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The Arrearage Management Program (AMP) adopted by Eversource Energy in New Hampshire shows the impact of AMP on improving low-income payments.

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Fisher, Sheehan & Colton
Public Finance and General Economics
34 Warwick Road, Belmont, MA 02478
(voice) 617-484-0597 *** (fax) 617-484-0594
(e-mail) roger@fsconline.com

Arrearage Management Programs (AMPs) Can Play a Critical Role in Improving Low- Income Payment Patterns as Evidenced by Eversource Energy's "New Start" Program.

In 2022, Eversource Energy, the primary electric utility serving New Hampshire, adopted an Arrearage Management Program (AMP). Called "New Start," the Eversource program was designed to address the fact that low-income customers have a higher rate of inability-to-pay than do non-low-income customers.

As a result, low-income customers are more frequently in arrears than higher income customers. One consequence of this inability-to-pay is that a disproportionate number of low-income customers face the disconnection of service. In addition, these customers do not have access to successful deferred payment arrangements and are denied access to procedures (such as budget billing) that would help make their bills more affordable on both a monthly and an annual basis.

The Objectives of New Start.

Providing an opportunity for customers to make complete payments for current service, and providing an arrearage repayment program, are interrelated. People do not make separate payments for their bill for current service and for their arrearages. Rather people make a payment toward their *total* bill. From a payment perspective, therefore, it makes no difference whether that total payment is unpayable due to the bill for current service or unpayable due to a pre-existing arrearage. In the absence of an AMP such as New Start, pre-existing arrearages will

represent a substantial contributor to the inability of low-income customers to pay their Eversource bills for current service and to retain service.

Accordingly, the specific objectives of New Start reflect the objectives of the broader income-based energy assistance which New Start complements.¹ The objectives are to:

- Reduce bills for income-qualified customers to a level where they are sustainably payable without imposing undue hardships on the customer's household. Sustainable payments made without undue hardship involve payments made from current household resources without placing utility bill payment in undue competition with payments for other household necessities and without requiring the household to take undue coping actions.
- Reduce bills for income-qualified customers to a level where they are sustainably payable as reflected in month-to-month payment patterns to the utility. Payment patterns include the extent to which bill payments are complete, timely, regular, and unprompted (*i.e.*, made without collection intervention by Eversource).
- Reduce bills for income-qualified customers to a level where Eversource receives a tangible improvement in bill collectability with quantifiable reductions in utility expenses associated with collection expenses, working capital,

¹ New Hampshire operates a separate Tiered Rate Discount (TDR), which is a *different* program from New Start. The TDR is called the Electric Assistance Program (EAP).

uncollectibles, and related enhanced or preserved revenue streams.

The Distinction Between New Hampshire's TDR, Eversource's AMP, and LIHEAP.

There are clear distinctions between New Start and both LIHEAP and New Hampshire's Electric Assistance Program (EAP). First, the EAP is clearly distinguishable from New Start. EAP is designed exclusively to address bills for current service. It is not intended to address pre-existing arrearage balances which customers may bring into the EAP with them.

Similarly, while LIHEAP has a "crisis" (or "emergency") program component to it, that LIHEAP program component in New Hampshire is not substantial. New Hampshire's intended use of the federal fuel assistance dollars, can be seen from a review of New Hampshire's LIHEAP State Plan for the 2024-2025 program year.² According to the New Hampshire LIHEAP State Plan, New Hampshire will not provide "summer crisis assistance" in 2024/2025.³ In addition, New Hampshire will devote only 5% of its funding allocation to "winter crisis assistance." No funds will be devoted to "year-round crisis assistance." Winter crisis assistance became available beginning December 1, 2024 and will remain available until April 30, 2025 (or until funds are exhausted).⁴ New Hamp-

² Available at <https://www.energy.nh.gov/sites/g/files/ehbemt551/files/inline-documents/low-income-home-energy-assistance-detailed-model-plan.pdf> (Pursuant to federal statute, each year a jurisdiction receiving federal LIHEAP funds must submit a "state plan" explaining how such funds will be used.

