
OLR Bill Analysis

sHB 6724

AN ACT CONCERNING UTILITY CUSTOMER PAYMENT PLANS, EXTENDING THE SHUTOFF MORATORIUM FOR HARDSHIP CUSTOMERS AND PERMITTING HARDSHIP CUSTOMERS TO ENROLL WITH ELECTRIC SUPPLIERS.

SUMMARY

This bill extends the gas and electric company shutoff moratorium to cover all of 2023 for customers of electric distribution companies (EDCs, i.e., Eversource and United Illuminating) and gas companies (e.g., Yankee Gas). The current law's moratorium generally prohibits EDCs, gas companies, retail electric suppliers, and municipal utility companies from terminating, denying, or refusing to reinstate residential service in hardship cases (see BACKGROUND) where the customer cannot pay his or her entire account. The current moratorium applies from November 1 through May 1 annually. The bill extends this from May 2, 2023, through October 31, 2023 (effectively covering November 1, 2022, through May 1, 2024).

The bill also makes various changes to the Matching Payment Program (MPP), a program that generally allows certain EDC and gas company customers who are behind on their utility bills to develop a budgeted re-payment plan and receive matching payments towards their arrears from the companies. Among other things, the bill does the following:

1. changes the program's eligibility criteria and timeframe for distributing matching payments;
2. removes a provision that explicitly allows the companies to recover their MPP costs through their rates;
3. gives the Public Utilities Regulatory Authority (PURA) more time to approve the companies' MPP implementation plans; and

4. allows PURA's chairperson to annually distribute up to \$1 million to entities providing legal services that help people participate in utility company programs that assist customers with utility bill or arrearage payments.

The bill also allows customers who are hardship cases to enroll with a retail electric supplier for their electric generation service if their contracts with the suppliers are entered into on or after March 1, 2023, for the standard service rate or less.

Lastly, the bill makes numerous minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage

MATCHING PAYMENT PROGRAM

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. The agreement must give the customers an adequate opportunity to apply for and receive benefits from any available energy assistance program (CGS § 16-262c(b)(2)). Residential customers who meet certain criteria may also have their arrearages reduced with matching payments from the EDCs and gas companies.

Eligibility Criteria

Under current law, an EDC or gas company customer using electricity or gas for heat qualifies for matching payments if he or she does the following:

1. applies and is eligible for benefits from the Connecticut Energy Assistance Program (CEAP) or a state-funded fuel assistance program;
2. authorizes the company to send a copy of the customer's monthly bill to an energy assistance agency for payment; and

3. enters into and complies with the amortization agreement that is consistent with PURA's decisions and policies.

The bill additionally requires that a customer be eligible for the company's financial hardship programs. It also removes the requirements that customers (1) be using electricity or gas for heat, potentially allowing oil-heating customers to participate, and (2) apply for benefits from CEAP or another state-funded fuel assistance program, although they must still meet these programs' income eligibility requirements.

Matching Payments

The bill (1) restructures how companies must calculate the matching payments to reduce a customer's arrearage, and (2) requires matching payments to be paid over twelve months, rather than in two six-month lump sums.

Current law requires a customer's MPP amortization agreement to reduce the customer's payment by the amount of benefits reasonably anticipated from CEAP or other state-funded energy or fuel assistance programs. Unless the customer requests otherwise, the company must budget the customer's payments over a 12-month period with an affordable increment applied to the arrearage, so long as it does not cause the customer to lose any energy assistance benefits. If the customer authorizes the company to send a copy of the monthly bill directly to the energy assistance agency, the agency must make payments directly to the company.

The bill removes these provisions and instead requires that the customer's arrearage be reduced by an amount calculated as follows:

1. the customer's monthly payment under the amortization agreement, so long as the customer met the bill's revised eligibility requirements in the immediately preceding month, plus
2. any payment the customer receives from CEAP or another state-funded fuel or energy assistance program.

Current law generally requires the companies to distribute the matching payments twice each year, first after a participating customer meets the program's requirements from November 1 through April 30, and then again after the customer continues to meet the requirements from April 30 through October 31. The bill instead requires an MPP amortization agreement to distribute customer payments over a 12-month period, from November 1 through October 31. It also requires the agreement to create a monthly payment that is affordable to the customer and meets PURA's decisions and policies.

