

Utilities COVID Economic Impacts

April 15, 2020



UAC MEETING
April 15, 2020
 Received Before Meeting
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GM Rpt

FY 2020 Estimated Financial Impacts

- Expect about a \$1.5M (1% of annual sales) net loss of revenue due to an 8% to 10% load loss for the electric utility, no load loss is apparent yet in water and gas
- Impact from defaults is unclear:
 - Defaults never reached more than 0.25% of revenue during the Great Recession, though this situation is different
 - We estimate three months of retail and restaurant revenue to be:
 - \$3M (2% of annual sales) for the electric utility
 - \$550K (1% of annual sales) for the gas utility
 - \$300K (>1% of annual sales) for the water utility
 - ...but it is unlikely we will see a 100% loss of this revenue

FY 2021 – FY 2025 Potential Impacts

- Best recent reference point we have is the Great Recession
- Difficult to separate Great Recession sales impacts from long-term trends, weather, and the 2008 to 2010 drought
- Load impact we can attribute to the Great Recession appears to be minimal (likely a 1% to 3% load decrease at most) on all utilities
- Write-offs associated with Great Recession did not exceed 0.25% of revenue, with the exception of the water utility (0.77% of revenue max)
- This recession may be different. Direct impacts to retail / restaurants, not clear the rate of recovery. Will large facilities continue with telework, leading to temporary vacancies? Working on estimates of impacts. Will work with OMB.

FY 2021 – FY 2025 Rate Projection Impacts

- Comparison of Rate Forecasts for Median Residential Customers Prior to COVID-19 and Assuming Similar Load Reductions to Great Recession

Utility	Forecast	FY 2021	FY 2022	FY2023	FY 2024	FY 2025
Electric	Original	2%	2%	3%	4%	4%
	Recession Impact					
Gas	Original					
	Recession Impact					
Water	Original	0%	3%	3%	4%	4%
	Recession Impact					
Wastewater	Original	0%	5%	5%	5%	5%
	Recession Impact					

Financial Impacts – Areas for Further Analysis

- Items for Further Analysis
 - Restaurant & Retail
 - Schools
 - Hotels
 - Long-term changes in office use
 - Low-Income Residential changes