



# STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY  
TEN FRANKLIN SQUARE  
NEW BRITAIN, CT 06051

DOCKET NO. 17-12-03RE11 PURA INVESTIGATION INTO DISTRIBUTION  
SYSTEM PLANNING OF THE ELECTRIC  
DISTRIBUTION COMPANIES – NEW RATE  
DESIGNS AND RATES REVIEW

October 19, 2022

By the following Commissioners:

Marissa P. Gillett  
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**DECISION**

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## DECISION

### I. INTRODUCTION

#### A. SUMMARY

In this Decision, the Public Utilities Regulatory Authority (Authority or PURA) directs The Connecticut Power and Light Company d/b/a Eversource Energy (Eversource) and The United Illuminating Company (UI; jointly, electric distribution companies (EDCs) or Companies) to establish a two-tiered low-income discount rate (LIDR) that proactively seeks to provide direct energy assistance to qualifying residential electric customers. As soon as possible, and no later than January 1, 2024, the EDCs shall each implement a LIDR with an overall eligibility cap at 60% State Median Income (i.e., Tier 1), and eligibility for Tier 2 aligned with existing State benefit programs (i.e., up to 160% FPG). Further, the EDCs shall implement a process, and begin accepting proof of eligibility, for enrollment in the LIDR program no later than August 1, 2023. The Authority's calculation of an appropriate level of discount for customers eligible for Tier 1 and Tier 2 is grounded in meeting the dual LIDR Objectives: (1) achieving energy affordability, as defined by the allocation of no more than 6% of annual household income spent on building energy costs; and (2) reducing uncollectible expenses paid by all ratepayers, in part, by reducing the need for service disconnections and reconnections. As a result, the Authority determines that customers eligible for the Tier 1 LIDR shall receive a 10% discount applied to their total monthly bill. In addition, customers eligible for the Tier 2 LIDR shall receive a 50% discount applied to their total monthly bill.

In the absence of an implemented data-sharing arrangement between the EDCs and the Department of Social Services (DSS), the EDCs shall conduct customer identification and eligibility verification processes as directed herein. Qualifying customers shall be able to receive a LIDR and participate in existing energy assistance, arrearage forgiveness, renewable energy, and energy efficiency programs. The Authority will re-evaluate the LIDR on a biennial cycle as part of the relevant energy affordability annual review proceeding, with the first review expected in 2025. The Authority provides additional direction to the EDCs regarding LIDR implementation discussed herein.

#### B. BACKGROUND OF THE PROCEEDING

In 2019, the Authority established a goal of advancing the energy affordability dialogue within the State, particularly for underserved communities.<sup>1</sup> Beginning in March 2020, the global COVID-19 pandemic significantly impacted the State of Connecticut and its residents. During this time, the Authority required the Public Service Utilities to cease water, electric, and gas shut-offs, and to create flexible payment plans for any customer

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<sup>1</sup> In the Interim Decision dated October 2, 2019, in Docket No. 17-12-03, PURA Investigation into Distribution System Planning of the Electric Distribution Companies (Equitable Modern Grid Decision), the Authority outlined the overarching objectives for establishing an equitable modern grid in Connecticut, which included energy affordability.

requesting financial assistance.<sup>2</sup> Connecticut residents were also eligible for increased energy assistance resulting from federal COVID-19 relief funding, specifically, one-time rental and electric utility assistance through UniteCT<sup>3</sup> and additional Connecticut Energy Assistance Program (CEAP) funds from increased federal block grant funding through the Low Income Home Energy Assistance Program. See, American Rescue Act of 2021, Pub. Act 117–2, § 2911, 135 STAT. 4, 51 (2021).

The Authority has pursued multiple initiatives to improve existing programs and offerings for residential customers seeking energy assistance. These initiatives include, among other things, expanding flexible payment arrangement offerings for residential customers and creating a comprehensive annual review proceeding regarding energy affordability matters of electric and gas utility customers in the State.<sup>4</sup> See, Decision dated April 22, 2022, in Docket No. 21-07-01, Application of The Connecticut Light and Power Company and Yankee Gas Services Company, each Individually d/b/a Eversource Energy, The United Illuminating Company, Connecticut Natural Gas Corporation, and The Southern Connecticut Gas Company for Approval of Arrearage Forgiveness Program 2021-2022 (April 2022 Energy Affordability Decision).

Despite the modifications designed to improve customers' access to and ability to successfully participate in utility programs in recent years, with the exception of CEAP, existing energy assistance offerings in Connecticut have historically been designed to assist customers with an existing arrearage. However, as the PURA Office of Education, Outreach, and Enforcement (EOE) and other Parties have noted, existing offerings are not designed to enable customers to improve the ability of customers to pay their utility bills *prior* to accruing an arrearage. See, e.g., EOE Written Comments, Jan. 27, 2021 (EOE 2021 Comments).

On October 2, 2020, the Connecticut General Assembly passed Public Act 20-5, An Act Concerning Emergency Response by Electric Distribution Companies, the Regulation of Other Public Utilities and Nexus Provision for Certain Disaster-Related or Emergency-Related Work Performed in the State (Take Back Our Grid Act). Section 5 of the Take Back Our Grid Act authorized the Authority to begin a proceeding to consider low-income rates by “[i]mplementing low-income...rates [that] better aligns public policy with electric utility performance and cost, providing needed relief to our poorest citizens.” 63 S. Proc. Part 3, 2021 Special Sess., p. 985. The members of the General Assembly opined “it was important [ ] to signal [their] intent and to show [their] constituents that [they] are listening.” 63 H.R. Proc., Pt. 3, 2020 Special Sess., p. 1511.

The Authority subsequently established the instant proceeding to consider the implementation of an interim rate decrease, low-income rates, and economic development rates for electric utility customers. In earlier phases of this proceeding, the Authority effectuated an interim rate decrease for all Eversource and UI residential, commercial and industrial customers in 2021. See, Interim Decision in this docket, dated

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<sup>2</sup> See, Docket No. 20-03-15, Emergency Petition of William Tong, Attorney General for the State of Connecticut, for a Proceeding to Establish a State of Emergency Utility Shut-Off Moratorium.

<sup>3</sup> See, Connecticut Department of Housing, UniteCT Program, available at: <https://portal.ct.gov/DOH/DOH/Programs/UniteCT>.

<sup>4</sup> For the current annual review, see Docket No. 22-05-01, 2022 Energy Affordability Annual Review.

June 23, 2021 (UI June Interim Decision), and Interim Decision in this docket, dated October 27, 2021 (Eversource October Interim Decision). In addition, the Authority directed Eversource to offer an optional interim tariff for its existing commercial customers (i.e., Rate 30 and Rate 27) that reduces the demand charge component of the existing tariff at least until the Company's next rate case proceeding. See, Interim Decision in this docket, dated June 23, 2021 (Eversource June Interim Decision). The volumetric tariff option is intended to provide timely economic relief for small business customers with low demand recovering from the COVID-19 pandemic. See, id. The Authority will further examine the appropriateness of establishing additional economic development rate(s) in UI's rate case proceeding and subsequent proceedings, as necessary.<sup>5</sup>

The Authority herein endeavors to establish a LIDR in the instant proceeding to complement existing energy affordability measures and to proactively assist customers before arrearages accrue, and to do so in a manner that mitigates uncollectibles shared among all ratepayers.

### **C. CONDUCT OF THE PROCEEDING**

In the Equitable Modern Grid Decision, the Authority specified a series of reopened proceedings to further investigate near-term topics integral to realizing the objectives of PURA's Framework for an Equitable Modern Grid, including "Docket No. 17-12-03RE11 [which] will explore new rate designs." Equitable Modern Grid Decision, pp. 24-25.

On October 30, 2020, in accordance with the Equitable Modern Grid Decision and pursuant to Section 5 of the Take Back Our Grid Act, the Authority initiated the above-captioned contested proceeding to explore new rate designs that address the disproportionate impact of increased electric rates on the lowest income customers and the need for Connecticut businesses to remain competitive with neighboring states, in addition to considering the implementation of an interim rate decrease, low-income rates, and economic development tariffs. Notice of Proceeding, Oct. 30, 2020.

On January 27, 2021, the Authority issued a Request for Tariff Design Proposals (2021 Request for Tariff Design Proposals) requesting written comments pertaining to potential tariff designs for low-income and economic development rates to be implemented by the EDCs from the Parties, Intervenors, and other interested stakeholders. 2021 Request for Tariff Design Proposals, Jan. 27, 2021. On April 26, 2021, a few of the Parties and Intervenors submitted Pre-Filed Testimony pertaining to the development of an interim LIDR, inter alia. The Authority issued three sets of interrogatories pertaining to the LIDR topic on February 25, 2021, March 30, 2022, and June 29, 2022.

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<sup>5</sup>UI included a proposed economic development rate rider in its current rate case proceeding. See, Exhibit UI-MC/MM-1, Direct Testimony of Revenue Allocation and Rate Design panel, pp. 12-16 dated September 9, 2022, in Docket No. 22-08-08, Application of The United Illuminating Company to Amend its Rate Schedule. Given that a proposal for an additional economic development tariff is now pending before the Authority as part of UI's rate case application, the appropriate venue for timely evaluating the mechanics of such a tariff is Docket No. 22-08-08, recognizing that such principles may be readily applied to Eversource customers thereafter through either their next rate case or another phase of this proceeding.

On May 5, 2021, the Authority issued a Revised Notice of Timeline that further bifurcated the multi-phase proceeding. In the Revised Notice of Timeline, the Authority indicated its intention to issue an interim decision with respect to the topic of low-income rates following the examination of the interim rate decrease for both EDCs and consideration of an economic development rate for Eversource small business customers.<sup>6</sup>

On May 4, 2022, the Authority issued a combined Notice of Issuance of Low-Income Discount Rate Straw Proposal and Request for Associated Tariff Designs, Notice of Request for Written Comments and Notice of Technical Meeting (May 4, 2022 Notice or Straw Proposal). In the May 4, 2022 Notice, the Authority requested that each of the EDCs submit a proposed tariff (Proposed Tariff) to implement an interim LIDR that includes: (1) three tiers, with the largest discount applied to lower-income customers as measured by either the household state median income (SMI) or the federal poverty guidelines (FPG); (2) customer identification, eligibility verification, and education and outreach processes; (3) any potential implementation considerations and/or outstanding matters pertaining to LIDR administration; (4) an analysis of how to achieve the six (6) percent energy burden cap for each income tier, and an accompanying narrative explanation; and (5) estimated implementation and administration costs and an implementation timeline. Straw Proposal, pp. 20-25. The Straw Proposal also provided an opportunity for Parties, Intervenors, and interested stakeholders to provide written comments regarding the EDCs' Proposed Tariffs.

On June 3, 2022, Eversource and UI each submitted a Proposed Tariff and accompanying analysis in response to the Straw Proposal. The Companies' submissions both proposed a three-tier plan that applies a percent discount to "all applicable delivery service and standard offer service rate charges." Eversource Proposed Tariff, Exhibit A, p. 1; UI Proposed Tariff, Attachment 1, p. 1. This includes Eversource customers under Rate 1 Residential Electric Service (non-heating), Rate 5 Residential Electric Heating Service and Rate 7 Residential Time-of-Day Service, and UI customers under Residential Rate R and Residential Time-of-Day Rate RT. Id. The EDCs included a discount cap of up to 700 kilowatt-hours (kWh) of monthly usage for non-heating customers and up to 1,000 kWh of monthly usage for heating customers, based on observed average usage data. Id. Finally, each EDC proposed that associated costs, including the discounted revenue and administrative costs of implementation, be recovered through the Systems Benefits Charge (SBC). Id. Subsequently, Parties and Intervenors submitted written comments in response to the Authority's Straw Proposal and the EDCs' Proposed Tariffs. See, Written Comments dated June 15, 2022 in response to the Straw Proposal and the EDCs' Proposed Tariffs.

The Authority held a Technical Meeting on June 21, 2022, via teleconference, regarding the EDCs' Proposed Tariffs and written comments submitted thereon. On June 24, 2022, the Authority issued a second Notice of Request for Written Comments regarding topics raised during the June 21, 2022 Technical Meeting.

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<sup>6</sup> See, UI June Interim Decision; Eversource October Interim Decision; and Eversource June Interim Decision.

By Notice of Hearing dated June 24, 2022, the Authority held a hearing on August 3, 2022, via Teleconference. The Authority requested 13 Late-Filed Exhibits (LFEs) during the hearing and held a Late-Filed Hearing to discuss the EDCs' submitted exhibits on August 12, 2022, via teleconference. Eversource and UI subsequently filed supplements to the LFEs on August 17, 2022, and on August 16 and 19, 2022, respectively. Parties and Intervenors were provided the opportunity to file Briefs by August 25, 2022.

On September 14, 2022, the Authority issued a Proposed Final Decision in this proceeding and provided an opportunity for the Parties and Intervenors to file Written Exceptions and to present Oral Argument. The Connecticut Industrial Energy Consumers (CIEC) requested Oral Argument; therefore, the Authority held Oral Argument on September 30, 2022.

#### **D. PARTIES AND INTERVENORS**

The Authority designated the following as Parties to this proceeding: the Office of Consumer Counsel (OCC), Ten Franklin Square, New Britain, CT 06051; the Commissioner of the Department of Energy and Environmental Protection (DEEP), 79 Elm Street, Hartford, CT 06106; the Office of the Attorney General (AG), Ten Franklin Square, New Britain, CT 06051; EOE, Ten Franklin Square, New Britain, CT 06051; Eversource, 107 Selden Street, Berlin, CT 06037; and UI, 180 Marsh Hill Road, MS AD-2A, Orange, CT 06477.

The Authority granted Intervenor status to the following: Solar Connecticut, Inc.; CIEC; Key Capture Energy; Connecticut Legal Services, Inc. (CLS); Northeast Clean Energy Council; Operation Fuel, Inc.; Center for Children's Advocacy (CCA); and Walmart, Inc.

#### **E. PUBLIC COMMENT**

The Authority received correspondence from State Representative and State House Majority Leader Jason Rojas, the Connecticut Chapter of the Sierra Club (Sierra Club CT), which received signatories from residents across the State, the American Association of Retired Persons (AARP) Connecticut, the Connecticut Electric Vehicle (EV) Club, and State residents. All corresponding stakeholders expressed their support for the creation of a LIDR. Representative Rojas also advocated for a tiered discount rate structure that is based on household income, assets, and family size.<sup>7</sup>

In their comments, members of Sierra Club CT encouraged the Authority to consider a maximum of three percent, rather than the Authority's stated six percent target of household income spent on building energy costs in the LIDR calculation.<sup>8</sup> Sierra Club CT members also stated that the creation of a LIDR should not impact or lessen any existing energy assistance programs and suggested the removal of cancellation fees.<sup>9</sup> Finally, the Sierra Club CT emphasized the use of energy efficiency programs,

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<sup>7</sup> State Representative and State House Majority Leader Jason Rojas Comments, dated October 29, 2021.

<sup>8</sup> Ana Horowitz Comments, dated June 12, 2022; August Coretto Comments, dated June 15, 2022.

