



National
Consumer Law
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*Fighting Together
for Economic Justice*

More Can and Must Be Done to Prevent Utility Consumers from Losing Service Due to Mounting COVID-Driven Arrearages in Massachusetts and Other States

By Anna Kowanko and Charlie Harak
National Consumer Law Center®

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ABOUT THE NATIONAL CONSUMER LAW CENTER

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services; and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state governments and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness.

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INTRODUCTION

The COVID-19 pandemic has had a severe financial impact on customers' ability to pay for basic necessities such as utility service. Nearly one million Massachusetts residential customers (824,972) owed a total of \$793.8 million in unpaid electric and gas bills at the end of June 2021, \$219.1 million (38%) more than was owed at the beginning of the COVID-19 pandemic in March 2020. The vast majority of those arrears (83%/\$660.8 million) were held by customers who were more than 90 days behind on their bills, and thus at imminent risk of termination. By October 1, the two largest utility companies in Massachusetts reported that over 7,000 residential customers had been terminated since the state's moratorium on residential shutoffs was lifted on July 1.

Moreover, the health and financial impacts of COVID-19 have created a new class of residential customers who cannot afford to pay their bills and who are often unaware of the various programs that can help them pay those bills. Additionally, limited data from other jurisdictions demonstrates that households of color, particularly Black and Latinx households, have higher energy burdens, experience higher rates of terminations, and are sent shutoff notices more frequently compared to white households with comparable income. COVID-19 has unquestionably impacted communities of color disproportionately both financially and physically, exacerbating the pre-existing patterns of disparate utility terminations. Steps, including the collection of disaggregated zip-code level data, must be taken in order to better understand and address these disparities.

While most states, including Massachusetts, have lifted COVID-related termination moratoriums, the pandemic is far from over and the magnitude of utility arrearages is at crisis level. Not only are many people still expected to work from home, but the prices of deliverable fuels (home heating oil and propane) and natural gas are predicted to increase significantly this year (50% and 30% respectively), meaning customers are facing higher utility bills than ever this winter. Massachusetts alone has seen a 50% increase in the price of home heating oil compared to 2020. While the Massachusetts winter moratorium will come into effect on November 15 for discount rate residential customers—those coded as low-income—standard rate residential customers are still at risk of being terminated. Customers must be quickly informed of and connected to the available federal and state assistance funds as well as other programs that can help customers manage and even write off arrearages: discount rates, percentage of income payments plans, and arrearage management programs.

In February, the National Consumer Law Center released [*COVID-Driven Utility Arrearages: Implications for Policy in Massachusetts and the Nation*](#), a report that analyzed utility arrearage data filed by Massachusetts Investor Owned Utilities (IOUs) through November 2020. This report analyzes arrearage data through

June 2021, providing a snapshot of the state of arrears before the moratorium on residential utility shutoffs expired on July 1. As the future remains uncertain, and households continue to financially struggle, millions of customers across the country need assistance immediately to avoid losing access to critical utility service.

Key findings

- **The scale of the arrears owed by MA utility customers is at crisis level.** Residential Massachusetts customers—including those on the standard rate and those on the low-income discount rate—had accumulated over \$793.8 million in arrears by June 2021. It is estimated that, across the country, more than \$32 billion in utility debts have accumulated.
- **Nearly half a million residential customers in Massachusetts were more than 90 days behind on their energy bills, owing a total of \$660.8 million.** While the rate of growth of arrears is slowing, particularly in the 30–60 day and 60–90 day vintages for overdue bills, the dollar amount of arrears that are more than 90 days late continues to rise, reaching its highest point yet in June 2021.
- **Nearly 70% of residential customers 90 days behind on their bills were not coded as low income.** This large percentage shows that there is a new class of financially struggling residential customers—those who were previously able to pay their bills, but are no longer able to pay due to the pandemic. These customers were some of the first in line to be terminated on July 1.
- **As more customers are terminated, communities of color will likely be hit particularly hard.** Customers of color have been disproportionately affected by the pandemic and have been found to experience higher energy burdens and rates of energy insecurity compared to white customers.

Recommendations

- **Funds under the Emergency Rental Assistance Program (ERAP) and Homeowner Assistance Fund (HAF) must be more quickly distributed to help pay utility arrearages, as a key tool to help customers avoid termination of vital utility service.** Distribution of these funds has been slow nationwide. In Massachusetts, as of September 30, 2021, the state had made only about \$8 million in payments on utility bills from ERAP, only 1% of the total amount of residential utility arrearages and only 3% of the amount that has been paid for rental assistance.
- **To expedite ERAP payments, Massachusetts should follow the model just implemented in Connecticut in which the state uses various databases to quickly identify eligible households.** This process avoids lengthy applications from each household, and instead only requires the household to agree and accept the payments. We understand that Massachusetts officials are considering a similar program, and we urge them to move as quickly as possible given that

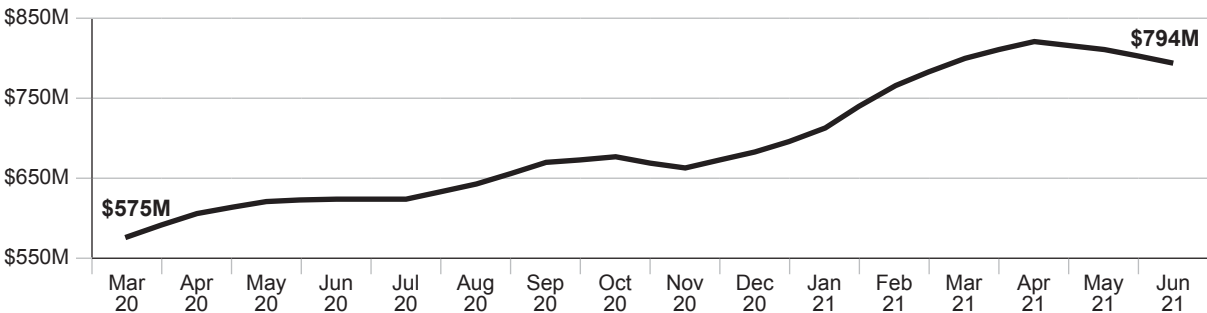
thousands of customers are seeing their utility service shut off each month since the termination moratorium ended July 1, 2021.

