

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:
Kauai Island Utility Cooperative's ("KIUC") Responses

Dear Commissioners and Commission Staff:

KIUC hereby submits its responses to the Hawaii Public Utilities Commission's ("Commission") November 25, 2020 letter requesting feedback on the suspension of termination or disconnection of regulated utility services due to non-payment.

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
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**

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.)?

Response:

KIUC recommends that the Commission extend the disconnection suspension for all of KIUC's customers beyond December 31, 2020. Mayor Kawakami's Emergency Rule #23, which sets a temporary moratorium on the state's Safe Travels program and returns to a mandatory 14-day quarantine for all incoming arrivals to Kauai, was approved by the Governor and became effective on December 2, 2020. KIUC anticipates the reinstated 14-day quarantine will continue to significantly impact Kauai's visitor industry as it did throughout the pandemic. Since Kauai's economy is heavily dependent on tourism, KIUC's members will continue to endure financial hardships due to, among other things, continued elevated levels of business closures and unemployment.

Regarding when the suspension should be lifted, KIUC finds it difficult to target a specific date for the lifting of the suspension without knowing how long Emergency Rule #23 will remain in effect as well as when the financial hardships to KIUC's members will be sufficiently alleviated to justify the lifting of the suspension. Given this difficulty, KIUC believes it would be prudent to monitor and evaluate the economic impact to the island of Kauai during the first quarter of 2021 with a possible lifting of the suspension by March 31, 2021. By that time, the suspension will be in place for over a year for KIUC's members as KIUC voluntarily suspended service disconnections as of March 17, 2020.

- i) Alternatively, do you think the suspension should end for certain customer classes before others, and if so, which customer classes, and when?

Response:

KIUC does not recommend ending the suspension for certain customer classes before others. Any extension or lifting of the suspension should be applied across all of KIUC's customer classes at the same time.

- b) If the suspension is not extended beyond December 31, 2020, would your Utility request authority to voluntarily suspend disconnections?

Response:

If the suspension is not extended by the Commission beyond December 31, 2020, KIUC would likely intend to continue to suspend disconnections through March 31, 2021 and would request any approval that may be required by the Commission to do so. As stated in response 1.a. above, the Kauai economy is expected to continue to suffer as a result of the pandemic and Emergency Rule #23 beyond December 31, 2020 and KIUC would plan to use the first quarter of 2021 to solidify its position as to when the disconnection suspensions should be lifted and to consider options such as going back to its Limiting Service process in accordance with Rule No. 7.B of its Tariff No. 1 once the suspension is lifted.

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:

The total cumulative past due balance for all KIUC customers as of November 30, 2020, is \$1,464,208. The following chart shows the break out of past due balances by customer class and timeframe. Note: accounts that are less than 30 days old are not considered past due.

Past Due	AR Balance as of 11/30/20		AR Customer Count as of 11/30/20		Average Past Due Balance as of 11/30/20	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
≥ 30 Day	\$456,361	\$225,278	2,472	471	\$185	\$478
≥ 60 Day	\$168,084	\$88,563	944	196	\$178	\$452
≥ 90 Day	\$346,723	\$179,199	663	130	\$523	\$1,378
Total	\$971,168	\$493,040	4,079	797	\$238	\$619

- 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?

Response:

Assuming past due balances continue to grow at the current rate, an extension of the disconnection suspension for 1 or 3 months would create an additional drain on cash flow but would not unduly harm KIUC's ability to continue its operations. However, the growth of past due balances could be accelerated due to the impacts of Emergency Rule #23 or other factors such as the expiration of

unemployment insurance or other sources of financial assistance currently available and being utilized by KIUC's members.

Extending the disconnection suspension for another 6 months or more is concerning. As stated in response 1.a. above, March 2021 will mark a full year of the disconnection suspension for KIUC and the concern is that members could fall so far behind in arrears that they will never be able to catch up. See **Exhibit 1** for a Total Accounts Receivable Trend graph and **Exhibit 2** for a Year Over Year Greater Than 60 Days versus Total Accounts Receivable graph. Both exhibits illustrate the growing increase of past due balances in the ≥ 60 and ≥ 90 day timeframes indicating more members falling further behind in their payments each month.

