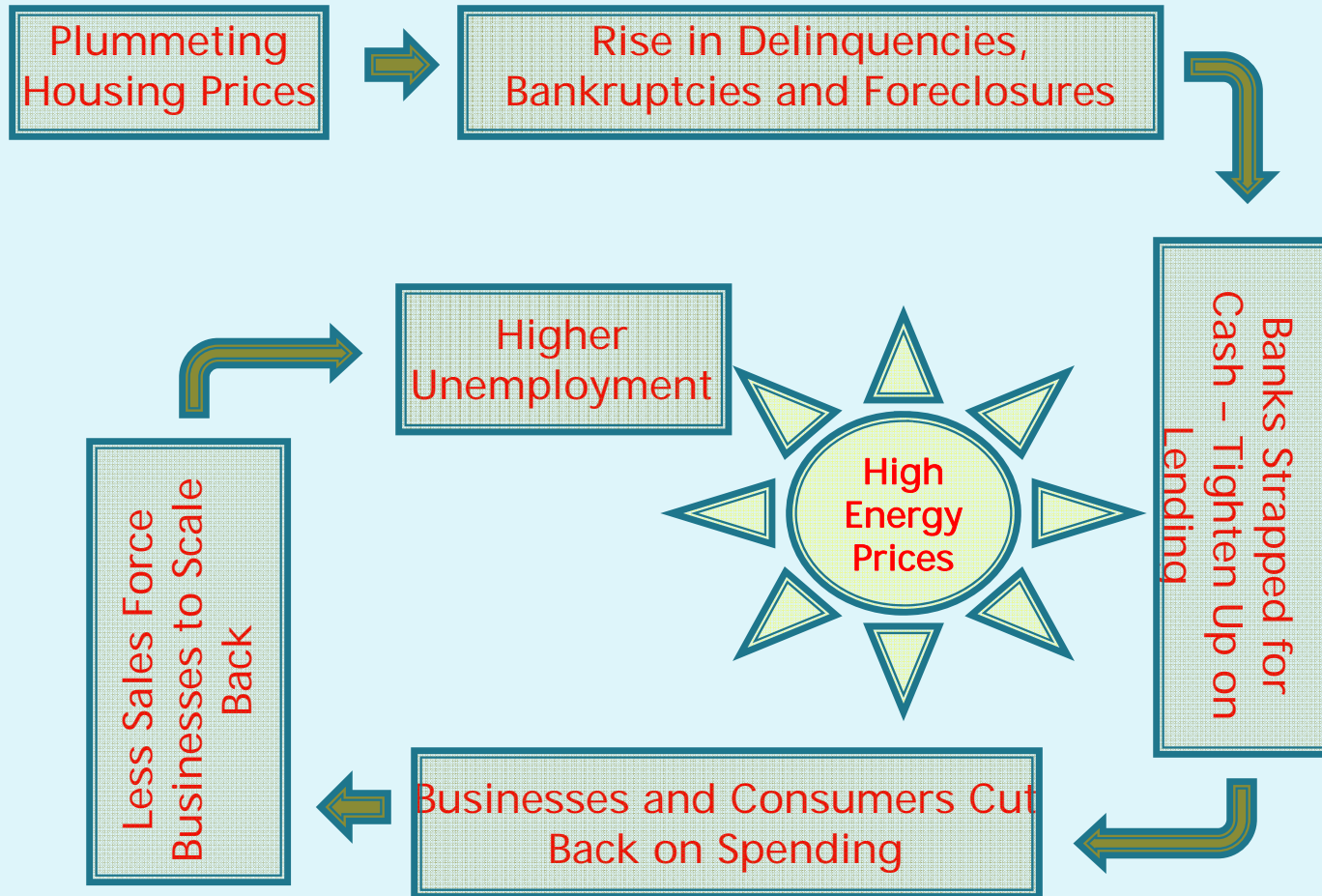


Responding to the Growing Needs of At-Risk Customers

Utilities respond to the growing number of customers struggling to pay their energy bills.

