

# Promoting Energy Affordability in Connecticut

Consumer Protection Panel:  
State's Efforts on Affordability  
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# Utility Debt Crisis: Nationwide & In Connecticut

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## Nationwide\*

- As of March 2023, the national arrearage balance totals \$19.5 billion.
- 1 in 6 U.S. households are in arrears.
- 36.1 % of all households report being unable to pay their energy bill, with 50.8% percent foregoing other necessities and 34.6 percent keeping their home at an unsafe temperature in order to pay their energy bill.

\* National data from [arrearagesmay2023.pdf \(neada.org\)](#).

## Connecticut

- As of May 2023, about 1.38 million residential utility customers out of 1.86 million have bill arrearages.
  - 978,328 electric customers with arrearages and 373,474 electric customers with >30 day arrearages out of 1,385,507
  - 405,636 gas customers with arrearages and 185,086 gas customers with >30 day arrearages out of 477,064
  - Total of 558,560 gas & electric customers have arrearages over 30 days for May 2023.
- Utilities are carrying over \$900 million of late debt.
- Rising prices for other essential needs (food, housing) place pressure on budgets.

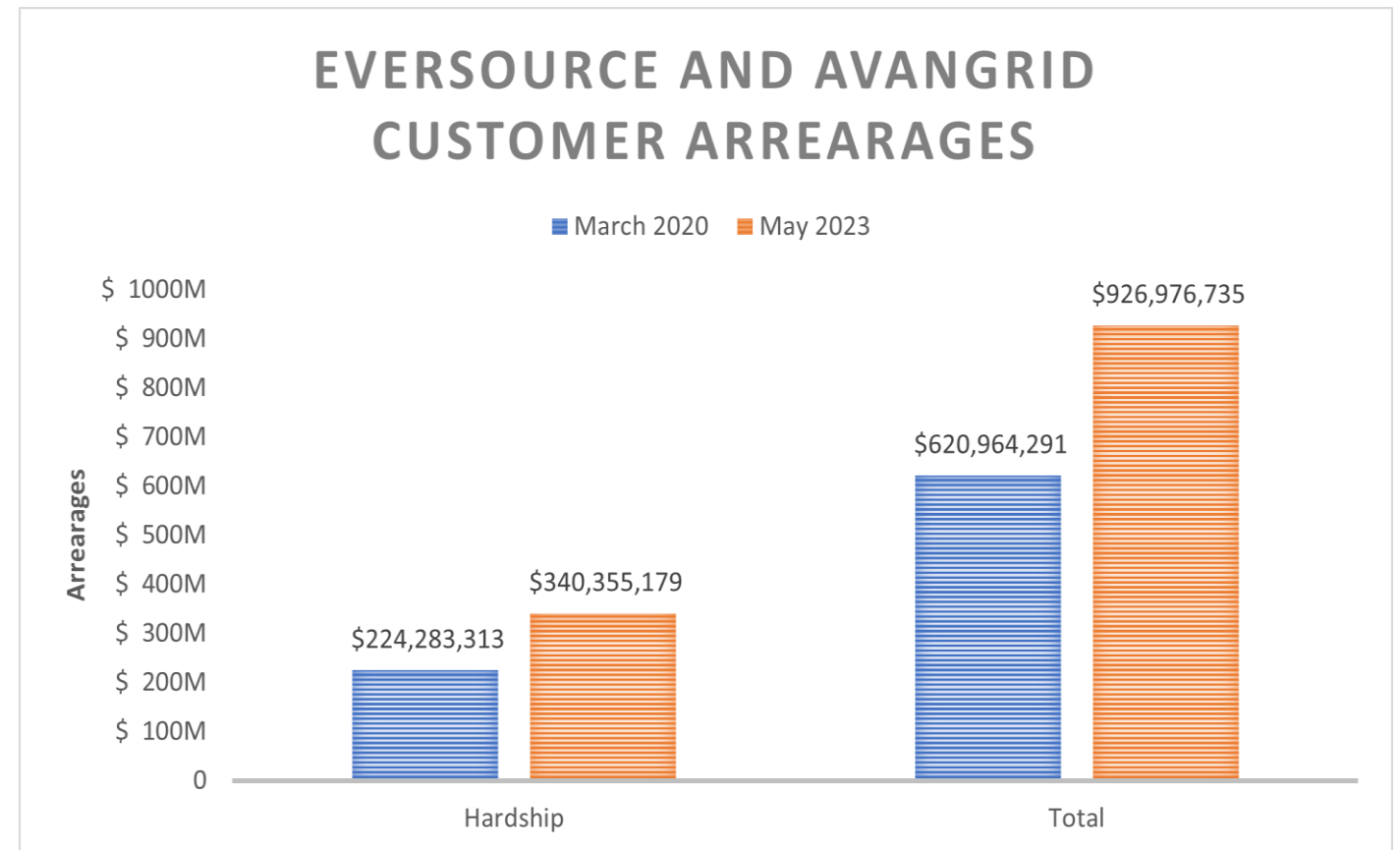
\* Data from EDC monthly compliance filings



