

COVID-19

# WA. State Required Shutdown Utility Customer Impacts & Program Solutions



April 13, 2020

# Why we're here

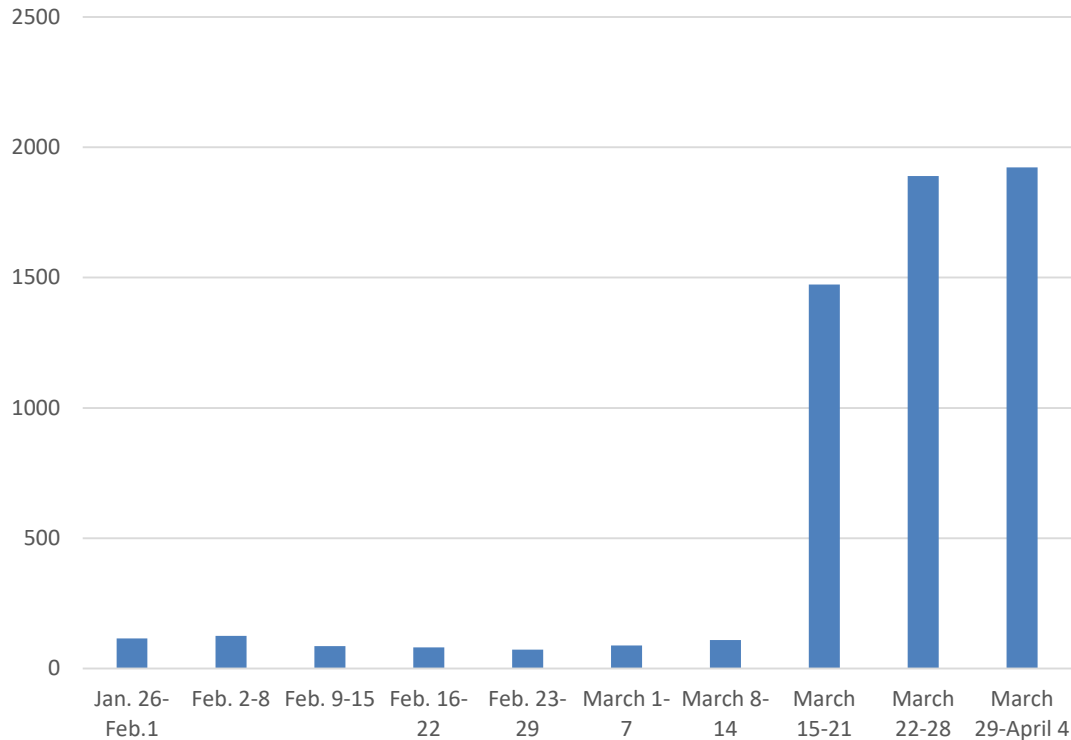
## Objectives:

- Share information about what actions & strategies are currently in place to assist our customers during COVID-19.
- Share information about what we know other utilities are currently or planning to do for customer assistance
- Explore potential actions CCPUD can do within statutory authority that broaden our assistance to customers who have experiences significant financial hardship from COVID-19 .

