What Georgia Can Do to Improve Energy Affordability

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Utility costs are soaring. In Georgia and across the country families are watching their home energy bills climb, with some households experiencing unaffordable spikes in their costs. Middle-class families are experiencing utility affordability problems now, joining those who have struggled with high utility costs for decades. Nationally, more than a quarter of households face challenges in paying energy bills or keeping their homes heated or cooled, including 50% of households with less than $20,000 in annual income. Georgia ranks in the top 10 of most expensive states for summer cooling, with summer utility bills averaging $225, the sixth highest in the country. Moreover, Black households disproportionately bear the burden of unaffordable utility bills in Georgia. Extreme weather, especially the increasing frequency, duration, and intensity of extreme heat waves, will continue to worsen this unaffordability crisis.

As the crisis deepens, so does public discontent. Public anger over utility rate hikes—Georgia Power raised residential rates 6 times between 2022 and 2024—and rising energy bills have impacted political races in Georgia, contributing to some incumbent utility regulators being voted out of office.

Georgia policymakers should act now to make home energy more affordable by adopting bill affordability programs for low-income households, reducing disconnections and aggressive collection practices, eliminating junk fees, using state funds to boost access to the federal Low Income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP), and supporting energy efficiency programs that do not worsen household debt burdens.

Policymakers also must consider significant utility commission and regulatory reforms: increase public participation in utility commission proceedings, appoint a state ratepayer advocate, scrutinize private equity acquisitions of utility companies, limit expenses utilities can collect in rate cases, keep utility profits within reasonable levels, advance renewable energy on a large scale, and protect Georgians from harm amid an explosion of data center proposals.

Adopt programs to immediately help Georgians afford their utility bills

Georgia policymakers must act now to ensure that residents, particularly low-income families, can afford their utility bills and stay connected to vital energy service. This can be accomplished through a mix of safeguards:

Create robust low-income affordability programs

Affordability programs include discount rates, Percentage of Income Payment Programs (PIPPs), and arrearage management programs for struggling families, older adults, and others with financial hardships. These programs help households to keep up with utility bill payments and avoid the hazards of utility disconnections. Georgia can take the lead from Virginia, which adopted affordability programs with legislation in 2020.

Reduce disconnections and aggressive debt collections

In 2024, Georgia Power disconnected 187,000 customers, averaging 15,583 per month, making it among the top ten large investor-owned utilities nationwide for disconnections. Several municipal utilities in Georgia ranked among the top ten in the country for disconnections, with the City of Camilla reporting 77 disconnections per 100 customers in its service territory; more specifically, the City of Camilla serves 2,481 customers, and reported 1,921 disconnections in 2024 alone.

Disconnecting a household's utility service poses significant harms to health and can be life-threatening. But loss of utility service is not the only threat that families face when they are unable to pay utility bills. Utilities that contract with debt collectors also may file lawsuits, seek liens on homes, or sell a customer's debts to debt buyers. These debt collection practices can impact housing stability and lead to worsening poverty, cutting back on basic necessities, and harm to physical and mental health. Disconnection of utility service, debt collection lawsuits, and liens on family homes are punitive and hurt low-income families the most. Georgia policymakers can support consumer protection measures, such as limiting or prohibiting these collection practices, and pausing utility disconnections during emergencies to help older adults, people with medical conditions, and people experiencing heatwaves or other extreme weather events stay connected to utility service when it is most needed.

Eliminate utility junk fees

Late payment fees, utility security deposits, reconnection fees, and other punitive or excessive fees disproportionately harm low-income consumers and act as a tax for being poor. Security deposits can pose a barrier to getting utilities connected to a home in the first place. Policymakers can protect Georgia families by eliminating late fees and other burdensome junk fees, or capping them at no more than the utility company's costs for disconnection and reconnection.

Use state funds to boost access to the Low Income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP)

Federal energy assistance and energy efficiency dollars will go further to keep bills affordable when states add additional funding to these important programs. Since there are already programs and delivery networks in place, supplementing these chronically underfunded programs in Georgia is an efficient way to help even more families.

Support energy efficiency programs

Energy efficiency measures lower utility costs for households by reducing unnecessary energy usage. Energy efficiency is one of the most cost-effective ways to meet household energy needs. Despite this, Georgia currently does not offer any state-funded consumer incentives for energy efficiency.

