Disparate Energy Insecurity Impacts:  
*The Need For Racial Justice in Utility Billing, Credit and Collections*

100% Network Webinar on Energy Security in the Wake of the Coronavirus  
April 14, 2020  
John Howat – jhowat@nclc.org
Energy Security

- Uninterrupted, affordable access to basic residential home energy services without
  - Disconnection notices
  - Involuntary disconnection of service
  - Foregoing other necessities to retain service
  - Maintaining unhealthy indoor temperature
Utility Service a Basic Necessity

- Consequences of energy insecurity include (but are not limited to):
  - Threats to health and safety
    - Illness, hospitalization
    - House fires
    - Loss of life
  - Spoiled food
  - Eviction
  - Reduced academic performance
  - Inflated Covid-19 risk
Energy Security Disparities

- **State**
  - Consumer protections
    - Seasonal or temperature-based shutoff protections, serious illness and elderly protections, payment agreements, late payment fees and security deposit requirements
  - Bill assistance
    - Current bill reductions, arrearage management
  - Effective energy efficiency programs
    - Whole house, deep retrofits, appliance and equipment replacement
    - Zero upfront payment
    - No financing that reduces cash flow benefit of energy efficiency
Energy Security Disparities

- Utility service territory
  - Rates and bills
  - Credit and collection protocols
    - *Reasonable* payment agreements
    - Rates of service disconnection
    - Willingness to work with cash-strapped customers
    - Account write-offs and referral to collection agencies
    - Prepaid service
Energy Security Disparities

- Income
  - Low income
    - Insufficient income to pay for basic monthly necessities
  - Insecure income and benefits
    - Hourly wages
    - Poor health care and time off benefits

- Race
  - Even when controlling for income
Median 2015 Home Energy Burdens by Income Category and Census Region

Source: EIA 2015 RECS Microdata Crosstabulated by National Consumer Law Center – jhowat@nclc.org
Loss of Heat in the Past Year Due to Unaffordable Utility Service, Fuel or Heating System Repair by Race: 2015 - U.S.

Source: EIA 2015 RECS Microdata Crosstabulated by National Consumer Law Center – jhowat@nclc.org
Loss of cooling in the past year due to unaffordable utility service or AC repair by Race: Household Income <$20,000
2015 - Midwest Census Region

Source: EIA 2015 RECS Microdata Crosstabulated by National Consumer Law Center – jhowat@nclc.org
Frequency of receiving disconnect notice *
Householder race U.S. - 2015 - **HH Income < $40K**

Source: EIA 2015 RECS Microdata Crosstabulated by National Consumer Law Center – jhowat@nclc.org
## Electricity Disconnected Inability to Pay * Race of Householder * Region: U.S. Household at or Below 150% Poverty in 2009

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Source: EIA 2015 RECS Microdata Crosstabulated by National Consumer Law Center – jhowat@nclc.org
Post-moratorium Energy Security Programs and Policies

- Restore access to service for any utility customer whose service has been cut off without requiring a down payment
- Waive late payment fees and security deposit
- For past-due bills, provide deferred payment plan options that are affordable based on a household’s actual income and expenses
- For households with low incomes, use debt forgiveness programs that avoid adding to current monthly bills.
- Expand bill payment programs that reduce monthly bills to an affordable level.
- As weatherization crews safely return to work, expand access to comprehensive whole-house energy efficiency and retrofit opportunities
- Requiring much more comprehensive utility tracking and reporting of data on residential customer overdue bills, disconnections, and repayment efforts, while still respecting billpayer privacy.
Objectives of Collecting and Reporting Comprehensive, Time-series Credit and Collections Data

- Informed, effective public policy and regulatory decision-making is dependent on reliable, comprehensive time-series data
- Track the home energy security of general residential customers, low-income customers, and others particularly susceptible to harm from loss of service
- Identify home energy security disparities by race and income
- Gauge the effectiveness of programs and policies intended to enhance affordability and ensure high levels of home energy security
- Gauge the effectiveness of credit and collection policies and protocols
Credit and Collection Data Points – *Both* General Residential and Identified Low-Income *By Zip Code*

- Number of residential accounts
- Total billed and receipts amounts
- Number and dollar value of late payment fees
- Number and dollar value of unpaid accounts 60-90 days after issuance of a bill
- Number and dollar value of unpaid accounts 90+ days after issuance of a bill
- Number of accounts referred to collection agencies
- Number and duration of new payment agreements
- Number of accounts sent notice of disconnection for non-payment, and number of service
- Number of disconnections for non-payment
- Number of service restorations after disconnection for non-payment
- Number of customers completing an extended payment plan
- Average duration of service disconnection for restored accounts
- Number and dollar value of accounts written off as uncollectible
Utility Resistance to Data Reporting

- Claimed
  - “Burdensome”
  - “Information systems won’t support data reporting”
- Reality
  - PR concerns
Data Collection and Reporting Strategies


- Data and information requests
  - Utility rate cases
  - Rulemakings
  - Certificates of public convenience
  - Municipal and cooperative utility meetings

- Community organizing
  - Demanding transparency in disconnections and other hardships is a **great organizing tool!**
Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org