

A 'Tidal Wave' of Power Cuts May Be Coming as Electric Companies Resume Shutoffs



A Southern California Edison crew installs a new overhead switch for circuit reliability on May 13, 2020 in Ventura, Calif.
Brent Stirton—Getty Image

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BY ALANA SEMUELS
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For people who lost jobs or income during the pandemic, life has been a series of terrifying deadlines. There was July 24, the end of a federal eviction moratorium from government-backed housing, which had protected about one-third of renters. There was July 30, when a program providing an extra \$600 in weekly unemployment benefits expired, reducing the incomes of tens of millions of Americans.

Now, the beginning of September looms as yet another deadline as utility companies resume cutting power to customers who have fallen behind on their bills. In some states, moratoriums preventing them from doing so are ending, and in other states, utility company pledges to keep customers connected are winding down. Residents in Ohio, Florida, Maryland, Indiana, and Illinois are all at risk of shutoffs in early September; shutoffs can resume in late September or October in North Carolina, Tennessee and Texas.

“We’re facing a tidal wave of terminations,” says Charlie Harak, senior attorney for energy and utilities issues at the National Consumer Law Center.

There is no national account of how many customers could lose power, but there are certainly millions of people who risk disconnection at a time when people need their utilities the most. Kids need electricity to attend online classes, which will be the norm for hundreds of thousands of them as schools reopen. They need light in the evening to do homework. And in large swaths of the country facing extreme heat, life without power means no fans or air conditioning. Additionally, cutoffs can increase risks of COVID-19 infection by forcing some people to leave their homes and squeeze into cramped quarters with friends or relatives who have electricity.

Based on data from Massachusetts, Harak estimates that as many as 10% of U.S. households are so far behind on their bills they are at risk of termination when moratoriums end. A report by Carbon Switch, an energy efficiency

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estimates that around 34.5 million people could lose their utility service. The CDC Posted — But Then Suddenly Deleted — Critical Guidance About How COVID-19 Actually Spreads

Duke Energy, which serves 7.8 million customers across seven states in the southeast and Midwest, tells TIME that 500,000 of its customers are 60 days or more behind on their gas or electric bills. In early August, Florida Power & Light Company (FPL) said that 258,000 customers were behind on payments; Tampa Electric Company said that 92,000 of its customers were behind. A public interest group said in June that 800,000 Pennsylvanians were at risk of service termination. More than 300,000 residential households in Minnesota were past due by the end of July, according to data filed with Minnesota's Public Utilities Commission.

The impending wave of shutoffs is one more sign of how the economic measures to help Americans who lost jobs during the pandemic have fallen short. There were still 27 million Americans receiving unemployment benefits the week ending August 8, according to the latest Commerce Department data. The end of the \$600 in extra weekly unemployment benefits hit many people hard, but many of the people I talked to for this story had not even received the regular unemployment benefits or stimulus checks they were due. State unemployment offices, slammed with a surge in applications and running on outdated systems, are still trying to catch up with applications and appeals. One in three families struggle to pay their utility bills in normal times; even more are falling behind because of the sudden loss of income.

Brandy Wilcoxson, 42, a single mother in Atlanta who works as a security guard, has seen her weekly hours cut from 40 to around 13 because of the pandemic. She's limited in the shifts she can take because her two kids, ages 14 and 10, are doing virtual learning, and she has to be home to supervise. She should qualify for unemployment benefits under the CARES Act, which allows people who are underemployed during the pandemic to collect benefits, but her benefits ended abruptly in July with no explanation, she says. Now, she owes around \$1,000 in back electric bills, and when she contacted her power company to enter into a payment plan, she says she was told she would need to



2-a month just to catch up on her bill, in addition to whatever she'll need to actually spread. It's money that Wilcoxson, who makes \$13 an hour and who struggles to cover rent and food, does not have. "It would be robbing Peter to pay Paul," she says.

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She recently learned that she may be evicted soon, so she is hesitant to pay to keep the power on if she's just going to lose her home anyway. My next move will be probably to hold a sign at the corner saying I have two kids, and asking for help," Wilcoxson tells me.

The coming wave of utility shutoffs illuminates the patchwork nature of laws in the U.S. controlling access to basic necessities like water, electricity, and gas. Depending on where you live, you probably get your utilities through either a big investor-owned utility, a small municipal utility affiliated with your city or town, or a rural cooperative. State utility commissions only have authority over big, investor-owned utilities like Duke Energy or Florida Power & Light, so most state moratoriums did not cover municipal and rural cooperatives, which could proceed with shutoffs in many states.