<sup>9</sup> Sierra Club CT Comments, dated June 15, 2022.

commented that the EDCs should be required to meet certain energy reduction targets, and recommended that the EDCs should prioritize low-income customers in receiving these programs.<sup>10</sup>

Additional members of the public expressed concern regarding low- and moderate-income elderly residents. One senior resident stated that having a fixed income made energy bills particularly burdensome, as they must choose between various essential services such as housing, food, and energy with their limited budget.<sup>11</sup> The resident commented that even their lowest energy bills with conservation behaviors are unaffordable.<sup>12</sup> In its comments, AARP highlighted that its organization has advocated for low-income energy rates around the country in recognition of this widespread phenomenon.<sup>13</sup> AARP also questioned the feasibility of the three-tier LIDR plan as proposed in the Authority's Straw Proposal, opining that establishing three levels based off percentage of income may be overly complex and instead recommended either a "flat rate or traditional 6% of income plan."<sup>14</sup>

## II. STANDARD OF REVIEW

In accordance with Section 5 of the Take Back Our Grid Act, codified at Conn. Gen. Stat. § 16-19zz, the Authority may initiate a proceeding to consider the implementation of low-income rates for EDC customers, pursuant to its authority in Conn. Gen. Stat. § 16-19e. Pursuant to Conn. Gen. Stat. § 16-19e(a), the Authority and public service companies have an obligation to establish the level and structure of rates consistent with the following principles:

(1) That there is a clear public need for the service being proposed or provided; ... [and] (4) that the level and structure of rates be sufficient, but no more than sufficient, to allow public service companies to cover their operating costs including, but not limited to, appropriate staffing levels, and capital costs ... and yet provide appropriate protection to the relevant public interests, both existing and foreseeable ....

Conn. Gen. Stat. § 16-19e(a).

Further, in the context of restructuring the electric industry, the General Assembly articulated additional principles that provide guidance in the Authority's oversight of the EDCs:

(1) The provision of affordable, safe and reliable electricity is key to the continuing growth of this state and to the health, safety and general welfare of its residents;... (6) Those public policy measures under current law, including, but not limited to, those protecting customers under the winter

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<sup>10</sup> Id.

<sup>11</sup> Mary L. Sanders Comments, dated June 15, 2022.

<sup>12</sup> Id.

<sup>13</sup> AARP Connecticut Comments, dated June 21, 2022, p. 2.

<sup>14</sup> Id.



moratorium and hardship provisions ..., should be preserved;...(8) The assurance of safe, reliable and available electric service to all customers in a uniform and equitable manner is an essential governmental objective and a restructured electric market must provide adequate safeguards to assure universal service and customer service protections; ... [and] (11) The current method of providing electric service has involved a balancing of costs, risks and rewards for electric utilities and their customers, and therefore the transition to a competitive generation market, ... should be based on the principles of fairness and reasonableness and the result of a balance of the interests of electric customers, electric utilities and the public at large....

Conn. Gen. Stat. § 16-244.

Consequently, in implementing low-income rates for EDC customers, the Authority will consider whether the low-income rates comport with the statutory principles in Conn. Gen. Stat. §§ 16-19e(a) and 16-244.

### III. LIDR OBJECTIVES

The Authority sought comments from Parties and Intervenors regarding the objectives in establishing a LIDR throughout this proceeding. See, 2021 Request for Tariff Design Proposals, pp. 1-2; Straw Proposal, pp. 9-11. The Authority requested feedback on the following two proposed objectives, as guided by the Equitable Modern Grid Decision: (1) achieve energy affordability, as defined by the allocation of no more than six (6) percent of household income to building energy costs;<sup>15</sup> and (2) reduce the uncollectible expenses paid by all ratepayers. Id.

With respect to the first objective, the Authority previously observed that in measuring energy affordability, a common metric used is the percentage of a household's income that is spent on home energy use, particularly on home heating and electricity.<sup>16</sup> A target of 6% of household income spent on this energy usage was first proposed in the Equitable Modern Grid Decision. Equitable Modern Grid Decision, pp. 9-11. The Authority referenced relevant research literature and implementation of a LIDR in other states, such as New York, that supported such a target level. Id. This target continues to be used in subsequent research analyzing energy affordability in Connecticut.<sup>17</sup> As a result, the Authority chose this level as a potential target for the LIDR program. 2021 Request for Tariff Design Proposals, pp. 1-2; Straw Proposal, p. 9.

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<sup>15</sup> See, Mapping Household Energy and Transportation in Connecticut, VEIC, dated Oct. 2020 (VEIC Report), <https://www.ctgreenbank.com/wp-content/uploads/2020/11/Mapping-Household-Energy-and-Transportation-Affordability-Report-Oct-2020.pdf>; See also, Equitable Modern Grid Decision, p. 9,

<sup>16</sup> See, Home Energy Affordability in Connecticut: The Affordability Gap (2017), prepared for Operation Fuel by Fisher, Sheehan & Colton Public Finance and General Economics, dated Oct. 2017 (<http://www.operationfuel.org/wp-content/uploads/2017/12/2017-ConnecticutHEAG-11-27-17-RDCredits.pdf>).

<sup>17</sup> See, VEIC Report.

In response to the Authority's request for comments, Parties and Intervenors expressed broad support for establishing a LIDR that addresses energy affordability challenges. See, e.g., Eversource Written Comments, Jan. 27, 2021 (Eversource 2021 Comments), p. 2; DEEP Written Comments, Jan. 29, 2021 (DEEP 2021 Comments), p. 2; CCA Written Comments, Jan. 27, 2021, p. 3. EOE opined that an overall 6% energy burden goal, while not as accurate as setting the goal on an individual customer basis, will minimize administrative challenges and still move customers closer to achieving affordable energy bills. EOE 2021 Comments, pp. 3-4. CLS suggested that customers using non-electric heating should be treated separately from those using electric heating, and therefore should have a different percentage target. CLS Written Comments, Feb. 8, 2021, p. 5.

With respect to the second objective, the Authority drew from its ratemaking expertise and previous experience addressing uncollectibles. Connecticut EDCs are able to make up for any lost revenue related to unpaid electric bills through all other electric customers. Equitable Modern Grid Decision, p. 9. This in turn raises electric rates for all customers. Id. In pursuing overall energy affordability goals, and minimizing electric rates for low-income customers, the Authority proposed a second goal for a LIDR of reducing uncollectibles. Straw Proposal, p. 9.

DEEP agreed that a LIDR program could reduce uncollectible expenses in Connecticut and included analysis demonstrating that a discount rate in Indiana allowed the utility to receive more revenue from participating low-income customers than non-participants. DEEP 2021 Comments, p. 3, citing Synapse Energy Economics, Inc., Low-Income Assistance Strategy Review, dated Nov. 11, 2014, pp. 8-9. EOE also opined that allowing customers to pay affordable bills before accumulating an arrearage might decrease uncollectibles. EOE 2021 Comments, pp. 4-5. Eversource agreed that uncollectibles may decline from a LIDR as well, but indicated that estimating this impact is challenging. Eversource Response to Interrogatory CAE-37.

OCC offered that another goal would be to determine the impact of low-income rates upon service disconnections and the costs associated with write-offs, disconnection and reconnection, and arrearages. OCC Written Comments, Jan. 21, 2021, p. 2. OCC recommended that the EDCs use data the Companies have access to regarding low-income rate tariffs in other states to support a reasonable estimate of these benefits. Id. DEEP also highlighted the "broader positive impacts on societal inequities," such as homelessness, that a low-income rate may have should be considered. DEEP Comments, dated Jan. 29, 2021, p. 3.

Therefore, the Authority adopted the following two objectives to govern its implementation of a LIDR (LIDR Objectives):

1. Adopt a target that enables residential customers to spend no more than six percent of their household income on building energy costs and aims to lessen social inequities; and
2. Reduce uncollectible expenses for all ratepayers, in part, by reducing the need for service disconnections and reconnections.

#### IV. AUTHORITY ANALYSIS

Through this proceeding, the Authority examined the EDCs' Proposed Tariffs in response to the Straw Proposal, written comments, interrogatory responses, and testimony. In this Decision, the Authority establishes a two-tiered LIDR that proactively seeks to provide direct energy assistance to qualifying residential electric customers. As soon as possible, but no later than January 1, 2024, the EDCs shall each implement a LIDR with an overall eligibility cap at 60% SMI (i.e., Tier 1), and eligibility for Tier 2 aligned with existing State benefit programs (i.e., up to 160% FPG). Further, the EDCs shall implement a process, and begin accepting proof of eligibility, for enrollment in the LIDR program no later than August 1, 2023. The Authority's calculation of an appropriate level of discount for customers eligible for Tier 1 and Tier 2 is grounded in aiming to meet the dual LIDR Objectives. As a result, the Authority determines that customers eligible for the Tier 1 LIDR shall receive a 10% discount applied to their total monthly bill. In addition, customers eligible for the Tier 2 LIDR shall receive a 50% discount applied to their total monthly bill.

In the absence of an implemented data-sharing arrangement between the EDCs and DSS, the EDCs shall conduct customer identification and eligibility verification processes as directed herein. Qualifying customers shall be able to receive a LIDR and participate in existing energy assistance, arrearage forgiveness, renewable energy, and energy efficiency programs. The Authority will re-evaluate the LIDR on a biennial cycle as part of the relevant energy affordability annual review proceeding, with the first review expected in 2025. The Authority provides additional direction to the EDCs regarding LIDR implementation discussed herein.

##### A. ESTABLISHMENT OF TWO-TIERED DISCOUNT RATE

Most Parties and Intervenors that submitted written comments to the Authority are supportive of a multi-tiered LIDR that provides the greatest level of discount to the lowest income electric customers. See, e.g., Operation Fuel Written Comments, dated June 15, 2022, p. 1; EOE Written Comments (EOE July Comments), dated July 21, 2022, p. 4; Eversource Written Comments (Eversource July Comments), dated July 21, 2022, p. 2; OCC Written Comments (OCC July Comments), dated July 21, 2022, p. 1.

In its Straw Proposal, the Authority proposed a three-tiered LIDR, with the income eligibility for the middle tier set at or below 60% SMI, which is the current income eligibility threshold for CEAP.<sup>18</sup> In addition, the energy efficiency offerings through the Home Energy Solutions – Income Eligible Program, which is administered by the electric and gas distribution companies and overseen by DEEP, establish a 60% SMI eligibility requirement.<sup>19</sup>

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<sup>18</sup> See, Department of Social Services Low Income Energy Assistance Program Block Grant Allocation Plan, October 1, 2021 – September 30, 2022, (DSS 2021-2022 LIHEAP Plan), available at: [https://www.cga.ct.gov/app/related/20210818\\_FFY%202022%20Block%20Grant%20Allocation%20Plans%20and%20Medicaid%20Waiver%20Applications/FFY%2022%20Low%20Income%20Home%20Energy%20Assistance%20Program%20Allocation%20Plan.pdf](https://www.cga.ct.gov/app/related/20210818_FFY%202022%20Block%20Grant%20Allocation%20Plans%20and%20Medicaid%20Waiver%20Applications/FFY%2022%20Low%20Income%20Home%20Energy%20Assistance%20Program%20Allocation%20Plan.pdf).

<sup>19</sup> See, EnergizeCT, Home Energy Solutions – Income Eligible, available at: <https://energizect.com/yourhome/solutions-list/save-energy-and-money-all-year-long>.

The Straw Proposal contemplated a third tier for customers with household income greater than 60% SMI, but at or below 75% SMI, which Operation Fuel applies in determining eligibility for energy assistance it administers.<sup>20</sup> However, Eversource, EOE, OCC, DEEP, CCA, and Operation Fuel ultimately supported the removal of Tier 3, at least initially.<sup>21</sup> See, Eversource July Comments, pp. 2-3; EOE July Comments, pp. 8-10; OCC July Comments, p. 4; DEEP Written Comments, dated July 21, 2022 (DEEP July Comments), p. 3; CCA Brief (CCA Brief), Aug. 19, 2022, pp. 2-3; Operation Fuel Written Comments, dated July 15, 2022 (Operation Fuel July Comments), p. 1. OCC stated that establishing a LIDR with a maximum income level of 60% SMI is consistent with the existing statutory definition of “low-income customer,” as well as the eligibility requirement for receiving CEAP funds. OCC July Comments, p. 4. EOE also opined that setting the cap at 60% SMI, at least initially, could ease LIDR implementation, as it corresponds with existing State benefit programs and could streamline customer eligibility verification through establishment of a data sharing arrangement between the EDCs and DSS and Community Action Agency (CAA) verification. EOE July Comments, pp. 8-9. Although Operation Fuel expressed reservations regarding the removal of Tier 3 as outlined in the Straw Proposal, and the potential shifting of costs to customers just above the 60% SMI income guideline, the organization nevertheless expressed support for capping the LIDR at the 60% SMI threshold, and noted the large number of eligible customers within this cap. Operation Fuel July Comments, p. 1.

Eversource and EOE voiced support for creating additional tiers within the less than 60% SMI cap. Eversource July Comments, p. 2; EOE Written Comments (EOE June Comments), dated June 15, 2022, p. 2; EOE July Comments, p. 8. This would allow the LIDR to provide greater targeted assistance for the lowest income customers. Id. Notwithstanding, EOE acknowledged the difficulty of creating additional tiers to further assist the lowest income customers without more information and pending the outcome of reaching a data-sharing agreement between the EDCs and DSS. EOE July Comments, p. 17. Therefore, EOE and Eversource both expressed their support for the deferral of creating additional tiers within the 60% SMI income guideline until a DSS data-sharing agreement is accomplished and observed customer data can be collected from initial LIDR program implementation. Id.; Eversource July Comments, pp. 2-3; EOE July Comments, p. 17.

With respect to setting the eligibility for the greatest level of discount (i.e., customer accounts with household income less than 60% SMI), OCC and CCA provided references to income-based eligibility requirements for State government benefits programs administered by DSS. See, OCC July Comments, Attachment 2, DSS Program Standards Chart; CCA July Comments, pp. 2-4. The Authority used this information in its determination of the Tier 2 income-eligibility and eligibility through existing program participation discussed below.

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<sup>20</sup> See, Operation Fuel, Apply Online, available at: <https://operationfuel.org/gethelp/>.

<sup>21</sup> UI did not provide direct comments in support, or in objection to, the omission of Tier 3 as contemplated in the Straw Proposal.

Based on the written comments and testimony received, the Authority concurs that the initial implementation of a LIDR shall be designed with two tiers, with eligibility determined by the household income thresholds as outlined in Table 1, below. Notably, the Authority has reordered numbering of the Tiers as compared to its Straw Proposal, such that Tier 1 shall denote the “baseline” level of discount for customers at or below 60% SMI, and Tier 2 shall denote a higher level discount for customers at or below 160% of the Federal Poverty Guidelines (FPG).

