

The New Energy Crisis: **The Escalating Cost of Electricity and the Growing Number of Customers Who Can't Pay Their Bills**

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“Real Data About Customer Wants and Needs”
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What's on customers' minds?

- The rising cost of electricity
- The increasing share of household budgets taken up by energy bills
- How can they reduce their energy bills/electricity usage



Headlines in New England

NPR: “New England Electricity Prices Spike As Gas Pipelines Lag” - November 05, 2014

“Utilities in New England have announced electricity rates hikes on the order of 30 percent to 50 percent, making prices some of the highest in the history of the continental United States.”



Comparison of all sector electric prices (Winter 2015)

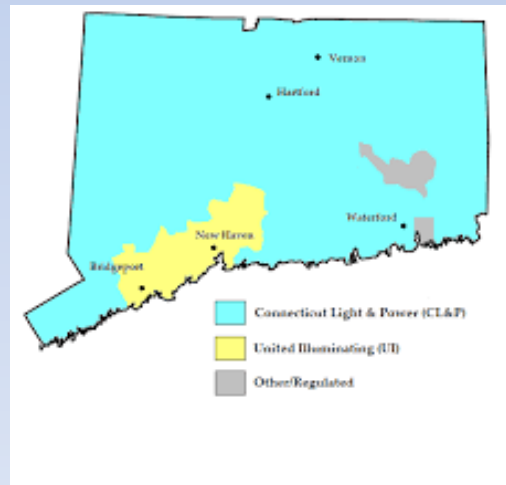
Connecticut	18.44 cents/kWh.
New England	17.34 cents/kWh
Mid-Atlantic (NY, NJ, PA)	12.81 cents/kWh

(Source: EIA)



The Connecticut Example

- Two regulated electric utilities
 - **Eversource** (formerly Connecticut Light & Power), with 1.2 million customers
 - **United Illuminating**, with 325,000 customers



(Source: EnergyBrokerNetwork.com)



The Human Cost of Unaffordable Energy

Hardship Customers

Connecticut Utility Company	Number of Hardship Customers (2014)	Hardship Customers with Payment Plans	Hardship Customers without Payment Plans, subject to shut-off	Total Delinquent Balance (Rounded)
Eversource	90,000	35,000	55,000	\$50 million
United Illuminating	24,000	200	23,800	\$38 million

(Source: Eversource/CL&P and UI Annual 16-262c reports to the CGA)



The Connecticut Story: *Non-hardship Customers*

Year	Eversource/CL&P Non-hardship Customers making payment arrangements	Delinquency Total (Rounded)
2012	53,869	\$15 million
2013	98,232	\$24 million
2014	218,850	\$50 million



(Source: Eversource/CL&P and UI Annual 16-262c reports to the CGA)



The Connecticut Story: United Illuminating *Non-hardship Customers*



Year	United Illuminating Non-hardship Customers with outstanding balances that were written off	Delinquency Total (Rounded)
2014	54,266	\$5.7 million



What does this mean?

- For Eversource, 218,850 non-hardship customers were on payment plans – over 1/6 of their 1.1 million residential customers.
- United Illuminating wrote off the balance of over 54,000 non-hardship customers – over 1/6 of their 300,000 residential customers.

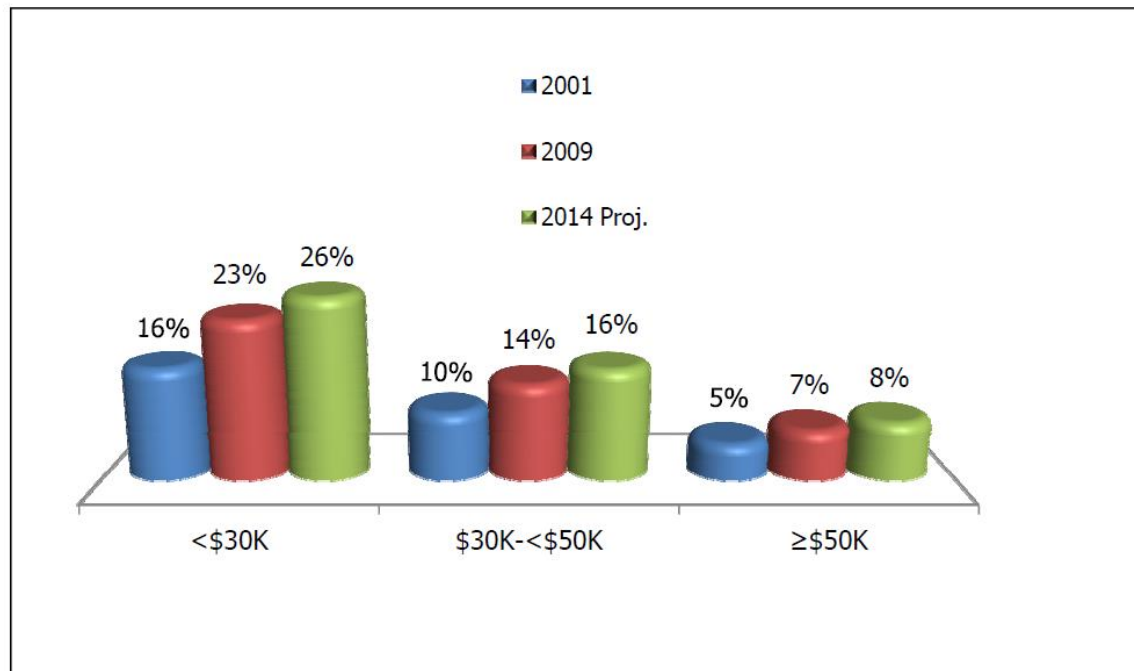
The New Energy Crisis

- Eversource: Hardship Customers + Non-hardship Customers on payment plans = 310,000 customers had significant difficulty paying their bills in 2014 – *one in four* residential customers.
- UI: Hardship Customers + Non-hardship Customers on payment plans = 78,000 customers with payment difficulty – *one in four* residential customers



Connecticut is not alone.

Energy Cost Impacts on American Families,
2001-2014



Energy Costs as Percentage of Nominal After-Tax Household Income



(Source: AmericasPower.org)

The Home Energy Affordability Gap continues to grow....

- The Affordability Gap is currently \$5.7 billion dollars in the United States.
 - Some examples of state Affordability Gaps in 2014:
 - CT: \$ 799,127,248
 - FL: \$2,317,610,164
 - TX: \$3,909,597,949
 - WA: \$ 356,558,640
 - CA: \$2,955,813,901
 - MT: \$ 107,246,351

(Source: HomeEnergyAffordability Gap.com)



My Conclusions

- Reducing energy costs and electric bills is of central importance to many, many consumers.
- The number of consumers facing life-altering problems paying their energy bills is growing.
- There is not enough dialogue around this issue and the human cost of unaffordable energy.
- Any “re-imagining” of the grid must keep affordability for all as a central focus.

