

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED JOINT PETITION OF DUKE ENERGY INDIANA,)
LLC, INDIANA GAS COMPANY D/B/A VECTREN ENERGY)
DELIVERY OF INDIANA, INC., INDIANA MICHIGAN POWER)
COMPANY, INDIANA NATURAL GAS CORPORATION,)
INDIANAPOLIS POWER & LIGHT COMPANY, MIDWEST)
NATURAL GAS CORPORATION, NORTHERN INDIANA)
PUBLIC SERVICE COMPANY, LLC, OHIO VALLEY GAS)
CORP. AND OHIO VALLEY GAS, INC., SOUTHERN INDIANA)
GAS & ELECTRIC COMPANY D/B/A VECTREN ENERGY)
DELIVERY OF INDIANA, INC., AND SYCAMORE GAS) CAUSE NO. 45377
COMPANY FOR (1) AUTHORITY FOR ALL JOINT) (Consolidated under
PETITIONERS TO DEFER AS A REGULATORY ASSET) Cause No. 45380
CERTAIN INCREMENTAL EXPENSE INCREASES AND)
REVENUE REDUCTIONS OF THE UTILITY ATTRIBUTABLE)
TO COVID-19; AND (2) THE ESTABLISHMENT OF)
SUBDOCKETS FOR EACH JOINT PETITIONER IN WHICH)
EACH JOINT PETITIONER MAY ADDRESS REPAYMENT)
PROGRAMS FOR PAST DUE CUSTOMER ACCOUNTS,)
APPROVAL OF NEW BAD DEBT TRACKERS, AND/OR)
DETAILS CONCERNING THE FUTURE RECOVERY OF THE)
COVID-19 REGULATORY ASSET)

PETITION OF INDIANA OFFICE OF UTILITY CONSUMER)
COUNSELOR FOR GENERIC INVESTIGATION INTO COVID-)
19 IMPACTS TO BE CONDUCTED OVER TWO PHASES;)
EMERGENCY RELIEF PURSUANT TO IND. CODE § 8-1-2-113) CAUSE NO. 45380
TO RELIEVE INDIANA RATEPAYERS OF THE THREAT OF)
UTILITY SERVICE DISCONNECTION AND PAYMENT)
ARREARAGES DURING GLOBAL HEALTH AND ECONOMIC)
CRISIS)

JOINT UTILITIES' JUNE 10, 2020 RESPONSE TO OUCC'S COVID-19 REQUESTS

Sycamore Gas Company, by counsel, on behalf of itself, Duke Energy Indiana, LLC, Indiana Gas Company, Inc., Indiana Natural Gas Corporation, Indiana Michigan Power Company, Indianapolis Power & Light Company, Midwest Natural Gas Corporation, Northern Indiana Public Service Company LLC, Ohio Valley Gas Corp. and Ohio Valley Gas, Inc., Southern Indiana Gas & Electric Co. (the "Joint Utilities"), respectfully submits the Joint

Utilities' response to the Indiana Office of Utility Consumer Counselor's ("OUCC") COVID-19 requests, as follows:

I. Introduction

Consistent with the Commission's May 27, 2020 Order in Cause No. 45380, the Joint Utilities¹ respectfully submit their reply to the Office of the Utility Consumer Counselor ("OUCC") with respect to (1) the OUCC's request for a stay of disconnections, waiver of utility fees, and expanded use of customer payment arrangements, etc.; and (2) the OUCC's request for regulatory accounting for impacts related to the disconnection moratorium, waiver of fees, and expanded customer payment arrangements. COVID-19 represents a challenge and a hardship for all parties, and the Joint Utilities appreciate the opportunity to work with the Commission and stakeholders to address the unique issues COVID-19 presents for utilities and their customers.

The Joint Utilities are very cognizant of the impact of COVID-19 on both customers and utilities. Toward that end, even prior to Indiana Governor Eric Holcomb's Executive Order 20-05, many of the Joint Utilities voluntarily suspended disconnections for nonpayment and reconnected customers recently disconnected without requiring payment. Further, many of the Joint Utilities have voluntarily extended customer payment arrangements, and have waived certain fees such as credit/debit card convenience fees, and bad check fees. At the same time, the Joint Utilities have instituted numerous health and safety practices in their operations to ensure their employees can continue to work to provide safe and reliable utility services throughout Indiana. The Joint Utilities request that the Commission protect both customers and utilities with respect to COVID-19 impacts.

