

Weathering the Storm: Strengthening Energy Affordability Programs to Protect Vulnerable Households and Slow the Utility Debt Cycle

***Miles Ingram, Shawn Bodmann, Ethan Andrews, DNV
Kiersten Williams, Eversource***

ABSTRACT

Utility arrearages are rising amid increasing electricity rates and growing demand, placing greater financial strain on households. Federal rollbacks of safety net programs like LIHEAP threaten to worsen affordability challenges, especially for vulnerable populations. Utilities already deploy tools to mitigate these impacts, including low-income discounted (hardship) rates and energy efficiency programs, which DNV has found can reduce arrears and energy burden. However, participation remains suboptimal—only around one-third of eligible households enroll in discounted rates, and energy efficiency participation often lags among the customers in greatest need. To better understand gaps, this analysis uses residential account-level data in Connecticut, focusing on income, arrearages, and enrollment in energy assistance and weatherization programs, with special attention to multifamily and renter households, which DNV has found to have high energy burdens and low program participation. We explore overlapping participation in energy bill assistance programs (which help *pay* bills) and weatherization programs (which help *reduce* bills) to identify opportunities for reducing bills for households currently receiving or likely to need energy bill assistance. In collaboration with Eversource, we examine enrollment pathways and barriers, as well as efforts to improve linkages between eligibility, assistance, and customer engagement. Forward-looking analysis models the potential impact of declining energy assistance on arrearage growth. Findings aim to inform policy and utility strategies to strengthen safety net programs, enhance equity, and prevent deepening arrearages—particularly for vulnerable multifamily and renter households.

Introduction

Households across the country face growing energy affordability challenges, driven by a confluence of energy market trends and broader economic forces. These challenges have contributed to increasing unpaid utility bills, or arrearages. In Connecticut, as previously reported, the average amount owed by customers in arrears nearly doubled from 2017-2023 (DNV, Cadeo 2025). This local trend mirrors the increase in utility debt owed by households across the nation (Century Foundation, 2025).

As households fall behind on utility payments, increasing arrearages can create cascading consequences for customers and utilities. For example, Connecticut’s Public Utilities Regulatory Authority (PURA) instituted a shut-off moratorium during the COVID-19 pandemic as a protective measure during a public health emergency, which remained in place for several years for customers on medical and financial hardship. The utilities provided services without payment as a matter of law, and PURA determined these were reasonably incurred and recoverable costs, which became one of many contributing factors to a subsequent rate increase. This dynamic presents the risk of an accelerating feedback loop between unpaid bills and rate increases.

The growing share of household income spent on utility bills is further deepening the energy burdens that many low- and moderate-income households already face. As previously

reported, based on available data for 2023, approximately 40% of households in Eversource Connecticut territory met the standard definition of high energy burden—that is, non-transportation related energy expenses exceeding 6% of household income.¹

At the same time, current and planned reductions in federal support for critical energy assistance and other safety net programs—including the Low-Income Home Energy Assistance Program (LIHEAP),² the Supplemental Nutrition Assistance Program (SNAP),³ and others—threaten to exacerbate financial stress for the most vulnerable residents. Broad cuts to federal programs will have an outsized impact on households on LIHEAP, regardless of LIHEAP’s funding status. For instance, though separate programs, SNAP and LIHEAP are closely related. The SNAP-LIHEAP connection, otherwise known as “Heat & Eat,” allows the government to consider utility bills in its SNAP benefits payment, allowing it to increase the SNAP payment so the recipient does not have to choose between food and heating. Moreover, 69% of LIHEAP households nationwide also participate in two or more social safety net programs (Macartney, Suzanne and R. Ghertner, 2023). In total, during the 2024-2025 heating season, roughly 30,000 LIHEAP awards went to Eversource customers in arrears, and an additional 25,000 awards went to households that were not in arrears.

In addition to placing financial pressure on households already in arrears and those potentially on the edge, cuts to federal benefits could exacerbate the feedback loop of increasing bills and missed payments. Ultimately, this feedback loop threatens to increase utilities’ financial pressures and already-high rates of customer disconnections. The Energy Information Administration recently found that utilities nationwide shut off power to electric customers 13.4 million times and to natural gas customers 1.7 million times in 2024, a far higher rate than previously estimated (EIA 2026). In addition, Fitch Ratings revised its mid-year 2026 outlook for North American utilities to ‘deteriorating’ from ‘neutral’, reflecting rising affordability concerns that are increasing utilities’ political and regulatory risk (Fitch, 2026).

Utilities have an existing set of tools to address affordability challenges, which research has found can slow the build-up of arrearages among their most vulnerable customers (DNV, Cadeo 2025; ACEEE 2025). These include the types of programs shown in Table 1 below. In addition to supporting burdened households, carefully targeting these programs can help reduce overall ratepayer costs. In its determination approving the 2025-2027 Conservation & Load Management (C&LM) Plan, the Connecticut Department of Energy and Environmental Protection (DEEP) included a condition directing the utilities to prioritize targeting the Home Energy SolutionsSM (HES) and Home Energy SolutionsSM-Income-Eligible (HES-IE) programs to those with the largest arrearages and most frequent shut-offs. Through the HES and HES-IE programs, customers can receive weatherization and other efficiency upgrades that can help lower energy bills. As the condition states, “targeting customers who fall within this category can reduce uncollectable balances, thereby reducing system costs to all ratepayers” (DEEP, 2024).

¹ An energy burden of 6% or less is a common threshold for affordable utility costs, based on affordability thresholds of utility costs not exceeding 20% of housing costs and housing costs not exceeding 30% of income (Colton, 2011).

² The Trump Administration’s 2027 budget calls for the complete defunding of the LIHEAP program—the sixth budget from the Administration to call for its complete elimination (OMB, 2026).

³ The One Big Beautiful Bill Act (OBBBA, 2025), signed into law in July 2025, reduces SNAP funding by approximately \$187 billion—roughly 20%—over 10 years.

