Liquidity Challenge

Steve Wright
March 30, 2020
Background

• Problem Statement: Some individuals and businesses throughout Chelan County are likely to face near-term (months) cash flow challenges. The widespread impact can cause a downward spiral as the lack of income and spending ripples through the Chelan County economy. Short-term actions to support individuals and businesses in distress can provide benefit throughout Chelan County.

• Relationship to PPB: The Public Power Benefit program was designed to address activities that support the PUD’s mission and vision statements, have a nexus to PUD statutory authority, but which are not supported by a positive business case. The PPB criteria provide the context for assessing the ability to support PPB programs without undue risk to achieving key financial metrics.

• We are seeking Board guidance whether to consider the following options.
Options

• Delay the adopted rate increase for residential electric, water, wastewater and fiber until December 1, matching the start date for commercial and industrial electric rate increases
  – The electric rate increase was designed to produce revenue that would go into rate stabilization
  – The water, wastewater and fiber increases were designed to move these businesses to be more self-sufficient
  – While these increases respond to customer survey feedback, they could be delayed 6 months and still achieve the original objectives
  – Not intended to count against PPB spending
Options

• Continue the no shutoff and no late fee penalties for retail services for multiple months
  – These policies target those who are in the most financial difficulty
  – There is a cost of reduced cash and increased risk of larger defaults
  – This policy is already in place until further notice and can be extended as the Board sees fit
Options

• Consider revising and/or expanding the low-income weatherization and assistance programs
  – Focusing on homes with high energy costs relative to income In Chelan County, identify alternatives for reducing bills through weatherization programs and/or bill assistance
  – Funding could come through expanded Helping Hands program and/or PPB
Options

• Consider actions targeted to specific customers in need
  – Ask customers to self-identify that they have serious needs due to the coronavirus crisis
  – Develop and evaluate targeted actions to support these customers consistent with our statutory authority
  – Depending on the actions, this could be very administratively burdensome