
Pathways for Reforming Utility Credit and Collections Practices



**National
Consumer Law
Center**

*Fighting Together
for Economic Justice*

Washington Utilities and Transportation
Commission

June 23, 2023

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Policy Framework

- Existing energy and regulatory systems produce measurable inequities by race and income in the distribution of system costs and benefits.
- Policy imperatives to reverse these inequities and transition to cleaner electricity systems to mitigate climate change are not mutually exclusive.
- The transition to cleaner electricity systems presents opportunities to enhance affordability of electricity services and access to clean electricity generation, storage, and efficiency technologies for those disadvantaged by existing energy systems.
- Traditional cost-of-service regulatory model produces inequitable outcomes.
- The transition to clean, decarbonized energy systems must include purposeful legislative and regulatory action to reverse the undeniable inequities that are baked into existing systems.

Recommendations for Reversing Energy System Inequities during the Clean Energy Transition

- Protect vulnerable populations while also working to reduce greenhouse gas emissions by guiding utility investments and services toward achieving *both* equity and clean energy imperatives for electricity systems of the future
- Reverse regressivity in distribution of electricity system costs and benefits through comprehensive and proactive actions that at a minimum address:
 - Proportion of income required to maintain basic electric service
 - Access to on-site energy technologies
 - Regulatory consumer protections that ensure and affordable access to a basic level of electricity service
- Continue utility data reporting at zip code-level to
 - Determine extent to which residential customers are affordably accessing and retaining essential electricity service, and
 - Design effective affordability programs and credit/collection protocols
- Ensure that utility affordability programs:
 - Serve all customers who are income-eligible to receive federal energy assistance
 - Lower energy burdens to an affordable level
 - Promote regular, timely payment of utility bills
 - Comprehensively address payment problems — current and past-due bills
 - Provide sufficient resources and are administered effectively and efficiently
- Reexamine utility consumer protections and credit/collections protocols to ensure vulnerable customers who demonstrate good faith efforts to make affordable utility payments are protected from loss or degradation of service
- Design low-income energy efficiency and distributed energy technology programs to require no upfront payments, result in positive cash flows, and mitigate any financing risks for participants

Credit and Collections Reform Recommendations

- Start with the assumption that customers want to be able to pay and stay current on their utility bills
- Use zip code level credit and collections data to inform program design and outreach
- Accelerate design and implementation of affordable payment programs
 - Income-based billing
 - Arrearage management
- Build in maximum flexibility in payment agreements and arrearage management payments
- Disconnections should never be the primary credit and collections tool
- Suspend disconnections at least until robust affordability programs are in place and operating without enrollment barriers
- Suspend disconnections until companies demonstrate reversal of documented racial inequities in credit and collections.

Understanding Late Payments

- Insufficient income to pay for basic necessities
- Fragile, insecure income
 - Low-wage work is often erratic and precarious
 - Lack of guaranteed hours, paid leave, health care benefits

(See, e.g., Victoria Smith & Brian Halpin, "[Low-wage Work Uncertainty often Traps Low-wage Workers](#)," Center for Poverty Research, UC Davis.)

