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A 'Tsunami of Shutoffs': 20 Million US Homes Are Behind on Energy Bills

Surging electricity prices spur worst-ever crisis in late utility payments.



About 1 in 6 American households are behind on their utility bills, the highest number on record, according to the National Energy Assistance Directors Association. *Photographer: Michael Nagle/Bloomberg*

By [Will Wade](#) and [Mark Chediak](#)

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Adrienne Nice woke up early on the morning of July 25 to news she'd been dreading. The power company, [Xcel Energy Inc.](#), had shut off the electricity to the small Minneapolis apartment she shares with her teenage son, just as a heat wave was bearing down on the city.

Nice had been struggling financially ever since the pandemic hit, racking up more than \$3,000 in past-due utility bills. The warnings she'd gotten on her monthly statement—"FINAL NOTICE" scrawled in big, bold letters—had prepared her to some degree, but it was still jarring to find the fridge dark and the air conditioner silent. With temperatures set to reach 95F (35C) in the coming days, she needed the power back on, and fast.

The Nice household is one of some 20 million across the country—about 1 in 6 American homes—that have fallen behind on their utility bills. It is, according to the National Energy Assistance Directors Association (Neada), the worst crisis the group has ever documented. Underpinning those numbers is a blistering surge in electricity prices, propelled by the soaring cost of natural gas.

Total US Overdue Utility Balance

Source: National Energy Assistance Directors Association

The power bill crisis is even more acute in Europe, where the spike in natural gas prices has been far greater in the wake of Russia's invasion of Ukraine. Policymakers there have sprung into action, throwing billions of euros in aid at struggling families to help them pay bills. There's been no meaningful talk of doing anything on a similar scale in the US, where the hand-wringing has been dedicated, as always, to the gyrations of gasoline prices at the pump.

Utility shutoffs can have deadly consequences, though, a risk that's becoming more palpable as summer heat shatters records. Already gut-punched by soaring prices for just about everything, more and more people are facing a choice among food, housing, and keeping the power on. "I expect a tsunami of shutoffs," says Jean Su, a senior attorney at the Center for Biological Diversity, which tracks utility disconnections across the US.



Germany put a levy of \$296 on households to pay for natural gas and asked citizens, municipalities, and industrial consumers to save energy. *Photographer: Krisztian Bocsi/Bloomberg*

Nice, 45, is a housecleaner. Her work dried up almost overnight when Covid-19 swept through Minnesota in early 2020. Things are picking up again, but inflation is eating into the money she makes. Just filling up her old Saturn sedan to drive from house to house now costs about \$50 a week.

She found it impossible to set aside enough money for utilities, especially as her power bill effectively doubled over the past year. A friend who used to live in the apartment along with her two kids moved out in mid-2021. But though Nice's household is using less electricity, she's still getting charged about the same amount per month—\$244, on average. “I just don't understand how electricity can be so high,” she says.

Household Electricity Prices

Year-over-year change

Source: Consumer price index data compiled by official statistics agencies

California's PG&E Corp. has seen a more than 40% jump since February 2020 in the number of residential customers behind on payments. For New Jersey's Public Service Enterprise Group, the total is up more than 30% for customers at least 90 days late—and that's just since March.

The average price consumers pay for electricity surged 15% in July from a year earlier, the biggest 12-month increase since 2006. Regulation of electricity rates makes it hard for providers to immediately pass on higher fuel costs, so the recent hikes may be just the start.

The US is waking up to a problem that's plagued other parts of the world since last year. In Germany, the government slapped a levy of \$296 on households to pay for natural gas as Russia squeezes energy flows to Europe after the invasion of Ukraine. In the UK, government support for energy bills doubled, to \$482 for every household starting in October, but prices are rising so fast that the support might not be enough. More than 100,000 people have signed a pledge from campaign group Don't Pay UK to cancel their direct-debit energy payments beginning in October.



Demonstrators gathered outside the Glasgow headquarters of ScottishPower in August to protest the rise in energy prices and the cost of living. *Photographer: Jeremy Sutton-Hibbert/Alamy*

In Japan and Thailand, electricity bills are surging as the countries grapple with expensive fuel costs that have been made worse by their slumping currencies. Pakistan and Bangladesh, falling short in the global competition for costly fuel, have suffered from rolling blackouts and increasing power bills.

In the earlier days of the pandemic, some states and utilities halted power disconnections, shielding customers like Nice who'd fallen on hard times. But those measures wound down just as inflation gathered steam. US households owe about \$16 billion in late energy bills, double the pre-pandemic total, according to Neada. The average balance owed has climbed 97% since 2019, to \$792. "The bills just aren't affordable," says Mark Wolfe, Neada's executive director. "People on the bottom, they can't pay this."

For investor-owned US utilities, the financial repercussions of accumulating debt from unpaid customer bills are typically limited. That's because state regulators often allow utilities to recover their losses by adding a charge for customers who are paying their bills, or taxpayers help pick up the tab.

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In Nice's case, her power was out for only three days; the nonprofit Citizens Utility Board of Minnesota helped her negotiate a payment plan with Xcel. Her experience is common: Utilities shut off customers only as a last resort, according to Xcel. About 80% of US utility customers who experience a shutoff will have service restored in a few days, Wolfe says. The remaining 20%, though, may be close to eviction or on the verge of homelessness.



A nonprofit helped Adrienne Nice negotiate a payment plan with Xcel Energy, so her power was shut off for only three days. *Photographer: Ken Wolter/Alamy*

While the US government's Low Income Home Energy Assistance Program, or Liheap, helps low-income households pay energy bills, it doesn't come close to the scale of subsidies offered by some countries in Europe and Asia.

Calls for states and the federal government to offer more assistance are starting to grow. A bipartisan group of almost 60 US representatives and senators asked in early August for additional emergency funding beyond the \$4 billion set aside for Liheap for fiscal year 2023. California just passed a budget that will offer \$1.4 billion to help residents pay past-due utility bills.

[Entergy Corp.](#) agreed in July to a moratorium on shutoffs in New Orleans through October, after the City Council asked the company to voluntarily halt disconnections during the summer heat. But moratoriums are just a stopgap measure, says Wolfe, who anticipates a surge in disconnections across the US. "Inflation is hitting people pretty hard," he says. "Utilities are not set up to deal with the number of people who can't pay their bills."

US Heat-Related Fatalities

Source: Centers for Disease Control and Prevention

Hotter summers are heightening the risk that, for some people, losing power will prove fatal. According to Indiana University's Energy Justice Lab, 41 states have some sort of protection against

utility shutoffs during the winter, whereas only 19 have laws or regulations preventing disconnections in sweltering weather. On average there were 188 heat-related deaths a year in the US from 2017 through 2021, up from an average of 81 in the five years before that.

Historically, states and regulators have focused on protecting customers during the cold winter months, but that will need to be reexamined with climate change expected to create longer and more persistent heat waves, says David Konisky, co-director of the Energy Justice Lab. Rising temperatures are already boosting demand for electricity and raising utility bills.

Shutoffs after people fall behind on bills “will likely become worse in the coming years and decades,” he says. “It’s higher prices. It’s heat waves and increasing needs for energy.” –*With Ben Holland, Shoko Oda, Stephen Stapczynski, and Rachel Morison*

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(Adds context for electricity-price data in ninth paragraph)

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