In the wake of the pandemic, the most sweeping protections were enacted in New York state, which passed a legislative ban on utility shutoffs until early 2021. It covers investor-owned and municipal utilities, and included gas, water and phone service on top of electricity. California's public utility commission ordered investor-owned electric and gas companies to suspend disconnections until April 2021, but that order does not include municipal power companies or rural cooperatives.

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In most other states, moratoriums are winding down. "Within a few months, we're only going to have five or six states that have moratoriums on shutoffs," says Harak.

An Illinois stoppage of disconnections ended July 26, but many power companies volunteered to extend it until September. A Maryland ban expires



**A ban on shutoffs by North Carolina's utility regulator expires Sept. 1
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All of the big investor-owned utility companies pledged not to shut off power for nonpayment in early March, but many ended those moratoriums in July and

August and planned to proceed with shutoffs in September after having given customers 30 days to try and catch up. Duke Energy spokesman told TIME the company will begin shutting off customers in Ohio and Florida in September, and in North Carolina in October. Tampa Electric will also resume disconnections on Sept. 1. The Tennessee Public Utility Commission's moratorium on disconnects ended Aug. 30, but since power companies must provide 30-day written notice of disconnects, they can't start disconnecting until Sept. 28.

Though some moratoriums protected customers from accruing late fees, others allowed the fees to pile up, meaning some customers are going to be hit with higher-than-expected bills once they're expected to resume payments.

Utility companies defend their decisions to resume shutoffs, saying that as long as customers know their power won't be cut, they stop trying to make payments. As evidence, they say that calls to utility call centers went down during the pandemic, indicating customers aren't contacting providers about working out payment plans. Adam L. Benshoff, the executive director of regulatory affairs for the Edison Electric Institute, which represents investor-owned electric companies, says this means customers will continue racking up bills that they may not be able to pay.

"The moratorium is having some unintended consequences that are placing customers in a worse spot long term," says Benshoff. (Jean Su, the director of the Energy Justice Program at the Center for Biological Diversity, which is advocating for a nationwide moratorium, calls the idea that people are choosing not to pay "a red herring," and says there is no evidence people who can pay their bills stop doing so because of moratoriums.)

It's not just consumers who are struggling, according to the American Public Power Association, which represents 2,000 public power utilities serving 49



people, or about 15% of U.S. utility customers. Some small nonprofit utilities, as factories shut down and as consumers fell behind on bills, APPA says. It estimates that member revenues are down \$5 billion in 2020. One small nonprofit utility provider, the town of Elizabeth City, in North

Carolina, said in June that it was facing insolvency and was granted a waiver from the state's ban on shutoffs. And it asked Congress for forgivable loans for members affected by the pandemic.

Bigger utility companies say they also are hurting because they're getting less money from non-residential customers like office buildings and factories, so they need to push consumers to start paying their bills again. "At some point, you do have to return to normal billing operations for business reasons," said Neil Nissan, a spokesman for Duke Energy. (In August, Duke reported \$5.4 billion in revenues for the three months ending June 30, 2020 and earnings per share of \$1.08 for the quarter.)

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Lucy Cabrera, who is three months behind on payments to Florida Light & Power, says she'd pay if she could, but her income doesn't cover the rent much less the power. "I just send \$100 in here and there, and pray for the best," says Cabrera, 55, who lives outside of Miami with her husband, who is disabled. Cabrera drove for Uber, Lyft, and Postmates until the pandemic began; she stopped driving because both she and her husband have health problems that put them at higher risk for contracting COVID-19.

The weekly \$600 in extra unemployment benefits helped her keep up with her bills; now that has ended, her family's only income is her husband's monthly \$578 Social Security check and her weekly \$125 unemployment benefit. Her electricity bill alone is around \$240 a month, powering the air conditioning that makes life tolerable during Florida's sweltering summer months.

The pandemic has forced people struggling to pay their bills to consider something that would have seemed unthinkable a year ago; life without basic



is like electricity or water. This comes at a time when people are stuck at home. The CDC posted — But then suddenly deleted — critical guidance about how COVID-19 actually spreads.