¹ Duke Energy Indiana, LLC, Indiana Gas Company, Inc., Indiana Natural Gas Corporation, Indiana Michigan Power Company, Indianapolis Power & Light Company, Midwest Natural Gas Corporation, Northern Indiana Public Service Company, LLC, Ohio Valley Gas Corp. and Ohio Valley Gas, Inc., Southern Indiana Gas & Electric Co., and Sycamore Gas Company.

II. Proposal to Stay Disconnections for Nonpayment, Waive Fees, and Offer Extended Customer Payment Arrangements

In the OUCC's May 8, 2020 Petition², the OUCC requests that the Commission require all jurisdictional Indiana utilities to (a) stay all utility service disconnections that will be pending or imminent when Governor Holcomb's disconnection moratorium is lifted; (b) waive certain utility fees, including late fees, convenience fees, deposits, and reconnection fees; and (c) expand the use of payment arrangements to aid customers.³ The OUCC's proposal includes no end date for its proposed stay of utility disconnections, waivers of fees, and extended payment arrangements.

As demonstrated by the Affidavits filed by the Joint Utilities in support of their May 8, 2020 Petition in Cause No. 45377⁴, the Joint Utilities are complying with the Governor's Executive Order 20-28 to stay utility disconnections for nonpayment through June 30, 2020. Many of the Joint Utilities are also temporarily waiving fees, such as late fees, credit/debit card convenience fees, reconnection fees, bad check charges, and deposits. And many of the Joint Utilities have already instituted expanded customer payment arrangements.

² As amended May 27, 2020.

³ In a Proposed Order filed by the OUCC on May 22, 2020, the OUCC also calls for a stay on bad check charges: "The Commission finds that, in light of the ongoing COVID-19 health and economic emergency, Indiana jurisdictional utilities shall continue to be prohibited from initiating service disconnections for non-payment until such time as the Commission determines that health and economic conditions justify a return to standard utility service disconnection practice. Likewise, Indiana utility customers shall not be assessed late fees, bad check charges, deposits, or credit/debit card convenience fees throughout the Commission's disconnection moratorium. Respondent utilities are ordered to engage with their customers on extended payment arrangements, beyond those contemplated in the Commission's administrative rules, to allow customers an increased opportunity to make payments towards outstanding balances in full."

Joint Utilities submit that a Commission-imposed waiver of bad check charges is not necessary, as that behavior is not directly related to the COVID-19 emergency. If, however, the Commission requires utilities to waive bad check charges, the Commission should allow utilities to defer and subsequently recover such waived charges.

⁴ Consolidated with this Cause No. 45380.

With respect to any Commission-ordered customer protections that extend beyond the Governor's Executive Orders, a clear distinction should be drawn between residential customers and customers of other classes. This Commission's duly promulgated rules recognize this difference in the context of many of the issues pending in these Causes. For instance, the Commission's rules concerning deposits and disconnections only apply to residential customers. *See* 170 IAC 4-1-1(c), 13(d), 15, and 16 and 170 IAC 5-1-1(d), 13(d), 15 and 16. Further, many of the Joint Utilities' commercial and industrial customers would have been eligible to receive grants from the federal government specifically earmarked to help pay their utility bills through the Coronavirus Aid Recovery and Economic Security Act ("CARES"). Additionally, if industrial and commercial classes of customers are also granted special treatment beyond that provided in the Executive Orders, the costs of such special treatment may ultimately be paid for by all customers, including residential customers who the OUCC and other parties (and the Commission's existing rules) seek to protect. For these reasons, Joint Utilities urge the Commission to limit any departure from existing rules and practices to the residential classes.

Within certain reasonable and well-defined parameters, the Joint Utilities are agreeable to staying residential utility disconnections for nonpayment (beyond the Executive Orders); waiving on a prospective basis, for residential customers, late fees, convenience fees (including credit/debit card fees), and reconnection fees; and offering extended residential customer payment arrangements. First, the stays, waivers, and extended payment arrangements should remain in effect for a reasonable period of time, but not indefinitely. Second, over time utilities should be made whole for staying utility disconnects and waiving such fees. Third, as mentioned above, such Commission-directed stays and waivers should be limited to residential customers.

