



Vermont Electric Cooperative, Inc.

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Testimony to House Energy & Technology– June 3, 2020 Moratorium on Involuntary and Gas Utility Disconnections Andrea Cohen, Manager of Government Affairs and Member Relations

Summary

VEC load is approximately one-half residential and one-half commercial. Many VEC members are experiencing financial hardship due to the COVID emergency. Overall, VEC electric sales are down slightly but arrearages are increasing at an alarming rate.

Arrearages:

- Over 60-day arrearages in May 2020 are more than double what they were in May 2018 and May 2019.
2018= \$146,465, 2019=\$138,850, 2020=\$ 306,980.
- Over 90-day arrearages in May 2020 are more than two and a half times what they were in May 2018 and May 2019.
2018= \$43,000, 2019=\$47,000, 2020=\$116,750.
- While the total over 60-day arrearages are usually relatively flat from April to May, this year May over 60-day arrearages have increased by 20% from April.
2018= \$11,000 increase, 2019= \$9,000 increase, 2020=\$65,000 increase over April.

VEC is very concerned that as arrearages build, VEC and its members will face challenges in finding repayment arrangements that will be successful. It is also important to remember that when members do not pay bills, VEC immediately loses revenue but still incurs costs as electricity is billed after consumption has already taken place. As a nonprofit cooperative if members are not able to pay their bills it will result in cost shifts to other members.

We are considering a variety of strategies to support and assist our members and would appreciate any assistance the legislature could offer.

What VEC is doing to mitigate impacts

- VEC has been implementing cost-saving levers (limiting over-time, cutting temporary employees and interns, limiting outreach programs, shifting to capital work).
- Reserves have been increased over the past three months, but this will likely not be enough.
- We have applied for and been awarded a PPP loan (\$2.6M) and have been exploring the opportunity to convert the loan into a grant.

What VEC is currently doing to help members during this difficult time

- Prior to the PUC Orders, VEC implemented a voluntarily moratorium on disconnects and began working with members on payment arrangements. We continue to do so. (Stimulus payments and unemployment support have helped members considerably).
- VEC is releasing patronage capital earlier this year (\$1.4 million) and shifting credit towards current members over past members.
- VEC is exploring and applying for grants to support members who need assistance with paying bills.

Members with arrearages- Next Steps

- Once the moratorium lifts we will continue to work with members on payment plans. We expect to allow for longer term payment plans than is the usual 3-month practice.
- By allowing repayments to occur over a longer period of time, VEC will essentially be providing interest-free loans (and also increasing the likelihood of payment defaults).
- We are exploring under what circumstances we would allow members to apply security deposits to outstanding bills.

Arrearages 2018-2020

2018	April	May
current	\$4,300,990	\$3,413,690
30-59 days	\$823,538	\$796,853
60-89 days	\$114,546	\$103,467
90+ days	\$31,817	\$42,998
	\$5,270,891	\$4,357,008
2019	April	May
current	\$3,851,951	\$3,207,673
30-59 days	\$652,053	\$699,927
60-89 days	\$96,597	\$91,840
90+ days	\$38,219	\$47,010
	\$4,638,820	\$4,046,450
2020	April	May
current	\$3,807,859	\$3,356,347
30-59	\$713,881	\$689,242
60-89	\$204,690	\$190,230
90+	\$51,825	\$116,750
	\$4,778,255	\$4,352,569

Sales:

- In May, Commercial sales were down 13% from planned/expected levels. Residential sales were up 5.2% as more people are staying at home, but we experienced an overall 2.6% decrease in sales.