Becky Harsh
Manager, Consumer Retail Policy
Edison Electric Institute

What's Happened? The "Downward Spiral"

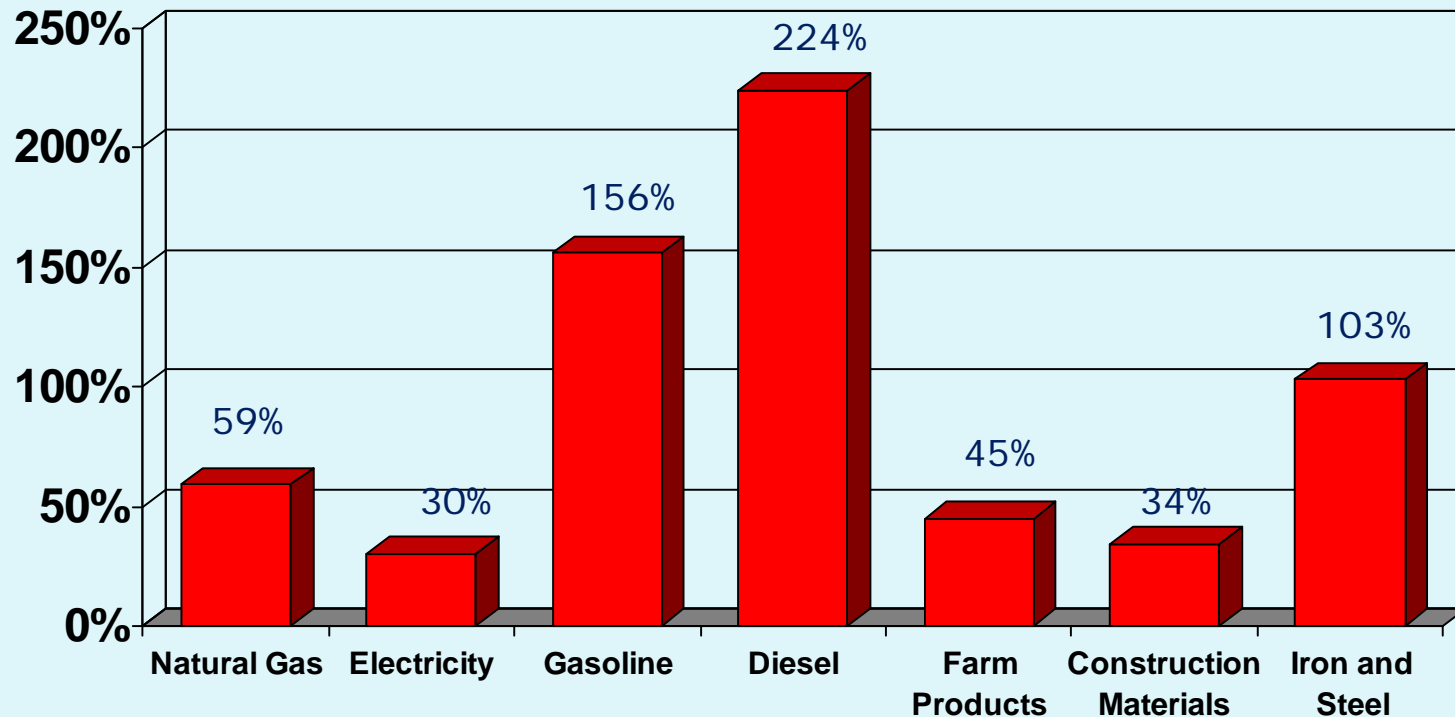


Since the start of the recession in December 2007:

- ▶ Individuals on the food stamp program increased over 15%, weekly food stamp relief up by about \$1 billion.
- ▶ Job losses from mass layoffs increased nearly 50%, or about 24,000 more persons per week.
- ▶ Personal bankruptcies increased by about 30%, from 70,000 per week to 90,000 per week.
- ▶ Delinquency rates on real estate loans increased from 3% to 5%.
- ▶ People receiving unemployment insurance has nearly doubled, from 2.7 million to 4.8 million persons.
- ▶ Number of unemployed actively seeking work up from 6.1 million to 10.1 million persons – 4 million person increase.
- ▶ Unemployment rate has risen from 4.8% to 8.0%.