Racial Disparities in Disconnections: ComEd – Top 20 Disconnects Zip Codes

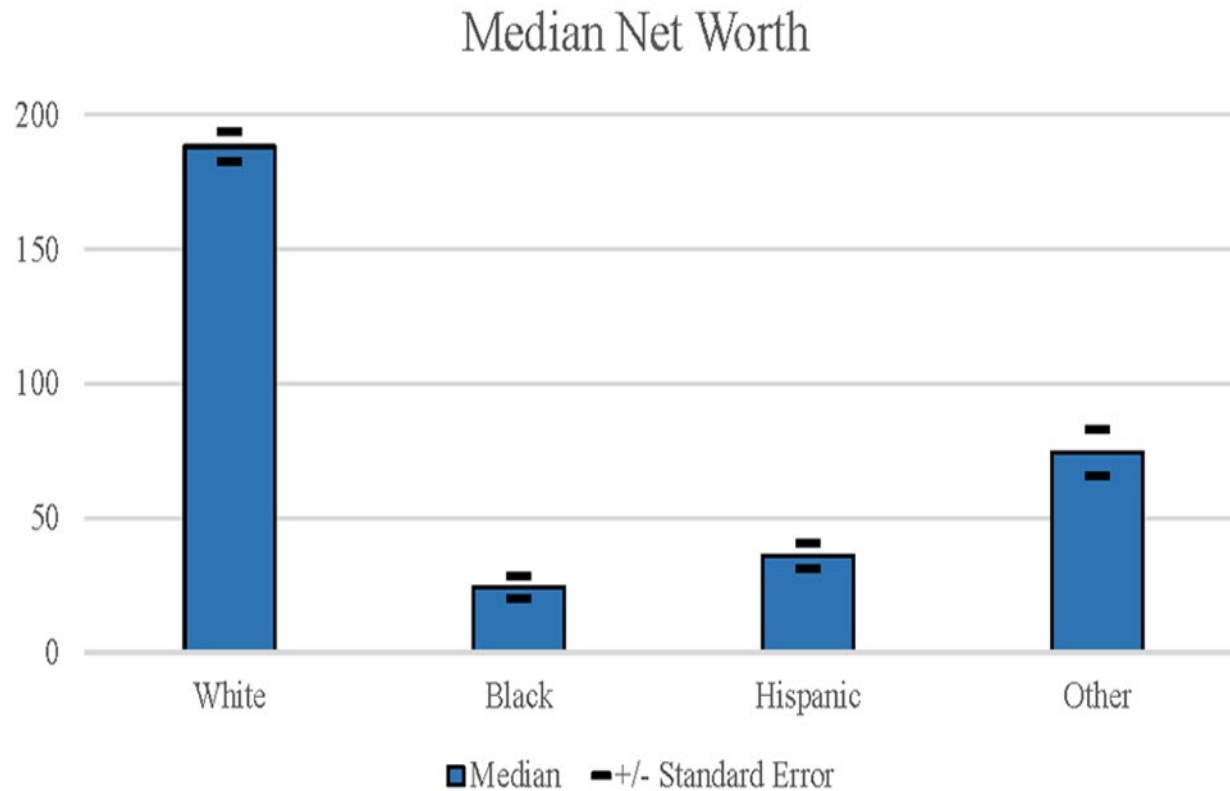
Zip Code	2017 - 2019 Disconnections Ratio	Percent Non- White	City	CityAliasName
60958	0.96	80.7%	PEMBROKE	PEMBROKE TWP
60621	0.61	97.8%	CHICAGO	ENGLEWOOD
60636	0.58	94.4%	CHICAGO	OGDEN PARK
61057	0.52	14.4%	NACHUSA	NACHUSA
60827	0.50	93.2%	RIVERDALE	RIVERDALE
61361	0.50	3.0%	SHEFFIELD	SHEFFIELD
60472	0.49	89.6%	ROBBINS	ROBBINS
60624	0.47	95.5%	CHICAGO	CHICAGO
60426	0.47	79.1%	HARVEY	PHOENIX
60628	0.46	95.3%	CHICAGO	ROSELAND
60649	0.46	96.2%	CHICAGO	CHICAGO
60419	0.45	95.5%	DOLTON	DOLTON
60644	0.44	93.8%	CHICAGO	CHICAGO
60428	0.43	85.2%	MARKHAM	MARKHAM
60637	0.43	83.3%	CHICAGO	JACKSON PARK
60620	0.41	97.9%	CHICAGO	CHICAGO
60619	0.40	98.2%	CHICAGO	GRAND CROSSING
60623	0.39	62.0%	CHICAGO	CHICAGO
60653	0.36	94.0%	CHICAGO	CHICAGO
60409	0.35	77.2%	CALUMET	CALUMET CITY

Racial Disparities in Disconnections: Eversource Connecticut – Top 20 Disconnects Zip Codes

*Involuntary Residential Service Disconnections by Zip Code and Race:
January 2019 - February 2021 - Eversource Service Territory*

