



Eugene Water & Electric Board

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EWEB OPPOSES HB 3459 – Utility Shutoff Moratoriums Don't Work

Dear Chair Marsh and Members of the House Committee on Climate, Energy and Environment:

The Eugene Water & Electric Board (EWEB) is a customer-owned not-for-profit municipal utility serving 96,000 customers in Eugene and the McKenzie River Valley. EWEB opposes HB 3459. Based on our real world experience and utility data, shutoff moratoriums don't work. While it may be well intended, a permanent government-mandated shut-off moratorium can have unintended negative consequences including:

- *promoting a misconception that utilities are free.*
- *increasing bill delinquencies beyond customer recovery.*
- *discouraging customers from communicating with their utility, hindering more effective options to avoid shutoffs.*
- *initiating a cascading cycle of transferring unpaid costs to other vulnerable customers through rate actions.*
- *discouraging energy efficiency and conservation. With no financial incentive or consequence, why conserve?*
- *diluting the effectiveness of more direct customer bill assistance programs like LIHEAP, utility ratepayer-funded assistance programs and payment plan arrangements.*

EWEB contacts about 300 customers per week who are at risk of disconnection. Around 40% of the customers receiving this notification end up paying their balance and avoid disconnection. The remaining 60% of accounts end up getting disconnected for non-payment. On the day of disconnection, typically 50% of customers contact EWEB the same day to pay their balance and restore services. Upon notification of impending disconnection and/or actual disconnection roughly 85% of customers pay their account balance and continue with services.

What happens if EWEB stops disconnections for nonpayment regardless of delinquent status?

EWEB implemented a temporary moratorium of service disconnections from March of 2020 through August 2020 while the utility revamped customer bill assistance and enhanced payment plan options for customers impacted by Covid-19 through either job loss or reduced income. During this time, the number of accounts eligible for disconnection increased by more than 60% compared to EWEB's current account total of eligible accounts. Customers who remained delinquent with no payments during this temporary moratorium averaged a total of 8 utility bills delinquent with a 9th bill ready to

generate. EWEB gave weeks of advance notice before resuming disconnections for non-payment in August of 2020 and immediately saw an increase of balances paid and increased payment plans established. After working through the back log of delinquent accounts EWEB was back to regular anticipated volume of delinquent accounts within just a couple months. On average EWEB has approximately 100-500 open disconnection orders at any given time. In 2020 at the end of the moratorium prior to resuming disconnections, the number of open disconnection orders topped out at over 3,100.

All measures to aid customers contain risk and tradeoffs for other customers. Lessons learned from 2020 include:

- Shutoffs are a last resort necessary tool to compel customers to pay bills to keep services continuing and avoid uncollected costs that could end up being paid for by other customers.
- The prospect of shutoffs also compels customer to contact the utility and increase opportunities to connect customers to bill assistance or payment plan options; customers had very low response rates in accepting EWEB efforts to contact or solicit contact with customers during the 2020 shutoff pause; when EWEB used local media and social media marketing to announce the resumption of shutoffs weeks ahead of time, customers began contacting EWEB to either make payments or seek payment arrangement.
- Without incentive to pay bills and without incentive to contact utilities to seek resources and payment options the outcome was more customers accumulating larger bill arrearages without being inclined to contact utilities and/or seek out assistance.

Prior to the Covid-19 Pandemic, EWEB successfully employed a strategy to reduce shutoff orders. In 2018, EWEB generated 6,300 shut-off orders. By changing our communication and collection approach (including potential shut-offs), shut-offs were reduced by 44%, and write-offs down 20% within one year. Communicating early, not allowing customers to over-extend, helped reduce the overwhelming stress and overcome the obstacles required for their continuation of service. There is a relationship between the aging account balance and shut-off likelihood and pre-empting the problem sooner is more effective.

EWEB has real world experience and data showing that while shutoff moratoriums are well intended – they interfere with the ability of a utility to successfully operate sound policies that address the needs of our customers experiencing hardship while effectively managing risk and tradeoffs for all customers in our community. Please contact us if we can provide you with further details or data on our utility experience on this topic.

Sincerely,

Jason Heuser
Public Policy and Government Affairs Director
Eugene Water & Electric Board (EWEB)