**Table 1**  
**Established LIDR Tiers**

<b>Tier</b>	<b>Income-Eligibility</b>
1	Up to 60% SMI (i.e., lower level discount)
2	Up to 160% FPG (i.e., higher level discount)

Additionally, the Authority concurs that LIDR eligibility should align with existing State benefit programs, wherever possible, to ease the administrative and verification process and reduce enrollment burden on eligible customers. Accordingly, the Authority herein establishes the following eligibility requirements that include the corresponding government benefit programs, as well as household income guidelines as of July 1, 2022, for customers who cannot demonstrate eligibility through existing program participation, for each tier, as outlined in Table 2, below. See, OCC July Comments, Attachment 2, DSS Program Standards Chart; CCA July Comments, pp. 3-4. Eversource and UI customer accounts shall be eligible for Tier 1 enrollment if they have a financial hardship designation, receive a CEAP payment, if at least one person in the household can demonstrate current receipt of Connecticut’s HUSKY A Medicaid coverage available for pregnant women or for children under the age of 19, or if they otherwise demonstrate household income at or below 60% SMI. Customers shall be eligible for the higher level Tier 2 discount if at least one person in the household can demonstrate participation in or proof of receipt of benefits from at least one of the following programs: Supplemental Security Income Program (SSI), Supplemental Nutrition Assistance Program (SNAP), Temporary Family Assistance Program (TFA), Connecticut’s HUSKY D health insurance plan, Connecticut’s HUSKY A Medicaid coverage specifically for parents and caretakers, or if the customer otherwise demonstrates documented proof of annual household income at or below 160% FPG. Section IV.B provides further direction on the customer identification and eligibility verification processes to implement a LIDR for qualifying electric customers.

**Table 2**  
**EDCs' LIDR Household Income Eligibility Requirements Based on the**  
**DSS Benefits Program Chart (as of July 1, 2022)<sup>22</sup>**

HH Size	TIER 1			TIER 2			
	60% SMI	263% FPG (e.g., HUSKY A <sup>23</sup> )	160% FPG (e.g., HUSKY A <sup>24</sup> )	150% FPG	138% FPG (e.g., HUSKY D)	100% FPG (e.g., SNAP; TFA)	SSI Eligibility <sup>25</sup>
1	\$39,761	\$35,742	\$21,744	\$20,385	\$18,754	\$13,590	\$10,092
2	\$51,996	\$48,155	\$29,296	\$27,465	\$25,268	\$18,310	\$15,137
3	\$64,230	\$60,569	\$36,848	\$34,545	\$31,781	\$23,030	N/A
4	\$76,465	\$72,983	\$44,400	\$41,625	\$38,295	\$27,750	N/A
5	\$88,699	\$85,396	\$51,952	\$48,705	\$44,809	\$32,470	N/A
6	\$100,933	\$97,810	\$59,504	\$55,785	\$51,322	\$37,190	N/A
7	\$103,227	\$110,223	\$67,056	\$62,865	\$57,836	\$41,910	N/A
8	\$105,521	\$122,637	\$74,608	\$69,945	\$64,349	\$46,630	N/A

The Authority appreciates EOE's analysis submitted in this proceeding and others' recommendations made regarding the creation of additional tiers below 60% SMI in order to better target those customers with the greatest need, and intends to further investigate potential additions in the future. Given the current limitations that require at least an initial opt-in enrollment into Tier 2, as discussed in Section IV.B., the Authority finds that the two-tiered approach established herein may reduce customer confusion and

<sup>22</sup> The SMI and FPG household income levels provided in Table 2 are based on the DSS Benefits Program Chart and associated income limits as of July 1, 2022. See, OCC July Comments, Attachment 2, DSS Program Standards Chart; See also, CCA July Comments; See also, U.S. Department of Health and Human Services, 2022 Poverty Guidelines, available at: <https://aspe.hhs.gov/sites/default/files/documents/4b515876c4674466423975826ac57583/Guidelines-2022.pdf>; CT DSS, Connecticut State Median Income: 2022-2023, available at: <https://uwc.211ct.org/connecticut-state-median-income-2013/>. The Authority understands that the specific income levels associated with the DSS government benefit eligibility guidelines may be adjusted in the future. The Authority clarifies that the LIDR program thus aligns with the overall eligibility thresholds (e.g., 60% SMI, 160% FPG, 150% FPG, etc.), and includes specific income limit thresholds as of July 1, 2022 as further illustration, cognizant that the specific incomes within each benefit eligibility bucket may shift.

<sup>23</sup> HUSKY A Medicaid coverage available for pregnant women has a higher income eligibility threshold (i.e., 263% FPG) than HUSKY A program coverage offered for parents and caretakers (i.e., 160% FPG). Accordingly, proof of benefits of HUSKY A coverage for pregnancy may be accepted for Tier 1 enrollment, but not for Tier 2 enrollment. In addition, HUSKY A Medicaid coverage for children under 19 has an income eligibility threshold of 201% FPG (note: not pictured in Table 2), which is lower than the 60% SMI cap for Tier 1. Therefore, proof of benefits of HUSKY A coverage for children under the age of 19 may be accepted for Tier 1 enrollment, but not for Tier 2 enrollment. See, OCC July Comments, Attachment 2, DSS Program Standards Chart.

<sup>24</sup> Tier 2 includes eligibility for HUSKY A Medicaid coverage for parents and caretakers. See, id.; DSS, Connecticut HUSKY Health Program Annual Income Guidelines – effective March 1, 2022, available at: <https://portal.ct.gov/-/media/HH/PDF/CT-HUSKY-Health-Annual-income-guidelines.pdf>; See also, DSS, HUSKY Health For Connecticut Children & Adults: How to Qualify, available at: <https://portal.ct.gov/HUSKY/How-to-Qualify>.

<sup>25</sup> See, CCA July Comments. See also, <https://www.ssa.gov/benefits/ssi/?tl=1>.

implementation complexity at the outset. The creation of additional tier(s) may be appropriate once an opt-out data-sharing agreement is reached between the EDCs and DSS. Furthermore, based on the EDCs' estimates provided herein, the Authority finds no material incremental increase in implementation costs, particularly around technical development and implementation, would be incurred to establish two tiers versus three or more tiers, including if the EDCs create two tiers initially and add more tiers in the future. See, Eversource July Comments, p. 2; Tr. 08/03/22, pp. 24-27. Accordingly, the Authority adopts a measured approach to the rollout of a LIDR to collect data and measure the impact on participating and non-participating customers, and to assess the success in meeting the LIDR Objectives. With the benefit of LIDR implementation data, the Authority intends to further examine the potential establishment of additional tier(s) below the 60% SMI threshold.<sup>26</sup> The current naming convention as outlined in Table 1 also allows for additional tier(s) for customers at or below 60% SMI to be added in the future (e.g., Tier 3 would be a subset of eligibility currently established for Tier 2).

## **B. CUSTOMER IDENTIFICATION AND ELIGIBILITY VERIFICATION**

The Authority is acutely aware that the lack of a single income-eligibility based definition codified in the General Statutes of Connecticut and employed by the clean and renewable energy, energy assistance, and energy efficiency programs, as well as other non-energy State government benefits programs, leads to suboptimal customer identification and enrollment processes. Furthermore, Connecticut does not have a single, streamlined, web-based portal whereby residents could apply and verify eligibility for government benefits or programs administered by different agencies.<sup>27</sup>

Nevertheless, the Authority is committed to establishing, to the extent achievable within its purview, coordinated customer identification and eligibility verification processes to ensure that those customers who qualify for a LIDR receive it as efficiently and effectively as possible. Accordingly, as discussed below, and unless otherwise stated, the Authority provides the following direction: (1) the EDCs, in the absence of an opt-out data-sharing agreement implemented with DSS, shall automatically enroll all customers designated as financial hardship and all electric customers receiving CEAP awards into Tier 1 of the LIDR no later than August 1, 2023. Thereafter, any new and continuing customers shall be auto enrolled onto Tier 1 when a customer's financial hardship designation or CEAP award is established, or renewed, respectively; (2) in the absence of an opt-out data-sharing agreement implemented with DSS, the EDCs, through their Customer Service Representatives (CSRs) and any other utility enrollment mechanisms, shall accept proof of verification documentation for Tier 1 or Tier 2 eligibility from

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<sup>26</sup> Additionally, the Authority encourages both Companies to propose special tariff programs for low- and/or moderate- income customers through the Innovative Energy Solutions (IES) program. Among other objectives, such tariff programs would provide additional data points relevant to the establishment of additional low-income discount rate tiers. The IES program will solicit proposals in early 2023. See, Decision dated March 30, 2022, in Docket No. 17-12-03RE05, PURA Investigation into Distribution System Planning of the Electric Distribution Companies –Innovative Technology Applications and Programs (Innovation Pilots), p. 34.

<sup>27</sup> For example, Maryland's Total Human-services Integrated Network, or THINK, is a web-based platform that allows its State human-services agencies to share information and back-end technical services, and provides a single point of entry for residents seeking assistance. See, <https://dhs.maryland.gov/mdthink/faq/>.

customers who opt in to receive a LIDR no later than August 1, 2023, and continuing throughout LIDR implementation; and (3) the EDCs shall submit as a motion for Authority review and approval in the 2023 energy affordability review docket (i.e., Docket No. 23-05-01), a proposal for working through the CAAs, Operation Fuel, and/or other organizations or entities to assist in enrolling eligible customers onto Tier 2, in the absence of an opt-out data-sharing arrangement implemented with DSS.

## 1. Data Sharing with DSS

The Authority agrees with Parties and Intervenors that the most timely and efficient approach to eligibility verification is through an ongoing data exchange between the EDCs and DSS. See, e.g., EOE July Comments, p. 16; OCC Written Comments, dated June 15, 2022, p. 6; Eversource 2021 Comments, p. 10; Operation Fuel July Comments, p. 3; Tr. 08/03/22, pp. 27-28. The Authority understands that there are a couple of ways in which a data exchange between the EDCs and DSS could be implemented. EOE posits that a simple way in which data sharing could work is to have DSS reply to an EDC with a “yes” or “no” indicating whether the customer should or should not be designated financial hardship, which is similar to the data-sharing approach used in Massachusetts to identify eligible customers onto a LIDR. EOE July Comments, p. 16. This would result in all customers eligible for Tiers 1 and 2 being placed in at least Tier 1 (i.e., up to 60% SMI) based on the information shared by DSS. Id. Under this version of data sharing, however, the EDCs would then have to work with each customer to determine the appropriate tier. Id. Eversource indicated that recent discussions with DSS considered not only establishing eligibility based on a customer's enrollment in a benefit program, but also DSS going a step further to identify a customer's appropriate tier based on the customer's participation in a specific benefit program. Tr. 08/03/22, pp. 31-32. EOE noted that an efficient data-sharing arrangement would be DSS replying to the EDCs with the tier associated with a customer as DSS knows the customer's income and household size. EOE July Comments, pp. 16-17.

OCC stated that DSS, assuming the Tier eligibility thresholds are aligned with the eligibility thresholds for other DSS programs, could program their system to confirm whether a customer would qualify under Tier 1 or Tier 2 without having to identify or verify that customer's income level and household size directly. OCC July Comments, p. 8. In addition, OCC indicated that DSS indicated its willingness to facilitate data sharing for purposes of both financial hardship eligibility and the LIDR, and to conduct outreach to help obtain beneficiary consent for DSS by incorporating consent into its applications to verify eligibility for the LIDR based on enrollment in DSS Benefits programs. Id.; Tr. 08/03/22, pp. 92-93; 227-228.

As supported by EOE and others, the Authority posits that an integrated approach is the most efficient and effective data-sharing solution, whereby DSS would include a consent waiver on its common benefits application (W-1E) authorizing DSS to share their eligibility for financial hardship designation and to indicate the appropriate LIDR Tier with the EDCs. See, e.g., EOE July Comments, p. 17. Further, the Authority is not persuaded that implementation of an opt-in solution for customers (i.e., one that requires an affirmative step taken by an individual customer through a separate process specific to LIDR enrollment) is the most effective means of serving all eligible customers, particularly if subsequently implementing an opt-out approach (i.e., one that does not require an



affirmative step taken by an individual customer separate and apart from a customer completing a benefits application) would result in additional costs or implementation delay, or both. As Eversource noted, establishment of a customer opt-out option for income-eligibility data-sharing coupled with automatic LIDR enrollment would drive the highest participation rates, whereas providing customers with an opt-in option (e.g., an EDC letter sent via mail or email, or phone call) would result in much lower participation rates. Eversource Response to Interrogatory OCC-25; Tr. 08/03/22, pp. 143-146. For example, Eversource remarked that of its customers contacted to receive free utility assistance through the UniteCT program, the opt-in campaign resulted in approximately a 30% response rate. Tr. 08/03/22, pp. 143-146. Eversource also indicated it is continuing to work with DSS towards low-income customer data-sharing via customer opt-in versus opt-out. Eversource Response to Interrogatory OCC-25.

Nevertheless, as discussions continue among stakeholders outside of the context of this proceeding, the Authority remains hopeful that the data-sharing solutions being contemplated will ultimately result in an efficient and effective solution for all eligible customers. The Authority appreciates the continued efforts of Parties and Intervenors engaged in ongoing discussions to implement a data-sharing arrangement that has the potential to deliver energy assistance benefits to thousands of the lowest income residents in Connecticut. Ideally, such an agreement will be reached, and the necessary IT processes completed, to support the launch of a LIDR implementation by the EDCs no later than January 1, 2024. Nonetheless, the Authority remains committed to establishing a LIDR to assist the lowest income customers in Connecticut in paying their electric bills with or without a timely resolution to this issue.

As a result, the Authority directs the EDCs to adopt interim customer identification and eligibility verification measures, including through each Companies' CSRs, while Parties and Intervenors continue to work toward achieving a longer-term and sustainable solution that minimizes the administrative burden on all entities participating in the verification process, as discussed herein. Order No. 44 of the Authority's April 2022 Energy Affordability Decision directed EOE to file beginning on June 15, 2022, and quarterly thereafter in the respective energy affordability review proceeding, a status update regarding discussions in reaching a data-sharing agreement. April 2022 Energy Affordability Decision, p. 62.<sup>28</sup>

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<sup>28</sup> The Authority rescinded Order No. 23 in Docket No. 20-07-04, Application of The Connecticut Light and Power Company and Yankee Gas Services Company, each individually d/b/a Eversource Energy, The United Illuminating Company, Connecticut Natural Gas Corporation, and The Southern Connecticut Gas Company for Approval of Arrearage Forgiveness Program 2020-2021, "insofar as it requires monthly updates; however, the Companies shall notify the Authority in writing if/when material progress is made in reaching an agreement" with DSS. Id., p. 52.

## **2. Automatic Enrollment of Financial Hardship Customers onto Tier 1**

The Authority concurs with the EDCs that all customers coded as financial hardship shall be automatically enrolled into Tier 1 (i.e., up to 60% SMI). See, e.g., Eversource Proposed Tariff, p. 5; UI July Comments, p. 6., Tr. 08/03/22, p. 166. Further, the Authority is persuaded to require enrollment of all customers who apply for and receive a CEAP award into Tier 1 of the LIDR since CEAP provides benefits for eligible electric and gas heating customers who have an annual household income that is below 60% of the SMI. See, e.g., EOE June Comments, p. 2. In addition, as the LIDR implementation continues, the EDCs shall enroll any new and existing customers onto Tier 1 when proof of financial hardship designation is established and renewed, respectively. Unless otherwise directed, LIDR eligibility will be required to be renewed on an annual basis.