- **Programs meant to help customers pay or write off past arrearages should be made more flexible and accessible.** Massachusetts should permanently adopt the flexible Arrearage Management Program (AMP) rules it established in 2020. AMP programs reward on-time payments of regular monthly energy bills by writing down a portion of arrears each month that the current bill is paid. The state should also make permanent changes adopted during COVID that require companies to offer much longer payment plans.
- **Massachusetts must begin mandating reporting of disaggregated, zip code level data, on the number of customers in arrears as well as terminated each month, and the amount of arrears accruing by vintage (e.g., 30–60 days late, 60–90 days, etc.), as currently done in Illinois, in order to assess and, if needed, correct disparate impact on customers of color.** Other states should institute mandatory reporting of this data, at a zip code level, or revise their existing reporting requirements to encompass zip code level data.
- **States should form working groups tasked with exploring the ways in which punitive credit and collection practices and communications strategies can be revised.** The goal should be to reduce the frequency of both disconnections and disconnection notices, while also improving overall rates of utility revenue collection by educating customers about all available assistance. In Massachusetts, the working group of utility companies and consumer advocates formed shortly after the COVID pandemic hit has helped in improving communications and outreach to customers and in devising tools to help struggling customers avoid termination of vital utility service. These conversations must continue.

THE STATE OF UTILITY ARREARS MORE THAN A YEAR AFTER THE COVID-19 LOCKDOWN: THE BALANCE OF PAST DUE BILLS CONTINUES TO AGE AND RISE

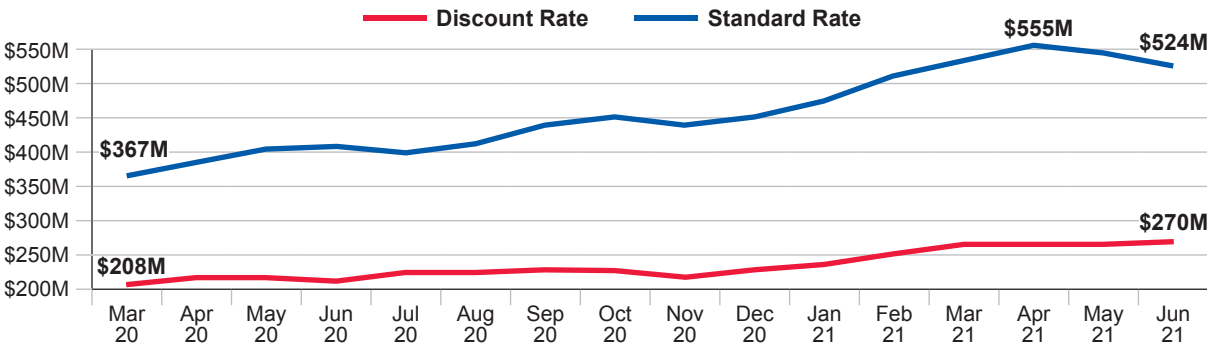
When the moratorium on utility shutoffs was lifted on July 1, the arrearages owed by residential customers (those on the standard rate and those on the discount rate) was \$793.8 million, \$219.1 million (38%) more than was owed at the beginning of the pandemic lockdown in March 2020 (see chart 1). Standard rate residential customers (those not coded as low-income) saw the largest jump in arrearages overall,¹ owing \$523.8 million in June 2021. This is \$156.8 million more owed than in March 2020 (a 43% increase), and is particularly concerning because these customers are likely not even aware of the aid that is available to them. Arrearages owed by discount rate residential customers (those who are coded as low-income) increased 30% since March 2020, rising to \$270.1 million, \$62.4 million more than in March 2020 (see chart 2). Additionally, while the rate of growth of arrearages more than 90 days behind appears to be slowing, the dollar value continues to rise and is at crisis level.

CHART 1 Total Dollar Value of Arrearages Owed by Residential Customers (Standard and Discount Rate Combined), March 2020–June 2021



Source: National Consumer Law Center analysis of MA utilities data filed for June 2021, in DPU 20-58. Dollar value of arrearages numbers are rounded.

CHART 2 Total Dollar Value of Arrearages Owed by Discount and Standard Rate Customers, March 2020–June 2021



Source: National Consumer Law Center analysis of MA utilities data.

The Massachusetts Department of Public Utility (MA DPU) Docket 20-58² requires Massachusetts Investor Owned Utilities (IOUs)³ to file monthly COVID-19 arrearage data on both the number of customers and the dollar value of total arrears, disaggregated by customer class⁴ and the age of the debt (called the vintage).⁵ In this report, NCLC focuses on residential customers, analyzing data from the beginning of the COVID-19 lockdown in March 2020 through June 2021, when the residential shutoff moratorium ended.

When broken down by the three vintages tracked (e.g., 30–60 days late, 60–90 days late, 90+days late), both the number of standard rate and discount rate residential customers 30–60 and 60–90 days behind on their bills *and* the dollar amount of arrears owed by those customers have decreased between March 2020 and June 2021. That being said, numbers for these two vintages have varied both up and down throughout the pandemic, and customers less than 90 days behind on their bills are at low risk for termination. For this reason, we focus on those more than 90 days behind in this report.

