

Montana–Dakota Utilities Co.

**North Dakota Public Service Commission
Case Nos. PU-20-191 & PU-20-219**

Informal Hearing – July 23, 2020

14 PU-20-219 Filed 07/23/2020 Pages: 9
Informal Hearing Handout
Montana-Dakota Utilities Co.

17 PU-20-191 Filed 07/23/2020 Pages: 9
Informal Hearing Handout
Montana-Dakota Utilities Co.

Application Requesting Authority for Deferred Accounting –Related to COVID 19 Pandemic

- ▶ Application submitted April 24, 2020 jointly with Xcel Energy & Otter Tail Power Company
- ▶ Request to defer incremental costs associated with COVID-19 Pandemic
- ▶ Commission established separate cases for each Company
- ▶ MDU Electric assigned PU-20-191
- ▶ MDU Gas assigned PU-20-219
- ▶ Commission issued a Notice of Opportunity for Hearing on June 10, 2020
 - ▶ Issue to be considered – *Should the Commission grant deferred accounting treatment for the financial impacts of the COVID-19 pandemic*
- ▶ Deadline to request a hearing was July 11, 2020
- ▶ No comments or requests for a hearing were submitted

Deferred Accounting –Related to COVID 19 Pandemic

- ▶ Requesting authority to defer and establish a regulatory asset
- ▶ Request to defer costs for the period starting March 13, 2020
- ▶ Cost recovery will be requested separately if determined pandemic related costs were material (future rate cases)

Background

- ▶ Workplace Pandemic Preparedness Plan established on March 6, 2020
- ▶ Pandemic Task Force Established
- ▶ On March 13, 2020 President Trump declared the Pandemic a national emergency and Governor Burgum declared a state emergency.
- ▶ Utility Group suspended non-pay disconnects across all states on March 16, 2020. Late payment charges were suspended effective with April 1 bills.
- ▶ Pre-Screening script implemented for the Customer Experience Team
- ▶ Calls made to all customers with past due accounts
- ▶ Work from Home Policy implemented
- ▶ Protections provided for field employees and those employees required to be in the office such as the Electric Dispatch group

Current Status

- ▶ Planning to resume the collections process on September 1st providing all required notices to customers
 - ▶ Past due balances will be subject to late payment charges beginning with bills issued in September
 - ▶ Bill Inserts, bill messaging, social media and website used to inform customers of the restart in credit processing starting in July and encouraging customers to enter into payment arrangements
 - ▶ Automated calls are being made to delinquent customers
 - ▶ Messaging will continue in August noting a September 1 start date to restart the process
- ▶ Return to work will be in a phased approach
- ▶ Phase 1 targeted for October 5

Overview of impacts

- ▶ Capital projects delayed where possible to ease strain on capital
- ▶ Due to volatility in the market secured an additional borrowing line of \$75 million at a cost of \$165,000
- ▶ Loss in late payment revenues
- ▶ Increase in Accounts Receivable balances
- ▶ Incremental costs for IT related costs, PPE and vehicle expense
- ▶ Offset by the following changes that may be short-term in nature:
 - ▶ Delay in filling open positions
 - ▶ Deferred contract services where possible
 - ▶ Travel, seminars and industry conferences

Status of Arrears

\$662,000
or 33%
Increase
over 2019

Total Past Due Aged 7/15/2020

	31-60 DAYS	61-90 DAYS	91-120 DAYS	> 120 DAYS
Residential	\$717,590.72	\$621,494.37	\$416,013.62	\$690,925.98
Small Commercial	\$49,082.77	\$46,915.89	\$44,593.65	\$71,038.93
Large Comm/Industrial	\$73.62	\$0.00	\$0.00	\$0.00
Total				

