

Docket Number: GE20-002
Subject Matter: Second Data Request
Request to: NorthWestern Energy (NWE or Company)
Request from: South Dakota Public Utilities Commission Staff
Date of Request: June 2, 2020
Responses Due: June 16, 2020

- 2-1. Considering the South Dakota Public Utilities Commission never ordered a moratorium on utility disconnections, explain why any bad debt expense caused by the Company's voluntary moratorium shouldn't be viewed as another form of charitable contributions.

COVID-19 is an unprecedented event in our nation's and state's history. Just as unprecedented was the rapid and large scale job loss among customers - many of whom struggle to pay their utility bills under normal times. We believed that by suspending disconnections for a period of time, we could provide some financial breathing room for customers who lost their jobs or experienced greatly diminished incomes as a result of COVID-19. COVID-19 is an extraordinary event with catastrophic financial and economic implications. Because COVID-19 is such an extraordinary event, we believed it was - and is - incumbent on NorthWestern, as a public utility, to support our customers while continuing to provide reliable, safe energy service.

NorthWestern was not unique in its decision to suspend customer disconnects. All of the IOUs serving in South Dakota (and all across the US) voluntarily suspended disconnects. Due to the large volume of people filing for unemployment, customers have had to wait much longer than normal to receive assistance. Had we not suspended disconnects, we believe there would be many customers today without electricity and natural gas as they would not have had the means to pay the amount needed to avoid disconnection or get reconnected. The financial stress for customers of not being able to pay their utility bills was amplified given the rapid job loss that started in the service industry where wages are traditionally low under normal circumstances. There are also a number of small businesses impacted by the economic slowdown and shutdown associated with COVID-19. It is in the best interests of all if these businesses are given a fighting chance to stay open or re-open and survive.

While the SD PUC did not order us to suspend customer disconnects, the NE PSC and MT Governor Bullock issued orders directing NorthWestern to do so (both directives were issued after we had made the decision to suspend disconnections). As our MT and NE customers would not be disconnected for nonpayment, it did not make sense to treat our SD customers differently. NorthWestern cares as much about our SD customers as those in MT and NE, and we concluded that we would treat all of our customers similarly.

NorthWestern, or its shareholders, should not be penalized for making the decision to suspend utility disconnects due to the COVID-19 pandemic by being prohibited from recovering bad debt that may accrue as a result. We have a strong commitment to supporting our SD customers and communities, and we believe the SD PUC supports that commitment. Likewise, there should not be an expectation of treating bad debt as a charitable donation. The economic upheaval caused by COVID-19 is extraordinary and public utilities should be allowed to recover bad debt expense as a business expense as they do under similar circumstances. Any charitable contribution NorthWestern makes directly impacts our bottom line.

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2.1 NWE Response Continued.....

NorthWestern is committed to being a good corporate citizen in the communities we serve, and we suspended disconnects for nonpayment as COVID-19's extremely negative economic impact on our customers was profound. NorthWestern made that decision within the constraints of our budget while considering the importance of a reasonable return to those who provide necessary capital by investing in the company. If the Commission were to treat bad debt accruals from COVID-19 as a "charitable contribution" under this very unique situation, it will unfairly compound the overall negative effects of COVID-19 to NorthWestern. NorthWestern respectfully reminds the Commission that we are only seeking the recovery of bad debt related to COVID-19. We are not asking to recover any other COVID-related expense in the docket.