Nearly Half a Million Residential Customers in Massachusetts Are Now Over 90 Days Behind and at Great Risk of Utility Shutoff

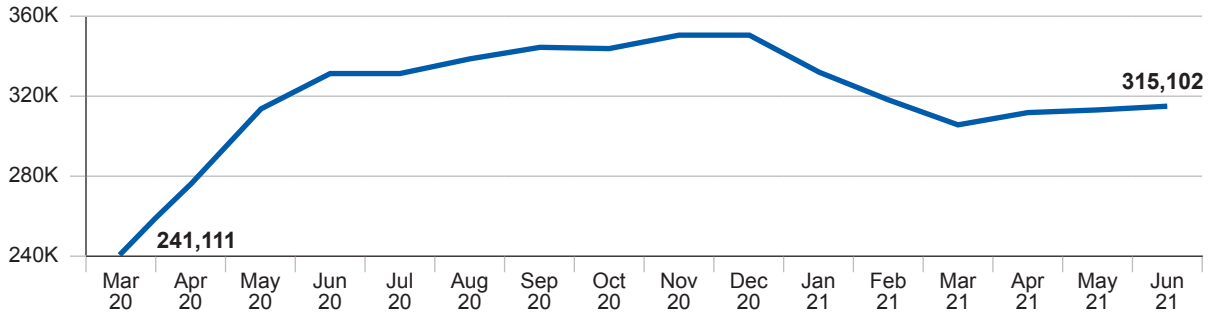
The balance of unpaid bills among residential customers more than 90 days late reached the highest point yet analyzed in June 2021, with nearly half a million customers over three months behind, owing a total of \$660.8 million.⁶ The total amount owed by these customers has continued to increase since March 2020 (see charts 5–6).

When looking at standard rate residential customers alone, 315,102 were more than 90 days late in June 2021, an increase of 73,991 from March 2020 (see chart 3). These customers owe a total of \$421.6 million, an increase of \$203.9 million from March 2020 (see chart 5). This is a shocking 94% increase. The average arrearage for standard rate customers more than 90 days behind was \$1,338 as of June 2021 (see chart 7), an increase of \$435 since March 2020.

There were 145,047 discount rate residential customers more than 90 days late as of June 2021 (see chart 4), who collectively owed \$239.2 million, an increase of \$70.1 million (41% increase) from March 2020 (see chart 6). These customers owe \$1,649 per customer on average, \$259 more than their March 2020 average and \$311 more than the average standard rate customer owes (see charts 7–8). While many discount rate customers are likely familiar with applying for assistance, this increase in the dollar amount of their arrearages makes preventing shutoffs more challenging.

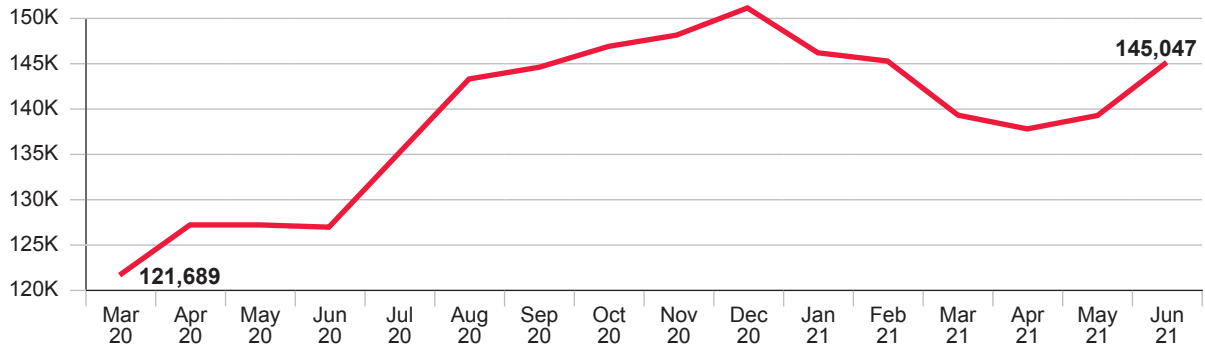
From March 2020 to June 2021 there was a shocking 94% increase in the amount owed by standard rate residential customers more than 90 days behind on their bills. In total, these customers owed \$421.6 million, \$203.9 more owed than at the beginning of the pandemic.

CHART 3 Number of *Standard Rate Residential* Customers More than 90 Days Behind on Their Bills, March 2020–June 2021



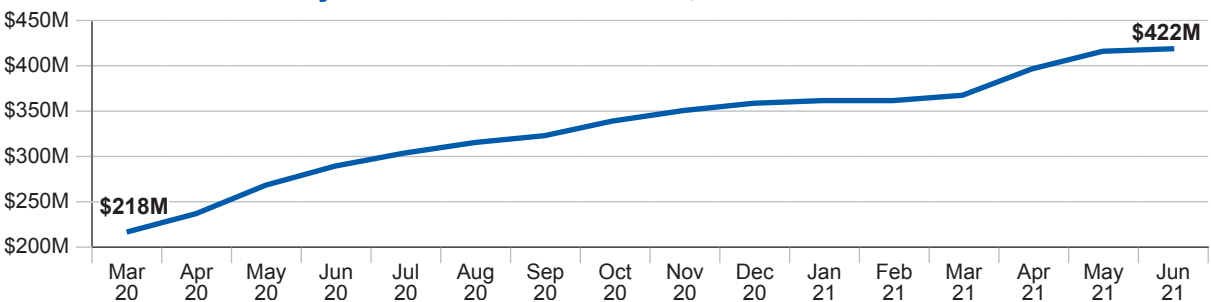
Source: National Consumer Law Center analysis of Massachusetts utilities data filed in DPU 20-58.

CHART 4 Number of *Discount Rate Residential* Customers More than 90 Days Behind on Their Bills, March 2020–June 2021



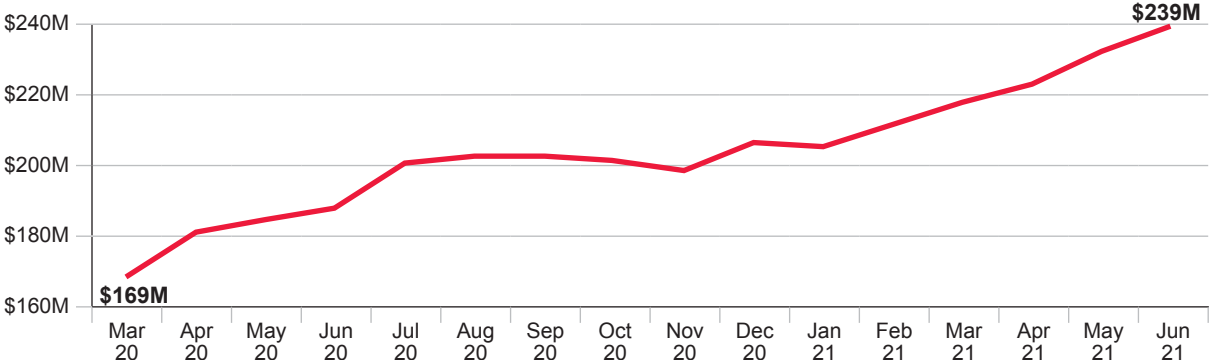
Source: National Consumer Law Center analysis of Massachusetts utilities data filed in DPU 20-58.

