



**STATE OF CONNECTICUT**  
**PUBLIC UTILITIES REGULATORY AUTHORITY**

October 31, 2022

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

**NOTICE OF VIOLATION AND CIVIL PENALTY IN THE AMOUNT OF \$4,481,650**

YOU HAVE TWENTY DAYS FROM THE RECEIPT OF THIS NOTICE TO REQUEST IN WRITING A HEARING BEFORE THE PUBLIC UTILITIES REGULATORY AUTHORITY

Daniel Canavan, Esq.  
UIL Holdings Corporation  
180 Marsh Hill Road  
Orange, CT 06477

Re: Notice of Violation and Assessment of Civil Penalty

**DOCKET NO. 22-03-16RE01      PETITION OF THE OFFICE OF CONSUMER  
COUNSEL FOR AN INVESTIGATION INTO THE  
UNITED ILLUMINATING COMPANY AND  
EVERSOURCE ENERGY REGARDING  
COLLECTIONS PRACTICES DURING THE  
COVID-19 MORATORIUM – AVANGRID NOV**

Dear Mr. Canavan:

The Public Utilities Regulatory Authority (Authority or PURA) has reason to believe that The United Illuminating Company (UI), Connecticut Natural Gas Corporation (CNG), and The Southern Connecticut Gas Company (SCG; collectively, Avangrid or the Companies) failed to proactively and directly contact customers to provide information regarding the COVID-19 Payment Program in violation of Order No. 5 in the Interim Decision dated April 29, 2020 (Interim Decision) in Docket No. 20-03-15, Emergency Petition of William Tong, Attorney General for the State of Connecticut, for a Proceeding to Establish a State of Emergency Utility Shut-Off Moratorium (COVID Docket). In addition, the Authority has reason to believe that Avangrid failed to comply with Conn. Gen. Stat. § 16-262d(g).

**10 Franklin Square, New Britain, CT 06051**

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Consequently, the Authority issues this Notice of Violation (Notice) for violations of the provisions of Title 16 of the General Statutes of Connecticut (Conn. Gen. Stat.) and orders adopted by the Authority. See Conn. Gen. Stat. § 16-41.<sup>1</sup> As a result of these charged violations, the Authority prescribes an aggregate civil penalty of four million four hundred eighty-one thousand six hundred fifty dollars (\$4,481,650).

## I. APPLICABLE LAWS

UI, CNG, and SCG are public service companies. Conn. Gen. Stat. § 16-1(a)(3). In exercising its powers under Title 16, the Authority examines and regulates “the operations and internal workings of public service companies” in accordance with certain enumerated principles. Id. § 16-19e(a). Notably, those principles include “(2) that the public service company shall be fully competent to provide efficient and adequate service to the public in that such company is technically, financially and managerially expert and efficient.” Id.

As a result of the severe economic impact the COVID-19 pandemic had on utility customers, the Authority issued the Interim Decision, which, among other actions, required the Public Service Utilities<sup>2</sup> and Electric Suppliers to establish a payment program for any customer who requested financial assistance during the COVID-19 pandemic (COVID-19 Payment Program) that would provide an option “for all customers to pay what they can, when they can, during this time of uncertainty.” Interim Decision, p. 2.

To ensure the effectiveness of the COVID-19 Payment Program, the Authority established specific requirements for the Public Service Utilities to communicate with customers about the COVID-19 Payment Program. Specifically, the Authority required Public Service Utilities to “[p]roactively and directly contact any residential, commercial, or industrial customer after the customer’s first missed payment with information regarding the COVID-19 Payment Program . . .” Id., p. 3.

Order No. 5 of the Interim Decision (Order No. 5) required the implementation of the COVID-19 Payment Program as described in the Interim Decision, inclusive of the requirement to “[p]roactively and directly contact” customers and provide payment program information.

On February 23, 2022, Avangrid, jointly with Eversource, filed Motion No. 72 in the COVID Docket seeking clarification on the requirement for the Companies to continue to offer the COVID-19 Payment Program in light of the expiration of the Governor’s authority

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<sup>1</sup> If the Authority has reason to believe that a violation has occurred for which a civil penalty is authorized by Conn. Gen. Stat. § 16-41(a), the Authority must notify the alleged violator and (1) identify the statute, regulation or order involved; (2) provide a short and plain statement of the alleged violation; (3) state the prescribed civil penalty for the violation; and (4) advise the alleged violator of the right to a hearing. Conn. Gen. Stat. § 16-41(c).