***Note: No actions requested from the Board today, feedback is appreciated***

# Chelan County Unemployment Trends

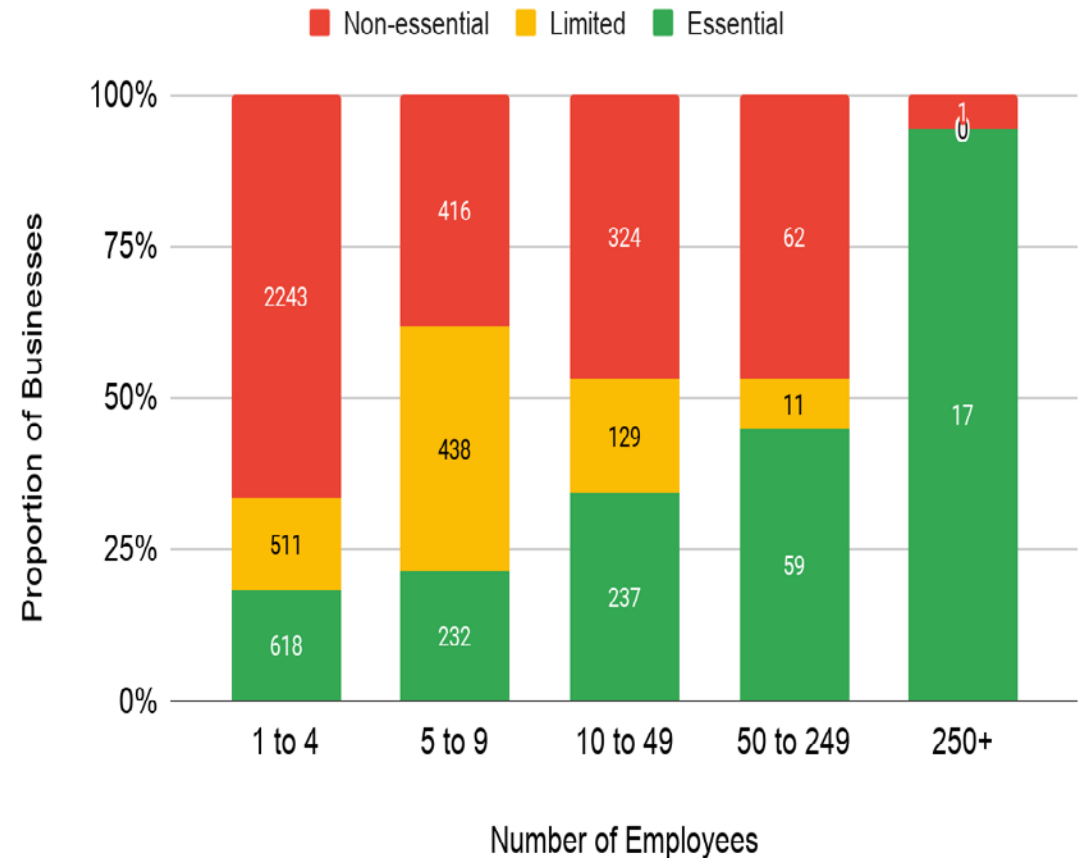
Chelan County Unemployment Claims



- **March 15-21:**  
Claims coming from hospitality, restaurants, bars, retail & other
- **March 22-28:**  
Claims coming from residential & Commercial construction, & other supporting services
- **March 29-April 4**  
Trends similar to last week, fewer hospitality, more support services, construction
- **5,285 individuals (12% of labor force)** filed for unemployment in Chelan County over the last two weeks.

# Immediate Industry Impact

- First wave of economic impacts hit “**non-essential**” businesses.
- Governor’s “Stay Home, Stay Safe” order identified **essential businesses** that can continue working and some that can operate in a limited capacity.
- Some industry associations have also released guidelines for **limited operations**.
- Small businesses and sole proprietors are disproportionately “non-essential” due to the nature of their industries.



Data Source: Dunn and Bradstreet and [https://www.governor.wa.gov/sites/default/files/WA%20Essential%20Critical%20Infrastructure%20Workers%20\(Final\).pdf](https://www.governor.wa.gov/sites/default/files/WA%20Essential%20Critical%20Infrastructure%20Workers%20(Final).pdf).

# Chelan PUD Customer Call Stats (March 16 thru April 6)

## Total Active Customers

Electrical	52,212
Water	6,320
Wastewater	517



## Staff Contacted Customers Regarding Past Due Status - Success

Residential	= 250
Commercial	= 35

~75% pay in full, ~25% make payment arrangement

## Customers Contacting PUD w/Hardship

Electrical	130*	(Res = 110, Com = 20)
Water	0	
Wastewater	0	

*\* 10 Res & 5 Com over 65 days past due when called in*

## Staff Attempted to Contact Customers Regarding Past Due - No Success

Residential	= 80
Commercial	= 10

## Revenue Past Due (over 61 days as of April 6)

Residential	= \$	39,000	(April 6, 2019)
Residential	= \$	88,000	(April 6, 2020)
Commercial	= \$	6,000	(April 6, 2019)
Commercial	= \$	16,000	(April 6, 2020)

# Chelan PUD Direct Customer Outreach (March 16 thru April 6)

## PUD Outreach To Customers \*

- Restaurants
- Bars
- Recreation
- Retail shops
- Agriculture
- Manufacturing
- Hospital



*\* Reached Customers in Chelan, Leavenworth, Wenatchee, Cashmere & Entiat*

## Common Themes We Heard

- “Premature to understand the full extent of the impact”
- “Things are still dynamic and developing”
- “Every little bit helps”
- “Keep our utility financially strong”
- “Consider postponing planned rate increase”
- “Uncertain if we will re-open or not”
- “Lack of clarity about State and Federal Assistance”
- “I’m buried in paperwork, don’t need more”
- “Labor is my biggest expense, not utilities”
- “We value and appreciate our PUD”

# Stark Divide Between Specific Businesses

“Daily **revenue has tripled** since people started stocking up on food and supplies”

*--Owner of downtown grocery store*

“Our schedule is **booked out for several weeks** and we’re continuously running out of disinfecting supplies.”