CHART 5 Dollar Amount of Arrears Owed by *Standard Rate* Customers More than 90 Days Behind on Their Bills, March 2020–June 2021



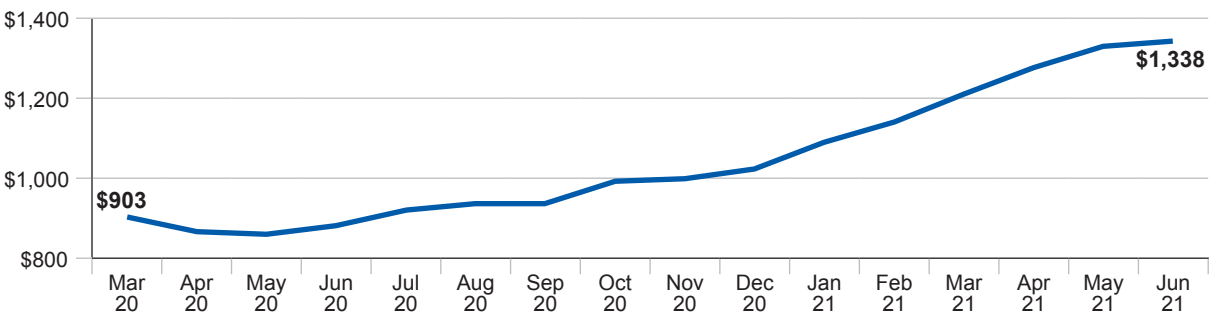
Source: National Consumer Law Center analysis of Massachusetts utilities data filed in DPU 20-58.

CHART 6 Dollar Amount of Arrears Owed by *Discount Rate* Residential Customers More Than 90 Days Behind on Their Bills, March 2020–June 2021



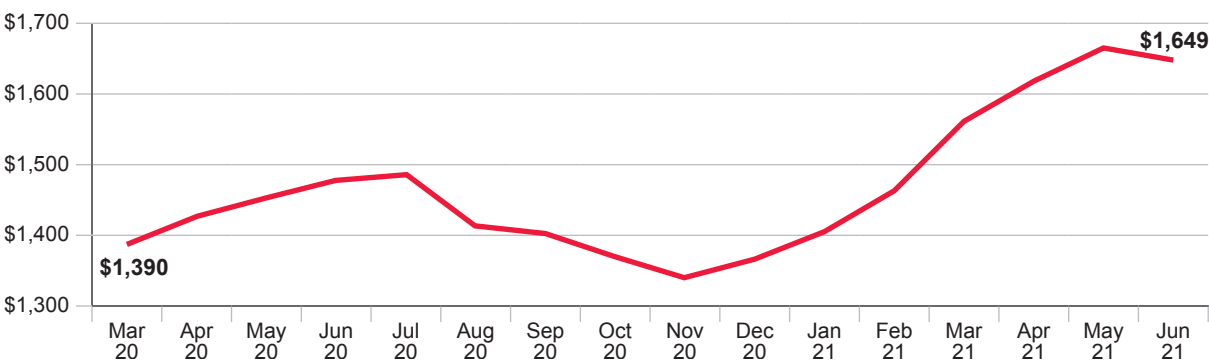
Source: National Consumer Law Center analysis of Massachusetts utilities data filed in DPU 20-58.

CHART 7 Average Dollar Amount of Arrears Owed by *Standard Rate* Residential Customers More Than 90 Days Behind on Their Bills, March 2020–June 2021



Source: National Consumer Law Center analysis of Massachusetts utilities data filed in DPU 20-58.

CHART 8 Average Dollar Amount of Arrears Owed by *Discount Rate* Customers More than 90 Days Behind on Their Bills, March 2020–June 2021



Source: National Consumer Law Center analysis of Massachusetts utilities data filed in DPU 20-58.

Customers more than 90 days late are now at great risk of termination since the shutoff moratorium ended this summer. While there is only preliminary data available, data reported by the two largest companies shows that over 7,000 residential customers were terminated in September 2021.⁷ About 6,000 of these customers were standard rate residential customers, but those terminated included almost 1,000 customers coded as low-income. It is possible that the number of terminations will increase in October as some of the companies had just begun to terminate residential customers by September, and one of the largest utilities held off terminating discount rate residential customers in particular until mid-August.

As made evident by the findings above, close to one million Massachusetts residential utility customers (824,972 total) were eligible for termination, meaning they were at least 30 days behind on their utility bills. Nearly half a million residential customers (460,149) were more than 90 days behind and were first in line to be terminated when the moratorium expired on July 1.

COVID-19 HAS CAUSED MASSIVE FINANCIAL DISTRESS AND EXACERBATED RACIAL DISPARITIES

The COVID-19 pandemic has placed millions of people across the United States in severe financial distress, leaving many with insurmountable debt and at risk of losing vital resources such as utility service.⁸ As seen above, hundreds of thousands of customers in Massachusetts alone were at risk of termination in June 2021. However, not all communities have experienced the devastating effects of the pandemic equally. Communities of color continue to be systemically excluded from accumulating wealth and have been isolated from medical services and lifesaving resources. Unsurprisingly, this has resulted in these communities being disproportionately affected both physically and financially by the pandemic.

Financial Distress is Widespread and Inequitably Distributed

Federal Reserve survey data released in September 2020 found that while Black and Hispanic families on average had less than \$2,000 in liquid savings, white families on average had at least \$8,000, or greater than four times more.⁹ Additionally, Black and Hispanic households, on average, have less family wealth and savings to draw on in times of financial stress.¹⁰ As of June 2021, the average arrears held by Massachusetts residential customers was \$1,436, meaning that the demands to settle just this one debt could essentially drain a family's entire savings.

