

Report: COVID-Driven Utility Debt Rises in Massachusetts, Urgent Action Needed to Keep the Heat On

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New Analysis Finds Nearly One Million Massachusetts Residential Utility Customers At Risk of Utility Service Being Shut Off

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BOSTON – Close to a million people could be at risk of losing gas and electric service in Massachusetts, according to a new analysis from the National Consumer Law Center. When the state moratorium on utility shutoffs ended on July 1st of this year, 824,972 Massachusetts residential gas and electric customers owed about \$794 million in past due bills. By the end of September, over 7,000 residential customers had been terminated, of which about 86% had not been identified as low income.

Millions of dollars of federal Emergency Rental Assistance Program (ERAP) and Low-Income Home Energy Assistance Program (LIHEAP) funds are available to help avoid shutoffs, but funds aren't reaching vulnerable families in time.

"Funds are available to assist many of the customers who are struggling to pay their past due balances, but urgent action is needed to identify vulnerable families and connect people to funding," **said Charlie Harak, attorney at the National Consumer Law Center and co-author of this report.** "Connecticut just adopted a model in which state governments and utilities work together to use datasets that they already have available to identify customers eligible for assistance-virtually eliminating the lengthy application process. Massachusetts and other states should consider following this model."

"Where detailed termination and collections data is available, we know that households of color have higher energy burdens and experience higher rates of terminations than white households," **said Anna Kowanko, assistant researcher at the National Consumer Law Center and co-author of the report.** "But in most states, Massachusetts included, we do not have the data needed to assess and address these disparities. This data must be collected and made public so that advocates can better understand the circumstances facing *all* customers."

Key findings

- The scale of the arrears owed by MA utility customers is at crisis level – residential customers owed \$793.8 million by the end of June 2021.
- Nearly half a million residential customers in MA were more than 90 days behind on their bills.
- Nearly 70% of residential customers 90 days behind on their bills are struggling residential customers who were not coded as low income, making it harder to identify and reach those customers with assistance.
- As more customers are terminated, communities of color will likely be hit particularly hard.

Recommendations

- Funds under the federal ERAP program must be more quickly distributed to help pay utility arrearages and avoid termination, and the LIHEAP application process must be made easier, given how the COVID pandemic impairs households' ability to assemble and submit required documentation.
- To expedite ERAP payments, Massachusetts should follow the model just implemented in Connecticut in which the state avoids the lengthy application process by using various databases to quickly identify eligible households.
- Programs meant to help customers pay or write off past arrearages should be made more flexible and accessible.
- Massachusetts and other states must begin mandating reporting of disaggregated, zip code level credit and collection data.
- States should form working groups tasked with exploring the ways in which punitive credit and collection practices and communications strategies can be revised.