- 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:

KIUC currently provides a total cumulative past due balance ≥ 30 days old as well as an updated Year Over Year Past Due versus Total Accounts Receivable graph in its Quarterly Report and plans to continue providing this information in future filings. KIUC's most recent Quarterly Report was filed with the Commission by letter on October 30, 2020 in Docket No. 2020-0088. See **Exhibit 3** for the most recent graph which includes data as of November 30, 2020. KIUC believes that the continued provision of this information will be helpful for the Commission to monitor the financial impacts on KIUC's members of the pandemic and the disconnection suspensions, and to analyze that information together with other information/developments as they become available (such as the extent to which Emergency Rule #23 will impact Kauai's businesses and residents, and the timing and success of distributing any viable vaccine candidates to the masses) to determine when would be the appropriate time for the disconnection suspensions to be lifted on the island of Kauai.

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?

Response:

As further discussed in KIUC's Quarterly Report noted above, KIUC continues to encourage its members to call with any questions or concerns about the status of their account. Members are able to reach out by phone, email, and the

newly-implemented automated online payment arrangement service now available in SmartHub. KIUC also continues to proactively reach out to members with balances greater than 60 days past due to offer assistance with payment arrangements or referrals with agencies who may be able to help.

- 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.).

Response:

KIUC currently works with members on a case-by-case basis and will continue to do so throughout the duration of the suspension. KIUC is considering the possibility of establishing uniform payment plans to be implemented once the suspension is lifted. KIUC is still assessing the minimum and maximum lengths of time and what special considerations should be given to vulnerable customers, while also ensuring that similarly situated members are treated fairly and consistently with no undue discrimination.

- 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.)?

Response:

As noted above, KIUC currently works with members on a case-by-case basis. However, pursuant to Rule No. 7.D.3 of KIUC's Tariff No. 1, KIUC will continue to provide special consideration in the handling of elderly and handicapped customers. Pursuant to that rule, under no circumstances will KIUC terminate service to an elderly or handicapped customer without a written report and investigation by KIUC to the Commission.

- d) Are there other specific customer protections that you think should be extended or newly implemented?

Response:

KIUC does not have any recommendations at this time. KIUC notes that it does not charge late fees or interest on past due balances. In addition, KIUC is assessing whether to waive credit deposits in order to provide additional relief for members who continue to be significantly impacted by the prolonged duration of this pandemic.

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?

Response:

KIUC has communicated the suspension of service disconnections with its members in the following ways:

- News Releases: March 17, April 8, May 1, May 7, July 2, July 24, August 25
- Constant Contact mass email: March 18, May 7, August 25
- Special COVID section on KIUC website (kiuc.coop): Established April 2020 and updated as appropriate
- KIUC Annual Meeting via Zoom: Held July 22
- Currents quarterly magazine: Mentioned in the Spring (June) and Fall (September) issues
- Monthly bill inserts and messages

KIUC has communicated the availability of COVID-19 related assistance and resources (including those that may be available by outside sources) in the following ways:

- News Releases: March 17, April 8, May 1, July 2, July 24, August 25
- Constant Contact mass email: March 18, April 3, June 23, August 25
- Special COVID section on KIUC website (kiuc.coop): Established April 2020 and updated as appropriate
- KIUC Annual Meeting via Zoom: Held July 22
- Currents quarterly magazine: Mentioned in the Spring (June) issue and was featured in the cover story in the Fall (September) issue
- Monthly bill inserts
- Kauai Directory of COVID resources mailing

- 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?

Response:

KIUC will continue to utilize the communication mechanisms noted in the responses to 3.a to c. and 4.a. above to notify members about past due balances and being at risk for disconnection upon lifting of the suspension. At a minimum, members will be notified via their monthly bills, bill inserts, and direct mailings specifically targeting those who are more than 60 days past due.