In September 2021, more than 192,900 Massachusetts residents remained unemployed, a rate of 5.2%,¹¹ and even as the economy has continued to open and people have been able to return to work, the national unemployment rate remained high at 4.8% in September 2021.¹² There are still 2.7 million people who have been unemployed for over 27 weeks, 1.6 million more than in February 2020.¹³

At-risk workers¹⁴ and people of color have been hit particularly hard and have experienced much slower recovery as the economy reopens.¹⁵ As of September 2021, Black and Hispanic households had much higher rates of unemployment nationally at 7.9% and 6.3% respectively, compared to just 4.2% for white households.¹⁶

The Federal Reserve System's *Report on Economic Wellbeing in 2020* reported that nearly 25% of those surveyed responded that they were 'worse off' financially than a year previous.¹⁷ However, while 80% of white adults nationally reported at least doing "okay" financially in the fourth quarter of 2020, less than two thirds of Black and Hispanic adults reported the same.¹⁸ In April 2020, the Office of the Massachusetts Attorney General released a report stating, "In Massachusetts . . . the cities and towns hit hardest are those that are home to communities of color, including African-American and Latinx residents."¹⁹ Additionally, pandemic layoffs were disproportionately concentrated among workers who had fewer financial resources to begin with.²⁰ Workers of color have lost their jobs at a much higher rate compared to white workers, and according to Federal Reserve Chairman Jerome Powell, are not likely to see their jobs return as quickly, and potentially will not see them return at all.²¹

Debt and Energy Insecurity Are Mounting

As the pandemic spread across America, a majority of states instituted a moratorium on utility shutoffs. These measures were imperative to protect vital utility services for the millions of households struggling to pay their utility bills. However, while these moratoriums prevented households from being terminated, they did not stop unpaid bills from accruing. In June 2021, the Center for Biological Diversity released a report finding that, nationally, customers were estimated to owe over \$32 billion in utility arrears.²²

By the end of July 2021, only six states had moratoriums that remained in effect, meaning that a vast majority of customers across the country with arrears have either been threatened with termination or have already had their utilities shut off.²³

These findings are particularly concerning because energy insecurity is disproportionately high among Black and Hispanic households.²⁴ Black households, on average, pay hundreds of dollars more a year for basic energy service compared to white households.²⁵ Additionally, African American and Latinx households are far more likely to experience a loss of heating or cooling due to an inability to pay bills²⁶ and COVID-19 has only widened this gap. Survey data from Indiana University shows that low-income Black households are sent utility disconnection notices at two times the rate and have their electricity disconnected at five times the rate compared to low-income white households. Hispanic households receive notices at five times the rate and lost electricity at eight times the rate.²⁷

Nationally customers were estimated to owe over \$32 billion in utility arrears, according to a report released by the Center for Biological Diversity in June 2021.

Being threatened with termination, or having utility service actually terminated are not the only ways in which customers experience energy insecurity. Nationally, an estimated 21.4% of customers reported having to reduce or forgo other basic necessities at least one or two months out of the year in order to pay for their energy bills, and in the Northeast alone, 19% reported the same.²⁸ In New England, nearly 36% of households at or below 200% of the Federal Poverty Guidelines (FPG) had to reduce or forego paying for other basic necessities, and 20% reported keeping their home at an unhealthy temperature for at least one or two months out of the year due to their home energy costs.²⁹

Unsurprisingly, African American and Hispanic customers are disproportionately forced to resort to these steps. Nationally, 31.7% of Hispanic respondents, and 36.1% of African American respondents reported having to forego other basic necessities at least one or two months out of the year, compared to just 20% of white customers.³⁰ In the Northeast, 15.6% of African American respondents said that they had to forgo paying for other basic necessities *almost every month*, compared to just 5.7% of white customers.

Additionally, in the Northeast, 25.7% of African American and 20.9% of Hispanic respondents indicated that they had to keep their homes at an unhealthy temperature for at least one or two months compared to just 10.7% of white households.³¹

In the Northeast, 15.6% of African American respondents said that they had to forgo paying for other basic necessities almost every month, compared to just 5.7% of white customers.

Massachusetts and Other States Must Collect More Detailed Data to Identify and Address Any Racial Disparities in Access to Utility Service³²

Given that the evidence suggests that the arrears accrued in Massachusetts and elsewhere during COVID-19 are disproportionately falling on households of color, it is essential that regulators in Massachusetts and elsewhere require utilities to report data that will enable these disparities to be identified and addressed. To do this, regulators must require utilities to report termination and other related data at the zip code level. During COVID-19, Illinois has done precisely this, mandating IOUs to provide reporting by zip code.³³ This data is already proving valuable in determining the neighborhoods most affected by shutoffs.³⁴

Currently, 30 states require no *publicly* reported data on disconnection (only the Commission sees the reports), and at least 13 states require no data collection at all.³⁵

Massachusetts currently does not require companies to collect zip code level credit and collections data. This means that there is no way to assess whether customers of color are disparately impacted by credit and collection policies. Based on data analyzed from other jurisdictions showing that customers of color disproportionately experience termination and the threat of termination,

Massachusetts currently does not require companies to collect zip code level credit and collections data. This means that there is no way to assess whether customers of color are disparately impacted by credit and collection policies.

it can be assumed that similar disparities affect Massachusetts customers. Massachusetts must begin publicly reporting zip code level data in order to identify and address disparate racial impacts.³⁶

Collecting termination and related data at the zip code level would provide invaluable information to protect customers most in need, and serve as a guide for policy decisions regarding the need for measures such as more flexible payment plans, termination protections, and payment assistance. All the states should mandate reporting of this data at the zip code level.

ASSISTANCE IS OUT THERE, BUT IT IS SLOW GETTING TO CUSTOMERS IN NEED

In July 2020, a series of measures were instituted to protect Massachusetts utility customers from loss of vital service. While some protections such as the shutoff moratorium have since expired, other provisions remain in place and have proven invaluable in keeping customers' utility service intact.

One measure that Massachusetts offers to help customers deal with arrearages and stay connected to utility service is payment plans. During COVID-19, a DPU order extended the length of residential payment plans from 4 months to 12 months generally, and up to 18 months for those struggling financially. 62,866 residential customers were enrolled in a payment plan in June 2021, an increase of 39,057 from June 2020, showing that it was successful in reaching customers.

