

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