

# IID Repayment and Payment Modification Plan for Impacted Consumers During COVID-19

## Requested Action:

1. Approval of the IID Payment Modification and Repayment Plan for Impacted Families During COVID-19.
2. Reject proposal to reinstate DONP process adopted March 10, 2020

## Background:

This proposal adapts the [California AB 3088 eviction moratorium legislation](#), which balances protection for COVID-19 impacted consumers with pathways and incentives for repayment of past debt and future charges. The proposal has two parts, a *standard repayment plan* for all delinquent accounts between March and December 2020 and moving forward in January 2021 a *payment modification plan* for consumers who establish COVID-19 related hardship as outlined in the state eviction moratorium legislation. Delinquent customers will automatically be placed in the *standard repayment plan* for debts between March and December 2020 but must apply for the *payment modification plan* starting in January 2021.

## **Overview of Plan:**

- Disconnections will not occur on the basis of delinquencies between March 2020 - December 2020. Repayment of accrued balances during this period will begin April 2021, under a 12-month repayment plan.
- Payment modification plan for COVID-19 impacted residential and commercial consumer customers starting January 2021. Consumers will be asked to provide evidence of COVID-19 related hardship to qualify for a 25 percent minimum payment modification plan.
- Consumers who do not provide evidence of COVID-19 related hardship must begin paying utility charges starting 2021.
- Formula for repayment of accumulated debt to provide a feasible repayment plan without compounding hardship.
- Incentivizing repayment of accrued debts with possibility of partial forgiveness after 12 months of repayment.

## **Description of Plan:**

- **Unpaid charges accrued between March 2020 - December 2020** - IID consumers are still responsible for paying unpaid charges, but unpaid amounts from this period cannot be the basis of disconnection. IID can begin to collect debt accumulated starting in April 2021, following a process adapted from the California eviction moratorium. Consumers

will have 12 months to repay accumulated balances. *No registration is required for this repayment plan. All consumers with debt accrued between March - December 2020 will be automatically enrolled in this repayment schedule.*

- **Late fees:** No late or interest fees will be charged on debt accrued between March 2020 - December 2020. This elimination of late fees for *previously* accumulated debt is also adapted from eviction moratoria terms.
- **Payment modification plan available for charges starting January 2021 -** Consumers experiencing COVID-19 related economic or medical hardship (see details for qualifications below) will be eligible for a protection against disconnection provided that they pay at least 25 percent of utility payments per month.
- **Targeting Existing Assistance:** In cases of extreme COVID-19 related hardship, where a consumer is unable to pay 25 percent of charges, will qualify for existing assistance to cover participation in payment modification plan.
- **Repayment terms starting in April 2021 (for debt accumulated between March - December 2020) -** Monthly fees for repayment sum cannot exceed 1/5 of the current bill for a consumer. For example, if a consumer is paying down \$500 in debt accumulated between March - December 2020, and their April 2021 bill is \$100, they cannot be charged more than \$20 that month toward the repayment of their standing debt.
- **Forgiveness of 25% of original balance after 12 consecutive months of repayment -** In the repayment of debt accumulated between March - December 2020, consumers will be forgiven 25% of the original balance provided they made payments on the accrued debt for 12 consecutive months.

## **Establishing COVID-19 Related Hardship for Residential and Commercial Consumers:**

In order for residential or commercial consumers to benefit from payment adjustment for charges after January 2021, they must establish impact from COVID-19. As enumerated in Governor Newsom's [Executive Order N-28-20](#), COVID-19 related impacts include:

- Loss of income arising from (a) job loss; (b) layoffs; (c) a reduction in the number of compensable hours; (d) a store, restaurant, office, or business closure; (e) a substantial decrease in business income caused by a reduction in opening hours or consumer demand; (f) the need to miss work to care for a homebound school-age child or a family member infected with COVID-19; or (g) other similarly-caused losses of income, where the conditions listed in (a) through (f) arose from the COVID-19 pandemic, or related guidance or public health orders from local, State, or federal authorities; or
- Substantial out-of-pocket medical expenses for themselves or their immediate family members related to the COVID-19 pandemic

Residential and commercial consumers must provide evidence of lost income, of out-of-pocket expenses, or financial hardship arising from the COVID-19 pandemic or public health guidelines affecting economic activity and qualify for modified payments by providing any of the following, but not limited to:

- Communications from employers citing the COVID-19 pandemic, or related government action, as the basis for termination of employment, reduced work, or modified hours of operation.
- Paycheck stubs, bank statements (if available), or other documentation reflecting income loss associated with the COVID-19 pandemic.
- Notifications from schools in which the Tenant has a dependent enrolled regarding COVID-19 pandemic-related closures, and corroboration of the impact on the Tenant's income.
- Communication from contact tracer or medical professional advising quarantining due to exposure to COVID-19 pandemic or documented need to care for a family or household member with COVID-19.
- Medical and care-related expenditures arising from the COVID-19 pandemic.

### Timeline for Implementation:

- **December 2020** - Extensive, targeted, and bilingual (i.e. Spanish and English) advertising about terms of repayment plan for accumulated debt and requirements for payment modification for COVID-19 impacted consumers.
- **January 2021** - Begin accepting applications for payment modification for COVID-19 impacted consumers.
- **January 2021 until end of State Declaration of Emergency** - Customers who demonstrate COVID-19 related income loss qualifies for payment modification.
- **April 2021** - Begin repayment of previously accumulated debts at rate of 1/5 of current monthly charges for customers.
- **April 2022** - For customers who have made 12 months of payments toward debts accumulated between March 2020 - December 2020, remaining balances will be forgiven.