Barie, 36, who lives outside Philadelphia, realized this when her water was shut off in mid-August after she fell behind on payments following a pandemic-

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related job loss. She couldn't mix formula for her baby or give her children baths. "You don't realize how much you need it until you don't have it," Barie, who had a job as a florist, told me. She took her children to stay with her mother until she was able to borrow money from relatives to get the water turned on again.

Consumer advocates have urged Congress to impose a national moratorium on all utility shutoffs. "We need to be able to maintain utilities if we want to beat the virus," says Al Ripley, the director of the consumer and housing project at the North Carolina Justice Center, an advocacy group that works on poverty issues. If people lose their power, they'll be forced to move in with friends or family, increasing the risk of transmitting the coronavirus, Ripley says. The HEROES Act, passed by the U.S. House of Representatives in May, included a moratorium on disconnection of water and home energy for nonpayment, but it did not have support in the Senate.

There is some federal funding available for people who fall behind on utility bills. The CARES Act, signed into law in March, provided an extra \$900 million for the Low Income Home Energy Assistance Program, or LIHEAP, which helps families pay their energy bills. But most consumers don't know how to access LIHEAP money, which is usually distributed through community organizations or state agencies, and besides, that money is quickly running out. Some energy companies also offer programs that allow customers who can pay their bills to round up and donate to help pay the bills of those that can't. California's public utility commission said recently it would test a program that would cap bills at a percentage of income customers can afford to pay.

That so many Americans are falling behind on utilities has future implications for everyone. With revenues down, many utility companies will likely raise rates to recoup lost payments. Some already are trying. In Indiana, 10 electric and natural gas companies in June asked regulators to let them raise rates



of lost income due to the pandemic; their request was denied. Citing "the coronavirus pandemic" and volatility in capital markets, Appalachian Power in Virginia, has asked regulators to let it raise rates 6.5%. (The request has not yet been approved; the Attorney General's

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office called it “unconscionable” in a filing.) Indiana’s utility regulatory agency approved Duke Energy’s request for a rate increase in June of this year. Duke is also asking North Carolina’s utility commission for permission to raise rates to account for costs associated with the pandemic. Utility commissions in 33 states are tracking how utility companies’ finances are hit by the pandemic, in order to potentially help them make up the revenue.

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Higher rates raise bills for everybody but would put a greater burden on low-income families, who devote three times as much of their income to energy costs as do higher-income households. A June survey of low-income households by researchers at Indiana University found that 22% of respondents had to forgo or reduce household needs like medicine or food to pay their energy bill; 4% of those surveyed had already had their service disconnected. People of color who have been hardest hit by the pandemic may also be the same people who lose their power because of non-payment, elevating their health risks.

Of course, there are some states that are continuing to prevent shutoffs, acknowledging that the coronavirus pandemic is continuing and that economic opportunities are few and far between. Wisconsin’s utility commission voted to extend its moratorium on utility disconnections until October 1; Virginia’s utility regulator extended its ban on shutoffs from Aug. 31 to Sept. 15; Massachusetts extended its moratorium from Aug. 31 to Nov. 15. This may help people through the winter, since many states prohibit shutoffs during cold winter months, or if the temperature falls below freezing.

It won’t help people whose landlords are using utility shutoffs on people depending on the rent, in an effort to force them to move. Lawyers say this is



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Anallive Calle, 32, who is eight months pregnant and has two young children, lives in Miami, where landlords are not able to take “final action” and evict

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people for nonpayment if the tenant can show they have been affected by the pandemic. Still, Calle says her family has been without power for a week. Calle lost hours at her job at a salon when the pandemic hit, and her husband is temporarily disabled with a foot injury. They fell behind on their rent, but Calle says they were paying what they could. Then one morning, they woke up sweating to find their air conditioner no longer working. The landlord had cut the power, which was included with their rent.

All the food in the refrigerator spoiled, and since Calle cannot cook without power, she’s feeding the children crackers and other non-perishable food. Her kids don’t understand why it’s so hot in their apartment or why they can’t watch anything on their tablet. She doesn’t know how she’s going to bring an infant into the house in this situation. “It’s basically like living in the street,” she says.

Calle has applied for what government assistance is available but says she never received her \$1,200 stimulus check or any unemployment benefits. When she’s gone to seek assistance, Calle says there is always a long line of people ahead of her, also looking for help.

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