A. **Proposed Stays, Waivers, and Extended Payment Arrangements and Their Proposed Duration**

The stays of utility disconnections pursuant to the Executive Orders are extraordinary measures and are tied directly to the Governor's declaration of a public health emergency and his unique powers to address the emergency. *See* Ind. Code ch. 10-14-3. These are powers vested solely in the Governor. While Ind. Code § 8-1-2-113 gives the Commission authority to alter and amend rates, services, practices and schedules in cases of emergency, that section requires utility consent for the suspension of such. The Commission's authority to suspend rates, services, practices and schedules without a utility's consent, particularly once the Governor's emergency declaration has expired, is uncertain.

Perhaps more important, as state and local leaders have recognized, the shutdown of the state due to COVID-19 cannot continue indefinitely. Indiana is currently in a phased process of re-opening the state for business, and the Governor's current Executive Order imposing a moratorium on utility disconnections expires June 30, 2020. The utility industry must move toward more normal operations, just like the rest of the state. At the same time, the Joint Utilities recognize that it will be helpful to residential customers to have some time beyond June 30, 2020 to address potential utility disconnections and make utility payment arrangements. Contingent upon approval of the accounting and ratemaking deferral proposed below, the Joint Utilities propose to consent to a number of measures to help customers. By volunteering these measures, the difficult questions of the scope of the Commission's jurisdiction to order suspensions are avoided.

The Joint Utilities propose to: (1) stay utility disconnections for nonpayment for residential customers for approximately thirty (30) days after the expiration of the Governor's Executive Order moratorium on utility disconnections (until July 31, 2020); (2) prospectively

from the date of the Commission's order⁵ waive late fees, convenience fees (including credit/debit card fees), and reconnection fees, for residential customers during the pendency of this stay period (*i.e.*, until July 31, 2020); and (3) offer expanded customer payment plans for residential customers. With respect to expanded customer payment plans, the Joint Utilities will offer residential customers payment arrangements that allow arrearages to be paid off over a period up to six (6) months, *i.e.*, through December 31, 2020.

The Joint Utilities' proposed timetable for the extended disconnection moratorium will give residential customers until July 31, 2020 (a full month after the expiration of the Governor's stay of utility disconnections) to make arrangements with their utilities. This timetable will also give utilities time to work with such customers on payment arrangements, as well as to provide customers with notices of disconnections and to operationally re-institute disconnections in a workable manner. Additionally, the extra time will allow utility call centers to operate more efficiently and avoid large call volumes in a time when many of Joint Utilities' call center representatives are working remotely.

The proposed duration of the disconnection moratorium and payment arrangements reflects the Joint Utilities' belief that a longer moratorium is not in the best interest of customers, and in particular lower income customers, because during such an extended period customer account balances will potentially become so large that they will struggle to successfully pay these more substantial balances along with current bills, and thereby may ultimately face disconnection.

⁵ Joint Utilities are proposing that such waivers be prospective to accommodate the fact that while some of the Joint Utilities are currently voluntarily waiving some fees, others have not yet waived all such fees.

B. Cost Recovery for Stays and Waivers

As the Joint Utilities made clear in their May 8, 2020 Joint Petition and Affidavits, the COVID-19 crisis is taking a financial toll on utilities as well as customers. This financial toll may be comprised of: (1) numerous increased expenses related to operating utilities safely and reliably during the pandemic; (2) lost contribution to fixed costs due to reductions in customer loads; (3) foregone revenues due to the waiver of certain utility fees, such as late fees, convenience fees, bad check fees and reconnection fees; (4) increased bad debt expense due to stayed customer disconnections, waived customer deposits, waived late fees, and general COVID-19 economic impacts; and (5) financing (carrying) costs associated with all of the foregoing.

The stays of disconnection and waivers of fees impose unanticipated costs, and it is both reasonable and equitable that Joint Utilities be permitted to recover such costs. Such cost recovery can be accomplished by a Commission order authorizing utilities to defer, for subsequent recovery, the foregone revenues due to all waived fees and charges, as well as the utilities' increased costs associated with such waivers (*e.g.*, increased bad debt expense). The OUCC and Joint Utilities appear to be in general agreement on this issue.