Energy efficiency programs, whether funded by state budgets, cap and trade revenues, or ratepayer funds, ultimately help save energy and lower utility costs. The housing that needs energy efficiency improvements the most is also the housing where low-income and moderate-income consumers are most likely to live. Energy efficiency programs are most effective when they include help to address housing conditions that need to be fixed before efficiency measures can be installed. No-cost energy efficiency programs for low-income consumers have been successful in addressing the needs of disadvantaged consumers and communities.

To best protect customers in Georgia, policymakers should:

- **Support energy efficiency programs that do not worsen household debt burdens.** Low-income families often struggle with a larger household debt burden, and utilities are just one part of the picture along with medical debt, used car loans, student loan debt, and other debts. Financing programs (sometimes referred to as on-bill financing or inclusive utility investment) are not a realistic solution for low-income consumers, since these programs risk adding further household debt for families with existing debt burdens. In addition, these financing programs, which are repaid through the utility bill, appear to be lending products that are subject to state and federal lending laws. For states like Georgia with small, severely underfunded zero- or low-cost whole-home weatherization and energy efficiency programs, *on-bill financing should be treated as a last resort and temporary bridge to increasing funding for and participation in aforementioned zero- or low-cost affordability programs, and then only if the consumer protections detailed in this brief are put in place*.

- **Follow best practices for energy efficiency programs.** Support energy audits and housing repairs that are needed prior to installing energy efficiency upgrades. Adopt strong energy efficiency building codes and standards for rental housing, new construction and renovations. Adopt residential demand response programs only with opt-in and hold-harmless financial provisions for low-income consumers to avoid worsening energy insecurity.

Implement significant reforms to increase utility commission and regulatory accountability

Utility commissions regulate the activities of utility companies and decide how much they can charge for electric or gas service. The Georgia Public Service Commission's decisions affect household utility bills, disconnection rules, customer service, storm recovery, and more. Public participation in utility commission proceedings, and guardrails on utility commission decisionmaking, can ultimately protect families and keep bills more affordable. Georgia policymakers should consider the following measures:

Increase public participation in utility commission proceedings

Unfortunately, most people know little about their state public utility commissioners, despite the vital role these officials play in our lives. Utility commissions are government agencies, and their meetings and hearings are open to the public. These commissions can make sure that community voices are heard by improving outreach and education, providing more opportunities for input, and making utility commission proceedings accessible.

Utility rates are set in periodic rate cases before the utility commission. Public participation in these cases is allowed, but most community organizations would need support to participate in a meaningful way. When states provide intervenor compensation in utility commission proceedings, this support encourages a wider range of perspectives and experiences into rate case proceedings, and helps hold utility companies accountable to the communities they serve.

Appoint a state ratepayer advocate

In addition to non-profit energy and consumer advocacy organizations, most states have an official state ratepayer or consumer utility advocate. Ratepayer or consumer utility advocates challenge utility company demands for higher rates, and have succeeded in saving millions of dollars for ratepayers. Georgia has not had a state-appointed ratepayer advocate for 18 years, not since the legislature defunded the Georgia Consumer Utilities Counsel in 2008 and officially repealed it two years later. A bill to restore the Counsel, originally created in the 1970s, recently failed in the state legislature. **Georgia remains one of only a handful of states without a statutorily-mandated state ratepayer advocate.**

In states that do not have appointed advocates, attorney generals' offices can still intervene to help advocate for consumers, as the attorney general of Arizona did recently.

Scrutinize private equity acquisitions of utility companies

Private equity acquisitions of utility companies could further drive up utility costs for families. Utility companies are required to operate in the public interest, while private equity companies maximize returns for their investors. This strategy to reap profits for investors could further compromise affordable utility service, and private equity investments in data centers further complicate the picture. Utility commissions can carefully scrutinize these potential acquisitions of utility companies and reject these deals unless permanent and enforceable consumer protections and affordability guarantees are part of the agreement.

Limit expenses that can be collected by utility companies in rate cases

Several states have already limited the expenses that utility companies can charge to ratepayers. For example, the Maryland legislature recently passed a law limiting the amount of utility CEO pay that can be charged to ratepayers. It is unreasonable, for instance, that Georgia families experienced six rate hikes between 2022 and 2024, while the president of Georgia Power received a total compensation of nearly $6.2 million in 2024, and the CEO of Southern Company (which owns Georgia Power) received a total compensation of more than $23.8 million. States should require utilities to pay their own costs when they ask the state's public utility commission to increase rates, instead of passing those legal fees along to customers.