Table 1. Types of energy assistance programs

Type of program	Connecticut programs	Impact
Utility bill assistance ¹	Electric low-income discount rate Matching payment program (MPP) Generation Power	<u>Helps pay or offset bills.</u> Low-income discounted “hardship” rates provide a discount (from 5% to 40%) on customers’ electric rates, and MPP plans provide a 1-to-1 matching payment from Eversource for all payments customers make on their bills (including payments made by CEAP). Discounted rates and matching payment plans are the most direct means of immediately reducing household energy burdens, and one of the first tools Community Action Agencies (CAAs) use to help low-income customers. Generation Power (formerly Operation Fuel) provides once-per-year grants of up to \$500 to income-eligible customers to assist with utility arrearages or future delivered fuel payments.
Federally-funded bill assistance	LIHEAP, administered in Connecticut as the Connecticut Energy Assistance Program (CEAP)	<u>Helps pay or offset bills.</u> Similar to utility bill assistance, federally funded bill assistance directly and immediately reduces household energy bills, burden, and build-up of arrearages (APPRISE 2005; NEADA 2024). CEAP helps residents pay for home heating costs by directly paying utilities to offset customers’ bills. Payment amounts range from \$295 to \$645 for the 2025-2026 season, based on household size, income, and heating source. However, this assistance is only available during the heating season.
Low-income weatherization	Connecticut Home Energy Solutions–Income Eligible (HES-IE) Federal Weatherization Assistance Program	<u>Helps lower bills.</u> Weatherization programs provide longer-term bill savings for participants by improving building efficiency and reducing heating and cooling energy consumption. Research shows that these programs lower household energy burdens and the build-up of arrears (DNV, Cadeo 2025; Farrell et al, 2025). However, access to and enrollment in these programs has additional barriers above and beyond those of bill assistance programs.

¹ Eversource also offers shutoff protection programs including the winter protection program, which protects service for residential customers from being shut off from November 1 through May 1, and medical shutoff protection, which protects service from being shutoff for customers with certain medical conditions. These programs were excluded from the scope of our review, as they do not provide bill assistance to customers.

While the utilities have made progress in spreading awareness of these programs and solutions, many eligible households remain unreachable.⁴ This paper explores the reach of energy assistance programs among income-eligible households in Connecticut and identifies barriers and opportunities for increased participation among those most in need. The findings shed light on challenges and opportunities that similar programs across the country can explore to better serve their income-eligible population.

Methodology

This research is based on Eversource account-level data on residential customers in Connecticut, extracted from program tracking and customer billing systems, as well as third-party customer demographic data. Specific data sources are listed in Table 2 below.

Table 2. Primary data sources

Data source	Description and vintage
Program tracking data	Weatherization program (HES, HES-IE) participation records, 2017-2025

⁴ For instance, data from DNV's studies in Massachusetts suggest that only about one-third of the homes that qualify for low-income rates are actually on them (DNV 2025). Similar research in other Northeast states finds that lower-income households participate in energy efficiency programs less often than their higher-income counterparts, due to less financial ability and greater participation barriers, such as remedial health and safety barriers or split incentive barriers (DNV, Cadeo 2025)

Customer electric and gas billing data	• Annual consumption, 2025 • Arrearages, 2017-2025 • Discount rate indicator, 2017-2025 • CEAP indicator, 2025
Customer demographic data	• Dwelling type (SF/MF), 2025¹ • Ownership (rent/own), 2025² • Household income, 2025 • Number of persons in household, 2025

¹Households are assigned dwelling type codes based on USPS information. Throughout this paper, multifamily results reflect combined small and large multifamily.

²Throughout this paper, homeowner results reflect both confirmed and probable homeowners, as determined from tax assessor and deed information and other third-party data sources and algorithms, and renter results reflect both confirmed and probable renters and is derived from self-reported data.

DNV merged these data sets together by customer ID to create a single data set that allowed us to calculate arrearages and participation in rate-discounted and energy efficiency programs by various customer demographic categories, including household income, dwelling type, and ownership status. In most cases, these analyses were conducted and presented by unique premise address, which generally reflects household-level impacts. In some cases, where noted, the results are presented at the utility account level.

Definitions

Arrearages: For purposes of our analysis, customers with arrearages are those who had unpaid, overdue electric or gas bills as of December of a given year (from 2017-2025). Our analysis presents both the rate of arrearages (the percentage of accounts in arrears) and the average amount owed for those in arrears.

Income-eligible: The team applied the income-eligibility thresholds used by the primary low-income energy assistance programs in Connecticut: discounted hardship rates,⁵ matching payment program, CEAP, and HES-IE. Table 3 below provides those thresholds, which reflect 60% of the state's median income and increase with the number of people in the household.

Table 3. Income eligibility thresholds

Household size	1	2	3	4	5	6	7	8
Annual household income	\$47,764	\$62,460	\$77,157	\$91,854	\$106,550	\$121,247	\$124,002	\$126,758

Both low-income discounted rates and CEAP payments offer increasing benefits for households at lower income levels. The income levels in Table 3 above are the thresholds for qualifying for the basic level of discounted rates (5%) and CEAP payments (\$295 for the 2025-2026 heating season). At lower incomes, rate discounts can be as high as 50% and CEAP payments as high as \$645 for the heating season. This analysis applied the eligibility thresholds for basic rate discounts and CEAP payments, which are the same as the threshold for HES-IE.

⁵ Connecticut only offers a discounted hardship rate for electric customers.

Effects of social support programs on arrearages

The Trump Administration's 2027 budget calls for the complete defunding of the LIHEAP program. This program pays benefits directly to utilities to buy down heating bills for income-eligible customers. The simplest assumption of what will happen if these benefits go away is that current recipients' bills increase by the amount of the LIHEAP benefit. The loss of benefits would therefore affect energy burden estimates by adding to energy costs in the numerator while income in the denominator would remain unchanged. The effect on arrears is less straightforward. We used the following scenarios to explore a range of possible effects:

- **High impact scenario.** Many LIHEAP recipients are already in arrears. It is possible that these households would be unable to pay any of the increased energy costs associated with lost LIHEAP benefits. This would effectively mean that utilities would experience 100% of the LIHEAP payments as new arrearages for these customers.
- **Low impact scenario.** LIHEAP beneficiaries currently pay some of their post-LIHEAP energy bills, and their arrearages represent the amount of their post-LIHEAP bills they are unable to pay. The proportion of current arrearages to total post-LIHEAP energy bills represents the proportion of energy bills they are unable to pay. For our conservative estimate, we apply this proportion to the LIHEAP benefit to estimate the amount of the higher energy costs that they would be unable to pay and would increase arrearages.⁶

Results and Discussion

Who needs help?

