

There Could Be an Energy Bill Debt Tsunami, Too

Unpaid utility bills have been piling up since the coronavirus crisis began, prompting fears that winter shutoffs of water, power, and heat could worsen Covid's toll.

By [Rachel M Cohen](#)

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Big chill: Many U.S. households have been struggling to keep up with heating bills during the coronavirus pandemic. *Photographer: Sean Gallup/Getty Images Europe*

When the pandemic hit in March, as millions lost jobs and struggled to pay their bills, 34 states ordered mandatory moratoriums on utility shutoffs – measures that were all more critical as families were asked to stay home. The lockdowns translated into higher utility bills: One economist estimated that residential electricity use spiked 10% on average between April and July 2020, leading to households spending nearly \$6 billion on extra usage. Another home energy monitoring company reported that April demand increased 22% from 2019.

Yet despite the need never dissipating, most states eventually lifted their utility shutoff moratoriums; by the end of October, just 16 states and Washington, D.C., had active moratoriums in place, covering 40 percent of the U.S. population, according to the National Energy Assistance Directors' Association. Other states regularly halt utility shutoffs in winter, or when the temperature reaches a particularly cold level. NEADA estimates that 13 states are now relying primarily on these annual seasonal respites.

Even in households that still have their heat on and water running, millions of customers are racking up significant debts as unpaid bills mount. And advocates worry that shutoffs, like evictions, are just being kicked down the road.

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A new economics working paper from Duke University released last week underscored the public health dimension of their concerns: Researchers estimated that, had Congress implemented a nationwide moratorium on utility shutoffs between March and November, Covid-19 infections could have been reduced by 8.7%, and Covid-19 related-deaths by almost 15%. The patchwork of shutoff moratoriums that did exist during that time, the economists found, reduced infections by nearly 4%, and mortality rates by 7.4% by making it easier for people to shelter at home. Without water or electricity, households can be forced to stay with relatives or other families, exacerbating crowding and disease transmission. “Ensuring that people have access to housing *and* essential services for water and electricity within their housing is necessary in any adequate government response to the housing precarity created by the COVID-19 pandemic,” the researchers wrote.

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On Jan. 13, more than 600 organizations sent President Joe Biden and Vice-President Kamala Harris a letter urging them to authorize a nationwide shutoff moratorium on water, electricity, broadband, and heat. Such a national ban on utility shutoffs was included in both versions of the House Democrats' HEROES Act, which passed in May and October. But despite authorizing a national eviction moratorium on his first day in office, Biden has so far resisted calls to extend the ban to utilities: Instead, he's asked Congress to authorize another round of stimulus relief, with \$25 billion in rental assistance and \$5 billion for energy and water assistance.

Utility companies have been unenthusiastic about shutoff moratoriums. In the *Washington Post* last week, Adam Benshoff, vice president for regulatory affairs at the Edison Electric Institute, which represents investor-owned electric utilities, said that "customers with unpaid bills will not work with their electric companies on a payment plan until they receive a disconnection warning." (EEI did not respond to CityLab's request for comment.)

NEADA executive director Mark Wolfe told CityLab that while Biden's proposal would surely help, they are concerned that the \$25 billion in funding for renters will do little for homeowners who are behind on their bills. "We are also concerned that local agencies that will be charged with administering the funds might not have the resources to coordinate the payment of rent and utility, and as result only rental bills will get paid," he said.

Different estimates of outstanding debt abound. Wolfe estimates between 9 million and 12 million households have unpaid bills, with those households being on average \$6,500 behind on rent and utilities. A Moody's Analytics report released in January estimated Americans' back rent stood at \$57 billion. Chief economist Mark Zandi said the average "delinquent renter" will owe \$5,600, as they'll be almost four months behind on monthly rent of \$1,130 and utilities of \$290.

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establishing emergency funds for residents.

Clear data can be hard to come by. Civil rights groups like the NAACP have long called for federal reporting requirements on utilities, but most states do not require electric or gas providers to disclose how customers are accessing or retaining services, and utility companies have historically fought efforts to publish the information, aware of the public relations fallout that disclosing shutoffs could bring. In a report published in August, Michael Thomas, founder of the energy-efficiency startup Carbon Switch, mined data from state websites on expiring utility moratoriums to find that 34.5 million households would lose shut-off protections in the next month, leaving 9.5 million unemployed people at risk by Oct. 1. In a second report from October, he found that four states did let their moratoriums expire in September, affecting 16 million households, with 2.3 million of those below the poverty line before the pandemic started.

Charlie Harak, a senior attorney for energy and utilities issues at the National Consumer Law Center, says it's also impossible for advocates like him to know exactly how many homeowners are behind on their utilities because companies don't disclose arrearages by homeowners versus renters. Harak is based in Massachusetts, which has better reporting requirements than most other states. As of November, he says, 500,000 residential customers in his state were more than 90 days in arrear, owing an average of \$1,000. "When our state moratorium ends, that's a big number," he said. "These families are at high risk of being terminated."

Harak has been working to figure out how much money would be needed nationwide to address the outstanding utility debt, largely by extrapolating from Massachusetts's data. "If you're trying to pay down 100% of the arrearages – which is a better situation than pre-Covid, or if you're trying to pay down the percentage needed so people don't get shut-off, I think it's reasonable to assume the number is between \$10 billion and \$30 billion, and that's not including money for broadband or water."

For now, cities have been trying to leverage federal stimulus money by establishing emergency funds for residents. In Columbus, Ohio, for example, the city awarded grants of up to \$750 for water bills, and up to \$500 for power bills. In Henderson, Nevada, residents could apply for aid up to \$1,000 for utilities, and up to \$360 for internet.

In December NEADA and 31 other groups representing state and local energy organizations sent a letter to congressional leaders asking for an additional \$10 billion allocated to the federal Low Income Home Energy Assistance Program (LIHEAP) to help up to 7 million families pay off their

utility debt. Prior to Covid-19, they noted, approximately 26 million households were eligible for low-income fuel assistance. NEADA projected in December that an additional 5 million households would be eligible for LIHEAP “as a direct result of virus-related layoffs.”

Bolstering money to LIHEAP, the energy groups said, is better than the alternatives, where utilities could offer repayment plans, but those could take households years to pay off, and slow families from getting back on their feet. Alternatively, utilities could raise rates on all their customers to cover the arrearages, which also would mean further strain on households after the pandemic.

On Jan. 28, Democratic representatives Annie Kuster and Peter Welch responded to that call, introducing the Energy Debt Relief for American Families Act, focused exclusively on trying to help families bring down their utility arrearages. The bill would likely not cover the full scope of need, but would provide \$10 billion to states to pay off debts through LIHEAP. (Up to 15% percent of those funds could be spent on administrative purposes, like contacting eligible families to make sure they know relief is available.)

As the pandemic stretches deeper into winter, advocates haven’t given up hope of a national shutoff ban, and the new Democratic majority in the Senate gives them the ability to get it through a budget reconciliation process. The timing might be right, especially when paired with momentum for an eviction ban. Senate Majority Leader Chuck Schumer endorsed the utility shutoff measure last year, as did Harris, before joining the White House. Senator Jeff Merkley, who introduced the Emergency Water and Energy is a Human Right Act in July, told the Washington Post he wants the president and his colleagues “to use every available tool at our disposal to put in place a national disconnection moratorium.”

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