*--Owner of local home cleaning service*

“We are able to **work remotely** on a backlog of post-production projects for the time being.”

*--Owner of local film-making company*

“Even with take-out, we **barely make a quarter** of what we would normally expect”

*--Owner of a Pybus market restaurant*

“We’re a non-essential business, so for now, revenue is **down to zero**”

*--Owner of downtown crafts store*

“Even though we’re an essential business, we had to **shut down** because we wanted to be extra careful”

*--Owner of childcare center*

# Chelan PUD Retail Customers

## Customer Monthly Billings

## Average

April of 2019			May of 2019			(April & May)		
Residential Electrical	\$48.73	Month	Residential Electrical	\$36.77	Month	Residential Electrical	\$42.75	Month
Commercial Electrical	\$75.87	Month	Commercial Electrical	\$70.05	Month	Commercial Electrical	\$72.96	Month
Residential Water	\$45.96	Month	Residential Water	\$50.85	Month	Residential Water	\$48.41	Month
Commercial Water	\$142.30	Month	Commercial Water	\$169.41	Month	Commercial Water	\$155.86	Month
Residential Wastewater	\$76.02	Month	Residential Wastewater	\$82.83	Month	Residential Wastewater	\$79.43	Month
Commercial Wastewater	\$266.23	Month	Commercial Wastewater	\$311.20	Month	Commercial Wastewater	\$288.72	Month



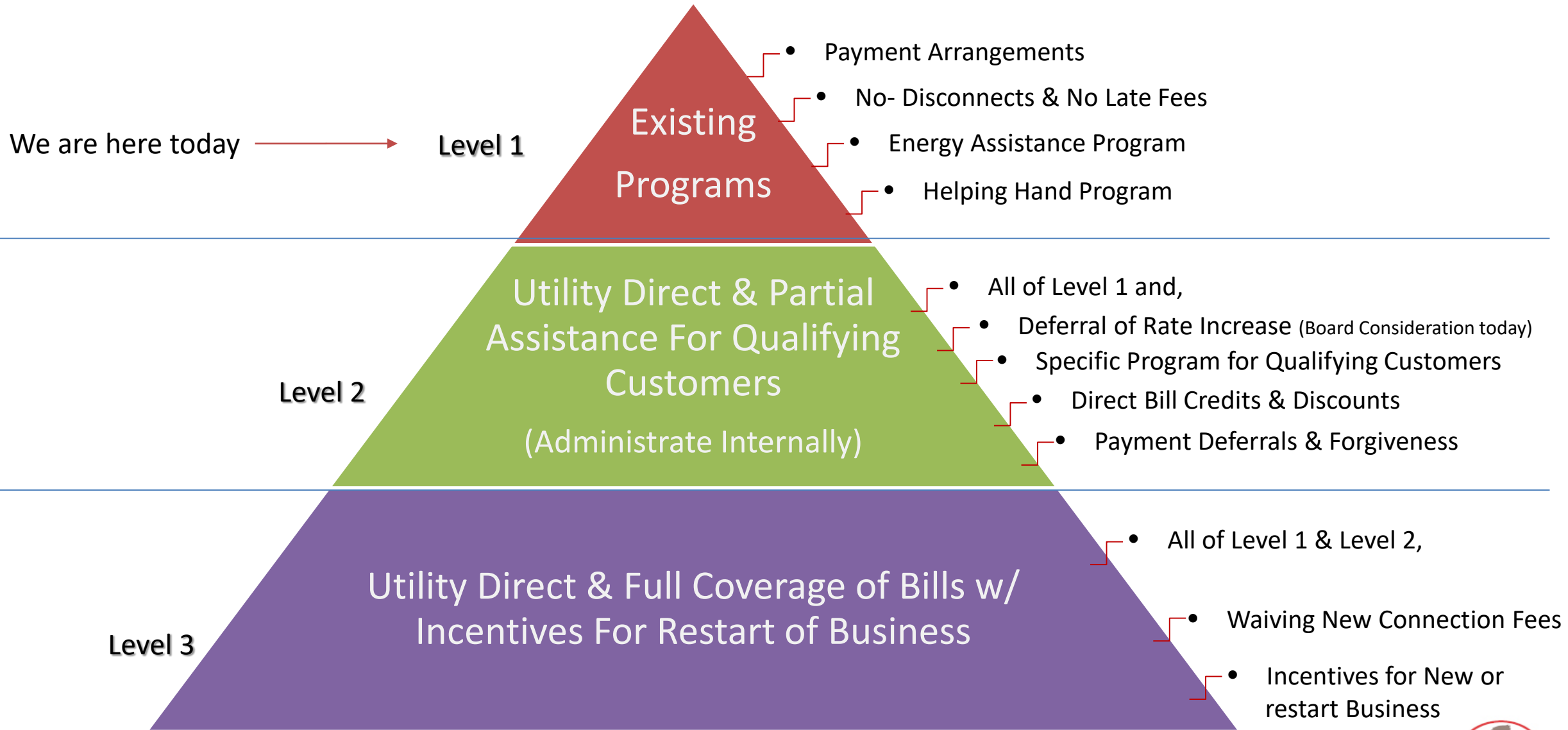
# Residential Customers by Energy Burden