Income-eligible households – those with annual household income at or below 60% of the state's median income – comprise nearly one-third of households in Eversource's Connecticut service territory, as shown in Figure 1 below. The share of income-eligible households is higher among multifamily dwellings, and higher still among renters – 45% of multifamily households and 54% of renter households in the service territory met the income-eligible threshold in 2025. This general pattern holds nationwide: renters typically have lower incomes and are more likely to live in multifamily buildings than owners.⁷ The extent of differences, particularly between homeowners and renters, suggests that deeper insights and increased efforts to target energy assistance to these populations are warranted.

⁶ For example, consider a household with \$500 LIHEAP benefits, \$5000 post-LIHEAP energy bills, and \$1000 arrearages. Estimated proportion of their post-LIHEAP energy bills is \$1000/\$5000 or 20%. If we assume this proportion remains the same after LIHEAP goes away, they will be unable to pay 20% of their new \$5500 energy bill, or \$1,100. This is an arrearage increase of \$100.

⁷ This pattern can be inferred from the American Community Survey (Census Bureau 2024). According to ACS table B25118, median income for renters in the US was \$50,000-\$74,999 while median income for owners was the next bracket at \$75,000-\$99,999. Table B25032 shows that 65% of renters live in multifamily (2+ unit) structures, compared to only 6% of owners, and 84% of multifamily households are renters. In addition, renters have been found to be disproportionately low-income, with about half of renters nationwide experiencing high housing and energy cost burden—that is, they spent 30% or more of household income on housing and utilities (JCHS 2025).

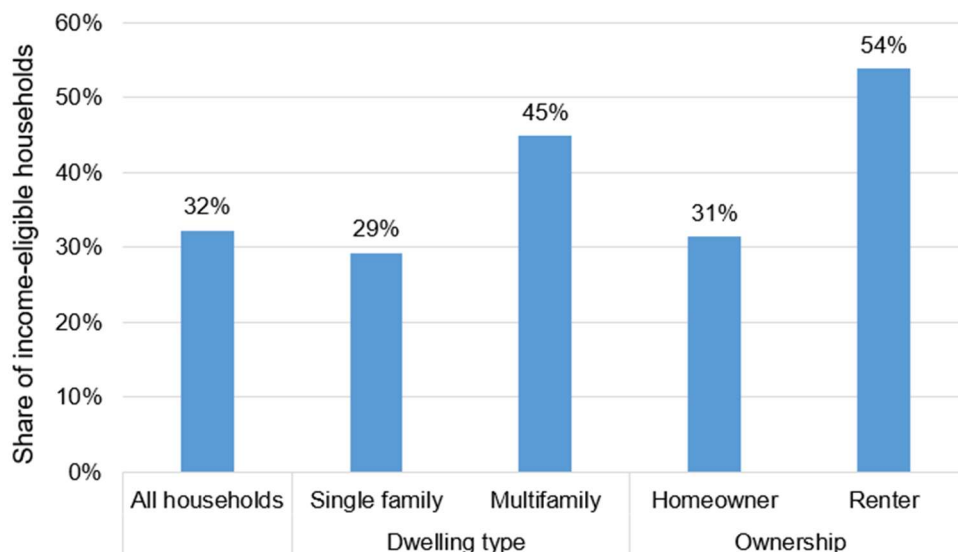


Figure 1. Income-eligible households in Eversource territory, 2025.

The amount of unpaid bills, or arrearages, among Eversource residential customers has steadily increased since 2017 (Figure 2). The average amount owed by customers in arrears doubled over the 9-year period analyzed, and increased notably in 2020 and 2021 following the COVID-19 pandemic. This rate of increase – nearly 10% annually, on average – is much faster than the percentage increase in the per-kWh cost of electricity in Connecticut since 2017, which was about 42% – or a 4% average annual increase (EIA 2025).

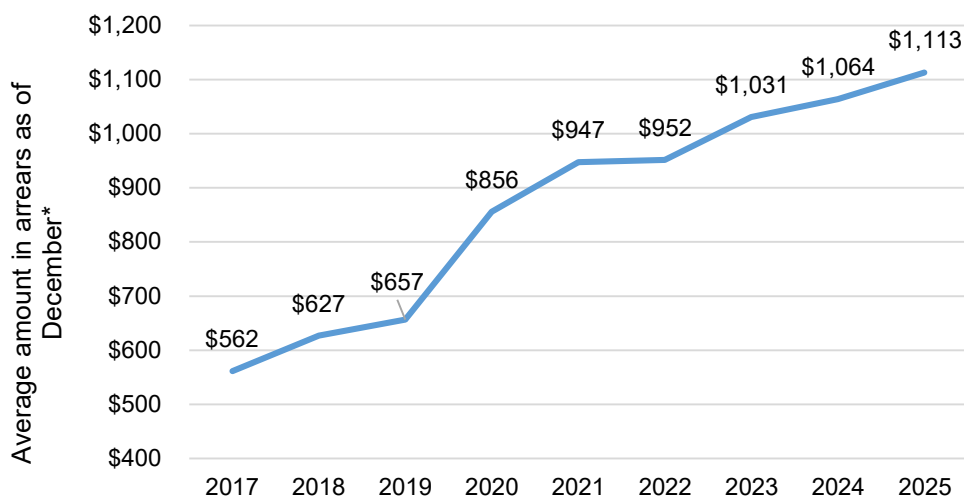


Figure 2. Average amount in arrears among Eversource residential accounts, 2017-2025.

*Average includes only those customers in arrears.

When examining arrearages by customer segment, as in Figure 3 below, we see that income-eligible households, households in multifamily buildings, and renter households owe higher amounts. This reflects the same pattern shown in Figure 1 above.

