



National
Consumer Law
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*Fighting Together
for Economic Justice*

COVID-Driven Utility Arrearages

IMPLICATIONS FOR POLICY
IN MASSACHUSETTS AND
THE NATION

By **Anna Kowanko and Charlie Harak**
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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.

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EXECUTIVE SUMMARY

The COVID-19 crisis placed millions of Americans in financial peril, hitting households of color particularly hard. In response, moratoriums on utility shutoffs were instituted in many states across the country to protect customers from the immediate danger of termination. However, some states' moratoriums have already expired, or, were never instituted in the first place, meaning that for millions of customers the threat of shutoff due to the inability to pay their energy bills is already a reality. Unpaid utility bills are accruing across the country. Without additional aid, millions of families and small businesses will face or are already facing a mountain of debt that they can't pay, placing them at high risk of disconnection.

The Massachusetts Department of Public Utilities (MA DPU) has been proactive in attempting to address and prevent the landslide of terminations that it expects at the end of its shutoff moratorium. This report analyzes arrearage data through November 2020 for three distinct customer classes in Massachusetts—customers designated as low-income (customers on the state's discount rate), regular residential customers (customers not on the discount rate), and small commercial and industrial (C&I) customers, and provides recommendations to help divert the landslide of disconnections that could result in Massachusetts and the rest of the United States.

Key Findings

- The COVID-19 pandemic has created a new class of struggling customers—those who were previously able to pay their bills, but due to the pandemic are no longer able to make payments.
- When the Massachusetts moratorium on residential terminations ends in April 2021, hundreds of thousands of customers will be at least 90 days in arrears and will be first in line for termination. It is expected that terminations will continue to hit Black and Hispanic customers particularly hard, as the limited data on shutoffs by race and ethnicity already shows.
- The average arrearages are getting older and larger.
- The scale of the problem has reached a crisis level. Customers in the three classes (low-income residential, regular residential and small commercial and industrial) analyzed in Massachusetts had accumulated over \$730 million in arrears by November 2020, and an estimated tens of billions of dollars in utility debts are accumulating across the country.

Recommendations

1. Any federal aid bill should include substantial additional funding for energy assistance programs.
2. Any supplemental Low Income Housing Energy Assistance Program (LIHEAP) funding should leverage cancellation of all or a significant portion of customers' utility debt.
3. Programs meant to help customers pay or write off past arrearages should be made more flexible and accessible.
4. States should collect detailed data on the number of customers in arrears, the amount of arrears accruing, and the age of arrears by customer class. Also, it is imperative that data collection be expanded to include zip code level reporting in order to understand and address any racial disparities. Massachusetts specifically should continue collecting the data being reported in DPU Docket 20-58 and mandate the reporting of zip code level data.

INTRODUCTION

As the U.S. Supreme Court pronounced more than 40 years ago, “utility service is a necessity of modern life [and] the discontinuance of . . . heat [and other utility service] for even short periods of time may threaten health and safety.”¹ While utility service is in fact vital to maintain health and safety, every year millions of households are disconnected from these essential services because they simply cannot afford to pay the bills. Additionally, households of color are disproportionately plagued by inconsistent and unreliable service, experiencing loss of service at a higher rate compared to white households.

The COVID-19 pandemic now requires millions of people across the United States to stay home much of the time to avoid becoming infected. Utility service becomes even more vital not only for the safety and comfort of daily life, but also to accommodate working from home, virtual learning, telehealth appointments and more. When stay at home orders were first issued in March 2020, roughly 90% of Americans said that they were staying home.² Unsurprisingly, residential energy consumption has risen, meaning that energy bills are increasing.³ This not only places more strain on low-income residential customers who were already struggling to pay their energy bills, it also burdens a new group of residential customers who were previously able to pay their bills, but due to COVID-19, are now unable. Stay at home orders, shut-down orders, and the public’s fear of contagion have also reduced small businesses’ revenue, impairing their ability to stay current on their energy bills.

This report analyzes arrearage data from Massachusetts’ Investor Owned Utilities (IOUs),⁴ looking specifically at three separate rate classes—low-income residential (those who have qualified for the state’s low-income discount rates), regular residential (all other residential customers),⁵ and small commercial and industrial (C&I) customers. The analysis was completed in order to understand the scale of arrearages accumulating among Massachusetts customers during the shut-off moratorium and to provide recommendations going forward. While this report highlights the impact of COVID-19 on Massachusetts customers, the intent is that it illustrates the scale of the arrears accruing across the country more broadly. The recommendations found here are not specific only to Massachusetts advocates and policy makers, and should be considered by other states as well.

