

September 1, 2020

To: Senate President Phil Berger
House Speaker Tim Moore

CC: Members of the North Carolina General Assembly

Dear President Pro Tempore Berger and Speaker Moore,

Hundreds of thousands of North Carolinians are at risk of having their electricity, water, and natural gas shut off during this health and economic crisis. These utility services are vital to combating the spread of the coronavirus, to staying connected and informed, and to maintaining a healthy and safe place to live. At the same time, the financial stability and viability of North Carolina's municipal and member owned cooperative utilities is also of vital concern.

We, the undersigned, ask members of the North Carolina General Assembly to allocate \$400 million of CARES Act funding or other available funding sources, such as the Rainy Day Fund, to eliminate residential arrearages of qualified low-income people while stabilizing the provision of vital utility services. We have attached a legislative proposal for your consideration that would accomplish both simultaneously. We also support this proposal being incorporated into other legislation such as House Bill 1200, which we support.

We appreciate the plan put forward by the Governor's office on August 25th, 2020 to direct up to \$175 million to rental and arrearage assistance but these funds will not be sufficient to meet the significant funding needed to address utility arrearages.

Utility reporting requirements from EO 124 and 142¹ provide some insight regarding the utility arrearage crisis in North Carolina as of July 31st. We can ascertain the following:

- a. Approximately 1.8 million residential customer accounts (gas water, electricity) were eligible for disconnection between April 1 and July 31, and at least 1 million were past due on their utility bill as of July 31. Of those eligible for disconnection over the four-month period, 1.03 million were electric, 114,845 were gas, and 662,734 were water/wastewater utility accounts.
- b. Approximately \$226.2 million in residential customer arrearages have been reported by utilities as of July 31. The utilities reporting have not charged \$41.5 million in late fees and penalties.
- c. An average of 14.6% of a utility's accounts were past due across the 242 Utility Service Providers reporting. Forty-two utilities reported that at least 20% of their customer accounts were past due on June 30th and 12 utilities have reported that over 40% of their customer accounts were past due.
- d. This is almost certainly an under-estimation of the actual number of arrearages. The report does not include data from any of the state's 26 electric cooperatives, and only includes data from less than half of the municipal utilities. Additionally, these statistics do not include the month of August. One household may have multiple accounts in

¹ <https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=69e36836-bd36-4401-ba46-3a9c8afb5839>

arrears. But there is no doubt the economic hardship of this crisis has left hundreds of thousands of households unable to pay their utility bills.

North Carolina, its people, and essential utilities are struggling during this economic and health crisis and need immediate action.

Thank you for your consideration of this proposal and these issues.

Sincerely,

The following organizations:

Karen Bearden, 350 Triangle Coordinator
Rory McIlmoil, Senior Energy Analyst
Jovita Lee, NC State Campaigner
Juan F. Hernandez, Attorney
Joel Porter, Policy Manager
Ames Simmons, Policy Director
Kathy Greggs, Co-Founder/President
Marnie, Thompson
Jennifer Andrew, Executive Assistant
Geraldine Alshamy, Ex. Director
Eliza Stokes, Advocacy Associate
Tara Romano, Executive Director
Dana Bartolomei, SE Director of EE Policy
Abby Emanuelson, Assistant VP
Susan Perry Cole, President and CEO
Will Scott, Energy Policy Analyst
Al Ripley, Dir. of Consumer, Housing, Energy
Carrie Clark, Executive Director
Cynthia Satterfield, Acting Director
MaryBe McMillan, President
Jim Warren, Executive Director
Heather McLaughlin, Retiree Organizer
Jennifer Copeland, Executive Director
Pamela Atwood, Director of Housing Policy
Luis Martinez, Senior Attorney
Rev. Mac Legerton, Co--Director

Dr. Kimberly Muktarian, President
Andrew Willis Garcés, Director
Will Harlan, Senior Campaign Representative
Nancy LaPlaca, Town Council Member
Thad Culley, Sr. Regional Director, Southeast
Charles O. Upchurch, President

350 Triangle
Appalachian Voices
Center for Biological Diversity
Charlotte Center for Legal Advocacy
Clean Air Carolina
Equality North Carolina
Fayetteville PACT
Fund for Democratic Communities
Justice Love Foundation
Mary Magdalene Ministries
MountainTrue
NARAL Pro-Choice NC
National Housing Trust
National Multiple Sclerosis Society
NC Association of CDCs
NC Conservation Network
NC Justice Center
NC League of Conservation Voters
NC Sierra Club
NC State AFL-CIO
NC WARN
NCARA
North Carolina Council of Churches
North Carolina Housing Coalition
NRDC
Robeson County Cooperative for Sustainable Development
Save Our Sons
Siembra NC
Sierra Club
Town of Boone
Vote Solar
Wendell-Wake County NAACP