# Connecticut's Arrearage Data Pre & COVID-19 Post Pandemic

Comparing data from March 2020 to May 2023:

- Arrearages attributable to hardship increased from 224,283,313 to 340,355,179, a **51.75% increase**.
- Total arrearages increased from \$620,964,291 to \$926,976,735, a **49.28% increase**.



# Connecticut's Approach to Promoting Energy Affordability



Focus On Most Vulnerable Consumers

Balance long term strategic affordability goals with short term financial relief

Expand Program Access & Eligibility

Assess Utility Practices & Compliance

Assist Customers in Reducing Energy Usage

Prioritize Consumer Protection, Education and Choice

# Balancing Long Term Affordability Goals with Short Term Relief

## Low-Income Discount Credit (LIDC)

- Short-term response to mitigate the impact of a nearly 50% increase in standard service supply rates effective January 2023. The **Low-Income Discount Credit** was proposed by the Governor, DEEP and OCC and approved in a [decision by PURA](#).
- The LIDC was a flat monthly credit available to eligible customers from January to June 2023.
- Eligible customers received a monthly credit of \$25 and \$24 for Eversource and United Illuminating (UI), respectively.

## Low-Income Discount Rate (LIDR)

- The LIDR was enabled by [2020 legislation](#) and program parameters were created in PURA's decision in [Docket No. 17-12-03RE11](#).
- LIDR will be implemented in January of 2024.
- Establishes two tiers of relief for income-qualifying customers.
  - Tier 1 relief = 10% discount. Eligible customers must earn below 60% of the state's median income.
  - Tier 2 relief = 50% discount. Eligible customers fall within 160% federal poverty guidelines.
- Goal of LIDR is to reduce arrearages and costs by lessening occurrences of service disconnection.





# Ratepayer/Utility Bill Payment Assistance Programs

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**Budget Billing Program:** Both [Eversource](#) and [UI](#) offer customers opportunity to divide their annual energy costs into fixed monthly payments calculated based on annual usage costs over the prior 12 months.

**New Start Program:** Eversource electric residential customers that are financial hardship and have an arrearage of \$200 for more than 60 days may be eligible. Both the customer and Eversource contribute to the outstanding balance to lower the past due amount.

**Bill Forgiveness Program:** UI electric residential customers that are financial hardship and have a balance of at least \$100 that is 50 days or more overdue may be eligible. Both the customer and UI contribute to the outstanding balance to lower the past due amount.

**Matching Payment Program (MPP):** By law, when a residential customer's gas or electric service is subject to termination, the companies must give the customer an opportunity to enter into a reasonable amortization agreement to pay their delinquent account balance (arrearage) and avoid termination. Utility will match the customer's payments and energy assistance (CEAP award) up to a bill balance of zero.

This year, the Connecticut General Assembly made changes to the MPP:

- Eligibility no longer contingent on [Connecticut Energy Assistance Program \(CEAP\)](#) award, just CEAP eligibility.
- EDCs now required to match payments over twelve months, rather than in two six-month lump sums.



# Expand Program Access & Eligibility: Data Sharing & Streamlining Enrollment in LIDR and Bill Assistance

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- Data sharing for hardship designation and low-income discount critical.
- Effective and efficient implementation of the LIDR requires ongoing collaboration between several state agencies, non-profits and utility companies.
- Currently, utilities get information from the Connecticut Department of Social Services (DSS) after obtaining consent from utility customers.
- Transitioning to terms and conditions consent language in the DSS Common Benefit Form:
  - “DSS may disclose information about me and members of my family or household who are receiving benefits from DSS to identify other services or benefits that I may be eligible for, or to verify my eligibility for such services or benefits. DSS may share this information with... utility companies to see if I am eligible for hardship status or discount rates” [4-25 W-1E.pdf \(ct.gov\)](#) @ 19