COVID-19 Is Causing Massive Financial Distress and Recovery Is Uncertain for Many

A study released in April 2020 by the Federal Reserve Bank assessed the impact of stay at home orders on workers it defined as “at-risk workers,” or those whose positions rely on close physical contact with the public such as sales, accommodation and food service, and construction. At-risk workers are at greater risk of losing their jobs or facing a reduction in hours due to social distancing, and nonwhite or Latinx workers are more likely to fill these at-risk positions, meaning that job loss

during the pandemic has been disproportionately felt by these communities.⁶ In the month of April 2020 alone, 61% of “leisure and hospitality” jobs were lost, 37% of “construction” jobs were lost, and 35% of jobs in “other services” were lost, just in Massachusetts.⁷

At-risk workers make substantial contributions to their household’s income, and on average, earn far less than lower-risk workers.⁸ Therefore, job loss or a reduction in hours puts at-risk workers and their families in more financial distress, and may mean that a family that was previously able to pay their bills is forced to make tough choices. At-risk workers are also less likely to have health care coverage, a massive financial burden during a pandemic that has hospitalized hundreds of thousands of Americans.⁹

Nationally, unemployment has skyrocketed during the pandemic as many businesses were forced to close their doors, potentially laying off or furloughing employees. National unemployment reached a peak in April 2020 at 14.7% and still remained high in January 2021 at 6.3%.¹⁰ Workers of color continue to be disproportionately impacted by unemployment. While the national unemployment rate in January among whites was 5.7%, Blacks experienced a much higher rate of 9.2%, and Hispanic workers experienced a rate of 8.6%.¹¹ By January 2021, 4 million Americans had been unemployed for at least 27 weeks,¹² up from 3.6 million in October 2020,¹³ meaning that more households will fall even further behind on their bills.

While shut-off moratoriums were put in place in much of the country last year, debts continued to accumulate as families could not afford to pay their bills. As a result, millions of customers are accruing hundreds and even thousands of dollars in unpaid utility bills. Many moratoriums have since expired, and as of October 31, 2020 68% of households, or 82 million total, no longer had protection from termination.¹⁴ The end of moratoriums means that not only are some customers already receiving termination notices, some have been shut off for non-payment in the midst of this crisis,¹⁵ with Black and Hispanic customers receiving notices and being shut off at a much higher rate compared to white customers.¹⁶ For moratoriums that have not ended yet, as in Massachusetts, unpaid arrears are continuing to accrue at alarming rates.

As of October 31, 2020 68% of households, or 82 million total, no longer had protection from termination.

However, utility arrears are not the only expenses that families are struggling to pay. For example, a 2020 study conducted by Moody’s Analytics warns that as many as 12 million renters would owe, on average, \$5,850 in unpaid rent and utilities by January 2021, and families with children are expected to be especially hard hit: overall 21% reported being late on paying rent.¹⁷ The stimulus bill passed in December 2020 provided a \$600 stimulus payment to individuals, and \$300 a week in additional unemployment benefits, just half the amount provided in the CARES Act.¹⁸ While this aid is imperative to help families pay for day to day expenses, it will likely not be enough for millions of Americans to use on the debt that they have

accumulated throughout the pandemic. Also, while this bill provides for 11 weeks of additional funding for unemployment compensation, it is unlikely that the economic fallout from the pandemic will have ended by the time that these benefits run out.¹⁹ Additional assistance is imperative for millions of families who find themselves under a growing mountain of debt. The stimulus bill being debated in Congress at the time of publishing could include a onetime stimulus payment to individuals of up to \$1,400, could extend the additional unemployment benefits through September 2021, and raise the additional unemployment benefits amount to \$400 a week, assistance that is badly needed by struggling families.²⁰ In addition, it appears likely that the stimulus package will include \$4.5 billion in supplemental funding for the federal Low Income Home Energy Assistance Program (LIHEAP) that helps struggling families pay their utility bills.²¹

