

Hardship Customers and Electric Suppliers

By: Mary Fitzpatrick, Associate Analyst

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Issue

This report discusses a Public Utilities Regulatory Authority (PURA) decision to switch all hardship customers to standard service by July 1, 2020.

Summary

In [a December 2019 decision](#), PURA ordered Eversource and United Illuminating (UI) to switch all “hardship customers” (see below) to standard service by July 1, 2020. The authority also ordered Eversource and UI to update their systems to prevent hardship customers from enrolling with a third-party electric supplier.

Standard service is the electric supply service provided through Eversource and UI to residential customers who do not purchase electricity through a third-party supplier.

PURA cited an Office of Consumer Council (OCC) study, which found that from October 2016 through September 2018, hardship customers purchasing electricity from third-party suppliers paid \$7.2 million more during that time period than they would have if they had purchased electricity through standard service. PURA concluded that “hardship customers’ overpayments substantially reduced the amount of available energy bill assistance funds to the hardship customers and to the social programs that assist their electricity payments” (see p. 18).

The statute authorizing PURA's order ([CGS § 16-245o\(m\)](#)) requires that PURA reopen the proceeding (i.e., docket) at least every two years.

OCC Study

As pre-filed testimony in the proceeding, the OCC submitted its analysis of electric supplier bills to hardship customers between October 2016 and September 2018. The analysis included the following findings:

1. 35% percent of hardship customers purchase electricity from third-party suppliers, compared to 27% of non-hardship customers;
2. hardship customers paid approximately \$7.2 million more to purchase electricity from third-party suppliers than they would have paid through standard service;
3. of 607,000 bills rendered to hardship customers on behalf of third-party suppliers, 22% corresponded with savings compared to standard service prices;
4. the average loss for those experiencing loss was \$17.03 per bill; and
5. the average savings for those experiencing savings was \$6.19 per bill.

Based on these and other findings, the OCC recommended that PURA prohibit third-party suppliers from entering into new contracts with hardship customers, as authorized by law.

In its decision, PURA cited the OCC's analysis and further stated that overpayment by hardship customers also harms the state's ratepayers generally, as they fund state and federal programs that provide energy assistance to hardship customers ([see p. 8-9](#)). According to PURA, if hardship customers pay less for supply generation, "the social service programs will save millions of dollars each year that may then be used to provide greater assistance to hardship customers and that these savings may also reduce the charges to all other electricity ratepayers who subsidize these assistance programs for hardship customers as well as the costs of uncollectible accounts through their electricity rates."

Affected Customers

The law authorizes PURA to initiate a docket to review the feasibility, costs, and benefits of moving the following electric supplier customers to standard service:

1. hardship cases granted certain protections under state law from utility shut offs ([see below](#));
2. customers participating in matching payment programs to reduce arrearages;
3. customers receiving other financial assistance from Eversource or United Illuminating; or
4. customers who are otherwise protected by law from shutoff of electricity services ([CGS § 16-245o\(m\)](#)).

By law, hardship cases include those customers who:

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;
4. are seriously ill or have seriously ill household members;
5. have income under 125% of the federal poverty limit; and
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\(b\)\(3\)](#)).

According to PURA, customers may relinquish their hardship status by signing a document with their electric utility (Eversource or UI). This would allow them to shop in the supplier market, but it could also jeopardize shut-off protection and energy assistance.

Implementation and Cost

Eversource stated they could return existing hardship customers to standard service and program its system to prevent hardship customers from contracting with a third-party supplier for just over \$323,000. UI estimated the cost at \$87,000. Both companies asked to recover costs associated with PURA's decision in the Systems Benefit Charge, a component of ratepayer bills. By law, the Systems Benefit Charge funds energy assistance programs and hardship protection measures, among other things ([CGS § 16-245l](#)).

Decision Reevaluation

PURA plans to initiate a docket to reevaluate its decision two years from the final decision's date (December 18, 2019) or, if appealed, two years from the date the appeal concludes.

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