

POWERLESS IN THE PANDEMIC



**After Bailouts, Electric Utilities
Chose Profits Over People**

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After Bailouts, Electric Utilities Chose Profits Over People

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BAILOUT WATCH

EXECUTIVE SUMMARY

Already a national embarrassment, the practice of disconnecting household electric service for unpaid bills (“utility shutoffs”) became a lethal threat to poor families last year after Covid-19 hit. By rendering homes uninhabitable, electric companies made social distancing impossible and increased transience, leading to higher infection and death rates, according to recent research.

While brushing off calls to pause their punitive collections practices, electric utilities used their political power to secure bailouts that cost taxpayers \$1.25 billion, cushioning them from the pandemic economy.

The harm caused by electric shutoffs is indisputable. Less discussed is the nexus of utilities’ political influence, predatory collection tactics and climate impacts.

Utilities are a massive, sometimes overlooked contributor to the climate emergency. While oil and gas giants garner more attention for their role in causing climate change, the electric industry is also culpable. Utilities were responsible for 32% of U.S. greenhouse gas emissions in 2020, mostly from gas- and coal-burning plants.² The biggest utilities operate their own fossil fuel infrastructure to supply these dirty power plants. At the same time, their profits-over-people collections practices heap further harm onto the poor communities and communities of color already suffering disproportionate climate harm and energy burdens.³

The harm caused by electric shutoffs is indisputable. Less discussed is the nexus of utilities’ political influence, predatory collection tactics and climate impacts.

To interrogate the disconnect between utilities’ reliance on public benefits and their callous treatment of customers, the Center for Biological Diversity and BailoutWatch analyzed government data and company filings. We identified 16 electric utilities that benefited from last year’s Covid-19 bailouts while also cutting customers’ service for their inability to pay, and found:

KEY FINDINGS

- **FAMILIES HAD THEIR POWER CUT NEARLY A MILLION TIMES** (990,234) between July 2020 and June 2021 by 16 companies that enjoyed a collective **\$1.25 BILLION IN GOVERNMENT BAIROUT BENEFITS.**⁴
- Electric companies' spending on **EXECUTIVE PAY AND SHAREHOLDER DIVIDENDS** dwarfed the cost of merely canceling households' late bills⁵ – most could have bailed out their customers **500+ TIMES** with just what they paid out to executives and shareholders.
- Nine companies received **TAX BAIROUTS** totaling **\$1.12 BILLION**. It would have cost just **9.4%** of that bailout total to prevent every shutoff reported.
- For what **TAXPAYERS** spent bailing them out, 15 companies (all but NextEra) **COULD HAVE FORGIVEN ALL UNPAID ACCOUNTS** – hundreds of times over in some cases.
- A six-member Hall of Shame – **NEXTERA ENERGY (PARENT OF FLORIDA POWER & LIGHT AND OTHERS), DUKE ENERGY, SOUTHERN COMPANY, DOMINION ENERGY, EXELON AND DTE ENERGY** – perpetrated **94% OF ALL** documented **SHUTOFFS**. NextEra alone accounted for nearly half.
- The **PROBLEM IS MUCH BIGGER** than we were able to document because many **UTILITY REGULATORS DON'T REQUIRE UTILITIES TO REPORT DATA** about disconnections.

OVERVIEW

As Covid-19 spread last year, unprecedeted economic disruption left Americans struggling to afford necessities. Heat waves and extreme weather drove up power bills. Many people fell behind.

Continuing a practice as old as debt collection, utilities pursued the harshest allowable tactic to collect unpaid bills: suspending or canceling service, leaving people without hot water, refrigeration, air conditioning and medical devices. Their houses uninhabitable, these families faced transience or being homeless.

For owing a few hundred dollars, some Americans were deprived of a basic right in a pandemic: to maintain the social distance necessary to protect themselves.

Defying calls to pause shutoffs, powerful electric utilities insisted that the practice was a necessary component of their collections cycle — and without this cudgel, customers who could afford to pay would choose not to.

In the end, a patchwork of statewide moratoriums protected some people, for some time, in some states. For the rest of the country, shutoffs remained a deadly scourge. Recent research proved the correlation between utility shutoffs and increased Covid infection and death rates.