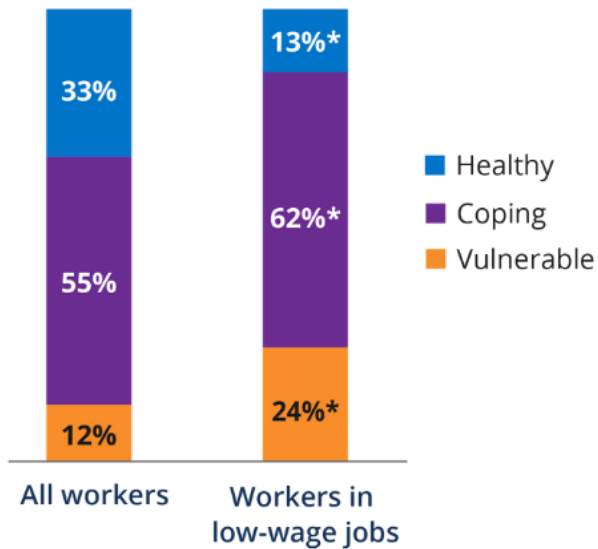
Zip	Total Accounts	Total Disconnections for Non-payment - January 2019	Disconnections to Accounts Ratio	Disconnctions to Accounts Ratio Rank	Non-white Percent of Population	NonWhite Population Rank	White Population	City	County
06710	4091	1097	0.2681	1	41%	17	59%	WATERBURY	NEW HAVEN
06120	4529	1166	0.2575	2	80%	2	20%	HARTFORD	HARTFORD
06112	8644	2168	0.2508	3	87%	1	13%	HARTFORD	HARTFORD
06702	1070	263	0.2458	4	46%	11	54%	WATERBURY	NEW HAVEN
06114	10970	2560	0.2334	5	71%	3	29%	HARTFORD	HARTFORD
06105	9617	2207	0.2295	6	63%	5	37%	HARTFORD	HARTFORD
06106	15415	3431	0.2226	7	57%	6	43%	HARTFORD	HARTFORD
06051	13423	2962	0.2207	8	36%	23	64%	NEW BRITAIN	HARTFORD
06704	10594	2332	0.2201	9	47%	9	53%	WATERBURY	NEW HAVEN
06708	12878	2479	0.1925	10	26%	36	74%	WATERBURY	NEW HAVEN
06706	5758	1080	0.1876	11	46%	12	54%	WATERBURY	NEW HAVEN
06705	10807	2018	0.1867	12	41%	18	59%	WATERBURY	NEW HAVEN
06108	9535	1711	0.1794	13	47%	10	53%	EAST HARTFORD	HARTFORD
06372	42	7	0.1676	14		237			
06052	3437	530	0.1542	15	25%	38	75%	NEW BRITAIN	HARTFORD
06451	9932	1513	0.1523	16	23%	40	77%	MERIDEN	NEW HAVEN
06855	287	40	0.1395	17	25%	39	75%	NORWALK	FAIRFIELD
06053	14456	1958	0.1354	18	26%	37	74%	NEW BRITAIN	HARTFORD
06450	14990	1980	0.1321	19	21%	43	79%	MERIDEN	NEW HAVEN
06320	11865	1541	0.1299	20	43%	15	57%	NEW LONDON	NEW LONDON
06118	11162	1430	0.1281	21	43%	16	57%	EAST HARTFORD	HARTFORD
06810	20785	2553	0.1228	22	45%	13	55%	DANBURY	FAIRFIELD
06263	225	27	0.1199	23	3%	195	97%	ROGERS	WINDHAM
06103	1397	167	0.1196	24	41%	19	59%	HARTFORD	HARTFORD
06854	5769	676	0.1172	25	36%	24	64%	NORWALK	FAIRFIELD
06002	9043	1024	0.1132	26	64%	4	36%	BLOOMFIELD	HARTFORD
06226	6650	751	0.1129	27	32%	26	68%	WILLIMANTIC	WINDHAM
06387	410	46	0.1123	28	19%	53	81%	WAUREGAN	WINDHAM
06010	27161	2880	0.106	29	16%	64	84%	BRISTOL	HARTFORD
06040	16061	1701	0.1059	30	39%	22	61%	MANCHESTER	HARTFORD
06110	5469	551	0.1007	31	35%	25	65%	WEST HARTFORD	HARTFORD
06353	112	11	0.098	32	53%	7	47%	MONTVILLE	NEW LONDON
06018	1397	133	0.0952	33	6%	152	94%	CANAAN	LITCHFIELD
06770	13252	1236	0.0933	34	21%	44	79%	NAUGATUCK	NEW HAVEN
06095	12165	1133	0.0931	35	49%	8	51%	WINDSOR	HARTFORD
06061	108	10	0.0927	36	0%	224	100%	PINE MEADOW	LITCHFIELD
06902	27817	2571	0.0924	37	44%	14	56%	STAMFORD	FAIRFIELD
06373	124	11	0.0887	38	0%	225	100%	ONECO	WINDHAM
06383	23	2	0.0883	39		238			
06790	16513	1441	0.0873	40	11%	97	89%	TORRINGTON	LITCHFIELD
06457	20654	1746	0.0845	41	27%	32	73%	MIDDLETOWN	MIDDLESEX
06098	5241	430	0.082	42	7%	135	93%	WINSTED	LITCHFIELD
06081	690	56	0.0812	43	15%	73	85%	TARIFFVILLE	HARTFORD
06850	9117	740	0.0812	44	28%	30	72%	NORWALK	FAIRFIELD
06786	3797	308	0.0811	45	7%	136	93%	TERRYVILLE	LITCHFIELD
06779	3388	263	0.0776	46	6%	153	94%	OAKVILLE	LITCHFIELD
06851	11490	892	0.0776	47	22%	41	78%	NORWALK	FAIRFIELD
06042	10000	771	0.0771	48	40%	20	60%	MANCHESTER	HARTFORD