³ *Id.*, at 4.

⁴ *Id.*

shire's 5% allocation of LIHEAP funds to "crisis" assistance, of course, is not reserved exclusively for electricity (or for utility) customers. Crisis dollars are also used to address crisis situations of customers using deliverable fuels (*e.g.*, propane, fuel oil).⁵

The importance of the Eversource New Start program to supporting affordability is evident from the correspondence between Eversource rates and program participation. There was a sharp increase in Eversource electric prices⁶ from 2021 through 2023 as reported by Eversource in its EIA Form 861 data. While the average residential price was \$0.1951 per kWh in 2021 (with an average residential bill of \$1,457), that price had escalated to \$0.2893 per kWh by 2023 (with an average residential bill of \$1,988).

The fact that Eversource electric bills increased by more than \$530 per year from 2021 to 2023 created a situation where low-income households were increasingly unable to pay their bills and, as a result, incurred more arrears to bring into a program such as New Start. This dramatic increase in prices/bills, along with the lingering impacts of the economic crisis associated with the Coronavirus health pandemic, helps to explain the enrollment levels in New Start. At the same time that Eversource electric prices in New Hampshire increased by 56.1% (2021 – 2023), the average Q1 income increased by only 3.7%.

⁵ *Id.*, at 12.

⁶ The reference to "price" is actually a reference to average revenue per kWh. This was calculated by taking the total residential revenue reported by Eversource and divided it by the total residential consumption (kWh) reported by Eversource.

Associated Increasing Low-Income Payment Difficulties.

Given the data above, it is not only not surprising that enrollment in the Eversource New Start arrearage forgiveness program increased from 2022 through 2024, but it is evident that New Start operated precisely as it was intended. New Start provided an opportunity for low-income Eversource customers in New Hampshire to gain a fresh start in the event that low-income electric bills were sufficiently unaffordable to result in those customers incurring unpaid balances that would threaten their ability to maintain service and make reasonable future payments.

In New Hampshire, a higher percentage of EAP customers fell into arrears than did non-EAP customers. Since the Fall of 2022, between 20% and 25% of EAP customers have account balances that are past-due, compared to non-EAP customers (with roughly 10% being in arrears). Moreover, the percentage of EAP customers in arrears remains consistently higher than the non-EAP customers.

Not only are more low-income (EAP) customers in arrears, but they are also deeper in arrears than non-low-income(non-EAP) customers.

New Start Payment Outcomes.

Eversource files a quarterly report with the Commission regarding its New Start operations. The most recent report (4th Quarter, 2024) (hereafter "Quarterly Report") at the time of the review of the Eversource New Start program presented month-to-month information for the months April 2022 through December 2024.

The data in that report supports the following observations:

- First, New Start has been successful in customers bringing their accounts current without subsequently needing to re-enroll in the program to address arrears incurred after they complete the program. The Quarterly Report shows that during the entire program period (April 2022 – December 2024), of the 2,462 participants who successfully completed the program, only 101 (4.1%) needed to subsequently re-enroll.

Even those who needed to re-enroll in New Start (after having once successfully completed the program) required nearly two years prior to re-enrollment. The Quarterly Report shows that in December 2024, there was a lag of 23.9 months between successful completion and re-enrollment; in November 2024, there was a lag of 22.4 months; and in October 2024, there was a lag of 20.1 months. This lag is noteworthy in that it substantially exceeds the stay-out period for customers who successfully complete the program.

Low-income customers are *not* successfully completing the program, building up a new arrears, and then re-entering the program at the first opportunity they have to do so.⁷

⁷ After successfully completing New Start, a customer may not re-enter the program with a new arrears for at least twelve months. See, Report and Recommendation on New Start Program Design, at page 4, NHPUC Docket 19-057, available at https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-057/LETTERS-MEMOS-TARIFFS/19-057_2021-04-15_EVERSOURCE_STAKEHOLDER_GROUP_RP

- Second, the rate at which New Start participants are “dropped” from the program is quite small. Over the entire program period, while New Start had an average of 4,058 participants per month, it had an average drop rate of only 273 (6.7%). In 2023, the drop rate experienced a small uptick (to an average of 8.1%, n=363), while it declined again in 2024 (to an average of 6.3%, n=303).⁸

Despite the small drop rate with which to begin, the New Start program was seen as a way forward for many of those participants who were dropped. Nearly two-of-five of the total number of customers who were dropped from New Start (3,519 of 8,998) subsequently re-enrolled in the program.