The requested deferral authority is discussed in more detail below, but the Joint Utilities would like to emphasize two important points. First, these deferred costs and revenues can be recovered over a longer time than that over which they were incurred, which will mitigate the rate impact of recovering these costs. Second, through the use of deferred accounting, the recovery of the costs can be delayed so that customers are not burdened with these increased costs in the near term.

C. Customers Eligible for Stays and Waivers

A further Commission-directed stay of utility disconnections for nonpayment, waiver of certain fees and charges, and required expanded customer payment arrangements should be limited to residential customers. Unlike industrial and commercial customers, residential customers likely do not have as much access to bank lines of credit, investors, or other funding sources that can help customers weather the COVID-19 crisis, including the paycheck protection program through the federal CARES legislation. At the same time, industrial and commercial customer arrearages typically have a much larger adverse financial impact on utilities than do residential customer arrearages. Given that the utilities' increased bad debt expense will ultimately be recoverable from all customers, caution must be exercised to protect residential customers. In addition, as mentioned above, many of the Commission's rules addressing utility/customer interactions apply only to residential customers. Accordingly, a Commission-directed extension of stays of utility disconnections, waivers of certain fees and charges, and required expanded customer payment arrangements should be limited to residential customers. This will not preclude utilities from working with their industrial and commercial customers on customized payment arrangements, as they typically do.

III. Use of Regulatory Accounting

The OUCC also proposes that Indiana jurisdictional utilities immediately begin using regulatory accounting, such as the use of regulatory assets and liabilities, for any impacts related to the stay of utility disconnections, the waiver of certain fees and charges, and the use of expanded customer payment arrangements, until such time as it is determined how to appropriately address the delivery of utility service during and for a period after the ongoing public health and global economic emergency. The OUCC's proposal further states that no party

should be prohibited from inquiring about or considering the effect of any operational savings or other financial impacts that may occur as a result of COVID-19. And, the OUCC states that, as part of any Phase 1 order, the Commission should direct utilities to maintain adequate records to document these impacts for future consideration.

As the Joint Utilities' Joint Petition and Affidavits make clear, the Joint Utilities agree that the Commission should authorize Indiana utilities to defer, for subsequent recovery, cost impacts related to the stay of utility disconnections, the waiver of fees and charges, and the use of expanded customer payment arrangements. In this respect the Joint Utilities share common ground with the OUCC. However, the Joint Utilities also urge the Commission to authorize utilities to defer for subsequent recovery increased costs of operating during COVID-19, as well as specifically include deferral of costs associated with increased bad debt expense. In addition, the Joint Utilities urge the Commission to consider requests from individual utilities, in Phase 2 individual sub-docket proceedings, to authorize deferral for subsequent recovery of the fixed cost component of revenue impacts due to reduced customer loads resulting from COVID-19, as well as carrying or financing costs associated with utilities' COVID-19 deferrals. Further, if the Joint Utilities ultimately must absorb fixed cost recovery losses from reduced loads, then any COVID-19 related savings should not be used to offset COVID-19 deferrals. In any event, the Joint Utilities believe that the issues surrounding reduced fixed cost recovery, offsetting COVID-19 savings, recovery of carrying/financing costs, and approval of bad debt tracking mechanisms are issues that are highly utility-specific and best addressed in individual utility Phase 2 sub-dockets.⁶

⁶ Any requests for authority to defer the fixed cost portion of reduced revenues can best be addressed in individual Phase 2 sub-docket proceedings, because Indiana utilities are differently situated with respect to the impact of COVID-19 on customer loads, the availability of any decoupling mechanisms, and the need for such

COVID-19 is an unexpected occurrence, totally outside the control of utilities. In fact, it is more unexpected and unprecedented than other extreme costs which are typically afforded deferred accounting treatment, such as restoration costs after a hurricane or a severe ice storm, or cost associated with major projects, like generating plants. Major storm reserves and other types of deferrals are tools the Commission reasonably uses to prevent injury to the financial health of utilities, particularly when sudden changes render it effectively impossible for the entire industry to prepare and the Commission to conduct general rate cases within a time frame that would provide relief to utilities. Utilities are experiencing major financial impacts from COVID-19 due to the actions taken to protect customers. These impacts, if not addressed, may adversely impact utilities' financial condition, credit quality, and access to needed capital on reasonable terms.⁷

The Joint Utilities' COVID-19 related financial impacts at issue in Phase 1 fall into three broad categories: (1) increased expenses relating to providing utility services safely and reliably in the midst of the COVID-19 pandemic; (2) foregone revenues due to waived fees and charges; (3) increased bad debt expense resulting from stayed disconnections, various waivers, and general COVID-19 economic impacts. Because Indiana utilities' rates are established assuming deferral authority. In order to preserve the ability to defer such lost revenues, the Commission should initiate such Phase 2 sub-docket proceedings within 60 days of the Phase 1 order.