Customer segments	Customer Count	Average monthly bill (April-May)	Average energy burden
Very high energy burden <b>(8%+)</b>	~900	\$41	12%
High energy burden <b>(6-8%+)</b>	~900	\$37	6.9%
Borderline energy burden <b>(4-6%)</b>	~1,000	\$43	4.9%
Mobile homes making under 80% of Area Median Income	~1,000 (own) ~500 (rent)	\$38	4% (own) 5.9% (rent)
Renters making under 80% of Area Median Income	~6,800	\$32	4.2%

# Commercial Customers Segments

Customer segments	Customer Count	Average 2019 monthly bill
Small businesses (under 10 employees) that are considered non-essential	~2,700	~\$120
Small businesses in industries driven by discretionary spending (restaurants, non-food retail)	~1,900	~\$200
Large facilities hit by drop in tourism (theatres, arts centers, convention centers, hotels)	~100	~\$15,000

# Support Levels For Considerations



# Current District Programs In Place Today

- Suspended all Disconnects<sup>1</sup> for non-payment (Electric, Water & Wastewater)
- Suspended all late payment charges
- Encouraging payment arrangements for customers with temporary financial setbacks
- Encouraging Customers to apply with Community Action for Low Income Home Energy Assistance Energy Assistance Program (EAP)
  - Prior LIHEAP EAP qualifications were 3 months income data and benefits of up to \$500/year
  - LIHEAP EAP [COVID Contingency Benefits](#)<sup>2</sup> up to \$500 per household w/1month qualifications and addition to those who have already received benefits since Nov 2019
- District staff facilitating requests for Helping Hand on behalf of the Customers enduring financial hardships (Limited to \$200 per household per year)

*1. Disconnect notices continue to be mailed as per statutory requirements. Disconnect notices are accompanied with a letter to ensure our customers that no disconnects will occur at this time*

*2. Dollars have been allocated, awaiting program implementation.*

# Non-Utility Assistance

## Individuals

- Unemployment benefits increased by \$600/week and eligibility period extended to 9 months
- Cash grants through stimulus package
- Moratorium on evictions
- Many mortgage lenders proactively offering forbearance options

## Small businesses

- CARES act: Payroll Protection, Economic Injury Disaster Loans
- Delayed tax filing dates
- Small Business Administration Economic Injury Disaster Loan

# Principles We Are Considering

- Determine what is the best for the most for the longest
- Maintain commitment to meet financial metrics
- To do our part to help our community during a time of need, where we can under our statutory authority
- Make it impactful & meaningful to those in need
- Ensure equal access to all customers-commit to reach our entire diverse community
- Minimize administrative burdens
- Implement at the right time
- Measure & adjust as needed



# Legal Overview

- Forbearance at low to no cost for any customer is within PUD authority
- Rate relief to customer classes is within PUD authority
- Rate relief to low-income residential customers is within PUD authority
- Rate relief to targeted commercial or industrial customers is more problematic
- Rate relief to any customer through funds donated by customers is within PUD authority

# Summary

- There are a large number of individuals and small businesses that are suffering economic harm as a result of COVID19.
- There are new federal/state programs designed to provide financial relief for both individuals and businesses harmed by COVID19 (including funds for utility bills). Start up for these programs is slow relative to the immediate impact being felt.