A nationwide ban on evictions and utility shutoffs for March 2020 - November 2020 would have reduced U.S. Covid infections by 8.7% and deaths by 14.7%, according to research published this year by the National Bureau for Economic Research (NBER).⁶

The NBER findings expose a fault in how many utilities are structured: *Utilities are entrusted by governments to deliver essential human services; yet as private companies, their ultimate responsibility is to further enrich wealthy stakeholders.*⁷

Our analysis provides fresh evidence of how utilities' corporate decision-making is impaired by their misaligned incentives.

DATA SUMMARY

Utilities Data						
Parent	Households Disconnected	Cost to Prevent Disconnects	CARES ACT Benefits	Payouts (CEO Comp + Dividends)	CARES/Disconnect Cost	Payouts/Disconnect Cost
NextEra Energy	470,493	\$49,872,258	\$41,000,000	\$2,766,720,707	0.8x	55.5x
Southern Company	187,561	\$19,881,466	\$35,000,000	\$2,701,645,140	1.8x	135.9x
Duke Energy	182,816	\$19,378,496	\$633,500,000	\$2,933,544,398	32.7x	151.4x
Dominion Energy	42,253	\$4,478,818	\$10,000,000	\$3,109,912,643	2.2x	694.4x
Exelon Corp	26,784	\$2,839,104	\$15,000,000	\$1,507,162,803	5.3x	530.9x
DTE Energy	20,605	\$2,184,130	\$268,000,000	\$806,605,622	122.7x	369.3x
Pinnacle West Capital Corp	14,627	\$1,550,462	\$6,000,000	\$357,426,455	3.9x	230.5x
CMS Energy Corp	13,225	\$1,401,850	\$10,000,000	\$469,615,131	7.1x	335.0x
Berkshire Hathaway Energy	9,901	\$1,049,506	\$26,000,000	\$16,000,000	24.8x	15.2x
Alliant Energy	6,699	\$710,094	\$17,000,000	\$388,020,134	23.9x	546.4x
UNI Energy	4,939	\$523,534	\$14,000,000	\$75,000,000	26.7x	143.3x
American Electric Power	4,096	\$434,176	\$106,000,000	\$1,440,403,434	244.1x	3,317.6x
Ameren Corp	3,635	\$385,310	\$8,500,000	\$504,058,353	22.1x	1,308.2x
First Energy Corp	2,059	\$218,254	\$8,500,000	\$848,264,629	38.9x	3,886.6x
UGI Corp	404	\$42,824	\$32,000,000	\$280,504,202	747.2x	6,550.2x
PPL Corp	137	\$14,522	\$16,000,000	\$1,284,834,236	1,101.8x	88,475.0x
Grand Total	990,234	\$104,964,804	\$1,246,500,000	\$19,473,717,887	150.4x	6,670.6x

GOVERNMENT TO THE RESCUE — OF CORPORATIONS

When the pandemic arrived in March 2020, the Trump administration and Congress responded with hundreds of billions of dollars in corporate bailouts spread across a range of programs, including small-business grants (PPP loans), government-subsidized loans for struggling businesses (MSLP loans), and market interventions designed to keep debt markets flowing through the crisis (Corporate and Municipal Credit Facilities).

To protect consumers, 32 states and Washington, D.C., enacted emergency orders temporarily halting electricity shutoffs. The result was an inequitable patchwork of electricity protections across the country. Some halts were only weeks long, and by the end of September 2021, only New York's moratorium will remain.⁸

Utilities successfully opposed a proposed nationwide utility shutoff moratorium supported by Democrats that would have provided blanket, lifesaving protection. The president of the leading utility trade group, Edison Electric Institute, criticized the plan as "a one-size-fits-all approach to recovery."⁹

In short, to keep supposed scofflaws in check during a global crisis, utilities chose to endanger tens of thousands of lives — while the industry glided through rocky debt markets atop the Federal Reserve's money raft, never losing access to cheap financing.

Working with the Trump administration, Federal Reserve Chair Jerome Powell designed a bond-market rescue to show investors the government stood ready to bail them out. The Fed started buying corporate bonds — ultimately holding \$5.23 billion worth at the program's peak — through a taxpayer-backed entity called the Secondary Market Corporate Credit Facility (SMCCF).

These bonds were issued by companies before the bailouts; the Fed bought them from private investors on the secondary market. This signal was enough to fuel a historic wave of borrowing, especially by oil and gas companies whose risky bonds suddenly seemed a lot safer.¹⁰ (The Fed also planned to buy bonds directly from companies, through a separate Primary Market Corporate Credit Facility, but the SMCCF made borrowing so easy that it was never used.)