## **3. Customer Opt-In Enrollment onto Tier 2**

As outlined in Section IV.A., Parties and Intervenors identified existing DSS benefits programs with income eligibility requirements below 60% SMI. The Authority established the Tier 2 LIDR eligibility to align with existing State benefit programs to ease the administrative and verification process and reduce enrollment burden on eligible customers. Accordingly, in the absence of a data-sharing agreement implemented with DSS that establishes a customer opt-out identification and eligibility verification process for LIDR implementation, the EDCs shall accept proof of verification documentation to determine eligibility for Tier 1 or Tier 2 of the LIDR. Accordingly, the Authority directs the EDCs to jointly submit for review and approval no later than February 1, 2023, its proposed method(s) for customer verification processes, including a list of accepted proof of verification documentation for each Tier. Such proposed customer verification processes shall be shared with EOE, OCC, DSS, CCA, and Operation Fuel at least ten (10) business days ahead of the Companies' filing and incorporate feedback received prior to submission to the Authority. Unless otherwise directed, LIDR eligibility will be required to be renewed on an annual basis.

## **4. Additional Partnerships**

As EOE and Eversource noted, the CAAs, like DSS, have income and household size information for any customer applying for CEAP, and as administrators of CEAP, the CAAs know the customer's heating source. EOE July Written Comments, p. 26, fn 26; Eversource Tariff Proposal, p. 7. Eversource also referenced its Memorandum of Understanding (MOU) with the CAAs to assist Eversource's customers with financial assistance programs, to help maintain service continuity, offer weatherization, and budget analysis. Eversource Proposed Tariff, p. 7. Eversource proposed expanding its MOU to include identifying customers who may qualify for Tier 2 of the LIDR based on income information the CAAs receive from customers through the customers' enrollment in CEAP. Id. In addition, Eversource proposed to update its "web-based solution that provides Social Agency Portal type of capabilities plus a streamlined intake process for enrollments into the energy programs." Eversource Response to Interrogatory EOE-25. UI did not offer direct comments with respect to the formation of any potential partnerships.

Accordingly, the Authority directs the EDCs to jointly submit as a motion for review and approval a proposal no later than February 1, 2023, for working through the CAAs, Operation Fuel, and/or other organizations or entities to enroll eligible customers onto Tier 2, in the absence of reaching an opt-out data-sharing arrangement with DSS. The proposal shall also include an explanation of how customers will be automatically placed on Tier 1 by the EDC, but may qualify for a larger discount based on the customer's enrollment in other State programs.

## 5. Eversource's Experian Data

In accordance with Order No. 35 of the April 2022 Energy Affordability Decision, Eversource submitted a proposal to auto enroll eligible customers into the financial hardship designation and onto New Start using the Company's existing access to Experian marketing data (Experian data). See, Motion No. 6 in Docket 22-05-01.<sup>29</sup> According to Eversource, based on its Experian data, as of July 11, 2022, 124,926 customers would be eligible for Tier 1 (i.e., up to 60% SMI) and an additional 84,178 customers would be eligible for Tier 2 (i.e., up to 160% FPG), for a total of 209,104 Eversource customers enrolled in a LIDR. Eversource Response to Interrogatory EOE-29; Tr. 08/03/22, p. 37. In this proceeding, and absent a data-sharing agreement reached with DSS, Eversource proposed to use Experian data to qualify customers based on household income for the LIDR; however, the Company recommended that the Authority consider the overall cost to all customers. Eversource Proposed Tariff, p. 5.

In its Motion No. 6 Ruling in Docket No. 22-05-01, the Authority authorized Eversource to use Experian data to identify financial hardship customers on a one-time trial basis prior to the start of the 2022-2023 winter heating season, subject to the requirements outlined therein. See, Motion No. 6 Ruling dated Aug. 24, 2022 in Docket No. 22-05-01. The Authority adopted a measured approach to allow all stakeholders an opportunity to review data and gain valuable insights to be able to further evaluate the potential benefits and drawbacks of utilizing Eversource's Experian data for customer verification and enrollment beyond the upcoming winter heating season. Id., p. 5. Pursuant to the Motion No. 6 Ruling, the one-time limited authorization expires after this upcoming winter heating season, unless the Authority otherwise takes action to approve the continued use of Experian data in the proposed manner. Id., p. 6. Further, the Authority indicated that the 2023 energy affordability proceeding is an appropriate opportunity to review the results to date. Id.

As a result, the Authority declines to approve the use of Experian data to qualify customers for a LIDR at this time. Given the EDCs' reported lead time to design, build, test, and implement a LIDR, as discussed in Section IV.E., the Authority intends to revisit the topic in the 2023 energy affordability proceeding in light of the status of ongoing discussions regarding a data-sharing solution. Ultimately, the Authority is interested in achieving the longer-term outcome of customer identification and enrollment through a data-sharing arrangement between DSS and the EDCs structured as a customer opt-out

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<sup>29</sup> On July 12, 2022, the Authority cross-posted Motion No. 24 in Docket No. 21-07-01 as Motion No. 6 in Docket No. 22-05-01, the current year's annual energy affordability review docket. The Authority refers to the filing as Motion No. 6 herein.

approach, which would preclude the need for Eversource to utilize its Experian data for LIDR customer identification and enrollment.

## 6. Customer Communications and Outreach

Absent an opt-out data-sharing agreement implemented with DSS, the success of the LIDR program reaching those residential customers eligible to participate will be largely dependent upon the effectiveness of the EDCs' customer communications and outreach. According to CCA, the EDCs should streamline the materials for readability and to ensure that customers receive information regarding the LIDR, as well as other energy affordability programs. CCA Written Comments, dated June 15, 2022, p. 3. The Authority directs the Companies to create a comprehensive communications plan to appropriately notify and educate eligible residential customers about the new LIDR offering, and to ensure customers are afforded sufficient notice to provide proof of eligibility and enroll in a LIDR. Each EDC's proposed communications plan, and accompanying customer communications, shall be filed as a motion for Authority review and approval no later than May 15, 2023, as part of the 2023 energy affordability proceeding. The filings shall also include sample bills, which shall comply with the bill redesign changes in the July 27, 2022 Decision in Docket No. 14-07-19RE06, PURA Investigation into Redesign of the Residential Electric Billing Format – Five-Year Review. The line-item credit on the sample bills shall be called "Low-Income Discount". The Companies shall first consult with EOE, OCC, Operation Fuel, and CCA to develop each EDC's communications plan at least ten (10) business days ahead of the Companies' filing and incorporate feedback received prior to submission to the Authority.

## C. LIDR CALCULATION

The Authority's calculation of an appropriate level of discount for customers eligible for Tier 1 and Tier 2 is grounded in the dual LIDR Objectives. As a result, the Authority determines that customers eligible for the Tier 1 LIDR shall receive a 10% discount applied to their total monthly bill. In addition, customers eligible for the Tier 2 LIDR shall receive a 50% discount applied to their total monthly bill.

Limiting customers' building energy costs to no more than 6% of their household income is often referenced as the maximum energy burden a resident should experience. This 6% threshold has been utilized in other State energy affordability policies,<sup>30</sup> and rests on the assumption that overall total shelter costs should not exceed 30% of household income, and that total household energy costs should not exceed 20% of total shelter costs (i.e., 20% of 30% is 6%).<sup>31</sup> Customers' heating source, and therefore, monthly kWh usage, is a factor in calculating a household's total energy burden. Connecticut EDCs serve both customers with electric heating and those with non-electric heating. As stated by the EDCs and others, this produces a challenge when calculating the appropriate discount for non-electric heating customers, as assumptions must be made regarding how much energy customers use on heating versus non-heating electricity use. See, e.g., Eversource July Comments, p. 7. EOE suggested an assumption of 2 - 2.6% of income is spent on non-electric heating, and therefore, non-electric heating customers

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<sup>30</sup> See, VEIC Report, p. 13.

<sup>31</sup> Id.

would have an electric burden of 3.4 - 4%. EOE July Comments, p. 3. EOE's suggestion relies on data reported in the VEIC Report, where observed State residential energy usage is split between 56% for electricity and 44% for heating, leading to an electric burden target of 3.4% for non-electric heating customers. *Id.*, p. 14. Furthermore, EOE submitted pre-filed testimony from the National Consumer Law Center (NCLC), which suggested that the target should be either an overall 5% for all LIDR customers, or 4% for non-electric heating and 6% for electric heating LIDR customers. Howat Pre-filed Testimony, p. 6. CCA also supported NCLC's proposed energy burden targets. CCA July Comments, p. 1.

To meet the first LIDR Objective, the Authority examined the household income thresholds of existing government benefits programs that are used to establish the criteria for Tier 1 and Tier 2 LIDR eligibility outlined in Table 2. See, OCC July Comments, Attachment 2, DSS Program Standards Chart. As noted by Parties and Intervenors, there will undoubtedly be a wide range of household sizes and household incomes of customers eligible for any tier established. According to Eversource, the average Connecticut household size is 2.5. Eversource Response to Interrogatory EOE-29; See also, Eversource Order No. 35 Compliance Filing dated May 16, 2022 in Docket No. 21-07-01, p. 2. The Authority assumed a household size of two (2) for its analysis, which effectively results in an increased level of discount compared to an assumption of a household size of three (3). Selecting an assumption of household income within each tier was more complex. The Authority conducted a sensitivity analysis of a "target" monthly electric bill based on varying household income levels within each Tier (e.g., 100% FPG; 160% FPG; and 60% SMI) based on a range of energy burden of 4% - 6% assumption (see further discussion, below). The relevant results of the Authority's analysis are summarized below.

Table 3 outlines the monthly electric bill under each respective annual household income threshold that is deemed affordable according to the specified energy burden target.

**Table 3**  
**Target Monthly Electric Bill Based on LIDR Tiers (Household Size: 2)**

	<b>TIER 1</b>	<b>TIER 2</b>	
<b>Total Electricity Cost Assumptions</b>	<b>60% SMI</b>	<b>160% FPG</b>	<b>100% FPG</b>
6% of HH income	\$260	\$146	\$92
4% of HH income	\$173	\$98	\$61

The Authority then compared the range of target monthly electric bills in Table 3 to customers’ monthly bills based on 2021 data provided by Eversource and UI. See, Eversource Supplemental Response to LFE-14, Attachment 1, dated Aug. 17, 2022; Eversource Response to Interrogatory CAE-34, Attachment 1; UI Tariff Proposal, Attachment 3, p. 3. Eversource provided an illustrative bill frequency analysis of 2021 monthly usage for residential customers. See, Eversource Supplemental Response to LFE-14, Attachment 1, dated Aug. 17, 2022; Eversource Response to Interrogatory CAE-34, Attachment 1. The Authority then calculated an average monthly bill based the total retail rate for standard service residential customers for 2021; see, Table 4, below.

**Table 4  
Eversource 2021 Bill Frequency Distribution**

	Financial Hardship Customers		All Residential Customers	
	Avg. Monthly Usage (kWh)	Average Monthly Bill	Avg. Monthly Usage (kWh)	Avg. Monthly Bill
<b>Rate 1</b>	620	\$133.03	689	\$146.45
<b>Rate 5</b>	872	\$178.29	1,001	\$201.53
<b>Rate 7</b>	777	\$161.71	1,153	\$234.98

Id.

Similarly for UI, the Authority compared Table 3 to UI’s bill frequency analysis of 2021 monthly usage for residential hardship customers to calculate median annual bills based on “the most recent rates in effect for the underlying months”; see, Table 5, below. UI Tariff Proposal, Attachment 3, p. 3.

**Table 5  
UI 2021 Bill Frequency Distribution of Hardship Customers**

	Median Monthly Usage (kWh)	Median Monthly Bill
<b>Rate R</b>	457	\$122.94
<b>Rate RT</b>	764	\$181.43

Id.

The Authority then conducted a pricing sensitivity analysis to calculate discount rates that would, in most cases, make up the difference between the EDC’s 2021 monthly bills and the monthly electric utility bills based on Tier 1 and Tier 2 household income benchmark data. For purposes of this analysis, the Authority assumed a 4% energy burden target for Eversource’s non-electric heating customers (i.e., Rate 1 and Rate 7) and a 6% energy burden target for Eversource’s electric heating customers (i.e., Rate 5). As UI noted, the Company no longer has an electric heating tariff; Rate A, the former

electric heating tariff, was subsumed into Rate RT in 2006.<sup>32</sup> UI Tariff Proposal, p. 3. UI assumes that approximately half of the customers currently on Rate RT are electric heating customers, and therefore proposed to use Rate RT as a proxy for electric heating customers and Rate R as a proxy for non-electric heating customers. Id.

Based on the assumptions and data outlined above, the Authority calculates that customers eligible for the Tier 1 LIDR shall receive a 10% discount applied to their total monthly bill. In addition, customers eligible for the Tier 2 LIDR shall receive a 50% discount applied to their total monthly bill. The percentage discounts shall be applied to all qualifying Eversource and UI customers for Tier 1 and Tier 2, respectively, regardless of their heating source; see, Table 6.

As noted above, the Authority examined a range of discount rates based on a set of assumptions that would result in reaching customer monthly bills that achieve an energy burden of 4 - 6%. In other words, the Authority considered either end of the spectrum from customer usage, household income, and size characteristics and ultimately sought to design a LIDR around a typical customer within Tier 1 and Tier 2, respectively, while still considering the impacts on customers on either end of the spectrum of key inputs such as usage and income. For example, assuming a household size of two (2), at a 50% discount rate, an average-use customer with an income of 100% FPG and a higher-usage customer with an income of 160% FPG would reach a 4% energy burden target (or lower). Similarly, a customer who just misses the eligibility for Tier 1, but is well below the 60% SMI Tier 1 cap (e.g., 170% FPG), would still benefit from a 10% discount rate. Further, the Authority adopted a methodology similar to the methodology used by UI in the UI Tariff Proposal. In the UI Tariff Proposal, UI stated, “The Company then determined the percent discounts, by number of occupants and income tier, that would be required to result in total annual bills being equal to the following percentages of annual income: 3%, 4%, 5%, and 6%. Within each tier, the income value used in the comparison was one-quarter of the range between the lower income threshold and higher income threshold.” UI Tariff Proposal, p. 3.

