



New York State Comptroller  
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Economic and Policy Insights

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# **Distribution of Utility Arrears in New York State**

July 2022

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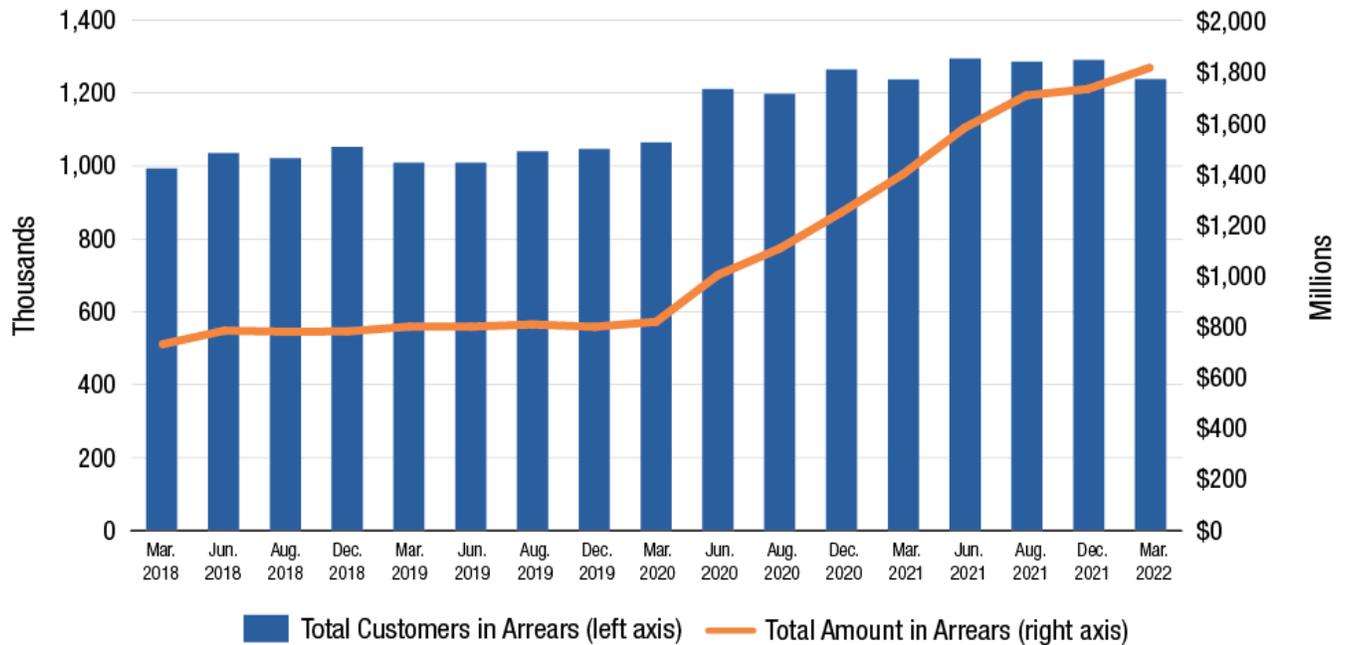
One impact of the devastating job losses incurred during the early months of the COVID-19 pandemic is a significant increase in the number of households in arrears on utilities bills for 60 days or more. Over the course of the pandemic, the amount in arrears increased significantly for all utilities and more than doubled on a statewide basis. In March 2022, one in eight residential customers were in arrears—more than 1.2 million customers statewide, with \$1.8 billion owed to utility companies across the State. A preponderance of these consumers are downstate: 60 percent of customers in arrears are in New York City and Long Island and they comprise 68 percent of the total amount owed. The distribution of arrears across the State is important because it informed the regional allocation of \$250 million approved in the New York State Enacted Budget for State Fiscal Year 2022-23 to provide relief on these liabilities. More recently, the Public Service Commission (PSC) has established a program to provide additional relief to low-income consumers in arrears, for a total of \$587 million in support.