Energy, Food, and Raw Materials Prices Are Rising Dramatically

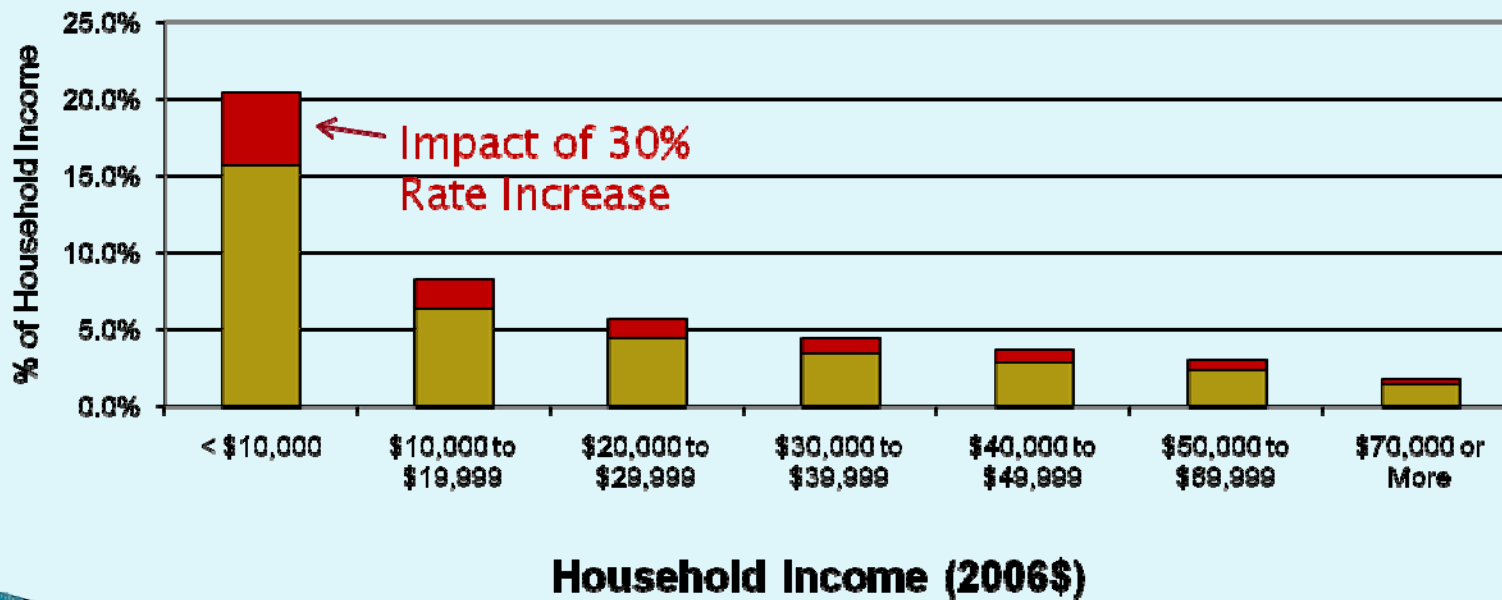
Percentage Increase: 2003-2008



Source: Producer Price Index (Bureau of Labor Statistics, U.S. Department of Labor)