**Table 6**  
**Eversource & UI LIDR**

<b>Tier</b>	<b>Income-Eligibility</b>	<b>Discount Level</b>
1	Up to 60% SMI	10%
2	Up to 160% FPG	50%

Depending on a given set of customers’ usage, household income, and size characteristics, the Authority recognizes that the Tier 1 and Tier 2 LIDR percentages established herein will necessarily result in some customers receiving a level of discount where their electric energy burden falls below the 4% or 6% target. Conversely, while all customers on a LIDR will see their monthly bills reduced, some subset of customers may

<sup>32</sup> EOE notes that it may be preferable for UI to “establish a new home heating rate or shift non-home heating customers to a different rate”, which would result in a more targeted LIDR. EOE Letter in Lieu of Written Exceptions, dated Sept. 28, 2022, pp. 1-2. A rate case proceeding is the appropriate forum for such consideration and therefore encourages interested stakeholders to explore the topic in the ongoing investigation in Docket No. 22-08-08.

have monthly bills that ultimately remain higher than the 4 - 6% energy burden target. In these particular cases, it is critical that customers are aware of, and are able to take advantage of, other existing utility programs and resources, as discussed in Section IV.G. For example, the LIDR calculation does not factor in receipt of a CEAP award available to all qualifying electric heating customers, which would further reduce customers' household energy burden in conjunction with a LIDR. For the 2021-2022 program year, the basic benefits CEAP award ranged from \$475 to \$1,015 for each "vulnerable" household<sup>33</sup> and \$410 to \$940 for each "non-vulnerable" household.<sup>34</sup>

Nonetheless, the Authority finds the level of discount established herein on par with, or more beneficial to, participating customers compared to LIDRs currently offered in other jurisdictions in the region. As stated in the Straw Proposal, Massachusetts currently offers a 36% discount rate to eligible electric customers whose incomes are at or below 60% of Massachusetts' SMI. Eversource Response to Interrogatory CAE-8, Attachment 2. In New York, customers are placed in one of four tiers based on eligibility, with a flat rate discount ranging from \$3.00 to \$36.00 per month. UI Response to Interrogatory CAE-35, Attachment 3, pp. 1-2; UI Response to Interrogatory CAE-44. The LIDR offered in New Hampshire has five (5) tiers; however, only customers at or below 100% FPG in New Hampshire would receive a greater level discount as compared to Tier 2 customers in Connecticut. Eversource Response to Interrogatory CAE-8, Attachment 1. Further, as Eversource notes, the winter shut-off moratorium in Connecticut provides greater protection than in its New Hampshire service territory. See, Tr. 08/03/22 p. 44.

While the Authority finds that the establishment of a two-tiered discount rate is an appropriately measured approach for Connecticut at this time, PURA nonetheless appreciates the discussion regarding a multi-tiered discount rate with three or more tiers, as it would enable greater precision in targeting the lowest income customers with the greatest level of discount. Accordingly, the Authority may subsequently consider the addition of one or more tiers below 60% SMI once a data-sharing arrangement between DSS and the EDCs is reached and all Parties and Intervenors have had the benefit of evaluating LIDR implementation data and associated reporting metrics, as further outlined in Section IV.H.

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<sup>33</sup> DSS defines a "vulnerable household" as "[a]ny household in which one or more members is either elderly (defined as 60 years of age or older), disabled or under the age of six." See, DSS 2021-2022 LIHEAP Plan, p. 4.

<sup>34</sup> See, id., pp. 8-9.



#### D. LIDR COSTS & COST CONTROLS

The second LIDR Objective – to reduce uncollectible expenses, as well as the need for service disconnections and reconnections – is also key to the success of implementation of a LIDR, albeit more difficult to quantify or estimate prior to implementation. On numerous occasions, the Authority solicited analyses from the EDCs and other Parties and Intervenors of the potential range of reduction in uncollectible expenses in Connecticut, as well as recommended methodologies or data from such analyses conducted in other jurisdictions. See, e.g., Notice of Request for Written Comments, dated June 24, 2022, p. 3; Interrogatories CAE-37 and CAE-48; Tr. 06/21/22 pp. 36-39, 134, 140-141. Ultimately, however, no such analysis was provided. As a point of reference, net expenses related to hardship customers (i.e., uncollectibles as well as programmatic expenses from utility match) that were recovered from all ratepayers through the SBC were approximately \$58 million for Eversource and \$18 million for UI in 2021.<sup>35</sup> In addition, there is a cost for the EDCs to perform service disconnections and reconnections, as well as the broader societal costs and rippling effects of customers losing their electric service, even if for a short period of time. While this proceeding did not aim to precisely measure the costs of the status quo, these real human impacts should nevertheless be considered.

Based on the foregoing assumptions and analysis discussed herein, the Authority calculates an estimated gross annual cost of LIDR implementation, without netting any reductions in uncollectible expenses or other ratepayer or societal benefits, of approximately \$32 million for Eversource and \$39 million for UI.<sup>36</sup> This estimate also

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<sup>35</sup> See, Authority's Decisions dated Aug. 17, 2022, in Docket Nos. 22-01-03, PURA Annual Review of the Rate Adjustment Mechanisms of The Connecticut Light and Power Company, p. 18, and 22-01-04, PURA Annual Review of the Rate Adjustment Mechanisms of The United Illuminating Company, pp. 17-20, respectively.

<sup>36</sup> The Authority calculated an initial annual gross cost estimate based on the EDCs' own pricing sensitivity analyses as well as other record evidence. Specifically, the Authority multiplied the discount rates (10% and 50%) and an estimated breakdown of Tier 1 vs. Tier 2 customers (see below) by the total low-income customer billed revenue provided by each Company (\$123 million for Eversource and \$131 million for UI). Eversource Response to LFE-14, Attachment 1, dated Aug. 10, 2022; UI Response to LFE-25, Supplemental Attachment 2, dated Aug. 19, 2022. The cost estimate per customer is evidently higher for UI due to the following factors: (1) the greater percentage of financial hardship customers estimated in UI's service territory (i.e., 76,901) compared to Eversource's service territory (i.e., 209,104); (2) UI's estimated breakdown of Tier 1 vs. Tier 2 customers (i.e., 50%/50%) compared to Eversource's estimated breakdown of Tier 1 vs. Tier 2 customers (i.e., 60%/40%); (3) and UI's 2021 total average retail rates for residential customers, excluding the customer charge, are higher (i.e., 24.0915 cents/kWh for Rate R; 22.0686 cents/kWh for Rate RT) compared to Eversource's total average retail rates for residential customers, excluding the customer charge (i.e., 19.905 cents/kWh for Rate 1; 17.722 cents/kWh for Rate 5). See, Eversource Supplemental Response to LFE-14, Attachment 1, dated Aug. 17, 2022; Eversource Response to LFE-19, Attachment 1, Exhibit B – Revised; Eversource Response to Interrogatory CAE-34, Attachment 1; Eversource Response to Interrogatory EOE-29; UI Tariff Proposal, Attachment 3, p. 3; UI Supplemental Response to LFE-25, Attachments 1 and 2, dated Aug. 19, 2022; and EOE July Comments, LIDR Program Cost Tool Final. However, while the Authority was able to recalculate a similar cost estimate for UI (approx. \$30 million per year) using another methodology that utilized the UI customer usage and other data provided in this proceeding, the Authority was unable to recalculate a similar cost estimate for Eversource using the data provided by the Company, instead calculating a higher estimated cost (approx. \$70 million per year). Order No. 1 of this Decision, which directs each EDC to file a detailed revised annual LIDR cost estimates based on the direction provided herein, will provide greater clarity on the matter.

does not include the EDCs' one-time implementation costs or any administrative costs, as outlined in Section IV.E. The Authority assumed 124,926 participating Tier 1 and 84,178 Tier 2 Eversource customers and 39,286 participating Tier 1 and 37,616 Tier 2 UI customers. Eversource Response to Interrogatory EOE-29; UI Supplemental Response to LFE-25, Attachment 1, dated Aug. 19, 2022. This estimate is likely overstated as it does not factor in the effect of a monthly kWh usage cap applied to a LIDR, as discussed in Section IV.D. Further, the establishment of a two-tiered LIDR for customers at or below 60% SMI results in a lower gross annual cost than the estimates provided in the record. See, Eversource Response to LFE-19, Attachment 1 (Exhibit B – Revised); UI Supplemental Response to LFE-25, Attachments 1 and 2; EOE July Comments, LIDR Program Cost Tool Final.

Notwithstanding, the Authority establishes the following cost control measures, discussed below. In addition, no later than December 20, 2022, the EDCs shall each submit as compliance a revised annual LIDR cost estimate based on the direction provided herein, using only bill frequency distribution data for customers coded financial hardship. Recovery of LIDR costs is addressed in Section IV.F. Furthermore, the Authority establishes ongoing reporting requirements on LIDR implementation, as directed in Section IV.H.

### **1. Monthly Usage Cap**

There is a range of support for establishing a monthly kWh usage cap for a LIDR among Parties and Intervenors. DEEP and OCC expressed strong support for instituting cost control measures for a LIDR, where DEEP favored monthly usage caps, opining that a budgetary cap could limit program participation, and while OCC expressed a preference for a budgetary cap, it did support a monthly usage cap. DEEP July Comments, p. 6; OCC July Comments, p. 6. CCA and Operation Fuel voiced concern regarding such a cap and opined that it should not be a component of a LIDR. See, CCA July Comments, pp. 4-6; Operation Fuel July Comments, pp. 2-3. The arguments raised stated that low-income customers often have little to no control over their home energy usage; for example, if customers rent their home and the landlord controls heating usage and the home's energy efficiency and weatherization, or if customers are homeowners, they often have limited access to capital to make energy efficiency upgrades. See, e.g., CCA July Comments, pp. 4-6. Other Parties noted the potentially large cost of an unlimited LIDR with no usage cap. For example, EOE estimated that without a usage cap, an additional \$39 million could be spent on discounts to financial hardship account bills, which would then be an expense shifted to non-LIDR ratepayers. EOE July Comments, p. 13.

The Authority appreciates the comments submitted that highlight the difficulty some low-income residents face in lowering their energy usage. Nevertheless, the Authority maintains it is important that a LIDR not eclipse Connecticut's long-standing policies that promote energy conservation measures. See also, OCC Brief, pp. 4-5. The Authority also notes that a usage cap of 750 kWh per month is applied to the multi-tier discount rate offered to electric customers in New Hampshire, which has similar discount levels as outlined in this Decision. Therefore, the Authority finds a monthly usage cap is an appropriate cost control mechanism that also is consistent with energy conservation.

The Authority examined the EDCs’ usage and bill frequency data provided to set separate monthly kWh caps for electric heating and electric non-heating customers that were not unduly restrictive and takes into consideration the limited ability to control electric usage low income customers may face. Specifically, the Authority set the monthly kWh caps based on the reported third quartile of the EDCs’ 2021 hardship customer usage data; see, Table 7, below. See, Eversource Supplemental Response to LFE-14, Attachment 1, dated Aug. 17, 2022; Eversource Response to Interrogatory CAE-34, Attachment 1; UI Tariff Proposal, Attachment 3, p. 3. In other words, it is estimated that 75% (or greater) of hardship customers’ usage would fall below the kWh usage cap and therefore not be impacted by it. As indicated above, for the purposes of this analysis, the Authority adopts UI’s recommendation to use Rate RT as a proxy for electric heating customers, and Rate R as a proxy for non-electric heating customers. See, UI Tariff Proposal, p. 3. However, given that there are also electric heating customers on Rate R, the Authority opted to set the usage cap slightly higher than UI’s third quartile based on Rate R customers’ usage data. See, UI Tariff Proposal, Attachment 3, p. 3.

**Table 7  
Monthly Usage Caps Applied to LIDR**

<b>Eversource’s Rate 1; UI’s Rate R</b>	<b>Eversource’s Rate 5 &amp; Rate 7;<sup>37</sup> UI’s Rate RT</b>
800 kWh/month	1,200 kWh/month

**2. Budgetary Target**

The Authority explored the potential of a budgetary target as a cost control mechanism for implementation of the LIDR. In New York, the New York Public Service Commission established a budgetary target (NY Budget Target) such that the total budget for each utility may not exceed 2% of total electric or gas revenues for sales to end-use customers, and established a default process of setting benefit levels that varies levels of discounts based on need. UI Response to Interrogatory CAE-35, Attachment 2, p. 1. According to UI, the NY Budget Target does not, however, operate as a strict cap to prevent the discount from being applied to the low-income customer’s account, nor does it operate to prevent participation in the program once the target has been reached. Id., p. 32; UI Supplemental Response to LFE-22. Additionally, UI clarified that an exceedance of the NY Budget Target also would not impact the utility’s recovery of costs, as the utility is allowed to fully recover its program costs regardless of whether the cap is reached. UI Response to Interrogatory CAE-35, Attachment 2, p. 22. Instead, the NY Budget Target is used to adjust the energy burden target in the year following an exceedance and would result in a reduction of the low-income discounts until the program costs are contained within the budget limit for that year. Id. Notably, however, UI indicated that the NY Budget Target has never been reached to date. UI Supplemental Response to LFE-22.

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<sup>37</sup> Based on 2021 data provided by Eversource, customers on Rate 7 represent less than 1% of financial hardship customers. See, Eversource Supplemental Response to LFE-14, Attachment 1, dated Aug. 17, 2022. However, since customers on Rate 7 had higher monthly usage overall as compared to Rate 1 and Rate 5 customers, the Authority applied the higher monthly kWh usage cap to any Rate 7 customers eligible for a LIDR.

Parties and Intervenors are not opposed to the institution of a budgetary target, so long as it would not result in halting enrollment or otherwise a reduction in the level of discount in a given year for eligible customers. See, e.g., Eversource July Comments, p. 4; UI Written Comments, July 21, 2022 (UI July Comments), p. 2; OCC July Comments, pp. 6-7.

The Authority directs the EDCs to track the total costs of LIDR implementation as a percentage of each EDC's total billed sales as a key metric and will review the effects of a budgetary cap in its biennial review of the LIDR; see, Section IV.H. During the biennial LIDR review, the Authority will consider whether additional cost control measures are warranted by reviewing the data collected and the impact of the LIDR on both participating and non-participating customers.

#### **E. LIDR IMPLEMENTATION COSTS AND TIMELINE**

Both Eversource and UI provided estimated costs and a timeline for implementation of a LIDR, largely based on the parameters outlined in the Authority's Straw Proposal, which are summarized below. Notwithstanding, the EDCs shall each submit as compliance a detailed LIDR implementation cost estimate based on the direction provided herein no later than December 20, 2022 (Order No. 1). The detailed estimate shall also include the cost to configure the EDC's system so as to accommodate the inclusion of an additional one or more tiers in the future. The EDCs indicated such cost would likely be nominal; however, the EDCs shall explicitly itemize and highlight the cost estimate to build in the capability to utilize more than two tiers in its Order No. 1 compliance, including a calculation of the cost estimate to build in capacity for future tiers as a percentage of total implementation costs. The Authority recognizes that the cost estimates pursuant to Order No. 1 will not include potential impacts to or reductions in expenses, such as financial hardship uncollectibles, the Matching Payment Program (MPP) utility match, and the arrearage forgiveness match recovered through the SBC.

Notably, each EDC's estimated cost to implement the LIDR pursuant to Order No. 1 of this Decision shall include all residential customer classes, as indicated in Table 7, above. Indeed, the EDCs included all residential customer classes in their Tariff Proposals and did not raise any questions or concerns with respect to implementation costs or considerations specific to designing a LIDR for their time-of-use (TOU) customers (i.e., UI's Rate RT and Eversource's Rate 7). Eversource Proposed Tariff, pp. 10-11; Eversource Proposed Tariff, Exhibit A; UI Proposed Tariff, pp. 3-4; UI Proposed Tariff, Attachment 1; Eversource Response to Interrogatory EOE-25; UI Response to Interrogatory EOE-25; Eversource Response to Interrogatory BETP-5; UI Response to BETP-5; UI Response to Interrogatory CAE-47. Accordingly, the LIDR monthly usage cap of 1,200 kWh shall be designed to apply to on-peak hours first and off-peak hours second. For example, for a UI Rate RT customer with 800 kWh of on-peak usage and 700 kWh of off-peak usage for a monthly total of 1,500 kWh, the monthly usage cap shall be first applied to the 800 kWh of on-peak use, and the remainder of the cap shall be applied to 400 kWh of off-peak usage to meet the overall 1,200 kWh/month usage cap for Rate RT. As part of its Order No. 1 compliance, the EDCs shall include detailed cost estimates and accompanying explanations of implementing a LIDR for its residential TOU rates, and raise any potential technical or IT implementation issues, as well as recommended solutions.