## **Pandemic Impact**

In March 2020, a series of executive orders from the Governor and other impacts of the COVID-19 pandemic resulted in significant job losses. In May 2020, the New York State Department of Labor announced that the State had lost over 1.7 million private sector jobs, resulting in the State's largest unemployment rate increase since record keeping began in 1976.<sup>1</sup> While the federal government extended and expanded unemployment insurance benefits and provided economic impact payments, many New Yorkers fell behind or were unable to make payments for rent and utilities.

As shown in Figure 1, data provided by investor-owned utilities to the New York State Department of Public Service (DPS) show that in 2019, New York utility customers in arrears averaged just over 1 million and the total amount owed averaged \$806.6 million per month reported.<sup>2</sup> As the impact of pandemic shutdowns took hold between March and June of 2020, customers in arrears jumped to 1.2 million and the amount owed climbed to just over \$1 billion. By December of 2021, the number of utility customers in arrears had increased to 1.3 million and the total amount owed rose to \$1.7 billion. In the first quarter of 2022, the number of customers in arrears fell by about 50,000 to 1.2 million while the total amount owed increased to \$1.8 billion, an increase of close to \$1 billion from March 2020. The amount owed per customer over this period doubled from \$768 per customer in arrears in March 2020 to \$1,467 per customer in March 2022. One in eight residential customers are in arrears.

**FIGURE 1**  
**Residential Utility Customers and Amount in Arrears by Quarter, 2018 – 2022**



Source: New York State Department of Public Service

## Arrears by Utility

This report evaluates residential customer arrears reported by the State’s largest electric and gas utilities. These utilities are investor owned and serve dedicated service territories. Two of these utilities, New York State Electric and Gas (NYSEG) and National Grid Upstate (Grid U), serve sprawling territories that reach across the State in an often non-contiguous patchwork. Rochester Gas and Electric (RG&E) provides service in the western and central portions of the State. Central Hudson Electric and Gas (CHE&G) and Orange and Rockland Electric and Gas (ORE&G) provide service in the lower and middle Hudson Valley. Consolidated Edison (Con Ed) provides electric and gas service throughout most of New York City and Westchester County. Three utilities provide only gas service: National Fuel Group (NFG) in Western New York, National Grid LI (Grid LI) on Long Island, and National Grid NY (Grid NY) in portions of Queens. In addition, Public Service Electric Group (PSEG) provides electric service under contract to the Long Island Power Authority, a public authority established to provide electric service on Long Island and a portion of Queens. A small number of electric and gas customers in New York State are served by municipal utilities, rural electric co-ops and small private gas companies, but arrears data for these utilities is not reported by the DPS and so is not included in this report.

Generally, among the utilities considered, those with the largest customer bases also have the highest number of customers in arrears. Among these utilities, Con Ed, serving much of New York City, has 30 percent of all residential customers, 32 percent of all such customers in arrears, and 47 percent of total arrears. Grid U represents 15 percent of all residential customers, but 18 percent of customers in arrears and 20 percent of total arrears. Grid NY represents 11 percent of residential customers, but 15 percent of customers in arrears and 10 percent of arrears, respectively.

**FIGURE 2**  
**New York State Large Utilities, Residential Customers and Amount in Arrears in March 2022**

Utility	Residential Customers	Customers in Arrears	Amount in Arrears (in millions)	Share of All Residential Customers	Share of All Customers in Arrears	Share of Total Amount in Arrears
Consolidated Edison	3,028,305	392,587	\$848.7	30%	32%	47%
National Grid Upstate	1,504,988	223,717	\$362.3	15%	18%	20%
National Grid New York	1,141,806	189,825	\$187.1	11%	15%	10%
Public Service Electric Group (LIPA)	1,059,531	111,101	\$150.5	11%	9%	8%
New York State Electric and Gas	1,028,699	94,300	\$56.9	10%	8%	3%
Rochester Gas and Electric	647,853	60,117	\$57.4	6%	5%	3%
National Grid Long Island	538,436	47,074	\$54.3	5%	4%	3%
National Fuel Group	512,904	55,541	\$42.4	5%	4%	2%
Central Hudson	311,221	45,648	\$33.2	3%	4%	2%
Orange and Rockland	208,115	17,856	\$23.5	2%	1%	1%