The Fed bought utility bonds worth more than \$545 million and issued by 137 companies, accounting for about 10% of the total bonds bought through that program.

TAX WINDFALLS FOR THE VERY FEW

Obscure tax-code changes buried in the CARES Act stimulus law delivered billions of dollars in benefits to a few big, money-losing corporations, most of them in sectors that are harming the climate. BailoutWatch reported previously that \$8.38 billion in benefits went directly to oil and gas companies.¹¹ An additional \$1.12 billion went to a dozen electricity providers.¹²

These changes enabled unprofitable businesses to claim immediate refunds for taxes they had paid in recent years. This bailout is notable for its magnitude and for the relatively small number of companies that benefited. Two companies, Duke Energy and DTE Energy, together received \$845 million, more than 75% of the tax bailout money we identified in the utilities sector.

Duke and DTE cut off customers' power more than 203,000 times. Their tax bailouts provided enough unexpected revenue to forgive the underlying unpaid bills more than 39 times.

HALL OF SHAME

Utility	Households Disconnected	CARES ACT Benefits	Payouts (CEO Comp + Dividends)	Payouts/Disconnect Cost	Disconnect Cost/Payouts %
NextEra Energy	470,493	\$41,000,000	\$2,766,720,707	55.5x	1.80%
Southern Company	187,561	\$35,000,000	\$2,701,645,140	135.9x	0.74%
Duke Energy	182,816	\$633,500,000	\$2,933,544,398	151.4x	0.66%
Dominion Energy	42,253	\$10,000,000	\$3,109,912,643	694.4x	0.14%
Exelon	26,784	\$15,000,000	\$1,507,162,803	530.9x	0.19%
DTE Energy	20,605	\$268,000,000	\$806,605,622	369.3x	0.27%
HOS TOTAL	930,512	\$1,002,500,000	\$13,825,591,313	140.2x	0.71%

WORST OFFENDER, POLITICAL CLOUD

NextEra Energy, serving 11 million people (5.6 million households) through Florida Power & Light Co, cut off household power more than 470,000 times during the pandemic. That's nearly half of all the shutoffs we documented.

NextEra is a poster child for **aggressive lobbying** to protect the status quo. According to OpenSecrets, the company spent \$3.9 million in 2020 and \$2.5 million in the first half of 2021 lobbying, including against clean energy and climate legislation such as

solar and wind production and the Green Act. Through the first half of 2021, NextEra is on track to spend the most it has on legislative influence since 2014.¹³

Utilities engage in significant anti-environment advocacy through **trade groups** like the Edison Electric Institute and American Gas Association. By funding these groups, the companies effectively divert millions from utility customers to promote harmful policies. The Center for Biological Diversity, Sen. Sheldon Whitehouse, and other groups and lawmakers¹⁴ have called on the Federal Energy Regulatory Commission to end this practice by reclassifying money that utilities send to trade groups as presumptively “non-recoverable” from consumers.¹⁵

At the state level, utility regulators’ worldviews and decisions are informed mainly by industry experience and contacts, ensuring corporate-friendly policy outcomes and a revolving door for commissioners seeking cushy corporate jobs.¹⁶ In 2020, for example, an American Electric Power lobbyist emailed the West Virginia Public Service Commission chairwoman a request that she tell the state congressional delegation to “reject” proposals for a federal moratorium on utility shutoffs. Days later, Chairwoman Charlotte Lane sent letters urging the delegation to “forego federal action” regarding a federal moratorium.¹⁷ This tendency toward so-called **“regulatory capture”** is comparable to problems in financial oversight that fueled the 2008 financial crisis.¹⁸

Because they are sympathetic to the industry perspective, public utility commissioners often operate as though they must balance industry with public interests. This misunderstands their mandate, which is to oversee utilities in the public interest.¹⁹

These factors serve to protect the status quo that ensures incumbents – corporate and political – remain on top.

LACK OF TRANSPARENCY MASKS THE PROBLEM

There is no industry standard or blanket government mandate to compel private utilities to disclose customer shutoffs, and most state utility commissions choose not to collect the data or make it available. As a result, although we have compiled the most exhaustive data set available, it covers just a fraction of the people affected.