Small businesses have also fared poorly during the pandemic, with Black owned businesses being particularly hard hit. In the first stimulus package, small businesses were offered Paycheck Protection Program (PPP) loans, federal assistance meant to help employers keep paying their employees. After the program started in April 2020, the first round of funding was gone just weeks after the program began, as business owners scrambled to adhere to shut-down protocols.²² A study completed by CBIZ, Inc. found that 85% of small business respondents had taken advantage of the PPP loans.²³ But, in a survey published by Goldman Sachs, 88% of small businesses had already used all of their PPP loans by September, with Black owned businesses hit harder.²⁴ Overall, while 32% of PPP loan recipients were already forced to cut wages or lay off employees, 39% of Black-owned business owners responded in the same way. Additionally, almost twice as many Black-owned businesses reported that they had recovered less than 25% of their pre-COVID revenues by September (31% compared to 16% overall).²⁵

Fortunately, the stimulus package passed in late December 2020 allocates an additional \$284 billion in funding for PPP loans, bringing much needed assistance to struggling businesses.²⁶ Notably, this round of funding loosens the restrictions on what the loans can be spent on and will allow businesses that previously received PPP funding to apply for more assistance. Additionally, this package takes some steps to correct the disparity: new PPP loans will first be administered by Community lenders, institutions that focus on “underserved borrowers,” which include borrowers of color.²⁷ However, while this aid seems to have come just in time to prevent the worst fallout for businesses, severe damage was already done, which is made apparent by the massive increases in utility arrears in the small commercial and industrial (C&I) class. As small businesses fold or teeter on the brink, it is often lower-wage workers who end up losing their income and their jobs.

Even more concerning: the pandemic may not have reached its worst point yet. Reported cases and deaths from COVID-19 surged dramatically after Thanksgiving and Christmas. Starting in early December 2020, reported cases often exceeded 200,000 daily and even topped 300,000 on some days, according to the Centers for

Disease Control and Prevention, and reported deaths began exceeding 4,000 a day by the end of December.²⁸ By the second week of January, however, reported cases began trending sharply down. But now CDC expects that the 50% more contagious variant first found in the UK will become the dominant strain in the United States by March, which may lead to yet another surge in reported cases and result in more deaths.²⁹ Additionally, the rollout of the COVID-19 vaccines in the U.S. has had a slow start, prolonging the pandemic, and has been uneven across the country.³⁰ White residents in the U.S. are being vaccinated at two to three times the rate as Black residents.³¹

For many of the workers hardest hit by the pandemic, any recovery may not reach them for quite some time, if ever. Federal Reserve Chairman Jerome Powell announced in November 2020 that the pandemic will accelerate the economic shift towards telework and automation. This means that lower-paid workers and service positions that require face-to-face interaction will bear the brunt of this shift, the same workers who are already most feeling financial hardship from COVID-19, and positions that are disproportionately filled by people of color.³²

Disparate Impact on Communities of Color

Households of color have disproportionately borne the brunt of the economic fallout from the COVID-19 pandemic and are at greater risk of losing their jobs or income to the crisis. Black and Latinx households have been and continue to be systemically excluded from accumulating wealth, and thus on average, have less of a safety net to draw on during challenging financial times.

Federal Reserve survey data released in September 2020 found that while white families have an average of \$8,000 dollars in savings, Black families had an average of just \$1,500, and Hispanic families just \$2,000.³³ The wealth gap is much larger still: one study found that in the Boston metro area the median wealth of white households was \$247,500 while the median wealth of Dominican and U.S. born Black families in the area was just \$8.³⁴

According to Federal Reserve Chairman Jerome Powell, workers of color have disproportionately experienced job loss during the pandemic, and are expected to continue to be most harmed as our economy shifts post-pandemic.

According to Federal Reserve Chairman Jerome Powell, workers of color have disproportionately experienced job loss during the pandemic, and are expected to continue to be most harmed as our economy shifts post-pandemic. Lower-paid workers and service positions are disproportionately filled by people of color, and these are not only the positions hardest hit during the pandemic, but are also those that are not likely to return in the same way during pandemic recovery.³⁵

Pre-pandemic, Black households were already disparately burdened by higher utility bills and less reliable energy service. According to research completed by the Energy Institute at Haas, Black households are estimated to pay hundreds of dollars

more a year for energy service than white households—in 2017 the estimate was \$200 more for renters and \$310 more for homeowners.³⁶ This disparity is greatest among low-income households. African American and Latinx households are also far more likely to experience a loss of heating or cooling due to an inability to pay energy bills.³⁷

This disparate impact has widened during COVID-19. According to nationally representative survey results conducted by Indiana University, of customers below 200% of the federal poverty line, 20%

