Promoting Energy Affordability in Connecticut

Consumer Protection Panel: State’s Efforts on Affordability
NASUCA 2023 Mid-Year Meeting
July 17, 2023

Claire Coleman
Consumer Counsel
Claire.E.Coleman@ct.gov
Utility Debt Crisis: Nationwide & In Connecticut

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

**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

➢ 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

- 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

**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

➢ 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

*Above data available in OCC's monthly supplier fact sheet.
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