# Assess Utility Practices & Compliance: OCC's Wage Garnishment Investigation & Working Group



- During the pandemic, PURA enacted a moratorium on shutoffs and ordered utility companies to provide a special COVID-19 flexible payment program in order help relieve financial stress on consumers.
- OCC became aware of reports of some companies continuing to sue customers for outstanding debts and even pursuing court-ordered wage garnishment against some customers.
- Evidence gathered and introduced by OCC found that an Investor-Owned Utility company was in fact engaging in these sorts of activities while also ignoring the order to offer the COVID-19 payment program, with many of the affected being healthcare and essential workers.
- PURA issued a notice of violation against the company, which resulted in a settlement - fine of \$3.3 million, and additionally ordered utility companies to provide justification for the continuation of wage garnishment.
- PURA's order also directed OCC to lead a working group to discuss this issue with a report due in June of 2024.





# Assist Customers in Reducing Energy Usage

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**Connecticut Weatherization Assistance Program (WAP)**: Assists low-income customers to minimize energy related costs and fuel usage through home improvement measures. This program pays for energy conservation dwelling unit measures and program eligibility is set at 60% of the State Median Income, while prioritizing the most vulnerable customers.

**Home Energy Solutions - Income Eligible (HES-IE)**: Through this program, gas and electric customers have access to low-cost home energy audits as well as weatherization, duct sealing, energy efficient light bulbs, insulation and appliance rebates. HES-IE offers a no-cost energy assessment for consumers whose gross annual income is below the Connecticut's 60% Income Median.

**Residential Energy Preparation Services (REPS)**: In May 2023, the Connecticut Department of Energy and Environmental Protection (DEEP), launched a new program to enable weatherization upgrades for income eligible households who applied and were deferred from WAP and HES. The program is supported by LIHEAP and ARPA funding.

# Prioritize Consumer Protection, Education & Choice Connecticut's Third-Party Supplier Market



**FIVE THIRD-PARTY OFFERS MORE AFFORDABLE**  
Than The Upcoming July 1st - December 31st Standard Service Rates

EVERSOURCE 13.82 cents/kWh	UNITED ILLUMINATING 14.33 cents/kWh
Town Square Energy 11.47 cents/kWh for 5 billing cycles	Town Square Energy 11.37 cents/kWh for 5 billing cycles
Major Energy 11.59 cents/kWh for 5 billing cycles	Major Energy 11.39 cents/kWh for 5 billing cycles
Town Square Energy 11.77 cents/kWh for 6 billing cycles	Town Square Energy 11.77 cents/kWh for 6 billing cycles
Direct Energy 11.89 cents/kWh for 17 billing cycles	Major Energy 11.79 cents/kWh for 5 billing cycles
Major Energy 11.99 cents/kWh for 5 billing cycles	Direct Energy 11.89 cents/kWh for 17 billing cycles

The above rates are available on the [energizect.com](http://energizect.com) rateboard as of 6/26/23. Please note that offers change frequently and consumers should always consult the rateboard for the most up to date offers available.

\*Above data available in  
OCC's [monthly supplier fact sheet](#).

- OCC collaborated with regulatory partners to design and implement third-party supplier market protections - Connecticut has among the strongest consumer protections nationwide.
- Educating consumers about their options is critical to achieving individual cost saving goals.
  - [EnergizeCT](#) Rate Board provides reliable information to consumers
  - Collective advocacy and continued stakeholder engagement is key to creating a consumer-friendly environment.
- [An Act Strengthening Protections For Connecticut's Consumers of Energy \(P.A. 23-102\)](#) now allows hardship customers to contract with third-party suppliers with protection from higher rates

# Ongoing Policy Development on Affordability: Shut-off Moratoriums & Arrearages



- Arrearages continue to grow as residential shut-offs for hardship-designated customers remain prohibited (at least through May 2024)
- The burden of ever-growing debt will cause long-term economic stress to all customers.
- The impact of mass shut-offs, particularly among low-to-moderate income customers, would be harmful to health & safety.
- Stakeholder engagement is critical to exploring creative solutions in the following areas:
  - Reexamine repayment assistance programs
  - Amortizing recovery models to blunt rate shock
  - Using Performance Based Ratemaking as a tool to increase utility involvement and accountability