Another key Massachusetts offering—arrearage management programs (AMPs), which reward on-time payment of regular monthly energy bills by writing down a portion of arrears each month that the current bill is paid—was revised during COVID-19 to allow repeat enrollments and a higher maximum amount of arrearage that can be reduced in any twelve-month period, as well as a waiver of down payment requirements.³⁷ Despite these improvements, however, AMP enrollment was down significantly early in the pandemic. However, since January 2021 enrollment has increased steadily, with 49,850 residential customers enrolled in AMP in June 2021, a 242% increase from June 2020.³⁸ The turnaround is likely due at least in large part to the fact that National Grid instituted auto-enrollment for low-income customers in arrears, a step that seems to have had a positive impact.

Customers behind on their bills also have options outside of their utilities' programs. For example, they can apply for the Low Income Home Energy Assistance Program (LIHEAP), a federally funded program offered to income eligible customers who struggle to pay their heating bills. During the pandemic, however, most local offices that take LIHEAP applications were physically closed to the public, and applicants also had a harder time collecting required documentation since other government offices that could provide relevant documents were also closed to the public.

LIHEAP will become particularly important this winter because the price of home heating oil, used by about one-third of Massachusetts households, is up over 50% compared to the same time last year.³⁹ Nationally, the federal Energy Information Administration projects that propane expenditures will rise by 54%, natural gas by 30%, and electricity by 6% compared to last winter.⁴⁰ Customers are already facing the pain of termination across the country, and an increase in heating prices will compound the problem.⁴¹ Massachusetts, along with states across the country, must work to reduce application barriers so that more eligible households can be reached.

Additionally, the Emergency Rental Assistance Program (ERAP) and Homeowner Assistance Fund (HAF), federal emergency programs funded through the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 (ARPA), allocated money to states in order to assist struggling families with rent, mortgage payments or utility bills. The ERAP and HAF programs combined provided nearly \$56.5 billion to states to help struggling renters and homeowners pay not only their housing costs, but also their home energy bills.⁴² However, the dissemination of these funds has been distressingly slow. By the end of June, thirty-six states had more than 90% of the funds they received still available, with some states having allocated even less—South Carolina had allocated just 1.1% and New York had allocated none.⁴³ In July, only \$1.7 billion of ERAP funding was distributed across all states combined, with 89% of the fund still unspent.⁴⁴ By the time of the release of this report, only \$11.05 billion had been distributed.⁴⁵ In Massachusetts, as of September 31, 2021, only \$8.23 million of ERAP funding had gone to pay utility bills, which is only 1% of the accumulated residential utility arrearages, and only 3% of the amount paid for rent assistance.

By the end of September, Massachusetts had only spent \$8.23 million of the ERAP funding on energy bills, which is only 1% of the accumulated residential utility arrearages in June 2021, and only 3% of the amount paid for rent assistance.

A model launched in Connecticut on October 18, 2021⁴⁶ will use data already in the utility company's and the state's possession to speed ERAP funds to families who need it. The program eliminates the need for each eligible household to complete a lengthy application in order to access ERAP. Instead, it relies on data sources available to the utility company and the state to identify eligible households, without requiring individual applications. The household simply needs to agree to receive the benefits. Other states should adopt this smartly-designed and innovative model. We understand that Massachusetts officials are considering a similar program, and we urge them to move as quickly as possible given that thousands of customers are seeing their utility service terminated each month since the termination moratorium ended July 1, 2021.

As monopoly providers of essential services, utilities have an obligation to serve *all of their customers*,⁴⁷ which requires companies to play a part in connecting customers with the assistance that is available to them. The scale of accrued debt during the COVID-19 pandemic creates an opportunity for utilities, stakeholders and regulators to examine and revise traditionally punitive policies and communications

strategies used to collect utility revenue. By focusing on reducing not only the frequency of disconnections but also the fear and stress felt by households who are unable to afford their bills, companies can improve overall trust with their customers and ultimately increase revenue collection by connecting customers to the assistance available to them. As an example, other states should expand the options for arrearage retirement by adopting AMPs like the ones in Massachusetts, which both help struggling customers and stabilize utility company revenue. Working groups comprised of utility and commission representatives, consumer advocates, and community-based organizations and agencies should collect information directly from customers and advocates on what current communication methods work, and how they can be improved. Massachusetts has both an existing AMP Best Practices Working Group as well as a new working group launched since the COVID-19 pandemic hit specifically focused on communication and reaching those eligible for assistance. Both have proved very helpful in improving communications with customers and devising new tools to assist financially struggling customers. These conversations must continue.

FINANCIAL HARM GROWS WHEN FAMILIES ARE OVERWHELMED BY UTILITY BILLS

Utility debt can create other problems as well: low-income customers often incur high-cost debt to avoid termination or to restore service that has been terminated by using credit cards or taking out high-cost loans. For instance, in Massachusetts and other states, customers are allowed to make utility payments using a credit card. According to data reported to the Massachusetts Department of Public Utilities, 10% of discount rate customers at Eversource and 16% percent of discount rate customers at National Grid paid with a debit or credit card in 2019 (the percentages remained almost exactly the same for payments made in 2020).⁴⁸ These payments are troubling because not only do customers have to pay an additional fee the company imposes to make card payments, but a credit card payment turns no-interest debt⁴⁹ into a high interest debt if that bill then goes unpaid. While payday loans are not legal in Massachusetts, a 2012 report found that 69% of people who took out payday loans in other states used them to cover regular, recurring monthly expenses such as utility bills.⁵⁰ This is particularly concerning because payday loans carry extraordinarily high interest rates, and Black households and those making under \$40,000 a year are most likely to have taken out a payday loan.⁵¹

As customers make payments in the coming months to avoid termination, it is important to remember that, in reality, many customers who find ways to make payments on overdue bills have done so by either forgoing other basic necessities⁵² like food or medical attention, or by turning to high cost debt. These problems disproportionately affect communities of color. As discussed above, it is imperative to connect customers to available assistance as swiftly and as simply as possible.