Company Cost Recovery in Rates

The bill removes a provision in current law that explicitly allows EDCs and gas companies to recover the matching payments they deducted from customers' accounts by including them as operating expenses in their rates. (Presumably, this will give PURA greater discretion in deciding whether to allow the recovery.)

DSS Coordination With EDCs and Gas Companies

The bill allows the Department of Social Services (DSS) commissioner, under certain conditions, to prescribe terms and conditions for receiving benefits under any DSS-administered program. This includes the supplemental nutrition assistance program and CEAP, under any annual CEAP plan adopted by August 1, 2023. More specifically, these terms and conditions may authorize the commissioner to share information about benefit recipients with EDCs and gas companies to facilitate the automatic enrollment of certain customers eligible for financial hardship programs with their EDC or gas company.

Implementation Plans

The law requires the EDCs and gas companies to annually submit an implementation plan to PURA with information about amortization agreements, counseling, eligibility reinstatement, rate impacts, and other information that PURA considers relevant. The bill requires the companies to submit the annual plans a month earlier, by June 1 rather than July 1. It also (1) gives PURA more time to approve or modify the plans, 127 days after receiving them instead of 90 days, and (2) removes

a requirement for PURA to do so in consultation with the Office of Policy and Management. As under current law, if PURA does not act on a plan by the deadline, it automatically takes effect unless PURA grants an additional 30-day extension by notifying the company before the deadline.

The bill also removes a provision in current law that explicitly allows PURA to require gas companies to expand the MPP to all hardship customers.

Other Amortization Agreements and Regulations

The bill allows PURA to find that a reasonable amortization agreement, other than an MPP amortization agreement, covers up to a 36-month period unless PURA determines that a longer period is warranted. It also requires PURA, by October 1, 2024, to amend the regulations on reasonable amortization agreements, hardship case determination, and the MPP to carry out the provisions of the related law, as amended by the bill.

Funding for Related Legal Services

The bill allows PURA's chairperson to annually distribute up to \$1 million in total to organizations or individuals providing legal services with the express purpose of attaining participation in public service company programs designed to assist customers with utility bill or arrearage payments, including negotiating a reasonable MPP amortization agreement. Any of these distributed funds must be paid by all public service companies in proportion to their annual load, amount of services provided to end use customers, or revenue, as determined by PURA.

RETAIL ELECTRIC SUPPLIERS AND HARDSHIP CUSTOMERS

Current law allows PURA to review the feasibility of moving certain types of retail electric supplier customers to standard service (the EDC-provided electric supply service for residential customers who do not purchase electricity through a third-party retail supplier), and to order, among other things, that the customers be placed on standard service. The covered customers are (1) hardship cases, (2) customers

participating in the MPP, (3) customers receiving other financial assistance from their EDC, and (4) customers who the law otherwise protects from electric service shutoffs.

(In 2019, PURA exercised this authority and ordered the EDCs to (1) switch hardship cases to standard service and (2) update their systems to prevent hardship customers from enrolling with a supplier.)

The bill removes PURA's authority to perform this review and issue the related orders. It instead allows these customers to enroll with an electric supplier if the contracts with the suppliers entered into on or after March 1, 2023, are at or below the standard service rate.

The bill also allows PURA to open a proceeding to order all customer contracts with electric suppliers entered into on and after a determined date to comply with appropriate limitations that PURA considers necessary. If PURA issues this order, it must reopen the proceeding at least every two years.

BACKGROUND

Hardship Customers

By law, hardship cases include customers who meet any of the following criteria:

1. receive local, state, or federal public assistance;
2. have Social Security, U.S. Department of Veterans Affairs, or unemployment compensation benefits as their sole source of financial support;
3. are unemployed heads of households with household incomes less than 300% of the federal poverty limit (FPL);
4. are seriously ill or have seriously ill household members;
5. have income under 125% FPL; or
6. face deprivation of food and necessities of life for themselves or their dependent children if payment of a delinquent bill is

required (CGS § 16-262c(b)(3)).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 18 Nay 2 (02/23/2023)