We researched and (when necessary) contacted public utility commissions in all 50 states to determine who publishes data on households that have had their electricity disconnected for not paying the bill.²⁰ Here’s what we learned:²¹

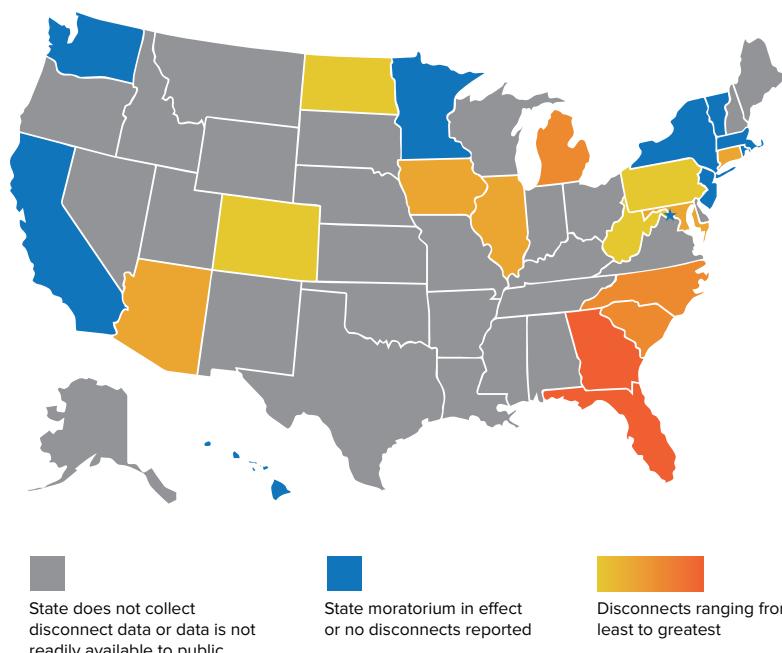
WHAT WE LEARNTED

- 23 STATES do not provide any disconnect data.
- For the 27 states that make the data public, **10 HAVE REPORTED NO SHUTOFFS** because of voluntary or mandated moratoriums.
- For the 17 states providing shutoff data for this analysis, **4 OF THESE STATES ONLY PROVIDE PARTIAL DATA** through special reports.

This lack of transparency hinders efforts to accurately quantify the scale of the electricity shutoffs crisis. It therefore limits efforts to fully name and address the harms shutoffs cause.

The failure by public utility commissions to provide these data undermines any pretense that they are protecting the public interest: *If they do not even collect data on the inhumane practice of cutting off a family's electricity, how can regulators claim to be monitoring the potential harm of unrestrained profit-seeking by the companies they oversee?*

In short, government regulators are ultimately responsible for utilities' lack of accountability.



Data as of June 2021

LITTLE HELP FROM CONGRESS FOR STRUGGLING RATEPAYERS

Legislative efforts to immediately address the power shutoffs crisis during the Covid-19 pandemic have achieved limited success.

The March 2020 **CARES Act**, which authorized those corporate bailout programs, had no fix for the power shutoff crisis. In May 2020, the House of Representatives passed the **HEROES Act**, including a nationwide moratorium on electricity and water shutoffs to address the utility and Covid-19 crises, but the measure failed in the Senate.

Among the modest victories: Congress enacted funding for the **Low-Income Home Energy Assistance Program** of \$4.5 billion, in addition to the FY 2019 allotment of \$3.7 billion. Also, by disbursing **Paycheck Protection Program** money to businesses, Congress intended to assist workers with rent and utility bills.

While utilities were bailed out, the public was not. Electricity shutoffs continued harming Americans, as the NBER research documents — so it's safe to say LIHEAP and PPP weren't enough and remain insufficient to address the chronic shutoffs problem.

In 2021 Sen. Jeff Merkley²² of Oregon and Rep. Rashida Tlaib²³ of Michigan introduced **The Maintaining Access to Essential Services Act**, a bill that offers low-interest loans, eventually converted into grants, for electric utilities willing to pause disconnections through and briefly beyond the Covid-19 emergency. The act is currently under negotiation as part of the larger budget reconciliation bill.

EXECUTIVE ACTION HOLDS SOME PROMISE

Separately, utility justice advocates have called on President Biden to use his emergency powers to end the harmful practice of utility shutoffs.