RECOMMENDATIONS

The COVID-19 pandemic has had a severe economic impact on millions of people in Massachusetts and across the country, one that will likely continue to be felt for a long time. Utility bills are due and utility customers need swift, substantial assistance. Below is a brief summary of the key recommendations discussed above to help mitigate the economic downturn from the pandemic.

- **Emergency Rental Assistance Program (ERAP)⁵³ and Homeowner Assistance Fund (HAF)⁵⁴ money must be more swiftly allocated to customers in need in order to reduce arrearages and prevent terminations.** Massachusetts should follow the Connecticut model for expediting ERAP payments.
- **Massachusetts utilities should permanently adopt the more flexible AMP rules they first adopted in 2020 in response to the COVID-19 pandemic,⁵⁵ and other states should adopt programs to help customers pay or write off past arrearages.**
- For debt not covered by ERAP, HAF, the Low Income Home Energy Assistance Program (LIHEAP), or other energy assistance programs, states must expand the available payment assistance programs offered to struggling customers. Examples include offering longer, more flexible payment plans as well as debt retirement options such as Arrearage Management Programs (AMPs).
- **Massachusetts should continue collecting the detailed data being reported in DPU 20-58. All states, including Massachusetts, should follow Illinois' lead⁵⁶ and mandate zip code level reporting on the number of customers in arrears, the amount of arrears accruing, the age of arrears, and the number of terminations broken down by customer class.** Zip code or neighborhood level data is necessary in order to assess and, if needed, correct disparate impact on customers of color. Preliminary data shows that Black and Hispanic customers are already experiencing terminations during the pandemic at much higher rates than white customers. Better data collection will help identify problems and potential solutions, and will help determine whether assistance is effectively reaching those most impacted. There is no way to assess the disparate impact of terminations and energy arrearages on communities of color without better data reporting and collection.
- **States should form working groups tasked with exploring new ways in which punitive credit and collection practices, and communications strategies, can be revised.** The purpose of revisions would be to reduce not only the frequency of disconnections but also the stress felt by customers who are unable to afford their bills, while also improving overall rates of utility revenue collection. In Massachusetts, the working group of utility companies and consumer advocates that formed shortly after the COVID-19 pandemic hit has helped in improving communications and outreach to customers and in devising tools to help struggling customers avoid termination of vital utility service: these conversations must continue.

ENDNOTES

1. As made evident by the sharp increase in arrears held by standard rate residential customers, there are likely many customers in this class who lost work and now qualify for the discount rate, but have not been coded that way.
2. DPU Docket 20-58, “Inquiry of the Department of Public Utilities into Establishing Policies and Practices for Electric and Gas Companies Regarding Customer Assistance and Ratemaking Measures in Connection to the State of Emergency Regarding the Novel Coronavirus (COVID-19)” (opened May 8, 2020).
3. These include three National Grid operating companies (Massachusetts Electric Company, Boston Gas, and Colonial Gas Company); four Eversource reporting entities (Western Massachusetts and Eastern Massachusetts Electric, Eversource Gas [formerly Columbia Gas], and Eastern Massachusetts Gas), Berkshire Gas, and Liberty Utilities. Calculations do not include data from Fitchburg Gas and Electric.
4. “Customer class” refers to the grouping of customers based on usage pattern and rate charged. For this report, NCLC focuses on residential customers alone, including the standard rate residential and discount rate residential customers.
5. “Vintage” means how overdue the bills are. The three vintages required in DPU 20-58 are 30–60 days past due; 60–90 days; 90+ days.
6. The number of customers in arrears can be derived by adding the June 2021 figures in Charts 3 and 4. The arrearage amount of \$660.8 million can be derived by adding the June 2021 figures in Charts 5 and 6.
7. Data reported in MA DPU 20-58 by Eversource and National Grid for September 2021.
8. The financial impact of the COVID-19 pandemic is discussed more thoroughly our February report. [COVID-Driven Utility Arrearages: Implications for Policy in Massachusetts and the Nation](#).
9. Bhutta, Neil, Andrew C. Chang, Lisa J. Dettling, and Joanne W. Hsu (2020). “Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances,” FEDS Notes. Washington: Board of Governors of the Federal Reserve System (Sept. 28, 2020).
10. Ibid. (While 72% of white families said that they could get a \$3,000 loan from family or friends if needed, only 41% of Black families, and only 57% of Hispanic families said the same.)
11. Executive Office of Labor and Workforce Development, Mass.gov, “[Massachusetts Unemployment & Job Estimates for September 2021](#)” (October 21, 2021).
12. U.S. Bureau of Labor Statistics, “[Civilian unemployment rate](#).” (In comparison, in September 2019, the unemployment rate was only 3.5%.)
13. U.S. Bureau of Labor Statistics, “[The Unemployment Situation—September 2021](#).”
14. “At risk workers” is defined as those whose positions rely on close physical contact with the public such as sales, accommodation and food service. Keith Wardrip, Federal Reserve Bank of Philadelphia, [COVID-19: Which Workers Will Be Most Impacted?](#) (April 2020).
15. Jill R. Shah, Andre Tartar, and Christopher Cannon, Bloomberg Equality, “[Jobless Rates from 15 U.S. Cities Show Racial Gap is Widening](#)” (September 22, 2021).
16. U.S. Bureau of Labor Statistics, “[Civilian unemployment rate](#).”
17. Board of Governors of the Federal Reserve System, “[Federal Reserve Board Issues Report on the Economic Well-Being of U.S. Households](#).” (May 2021).
18. Ibid.
19. Office of the Massachusetts Attorney General, [Covid-19’s Unequal Effects in Massachusetts: Remediating The Legacy of Environmental Injustice & Building Climate Resilience](#) (Apr. 2020).

While the disparate health impacts of COVID-19 on communities of color have been well-documented in Massachusetts and elsewhere, the lack of termination data at the zip code or census tract level makes it impossible to draw any firm conclusions about possibly disparate rates of termination in Massachusetts.

