

AMPs are a Win-Win for Low-Income Customers and Utilities

Across the country, low-income consumers are struggling to pay their utility bills. In fact, one report from the Consumer Financial Protection Bureau found that collections in the “utilities or energy” category is the third most common item on consumers’ credit reports. Their study indicates that approximately one in thirteen consumers has a credit report containing one or more collections items originated from a utility or energy bill.

Helping consumers manage their utility bills can not only help keep the lights and heat on in households, but also provide utility companies with the opportunity to collect more money from otherwise uncollectible accounts. An example of a great way to manage arrearages is through Arrearage Management Programs, or AMPs, which have been successfully used in Massachusetts to provide incentives for low-income consumers to stay current on their bills in exchange for a structured, gradual forgiveness of past bills.

In September 2013, the National Consumer Law Center (NCLC) published the report *Helping Low-Income Utility Customers Manage Overdue Bills through Arrearage Management Programs*, which provides an overview of how AMPs work in Massachusetts. Since then, NCLC has observed growing interest in replicating the success of Massachusetts AMPs in other states—most recently in Maine, Maryland, and D.C.

Penni McLean-Conner, Senior VP and Chief Customer Officer at Eversource Energy, has published several articles on the topic. Her first article characterized AMPs as a “win-win” for consumers and utilities alike. She then explored how AMPs may positively transform the customer/business experience. More recently, she shares insight on best practices for designing an AMP. Her articles have received favorable responses from utilities and regulators, indicating that the time is ripe for consumer advocates to push for the development of AMP programs in their states.

NCLC stands by AMPs as a useful tool for low income consumers to manage their bills. In order for AMPs to succeed, they must be well integrated with other state programs that help low income people pay their energy bills, such as discount rates, fuel assistance payments, and energy efficiency programs. We are happy to work with advocates and policymakers interested in bringing AMPs to their state. For more information, contact NCLC attorney Charlie Harak at charak@nclc.org.