Given the direct link between shutoffs and Covid-19 fatalities, advocates urged the administration to declare a health emergency under the Public Health Services Act to enact a moratorium on utility shutoffs, following the process used to enact the national eviction ban.²⁴ This action appears less likely since August, when the Supreme Court struck down the eviction ban as exceeding the bounds of the Act's powers.²⁵

The administration possesses and should use other authorities to address the utility shutoff crisis in emergency situations, including redirecting available emergency funds toward outstanding arrearages.

TOWARD A REAL SOLUTION

The Covid-19 crisis gave utilities an opportunity to save lives by keeping people in their homes. Many chose to collect small debts instead, leading to increased deaths and infections.

Climate-related destruction challenges electric companies to drastically cut emissions and deploy climate-resilient systems like rooftop and community solar and storage. Instead, many corporate utilities sow confusion and remain among the worst emitters, actively undermining lower-emissions and distributed energy systems because they threaten to compete for profits.

While opposing efforts to transition to a renewable, resilient energy system, utilities remain steadfastly unprepared for climate disaster – as demonstrated recently by climate-caused hurricanes like Ida, the Texas energy freeze, and grid negligence in California’s wildfire areas.

These urgent facts compel us to weigh systemic changes that might discourage or prevent such antisocial, anti-public corporate acts. Yet the utility shutoff problem has plagued American communities since long before Covid-19.²⁶ Any fix must solve for injustices that exist separately from, and regardless of, the state of the pandemic

Utility justice advocates believe the for-profit utility system must be overhauled, centering power as a human right and permanently banning shutoffs. Earlier in 2021, House Reps. Cori Bush of Missouri and Jamaal Bowman of New York jointly introduced a resolution to make electricity a publicly owned utility sector, impose a universal ban on utility shutoffs for nonpayment, and build out community and rooftop solar and storage as climate-resilient and affordable energy solutions.²⁷

CONCLUSION

Focusing on bailed-out utilities' choice to disconnect families and the resulting increased spread of Covid-19, this report aims to illuminate a structural flaw in the U.S. utility framework: For-profit companies lack accountability to the public good.

The climate emergency will continue to magnify the harms from this conflict, as extreme weather ravages ever more communities whose residents are disproportionately low-wealth and Black and other communities of color.

Given utilities' contributions to the escalating climate crisis, and their reliance on public assistance during the Covid-19 pandemic, it is imperative that we act to limit the damage inflicted by profit-seeking companies that control basic resources.

In a nation of abundance, there is no space for a system whose powerful stakeholders get richer by choosing to harm untold millions of Americans, disproportionately communities of color and poor families, amid a global health crisis.

APPENDIX: FULL DATA TABLE

Click [here](#) to see a full utilities data table.

METHODOLOGY NOTES

To compile the data for this report, we reviewed available disconnection data for selected utility companies beginning in February 2020 and ending in June 2021. Disconnection data was retrieved by reviewing state and territory utility dockets and calling state commissions.

As a proxy for the average cost to cover a customer's unpaid bill, we used the average U.S. monthly residential electric utility payment of \$106, as determined by Vote Solar.²⁸ The utility industry standard is to initiate shutoff procedures after one month of non-payment.

Lobbying data was retrieved from OpenSecrets.²⁹

Secondary Market Corporate Credit Facility data was gathered through Federal Reserve monthly disclosures. Utility bond data includes companies classified as Utilities in the Federal Reserve disclosures. Bond values are based on par value cost as reported.³⁰

Corporate tax benefits, alternately referred to as tax bailout benefits, include alternative minimum tax (AMT) credits and net-operating loss (NOL) carrybacks refunded to utility companies resulting from tax law changes included in the CARES Act. These refunds were disclosed in publicly available annual and quarterly financial filings with the Securities and Exchange Commission.

