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June 10, 2022

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3398

RE: RE 189—PacifiCorp’s Deferred Payment Plan Pilot Evaluation

On February 24, 2021, the Public Utility Commission of Oregon (Commission) issued Order No. 21-057 approving Staff’s recommendations in the UM 2114 Investigation into the Effects of the COVID-19 Pandemic on Utility Customers. Staff’s recommendations required PacifiCorp to file status reports on Deferred Payment Plans (DPP) in July 2021 and October 2021 to provide the number of customers enrolled, the average length of DPPs, and the number of DPPs breached by the customer. In compliance with Order No. 21-057, PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) submitted status reports in July 2021 as well as the months of October 2021 through May 2022. PacifiCorp hereby submits its final evaluation of the DPP pilot offered in response to the COVID pandemic.

Background

PacifiCorp began offering customers DPPs on a case-by-case basis in early 2020 when the COVID-19 Pandemic first began. Based on the specific customer’s situation and need, the customer would be allowed to enter into a time payment plan (TPP) with the Company for their balance with no down payment and installments of zero dollars for the first month(s) of the plan. PacifiCorp’s customer service system was not designed to allow for payment plans with deferred payments and required a Company employee to manually work around the customer service system to provide the DPP.

In April 2021, PacifiCorp’s Arrearage Management Plan (AMP) was launched, and customers were offered multiple payment options including a TPP, an equal time payment plan (ETP), or a DPP. Customers and employees on behalf of customers would complete an online form to apply to the AMP and each payment plan was explained as an option. Further, agents were trained to offer payment plans, including DPPs, to residential and small commercial customers who contacted the Company who were not seeking or were not eligible for assistance through the Company’s AMP. The payment plans work as follows:

TPP Option

Customers would be given the option to take their outstanding account balance and divide it over a specific amount of time to be paid in installments with each new monthly bill amount. During the time of this analysis customers were offered payment plans up to 24 months (or 24 installments).

ETP Option

For customers who wanted more certainty about the amount of their monthly bill, the customer could choose an ETP. Customers selecting an ETP would have their outstanding account balance divided by 12 months (12 installments). The Company would then determine the customer's average bill based on the prior 12 months and the customer would pay the average amount and the payment plan installment for 12 months.

DPP Option

This plan operates the same as the TPP, with the exception that the first three months (installments) would be set at zero and the remaining balance would be divided by the remaining months of the payment plan. For example, a customer requesting a 24-month payment plan with three months of deferral would pay zero for the first three monthly installments, and then 21 installments (balance divided by 21) for the remainder.

The requests for DPPs significantly increased after the online AMP form went live in April 2021, particularly due to customers and PacifiCorp employees walking through the Company's AMP options to help the customers manage their debt.

Findings

As noted previously, PacifiCorp's DPP pilot required manual work around in our customer service system to implement. PacifiCorp's customer service system was not designed to allow for zero-dollar payment installments. As such, the Company has similar difficulties when extracting and reporting on the data as DPPs are not explicitly identifiable as they are adjusted TPPs in the customer service system. For the purposes of this report, PacifiCorp qualifies a TPP as a DPP if the payment installment in the first couple of months of the payment plan is set at zero.

Further, PacifiCorp doesn't cancel a payment plan in the customer service system until the customer's account is closed or the service is disconnected for non-payment. Given the customer protections in place during COVID-19 the Company has not been disconnecting customers on payment plans. Additionally, the customer protections currently in place allow customers to renegotiate a payment plan. Therefore, PacifiCorp identified a customer payment plan as being in default if the customer missed more than two payments during the time the payment plan was in place.

In PacifiCorp's prior monthly reports in July 2021 and the months of October 2021 through April 2022, PacifiCorp was gathering and reporting data on active customer payment plans. In this summary report PacifiCorp looks at all payment plans created from April 2021 through April 2022. This allows for a more detailed look at not only active payment plans but also plans that have been renegotiated during the reporting period.

For comparison purposes, PacifiCorp has gathered data on DPPs and TPPs. Both plans work similarly with the exception of the grace period for DPP customers to make their initial payment plan installment(s). This comparison allows the Company to help determine if the additional

grace period provides for a significant difference in payment plan success in the form of consistent payment behavior and lower arrearages.

The following chart shows the total number of DPPs and TPPs from April 2021 through April 2022.

Plan Type	Residential	Small Commercial
DPP	2,045	41
TPP	31,662	3,282
Total Plans	33,707	3,323

Most of the DPPs established during the pilot period were residential customers. DPPs accounted for approximately 6 percent of all payment plans. Small commercial customers represent approximately 2 percent of all DPPs and just over 9 percent of all TPPs in Oregon.

The following chart shows a direct comparison between all DPPs and TPPs from April 2021 through April 2022.

Plan Type	Count	Average # of Installments	Average Starting Balance	Average Current Balance	\$ Difference	% Difference	Defaulted Plans	Default %
DPP	2,086	20	\$2,176	\$1,808	\$368	16.91%	1,122	53.79%
TPP	34,944	12	\$1,116	\$834	\$282	25.27%	13,838	39.60%

Arrearage Reduction

The average starting balance for customers establishing DPPs is almost 100 percent greater than customers who elect TPPs. PacifiCorp believes that the disparity between the two types of plans and the starting balances can be attributed to customers impacted by COVID-19 over the last couple of years. Approximately 42 percent of customers electing to participate on a DPP are customers who were negatively impacted by COVID-19 financially and received bill assistance funds from the Company and approximately 12 percent of TPP customers received bill assistance.