<sup>2</sup> “Public Service Utilities” refers to all electric, natural gas, and water public service companies that are regulated by the Authority pursuant to Title 16 of the General Statutes of Connecticut. Interim Decision, p. 2.

to issue emergency orders. COVID Docket, Motion No. 72, p. 2. The Authority clarified that the Companies were mandated to continue enrollment of residential and non-residential customers in the COVID-19 Payment Program through June 30, 2022. Motion No. 72 Supplemental Ruling, Apr. 22, 2022, p. 2.

In addition to the obligation under Order No. 5, electric distribution, gas, and water companies are prohibited from submitting any information about a residential customer's nonpayment to a credit rating agency, unless the customer's balance is more than 120 days outstanding. Conn. Gen. Stat § 16-262d(g). Furthermore, any company that "intends to submit to a credit rating agency information about a customer's nonpayment" must provide the customer with at least 30 days' notice by mail and include the following statement:

AS AUTHORIZED BY LAW, FOR RESIDENTIAL ACCOUNTS, WE  
SUPPLY PAYMENT INFORMATION TO CREDIT RATING AGENCIES. IF  
YOUR ACCOUNT IS MORE THAN ONE HUNDRED TWENTY DAYS  
DELINQUENT, THE DELINQUENCY REPORT COULD HARM YOUR  
CREDIT RATING.

Id.<sup>3</sup>

## II. STATEMENT OF VIOLATIONS CHARGED

### A. VIOLATION OF ORDER NO. 5 OF THE INTERIM DECISION

The Authority investigated the Companies' collection practices and has reason to believe the Companies violated Order No. 5 of the Interim Decision by failing to contact customers "directly and proactively" prior to filing wage garnishment applications. See Docket No. 22-03-16, [Petition of the Office of Consumer Counsel for an Investigation into the United Illuminating Company and Eversource Energy regarding Collections Practices during the COVID-19 Moratorium.](#)<sup>4</sup>

As part of its standard collection practice, Avangrid refers customers with outstanding balances who fail to make payments or to enroll in a payment arrangement to a legal collections firm. Response to Interrogatory CAE-02. If the customer does not make payments or enroll in a payment option, the collections firm files a lawsuit, which may result in a court ordered judgment against that customer. Id. If a customer fails to make payments in accordance with the ordered judgment, the collections firm can exercise its discretion and apply to the court to garnish the customer's wages. Response to Interrogatory CAE-15. The Companies did not suspend all collection activities as a result of the COVID-19 pandemic or the Interim Decision; instead, Avangrid instructed its legal collections firm to use a "softer approach". Response to Interrogatory CAE-08.

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<sup>3</sup> Public Act 18-116 increased the number of days an account must be delinquent before it may be referred to a credit reporting agency from 60 days to 120 days. The amendment became effective October 1, 2018.

<sup>4</sup> Cites to record evidence refer to the record in Docket No. 22-03-16.

Since the issuance of the Interim Decision and Order No. 5 on April 29, 2020, Avangrid's legal collections firm filed at least 204 applications for wage garnishments against customers. Response to Interrogatory OCC-14.<sup>5</sup> The Companies suspended the filing of any new lawsuits by the legal collections firm on March 19, 2020, but continued pursuing collection activities for those lawsuits pending before the pandemic, including applying for wage garnishments if a customer failed to comply with a judgment. Tr. 07/11/22, p. 30; Response to Interrogatory CAE-08.

Notably, Avangrid instructed its collections firm to provide COVID-19 Payment Program information to Avangrid customers, except to those with a judgment against them. Response to Interrogatories CAE-29 and OCC-26. The Companies admitted that "[w]ith one exception, the firm has not offered a Covid-19 payment arrangement to customers with a pre-Covid 19 judgment." Response to Interrogatory OCC-26. Because the Companies failed to "[p]roactively and directly contact" these customers and provide COVID-19 Payment Program information, each application for a wage garnishment since April 29, 2020, is a violation of Order No. 5.