Racial Wealth Gap

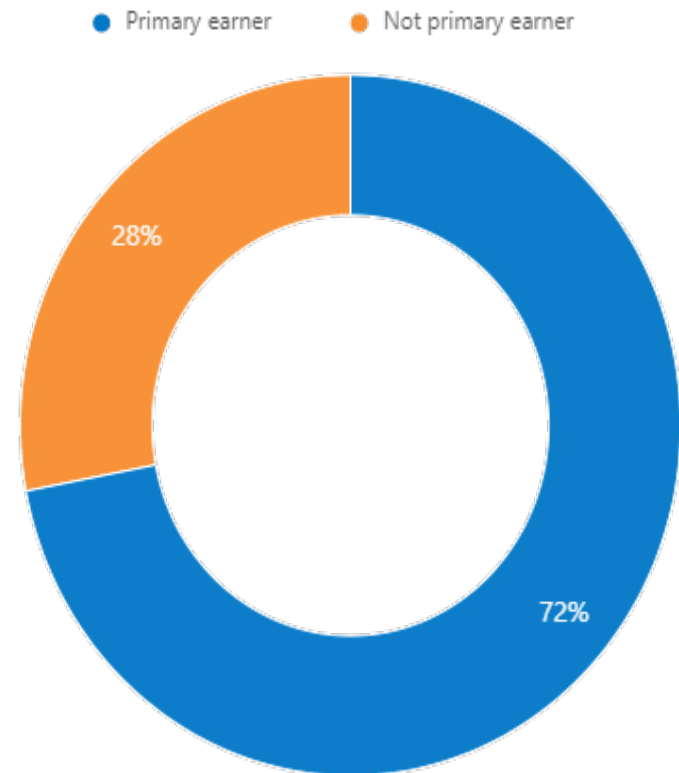


Source: Bhutta, et al., Board of Governors, Federal Reserve System, *Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances*, September, 2020.

Workers in low-wage jobs are less Financially Healthy than the average worker.



Nearly three-fourths of workers in low-wage jobs are primary earners.



Source: Brockland, et al., "The Financial Health of Workers in Low-wage Jobs," 2022.



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