Date Filed: October 06, 2026

Witness: Brendan J. O'Brien and Garrett J. Murray
Request from: Office of Consumer Counsel

Question:

Uncollectible Expense. Refer to Schedule C-3.0.

a. Explain the reason for the significant increase in uncollectible expense in 2024 and 2025 over the prior year amounts and why this level is expected to continue in the rate year.
b. Explain the company's efforts to reduce base distribution uncollectibles.

Response:

a. The increase in uncollectible expense in 2024 and 2025 is consistent with the increase in customer electric bills, primarily driven by significant increases in supply prices and public benefits related charges. Total residential rates increased beginning in 2022 and peaking in January 2023 at approximately 34.4 cents per kWh for residential Rate 1 customers, compared to approximately 20.6 cents per kWh in January 2021. While supply costs declined from peak 2023 levels, overall customer bills remained elevated in 2024 and 2025 due to continued increases in public benefits charges.

   It is important to note, the projected rate year uncollectible expense calculated within the Company's filing (see Exhibit CLP-REVREQ-2 Schedule C-3-30) is based on a five-year (2021 – 2025) average uncollectible percentage. The uncollectible percentage is calculated by dividing the total uncollectible expense each year by the applicable billed revenues. The average uncollectible expense percentage is then applied to the total rate year revenues in order to calculate the total rate year uncollectible expense. As a result, while there was an increase in uncollectible expense in 2025 for example, the uncollectible percentage calculated for that year was below prior periods and the five-year average.

b. The Company continually evaluates its collection practices and has sought regulatory approval to implement measures intended to improve collections and reduce the accumulation of delinquent balances. In Dockets 24-05-01, 25-05-01, and 26-05-01, the Company proposed modifications to collection policies that were implemented during the COVID-19 pandemic and that have limited certain traditional collection activities. These proposed changes are intended to enhance the effectiveness of the Company's collection processes and reduce future uncollectible expense. The Company's Proposal to Reduce Arrears in Docket 26-05-01 is provided in OCC-816, Attachment 1.

The Company uses collection practices available for *non*-hardship customers (residential and businesses) allowed by PURA orders, regulations and Connecticut statutes to minimize uncollectible balances. For example, the Company performs the following collection practices to reduce arrears and, ultimately, uncollectibles:

1. **Deposits** –
    - For businesses, deposits are taken at the time of account setup and following a disconnection for non-payment as a condition of reconnection.
    - For residential customers, deposits are no longer allowed for Residential customers, per PURA Order No. 1 in Docket No. 23-05-01. This eliminated a collections best practice in preventing uncollectibles because nearly 50% of write-offs are driven by customers who resided at a location for two years or less.
2. **Skip-Tracing** – to identify and transfer unpaid balances from inactive customer accounts to their active service account when they move within the Connecticut service territory.
3. **Late Payment Charges** – to encourage timely payments.
4. **Payment Reminder - Notifications** (available via email and/or text) **–** to notify customers before their payment is due.
5. **Missed Payment - Notifications** (available via email and/or text) to notify customers that their payment is past due.
6. **Payment Plans** – up to 18 months duration while making minimum required payment requirements (versus past practices included in OCC-816, Attachment 1).
7. **Payment Plan - Payment Reminder** (available via email and/or text) to remind customers of their upcoming monthly required payment amount due date.
8. **Payment Plan – Missed Payment Notification** (available via email and/or text) to remind customers of their upcoming monthly required payment amount due date.
9. **Disconnect Notices** – (sent via U.S.P.S. mail and available via email and/or text) an initial and final notifications is sent to customers who have a past due balance eligible for disconnection.
10. **Disconnections for Non-Payment** – for customers who have not taken action to make minimum required payments.
11. **Legal Collections** – for active service customers who the Company is unable to disconnect for non-payment, for reasons including medical protection and nursing homes.
12. **Third Party Collections** – to collection on inactive service accounts from former customers.