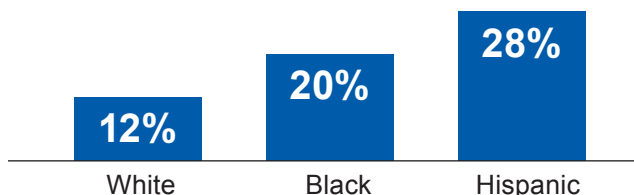
of Black households and 28% of Hispanic households reported being unable to pay an energy bill between June and August 2020, compared to just 12% of white households (see chart). During this same time period, low-income Black households were sent utility disconnection notices at two times the rate and had their electricity disconnected at five times the rate compared to low-income white households, and Hispanic households received notices at five times the rate and lost electricity at eight times the rate.³⁸ As the moratoriums continue to end around the country, we can expect that households of color will continue to disproportionately bear the brunt of shut-offs and the stress of receiving threats of termination.

Customers and businesses of color have been disproportionately impacted by the COVID-19 pandemic, and this will likely continue as the pandemic rages on. These communities are also not expected to experience recovery at the same rate as white Americans. This understanding must influence decision-makers as aid and recovery options are discussed, or communities of color will be left behind in recovery.

MASSACHUSETTS: A LEADER IN PROTECTING UTILITY SERVICE

Massachusetts saw unemployment surpass the national rate, peaking in June at 17.7% and remaining at 7.4% in December 2020, compared to a rate of just 2.8% in December 2019.³⁹ However, in comparison to many other states, the Massachusetts Department of Public Utilities (MA DPU) has been particularly proactive when it comes to protecting consumers' utility service during the pandemic. In May 2020,

CHART **Percent of Customers Nationwide Below 200% of Federal Poverty Line Who Reported Being Unable to Pay an Energy Bill Between June and August 2020**



Source: [Environmental Resilience Institute](#), Indiana University, Sept. 2020

the MA DPU opened Docket 20-58,⁴⁰ with the goal of understanding the impact of COVID-19 and mitigating its aftermath, specifically post-moratorium.

In July 2020, a series of protective measures were included in an order pertaining to a shut-off moratorium, arrearage management programs (AMPs), and payment plans.⁴¹ For immediate security, the order included a moratorium on terminations on all residential customer accounts through November 15, 2020, a measure that was extended through April 1, 2021.⁴² The AMP was expanded through at least February 2021 to allow repeat enrollments, longer and more flexible payment terms, and a waiver of down payment requirements.⁴³ A prior DPU order also extended the length of residential payment plans from 4 months to 12 months generally, and up to 18 months for those struggling financially.

Additionally, when DPU 20-58 was opened, it required Massachusetts investor-owned utilities (IOUs) to submit additional billing and collection data. Massachusetts IOUs were required to submit collection reports to the DPU for quite some time, and while new reports in Docket 20-58 include similar data on the quantity of customers and amount of arrears accrued by vintage, there are a few important differences that make this new data more useful and easier to assess.

Most notably, reporting in DPU 20-58 disaggregates regular residential customers from low-income residential customers, which is especially important because it allows advocates to assess the impacts of COVID-19 on a new class of customers—those who, until the pandemic, were generally able to pay their bills. DPU 20-58 also includes data on small, medium, and large commercial and industrial (C&I) customer classes. And, while the prior reporting regime included data on total arrears, broken out by whether the customer was 60 to 90 days late or more than 90 days late, reporting in DPU 20-58 also includes data on those 30 to 60 days late. Lastly, COVID-19 reporting includes a monthly comparison between 2019 and 2020 levels, which is particularly helpful in terms of analyzing trends and the adverse financial impact the pandemic is having on customers.

The Data Demonstrates a Sharp Increase in Arrearages, Especially for Customers at Least 90 Days Behind

The National Consumer Law Center (NCLC) compiled and analyzed reported data for nine Massachusetts reporting entities⁴⁴ in order to get a detailed picture of the threat that COVID-19 poses to energy security post-pandemic. By November 2020, growth in arrearages, particularly those more than 90 days past due, reflected the devastating impact on the ability of customers to pay their bills. Overall, aggregated arrears across all three classes analyzed (residential, low income residential, and small C&I) reached \$735 million. This is \$240 million more total debt in November 2020 than in November 2019, a shocking 50% increase just eight months into the pandemic.