Customers who participated on DPPs saw a larger drop in total dollars on average compared to TPPs. However, as noted above, more customers electing DPPs received additional bill assistance to help lower their arrearages. Despite the disparity between the bill assistance recipients between the two, customers on TPPs saw a higher percentage difference in their total bill compared to DPPs, 25.27 percent to 16.91 percent.

Default Rate

As noted previously, the Company identifies a defaulted plan when a customer’s account is closed or the customer has missed more than two payments on the payment plan. The default percentage rate for DPPs is considerably higher than TPPs at 53.79 percent compared to 39.60

percent. PacifiCorp also recognizes that the default percentage includes DPPs customers have entered into within the last couple months and are not even subject to default yet due to the nature of the deferred payments in the first couple of months. The default percentage for DPPs increases into the mid-60 percentile range once the customer has been on the plan for greater than six months.

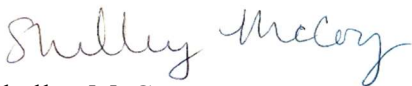
Further complicating the analysis on payment plan behavior, particularly defaulted payment plans and arrearages, are the customer protections in place. PacifiCorp is currently noticing and disconnecting service for non-payment. However, customers on payment plans are still protected from disconnection and its not clear that the re-introduction of collection action has effectively changed customer behavior towards paying utility bills in light of the continued moratorium on disconnection.

Conclusion

PacifiCorp's evaluation of the DPP shows that customers who participated in the DPP pilot defaulted at a greater rate and provided a smaller reduction in customer arrearages. Because the DPP pilot has not shown to be more beneficial than the TPP options that are provided to customers and it requires manual intervention to set up and monitor, the Company will be discontinuing the DPP pilot and will go back to offering DPPs to customers on a case-by-case basis.

If you have any questions regarding this report, please contact Jennifer Angell at (503) 331-4414.

Sincerely,



Shelley McCoy
Director, Regulation

Enclosures

Deferred Payment Plans									
Month	Year	Count	Average # of Installments	Average Starting Balance	Average Current Balance	\$ Difference	% Difference	Defaulted Plans	Default %
April	2021	364	20	\$2,144	\$1,450	\$694	32.37%	234	64.29%
May	2021	362	19	\$1,973	\$1,684	\$289	14.65%	240	66.30%
June	2021	168	20	\$2,122	\$1,815	\$307	14.47%	109	64.88%
July	2021	75	19	\$2,142	\$1,494	\$648	30.25%	54	72.00%
August	2021	185	19	\$2,160	\$2,129	\$31	1.44%	128	69.19%
September	2021	173	20	\$2,501	\$1,945	\$556	22.23%	114	65.90%
October	2021	269	21	\$2,418	\$2,222	\$196	8.11%	145	53.90%
November	2021	99	20	\$2,631	\$2,459	\$172	6.54%	35	35.35%
December	2021	148	20	\$2,226	\$1,980	\$246	11.05%	42	28.38%
January	2022	62	19	\$1,566	\$1,344	\$222	14.18%	13	20.97%
February	2022	56	18	\$1,347	\$1,356	-\$9	-0.67%	8	14.29%
March	2022	75	17	\$2,754	\$1,679	\$1,075	39.03%	0	0.00%
April	2022	50	17	\$1,529	\$1,349	\$180	11.77%	0	0.00%
Totals		2,086	20	\$2,176	\$1,808	\$368	16.91%	1,122	53.79%

Time Payment Plans									
Month	Year	Count	Average # of Installments	Average Starting Balance	Average Current Balance	\$ Difference	% Difference	Defaulted Plans	Default %
April	2021	2,629	14	\$1,310	\$862	\$448	34.20%	1,600	60.86%
May	2021	2,276	13	\$1,795	\$929	\$866	48.25%	1,353	59.45%
June	2021	1,821	12	\$1,248	\$875	\$373	29.89%	1,068	58.65%
July	2021	1,734	11	\$996	\$672	\$324	32.53%	955	55.07%
August	2021	2,238	12	\$957	\$707	\$250	26.12%	1,260	56.30%
September	2021	2,005	12	\$1,134	\$864	\$270	23.81%	1,146	57.16%
October	2021	3,478	15	\$1,787	\$1,412	\$375	20.98%	2,056	59.11%
November	2021	2,489	13	\$1,493	\$1,150	\$343	22.97%	1,306	52.47%
December	2021	3,287	12	\$1,093	\$843	\$250	22.87%	1,522	46.30%
January	2022	4,212	12	\$742	\$641	\$101	13.61%	1,236	29.34%
February	2022	3,494	11	\$720	\$616	\$104	14.44%	336	9.62%
March	2022	3,056	11	\$767	\$657	\$110	14.34%	0	0.00%
April	2022	2,225	11	\$698	\$575	\$123	17.62%	0	0.00%
Totals		34,944	12	\$1,116	\$834	\$282	25.27%	13,838	39.60%