



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

Legal Section

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October 25, 2022

Ms. Luly Massaro, Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, R.I. 02888

Re: Docket 5022

Dear Ms. Massaro:

The Division has reviewed the responses filed by National Grid, Narragansett Bay Commission, Pascoag Utility District, Block Island Utility District, Providence Water, Kent County Water Authority, Newport Water, Pawtucket Water Supply Board, and Woonsocket Water.

The Division submits that the compelling circumstances that gave rise to the PUC's emergency order (which was extended) no longer exist to the same degree. Normal life has recommenced, including opening of commercial enterprises, pre-k-12 schools, residential colleges and universities, and governmental operations and offices. The time is upon us to begin the transition back to pre-COVID conditions, including payment for utilities, because the State has substantially transformed from the pandemic crisis.

That said, the Division recommends the reinstatement of only the interest and late fees at the present time; it supports the continuation of the moratorium on the fees for credit cards, debit cards and ACH transactions. These recommendations are based on the Division's support for common-sense policies and practices that encourage a customer to pay their bill. The evidence before us appears to suggest that customers pay more readily when not subjected to administrative and payment type fees. Likewise, customers are more likely to pay in a timely manner when faced with interest and late fees. Recently submitted feedback from the utilities is consistent with this observation. The Division provides the following comments specific to these two different types of fees:

## **Interest and Late Fees**

Most of the utilities agree that interest on past due accounts serves as an incentive for customers to make timely payments. Providence Water states that it has become apparent to it that the waiver has “caused customers to feel no urgency to pay their bills.” BIUD notes that it supports late fees as a “fairness issue to those customers who pay their bills on time.” National Grid indicates that its 180 day + combined gas and electric arrearages have grown to \$52 million.<sup>1</sup> NBC reported an increase in its 120-day collectibles to \$384,000, or 4 % of its total receivables. Woonsocket reports that aged receivables, especially those over 90 days, have grown.

The Division finds that the increase in receivables is an alarming trend which will likely only get worse over time. When the PUC issued its order in this Docket, it noted that customers were encouraged to pay their utility bills to the extent that they possessed the financial capacity because nonpayment results in higher balances that become more challenging over time. Additionally, the PUC’s order was clear in that public safety required an immediate order, *of temporary duration*, to protect the welfare of Rhode Island residents.

The Division notes that the inability to charge late fees/interest has proven to cause a significant collection hindrance to several utilities and that aged receivables for several utilities have grown substantially. Therefore, the Division agrees with the majority of the utilities and supports lifting the suspension to permit the reinstatement of late fees and/or interest.

## **Fees for Credit Cards, Debit Cards & ACH transactions**

The information supplied by the utilities regarding credit card, debt card and ACH fees establishes that the fee waiver has resulted in better collections, notwithstanding that there are still substantial arrearages with some utilities. However, the mounting costs for this waiver are costs for which several utilities have no budgeted funds. These utilities expressed serious concern for these unexpected costs, which in some cases, are substantial.

Because collections are up due to the waiver of these fees, the Division backs a continuation of the moratorium on credit card fees, debit card fees, and ACH fees. However, the Division’s backing is coupled with a representation that the Division would strongly support recovery of these costs in future ratemaking proceedings. The Division believes that the unexpected occurrence of a worldwide pandemic provides an adequate exception to the general prohibition against retroactive ratemaking, as a means for the utilities to recoup these unforeseeable and extraordinary expenses.<sup>2</sup>

## **Customer Notices**

In reviewing the methods by which utilities would plan to notify their customers of the reinstatement of late fees and credit card processing fees, each utility has described a specific plan, suited to their own customers. All except Woonsocket would include advance notices in their

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<sup>1</sup> It is important to note that National Grid’s residential electric and gas customers are not charged interest for late payments.

<sup>2</sup> *Providence Gas v. Burke*, 415 A.2d 177 (1980).



billing. Woonsocket indicated that it would provide notice in the local newspaper and on a City website. The Division believes that all utility customers should receive direct, personal notice, either by separate letter, bill insert, or email. As far as the amount of advance notice, all utilities, except BIUD thought 30 days would be sufficient. The Division concurs that 30 days advance notification is adequate.

### **Federal Rent and Utility Relief**

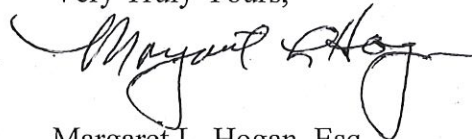
The Division is aware that there are federal funds presently being administered for renters by Rhode Island Housing that would assist a great many affected individuals in paying their overdue balances. Moreover, we are aware that regulations are under construction to make those federal funds available to homeowners, as well. The Division believes it is important to transition back to business as usual, as soon as possible, to minimize the impact and the potential need for increased rates to collect these funds for the utilities that do not or cannot absorb them. The provision of these federal funds is an incredible opportunity for affected ratepayers to resolve certain utility arrearages, and every possible effort should be made by each utility to apprise their customers and urge participation by those in need.

Therefore, the Division strongly recommends that the following links to the Rhode Island Rent & Utility Relief program be posted to all utility websites and that information about the program and links to Rhode Island Housing's website be included in all personal notices.

<https://www.rihousing.com/rentreliefri/>

[https://www.rihousing.com/wp-content/uploads/RentReliefRI\\_Assistance-Partners\\_FINAL\\_EngSpa\\_09282021.pdf](https://www.rihousing.com/wp-content/uploads/RentReliefRI_Assistance-Partners_FINAL_EngSpa_09282021.pdf)

Very Truly Yours,



Margaret L. Hogan, Esq.  
Implementation Director, Policy