For residential and low income residential customers alone, there was a total of \$661 million in past due balances, an increase of \$220 million, or, on average, \$214 more owed per customer in arrears. These numbers are alarming on their own, but when one looks more in-depth at how the arrears are distributed,⁴⁵ the story becomes even more dire. While the amount of money owed has increased across all classes of customers, the largest growth of arrears is for those more than 90 days past due. Customers this far in arrears would be high on the list for termination, in the absence of a moratorium.

For one year ending November 2020, there was \$735 million in aggregated utility debt arrearages – a 50% increase for MA low-income residential, other residential, and small commercial and industrial business customers.

Between November 2019 and 2020, the **number of customers** who were 30-60 days late and those 60-90 days late decreased in all three classes, somewhat surprisingly. However, the **amount of money owed** still increased by millions across all three classes, with the exception of low income residential customers and small C&I customers only 30-60 days late.⁴⁶ The overall increase resulted in hundreds of dollars of additional debt per customer on average. The worst percentage increases in average per customer arrears were for the 60-90 day arrears of regular residential customers (86%), most likely because these were customers who tended to pay their bills previously but who lost work during the pandemic. While low-income customers saw an average decrease in 30-60 day per customer arrears, their 60-90 day arrears increased much more alarmingly, 70%, showing that the average age of debt is increasing (see Tables 1 and 2).

TABLE 1 Number of Customers in Arrears, the Dollar Value of Arrears, and the Average Arrears Owed for Massachusetts Residential, Low-Income Residential, and Small Commercial and Industrial Utility Customers (30–60 Days Late)

	CUSTOMER TYPE	2019	2020	DIFFERENCE	PERCENT CHANGE ⁴⁷
Number of Customers in Arrears	Residential	258,904	216,577	(42,327)	–16%
	Low Income Residential	44,801	42,359	(2,442)	–5%
	Small C&I	40,772	36,936	(3,836)	–9%
Dollar Value of Arrears (Millions)	Residential	\$ 43.4 M	\$ 50.3 M	\$ 6.9 M	16%
	Low Income Residential	\$ 10.8 M	\$ 9.8 M	\$ (1 M)	–9%
	Small C&I	\$ 22.1 M	\$ 21.2 M	\$ (899,978)	–4%
Average Amount Owed per Customer	Residential	\$ 168	\$ 232	\$ 64	38%
	Low Income Residential	\$ 242	\$ 232	\$ (10)	–4%
	Small C&I	\$ 543	\$ 575	\$ 32	6%

Source: National Consumer Law Center analysis of MA utilities data, [November, MA DPU 20-58] Dollar value of arrears numbers are rounded.

TABLE 2 Number of Customers in Arrears, the Dollar Value of Arrears, and the Average Arrears Owed for Massachusetts Residential, Low-Income Residential, and Small Commercial and Industrial Utility Customers (60–90 Days Late)

	CUSTOMER TYPE	2019	2020	DIFFERENCE	PERCENT CHANGE
Number of Customers	Residential	113,620	100,268	(13,352)	–12%
	Low Income Residential	30,461	22,447	(8,014)	–26%
	Small C&I	12,795	12,255	(540)	–4%
Dollar Value of Arrears (Millions)	Residential	\$ 23.9 M	\$ 39.4 M	\$ 15.5 M	65%
	Low Income Residential	\$ 9.4 M	\$ 11.7 M	\$ 2.3 M	25%
	Small C&I	\$ 8.2 M	\$ 11.4 M	\$ 3.2 M	39%
Average Amount Owed per Customer	Residential	\$ 211	\$ 393	\$ 182	86%
	Low Income Residential	\$ 308	\$ 522	\$ 214	70%
	Small C&I	\$ 638	\$ 930	\$ 291	46%

Source: National Consumer Law Center analysis of MA utilities data, [November, MA DPU 20-58] Dollar value of arrears numbers are rounded.

The data for customers more than 90 days in arrears reflects a different pattern, where both the number of customers and the dollar amount in arrears have increased post-COVID. A total of 350,429 residential customers were more than 90 days late as of November 2020, an increase of 108,690—45%—from November 2019. Among low-income customers, 21,608 more customers were more than 90 days late in November 2020 than in 2019, a 17% increase. The small C&I class reported a 41% increase in the number of accounts in arrears—almost as high as that for residential customers.