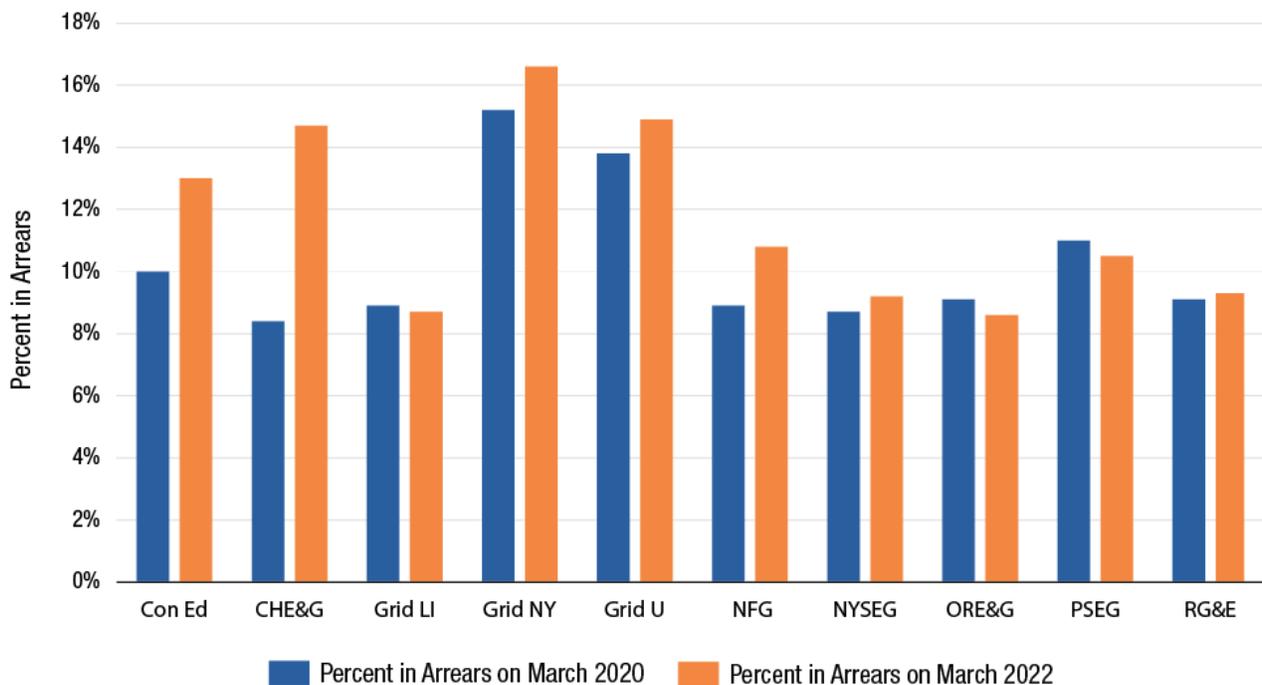
Source: New York State Department of Public Service

From March 2020 through March 2022, the number of customers in arrears and the total amount in arrears grew universally across all utilities, with the exception of a small decline in the number of customers in arrears at Orange and Rockland and PSEG. The greatest increase for both number of customers in arrears and the amount of arrears was in CHE&G, where the number of customers in arrears more than doubled and the amount owed close to quadrupled. Utilities with the next largest arrears increases were Grid NY and Con Ed at 155 percent, followed by Grid LI at 134 percent, PSEG at 109 percent and NYSEG with 108 percent.

