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# The Utility Customer Financial Impact of COVID-19:

## *The Need For Flexibility and Reform in Utility Billing, Credit and Collections*

NRRI Webinar Series:

The Impact of Covid-19 on Utility  
Ratemaking

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National  
Consumer Law  
Center

*Fighting Together  
for Economic Justice*

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# 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
  - Inflated Covid-19 risk
  - Spoiled food
  - Eviction
  - Reduced academic and worker performance

# 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 low-income energy efficiency programs
    - Whole house, deep retrofits, appliance and equipment replacement
    - Zero upfront payment for low-income customers
    - No financing that reduces cash flow benefit of low-income energy efficiency programming

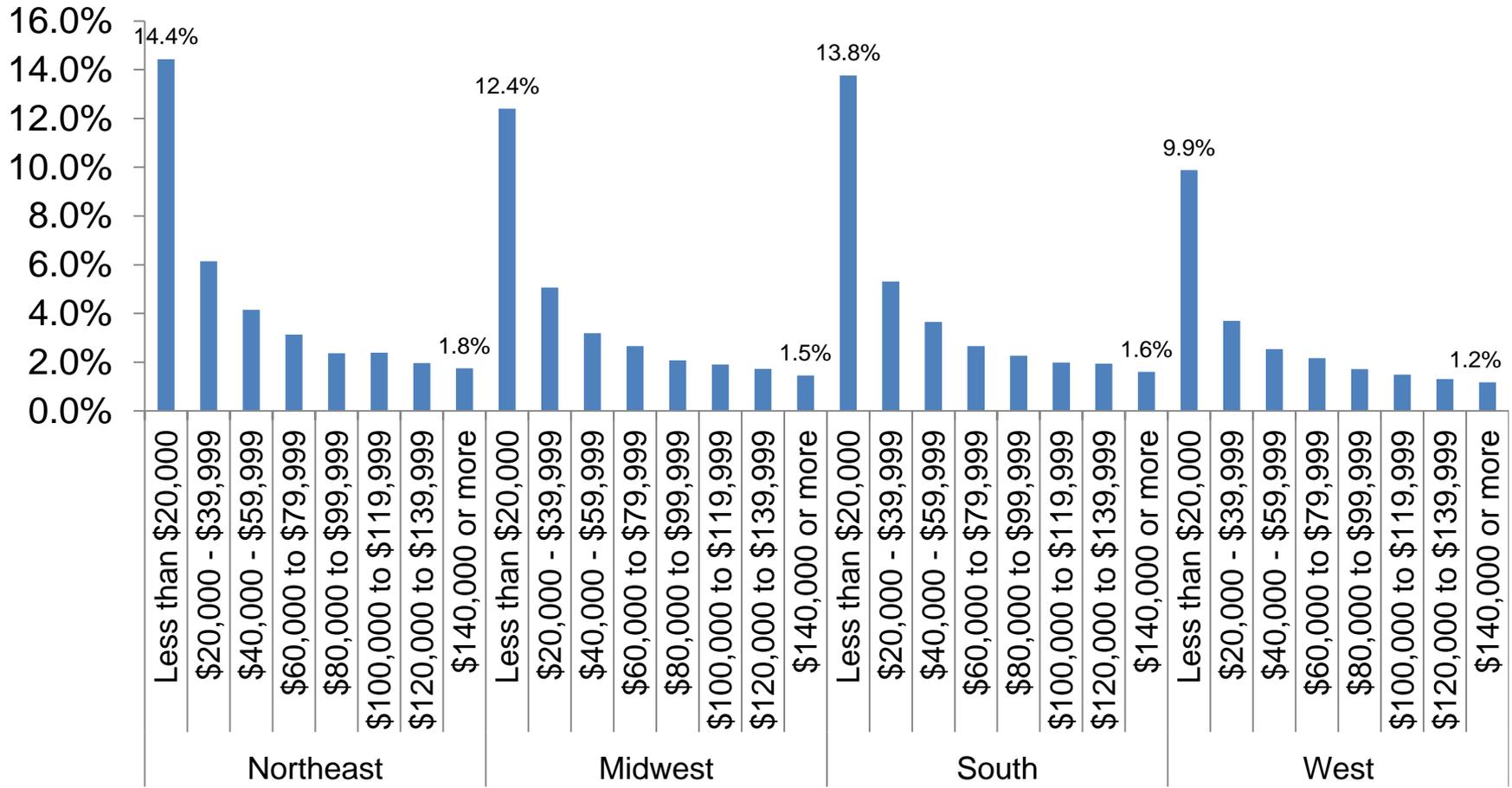
# Energy Security Disparities

- 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

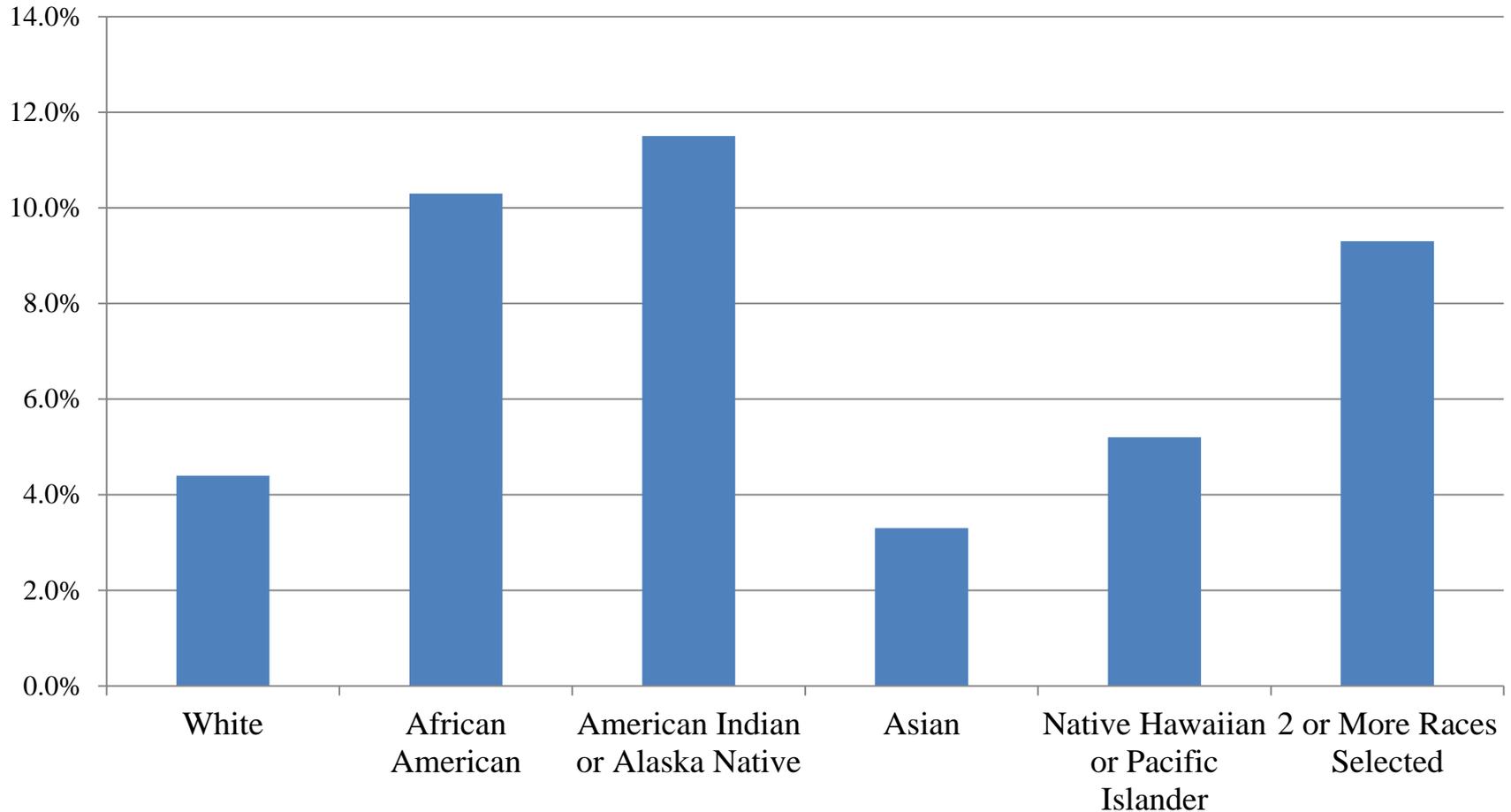
# Energy Security Disparities

- 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

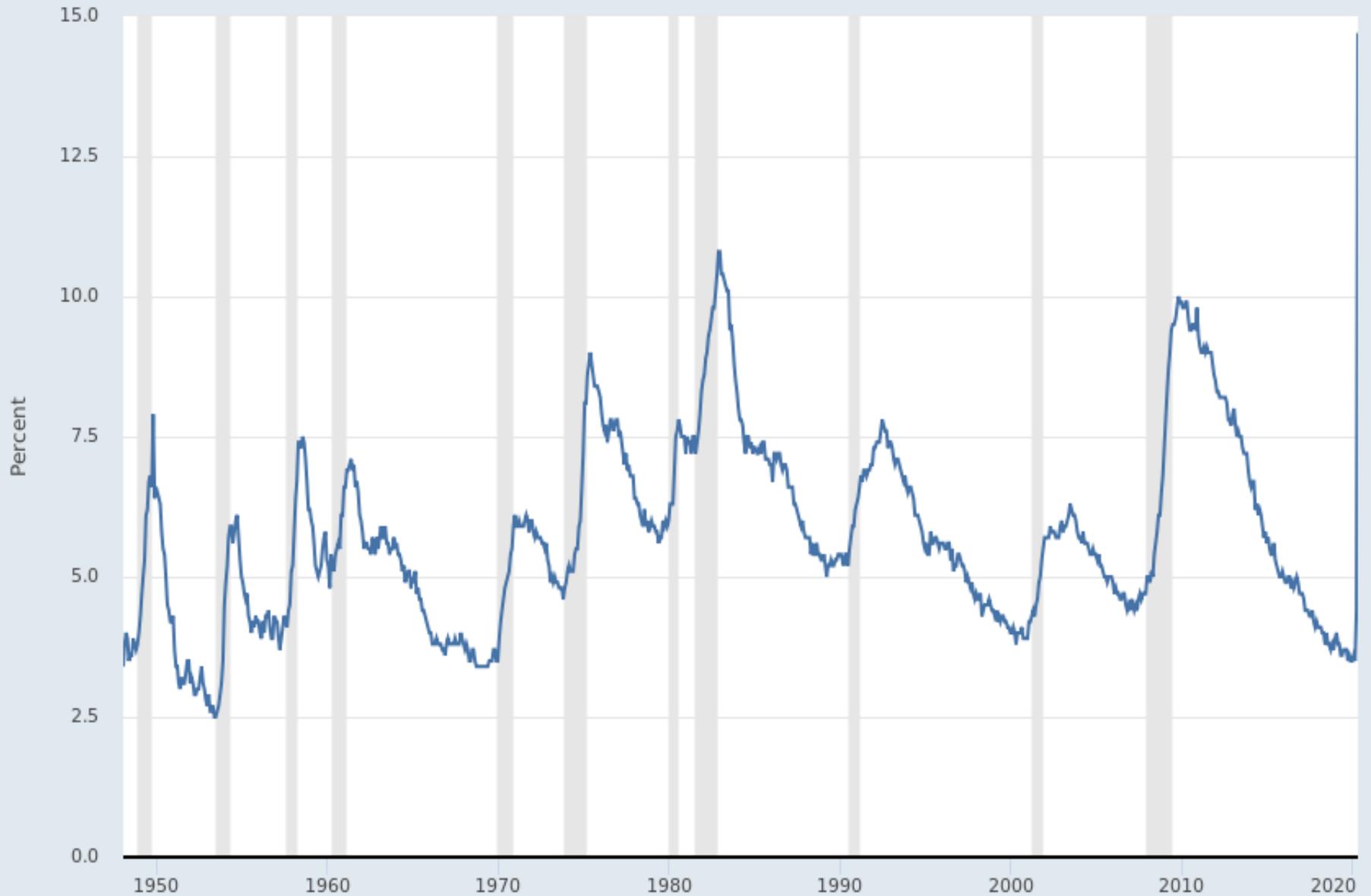


