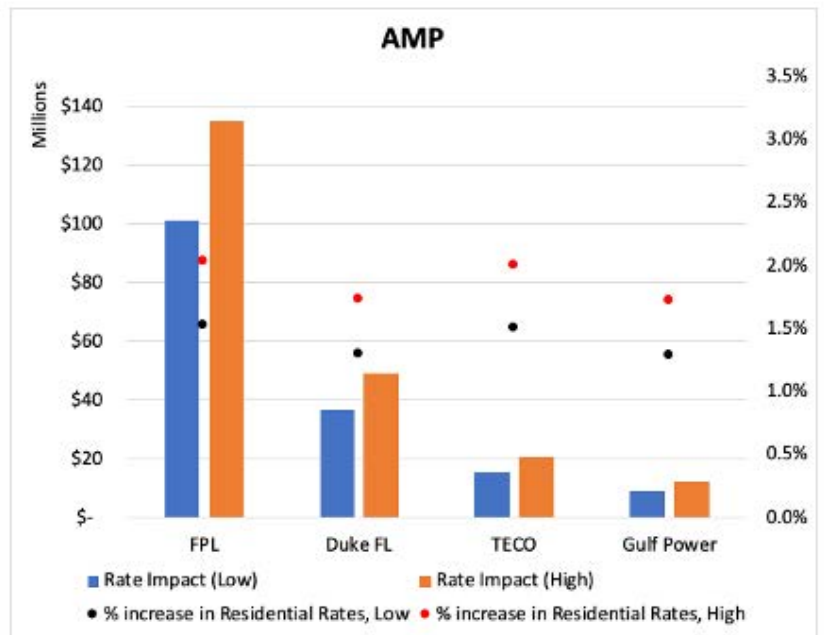
Details of AMP Program Design

Opt-out program design where all past-due customers are added by default

12-month flat bill to create certainty

30% of bill is eventually forgiven, on a sliding scale that increases over time with enrollment

Demonstrated (recently in Massachusetts) to increase unpaid bill recovery from 44% to 67%



Details of Energy Saving Technology Package

Chosen to maximize both individual household bill relief and overall ratepayer benefits

- 10 LED light bulbs = \$16.50
- 1 smart thermostat = \$137
- Rebate for higher efficiency window AC units = \$36
 - Applicable only for 10% of customers whose units are aging

- Average cost: \$154 per participant
- 10% savings on the average participant's bills (1500 kWh/yr)
- *Levelized cost of saved energy = 1.4 cents/kWh*

Sources:

Southern Company Technical Resource Manual, 2019

Applicability and savings tailored and implemented into Energy+ building models for Tallahassee, Tampa, Orlando, and Miami, designed to fit the average residential customer for each utility based on 2014-2019 FERC Form 1 and EIA 861 Filings.

Emergency Bill Relief Saves Money Now and Later

| <i>Status Quo</i> | FPL | Duke FL | TECO | Gulf Power |
|-------------------------------|--------|---------|-------|------------|
| Rate Impact (Low) | \$166 | \$60 | \$26 | \$15 |
| Rate Impact (High) | \$221 | \$81 | \$34 | \$21 |
| <i>Emergency Bill Relief</i> | FPL | Duke FL | TECO | Gulf Power |
| First Year Rate Impact (Low) | \$187 | \$55 | \$30 | \$10 |
| First Year Rate Impact (High) | \$250 | \$73 | \$40 | \$14 |
| Lifetime Rate Impact (Low) | -\$414 | -\$200 | -\$59 | -\$91 |
| Lifetime Rate Impact (High) | -\$552 | -\$267 | -\$78 | -\$121 |

Next Steps

This preliminary analysis demonstrates that the COVID emergency demands aggressive and innovative action by Florida utilities to prudently manage bad debt and give customers the tools to keep the lights on, get caught up on bills, and stay caught up.

Utilities should be incentivized to minimize bad debt by investing in offerings and technologies that result in savings for the general rate base and customers who need bill relief.

Vote Solar looks forward to discussion of this concept with the Commission, electric utilities and other stakeholders to help Floridians during this extraordinary time.

Reasonable debt management practices like the ones recommended here, will allow Florida utilities to motivate a faster economic recovery as we heal from COVID economic devastation throughout our state.