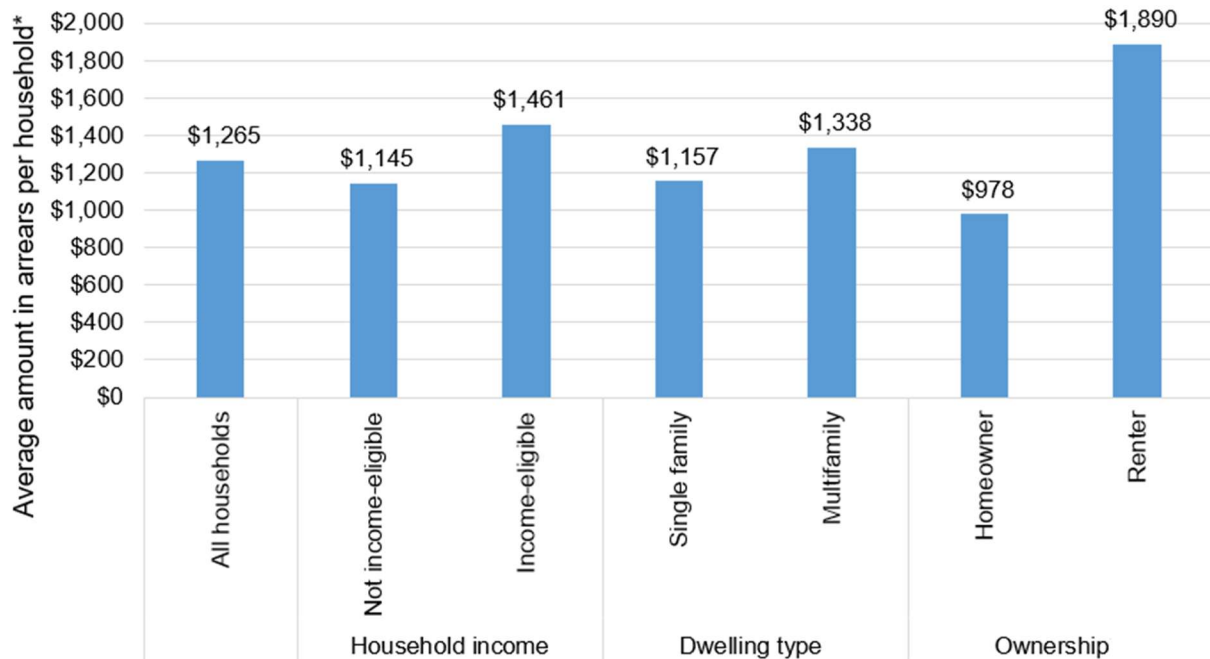


Figure 3. Amount of arrears for Eversource residential accounts in arrears, 2025.

*Average includes only those customers in arrears.

While the amount owed per household in arrears increased substantially during the study period, the percentage of households in arrears stayed relatively stable until 2023. However, as shown in Figure 4, the percentage of households in arrears has grown noticeably since 2023, from 20.4% to 23.3% – an increase of 14% over a two-year period.

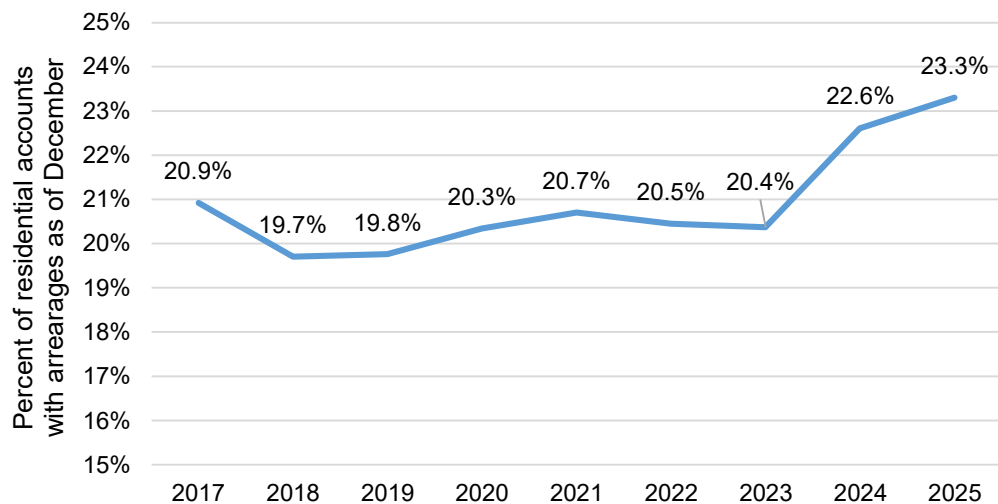


Figure 4. Percentage of Eversource residential accounts in arrears, 2017-2025

Examining the rate of arrearages by customer segment again reflects the same pattern shown above. Specifically, the rate of households in arrears is greater for low-income households, households in multifamily buildings, and renter households, as shown in Figure 5.