Rising Electricity Costs Have a More Significant Effect on the Poor

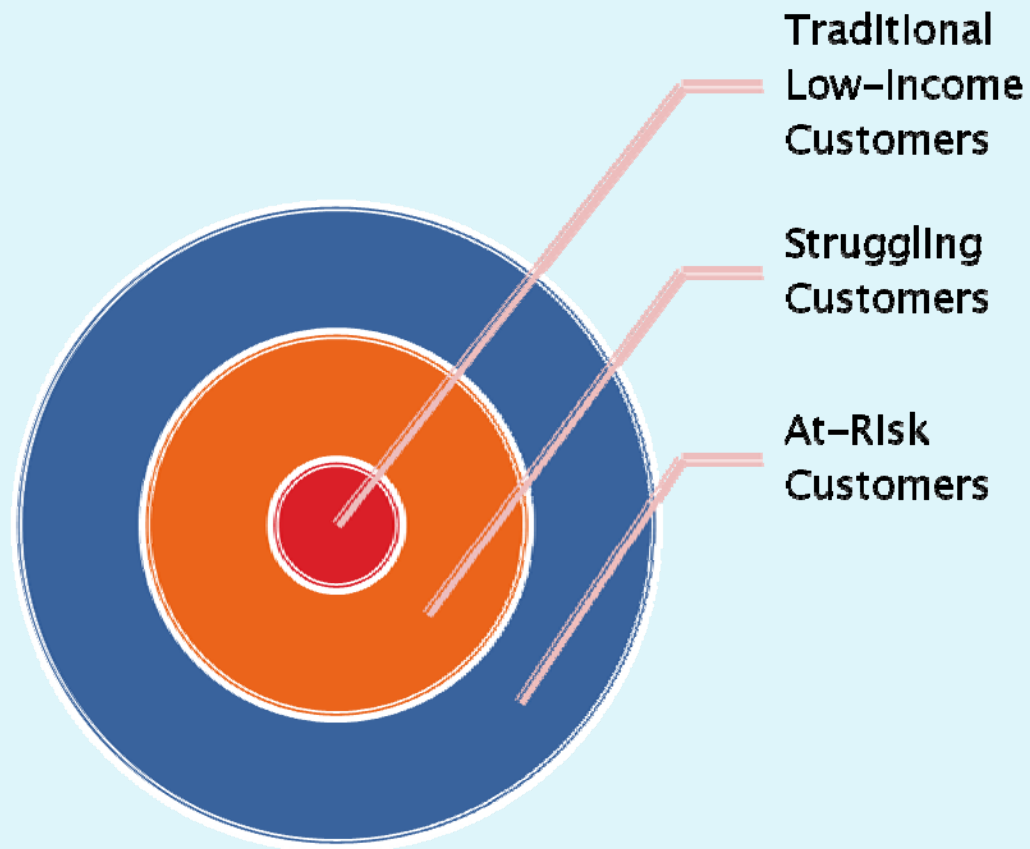
Annual Electricity Expenditures Percentage of Household Income



Source: 2006 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics

Growing Number of Customers Facing Financial Hardship

The Bull's-Eye is Growing



New Customer Population

- ▶ Struggling and At-Risk Customers
 - Moderate to Medium Income
 - Difficult to Identify
 - First Timers
 - Lack Information and Education on Options
 - Don't Qualify for Assistance Programs



Impacts on Utilities



Impacts on Utilities

- ▶ Central Maine Power Company – 537,000 residential customers have not paid anything on their bills – a 4% increase in unpaid accounts from 2007.
- ▶ Wisconsin Public Service – 12%-15% of its 500,000 residential customers have past-due bills – up 5% from 2007.
- ▶ Xcel Energy – 7%-19% of its 1.1 million Minnesota customers and 280,000 Wisconsin customers are in arrears, with balances owed 0% in Minnesota and up 20% in Wisconsin.

Source: Judy Keen, “Unpaid utility bills soar as economy sags”, *USA TODAY*, April 25, 2008

Impacts on Utilities

- ▶ Northeast Utilities, which owns electric and gas utilities in New Hampshire, Massachusetts and Connecticut, is carrying about \$15 million of unpaid bills currently, up from about \$11 million this time last year and about \$8 million in 2006.
- ▶ PECO Corp., a Philadelphia utility, racked up an additional \$37 million of bad-debt expenses from unpaid bills in its third quarter, compared with the third quarter of 2007, bringing its total unpaid balance to \$56 million.

Source: Rebecca Smith, “More Utility Bills Go Unpaid Consumers' Economic Struggles Spur More Power Shutoffs as Firms Step Up Collections”, Wall Street Journal, November 3, 2008

Call to Action

Utilities are pulling out all the stops to develop new, creative ways to help customers.

- Education/Information
- Community Outreach
- Leverage Existing Programs
- Collaboration with regulators, consumer advocates and community organizations

Call to Action– Education



Educating customers is the key.

- **Energy Efficiency Program Information**
- **Available Payment Options**
- **Available Assistance Programs**
- **Resources**

Community Outreach

Building Trust Through Community Outreach

- Partnering with churches, civic groups, community leaders, retailers, etc.
- Workshops and Expos
- Increase Visibility



Leveraging Existing Programs

Leverage Internal Resources

- Training CSRs to better identify customers who need assistance
- Expand Payment Options
- Data Mining for Better Customer Information
- Adapt Existing Programs

Collaboration

Invest in Valuable Partnerships

- Working with Regulators and Consumer Advocates to Find Solutions
- Partner with State Energy Offices and CAP Agencies
- Connect with Legislators



Questions??

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