⁷ The Commission has recognized that deferred accounting can be an appropriate regulatory response to unexpected significant events such as major storms. *See* I&M, Cause No. 44075 (IURC 2/13/2013), at 73 (major storm reserve accounting treatment will smooth out the impacts of major storms, thereby mitigating the financial consequences of a major storm); *IPL* Cause No. 44576 (IURC 3/16/2016) at 64 (major storm reserve appropriately balances the interests of both the utility and the customer). The Commission has recognized that it is important to consider "the gravity of the financial event involved and its impact upon the utility. . . ." *See* I&M, Cause No. 40980 (IURC 11/12/1998), at 6-7. With respect to the COVID 19 pandemic, there can be no doubt that an extraordinary and grave financial event is in fact occurring, with uncertainty as to its end or recurrence. Utilities are adversely affected by the pandemic's adverse financial and economic impacts. Given this unprecedented event, it is reasonable for the Commission to take action to prevent injury to both customers and utilities.

Notably, in the case of an ice storm, there is some level of storm restoration expense already reflected in the utility's base rates, albeit not enough to address a major storm. In the case of COVID-19, by contrast, utilities have nothing built into rates for the financial impacts of a pandemic.

normal operations, and Indiana utilities typically do not have formula rate or decoupling mechanisms in place to deal with some or all of the consequences of unexpected occurrences such as COVID-19, deferred accounting authorizations in this situation are both necessary and appropriate. The OUCC's regulatory accounting proposal addresses one aspect of the financial consequences of COVID-19 on utilities – the cost/foregone revenue impacts related to the stay of utility disconnections, the waiver of fees, charges, and deposits, and the use of expanded customer payment arrangements; however, the OUCC's proposal ignores the first and the third categories.

As outlined in their Joint Petition and Affidavits, the Commission should more comprehensively address these financial consequences, by authorizing deferral of such incremental increased costs, as well as the costs of increased bad debt expense due to COVID-19 generally.⁸ Authorizing more comprehensive deferral authority will help protect Indiana utilities' financial position, help ensure access to needed capital on reasonable terms during these emergency pandemic conditions, and help ensure that Indiana's utilities can continue to provide safe and reliable utility service to their customers during and beyond the COVID-19 crisis. Notably, numerous other state regulatory commissions have granted deferred accounting relief similar to that requested by Joint Utilities.⁹

⁸ As mentioned above, the Joint Utilities also request that the Commission consider requests from individual utilities in Phase 2 sub-docket proceedings for authority to defer, for subsequent recovery, a portion (the fixed cost component) of reduced revenues due to reduced customer loads. Consideration of such requests is, in the Joint Utilities' view, best addressed in individual utility sub-docket proceedings in Phase 2 of this docket, as various utilities are differently situated with respect to this issue. Similarly, while the Joint Utilities request that the Commission authorize deferral of costs associated with bad debt expense upfront, any requests for approvals of any specific bad debt tracking mechanisms are also more appropriately addressed in individual utility sub-docket proceedings in Phase 2.

⁹ A number of other states have taken steps to protect customers and utilities from the impacts of COVID-19. For example:

- In Alaska, legislation was passed in April 2020 that imposes a disconnect moratorium for residential customers who provide a sworn statement of financial hardship and enter into a deferred payment

arrangement. This legislation also authorized utilities to record regulatory assets, to be recovered through future rates, for uncollectible residential utility bills and extraordinary expenses resulting from COVID-19. *See* Alaska Senate Bill 241.