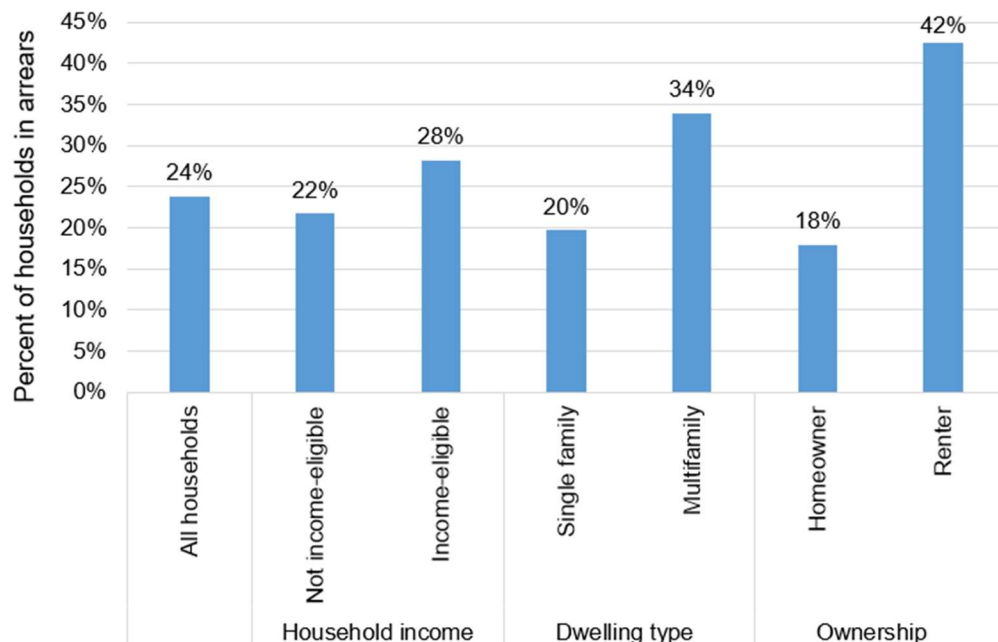


Figure 5. Percentage of households in arrears by income, dwelling type, and ownership, 2025

However, even among non-income-eligible households, 22% are in arrears as shown above. This is driven in part by (1) many moderate-income, cost-burdened households above the income-eligibility threshold,⁸ and (2) Connecticut’s consistently high electricity rates,⁹ which increase energy burden for all households and can push many who are financially constrained into arrears. Recent research on Eversource Connecticut customers found that among households earning 60-80% of area median income (AMI) – above the income-eligibility threshold – about 45% exceeded the threshold for high energy burden, and even among households earning over 80% of AMI, over 10% exceeded that threshold (DNV 2025, see Figure 4-38).

Who’s getting help?

The team’s analysis of Eversource’s residential customer data shows that approximately half of the homes that could be on low-income discounted rates are actually on them. Specifically, Figure 6 below shows that over 30% of households in Eversource territory meet the threshold for income-eligible programs, and just over 15% are enrolled in discounted rate programs. This is a relatively higher share of eligible households on discounted rates than in Massachusetts (DNV 2025), and is consistent with other recent analysis in Connecticut showing that only half of the customers eligible for the extended COVID-19 shut off moratorium actually benefited from it (CT OCC 2024). Moreover, the share of these households that participated in weatherization programs is even lower, at 5%.

⁸ In addition, according to ACS table B25118, approximately 25% of Connecticut households are in the “moderate income” range of earning between \$50,000 and \$99,999. (ACS 2025).

⁹ Connecticut has been in the top five states with the highest electric rates every year since 2017 (EIA 2025).

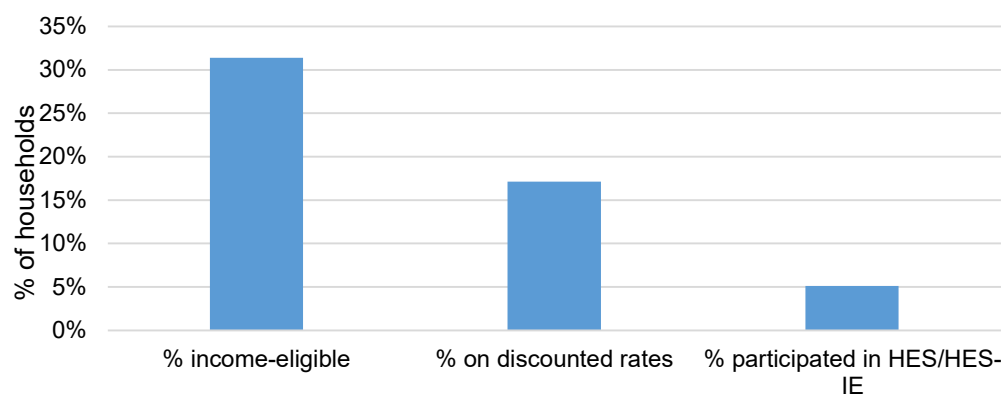


Figure 6. Households in Eversource territory by income-eligible status and discounted rate and HES/HES-IE participation. Note: Participation reflects HES or HES-IE participation from 2017 to 2025.

In every category, participation rates for households on low-income discounted rates are higher than for households not on discounted rates. This is likely because homes on discounted rates are already interacting with Eversource more than market rate customers, so they have greater opportunity to learn about and become enrolled in HES-IE. For instance, Eversource has multiple pathways for enrollment among income-eligible households and has implemented targeted marketing efforts for this population, as detailed later in the paper.

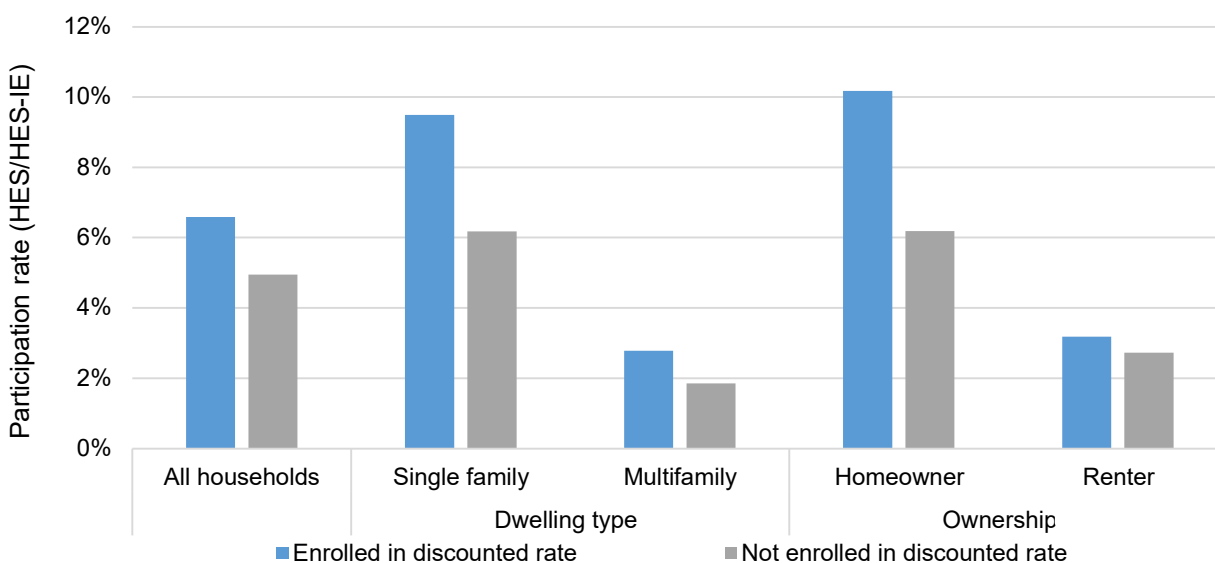


Figure 7. HES/HES-IE participation by discounted rate status and customer segment. Note: Participation reflects HES or HES-IE participation from 2017 to 2025.