The dollar value of debt more than 90 past due days increased as well. Worst hit by far was the small C&I class, with total arrearages increasing 135% from \$17.6 million (November 2019) to \$41.4 million (November 2020). In the same period, regular residential arrearages increased from \$195 million (November 2019) to \$351 million (November 2020), an 80% increase. The low-income arrearages increased far less (25%) because they started at a much higher baseline in terms of average arrearage per customer: the average arrears per residential customer was \$805 in November 2019 versus \$1,252 per low-income customer.

Regular residential arrearages increased from \$195 million (November 2019) to \$351 million (November 2020), an 80% increase.

TABLE 3 Number of Customers in Arrears, the Dollar Value of Arrears, and the Average Amount Owed for Massachusetts Residential, Low-Income Residential, and Small Commercial and Industrial Utility Customers (90+ Days Late)

	CUSTOMER TYPE	2019	2020	DIFFERENCE	PERCENT CHANGE
Number of Customers	Residential	241,739	350,429	108,690	45%
	Low Income Residential	126,566	148,174	21,608	17%
	Small C&I	23,110	32,571	9,461	41%
Dollar Value of Arrears (Millions)	Residential	\$ 194.7 M	\$ 350.9 M	\$ 156.2 M	80%
	Low Income Residential	\$ 158.5 M	\$ 198.6 M	\$ 40.1 M	25%
	Small C&I	\$ 17.6 M	\$ 41.4 M	\$ 23.8 M	135%
Average Amount Owed per Customer	Residential	\$ 805	\$ 1,001	\$ 196	24%
	Low Income Residential	\$ 1,252	\$ 1,340	\$ 88	7%
	Small C&I	\$ 761	\$ 1,270	\$ 510	67%

Source: National Consumer Law Center analysis of MA utilities data, [November, MA DPU 20-58] Dollar value of arrears numbers are rounded.

The COVID-19 pandemic has not only placed massive financial strain on low-income Americans who were already struggling to pay their utility bills, but has also created a group of utility customers who are newly unable to pay their energy bills. This is of particular concern not only because of the millions of dollars in arrears that are accruing while the unemployment rate still soars, but also because while low-income customers may be accustomed to seeking aid, many residential customers who are newly unable to pay their bills will likely not know where to go to receive assistance. Therefore, the number of customers who are likely to find themselves facing shut off when moratoriums end is of great concern.

As mentioned previously, households of color are disproportionately burdened by higher energy costs and less reliable energy service, and data has shown that throughout the pandemic, Black and Hispanic customers are being disconnected at much higher rates compared to white customers in locations where moratoriums have already ended or never existed.⁴⁸ This means that customers of color will be particularly vulnerable when moratoriums are no longer in place, a disparity that must be addressed.

RECOMMENDATIONS

The economic hardship due to the COVID-19 pandemic has been deep, and will likely continue for a long time. As aid runs out, moratoriums end, and bills become due, millions of Americans will be faced with the possibility of losing their utility service. Utility customers need swift, substantial assistance in order to recover. Below are four key recommendations necessary to mitigate the post-pandemic fallout.

- 1. The next federal aid bill should include additional funding for energy assistance programs.** COVID-19 has created a class of customers newly unable to pay their utility bills, and with low-income customers getting more behind on their bills, there will be a sharp increase in applications for fuel assistance, increasing the stress on the federal fuel assistance program. The next stimulus bill should include \$10 billion in supplemental funding to expand the federal fuel assistance program (the Low Income Housing Energy Assistance Program or LIHEAP).⁴⁹ Massachusetts should also consider supplemental state funding for LIHEAP, depending on the amount of funding Congress may appropriate, to bridge any gap in time until additional federal aid actually arrives.
- 2. Any Congressional appropriation for a supplement to LIHEAP should leverage cancellation of all or a significant portion of customers' utility debt.** Utility bills are not the only bills going unpaid. As recent studies have shown, millions of families are struggling to pay their rent. Utility debt should be cancelled, allowing struggling families to focus on paying other necessary expenses, such as rent, while still being able to heat their homes, and continuing to work and learn at home.
- 3. Programs meant to help customers pay or write off past arrearages should be made more flexible and accessible.** For debt not canceled, states should extend the length of the payment plans offered in order to make sure they are affordable to customers experiencing financial difficulty. Additionally, states should expand the options for arrearage retirement through Arrearage Management Programs (AMPs), programs that reward on time payments of regular monthly energy bills by writing down arrears each month that the current bill is paid.⁵⁰ Massachusetts should indefinitely continue the more flexible AMP rules adopted in DPU 20-58.
- 4. States should collect detailed data on the number of customers in arrears, the amount of arrears accruing, and the age of arrears broken down by customer class.** This data provides invaluable information that helps guide policy decisions regarding the need for, e.g., more flexible payment plans, termination protections, and payment assistance. Additionally, states must begin mandating reporting of disaggregated, zip code level data in order to assess and, if needed, correct disparate impact on customers of color. Data suggests