# Summary Continued

- There are no current Chelan PUD programs targeted at commercial customers that reduce bills.
- While the Helping Hand account is currently well funded, we are likely to need replenishment and/or establish an alternative fund using PUD funds.

# Next Steps

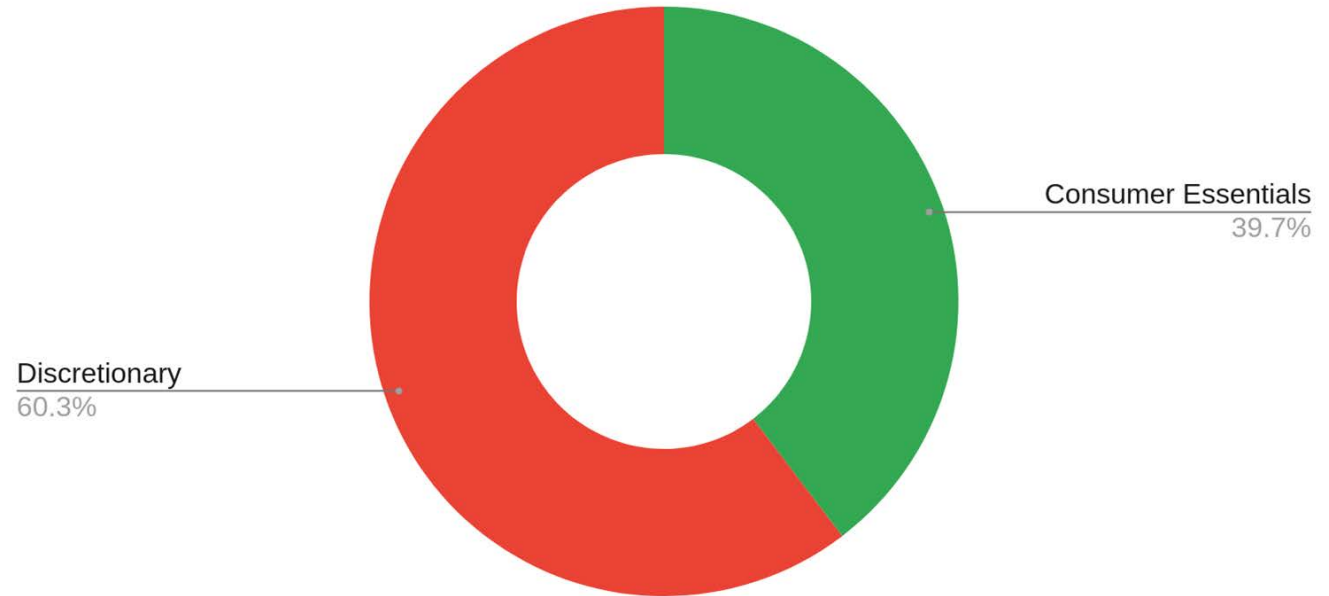
- Extend moratorium on late fee's and disconnection actions through the end of July 2020.
- Explore the development of small business bill forbearance or forgiveness program for businesses impacted by COVID 19.
- Potentially increase scope of Helping Hand, or develop a new program to support customers impacted by COVID 19.
- Answer questions around how to market Helping Hand if there are two programs.

# Appendix

# Medium-term Industry Impact

Second wave of economic impacts expected to hit **discretionary businesses**. After the end of the shutdowns, their recovery could be longer than businesses dealing with consumer essentials.