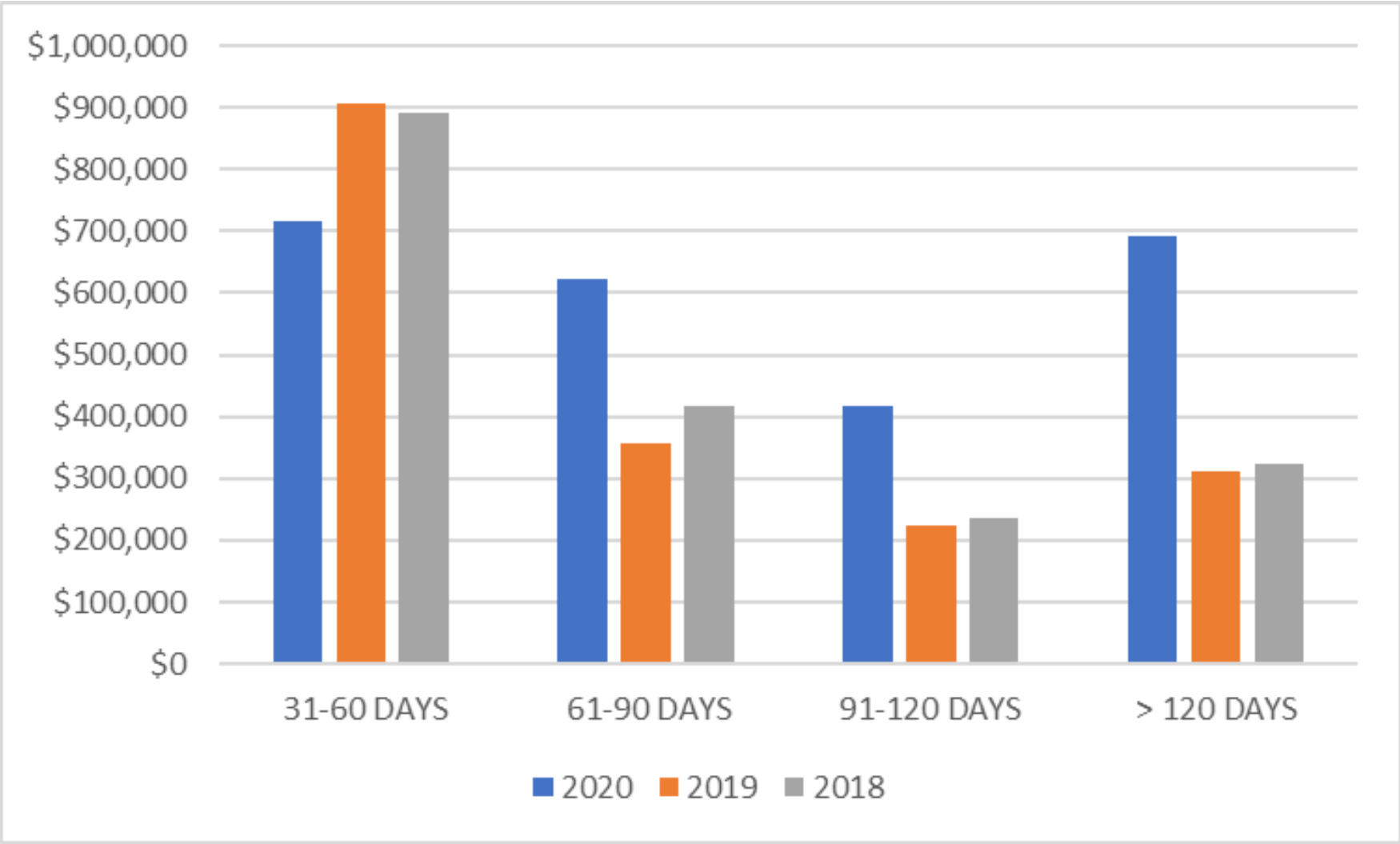
7/15/2019

Residential	\$906,329.88	\$357,533.75	\$224,420.11	\$312,316.85
Small Commercial	\$112,477.77	\$35,150.68	\$23,665.89	\$23,883.67
Large Comm/Industrial	\$0.00	\$0.00	\$0.00	\$0.00
Total				

7/15/2018

Residential	\$891,827.04	\$415,939.51	\$236,487.61	\$324,084.16
Small Commercial	\$57,376.43	\$34,764.89	\$25,429.91	\$46,543.87
Large Comm/Industrial	\$0.00	\$0.00	\$0.00	\$0.00
Total				

Residential Arrears



Summary

- ▶ Request authority to defer pandemic related costs
- ▶ Cost recovery will be addressed in post-pandemic rate cases