JOINT 09:

2026-2027 JOINT ARREARS MANAGEMENT PLAN

PROPOSALS TO REDUCE ARREARS

June 1, 2026

TABLE OF CONTENTS

I. BACKGROUND **3**

A. Summary of Collections Restrictions in Recent Years 3
B. Comparison of Pre- vs. Current Collection Practices 4

II. PROPOSALS TO REDUCE ARREARS **5**

A. Proposal – Remove from Payment Plan after Non-Payment 5
B. Proposal – Require Percent of Past Due Balance to Reconnect Service 6

I. BACKGROUND

A. SUMMARY OF COLLECTIONS RESTRICTIONS IN RECENT YEARS

Below is a summary of key collections orders and directives by PURA that have reduced residential customer payments and resulted in increased costs for all customers:

1. **Always offering the lowest payment amount first** for customers who contact the Company about their past due balance. As a result, the outcome continues to be that customers are paying as little as possible, despite what they *can* pay.
2. Effectively **quadrupling the service protection period while no monthly payments are made** on a payment plan – by allowing two consecutive payments missed before a payment plan breaks and also allowing two enrollments within a 12-month period.
3. **Up to 100% reduced down payment to avoid shutoff**. Currently, customers can pay 10%[1] of the past due balance to avoid shut off – and coupled with item 2 above, a significant portion of customers are not making *any* payment on their payment plan after their down payment, and this contributes to non-hardship arrears.
4. At least a **50% reduced down payment to reconnect.** Currently, non-hardship customers are allowed to pay the lower of 50% or $1000 to get reconnected. This is resulting in customers paying only the $1000 cap even if they *can* pay more and regardless of significantly higher total past due balances.
5. **Deposits - no longer allowed** for non-hardship residential customers. Deposits are a tried-and-true collections practice valuable in mitigating costs ultimately paid for by all customers. At Eversource, 46% of residential uncollectible accounts[2] were from customers who'd moved in less than two years prior and without deposits, their unpaid bills are higher.
6. **Legal collections and associated wage garnishments**[3] are restricted to residential customers with a household income at or above 75% SMI.

[1] PURA's November 6, 2024 Decision in Docket No. 24-5-01 and Order No. 2 directs Companies to increase the payment required for *non*-financial hardship customers to avoid shutoff to 10% of the customer's arrearage.
[2] See Docket 23-05-01, ES March 1, 2023 Security Deposit Compliance Filing.
[3] PURA's November 6, 2024 Decision in Docket No. 24-5-01 and Order No. 3 allows the post-pandemic resumption of legal collections activities in accordance with Section II.E.2, Legal Collections and Wage Garnishment.

B. COMPARISON OF PRE- VS. CURRENT COLLECTION PRACTICES

Best practices in collections have been eliminated or significantly restricted in recent years (as Table 1 below illustrates). Below the Companies include a table summarizing various *residential* collections practices with the current PURA directives along with pre-pandemic practices for both companies. Each collections restriction below contributes to Connecticut's increased arrears, compared to the pre-pandemic period. Allowing best practices in collections *will* reduce arrears and the cost of uncollectibles that are ultimately paid by all customers. Modifications could be made to each item below to reduce arrears and associated costs of uncollectibles ultimately paid for by all customers.

TABLE 1
Residential Collections Practices Pre-Pandemic vs. Currently Allowed

	Residential Terms	Currently Allowed	Pre-Pandemic (Eversource)	Pre-Pandemic (Avangrid)
1	Payment Plan – Duration to Pay Balance	18 months	Up to 6 Months	Up to 8 Months non-Hardship Up to 12 months Hardship
2	Payment Plan – # Missed Payments to Break Plan	2	1	1
3	Payment Plan – Re-enrollment Allowed after Breaking Plan?	Yes *(Once within 12 months for customers with active service)*	No *(Not within 12 months)*	Yes *(Once within 12 months)*
4	Payment Required – to Avoid Shutoff	10% of Past Due Balance *(non- Financial Hardship)*	~30% Average; 100% when history of non-payment	If *eligible* for a payment plan: negotiate starting at 75% down to 33% of the disconnect amount; Amount can be reduced to 20% once per year. If *not* eligible for a payment plan, full disconnect amount.
5		Lower of 5% of Past Due Balance or $25 *(Financial Hardship)*		
6	Payment Required – to Reconnect	Lower of 50% or $1000 *(non-Financial Hardship)*	Full past due balance	
7		Lower of 20% or $400 *(Financial Hardship)*		
8	Security Deposits – At Move-In for Brand New Customers	No	Yes *(When history of non-payment)*	UI: No CNG/SCG: Yes *(All Non-hardship)*
9	Security Deposits – After Disconnect for Non-Payment	No	Yes *(Non-Hardship)*	Yes, (*Non-Hardship*)
9	Legal Collections	Limited (No wage garnishments for <=75% SMI)	Yes	Yes

