



# Innovative Approaches to Reducing and Avoiding Disconnections

# Law and Policy Underpinnings



“Utility service is a necessity of modern life.... discontinuance of [utilities]... may threaten health and safety” – *Memphis Light, Gas & Water Division v. Craft* 436 U.S. 1 (1978)

# Law and Policy Underpinnings

“Gas and electric service shutoffs threaten the health of two million people annually with significant impact on infants, children, the elderly, low-income families, communities of color, people for whom English is a second language, physically disabled persons, and persons with life-threatening medical conditions. The loss of basic gas or electric service causes tremendous hardship and stress, including increased health risks. . . .”

Stats. Of 2017, ch. 362, § 1

## 'Common Sense' May Have Kept Power On For Dying NJ Grandma (Newark Patch 10/30/18)



Linda Daniels, age 68, in hospice care and on a respirator, died July 5 shortly after her service was disconnected. Almost immediately, her family contacted the company, but power was not restored until the following morning – too late!

# Utility service is essential....

- For those with refrigerated medications



- For powered wheelchairs



- To protect against hypo- or hyperthermia, especially the very young and elderly



- To provide hot water
- To keep the lights on

# Terminations are on the rise – and poverty continues

- “Residential terminations for nonpayment . . . rose significantly from 547,000 in 2010 to 816,000 in 2015.” SB 598.
- Using the “supplemental poverty measure,” CA has the highest poverty rate of the 50 states. This would surprise many!

<https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-265.pdf>

# What can be done?

- **Legislation** can mandate protections.



- **Regulators** can adopt protections.



- **Companies** can voluntarily help those in need of protection.

## SERIOUS ILLNESS PROTECTIONS:

There are a range of protections – The very good

- Massachusetts: If customer is low-income, and Dr./P.A/N.P. submits letter - for any HH member who is seriously ill - this protects against termination. Initially good 90 days; 180 if “chronic.” Adopted **1935!**
- Ch. 164, s. 124A. Regs at 220 CMR 25.03. Covers elect., gas (including munis).



# SERIOUS ILLNESS PROTECTIONS: The Not-so-good?

- FL: Firm protections, but narrow group: life-threatening/risk of hospitalization; electric only. Protection for 12 months; can be renewed. Certifier must be a physician/strict penalties for false submission. Payment plan must be arranged, to the satisfaction of the company.

# SERIOUS ILLNESS PROTECTIONS – Examples of weak rules

- HA: No codified serious illness protections. However, some reporting burdens prior to terminating service to someone 62 or older and persons with disability.
- NC: Cos. must establish coding for known ill/disabled customers. No mandated protection.
- AL: No mandated protections in law; perhaps in tariffs.

# SERIOUS ILLNESS PROTECTIONS – California pre- and post-SB 598

- Code §779(b) : Protection if: Dr. asserts “life threatening” AND customer makes payment plan that meets company’s acceptance.
- NEW §779.3: Protection for medical baseline, IF: enters into acceptable payment plan AND under hospice care; on life-support; or life-threatening condition.

## SERIOUS ILLNESS PROTECTIONS - Attributes

- Who is protected/which groups or status?  
*Life-threatening? Hospitalization? Infants? Elderly?*
- How long is the initial protection? *5 states do not specify; 10 states 30 days or less.*
- Can it be renewed/how many times?  
*About 1/2 of states allow 30 days or more initially; many of those allow renewal.*
- Who certifies? *Dr., PA, Nurse?*
- Must payments still be made?

# SERIOUS ILLNESS PROTECTIONS - +/-?



Serious illness protections can guarantee service is not disconnected. This protects health & welfare, also helps Commission meet goals of SB 598 and its own interim order.....But potentially at a small cost. In MA (w. very generous serious illness, infant, elderly protections): .1% of Eversource revenues. About a dime/mo.

## Where to go from here?

- Look to states with model laws, regulations, or policies that help seriously ill consumers and that fit in the California context.
- Consider cooperative approaches with utilities, in parallel with any formal rules, regulations, or policies.
- Treat utility service as a basic human right.

# Arrearage Management Programs-Overview

- Help customers deal with large, overdue balances.
- Create an incentive for regular payments.
- Can be a win-win-win for customer, other ratepayers, company.

# AMPs - Design

- Customer in arrears agrees to pay current bills as they come due.
- For each payment made, a credit is applied to the arrearage.
- If customer pays, e.g., 12 current bills, there is no longer any arrears.
- AMP customer in good status: no termination, despite having arrears
- AMP is NOT a re-payment plan.



## AMPs – Policy issues

- Goal is to make payments more affordable so customer stays current.
- Works best with “working poor” & those with lower average bills.
- Well-designed program helps customers avoid termination and can build better payment behavior.
- Not a panacea...many AMP customers won't make all payments.

# AMPs – MA Experience

- Over 20,000 enrolled at any time.
- El. Customers paid \$27 M in 2017; cos. credited \$19 M.
- Front-line agencies see this as valuable tool to reduce terminations/get clients out of debt. Clients must be on discount rate.
- Penni Connor, Senior VP at Eversource has written 4 articles on the “Win-Win-Win”

## AMPs – NJ Experience

- Customer eligible if low-income, over \$60 due.
- Max. \$100/mo. written off.
- For most, arrearage would be zero after 12 months.
- About 20,000/yr. enrolled. Annual credits applied average around \$10 M/year.

## AMPs – Other states

- OH, IL have PIPPs with arrearage forgiveness for some.
- ME has a recent program. Barriers: those who heat with oil & limited EE options
- CT has long-running, successful AMP.
- RI has an AMP
- D.C. about to launch an AMP.

# AMPs – Key issues

- Only stops terminations of payment of current bills met by customer.
- But can lead to better payment behavior from payment-troubled customers
- Comes with a modest cost, which depends heavily on program design and who enrolls.

# Questions?

...and thanks to my co-presenters





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