Additionally, the EDCs shall enroll qualifying financial hardship customers into Tier 1 and begin offering a LIDR as soon as possible, and no later than January 1, 2024. To enable the timely and efficient enrollment of eligible customers on a LIDR as soon as it becomes available, the EDCs shall begin accepting proof of LIDR eligibility documentation, based on the direction provided in Section IV.B., to enroll customers onto the Tier 2 LIDR through an opt-in process as soon as possible, and no later than August 1, 2023. No later than December 20, 2022, each EDC shall submit as compliance a detailed LIDR implementation timeline that comports with LIDR launch on or before January 1, 2024.

## 1. Eversource

According to Eversource, its cost and timeline estimates rely on key assumptions, including that each tier will be a single percent discount, bill calculation will be for three separate tiers, and that auto-enrollment and rolling enrollment and unenrollment are included in the LIDR. Eversource Proposed Tariff, p. 15. Based on these assumptions, Eversource estimated that the information technology (IT) costs associated with the administration and implementation of the LIDR would be \$3.6 million. Eversource Proposed Tariff, p. 15; Tr. 08/03/22, p. 47. This includes \$600,000 for its “requirements” phase, \$900,000 to design the LIDR, \$900,000 to build the LIDR, \$900,000 to test the LIDR, and \$300,000 to deploy the LIDR and for post implementation. Id. It also includes any costs associated with adding a line regarding the LIDR to a customer’s bill; although it does not include any costs associated with implementing a data-sharing agreement with DSS. Tr. 08/03/22, p. 47. Eversource stated that removing Tier 3 will not impact the IT costs estimates, nor will adding five tiers versus three. Eversource Response to Interrogatory BETP-5.

Eversource also indicated that its cost estimate does not include ongoing administration costs associated with implementing the LIDR, as those costs will vary depending on the customer eligibility and verification process ultimately approved by the Authority. Id., pp. 15-16. With respect to administration costs, Eversource initially estimated requiring four (4) to eight (8) full-time employees at an anticipated annual cost of \$300,000 to \$600,000 to support Tier 2 as Eversource assumed those customers would not be automatically enrolled.<sup>38</sup> Id., p. 11; Eversource Response to Interrogatory EOE-25. Lastly, Eversource noted that if changes are made to existing programs and offerings, including MPP and New Start Program, there may be additional IT costs associated with changes to billing or IT systems, or both. Eversource July Comments, p. 11.

In addition, Eversource estimated it will take sixteen (16) months from the date of the Decision to implement the LIDR, which includes two months for the “requirements” phase, three months to design the LIDR, three months to build the LIDR, three months to test the LIDR, and one month to deploy the LIDR and for post implementation. Id., pp. 14-16. Eversource’s estimated implementation timeline also includes four (4) months of an initial preparation period during which Eversource will prepare and mobilize its project

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<sup>38</sup> Eversource stated it requires at least six (6) full-time employees to verify income and manually process every approximately 100,000 households. Eversource Response to Interrogatory EOE-25.

and the individuals required and twelve (12) months for the IT work, which includes building and testing of the project before it is implemented. Id. According to Eversource, removing Tier 3 would not impact the timeline estimates. Eversource Response to Interrogatory BETP-5. Eligible customers who are enrolled in the LIDR at implementation would see a discount on the first bill they receive once LIDR is live. Eversource Response to Interrogatory BETP-2.

## **2. UI**

UI estimated that it will cost approximately \$400,000 to implement the SAP billing solution. UI Proposed Tariff, p. 3. UI clarified that its estimate only includes the necessary SAP billing system configuration and does not include eligible customer management, such as eligibility verification or customer support, bill printing of the discount, accounting, program performance reporting, and promotion and customer communication. Id. UI indicated that its estimate also does not include training for customer service representatives regarding the LIDR. Id.; Supplemental Response to Interrogatory CAE-47. UI estimated that the cost for implementation could run from \$0 to \$700,000, depending on the processes used. Id. For example, UI stated that if implementation of the LIDR is done using the current process of hardship customer enrollment and management, then the cost estimate is negligible. Id. Specifically, UI stated that it will cost \$68,000 to perform and implement the SAP configuration necessary to provide a single LIDR to all eligible Tier 2 customers. Id. If, however, implementation requires that UI verify each customer for the LIDR, then the cost estimate could be up to \$700,000. Id.

In addition, UI estimated that it will take approximately five (5) months to perform and implement the SAP configuration necessary to provide a single LIDR to all eligible Tier 1 customers, and six (6) months to fully implement a solution that requires it to verify each customer individually. Id.; UI Proposed Tariff, p. 3. Eligible customers enrolled in the LIDR would see a discount on the first bill they receive post-launch. UI Response to Interrogatory BETP-2.

## **F. COST RECOVERY**

The Authority directs Eversource and UI to submit their incurred costs associated with the implementation of a LIDR in a given calendar year they believe to be prudently incurred into the subsequent year's annual review of the Revenue Adjustment Mechanisms (RAM) proceeding (e.g., costs incurred in 2023 shall be submitted into the 2024 RAM proceeding, etc.). All costs shall be reconciled through the SBC and included as separate line items in the corresponding RAM exhibits (i.e., discount provided vs. LIDR design IT costs vs. administration costs, etc.), which is consistent with the way in which Eversource implements the LIDR programs in its Massachusetts and New Hampshire jurisdictions. See, Eversource Response to Interrogatory BETP-1; Tr. 08/03/22, p. 60. In addition, the Authority directs the EDCs to quantify and include a narrative explanation of any variance of the annual SBC net expenses (e.g., hardship uncollectibles, MPP, etc.) that may be impacted by the establishment of a LIDR in their respective RAM proceeding(s).

The Authority reminds Eversource and UI that the burden of demonstrating prudently incurred costs to implement the LIDR, as directed herein, rests with each EDC. To demonstrate prudence in their annual RAM filings, Eversource and UI will need to provide sufficiently detailed cost information and evidence to support the finding that all efforts were taken to minimize costs, including, but not limited to, evidence that: (1) reasonable competitive procurement processes were held, as applicable; (2) existing internal resources were leveraged to the extent possible; (3) investments in new resources were selected with current and future investments, programs, and public policies in mind; and (4) unnecessary costs were avoided. Out of an abundance of caution, the Authority is in no way pre-approving the IT and administrative costs to implement the LIDR as described herein; as discussed above, the approval of any implementation costs will be done through the appropriate RAM proceedings.

With respect to the cost allocation methodology among rate classes through the SBC, the Authority concludes there is insufficient record evidence to date, and that cost allocation is more appropriately considered within the broader context of a rate case proceeding. Accordingly, the Authority directs the EDCs to propose at least two potential cost allocation methodologies (e.g., based on a volumetric basis, number of customers in each class, or on write-offs in each class, etc.) of the LIDR among the different rate classes through the SBC in their next respective rate cases (i.e., UI's rate case is Docket No. 22-08-08) for further discussion and evaluation among Parties and Intervenors.

Depending on the timing of the conclusion of Eversource's next respective rate case proceeding, the Authority recognizes that the Company may seek to recover IT implementation or other administrative costs associated with LIDR design and implementation in an annual RAM proceeding prior to the determination of a cost allocation methodology through the SBC (e.g., 2023 administrative costs to be recovered in the RAM proceeding in 2024). As such, the Authority directs Eversource to utilize its existing cost allocation methodology applied to the uncollectible hardship accounts recovered through the SBC in its annual RAM proceeding. See, Eversource Supplementary Response to LFE-15, Attachment 2, Column (B). Similarly, for any administrative costs incurred in 2022, the Authority directs UI to utilize its existing cost allocation methodology applied to uncollectibles for hardship customers recovered through the SBC in its annual RAM proceeding. The Authority notes that its decision in the ongoing rate case proceeding (i.e., Docket No. 22-08-08) will be issued prior to the Company seeking recovery for calendar year 2023 LIDR-related costs.

#### **G. INTERACTIONS WITH EXISTING PROGRAMS & OFFERINGS**

Connecticut has existing programs and offerings designed to help low-income customers pay their electric bills, including programs designed to make bills more affordable. These programs and offerings include CEAP and MPP for electric heating customers, the EDCs' voluntary arrearage forgiveness programs (i.e., Eversource's New Start Program and UI's Bill Forgiveness Program, or BFP), flexible payment arrangements pursuant to Conn. Gen. Stat. § 16-262c(b) and the April 2022 Energy Affordability Decision, the Residential Renewable Energy Solution (RRES) Program, the Home Energy Solutions – Income Eligible Program, and other energy efficiency and weatherization measures. Parties and Intervenors agree that the LIDR may be offered in conjunction with existing programs and offerings. See, e.g., UI July Comments, p. 6;

DEEP July Comments, p. 12. However, some expressed concern regarding the compatibility between the Below Budget Payment (BBP) of the MPP, CEAP, and the LIDR. See, e.g., EOE June Comments, p. 7; Eversource Response to Interrogatory EOE-22.

Accordingly, as discussed below, the Authority provides the following direction: (1) the EDCs shall submit a narrative with a comprehensive set of customer scenarios that highlight outstanding questions as to the application of all other types of energy assistance provided, and propose solutions or other workarounds for review and approval; and (2) the Authority directs the EDCs to submit for review and approval a proposed plan to cease the BBP offering beginning for the 2023-2024 winter heating season, whereby customers are enrolled in the LIDR and their monthly payment through MPP is calculated based on the established formula. All other existing programs and offerings designed to help financial hardship customers pay their electric bills shall continue.

## 1. CEAP

CEAP is a federally funded program administered by DSS in partnership with the statewide network of CAAs. CEAP provides benefits for eligible electric and gas heating customers who have an annual household income that is below 60% of the SMI.<sup>39</sup> The amount of benefit awarded through CEAP is dependent on various factors; the basic benefit award is based on five (5) levels utilizing the FPG (i.e., up to 100% FPG; 101 - 125% FPG; 126% - 150% FPG; 151% - 200% FPG; and 201% FPG – up to 60% SMI).<sup>40</sup> For the 2021-2022 program year, the basic benefits CEAP award ranged from \$475 to \$1,015 for each “vulnerable” household and \$410 to \$940 for each “non-vulnerable” household.<sup>41</sup> Unlike other programs for low-income customers, customers are not required to have an arrearage to be eligible to receive a CEAP award; for electric heating customers, this may result in a credit applied to a customer’s bill, depending on the timing of when the CEAP award is applied to the customer’s account. Therefore, customers who receive CEAP may also participate in the MPP if they have a past due balance.

EOE raised an issue with respect to a LIDR customer’s receipt of CEAP while participating in MPP. Specifically, EOE opined that a LIDR customer participating in the MPP would receive both a discount from the LIDR and the CEAP award matched by the EDC,<sup>42</sup> which would result in the payment of the customer’s arrearage as well as the current bill. EOE July Comments, p. 20. As soon as the customer’s arrearage is paid off, EOE asserted that the customer would only have to pay the monthly bill, as reduced by the LIDR, and would then be in the same position as a customer receiving CEAP who is not on MPP. Id. EOE highlighted that an outstanding question under this scenario is how the customer’s CEAP payment would be allocated. Id.

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<sup>39</sup> See, DSS 2021-2022 LIHEAP Plan.

<sup>40</sup> Id.

<sup>41</sup> See, id., pp. 8-9.

<sup>42</sup> A LIDR customer receiving a utility match through the MPP would necessarily receive both the LIDR and a CEAP award because the MPP requires customers to receive a CEAP award in order to receive the utility match under the MPP.



EOE provided two possible solutions to the scenario it presented. First, the customer's LIDR could be calculated without including the customer's CEAP payment, though this would result in the customer accumulating a credit on the customer's account, once the arrearage amount is paid. Id. The other possible solution is to apply the CEAP award to the difference between the customer's LIDR and the amount the customer actually owes the EDC. Id. While the second solution benefits ratepayers the most, it does not assist low-income customers with arrearages. Id. EOE therefore recommended that the CEAP award be used to offset the cost of the LIDR to other ratepayers, once a customer's arrearage amount is fully paid. Id. This approach would also ensure that the customer's energy burden is not reduced to significantly less than 6%. Id.

As an initial matter, the Authority reiterates that eligible customers can and should continue to apply for and receive a CEAP award, regardless of whether customers have accumulated an arrearage or not. The LIDR established herein is designed to enable customers to be able to pay their current monthly bills and to reduce or eliminate the future accumulation of arrearages. Therefore, it is the Authority's preference that the CEAP award be applied toward existing customer arrearages, if applicable. If a customer receiving a CEAP award does not have an arrearage and is also enrolled in a LIDR, it stands to reason that the combination of CEAP and the LIDR should not result in a credit on affected customer accounts.

Notwithstanding, as administrators of the LIDR and recipients of CEAP awards to be applied to customer accounts, the Authority seeks the EDCs' proposed solution based on the scenario outlined above. Accordingly, no later than May 15, 2023, as part of the 2023 energy affordability proceeding, the EDCs shall jointly submit a narrative with a comprehensive set of customer scenarios that highlight outstanding questions as to the application of all other types of energy assistance provided, and propose solutions or other workarounds for review and approval.

## **2. MPP**

MPP is a statutorily mandated program for customers who use electric or gas as their primary heat source. See, Conn. Gen. Stat. § 16-262c. Customers are eligible for participation in the MPP if: (1) they are eligible and apply for CEAP benefits or a State appropriated fuel assistance program; (2) authorize the electric or gas company to send a copy of the customer's monthly bill directly to any energy assistance agency for payment; and (3) enter into and comply with an amortization agreement, which reduces the customer's bill. Conn. Gen. Stat. § 16-262c(b)(4). In order to obtain utility matching payments through the MPP, the customer must make all required payments within each of the two phases of the program, and receive a CEAP award.

The Authority emphasizes that eligible customers can and should continue to enroll and participate in the MPP, and to also enroll in a LIDR.

### **i. Below Budget Payment**

About two decades ago, the Below Budget Worksheet (BBW) was introduced to qualify low-income customers for a BBP as a reduced payment option under the MPP. Tr. 08/03/22, pp. 74-75. Under the BBP, what a customer pays each month is based not

on what they owe, but rather on their income and assets as determined by the BBW. EOE July Comments, p. 19. The BBP option of the MPP is designed to provide customers with an affordable monthly payment while preventing the customer from termination of services; it is not designed to pay off arrearages. Id.; Harak Pre-filed Testimony, p. 6. In fact, a customer in the MPP program who has a BBP may actually have the customer's arrearage amount increase despite making all of the required payments. Harak Pre-filed Testimony, p. 6. The BBP is currently set at \$50 per month for qualifying customers. See, Authority's Interim Decision dated Oct. 13, 2021, in Docket No. 21-07-01, pp. 19-20.