# Loss of Heat in the Past Year Due to Unaffordable Utility Service, Fuel or Heating System Repair by Race: 2015 - U.S.



## Electricity Disconnected Inability to Pay \* Race of Householder \* Region: U.S. Household at or Below 150% Poverty in 2009

		Race and Latino Descent of Householder					
			White	African- American	Latino	2 or More Races	Total
Northeast	No	Count	2644306	725791	1094894	61542	3803830
		%	95.2%	94.2%	92.6%	76.0%	94.5%
Northeast	Yes	Count	108494	45005	61541	19410	197145
		%	3.9%	5.8%	5.2%	24.0%	4.9%
Midwest	No	Count	3419706	1341659	638667	104388	5194320
		%	93.1%	92.6%	95.9%	81.7%	93.1%
Midwest	Yes	Count	253091	107983	27431	23451	384525
		%	6.9%	7.4%	4.1%	18.3%	6.9%
South	No	Count	7077186	2183720	1840937	14125	9890996
		%	93.4%	83.9%	92.4%	100.0%	91.1%
South	Yes	Count	503159	418555	152349	0	965375
		%	6.6%	16.1%	7.6%	0.0%	8.9%
West	No	Count	4035675	388463	2310679	78936	5012604
		%	96.3%	95.6%	96.8%	84.9%	96.4%
West	Yes	Count	144626	18047	66223	14047	176720
		%	3.5%	4.4%	2.8%	15.1%	3.4%
Total	No	Count	17176873	4639633	5885177	258991	23901750
		%	94.3%	88.7%	94.5%	82.0%	93.1%
Total	Yes	Count	1009370	589590	307544	56908	1723765
		%	5.5%	11.3%	4.9%	18.0%	6.7%



Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

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## Total Employment and Percent of Total for Each Risk Group