II. PROPOSALS TO REDUCE ARREARS

The cost of unpaid bills is ultimately paid for by all customers and efforts to decrease those costs help make all customers' bills more affordable. Requiring customers to pay in a timely manner to receive service is important in reducing unpaid bills. At this time and within this year's Plan, Companies have jointly prioritized the top proposed modifications to reduce arrears and the associated cost of unpaid bills.

A. PROPOSAL – REMOVE FROM PAYMENT PLAN AFTER NON-PAYMENT

Customers who enroll on a payment plan and don't make their monthly required payments on time should be removed from the payment plan.

Proposed for: All customer segments (residential and non-residential)

Rationale: While a customer is enrolled in a payment plan their service is protected. Customers are currently required to remain protected by a payment plan unless they miss two consecutive monthly required payments. Instead, the Companies' propose that when a customer misses one payment, they should be removed from the payment plan.

Supporting data to assist evaluation of proposal:

Of customers who set up a payment plan in 2025:

- ~62k (40%) Eversource customers missed one or both of their first two required monthly payments after enrolling in a payment plan while their service remained protected for *at least* another 60 days.
    - 9% (13k) customers made *zero* payments
    - 31% (49k) customers made only *one* payment
- ~12k (31%) Avangrid customers missed one or both of their first two required monthly payments after enrolling in a payment plan while their service remained protected for *at least* another 60 days.
    - 2% (800) customers made *zero* payments
    - 31% (11k) customers made only *one* payment

B. PROPOSAL – REQUIRE PERCENT OF PAST DUE BALANCE TO RECONNECT SERVICE

After a customer has been disconnected for non-payment, a percentage of their past due balance to reconnect service. This proposal eliminates the "lower of" alternative amount (reflected in Table 1, items 6 and 7) with the "Proposed" column displays below.

	Residential Terms	Currently Allowed	Proposed
6	Payment Required - to Reconnect	Lower of 50% or $1000 *(non- Financial Hardship)*	~~Lower of~~ 50% ~~or $1000~~ *(non-Financial Hardship)*
7		Lower of 20% or $400 *(Financial Hardship)*	~~Lower of~~ 20% ~~or $400~~ *(Financial Hardship)*

Proposed for: All customers, with percentages differentiated as reflected above

Rationale: Customers with large balances are required to pay the "lower of" flat minimum payment amount to reconnect, which leaves significant past due balances without a path to resolution.

Supporting data to assist evaluation of proposal:

- Eversource customers who paid the "lower of" flat payment amount **paid less than 11% (instead of 20% or 50%) of their past due balance** to get reconnected in 2025. Financial hardship customers who paid the flat amount paid ~7% of their past due balance, while non-financial hardship paid ~20% of their past due balance. Specifically, ~2k residential customers paid the flat "lower of" amount (rather than percent of their average past due balance) to get reconnected. Their average payment to reconnect was $603 on their average past due balance of $5,597, leaving $4,994 unpaid. The current "lower of" flat payment amount option **left 89% of the past due balance unpaid,** on average in 2025.
- Similarly, for Avangrid, **12% of customers paid the flat capped amount (less than 20% or 50%)**, to have their services reconnected. Specifically, hardship customers averaged **5%** of the delinquent balance and non-hardship residential customers averaged **19%**. Specifically, 6,200 Avangrid customers paid less than 20% or 50% to have their services reconnected. The average past due balance was $2,200. Customers paid an average of $195 for reconnection, not including the reconnection fee.