As shown in Figure 3, over this period, the number of residential customers for all utilities increased as well, so changes in the shares of customers in arrears increased for some utilities, but actually decreased for others. In March 2022, utilities with the greatest shares of customers in arrears were Grid NY (16.6 percent), Grid U (14.9 percent), and CHE&G (14.7 percent).

CHE&G experienced a 6.3 percentage point increase and Con Ed a 3 percentage point increase in share of customers in arrears since March 2020. In comparison, at PSEG, ORE&G and Grid LI the percentages of customers in arrears declined by .5, .5 and .2 percent points, respectively.

**FIGURE 3**  
**Percentage of Customers in Arrears in March 2020 and March 2022**



Source: New York State Department of Public Service

While the share of customers in arrears is modest, the amount owed per customer is significant. For the Con Ed customer in arrears, the average amount owed—\$2,162—is more than monthly median gross rent (about \$1,500) in New York City. Average arrears also exceed \$1,000 for Grid U, PSEG, and Orange and Rockland customers, as shown in Figure 4.

**FIGURE 4**  
**Average Arrears per Residential Customer in Arrears by Utility, March 2022**

Utility	Average Arrears Per Customer	Share of Utility Customers in Arrears
Consolidated Edison	\$2,162	13.0%
National Grid Upstate	\$1,620	14.9%
Public Service Electric Group (LIPA)	\$1,354	10.5%
Orange and Rockland	\$1,319	8.6%
National Grid Long Island	\$1,153	8.7%
National Grid New York	\$986	16.6%
Rochester Gas and Electric	\$954	9.3%
National Fuel Group	\$764	10.8%
Central Hudson	\$726	14.7%
New York State Electric and Gas	\$603	9.2%

Source: New York State Department of Public Service

## Discussion

As shown in Figure 1, in any quarter in the years leading up to the COVID-19 pandemic, close to 1 million New Yorkers were having trouble paying their electric and/or gas bills—owing more than \$800 million per quarter on average. New York State Public Service Law provides protection from shutoffs during the heating season, a period running from November 1 to April 15, during which time utilities must make a special effort to determine whether terminating heat related service would result in a serious impairment to a customer’s health and safety. Other consumer protections include a restriction on shutoffs for customers experiencing medical emergencies, for customers that require service to operate life support systems and for the elderly, blind, or disabled. Finally, before a shutoff, utilities must give customers 15 days after a final notice to make a payment, or to enter into an agreement to pay overdue bills in reasonable installments.

In June 2020, the State established a moratorium on utility shutoffs of residential customer service for non-payment of an overdue charge (Chapter 108 of the Laws of 2020). The moratorium was to remain in effect until 180 days after the lifting of the COVID-19 pandemic state of emergency established by Executive Order 202 of 2020. After this state of emergency was extended several times, in May 2021, the moratorium was extended to utilities’ small business customers until December 31, 2021 under Chapter 106 of 2021. While the moratorium has expired, State utilities have agreed to voluntarily avoid service shutoffs and forego late payment charges until the PSC acts to address the arrears problem.<sup>3</sup>

The State Enacted Budget for SFY 2022-23 established a \$250 million fund to address low-income residential customer arrears that accumulated between March 7, 2020 and March 1, 2022, a figure that the PSC has determined to be \$435 million, or approximately half of the arrears growth above the pre-pandemic baseline.<sup>4</sup> In a recent ruling the PSC has established a program to address these arrears plus an additional \$152 million in low-income customer arrears that have accumulated between March 1 and May 1, 2022, for a total cost of \$587 million.<sup>5</sup> The ruling allocates the appropriated State funding plus an additional \$280.6 million in funding to be recovered from utility customers, with the remaining balance covered by prior commitments by certain utilities totaling \$37.1 million. In the ruling, State appropriated funds were allocated based on each utilities' share of the low-income arrears. The PSC proposes to address remaining arrears of low-income customers—excluding arrears incurred after May 1, 2022—in a second phase of its arrears program.<sup>6</sup>

