

COVID-19 Relief

Need

Clarity on the availability of COVID-19 relief funding for payment of utility bills, and increased funding for LIHEAP.

Background

Minnesota utilities are subject to what is known as the Cold Weather Rule, which provides residents extra protection against their gas and electric utilities being shut off from October 15 of one year through April 15 of the next year. Legislation is moving in the State Legislature to extend these dates to October 1 through April 30. In March 2020, Minnesota's municipal utilities voluntarily agreed to extend cold weather protections for the duration of the peacetime emergency declared by Governor Walz in response to the pandemic. This means that if the emergency declaration is lifted by April 15, 2021, the cold weather protections that took effect October 15, 2019 will have been in place for nearly a year-and-a-half. If the peacetime declaration lasts until the October 2021 start date for the Cold Weather Rule, they will have been in place for nearly two-and-a-half years.

While the Cold Weather Rule does allow disconnections in very limited situations, when combined with the expectations of the emergency declaration, the practical effect is that municipal utilities have few options to compel consumers to pay their bills. Meanwhile, the size of debt the consumers are accruing is growing rapidly. Experience says that the larger a customer's debt becomes, the less likely they are to ever make an attempt to catch up on the unpaid bills, even though it has also been made clear that utilities are expected to waive late fees on unpaid bills stemming from a COVID-19 hardship.

Funding during earlier rounds of federal COVID-19 relief efforts has not been consistent, nor has it been clear how funding could be used to help pay utility bills. Which utility bills (water, wastewater, electric, gas) may be paid for using relief funds, has been difficult to determine. It has also been unclear where to refer consumers who need help accessing the assistance these prior efforts sought to provide.

One tried and true program that has a good history of providing assistance to people seeking help to pay their utility bills is the Low Income Heating and Energy Assistance Program (LIHEAP). As the pandemic winds to a hopeful end and utilities seek to collect on unpaid bills, it is expected a larger number of residents will seek help under the LIHEAP program and MMUA encourages significant federal funding to this established program.

Minnesota's municipal utilities are aware that the COVID-19 relief working its way through budget reconciliation contains increased assistance for rent. It appears that this rental assistance program will allow some funds to be used for payment of utility bills, but it is unclear

how much and under what conditions funding will be available for settling unpaid utility bills. It is also not clear which utility bills will be eligible for payment using rental assistance. A similar provision applies to homeowners and mortgage assistance, and the same concerns apply as to how utility bill payment can be handled under the proposal.

MMUA Position

While MMUA is disappointed the current proposed COVID-19 relief bill does not contain direct assistance to local governments, we are grateful Congress is having discussions related to utility bill assistance even if it is part of broader renter and homeowner assistance programs. MMUA encourages that all gas, electric, and water utilities be eligible for help under the programs being developed. MMUA is also supportive of the increase to LIHEAP funding currently being considered. Finally, MMUA encourages rejection of any effort to pre-empt current state and local restrictions on utility disconnects.