Moreover, the percentage of customers who are dropped from New Start, but who subsequently re-enroll, is getting increasingly higher. In 2022 (July – December), only 13.8% of New Start participants who were dropped subsequently re-enrolled. The re-enrollment rate increased to 52.2% in 2023. This re-enrollment rate is significant when one considers the requirement that “re-enrolling customers will be required to make up any missed payments to establish re-enrollment in the program.”

Overall, the increasing extent to which the low-

[T_RECOMMENDATION.PDF](#).

⁸ Some accounts may be counted as “dropped” more than once.

income customers of Eversource are recognizing New Start as a means to retain service and retire arrears so long as they make their current bill payments is unquestionably increasing under New Start. Given the improved payment patterns discussed in detail below between New Start participants and those customers who are Hardship, but *not* on New Start, there is a distinct advantage to the Company from either keeping customers on New Start, or re-enrolling customers who have been dropped from the program.

New Start Payment Patterns

The data shows that the average arrears (other than the “New Start arrears,” *i.e.*, pre-existing arrears subject to forgiveness) has trended downwards over the course of the program. While the average unpaid balance of program participants was \$338 in March 2023, by August 2023, that balance had declined to \$250; by February 2024, the unpaid balance had declined to \$223; and by September 2024, the average balance had declined to only \$187.

Consistent with the leveling out of the average arrears (other than New Start arrears) for program participants, the data in the Eversource Quarterly Report showed:

- The total “dollars of bills” (for current service) was relatively constant from one month to the next, ranging from a low of \$700,598 (November) to a high of \$782,300 (October).
- The “bill payment coverage ratio,” representing the percentage of bill paid by New Start customers, also remained relatively constant from month-to-month, ranging from a low of 69.3% in September to a high of 78.4% in October (with November and December be-

ing nearly identical to October) (November = 77.4%; December = 77.8%).

- The percentage of accounts with a \$0 balance was nearly level in the last five months of 2024. In August 2024, 50.5% of New Start accounts had a \$0 balance, with a total arrears for the New Start population of \$235,604. In contrast, in November 2024, 50.6% of New Start accounts had a \$0 balance; in December, a nearly identical percentage of New Start accounts had a \$0 balance as was the case in August (46.1% vs. 50.5%).

Based on this data, FSC’s review of the New Start program concluded that there is a reasonable basis to find that New Start customers are not only making payments toward the bills for current service, but to conclude also that those payments are reasonably covering their bills for current service.

What is the “Payment Coverage Ratio.”

One reason that the percentage of New Start accounts in arrears is declining is that New Start customers are increasingly paying a higher portion of their bill each month.

The “payment coverage ratio” is a simple ratio, with the dollars of bills placed in the denominator and the dollars of payments placed in the numerator. A review of the New Start Payment Coverage Ratio by month for December 2022 through December 2024 found that even setting aside the unexplained result in September 2023 (payment coverage ratio of 106%), the increase in the proportion of current bills being paid by New Start participants each month was evident. While New Start participants paid only 60% of their current bill in December 2022, by 2024, the New Start payment coverage ratio was consist-

ently over 75%, with the ratio leveling out near 80% in the last three months of 2024.

Similar to the Payment Coverage Ratio is the Payment-to-Bills Ratio. The New Start Payments-to-Bills Ratio has seen a steady increase since the inception of the program. While New Start participants were making roughly 40 payments in response to each 100 bills that Eversource issued to them when the program started in 2022, by January 2024, the Ratio had increased to more than 60 payments for each 100 bills, and by July 2024, the ratio had increased to 65 payments for each 100 bills. There has, in other words, been more than a 50% increase in the rate at which New Start recipients make payments in response to each bill they receive from Eversource.