that customers of color lose utility service at a disproportionate rate and have larger average bills. These same populations are also disproportionately bearing the economic fallout of the COVID-19 pandemic, and will likely be slower to recover as the economy changes post-pandemic. Preliminary data shows that Black and Hispanic households are already experiencing terminations at much higher rates. Better data collection will help identify problems and potential solutions, and will help determine whether assistance is effectively reaching those most impacted. During COVID-19, Illinois has done precisely this, mandating IOUs to provide reporting by zip code, data that is already proving valuable in determining the neighborhoods most effected by shut-offs.⁵¹ Massachusetts should continue collecting the detailed data being reported in DPU 20-58, and follow Illinois' lead in mandating zip code level reporting.

CONCLUSION

During the COVID-19 pandemic, unemployment rates hit their highest point since the Great Depression. Millions of Americans found themselves newly without a job and unable to pay their utility bills, among other life-saving necessities. While shut-off moratoriums in Massachusetts and other states protected customers from immediate disconnection, billions of dollars in past due utility bills have accrued, meaning that millions of customers will be eligible for termination when these moratoriums end. However, many states no longer have moratoriums in place or never had them, meaning that millions of customers have already received threat of termination or been terminated. As evident from Massachusetts data analyzed in this report—which likely reflects the situation across the country—much of the accrued utility arrears are owed by customers who previously could pay their bills, but are newly unable to do so, made evident by the large increase in arrears among regular residential and small C&I classes. Public policies and federal aid must be brought to bear to stop these customers from falling off of a financial cliff when these bills finally become due, and special attention must be paid to make sure that communities of color do not continue to be disproportionately burdened by unaffordable and unreliable energy service.

Massachusetts data—which likely reflects the situation across the country—shows much of the accrued utility arrears are owed by residential and small business customers who previously could pay their bills but are newly unable to do so.

ENDNOTES

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2. Joseph Guzman, The Hill, “[90 percent of Americans now staying home to prevent coronavirus spread](#)” (Mar. 27, 2020).
3. John Howat, National Consumer Law Center, “[Residential Electricity Sales: The Early COVID-19 Stay-at-Home Period](#)” (July 8, 2020).
4. The reporting IOUs include gas and electric companies, but not the state’s investor owned water companies, which serve relatively few customers.
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20. Jeanna Smialek, The New York Times, “[A Look at What’s in Biden’s \\$1.9 Trillion Stimulus Plan](#)” (Jan. 14, 2021).

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41. [MA DPU Order approving the Customer Assistance Plan](#) (July 31, 2020).
42. DPU 20-58, “Chairman’s Seventh Set of Orders under G.L. c. 25, § 4B” (Nov. 18, 2020).
43. More information available at: <https://bit.ly/state-action-util-covid>
44. These include three National Grid operating companies (Massachusetts Electric Company, Boston Gas, and Colonial Gas Company); three Eversource reporting entities (Western Massachusetts and Eastern Massachusetts Electric, and Eversource Gas), Berkshire Gas, Columbia Gas, and Liberty Utilities. Calculations do not include data from Fitchburg Gas and Electric.
45. Again, “vintage” means how overdue the bills are, e.g., 30-60 days past due; 60-90 days; 90+ days. Most utilities track arrearages by these vintages, and the orders in DPU 20-58 require this level of reporting.
46. [DPU 20-58 Filing, Joint Petition](#) (July 2, 2020). (In November 2020, Columbia Gas was purchased by Eversource and, as part of the Attorney’s General’s settlement agreement, almost \$15 million in low income residential arrears were forgiven, which could account for this decrease. And, while small C&I customers saw a drop in almost \$1 million in arrears in this 30-60 day vintage, the average debt per customer still rose.)
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49. LIHEAP is the Low-Income Home Energy Assistance program authorized by 42 U.S.C. §§ 8621-8630.
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