While savings from these changes alone are not enough to make utility bills more affordable, the savings can add up and these laws also send a powerful message about holding utility companies accountable.

Keep utility profits within reasonable levels

Utility companies earn a profit, called the rate of return or return on equity (ROE), when they recover their capital expenses in rate cases. Utility ROE awards have gradually crept higher in recent years, often exceeding 10%. This adds up to hundreds of millions of dollars for utility companies and their shareholders. Georgia Power has the 6th-highest profit margin of over 100 investor-owned utilities in the country, and the company keeps an ever increasing amount of residential utility bills as profit. Many analysts and policymakers have argued that the level of ROE has become too high, and should be limited to a fair amount that does not excessively reward utility companies. State utility commissions are taking notice, and in some states are beginning to reverse the trend.

Advance renewable energy on a large scale

Solar energy is one of the least expensive energy resources and among the quickest to deploy. Of the different types of solar installations, utility scale solar is the most cost-effective way to add more electricity generation. Utility scale solar costs ratepayers less money than rooftop solar or community solar, without the predatory practices which have arisen in the rooftop solar market.

Protect families and communities from harm from data centers

States are scrambling to protect consumers and the energy system from harm as data centers line up to be connected to the electrical grid. The large electrical loads used by data centers can drive up costs for other customers by dramatically increasing the demand for electric supply and straining an aging electrical grid.

Concerned about electricity usage, water usage, nuisance issues, and a lack of permanent jobs, many communities have determined that data center development would be harmful. Many potential data center sites or existing data centers are located in Black and Brown communities as well as vulnerable rural communities, areas already overburdened with pollution or facing other environmental justice concerns. Leaders in many of these communities oppose data center development that would further harm their neighbors.

Where data centers already exist, or where communities have chosen to allow development to go forward, the data centers and other large users of electricity need to reach agreements with communities that will place the costs of data center development and operation squarely on the data centers and tech companies, and further should include transparency and community benefits. Models and best practices are emerging across the country, including:

- Community participation and decision-making, particularly for siting decisions;
- Bonds and fees to cover expenses if the large load customer leaves the market prematurely or never opens the data center;
- Bonds and fees to cover unexpected costs;
- Monitoring and accountability for increased consumer costs;
- Community benefits agreements; and
- No non-disclosure agreements (NDAs) allowed for the data center broker, data center operator and other entities.

A separate utility rate class for data centers and other large load customers, or a large load tariff, is another measure to help ensure that the data center pays for its costs of operation and that residential utility customers are shielded from paying any costs associated with the data center's interconnection to the grid or ongoing operation.

What NOT to do to bring down utility costs

- Do not eliminate or shrink energy efficiency programs that are funded by ratepayers. Any short term savings will be significantly outweighed by the savings that will be lost by eliminating or weakening these programs.
- Do not replace energy efficiency programs with more debt. Consumers should benefit from energy efficiency programs that help provide savings for all, and these programs should not be replaced with debt and financing products which shift the financial burden and risk to the individual residential customer. Financing of energy products could increase some customers' utility bills and lead to additional utility debt and disconnections, further exacerbating affordability challenges and creating additional administrative burdens and expense.
- Do not impose "prepaid" electric service, these systems lead to additional costs for many customers, especially low-income customers, and can lead to cutting back on electricity use so much that the health and safety of the household is at risk.
- Do not make it harder for low-income families to pay their bills. Customers who fall behind on utility bills may end up with bills in collection, which could lead to debt collection lawsuits or liens filed on family homes. Regulators should require fair and standardized utility debt collection practices that apply to all utility customers in the state, not a patchwork of different rules which change based on the location and income level of the customer.

Conclusion

Utility costs continue to rise, putting a tighter squeeze on families' budgets and directly influencing political races. Georgia has its own unique utility regulatory landscape, and specific legislative and regulatory tools that can be used to promote utility affordability. While there is no magic bullet to bring down utility costs, policymakers should explore the aforementioned range of strategies and common-sense measures to help make utility bills more affordable for Georgia households.

Learn more about how to improve energy security: National Consumer Law Center's Energy and Utilities webpage, including our *What States Can Do to Help Consumers: Energy Insecurity* factsheet.

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