### **B. VIOLATION OF CONN. GEN. STAT. § 16-262d(g)**

The Authority also has reason to believe the Companies violated Conn. Gen. Stat. § 16-262d(g) by referring inactive accounts to third-party collection agencies without providing adequate notice to residential customers that their information would be submitted to credit agencies.

Avangrid had knowledge that its third-party collection agencies refer customers to credit bureaus. Avangrid Response to Interrogatory CAE-12; Tr. 07/11/22, p. 85. Consequently, by referring inactive accounts to the collection agencies, Avangrid demonstrated its intent to submit customer information to credit bureaus and, therefore, was required to mail a notice to those customers that includes specific statutory language. See Conn. Gen. Stat. § 16-262d(g).

The Authority's investigation revealed that Avangrid failed to comply with Conn. Gen. Stat. § 16-262d(g). Avangrid's witness testified that the Companies do not have a procedure in place to proactively notify customers that third-party collection agencies could report their debt to credit bureaus; rather, Avangrid intends in the future to incorporate language into its final bill and reminder language. Tr. 07/11/22, pp. 85-86. Although Avangrid later took the position that it does notify customers, the revised final bill notice language used by UI, SCG, and CNG does not comply with the statute. Avangrid Revised Response to Interrogatory CAE-10, Attachment 4. Specifically, the

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<sup>5</sup> Attachment 1 is a list of court dockets where a Superior Court Form JD-CV-3 was filed from September 30, 2020 (when courts reopened) through March 4, 2022. The list includes two incomplete court docket numbers and one case where a Superior Court Form JD-CV-3 has been filed twice since May 28, 2020 (HHD-CV-20-6125831-S). Each of the 204 JD-CV-3 forms alleged missed payments from the named customer account; therefore, triggering the Authority's order that states each Public Service Utility must "[p]roactively and directly contact any residential, commercial, or industrial customer after the customer's first missed payment with information regarding the COVID-19 Payment Program . . ." Interim Decision, p. 2.

language refers to 60 days of delinquency instead of the 120 days required by Conn. Gen. Stat. § 16-262d(g).

The Authority has reason to believe that UI, CNG, and SCG violated Conn. Gen. Stat. § 16-262d(g) by failing to provide the required statutory notice to residential customers.

### **III. PRESCRIBED CIVIL PENALTIES**

Pursuant to Conn. Gen. Stat. § 16-41(a), the Authority may prescribe civil penalties of up to \$10,000 for each violation arising under Title 16. Each distinct violation of any such provision of this title, order or regulation shall be a separate offense and, in the case of a continued violation, each day thereof shall be deemed a separate offense. Conn. Gen. Stat. § 16-41.

The Authority has reason to believe that Avangrid violated Order No. 5 at least 204 times by submitting applications to garnish wages without proactively and directly informing the customers of the COVID-19 Payment Program.

Importantly, the Authority did not find credible the rationale provided by Avangrid for failing to offer the COVID-19 Payment Program to customers with existing judgments. Avangrid initially claimed that court requirements prohibited offering the payment plan to customers after a judgment was entered. Response to Interrogatory OCC-26. However, this explanation was not true. Tr. 07/27/22, pp. 47-48. Alternatively, Avangrid asserted that the COVID-19 Payment Program was less favorable or less affordable for customers than a court judgment. Tr. 07/11/22, p. 78. However, this argument was also not substantiated by the record. Tr. 07/27/22, p. 52.

Garnishing wages is one of the most severe forms of debt collection; therefore, violations of Authority orders that may have resulted in unwarranted or avoidable wage garnishments are particularly egregious and necessitate substantial sanctions.

Moreover, a previous Notice of Violation was issued against UI alleging violations of the Interim Decision and the Motion No. 16 Ruling in the COVID Docket. UI Notice of Violation and Assessment of Civil Penalty, Jan. 19, 2021. The violation involved UI's Customer Service Representatives providing inconsistent information to customers about the COVID-19 Payment Program, among other things. UI paid the assessed civil penalty, with the matters asserted being deemed admitted. Compliance, Feb. 9, 2021; see Conn. Gen. Stat. § 16-41(d). Thus, this is not Avangrid's first violation related to communicating COVID-19 Payment Program information to customers.