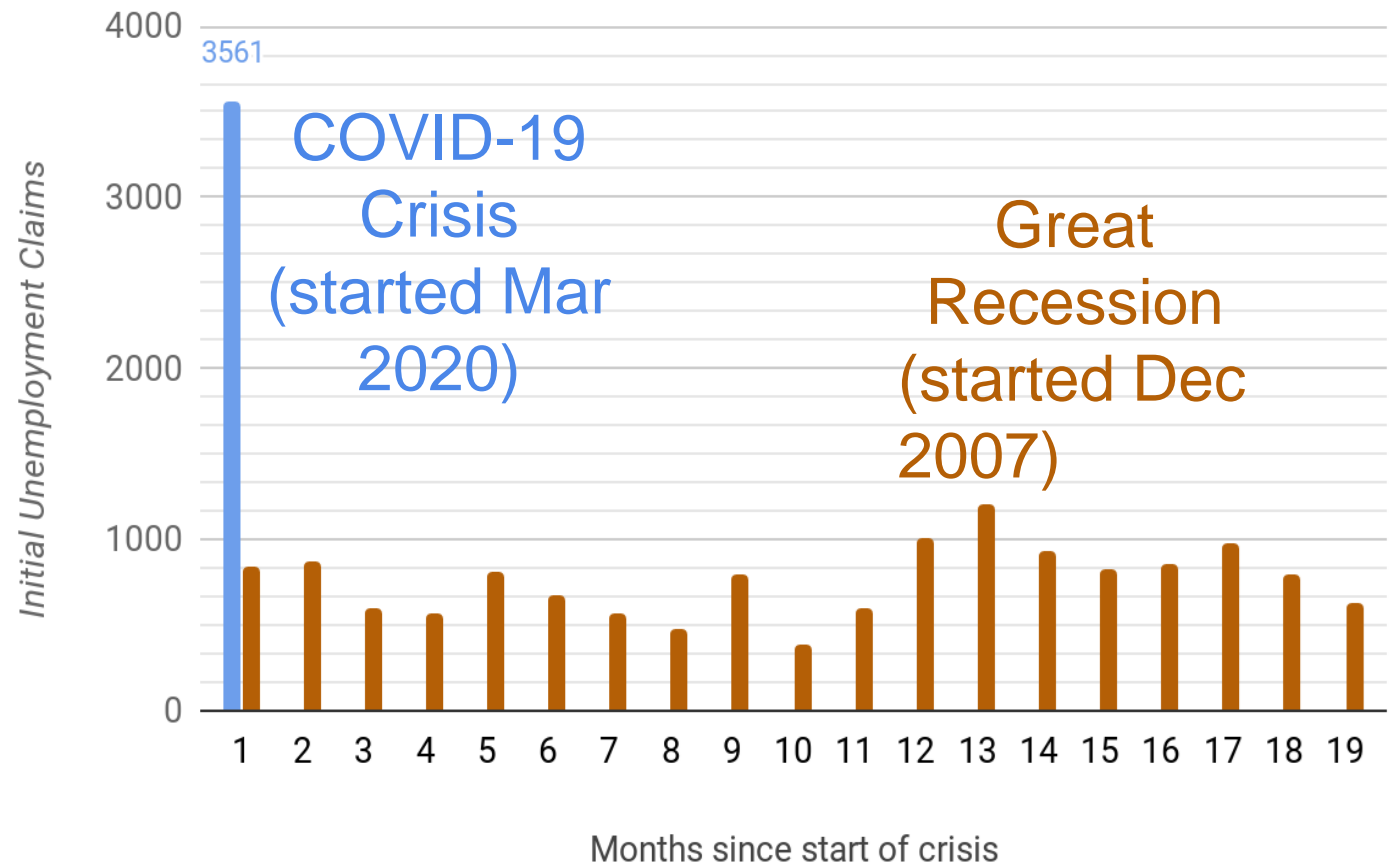
**60% of approximately 3500** small retail and services businesses (under 50 employees) in Chelan County can be classified as “discretionary”.



# Unemployment Impact

The speed and scale of the unemployment impact is unprecedented and far surpasses any time period during the last recession.

There is a danger of overwhelming social services if businesses are not able to start hiring back workers.



# Impact on Facility Use

Data from Google shows how much time people spend in different places relative to normal.

- Largest declines in use of retail, recreation and workplaces
- Park use spiked in March but has eased off in recent days
- Residential presence is steadily increasing

Obviously, this is leading to shifting load patterns as shared previously by Energy Resources Team.

## Chelan County

### Retail & recreation

**-43%** compared to baseline



### Grocery & pharmacy

**-20%** compared to baseline



### Parks

**-15%** compared to baseline



### Transit stations

**-27%** compared to baseline



### Workplace

**-43%** compared to baseline



### Residential

**+18%** compared to baseline



# Business models matter

- Most restaurants have pivoted to take-out/delivery but many that depend on dine-in or beverage purchases have closed
- Other retailers have switched to selling gift cards or starting e-commerce stores

## Example of business model impact:



**Mela Cafe**



**Foray Coffee**

Same owner, both sell coffee, tea and light snacks

Standard Cafe **vs.** App-based ordering and pick-up only

Revenue down by 80% **vs.** significant increase in revenue

Most staff laid off **vs.** now hiring