EOE and Eversource raised potential issues associated with offering both the BBP and the LIDR to low-income customers once the LIDR is implemented. EOE asserted that the current MPP structure essentially incentivizes customers receiving certain government assistance to miss a payment to a utility, create an arrearage, and be placed on a BBP, rather than paying the customer's full utility bill. EOE June Comments, p. 2. According to EOE, the same holds true regarding the implementation of a LIDR if the customer's bill on a LIDR is more than the BBP. Id. Specifically, if a customer's LIDR is more than the BBP, the customer may elect to enroll in MPP rather than the LIDR because the customer will pay less on the BBP than if the customer had a LIDR. EOE July Comments, p. 20. Eversource also asserted that the continuation of the BBP when the LIDR is implemented will be confusing to customers and difficult to implement. Eversource Response to Interrogatory EOE-22. Therefore, rather than offering both the BBP and the LIDR when the LIDR is implemented, both EOE and Eversource recommend that the Authority retire the BBP once the LIDR is implemented and replace it with the LIDR payment amount. Id.; EOE June Comments, p. 2. This would, in turn, enable the customer to slowly pay off the customer's arrearage as the EDC would, in addition to the LIDR discount, match customer payments under the MPP. EOE June Comments, p. 2.

The Authority recognizes that the current BBP is only one tool among multiple energy affordability initiatives designed to provide energy assistance to electric heating customers; specifically, CEAP, Operation Fuel and assistance from other fuel banks, MPP, Eversource's New Start program and UI's BFP, EDCs' flexible payment programs, and the LIDR, once implemented, are tools that can be used in a complementary and holistic approach to customer energy affordability. For example, a customer participating on New Start or BFP has the opportunity to eliminate a past due balance in 12 months by paying a monthly amount that will be more affordable after a LIDR has been applied.

Moreover, the Authority agrees that many electric heating customers currently receiving a BBP, or who would otherwise currently qualify, are facing economic challenges that extend beyond paying their electric utility bills. Customers facing financial hardship should ultimately be served by a suite of social programs supported by the state and federal government. In other words, while the benefits of applying a 50% discount on eligible customers' monthly electric bills should not be understated, a LIDR or any other electric utility affordability program is also not able to address all societal challenges that contribute to inequality and poverty persisting across the State. Rather, the two-tier LIDR established herein seeks to proactively provide direct energy assistance to qualifying residential electric customers prior to customers accruing an arrearage to more directly address the systemic nature of the energy affordability problem. For customers with an existing arrearage, there are additional energy assistance programs available.

Put more simply, the LIDR tiers are designed to drive the deepest discount for the most number of eligible customers while also achieving the dual LIDR Objectives.

The Authority must consider the second LIDR Objective, i.e., to reduce uncollectible expenses, in designing a program or offering that is funded through electric rates. At present, if a \$50 BBP is lower than the customer's average monthly bill based on usage, the end result will be the continued accumulation of a customer's arrearage even if all payments are made, as the EDC is only providing a monthly match at the \$50 amount. Absent an alternative funding source or evidence that maintaining a BBP following implementation of a LIDR furthers the objective of reducing uncollectible expenses, the offering, regrettably, cannot be maintained in its current form.<sup>43</sup>

Based on the foregoing, the Authority finds that the BBP is therefore incompatible with a LIDR. Notwithstanding, eligible customers can and should continue to apply for and participate in the MPP and to take advantage of the EDCs' voluntary arrearage forgiveness programs and energy efficiency services.

Accordingly, the Authority directs the EDCs to cease offering the BBP for electric customers beginning in the 2023-2023 winter heating season.<sup>44</sup> In the interim, however, the EDCs shall continue to offer the BBP for the 2022-2023 winter heating season. To ensure a smooth transition and effective customer communications, no later than May 15, 2023, as part of the 2023 energy affordability proceeding, the Authority directs the EDCs to each submit as a motion for PURA review and approval a proposed plan and implementation timeline, including customer communication materials, to cease the BBP offering for the 2023-2024 winter heating season, whereby customers are enrolled in the LIDR and their monthly payment through MPP is calculated based on the established formula.

Nonetheless, should a LIDR and combination of existing energy assistance programs not be sufficient for a subset of financial hardship customers to attain an electric utility bill deemed affordable for their specific circumstances, then the Authority posits that additional solutions may also need to be further examined, including but not limited to: establishment of additional tier(s) designed to provide the highest discount for the lowest income customers; development of creative solutions for deploying energy efficiency and weatherization funds that overcome the tenant-landlord split incentive and other barriers to implementing weatherization, targeting the lowest income residents; and the allocation of other (non-electric or gas rate) funding sources to offset or to supplement the costs of programs or policies currently funded exclusively through electric rates. Notably, not all such potential solutions fall within the Authority's jurisdiction; however, it is incumbent on

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<sup>43</sup> The Authority also notes that, unfortunately, neither the Authority nor the EDCs have access to individual customer data to calculate whether each of the 4,750 Eversource electric heating customers and 649 UI electric heating customers who received a utility match on a \$50 BBP in the 2021-2022 MPP year would have a higher or lower monthly payment under a LIDR. See, Eversource Response to LFE-16; UI Response to LFE-23. Further, the record of this proceeding does not contain relevant information to design a LIDR tier based on their level of income, or other relevant factors, of these roughly 5,400 customers. However, the Authority will address this data gap in future annual affordability dockets and through the compliance filings in this Decision.

<sup>44</sup> Since the LIDR is only for customers of the EDCs, the BBP will continue for customers of the gas companies.

the Authority to at minimum enable the tracking and collection of data necessary to support further efforts.

As such, no later than June 15, 2023, as part of the 2023 energy affordability proceeding, the Authority directs the EDCs to each submit the following data, from the 2020-2021 program year to the date of the filing, reported separately by Phase I and Phase II, regarding customers receiving the \$50 BBP under the MPP: (1) number of customers receiving the \$50 BBP in Phase I and Phase II; (2) the average, median, highest, and lowest monthly bill for customers receiving the \$50 BBP that would have otherwise been due if not for their participation in MPP; and (3) the average, median, highest, and lowest monthly kWh usage for customers receiving the \$50 BBP that would have otherwise been due if not for their participation in MPP. Further, Eversource shall provide the same three categories of information (e.g., number of customers, monthly bill data, and monthly kWh usage) for all electric and gas customers as identified through Experian data as eligible for financial hardship and with a past due balance greater than \$100 for more than 60 days. The intentional collection and provision of such data may allow the administrators of the Conservation and Load Management programs and other assistance efforts to prioritize such households and allow for the targeting of state and federal assistance to those who need it most. Such data may also assist the Authority in considering the appropriate design of a third LIDR tier, should one be considered and adopted in a future proceeding.

Lastly, the Authority takes this opportunity to remind all Parties and Intervenors, and specifically the EDCs, of the continuing obligation to maintain and follow guidelines distilled from applicable federal and state statutes, cases, and Authority regulations governing a “reasonable amortization agreement.” See, April 2022 Affordability Decision, pp. 16-22. The Authority plans to consider the allocation of future fines collected by PURA to fund legal representation to assist the most vulnerable populations with energy affordability-related advocacy, including aiding customers in obtaining reasonable amortization agreements from the utilities as required. The Authority would strongly support any legislative proposals that would require or otherwise enable electric rate, gas rate, or other funds to be used for such legal services.<sup>45</sup>

### **3. EDCs’ Voluntary Arrearage Forgiveness Program (New Start and Bill Forgiveness Program)**

The Authority agrees with Parties that the LIDR should be offered to all customers who are designated as financial hardship, regardless of whether the customer is in arrears or not. See, Eversource 2021 Comments, p. 9; EOE 2021 Comments, p. 7; DEEP Written Comments, dated June 15, 2022, p. 8. Limiting customers’ participation in the LIDR to customers with arrearages could result in perverse consequences. Otherwise, customers without arrears may not be incented to pay their monthly bills on time. Additionally, limiting customer participation to those with arrears may prevent participation of those without arrears but most in need of a LIDR. Accordingly, the Authority directs the EDCs

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<sup>45</sup> The Authority would also support other, related legislative amendments including proposals to (1) utilize non-electric or gas rates to support energy affordability programs and (2) provide compensation to underrepresented populations to cover legal fees to engage in PURA proceedings.

to offer the LIDR to all financial hardship customers, regardless of whether the customer is in arrears or not.

EOE did, however, raise one issue with respect to the interplay between the LIDR and Eversource's New Start Program. According to EOE, if Eversource enrolled a customer with a large arrearage on the LIDR and the customer subsequently also enrolled in Eversource's New Start Program, the customer's arrearage amount could potentially be forgiven if the customer pays the monthly bill, reduced by the LIDR, for twelve (12) months. EOE July Comments, p. 19; Tr. 08/03/22, pp. 79-80. EOE noted that scenario would provide an additional benefit to customers on the LIDR.

As an initial matter, the Authority reiterates that eligible customers can and should continue to enroll and participate in either Eversource's New Start Program or UI's Bill Forgiveness Program to receive the benefits of a utility match of a portion of their past due arrearage, down to a zero balance. The LIDR established herein is designed to enable customers to be able to pay their current monthly bills and to reduce or eliminate the future accumulation of arrearages, whereas the utilities' voluntary arrearage forgiveness programs explicitly address customers' past due balances. The Authority supports an outcome whereby the two types of energy assistance for financial hardship customers work in concert. Additionally, the LIDR is applied based on a monthly usage cap, which may allay potential concerns about the level of benefit any given customer receives from a LIDR.

Notwithstanding, as administrators of the LIDR and voluntary arrearage forgiveness programs, the Authority seeks the EDCs' proposed solution based on the scenario outlined above. Accordingly, no later than May 15, 2023, as part of the 2023 energy affordability proceeding, the EDCs shall jointly submit a narrative with a comprehensive set of customer scenarios that highlight outstanding questions as to the application of all other types of energy assistance provided, and propose solutions or other workarounds for review and approval.

#### **4. RRES Program**

The Authority established the RRES Program in 2021 pursuant to subsection (b) of section 3 of Public Act 19-35, An Act Concerning A Green Economy and Environmental Protection, as codified in Conn. Gen. Stat. § 16-244z(b). See, February 10, 2021 Interim Decision in Docket No. 20-07-01, PURA Implementation of Section 3 of P.A. 19-35, Renewable Energy Tariffs and Procurement (RRES Decision). In the RRES Decision, the Authority established renewable energy tariffs for residential customers of each EDC for the purchase of products generated from a Class I renewable energy source that is located on a customer's own premises, pursuant to Conn. Gen. Stat. § 16-244z(b). Id., p. 43. Additionally, pursuant to Conn. Gen. Stat. § 16-244z(b), the definition of customers eligible for the RRES program was expanded to include customers living in affordable multi-family housing.

While Eversource posited the RRES program can serve customers effectively on a LIDR without modifications, the Company recommended that the LIDR be applied to any remaining charges after the application of any net metering credits, Buy-All credits or kWh reductions from on-site generation, which is consistent with how Eversource applies

the NSTAR Electric LIDR to net metering customers. Eversource July Comments, p. 13. According to Eversource, under this scenario, Buy-All on-bill credits would be applied to the customer's bill at their full tariff value, while net metering customers with monthly net excess generation would receive bill credits at the full tariff value. *Id.* UI asserted that customers on a LIDR will also qualify for the low-income adder of 2.5 cents per kWh of energy production in the RRES program. UI July Comments, p. 6.

Eversource also recommended that customers on the RRES Program who enter into Power Purchase Agreements (PPAs) or leases with third-party system owners ensure that the rates paid to the third-party system owners per kWh do not exceed the per kWh costs of purchasing power from their EDC after the application of the LIDR. Eversource July Comments, p. 14. In Massachusetts, to safeguard LIDR customers who participate in the Solar Massachusetts Renewable Target (SMART) program from signing PPAs or leases at rates above the LIDR rate, third-party owned systems serving low-income customers participating in the SMART program are required to demonstrate net customers' savings after accounting for the LIDR. Eversource Response to LFE-17. Under the SMART program, Massachusetts has established a consumer protection audit process that includes penalties for third-party system owners that sign agreements with low-income customers that make them worse-off financially than if the customers did not install solar. *Id.*; Eversource July Comments, p. 14.

The Authority confirms that customers eligible to receive a LIDR are encouraged to also participate in the RRES program, and the available low-income adder. The Authority appreciates the customer protections and other considerations raised by Eversource, as well as its current approach with respect to implementation of a LIDR and the SMART program in Massachusetts. The Authority intends to direct any requirements or other program modifications to the RRES program associated with the LIDR through an annual RRES program review docket (e.g., Docket Nos. 22-08-02 or 23-08-02).

## **5. Third-Party Electric Supply**

Allowing a customer on a LIDR to contract with a third-party electric supplier for an electric rate in an amount greater than standard service introduces inequities both for the LIDR customer and for ratepayers at large. However, since only customers who are designated financial hardship are eligible for a LIDR, no customers receiving a LIDR will also be able to contract with a third-party electric supplier for their electricity. In the December 18, 2019 Decision (Docket No. 18-06-02 Decision) in Docket No. 18-06-02, Review of Feasibility, Costs and Benefits of Placing Certain Customers on Standard Service Pursuant to Conn. Gen. Stat. § 16-245o(m), the Authority ordered that all financial hardship customers be returned to standard service and ordered the EDCs to implement system programming to prevent hardship customers from enrolling with an electric supplier. Docket No. 18-06-02 Decision, p. 18. The Authority found in the Docket No. 18-06-02 Decision that returning all financial hardship customers to standard service offers significant costs savings benefits to Connecticut, it is feasible to accomplish, and the costs to accomplish are not unreasonable when compared with the long-term savings accomplished. *Id.* Accordingly, since financial hardship customers are prevented from contracting with third-party electric suppliers and only financial hardship customers are eligible for a LIDR, no customers receiving the LIDR will have a contract with a third-party electric supplier for their electricity.

## H. REPORTING REQUIREMENTS AND LIDR EVALUATION

Developing metrics and other reporting requirements to measure progress of implementation of a LIDR toward achieving the dual LIDR Objectives will be critical to its success. As summarized above, Connecticut has existing protections and energy assistance offerings that a LIDR will need to be integrated with, and the impacts of such programs and offerings must be examined as a whole. In its April 2022 Energy Affordability Decision, the Authority established an annual review proceeding to consolidate and comprehensively examine energy affordability matters of electric and gas customers in Connecticut. See, April 2022 Energy Affordability Decision, pp. 50-51.

In this Decision, the Authority establishes a biennial review process of the EDCs' LIDR to take place as part of the relevant energy affordability annual review proceeding.<sup>46</sup> Unless otherwise directed, the Authority intends to conduct its first LIDR review in the 2025 annual energy affordability review docket, approximately one and a half years following LIDR implementation, unless otherwise directed.<sup>47</sup> Accordingly, the Authority directs that all subsequent motions and compliance filings in accordance with this Decision, as well as any implementation issues, should they arise, shall also be filed in the applicable current year's energy affordability proceeding (e.g., Docket No. 23-05-01).