- 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:

During the pendency of the suspension, and as discussed above, KIUC will continue to encourage members to reach out if they have any concerns about their account and to make payment arrangements. Prior to the suspension being lifted, KIUC's communication efforts in addition to the above will be targeted towards notifying members of the lifting of the suspension and disclosing/offering any new standardized payment plans that may have been developed as discussed in response 3.b. above. KIUC will communicate this information utilizing the communication mechanisms noted above.

EXHIBIT 1

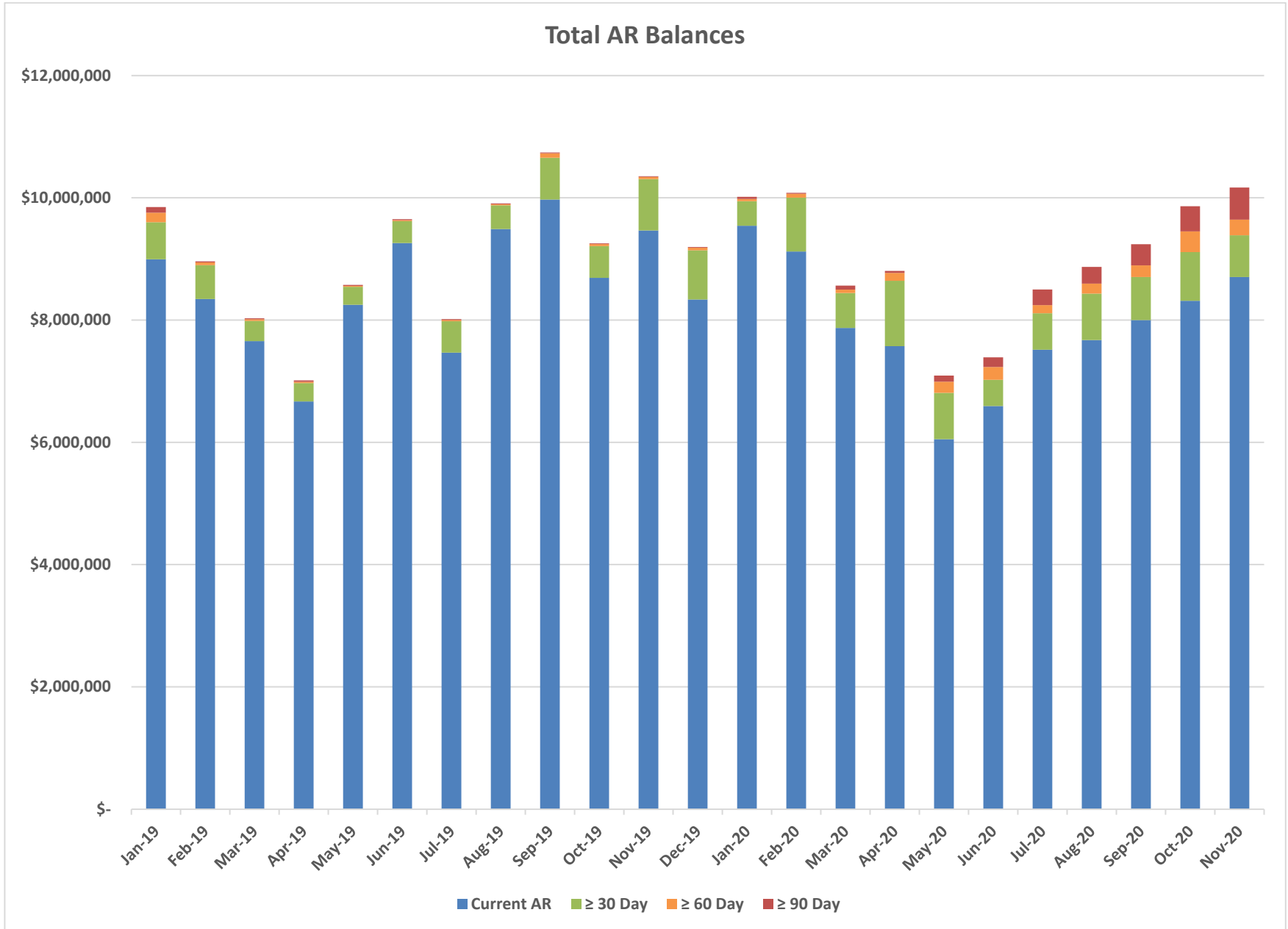


EXHIBIT 2

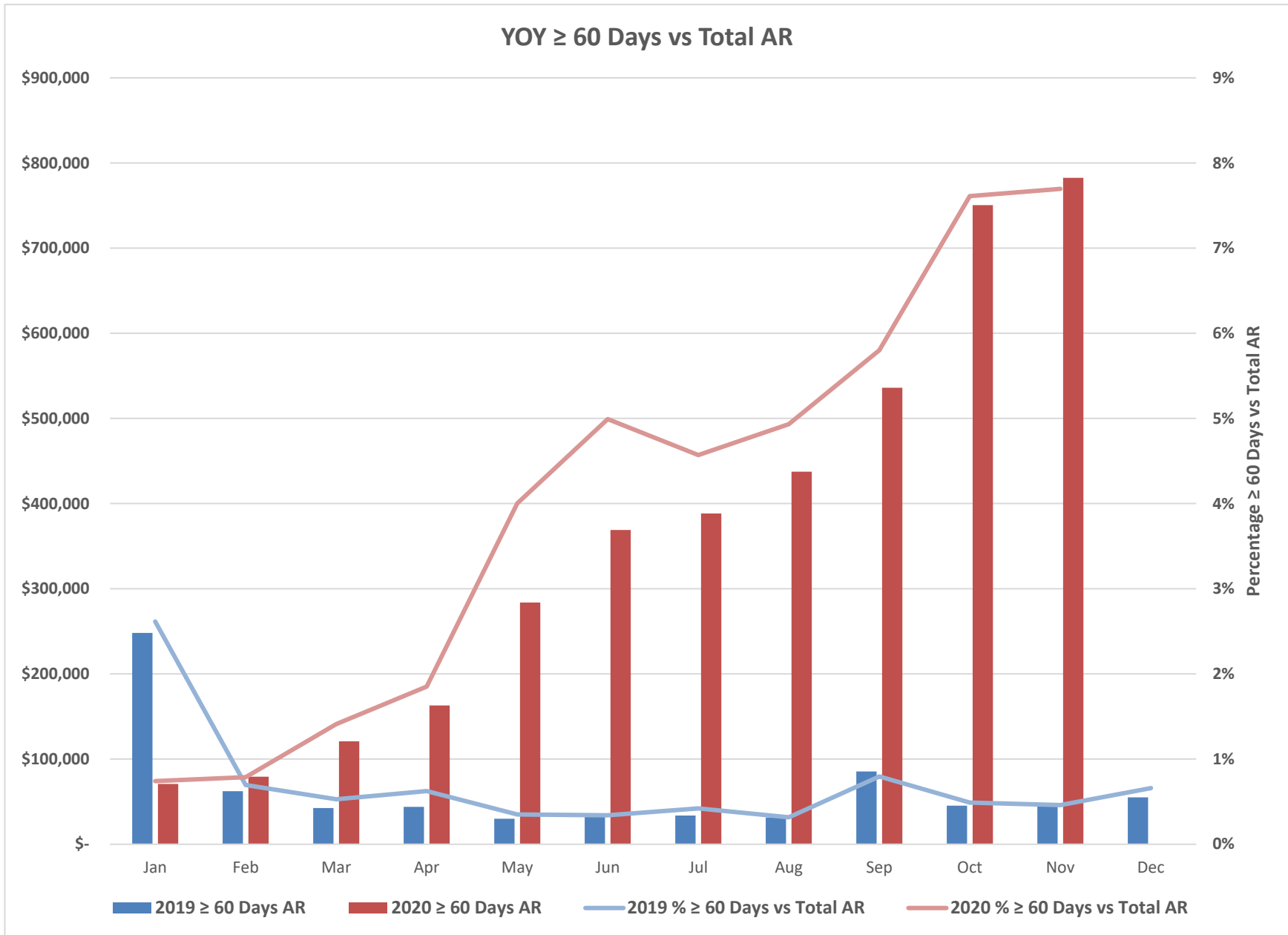
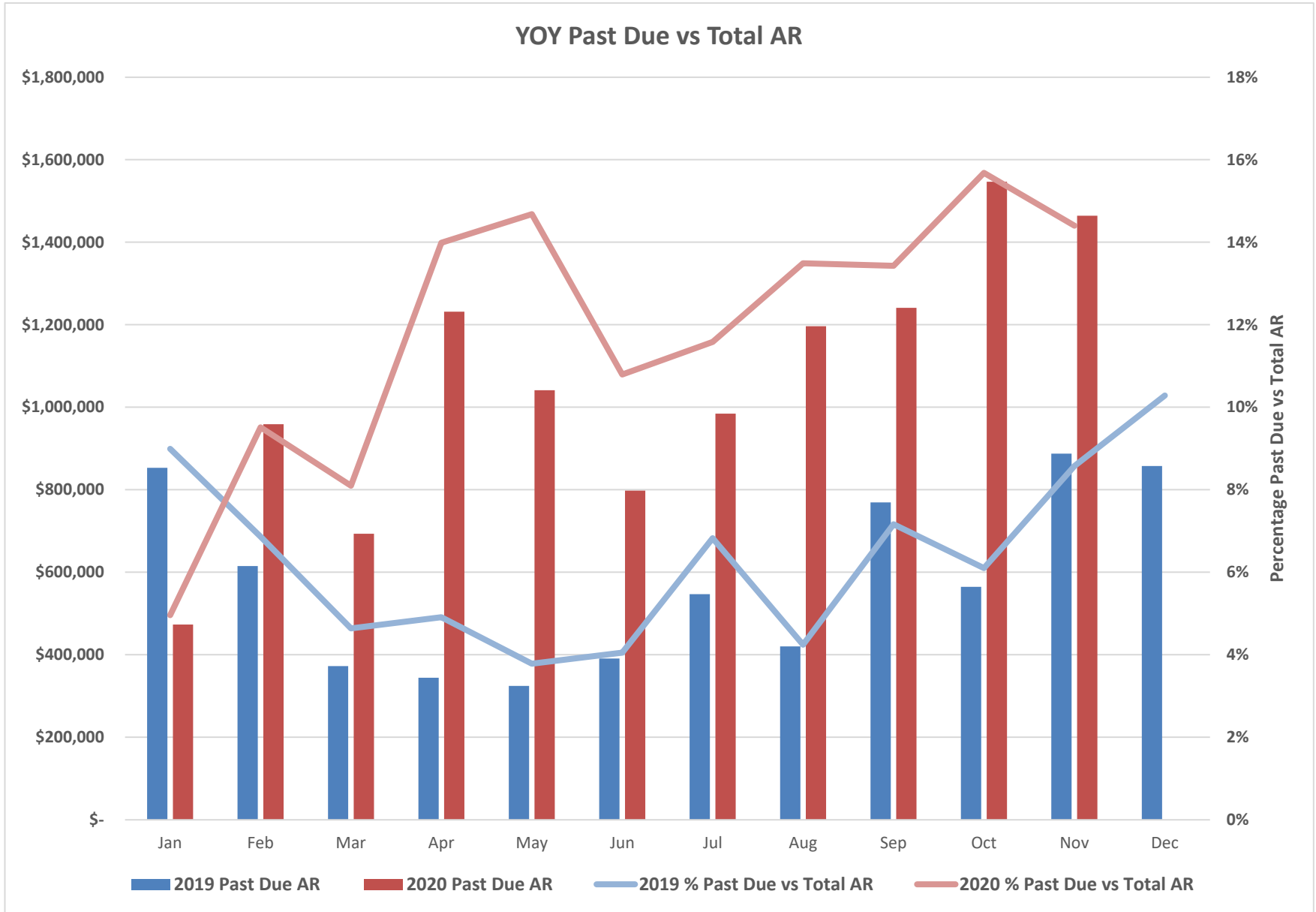


EXHIBIT 3



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The foregoing document was electronically filed with the State of Hawaii Public Utilities Commission's Document Management System (DMS).