**FIGURE 5**  
**PSC Allocation of State Funds and Authorized Cost Recovery**

Utility	Allocation of State Funds	Utility Commitments	Authorized Cost Recovery	Total Arrears Assistance	Share of Arrears
Con Ed	\$164,453,557	\$7,000,000	\$167,139,507	\$338,593,064	39.9%
CHE&G	\$2,848,882		\$3,005,377	\$5,854,259	17.7%
NFG	\$4,364,998		\$9,204,217	\$13,569,215	32.0%
Grid LI	\$1,239,232	\$400,000	\$1,547,504	\$3,186,736	5.9%
Grid NY	\$10,120,631	\$1,200,000	\$30,246,482	\$41,567,113	22.2%
Grid U	\$40,024,801	\$26,900,000	\$33,179,254	\$100,104,055	27.6%
NYSEG	\$5,834,817	\$800,000	\$15,162,655	\$21,797,472	38.3%
ORE&G	\$1,639,725		\$2,198,980	\$3,838,705	16.3%
PSEG	\$9,803,606			\$9,803,606	6.5%
RG&E	\$9,047,183	\$800,000	\$18,899,037	\$28,746,220	50.1%
Other Utilities	\$622,569				
<b>Total Assistance</b>	<b>\$250,000,001</b>	<b>\$37,100,000</b>	<b>\$280,583,013</b>	<b>\$567,683,014</b>	

Source: New York State Public Service Commission

Note: Other Utilities includes municipal utilities and small private gas companies. The PSC does not oversee PSEG rate cases and does not authorize cost recovery for this utility. "Share of Arrears" is based on utility arrears reported through March 2022. Total arrears do not add to the entire \$587 million low-income arrears targeted for relief by the PSC because the Order issued by the Commission makes it voluntary for small municipal utilities to provide relief in addition to the State appropriated funds.

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## Conclusion

The COVID-19 pandemic has led to an increase in the number of utility customers having trouble paying for utility service and the amount owed. In addition, a review of utility reports filed with the DPS shows that significant numbers of utility customers were in arrears prior to the effects of the pandemic. The PSC has adopted a program to address low-income customer arrears that have accumulated over the course of the pandemic, but a significant amount of arrears will remain. These arrears may ultimately result in service shutoffs, a situation that is economically stressful for households. As the PSC and the legislature continue to consider mechanisms to reduce the arrears that accumulated over the pandemic, they should also consider additional prudent steps to reduce the number of utility customers that cannot pay their utility bills.

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## Endnotes

- 1 New York State Department of Labor, "NYS Economy Loses More Than 1.7 Million Private Sector Jobs In April 2020," May 21, 2020, available at: [https://dol.ny.gov/system/files/documents/2021/03/press-release-1-april-2020-final\\_2.pdf](https://dol.ny.gov/system/files/documents/2021/03/press-release-1-april-2020-final_2.pdf).
- 2 New York State Department of Public Service. *Key Credit Collection Beginning 2010: Quarterly Snapshot of Residential Collection Data Submitted by New York State's Ten Largest Distribution Utility Companies*. Available at: <https://data.ny.gov/Energy-Environment/Key-Credit-Collection-Beginning-2010/kdjh-dhwi>.
- 3 New York State Public Service Commission. *Order Authorizing Phase 1 Arrears Reduction Program*. Cases 14-M-0565, 20-M-0266, 20-M-0479. Issued June 16, 2022.
- 4 The utilities report pandemic-related arrears of \$435 million based on utility customers who are enrolled in the PSC Energy Affordability Policy Program, the Home Energy Assistance Program, the Regular Arrears Supplement Program, or the Emergency Rental Assistance Program. The number was first reported in a May 20 report by the Energy Affordability Policy Working Group.
- 5 [Rulings](#), or Orders of the Public Service Commission addressing entities and matters under their jurisdiction, have the force of law or regulation.
- 6 New York State Public Service Commission. Order. op. cit.

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