Despite relative success targeting and enrolling customers in discounted rates, HES-IE has relatively lower participation rates among the income-eligible population overall (4.6%), and particularly among income-eligible households not on discounted rates (4.2%). In contrast, participation rates among income-eligible households on discounted rates was 6.6%, which along with the findings above, underscores the importance of low-income discount rate enrollment as a gateway toward participation in the HES-IE program.

Nearly one-quarter of income-eligible households (nearly 90,000 households) are on discounted rates but do not reside in a building that participated in a weatherization program,

reflecting a suboptimal use of ratepayer funds for energy assistance. Figure 8 below shows the income-eligible population in Eversource’s service territory by customer segment, discount rate, and participation status.¹⁰ The graph identifies two key customer groups for program targeting:

- **Unserved customers** (non-discount rate, non-participating). The light gray sections of the columns represent low-income customers who are not served by either the key bill assistance or low-income weatherization programs. These households face their own financial risks and pose a latent risk to utility finances, given their low income and lack of energy assistance support. Unfortunately, this is the majority of every category.
- **Inefficiently served customers** (discount rate, non-participating). The light blue sections of the columns represent key opportunities for HES/HES-IE, since those households receive discounted rates, but live in buildings that have not been weatherized. As such, HES-IE participation could both reduce customer bills and utility costs for rate discounts (DNV and Cadeo 2025). Homeowners are a natural target for this effort, as they face fewer barriers to participation. However, the largest share of this unreached population resides in multifamily buildings, and proportionally, renters are the segment with the largest share of this underserved group.

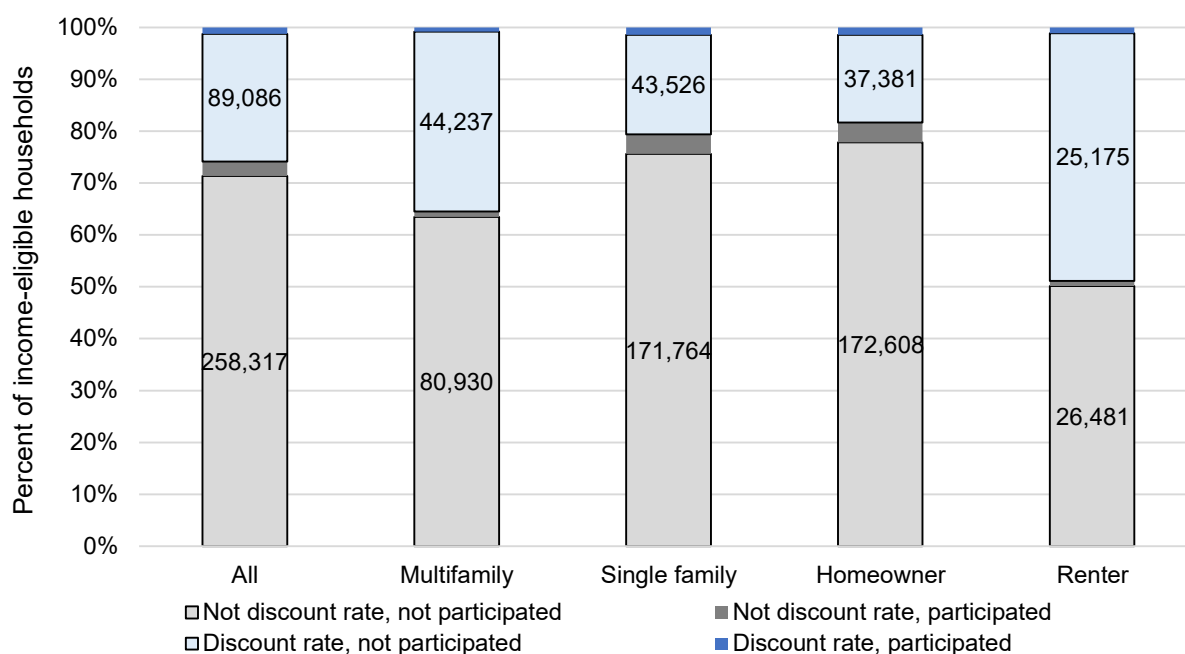


Figure 8. Discounted rate and HES/HES-IE participation among Eversource income-eligible population in 2025, by dwelling type and ownership status. Note: Participation reflects HES or HES-IE participation from 2017 to 2025.

Enrollment process and barriers

Income-eligible customers enroll in Connecticut’s energy assistance programs via various pathways. As shown in Table 4, Community Action Agencies (CAAs)¹¹ play a particularly

¹⁰ A nearly identical trend is seen when examining HES/HES-IE participation by households with arrears and those without. That figure is not shown here due to space constraints and redundancy with Figure 9.

¹¹ CAAs are local, private, or public non-profit organizations established under the 1964 Economic Opportunity Act to fight poverty. Operating in nearly all U.S. counties, they help income-eligible households access programs like

important role in helping income-eligible customers enroll in utility bill assistance and weatherization programs.¹² A previous evaluation of the HES-IE low-income weatherization program found that CAAs were the most common source of awareness among participants (28% of participants), followed closely by bill inserts and word of mouth from family or friends. (NMR, Cadeo, DNV, 2023).