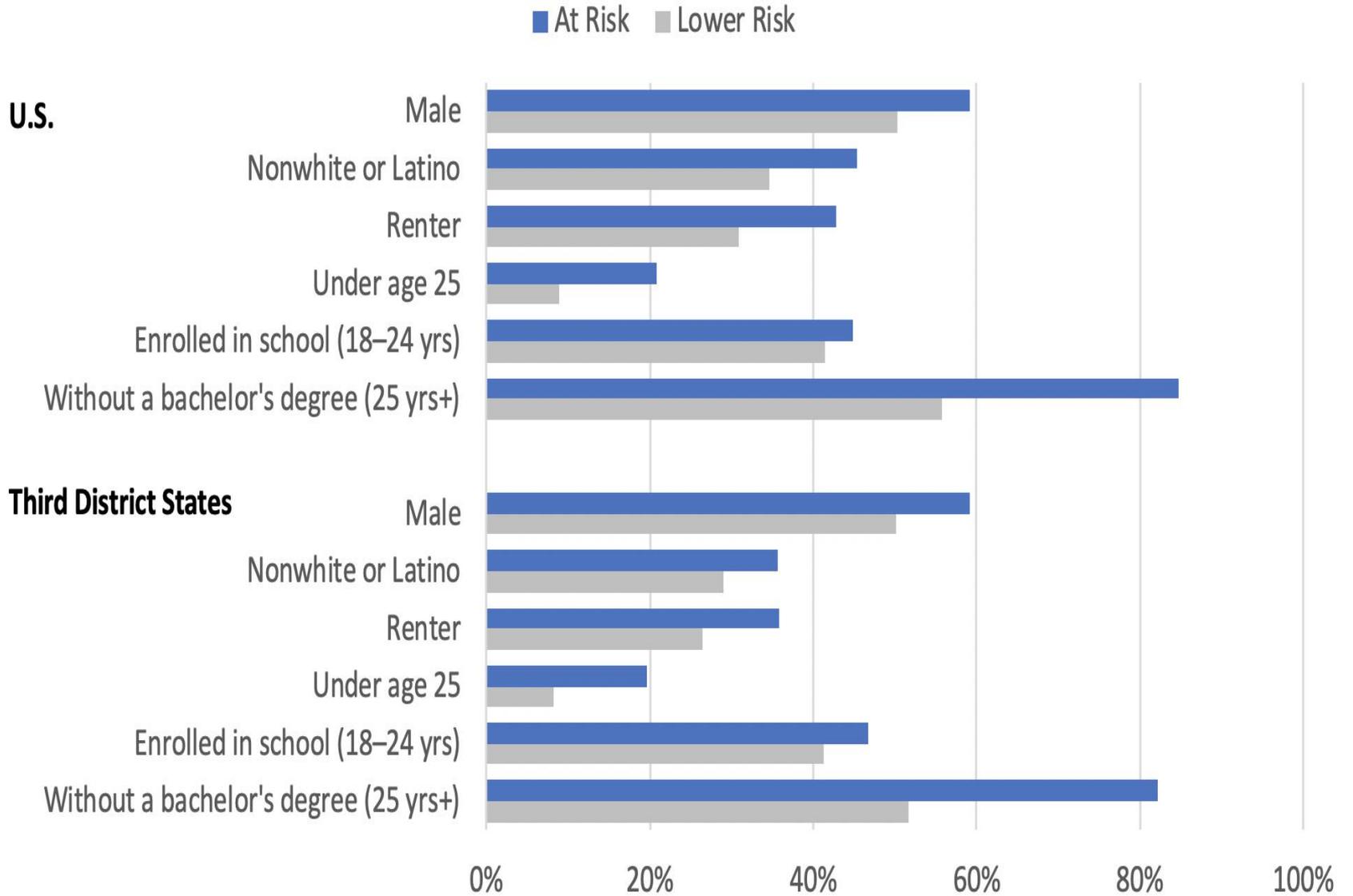
	Total Employment	Share of Total Employment
All Occupations	144,731,220	
Employed in Occupations at “Low Risk” of Layoff	77,944,910	54%
Employed in “Essential” Occupations	24,840,280	17%
Employed in Occupations Possible to Work from Home	48,204,920	33%
Employed in Other Salaried Occupations	4,899,710	3%
<b>Employed in Occupations at “High Risk” of Layoff</b>	<b>66,786,310</b>	<b>46%</b>
Food Preparation and Serving-Related Occupations	13,374,170	9%
Sales and Related Occupations	10,443,460	7%
Production Occupations	8,313,750	6%
Installation, Maintenance and Repair Occupations	5,628,890	4%
All Other “High-Risk” Occupations	29,026,040	20%

SOURCES: Bureau of Labor Statistics Occupational Employment Statistics (2018) and Charles Gascon's calculations. Federal Reserve Bank of St. Louis

## Economic Conditions of Workers by Occupational Risk

	At Risk	Lower Risk
Median earnings	\$23,141	\$41,535
Median share of household earnings	50%	59%
Working fewer than 35 hours/week	30%	17%
No health insurance	19%	7%
Income below the poverty line	11%	5%
Housing cost burdened	28%	18%

Sources: Authors' calculations using American Community Survey One-Year Public Use Microdata Sample (2017), USDOL/ETA Occupational Information Network (O\*NET) (24.2 database), and BLS Occupational Employment Statistics (May 2018).



# Covid-19 Residential Utility Customer Credit and Collections Impacts Remain Uncertain

- The need for comprehensive monthly reporting of credit and collections data
- Data reporting lag
- Credit, collections and energy security outcomes to be determined by
  - Public health and economic crisis scenarios
  - Assistance and consumer protection funding
  - Credit and collection reforms

# Post-moratorium Energy Security Programs and Policies

- During public health crisis, 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
- Require more comprehensive utility tracking and reporting of data on residential customer overdue bills, disconnections, and repayment efforts, while still respecting billpayer privacy.



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