Consequently, due to the egregious nature of the violations, the Authority prescribes a civil penalty of \$10,000 per violation as follows:

<b>Company</b>	<b>Violations</b>	<b>Penalty</b>
UI	107	\$1,070,000
SCG	46	\$460,000
CNG	51	\$510,000
<b>Total</b>	<b>204</b>	<b>\$2,040,000</b>

A penalty of \$10,000 per violation is warranted because the violations stand in direct contradiction to the stated purpose of establishing the COVID-19 Payment Program, which is to provide a flexible payment option for customers in an effort to support them retaining access to vital utility services during the public emergency.

The Authority also has reason to believe that Avangrid violated Conn. Gen. Stat. § 16-262d(g) by referring inactive accounts to third-party collection agencies without providing appropriate notification that customer information would be submitted to credit agencies. Notably, Avangrid referred at least 48,833 inactive accounts to third-party collection agencies between April 29, 2020 and April 29, 2022. Avangrid Response to Interrogatory OCC-04. Each referral is a separate violation; therefore, the Authority prescribes a civil penalty of \$50 per violation as follows:

<b>Company</b>	<b>Violations</b>	<b>Penalty</b>
UI	25,393	\$1,269,650
SCG	11,232	\$561,600
CNG	12,208	\$610,400
<b>Total</b>	<b>48,833</b>	<b>\$2,441,650</b>

#### **IV. RIGHT TO A HEARING**

The Companies have the right to request a hearing by delivering to the Authority a written application for a hearing within 20 days from the date of receipt of this Notice. If a hearing is not requested, then this Notice shall, on the first day after the expiration of the 20-day period, become a final order of the Authority, and the matters asserted or charged in the Notice shall be deemed admitted.

#### **V. ORDERS**

The Authority orders as follows:

1. The total civil penalty of four million four hundred eighty-one thousand six hundred fifty dollars (\$4,481,650) shall be paid by the Companies based on the number of violations attributed to each Company. UI shall pay two million three hundred thousand dollars (\$2,300,000), SCG shall pay one million dollars (\$1,000,000), and CNG shall pay one million one hundred thousand dollars (\$1,100,000) to Operation

Fuel, Inc., to provide financial assistance to customers experiencing difficulties. Such payment shall be made via electronic transfer no later than 20 days from the date of receipt of this Notice and when the Company arranges such payment it shall directly inform Operation Fuel of the pending transfer by emailing the Director of Finance, Andrea Taylor, at [finance@operationfuel.org](mailto:finance@operationfuel.org), and the Director of Policy and Public Affairs, Gannon Long, at [gannon@operationfuel.org](mailto:gannon@operationfuel.org), indicating the docket number in the subject line. UI shall pay the remaining thirty nine thousand six hundred and fifty dollars (\$39,650), SGC shall pay the remaining twenty one thousand six hundred dollars (\$21,600), and CNG shall pay the remaining twenty thousand four hundred dollars (\$20,400) by certified check, company check, bank check or money order, payable to the order of "Treasurer, State of Connecticut", or by wire transfer. If the Company makes payment by check it shall agree to pay any fees associated if the check does not clear and an interest fee of 1% per annum until the civil penalty is paid in full. If the Company intends to make payment by wire transfer, the Company should contact PURA for instructions. This civil penalty shall be transferred or delivered to the Public Utilities Regulatory Authority, Ten Franklin Square, New Britain, CT 06051 no later than 20 days from the date of receipt of this Notice. The payment shall be identified as "22-03-16RE01 NOV Compliance". Documentation of both payments shall be contemporaneously submitted as a compliance filing in this proceeding. The entire penalty, including any portion paid to Operation Fuel, is assessed as a result of a violation of law and not for purposes of remediation or restitution. Therefore, the entire penalty amount is nondeductible for tax purposes.

2. If the Companies recover any or all of the civil penalty prescribed from another source (e.g., a contractor or an insurance company), the recovered money must be returned to gas ratepayers through the Purchased Gas Adjustment clause and to electric ratepayers through the Systems Benefits Charge. The Company shall file documentation with the Authority, no later than 20 days from the date of receipt of this Notice, showing the amount of money recovered, or if no money will be recovered, a statement to that fact. If the Company has not come to final resolution on this issue at the time of its compliance filing, the Company shall continue to file updates with the Authority every 30 days until it is fully compliant with this order.

By order of the  
PUBLIC UTILITIES REGULATORY AUTHORITY



Marissa P. Gillett  
Chairman