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

Elin Swanson Katz, Consumer Counsel
Connecticut Office of Consumer Counsel

“Real Data About Customer Wants and Needs”
Electricity Committee

NARUC Summer Meeting
July 2015
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**

<table>
<thead>
<tr>
<th>Connecticut Utility Company</th>
<th>Number of Hardship Customers (2014)</th>
<th>Hardship Customers with Payment Plans</th>
<th>Hardship Customers without Payment Plans, subject to shut-off</th>
<th>Total Delinquent Balance (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eversource</td>
<td>90,000</td>
<td>35,000</td>
<td>55,000</td>
<td>$50 million</td>
</tr>
<tr>
<td>United Illuminating</td>
<td>24,000</td>
<td>200</td>
<td>23,800</td>
<td>$38 million</td>
</tr>
</tbody>
</table>

(Source: Eversource/CL&P and UI Annual 16-262c reports to the CGA)
### The Connecticut Story: Non-hardship Customers

<table>
<thead>
<tr>
<th>Year</th>
<th>Eversource/CL&amp;P Non-hardship Customers making payment arrangements</th>
<th>Delinquency Total (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>53,869</td>
<td>$15 million</td>
</tr>
<tr>
<td>2013</td>
<td>98,232</td>
<td>$24 million</td>
</tr>
<tr>
<td>2014</td>
<td>218,850</td>
<td>$50 million</td>
</tr>
</tbody>
</table>

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

Non-hardship Customers

<table>
<thead>
<tr>
<th>Year</th>
<th>United Illuminating Non-hardship Customers with outstanding balances that were written off</th>
<th>Deliquency Total (Rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>54,266</td>
<td>$5.7 million</td>
</tr>
</tbody>
</table>
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.

(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: HomeEnergyAffordabilityGap.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.