Table 4. Energy assistance program enrollment pathways and customer engagement initiatives

Program	Description	Enrollment Pathway	Applicant
Matching Payment Program (MPP)	Reduces amount in arrears. For every dollar paid toward past-due balance, the utility matches it.	Direct application to a utility, often with help of a CAA.	Utility account holder
Electric Discount Rate	Reduces current bill with a 5%–50% discount on the first 1,200 kWh (heating customers) or first 800 kWh (non-heating).	Direct application to a utility, often with help of a CAA.	Utility account holder
CEAP	Helps residents reduce home heating costs through direct payments to the utility on their behalf; payments range from \$295–\$645 (2025–2026 season).	Application submitted to state program via online portal, mail, or email, often with help of a CAA	Utility account holder
HES-IE	No-cost energy efficiency program offering weatherization and energy upgrades for single and multifamily homes	Direct application to a utility, often with help of a CAA.	- Utility account holder (SF owners) Landlord (MF, renters)

At the same time, overlapping programs with multiple entry points can result in enrollment barriers and customer confusion. For example, Eversource program administrators have found that participants who approach their CAAs and are subsequently weatherized or provided with discounted rates often do not understand what programs they have participated in and what other programs they may be eligible for but have not participated in. For example, participation in both federal and utility-administered programs is organized through the CAAs, so customers typically view their entire experience with energy assistance as one program. Therefore, they may not understand that even after being approved for federally-funded energy assistance, they are still eligible for utility-administered weatherization through the HES-IE program. Also, as shown above in Table 4, utility account holders are the typical applicants for all programs other than HES-IE for multifamily dwellings – in which case, applicants are generally landlords or building owners. This dynamic – closely related to the split incentive, in which building owners are responsible for participation, but tenants pay the energy bills – creates a unique challenge for serving multifamily and renter-occupied households.

LIHEAP (CEAP, in Connecticut) and other energy assistance and non-energy social services and financial assistance programs.

¹² Some HES-IE participants receive services through the Weatherization Assistance Program (WAP). The program strives to provide participants with the most comprehensive services possible and engages in cost-sharing with WAP in order to provide additional services for eligible customers. WAP has a much smaller budget than HES-IE. At an average cost of \$7,000 per home, WAP serves 200 to 250 homes per year, compared with thousands of units through HES-IE. The ability to cost-share with HES-IE keeps the average cost per unit down and allows WAP to serve more Connecticut residents. One Community Action Agency (CAA) estimated that 25 to 30 percent of their HES-IE participants also participate in WAP.

To help increase participation, the utility and state administrators of these programs have established referral points during the enrollment process, at which applicants are directed to the other assistance programs for which they may be eligible. For example, most customers who enroll in CEAP through a CAA are subsequently referred to HES-IE. Eligibility for CEAP also automatically qualifies households for participation in the Weatherization Assistance Program (WAP). Customers are then often referred to HES-IE if it is determined that WAP alone cannot fully serve a household, and that HES-IE would improve project cost-effectiveness or address remediation needs and other home improvements that fall outside the scope of WAP.

There are gaps in these handoffs in some cases. For example, when multifamily occupants or renters in single-family units are directed to HES-IE, they are unable to proceed with impactful energy-saving measures, like insulation, given the role of landlords in applying. These households can reach out directly to the utility and provide contact information for the landlord and the utility can reach out directly on the customer's behalf. However, this hand-off procedure creates friction. In addition, the multifamily program requirement to serve at least 5 units per building may not be clear to the various agencies and individuals within the ecosystem, causing drop-off points for potential participants.

In addition, the prevalence of arrearages even among non-low-income households is cause for concern and requires other targeted approaches. It is likely these arrearages are concentrated in moderate-income households, which have always been a challenge for social assistance programs. Their incomes may be too high to qualify for assistance, but not high enough to cover basic needs. In recognition of this challenge, DEEP's determination approving the 2025-2027 C&LM Plan directed the utilities to implement a moderate-income incentive tier for HES, and to develop a proposal for a discrete moderate-income pilot program (DEEP 2024).

Efforts to increase participation among those in need

To increase program participation among customers experiencing financial strain, Eversource recently increased targeted marketing of the HES and HES-IE programs to income-eligible single-family and multifamily households and those on discounted rates, in arrears, or with frequent shutoffs. Eversource promotes the programs to these customers through email and bill inserts, and includes information about the programs and their benefits in letters to customers in arrears. The CAAs also help promote the programs to customers under financial strain. The Eversource marketing team also targets marketing efforts toward multifamily buildings in Census blocks with a large portion of income-eligible households. In addition, the HES/HES-IE implementation team attends public events to support the Eversource billing and energy assistance teams and refer customers to HES and HES-IE.

In addition, as noted above, DEEP's determination approving the 2025-2027 C&LM Plan directed the utilities to prioritize targeting HES and HES-IE programs to those with the largest arrearages and the most frequent shut-offs (DEEP 2024). In accordance with this condition, Eversource is conducting a detailed analysis of participation trends and has developed a plan for targeting these customers, with measurable goals and objectives to continue improving the participation of this customer group. Eversource is also reporting semi-annually on these efforts, as directed by DEEP.

Future risks

As detailed in the 2025-2026 Connecticut LIHEAP Allocation Plan (CT DSS 2025), households received between \$295 and \$645 in benefits for the 2025-26 heating season, depending on income and vulnerability.¹³ DNV did not have sufficient data to determine household vulnerability status, so we estimated the benefits received by households as the average benefits across vulnerable and non-vulnerable categories (\$620, \$470, and \$320).

Table 5. Connecticut LIHEAP benefits amounts

Level	Poverty guidelines	Vulnerable households	Non-vulnerable households
1	At or below 125% federal poverty guideline	\$645	\$595
2	126% to 200% federal poverty guideline	\$495	\$445
3	201% federal poverty guideline to 60% state median income	\$345	\$295

Source: CT DSS 2025

For electric accounts only, we calculated the current arrearages as a percent of total electricity bills and what that percentage would be for the high and low cases described in the methods section. We calculated estimated arrearages for these scenarios for all electric accounts, by discounted rate status, building type, and ownership status, as shown in Figure 9 below.