The Payment Performance of Low-Income who are Not New Start Customers.

Having examined the payment performance of New Start participants above, the review of New Start finally examined the corollary payment performance of Eversource Hardship customers who are not enrolled in New Start.

Examining metrics similar to those examined for New Start participants, the Hardship customers not enrolled in New Start have payment patterns that are noticeably worse than New Start participants. Four metrics were examined: (1) the percentage of Hardship customers successfully completing deferred payment arrangements (DPA) as compared to the percentage who default on their DPA; and (2) the Payment Coverage Ratio (*i.e.*, percentage of billed revenue paid).

Deferred Payment Arrangements.

Deferred Payment Arrangements (DPAs) have not been an effective way for the Hardship cus-

tomers of Eversource to retire arrears. The data examined compared the number of New Start participants who have been dropped from the program each month to the percent of Hardship customers with DPAs who default on those DPAs.

There are far fewer New Start participants who are dropped from the program due to nonpayment than there are Hardship customers who default on their Deferred Payment Arrangements. A customer who is not defaulted from the New Start program is, at a minimum, paying their bill for current service, while a customer who is defaulted from a DPA has not made such a complete payment of the current service bill.

Moreover, as discussed in detail above, one attribute of New Start is that even when customers are dropped from the program, there not only is an opportunity to re-enroll, but that opportunity is frequently utilized.

More than 40% of the New Start customers who were dropped from the program between December 2022 and December 2024 ended up re-enrolling in the program. To re-enroll in New Start after having been dropped, a customer must make-up their missed payments.

In contrast to the percentage of customers who do not succeed on their efforts to retire arrears is the percentage of customers who do succeed (or who continue to be active in their efforts to retire their arrears). Eversource data showed the percentage of Eversource Hardship customers who successfully complete their DPA each month. The data shows that the highest success rate was achieved in March 2024 (18.6%), with most months falling between 10% and 14%.

A comparison of the New Start data with DPA data demonstrates that the rate at which Hardship customers default on their DPAs is noticea-

bly higher than the rate at which Hardship customers are able to successfully complete their DPAs. In only two months (March and April 2023) did the percentage of DPAs that were successful equal the percentage that defaulted (15.1% successful vs. 14.0% defaulted in March; 10.1% successful vs. 11.2% defaulted in April).

The necessary conclusion is that New Start appears to provide low-income customers more of an opportunity to successfully retire their arrears, and thus to make payments on their future bills for current service, than does the entry into a DPA.

A similar conclusion arises from an examination of the Payment Coverage Ratio of Hardship customers not enrolled in New Start. The data for Hardship customers shows that the Payment Coverage Ratio for New Start participants had, over time, reached more than 70% and, for the greater part of 2024, had remained between 75% and 80%. In contrast, the Payment Coverage Ratio for Hardship customers not participating in New Start occasionally reached 35% in 2023, but for the greater part of 2024 remained between roughly 25% and 30%. In any given month, as well as for the study period as a whole (December 2022 through December 2024), the New Start Payment Coverage Ratio was two or more times higher than the Payment Coverage Ratio for Hardship customers not enrolled in New Start.

Summary

In order to assess the effectiveness and reasonableness of the New Start program, it was necessary to articulate the objectives which the program is intended to achieve. Three such objectives were articulated. The FSC review of the Eversource New Start program found and concluded that the objectives of New Start are

being reasonably achieved. New Start is reasonably successful at:

- Reducing bills for income-qualified customers to a level where they are sustainably payable without imposing undue hardships on the customer's household;
- Reducing bills for income-qualified customers to a level where they are sustainably payable as reflected in month-to-month payment patterns to the utility; and
- Reducing bills for income-qualified customers to a level where Eversource receives a tangible improvement in bill collectability with quantifiable reductions in utility expenses associated with collection expenses, working capital, uncollectibles, and related enhanced or preserved revenue streams.

Persons interested in obtaining more information about the Eversource New Start program can write:

roger [at] fsconline.com

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