- In Connecticut, the Public Utilities Regulatory Authority issued a series of orders that imposed a disconnect moratorium on residential customers for the duration of the State public health emergency, and imposed a disconnect moratorium for other classes of customers through July 1, 2020. The PURA also authorized utilities to create regulatory assets for all costs and lost revenues due to their COVID-19 orders. *See* Conn. PURA Docket No. 20-03-15.
- In Delaware, the PSC authorized utilities to establish regulatory asset accounts to capture and track COVID-19-related incremental costs. The Commission stated that it will evaluate the COVID-19 regulatory asset accounts in future rate case proceedings to determine whether the costs are recoverable, the appropriate period of recovery for any approved amounts, any amount of carrying costs thereon, any savings attributable to suspension of disconnects or other activities, etc. *See In re State of Emergency*, PSC Docket No. 20-0286; Order No. 9588 (De. PSC; May 13, 2020).
- In the District of Columbia, the Public Service Commission authorized Potomac Electric Power Co. and Washington Gas Light Co. to create a regulatory asset account to record the incremental costs related to COVID-19. *See In re COVID-19*, Order No. 20329 (D.C. PSC; April 15, 2020).
- In Mississippi, the Public Service Commission issued an order on May 15, 2020, in Docket No. 2018-AD-141, temporarily suspending disconnections of certain utility services for 60 days. The Commission also coordinated with utility providers under its jurisdiction to temporarily suspend convenience fees for online and telephonic payments during the COVID-19 outbreak. The Commission further authorized the deferral of all necessary and reasonable incremental costs or expenses to plan, prepare, stage, or react to protect and keep safe its employees and customers, and to reliably operate its utility system. Additionally, the Commission authorized utilities to defer any costs, including any incremental bad debt expenses and all associated credit and collection costs, related to connections, reconnections, or disconnections for all customer classes. This deferral authorization includes, but is not limited to customer-paid fees associated with on-line and telephonic bill payment, as well as bad debt expense, credit and collection costs, and other related costs associated with suspensions of both disconnections and customer convenience fees, including the costs to implement these measures. *See In re Omnibus Docket*, Docket No. 2018-AD-141 (Miss. PSC; April 14, 2020).
- In Iowa, the Utilities Board authorized utilities to create regulatory asset accounts to track the increased expenses and other financial impacts, including revenue changes, incurred after March 1, 2020, related to COVID-19. The Commission also extended the winter disconnect moratorium to May 28, 2020 (with disconnects after that time allowed subject to certain conditions). *See In re Winter Moratorium*, Docket No. SPU-2020-0003; Docket No. ARU-2020-0123; Docket No. ARU-2020-0150; Docket No. ARU-2020-0156; Docket No. ARU-2020-0222; Docket No. ARU-2020-0225 (Iowa Util. Bd.; May 1, 2020); *see also In Re Winter Moratorium*, Docket No. SPU-2020-0003 (Iowa Util. Bd.; May 20, 2020).
- In Oklahoma, the Commission worked with utilities to organize voluntary disconnect moratoriums of approximately 30 days. While the Commission declined to mandate waiver of fees and charges, such as late fees, convenience fees, and reconnection fees or the expanded use of payment plans, the Commission is supportive of such assistance by utilities. Further, the Commission authorized utilities to record regulatory assets for: increased bad debt expenses; costs associated with expanded payment plans; waived fees; incremental expenses that are directly related to the suspension of or delay in disconnection of service or the reconnection of service; expenses associated with ensuring continuity of service and protecting utility personnel, customers and the general public. The Commission also stated it would determine recovery of the deferred amounts, and possible carrying costs, in future proceedings. *See In re COVID-19*, Cause No. PUD 202000050; Order No. 711412 (Okla. Corp. Comm.; May 7, 2020).

At the same time, as mentioned previously, the rate impact on customers of the deferral and subsequent recovery of these costs and revenues can be mitigated in two important ways. First, recovery can be delayed until a future rate proceeding; and second, the deferred costs can be recovered over a longer time period than that in which the costs were incurred, which will lessen the rate impact.