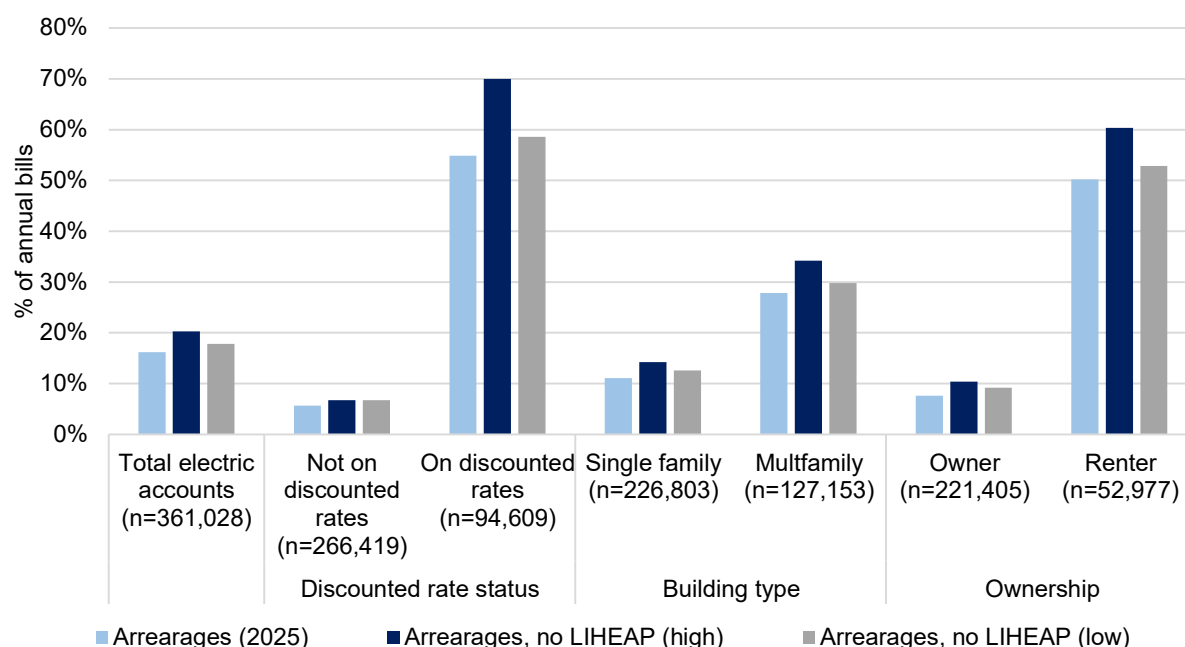


Figure 9. Electric account arrearages as a percentage of annual bills, with and without LIHEAP benefits

The figures above likely underestimate the increase in arrearages resulting from federal benefit reductions, for two key reasons:

¹³ Vulnerable households are those with residents who are elderly, disabled, or under 6 years old.

- **They are based only on accounts that are already in arrears.** We estimate that at least 2% of the homes that are currently on LIHEAP but *not* in arrears would fall into arrears without LIHEAP. If the average amount of arrearages for those new households were the same as those calculated in figure 10 above, this would mean a parallel increase of 2% total dollars owed to Eversource above current totals.
- **They only factor in *current* household energy costs and the erosion of LIHEAP benefits.** Inflation in energy and other costs will put additional pressure on households struggling to pay bills, and cuts to other social benefits programs such as SNAP¹⁴ will compound those pressures. To the extent that struggling households prioritize spending limited income on food and other non-energy costs, the situation for utility arrearages is likely to be worse than the estimates we are providing.

These factors all threaten to accelerate the trends of increasing percentages of households in arrears and increasing arrearage amounts shown in figures 2 and 4 above.

Implications and Recommendations

Years of outreach have shown that market rate customers in arrears are often responsive to energy efficiency and behavioral program outreach, while income-eligible customers in arrears are more likely to face ongoing payment challenges and less likely to engage with program marketing materials. Hesitancy to open outreach materials is thought to stem from a lack of trust, the perceived hassle of engaging with a program, the perceived costs, and over-communication from utilities (Navigant, Illume, Cadeo, 2020; Schauer L. et al, 2023). Often, customers in arrears receive letters from utility credit and collections departments, bill inserts and promotional materials from energy efficiency programs, and other energy assistance communications from their CAAs. The high number of touchpoints to this group can cause these communications to lose their effectiveness over time.

Many state and federal programs, including the Inflation Reduction Act's (IRA) Home Rebate programs, are explicitly designed to serve low- and moderate-income households. DNV has developed the Adaptive4Equity framework, which lays out principles to ensure that such programs are implemented with equity in mind by improving communication with frontline communities. In the context of utilities and energy efficiency programs, these principles hold that building trust requires more than additional outreach: it requires clear and consistent communication, engagement through trusted community-based partners, and visible evidence that programs are designed around customer needs and barriers. These approaches can help reduce skepticism, cut through communication fatigue, and improve the likelihood that income-eligible households engage with available assistance (DNV 2024).

While Eversource has increased targeted marketing toward accounts with discounted rate indicators available to the company, there may still be opportunities to work with households receiving assistance that are not visible in Eversource's data. For example, the utilities are currently unaware when a customer has received a bill assistance grant through Generation Power. While these customers may be receiving general low-income-oriented marketing from Eversource, a referral to the program, a warm hand-off, or a more specific marketing message

¹⁴ The One Big Beautiful Bill Act (OBBBA) reduced SNAP funding by an estimated \$186 billion over 10 years beginning in 2026 (OBBBA, 2025).

could increase their chances of participation. In addition, utilities can build on current efforts to target marketing toward multifamily buildings in Census blocks with a large portion of income-eligible households, by exploring more targeted analysis of specific multifamily locations where a high share of customers are in arrears or on discounted rates. Such granular analysis can allow programs to optimize outreach to owners of buildings that are candidates for weatherization and other efficiency improvements, which would provide direct benefits for tenant households as well as broader ratepayer benefits in the form of reduced arrearages and energy costs.

Targeted outreach efforts will become increasingly important given cuts to federal assistance programs, which will affect customers' ability to pay energy bills, particularly for the lowest-income households. Utilities can better serve their customers and help to protect their financial health by proactively assessing the current state of arrearages and energy assistance participation and the potential impacts of future benefit reductions on low-income households.

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