20. Board of Governors of the Federal Reserve System, “[Federal Reserve Board issues.](#)” (May 2021), *supra*. note 17.
21. Anneken Tappe, CNN, “[The economy as we knew it might be over, Fed Chairman says](#)” (Nov. 12, 2020).
22. Greer Ryan, Center for Biological Diversity, [Power Crisis: Despite Transparency Failures, Utility Information Reveals Major Home Shutoff Problem](#) (Updated June 2021).
23. Charlie Harak, NCLC, “[New D.C. Study Shows How Arrearage Management Programs Are a Win-Win for Companies and Customers Alike,](#)” (July 15, 2021). (California, Arizona, Maryland, New Mexico, New Jersey, and Washington still have moratoriums in place.)
24. Environmental Resilience Institute (ERI), Indiana University, “[Survey of Household Energy Insecurity in Time of COVID Preliminary Results of Wave-2, and Wave-1 and Wave-2 Combined September 22, 2020.](#)”
25. Auffhammer, Maximilian, Energy Institute Blog, UC Berkeley Energy Institute at Haas, “[Consuming Energy While Black](#)” (June 22, 2020).
26. Data pulled and cross tabulated by the National Consumer Law Center from the U.S. Department of Energy/Energy Information Administration 2015 Residential Energy Consumption Survey Microdata (Sept. 2018) (nationally, 10.3% of African Americans said that they lost heat due to unaffordable bills or system repair, compared to just 4.4% of white respondents. 7.3% of Latinx households reported a loss of heat compared to 4.9% of non-Latinx households. 10.4% of African American respondents cited a loss of cooling compared to just 5.2% of white respondents. 8.9% of Latinx households reported a loss of heat compared to 5.4% of white respondents.)
27. ERI, “[Survey of Household Energy Insecurity in Time of COVID](#)” (Sept. 22, 2020), *supra*, n. 24.
28. Data analyzed by NCLC from 2015 RECS (Sept. 2018), *supra*, n. 26.
29. Data pulled and cross tabulated by the National Consumer Law Center from the U.S. Department of Energy/Energy Information Administration 2015 Residential Energy Consumption Survey Microdata (Aug. 2021) (12.5% of New England customers at or below 200% of the FPG reported that they had to forgo other necessary expenses to pay for an energy bill almost every month).
30. Data analyzed by NCLC from 2015 RECS (Sept. 2018), *supra*, n. 26.
31. Data analyzed by NCLC from 2015 RECS (Sept. 2018), *supra*, n. 26.
32. John Howat, National Consumer Law Center, “[The Need for Utility Reporting of Key Credit and Collections Data Now and After Covid-19 Crisis](#)” (April 2020).
33. Illinois Commerce Commission, [Docket No. 20-0309, Final Order](#) (June 18, 2020).
34. Steve Daniels, Crain’s Chicago Business, “[ComEd cuts off 1 in 25 households in Black South Side neighborhoods](#)” (November 17, 2020); Steve Daniels, Crain’s Chicago Business, “[One way to measure the depth of pandemic pain](#)” (October 23, 2021).
35. Greer Ryan, “[Power Crisis](#)” (Updated June 2021), *supra*, n. 22.
36. MA AGO, [Covid-19’s Unequal Effects](#) (Apr. 2020), *supra*, n. 19.
37. More information available [here](#).
38. Data from MA DPU 20-58.
39. Massachusetts Department of Energy Resources, “[Weekly Winter Fuel Surveys.](#)”
40. U.S. Energy Information Administration, “[EIA forecasts higher U.S. heating bills this winter,](#)” (October 13, 2021).
41. Michael Sainato, The Guardian, “[‘I have never felt so hopeless’: million in US fear utility shutoffs as debts rise](#)” (October 13, 2021).

42. U.S. Department of the Treasury, "[Emergency Rental Assistance Program](#)." (ERAP was allocated \$25 billion from the Consolidated Appropriations Act and \$21.55 billion in American Rescue Plan Act of 2021 (ARPA)); U.S. Department of the Treasury, "[Homeowner Assistance Fund Guidance](#)" (August 2, 2021). (\$9.9 billion was allocated to states through HAF in ARPA.)
43. Joey Garrison and Michael Collins, USA Today, "[An epidemic in itself: Why billions of federal aid isn't making it to renters, landlords during the pandemic](#)" (August 15, 2021).
44. Glenn Thrush and Alan Rappeport, The Boston Globe, "[About 89% of rental assistance funds have not been distributed, figures show](#)" (August 25, 2021).
45. National Low Income Housing Coalition, "[Treasury Emergency Rental Assistance \(ERA\) Dashboard](#)" (checked on October 25, 2021).
46. Governor Ned Lamont, "[Governor Lamont Announces Electrical Utility Customers Will Soon Receive Robocall With Information on Assistance for Unpaid Bills](#)" (October 18, 2021).
47. For key principles that NCLC recommends policymakers should adopt to protect the interests of utility customers, see: "[Essential Utility Services During the COVID-19 Pandemic and Beyond: A Roadmap to Utility Service as a Human Right](#)" (March 2021); and "[Implementing a Roadmap to Utility Service as a Human Right](#)" (April 2021).
48. Data reported in DPU Docket 20-91, "Investigation by the Department of Public Utilities into (1) the Ratemaking Proposal of the Electric and Gas Companies Subject to the Department's Jurisdiction for the Treatment of Costs Related to the Financial Impacts of the State of Emergency Declared Regarding the Novel Coronavirus (COVID-19) Pandemic and (2) Alternative Bill Payment Options for Customers" in response to the Attorney's General's request for information 2-1.
49. Massachusetts utilities are not allowed to charge interest on late-paid bills.
50. Susan K. Urahn et. al., Pew, [Who Borrows, Where They Borrow, and Why](#) (July 2012).
51. Ibid.
52. Data analyzed by NCLC from 2015 RECS (Sept. 2018), *supra*, n. 26.
53. U.S. Department of the Treasury, "[Emergency Rental Assistance Program](#)."
54. U.S. Department of the Treasury, "[Homeowner Assistance Fund](#)."
55. DPU 20-58, [Massachusetts DPU Order approving the Customer Assistance Plan](#) (July 31, 2020).
56. Illinois Commerce Commission, [Docket No. 20-0309, Final Order](#) (June 18, 2020).



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