Innovative Approaches to Reducing and Avoiding Disconnections

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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)
“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
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!

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 ½ 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 inventive 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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