In terms of the authorized regulatory accounting for increased bad debt expenses associated with the disconnection moratorium, the OUCC has proposed that such accounting end simultaneously with the end of the moratorium. This proposal undermines the effectiveness of such accounting to capture the direct costs associated with the steps taken by utilities to support customers during the COVID-19 pandemic. Once the moratorium is lifted the extended pay arrangements with customers will commence. Subsequent to the moratorium, some customers will default on their payment arrangements. This will continue throughout 2020 and even into 2021. The resulting trailing bad debt expense will continue to accumulate and should be captured given that the resulting bad debt will be directly linked to the moratorium and other steps taken by the Joint Utilities throughout this period to assist customers. Therefore, the regulatory accounting authority should cover the entire period, as demonstrated by each utility, during which bad debt costs are incurred that related to the pandemic.

With respect to the OUCC's proposal that the Commission should direct utilities to maintain adequate records to document any deferred costs and revenues, the Joint Utilities agree that adequate documentation of and support for deferred costs is important.

Finally, with respect to the concept of offsetting deferred amounts with any operational or other COVID-19 related cost savings, the Joint Utilities are agreeable to documenting such amounts, as well. However, in the absence of full deferral/subsequent recovery of COVID-19

related costs and financial impacts – including deferral and recovery of the fixed cost portion of COVID-19 related reduced revenues -- the Joint Utilities request that any operational cost savings not be used as an offset to the deferrals.

IV. Other Issues

The OUCC requested, and the Commission approved, monthly reporting of a number of items. The Joint Utilities are working to gather this information, but request that this requirement expire on January 1, 2021. The Joint Utilities anticipate beginning to file these monthly reports in late June 2020. Some of the requested information may be difficult or impossible for some utilities to collect. The Joint Utilities will notify the Commission of any system limitations they have in providing such information with their first monthly report filing.

The OUCC also requested that utilities be directed to respond in Phase 2 regarding the extent to which 2020 is a reasonable test year; and an expectation that utilities will defer 2020 capital projects. The Joint Utilities submit that these issues need not be addressed in this generic COVID-19 investigation. With respect to whether or not 2020 is an appropriate test period, that issue can best be addressed in individual base rate cases that are using 2020 as a test period. Further, general rates cases are filed because ratemaking relief is needed; delaying that relief would not be an action that “prevents” “injury” to the utility under Section 113. With respect to capital projects, delay may not be in public interest. For example, stopping and restarting a capital project would likely increase its cost as the construction would need to de-mobilize and then re-mobilize; engineering may also need to be re-done; contracts renegotiated, and costs incurred to secure and store construction materials and other purchased equipment. A delay in a project could jeopardize reliability, safety, environmental compliance and capacity needs and this too could lead to greater costs. Accordingly, because these are utility-specific matters, which

may be the subject of other proceedings and other Commission orders, it is neither reasonable nor necessary to address these matters in this generic docket.

V. Conclusion

For the foregoing reasons, the Joint Utilities respectfully request that the Commission:

- (1) approve the Joint Utilities' offer to implement (or continue to implement) a moratorium on utility disconnections of residential customers for nonpayment through July 31, 2020;
- (2) approve the Joint Utilities' offer to waive late payment fees, credit/debit card convenience fees, and reconnection fees for residential customers through July 31, 2020;
- (3) approve the Joint Utilities' offer to expand the use of payment arrangements to aid residential customers, by offering payment arrangements to such customers that extend payment obligations up to six (6) months (through December 31, 2020);
- (4) authorize Joint Utilities' to create regulatory assets by deferring:
 - (a) increased expenses relating to operating and providing utility services safely and reliably in the midst of the COVID-19 pandemic (as outlined in the Joint Utilities' Verified Petition);
 - (b) foregone revenues due to waived fees and charges; and
 - (c) increased bad debt expense resulting from stayed disconnections, various waivers, and general COVID-19 economic impacts;
- (5) establish individual utility sub-docket proceedings in a Phase 2 of this proceeding, to consider (a) any individual utility requests to defer and

- subsequently recover a portion (the fixed cost component) of reduced revenues due to reduced customer loads resulting from COVID-19;
- (b) any individual utility requests to defer and subsequently recover carrying/financing costs associated with the COVID-19 deferrals; and
- (c) any individual utility requests for approval of a bad debt tracking mechanism for timely recovery of increased bad debt expense; and
- (6) discontinue the monthly reporting requirements as of December 31, 2020.

Respectfully submitted,



Kay E. Pashos

Submitted on behalf of all Joint Utilities

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing was served upon the following via electronic email this 10th day of June, 2020 to:

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