

December 9, 2020

The Honorable Chair and Members of the
Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, Room 103
Honolulu, Hawaii 96813

RE: November 25, 2020 Commission Request for Feedback from Utilities and
the Consumer Advocate on the Suspension of Termination or
Disconnection of Regulated Utility Services Due to Non-Payment:
Hawaii-American Water Company's ("HAWC") Responses

Dear Commissioners and Commission Staff:

HAWC hereby submits its responses to the Hawaii Public Utilities Commission's
("Commission") November 25, 2020 letter.

Thank you for your consideration in this matter. Should you have any questions,
please do not hesitate to contact the undersigned.

Very truly yours,

/s/ Kent D. Morihara
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c: Division of Consumer Advocacy

November 25, 2020 Commission Request for Feedback from Utilities and the Consumer Advocate on the Suspension of Termination or Disconnection of Regulated Utility Services Due to Non-Payment

Hawaii-American Water Company's Responses
December 9, 2020

Questions for Utilities

1) Lifting the Suspension of Disconnection for Non-Payment

- a) Do you think the Commission should extend the disconnection suspension for all of your customers beyond December 31, 2020? If so, when do you think the suspension should subsequently be lifted (e.g., by a specific date, at the end of Pandemic, etc.)?
- i) Alternatively, do you think the suspension should end for certain customer classes before others, and if so, which customer classes, and when?
- b) If the suspension is not extended beyond December 31, 2020, would your Utility request authority to voluntarily suspend disconnections?

Response:

- a. No. Hawaii-American Water Company ("HAWC") provides wastewater service to its customers and cannot, as a practical matter, disconnect its customers. HAWC has, however, suspended its normal collections (dunning) activities, which includes sending late payment notices to impacted customers and charging late fees. At this time, customers only receive a letter reminding the customer that their bill is past due and are provided a phone number to call to discuss their past due bill, including eligibility to enter into a payment arrangement.

Although HAWC understands the need to remain flexible with our customers throughout the pandemic, in the long-term it is in the best interest of all our customers to return to normal payment practices as soon as possible. Resuming normal payment and collection processes would not result in disconnections for HAWC customers, but would allow HAWC to resume normal dunning activities. Although no customers would be disconnected, resuming such activities is an effective process to encourage timely payment. As mentioned in response to Question 3 below, customers with a financial hardship are offered targeted assistance on a case-by-case basis.

- b. No. HAWC would not seek authority to voluntarily suspend disconnections. As noted above, HAWC provides wastewater services to its customers and cannot, as a practical matter, disconnect service for nonpayment.

2) Financial Impacts on Utilities

- a) How many of your Utility customers (of each customer class) have past due balances for utility service, and what is the total cumulative past due balance for all customers? Please break out past due balances by timeframe (e.g., past due by less than 30 days, by greater than 30 days, by greater than 60 days, by greater than 90 days, etc.), if available.

Response:

- a. Please see below tables which provide the customer count and dollars associated with past due balances as of November 2020.

Year	Month	Total Customers (Count)					Discrete Arrears
		<31	<61	<91	<151	>=151	
2020	Nov	33	572	18	440	369	658

Year	Month	Total Customers (\$'s)					Total Arrears
		<31	<61	<91	<151	>=151	
2020	Nov	\$66,918	\$147,487	\$24,703	\$111,055	\$782,236	\$1,132,399

Year	Month	Residential Customers (Count)					Discrete Arrears
		<31	<61	<91	<151	>=151	
2020	Nov	22	569	16	436	365	646

Year	Month	Residential Customers (\$'s)					Total Arrears
		<31	<61	<91	<151	>=151	
2020	Nov	\$12,389	\$120,434	\$14,214	\$78,730	\$707,552	\$933,319

Year	Month	Non-Residential Customers (Count)					Discrete Arrears
		<31	<61	<91	<151	>=151	
2020	Nov	11	3	2	4	4	12

Year	Month	Non-Residential Customers (\$'s)					Total Arrears
		<31	<61	<91	<151	>=151	
2020	Nov	\$54,528	\$27,053	\$10,489	\$32,325	\$74,684	\$199,080

*Please note that a customer may be counted in one or more of the A/R Aging buckets.

**Please also note that the column labeled Discrete Arrears counts each customer in arrears once.

Question 2 Continued

- b) How would an extension of the disconnection suspension for 1 month, 3 months, or 6 months, respectively, affect the financial condition of your Utility?
- c) What data and/or financial information does your Utility think would be helpful to provide to the Commission on a going-forward basis to help the Commission continue to make decisions around disconnection suspension and related issues?