ENDNOTES

- 1 The authors gratefully acknowledge the contributions of Greer Ryan, former senior energy policy analyst with the Center for Biological Diversity's Energy Justice Program, whose research forms the bedrock of this report.
- 2 <https://www.eia.gov/tools/faqs/faq.php?id=77&t=11>
- 3 <https://www.aceee.org/energy-burden>
- 4 We refer throughout to the number of reported household disconnections that utilities have carried out per month; this awkward phrasing acknowledges that the reported data does not differentiate as to whether the same household is subject to multiple disconnections over time.
- 5 See methodology notes in Appendix
- 6 https://www.nber.org/system/files/working_papers/w28394/w28394.pdf
- 7 [A study from Cornell University and Food & Water Watch similarly found that water shutoff protections were associated with significantly lower rates of COVID-19 cases and deaths. It estimated that a nationwide water shutoff moratorium might have prevented nearly 500,000 COVID cases and more than 9,000 deaths.](#)
- 8 <https://www.biologicaldiversity.org/campaigns/energy-justice-during-crises/#:~:text=The%20Center%20for%20Biological%20Diversity's,Take%20action%20to%20help.>
- 9 <https://www.washingtonpost.com/politics/2020/08/06/congress-under-pressure-states-lift-electricity-shutoff-bans-during-coronavirus-crisis/>
- 10 <https://bailoutwatch.org/analysis/big-oils-100-billion-bender>
- 11 <https://bailoutwatch.org/analysis/what-fossil-fuels-really-did-with-bailouts>
- 12 These electricity providers are owned by nine parent utility corporations: Alliant Energy, American Electric Power, Consolidated Edison, DTE Energy, Duke Energy, Entergy, Sempra Energy, UGI Corp, and UNS Energy.
- 13 <https://www.opensecrets.org/industries/indus.php?Ind=E08>
- 14 https://biologicaldiversity.org/w/news/press-releases/senators-support-ferc-petition-to-curb-misuse-of-ratepayer-funds-on-anti-environment-trade-groups-2021-06-24/email_view/
- 15 https://www.biologicaldiversity.org/programs/energy-justice/pdfs/FERC_Petition_Trade_Group_Dues_031721.pdf
- 16 Heather, Payne, "Game Over: Regulatory Capture, Negotiation, and Utility Rate Cases in an Age of Disruption", 52 University of San Francisco Law Review 75 (2017), <https://ssrn.com/abstract=3025917> (discussing the revolving door phenomenon, whereby utility commissioners leave the government to work for the utility industry they regulate and vice versa, creating and exacerbating regulatory capture. "Industry socialization and future employment incentives are two mechanisms that work together to formulate the revolving door of regulators to and from government and industry.")
- 17 <https://www.documentcloud.org/documents/6890994-FOIA-West-Virginia-PSC-Congressional-Delegation.html#document/p13/a564039>
- 18 <https://www.marketwatch.com/story/an-overlooked-cause-of-the-financial-crisis-to-err-is-human-2018-09-12>

- 19 Id. See also Scott Hempling, "Regulatory Capture": Sources and Solutions, 1 Emory Corp. Governance & Accountability Rev. 23 (2014), <https://scholarlycommons.law.emory.edu/ecgar/vol1/iss1/4>.
- 20 <https://www.biologicaldiversity.org/programs/energy-justice/pdfs/Power-Crisis-Report-June-2021.pdf>; <https://www.biologicaldiversity.org/programs/energy-justice/pdfs/Power-Crisis-Report-March-2021.pdf>.
- 21 This survey data is from June 2021.
- 22 <https://www.merkley.senate.gov/news/press-releases/merkley-introduces-legislation-to-ensure-no-american-loses-power-heat-water-or-internet-service-due-to-a-missed-payment-during-pandemic-2021> These legislative efforts were spurred by the mobilization of the No Shutoffs Coalition, a nationwide coalition of now over 1,000 organizations demanding a nationwide utility shutoffs moratorium and longer term utility justice for power, water, and broadband. https://www.biologicaldiversity.org/programs/energy-justice/pdfs/2020-4-13_Signon-Letter-re-Coronavirus-and-Utility-Shutoff.pdf
- 23 <https://tlaib.house.gov/media/press-releases/tlaib-introduces-landmark-bill-stop-utility-shutoffs-struggling-families>
- 24 <https://biologicaldiversity.org/w/news/press-releases/600-groups-urge-biden-halt-water-electricity-broadband-shutoffs-emergency-executive-order-first-day-2021-01-13/>
- 25 <https://www.nytimes.com/2021/08/26/us/eviction-moratorium-ends.html>
- 26 <https://naacp.org/resources/lights-out-cold>
- 27 <https://bush.house.gov/media/press-releases/reps-cori-bush-and-jamaal-bowman-introduce-resolution-make-power-public-0#:~:text=ST>
- 28 https://votesolar.org/wp-content/uploads/2021/01/Vote_Solar_COVID_Utility_Bill_Debt_Paper.pdf
- 29 <https://www.opensecrets.org/industries/indus.php?Ind=E08>
- 30 <https://www.federalreserve.gov/publications/reports-to-congress-in-response-to-covid-19.htm>