The Authority reserves the ability to review actual customer usage data and adjust such parameters during future biennial reviews, including but not limited to, the tier discount levels, number of tiers, eligibility requirements, and monthly kWh usage caps. Unless unequivocally rebutted though the data presented in a future annual energy affordability review, the Authority establishes a rebuttable presumption that the full scale of benefits of the LIDR outweigh the annual LIDR expenses to non-participating customers. Accordingly, the LIDR will continue to be offered at least through the end of each EDC's approved rate year as determined in each Company's next respective rate case proceeding. As such, it is incumbent upon not just the EDCs, but all Parties and Intervenors, to assist in the successful implementation of a LIDR.

Parties and Intervenors supported the creation of a set of LIDR reporting requirements and recommended the EDCs track certain metrics to determine the benefits and drawbacks to the LIDR. See, e.g., Eversource July Comments, p. 9; EOE July Comments, pp. 15-16; DEEP July Comments, pp. 8-9. Based on the recommendations submitted, the Authority directs the EDCs to track the following metrics, and to each submit annually as a compliance filing in this docket the following information:

1. Customer Accounts w/Past Due Balance: %/# of Low-Income;
2. Customer Accounts w/Past Due Balance: %/# of Non-Hardship;

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<sup>46</sup> The Authority notes that the years in which the annual energy affordability review will include LIDR evaluation will necessitate a bifurcated, or phased, approach, with an Interim Decision on the Companies' proposed annual Arrearage Forgiveness Program Plan to be issued on or before October 13 each year prior to the start of the next MPP cycle beginning on November 1. The LIDR evaluation may take place during a second phase of a given annual energy affordability review proceeding.

<sup>47</sup> However, the Authority may incorporate a LIDR review within an EDC's future rate case proceeding, depending on the timing of such application and the availability of relevant and compelling data upon which to conduct a review during the biennial review process.

3. Net Write-Offs: %/\$/# Low-Income Customer Accounts;
4. Net Write-Offs: %/\$/# Non-Hardship Customer Accounts;
5. Accounts receivable (A/R) >90d as a % of Lagged Revenue: Financial Hardship Customers;
6. A/R >90d as a % of Lagged Revenue: Non-Hardship Customers;
7. Arrearage Forgiveness Program (AFP) Costs: New Start or Bill Forgiveness Program, as appropriate;
8. AFP Costs: MPP;
9. AFP Costs: BBW;
10. LIDR Program Administration Costs:
  - a. Household Income Verification, Review and Enrollment into Tier Resources
  - b. LIDR Enrollment / Recertification Outreach / Customer Communication (including Letters, Calls, Emails, Alerts, Marketing, Media, etc.);
  - c. Call-handling to support the LIDR;
11. Total annual costs of providing LIDR, as well as calculated as a percentage of the EDC's total annual billed sales;
12. Number of customers enrolled in each LIDR tier annually;
13. Number of service terminations of financial hardship customers prior to LIDR implementation and monthly thereafter;
14. Number of service terminations of residential, non-financial hardship customers prior to LIDR implementation and monthly thereafter;
15. Number of service reconnections of financial hardship customers prior to LIDR implementation and monthly thereafter;
16. Number of service reconnections of residential, non-financial hardship customers prior to LIDR implementation and monthly thereafter;
17. Total number of service terminations and subsequent reconnections for nonpayment of customers on LIDR, broken out by Tier;
18. Costs of terminations of financial hardship customers prior to LIDR implementation and annually thereafter;
19. Costs of terminations of non-financial hardship customers prior to LIDR implementation and annually thereafter;
20. Number of collections activities undertaken and their associated costs prior to LIDR implementation and annually thereafter;
21. Number of financial hardship customers entering into payment arrangements prior to LIDR implementation and monthly thereafter;
22. Amount of uncollectibles attributed to financial hardship customers prior to LIDR implementation and annually thereafter;
23. Amount of bad debt carried prior to LIDR implementation and annually thereafter;
24. Amount of non-hardship uncollectibles prior to LIDR implementation and annually thereafter;
25. Number of customers participating in MPP prior to LIDR implementation and biannually thereafter (i.e., during Phase I and Phase II);
26. Number of customers participating in New Start or Bill Forgiveness Program, as appropriate, before and after LIDR;
27. Number of customers applying annually for the LIDR through each Company's CSRs;
28. Number of customers applying annually for the LIDR through their CAAs, delineated by each CAA;



29. Number of customers who apply for a LIDR through their EDC but are deemed ineligible;
30. Number of customers that do not renew the LIDR for a subsequent year;
31. Total number of accounts on the discount rate which are also considered in arrears, broken out by Tier;
32. Total number of accounts on LIDR that are on a payment plan, broken out by LIDR Tier and type of payment plan;
33. Total amount of kWh usage subject to the LIDR delineated by month and rate class, and include for each the number of customers, average, high, low, and median customer monthly kWh usage;
34. Amount of kWh excluded from the LIDR resulting from the monthly usage caps (and designate peak vs. off-peak, where applicable) and the number of customers exceeding the monthly usage cap, by month and rate class; and
35. Beginning in 2021, annual average and median kWh monthly usage data of customers coded for financial hardship, by rate class.

The Authority acknowledges that the April 2022 Energy Affordability Decision directed the EDCs to establish an online data dashboard to publicly and transparently display reporting requirements and associated metrics related to the Companies' uncollectibles, customer service metrics, and other existing reporting requirements in an accessible format. April 2022 Energy Affordability Decision, pp. 10-12. Notwithstanding the biennial LIDR review, the EDCs shall report at least annually on or before June 15 on the items enumerated above in the current year's energy affordability proceeding. No later than December 20, 2022, the Authority directs the EDCs to jointly submit as compliance in this proceeding and in Docket No. 22-05-01 a list of additional reporting requirements in template format (as worksheets) to add to the annual energy affordability review proceeding based on the enumerated list above. See, id., pp. 4-9. The Authority notes that once the online data dashboard is live, the reporting requirements established herein shall be incorporated and updated on the frequency established in the April 2022 Energy Affordability Decision. See, id., pp. 10-12.

## **V. CONCLUSION AND ORDERS**

### **A. CONCLUSION**

In this Decision, the Authority establishes a two-tier LIDR that proactively seeks to provide direct energy assistance to qualifying residential electric customers prior to customers accruing an arrearage. As soon as possible, and no later than January 1, 2024, the EDCs shall each implement a LIDR with an overall eligibility cap at 60% State Median Income (i.e., Tier 1), and eligibility for Tier 2 aligned with existing State benefit programs (i.e., up to 160% FPG). Further, the EDCs shall begin accepting proof of eligibility for the LIDR as soon as possible and no later than August 1, 2023. The Authority's calculation of an appropriate level of discount for customers eligible for Tier 1 and Tier 2 is grounded in meeting the dual LIDR Objectives: (1) achieve energy affordability, as defined by the allocation of no more than 6% of annual household income spent on building energy costs; and (2) reduce uncollectible expenses paid by all ratepayers, in part, by reducing the need for service disconnections and reconnections. As a result, the Authority determines that customers eligible for the Tier 1 LIDR shall

receive a 10% discount applied to their total monthly bill. In addition, customers eligible for the Tier 2 LIDR shall receive a 50% discount applied to their total monthly bill.

In the absence of an implemented data-sharing arrangement between the EDCs and DSS, the EDCs shall conduct customer identification and eligibility verification processes as directed herein. Qualifying customers shall be able to receive a LIDR and participate in existing energy assistance, arrearage forgiveness, renewable energy, and energy efficiency programs. The EDCs shall continue to offer the BBP through the MPP for the 2022-2023 winter heating season; the EDCs shall also submit a proposed plan to cease the BBP offering for the 2023-2024 winter heating season, whereby customers are enrolled in the LIDR and their monthly payment through MPP is calculated based on the established formula. The Authority will re-evaluate the program on a biennial cycle as part of the relevant energy affordability annual review proceeding, with the first review expected in 2025 as part of PURA's annual energy affordability review proceeding. The Authority provides additional direction to the EDCs regarding LIDR implementation discussed herein.

## **B. ORDERS<sup>48</sup>**

For Orders requiring a filing, the Company shall file an electronic version through the Authority's website at [www.ct.gov/pura](http://www.ct.gov/pura). Submissions filed in compliance with the Authority's Orders must be identified by: Docket Number, Title, and Order Number. Compliance with orders shall commence and continue as indicated in each specific Order or until the Company requests and the Authority approves that the Company's compliance is no longer required after a certain date. Unless otherwise provided or determined by the Authority, filings submitted in compliance with an order shall constitute satisfaction of the Order. Filings requiring Authority approval must be filed as a motion.

1. No later than December 20, 2022, the EDCs shall each submit as compliance a detailed revised annual LIDR cost estimate, using only bill frequency distribution data for customers coded financial hardship, based on the direction provided in Section IV.D of this Decision, and provide a detailed implementation cost estimate and timeline that comports with LIDR launch on or before January 1, 2024, as directed in Section IV.E of the Decision. The implementation cost estimate and timeline should also address the cost to configure the EDC's system so as to accommodate the inclusion of an additional one or more tiers in the future, including a calculation of such costs as a percentage of total implementation costs.
2. No later than December 20, 2022, the EDCs shall jointly file as compliance a list of additional reporting requirements in template format (as worksheets) to add to the annual energy affordability review proceeding reporting requirements based on the enumerated list in Section IV.H of this Decision.

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<sup>48</sup> Unless otherwise stated in the ordering clause, the Authority directs that all subsequent motions and compliance filings in accordance with this Decision, as well as any implementation issues, should they arise, shall be cross posted in this docket and also filed in the applicable current year's energy affordability proceeding of the year in which the matter is under review (e.g., Docket No. 23-05-01).

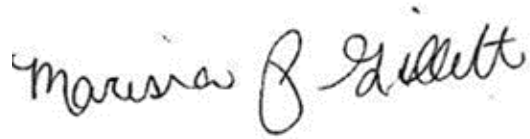
3. No later than February 1, 2023, the EDCs shall jointly submit for review and approval their proposed method(s) for customer verification processes, including a list of accepted proof of verification documentation for each Tier, as outlined in Section IV.B of the Decision. Such proposed customer verification processes shall be shared with EOE, OCC, DSS, CCA, and Operation Fuel at least ten (10) business days ahead of the Companies' filing and incorporate feedback received prior to submission to the Authority.
4. No later than February 1, 2023, the EDCs shall each submit for review and approval their proposal to partner with the CAAs, Operation Fuel, and/or other organizations or entities to enroll eligible customers onto Tier 2, in the absence of an opt-out data-sharing arrangement with DSS, as directed in Section IV.B of the Decision. The proposal shall also include an explanation of how customers will be automatically placed on Tier 1 by the EDC, but may qualify for a larger discount based on the customer's enrollment in other State programs.
5. No later than May 15, 2023, as part of the 2023 energy affordability proceeding, the EDCs shall each submit as a motion for PURA review and approval a comprehensive communications plan, including but not limited to, customer communication materials and sample bills, which shall comport with the bill redesign changes in the July 27, 2022 Decision in Docket No. 14-07-19RE06, as outlined in Section IV.E of the Decision. The line-item credit on the sample bills shall be called "Low-Income Discount". Such proposed communications plan and accompanying customer communications shall be shared with EOE, OCC, CCA, and Operation Fuel at least ten (10) business days ahead of the Companies' filings and incorporate feedback received prior to submission to the Authority.
6. No later than May 15, 2023, as part of the 2023 energy affordability proceeding, the EDCs shall jointly submit a narrative with a comprehensive set of customer scenarios that highlight outstanding questions as to the application of all other types of energy assistance provided, and propose solutions or other workarounds for review and approval, as discussed in Section IV.G.
7. No later than May 15, 2023, as part of the 2023 energy affordability proceeding, the EDCs shall each submit as a motion for PURA review and approval a proposed plan and implementation timeline, including customer communication materials, to cease the BBP offering beginning for the 2023-2024 winter heating season, whereby customers are enrolled in the LIDR and their monthly payment through MPP is calculated based on the established formula, as discussed in Section IV.G.2.i. Proposed customer communications shall be shared with EOE, OCC, CCA, and Operation Fuel at least ten (10) business days ahead of the Companies' filings and incorporate feedback received prior to submission to the Authority.
8. No later than June 15, 2023, as part of the 2023 energy affordability proceeding, the Authority directs the EDCs to each submit the following data, from 2020-2021 program year to the date of the filing, reported separately by Phase I and Phase II, regarding customers receiving the \$50 BBP under the MPP: (1) number of customers receiving the \$50 BBP in Phase I and Phase II; (2) the average, median, highest, and lowest monthly bill for customers receiving the \$50 BBP that would

have otherwise been due if not for their participation in MPP; and (3) the average, median, highest, and lowest monthly kWh usage for customers receiving the \$50 BBP that would have otherwise been due if not for their participation in MPP. Further, Eversource shall provide the same three categories of information (e.g., number of customers, monthly bill data, and monthly kWh usage) for all electric and gas customers as identified through Experian data as eligible for financial hardship and with a past due balance greater than \$100 for more than 60 days.

9. No later than August 1, 2023, the EDCs shall begin accepting customers' proof of eligibility for a LIDR and coding eligible customers to receive a LIDR when it is launched. This includes relevant communications with CAA's regarding LIDR eligibility prior to the LIDR launch.
10. No later than January 1, 2024, the EDCs shall implement and begin offering a two-tiered LIDR in accordance with the direction provided herein.
11. In future Rate Adjustment Mechanism proceedings, each EDC shall include the following, as directed in Section IV.F of this Decision:
  - a. Submit its prudently incurred costs associated with the implementation of a LIDR as separate line items; and
  - b. Quantify and explain any variances in the annual SBC net expenses (e.g., hardship uncollectibles, MPP, etc.) that may be impacted by the establishment of a LIDR.
12. In each Company's next respective rate case proceeding, Eversource and UI Company shall propose at least two potential cost allocation methodologies to recover costs associated with LIDR implementation through the SBC for Authority review and approval, as discussed in Section IV.F of this Decision.

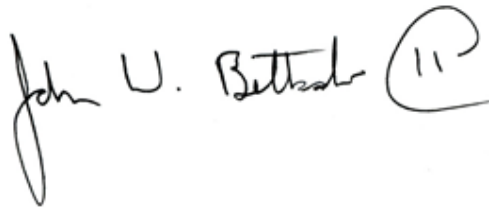
**DOCKET NO. 17-12-03RE11 PURA INVESTIGATION INTO DISTRIBUTION  
SYSTEM PLANNING OF THE ELECTRIC  
DISTRIBUTION COMPANIES - NEW RATE  
DESIGNS AND RATES REVIEW**

This Decision is adopted by the following Commissioners:



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Marissa P. Gillett



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John W. Betkoski, III



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Michael A. Caron

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Public Utilities Regulatory Authority, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.



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Jeffrey R. Gaudiosi, Esq.  
Executive Secretary  
Public Utilities Regulatory Authority

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October 19, 2022

Date