Response:

- b. HAWC believes that the full scope of COVID-19 impacts to its financial condition cannot be known with complete certainty at this time. Suspension of HAWC's collection processes has had an impact on customer arrearage balances, and the longer the suspension continues, the greater the anticipated financial impact on HAWC. HAWC's analysis of customer arrearages shows that aging balances have increased by 16% as of November 2020 compared to the same period of the prior year.
- c. HAWC files a quarterly report that outlines the financial impacts of the COVID-19 health emergency. HAWC would recommend continuation of that filing, updated to incorporate customer arrearage information as provided above.

3) Protections for Customers (Including Those Experiencing Financial Hardship)

- a) What mechanisms exist, or are you considering implementing, for customers to alert your Utility that they are experiencing financial hardship or otherwise need special customer protections related to their utility bill or service?
- b) What types of payment plans is your Utility currently offering, or contemplating offering, to customers? Please include information regarding the proposed minimum and maximum lengths of these payment plans, including those that may be established specifically for vulnerable customers (e.g., customers experiencing financial hardship, low-income customers, customers with special medical needs, etc.).
- c) What, if any, specific customer protections is your Utility offering or contemplating offering to vulnerable customers (e.g., customers experiencing financial hardship, low-income customers, customers with special medical needs, etc.)?
- d) Are there other specific customer protections that you think should be extended or newly implemented?

Response:

a-d. In accordance with Orders No. 37125, No. 37153, No. 37189, No. 37251 and No. 37284, HAWC suspended imposition of late fees. HAWC has not resumed collection of late fees at this time. Moreover, HAWC has not disconnected any of its customers, as required by the above-referenced orders. As noted in Question 1 above, HAWC provides wastewater service to its customers and cannot, as a practical matter, disconnect its customers.

As also noted in the response to Question 1 above, customers receive a letter reminding the customer that their bill is past due and are provided a phone number to call to discuss their past due bill, including eligibility to enter into a payment arrangement. In addition, as discussed in the response to Question 4 below, HAWC's website includes a dedicated COVID-19 Response page where customers can find information on HAWC's response to the COVID-19 emergency and ways to contact HAWC if a customer is experiencing financial hardship.

Payment assistance for customers experiencing financial hardship is considered on a case-by-case basis.

4) Customer Engagement

- a) What communications regarding the disconnection suspension and other customer protections (including those provided by outside sources, such as COVID-19 relief funds) have you provided to your customers during the Pandemic?
- b) When and how is your Utility planning to notify customers, if you have not already, that they are at risk for disconnection or termination of regulated utility services upon the lifting of the suspension?
- c) How is your Utility communicating payment plans (or, planning to communicate payment plans) and other options to customers who are at risk for disconnection? Are you currently conducting, or planning to conduct, this outreach prior to any lifting of the suspension?

Response:

- a. In order to keep its customers informed during the COVID-19 emergency, HAWC's website includes a dedicated COVID-19 Response page (<https://www.amwater.com/hiaw/Customer-Service-Billing/covid-19-response>) where customers can find information on HAWC's response to the COVID-19 emergency and ways to contact HAWC if a customer is experiencing financial hardship.
- b. See the response to Question 4a, above. In response to the COVID-19 emergency, HAWC activated its business continuity plan to strengthen its ability to continue to provide safe and reliable wastewater service to its customers. No customers have been disconnected (as noted above, HAWC as a wastewater service provider cannot disconnect its customers as a practical matter) and HAWC has suspended late fees until further notice.
- c. If a HAWC customer's bill is past due, customers receive a letter reminding the customer that their bill is past due and are provided a phone number to call to discuss their past due bill, including eligibility to enter into a payment arrangement. This same information can be found on our website as outlined in response to Question 4a above.

5) Other Matters relevant to the Commission's decision-making on this issue:

Response:

Even despite the financial impacts resulting from the COVID-19 pandemic, HAWC has continued to invest in its systems. Since the start of the pandemic, HAWC has continued to provide uninterrupted service to its customers, has not implemented any salary cuts or employee layoffs, and has maintained and generated new jobs in the community. In an effort to help mitigate the financial impact of COVID-19, HAWC has also looked for ways to reduce its operating costs, such as cost savings related to reduced travel and conference expenses.

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