PROPOSAL FOR A NORTH CAROLINA PROGRAM APPROPRIATING \$400 MILLION TO ELIMINATE QUALIFYING RESIDENTIAL UTILITY CUSTOMER ARREARAGES WHILE STABILIZING THE AVAILABILITY OF VITAL UTILITY SERVICES DURING THE COVID-19 CRISIS

Objectives

Protect the public's health against COVID-19 and maintain vital utility services through a State Program that:

1. eliminates utility arrearages of Qualifying Residential Utility Customers to alleviate financial burden incurred from, and exacerbated by, the COVID-19 crisis;
2. significantly stabilizes the financial condition of Qualifying Utilities;

Definitions

1. ***Vital Utility Service*** – All essential utilities, including electric, water, wastewater, natural gas, and propane gas
2. ***Qualifying Utility*** – Provider of vital utility service
3. ***Qualifying Residential Utility Customers*** – Any residential utility customer that qualifies for any one or more of the following categories:
 - a. in the last two years qualified for a selected federal program²;
 - b. had 2019 income, or has current 2020 income, that is equal to or less than 200% of the federal poverty level and/or 80% of AMI;

Program Components

1. Program funds will be provided directly to agencies that provide assistance to people facing utility disconnection.
2. Qualifying utilities receiving funds will use either a self-verification process, or a federal or state database for rapid verification of qualifying residential utility customer status, and may partner with any unit of Federal, State, or Local government for program administration and eligibility verification.
3. Grant funds amounting to 10% of the total financial package will be set aside to help offset a qualified utility's administrative costs.
4. The State will hire or appoint a program administrator who will oversee fund disbursement and monitor the program.
5. Waiver of state rulemaking requirements in order to establish a program quickly.
6. A prohibition shall be established, limiting the ability to seek or secure recovery of qualifying residential utility customers arrearages directly or from any other source.

² Qualifying Federal Programs Include: Supplemental Security Income (SSI); Low-Income Home Energy Assistance Program (LIHEAP); Crisis Intervention Program (CIP); Food and Nutrition Services (FNS); Medicaid; Federal public housing assistance (Section 8); Supplemental Nutrition Assistance Program (SNAP); Temporary Assistance for Needy Families (TANF); Certain needs-tested Veterans benefits (<https://www.disasterassistance.gov/get-assistance/forms-of-assistance/4468>); Veterans Pension and Survivors Benefit. (<https://www.ncdhhs.gov/divisions/social-services/other-programs/lifeline-and-link-programs>); Pell Grant Recipients, and any student qualifying for federal work study, the Bureau of Indian Affairs (BIA) Financial Assistance and Social Services (FASS)

7. Provisions to reestablish service to and/or protect from disconnection qualifying residential utility customers who do not receive sufficient funds to eliminate arrearages.
8. Qualified utility criteria for funding:
 - a. Utility complying with all provisions of applicable executive orders and/or orders from the utility commission.
 - b. Program administrator can consider prioritizing utilities determined to be in danger of financial insolvency.
 - c. Utility must notify all customers of the program and the criteria for eligibility.
 - d. Utilities must maintain records adhering to customary accounting standards for meeting state auditing requirements and must make aggregate program data publicly available, including arrearage data for 30, 60, 90, and over 90 days late and other data necessary to evaluate the effectiveness of the program.

Example 1

The following is an example only and not based on actual data.

A local Agency regularly assists people with services including utility bill assistance and rental assistance. They receive a grant of \$500,000 with direction that they provide these funds to qualifying residential utility customers to assist low income people paying off utility arrearages. A grant of 10%, of the program funds, in this instance \$50,000 is allocated to help offset administrative costs.

Example 2

The following is an example only and not based on actual data.

NC Town has 10,500 residential meters. Since the shutoff moratorium, on average 2500 residential meters are delinquent every month with an average bill of \$100. As a result, the town is short \$250,000 a month in residential revenue.

NC Town continues to provide electric service for its member-customers who have not paid and applies for relief funds under the new State program and on October 1, 2020 receives program funds of \$275,000 to help support continued operations while resolving arrearages on accounts resulting from nonpayment of March – July bills. A grant of 10%, of the program funds, in this instance \$25,000 is added to help offset utility administrative costs.

Using a verification process matched to known customer data, and other data provided by customers, NC Town identifies delinquent customers who are “qualified residential utility customers,” and credits those customer’s accounts as paid in full for the months of April, May, June and July, thereby avoiding shutoffs while maintaining NC Town’s solvency.

In the event that the shut-off moratorium is extended, and/or a high rate of arrearages contribute to insolvency, NC Town may apply for additional funds on a month by month or quarterly basis.