STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Case 14-M-0565 - Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers

STAFF REPORT

Dated: June 1, 2015

State of New York
Department of Public Service
Three Empire State Plaza

STAFF REPORT

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14-M-0565 STAFF REPORT

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INTRODUCTION

The Commission commenced this proceeding to examine programs for addressing energy affordability for low income utility customers, to ensure that these programs continue to be consistent with the Commission's statutory and policy objectives, and to streamline the regulatory process to conserve administrative resources.[1]

The low income programs offered by utilities today do not conform to a consistent set of goals or objectives; and as a result, they vary in scope, eligibility, and amount of benefits. The Commission directed Staff, in consultation with interested parties, to conduct an investigation of utility low income programs, identify best practices, and develop a set of recommendations for how to optimize the implementation of utility low income programs, to be issued for party comment. Staff, under the direction of the Commission's Consumer Advocate, submits this report in compliance with the Commission's directive.

The Commission's directive was specific to examining the State's approach to ensuring low income customers are not overly burdened with their energy bills. It has been said that perhaps the very best low income program would be one that kept the cost of energy relatively low for everyone.[2] Through a variety of proceedings, including the Governor's Reforming the Energy Vision (REV) initiative,[3] Clean Energy Fund,[4] and Retail

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[1] Case 14-M-0565, Utility Low Income Programs, Order Instituting Proceeding (issued January 9, 2015) (Instituting Order).

[2] Case 00-M-0504, Competitive Opportunities, Recommended Decision (issued July 13, 2001).

[3] Case 14-M-0101, Reforming the Energy Vision.

Energy Markets,[5] the Commission is addressing a wide range of initiatives to achieve lower energy bills for all customers, including low and moderate income (LMI) customers.[6] The success of these initiatives can help narrow the affordability gap that needs to be filled with direct financial assistance for customers with low incomes.

Low income programs must allocate a finite amount of dollars for assistance, and no amount of available funding is likely to meet the total needs of all eligible households; however, a stronger and more comprehensive approach to the design and delivery of these programs can be taken. Such an approach is warranted in light of pending industry changes, and in order to ensure that these programs address the most vulnerable customers, the most important program objectives, and the most pressing policy goals.

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[4] Case 14-M-0094, Clean Energy Fund.

[5] Case 12-M-0476, Residential and Small Non-residential Retail Energy Markets.

[6] These actions complement activities by the New York State Energy Research and Development Authority (NYSERDA) and the New York Power Authority (NYPA) to address energy affordability for LMI customers.

BACKGROUND

Procedural History

The Instituting Order directed Staff to examine programs for addressing energy affordability for low income utility customers, to evaluate the effectiveness of current low income program designs, and to identify any improvements that are warranted.[7]

On January 16, 2015, a Notice was issued seeking comments on a series of questions regarding several low income affordability topics, including: overall policy; general program design issues; different types of programs; eligibility and enrollment criteria; recommendations for program evaluation; and, other matters which should be considered. The Alliance for a Green Economy, Association for Energy Affordability, Citizens Environmental Coalition and The Center for Working Families, on their own behalf and on behalf of other interested organizations, requested an extension of 30 days from the February 17, 2015 deadline to file comments.

To discuss the questions listed in the Notice and assist the parties in preparing comments, Staff held three collaborative meetings with parties on January 22, January 29, and February 9, 2015, at the New York State Department of Public Service's Albany Offices. A fourth meeting was held on March 24 to discuss the filed comments.

Comments were submitted by the following parties: American Association for Retired Persons/Public Utility Law Project (AARP/PULP); Association for Energy Affordability (AEA); Central Hudson Gas & Electric Corp. (Central Hudson); Binghamton Regional Sustainability Coalition and Citizens' Environmental Coalition (CEC); City of New York, Office of Sustainability (NYC); Consolidated Edison Company of New York, Inc./Orange &

[7] Case 14-M-0565, Instituting Order, <u>supra</u>.

Rockland Utilities, Inc. (Con Edison/O&R); Multiple Intervenors (MI); National Fuel Distribution Corp. (NFG); National Grid, consisting of The Brooklyn Union Gas Co. d/b/a National Grid NY (KEDNY), KeySpan Gas East Corp. d/b/a National Grid (KEDLI) and Niagara Mohawk Power Corp. d/b/a National Grid; New York State Department of State, Division of Consumer Protection, Utility Intervention Unit (UIU); New York State Electric & Gas Corp./Rochester Gas and Electric Corp. (NYSEG/RG&E); and, New York State Office of Temporary and Disability Assistance (OTDA).[8]

Within 90 days of the order, Staff was to file a report with the Secretary with recommendations concerning the design and implementation of utility low income programs for further party comment and Commission consideration. The Secretary granted extensions of the original April 9, 2015, deadline to June 1, 2015, in order to enable Staff to thoroughly consider input from stakeholders and prepare a report in compliance with the Commission's directive.

Overview of Energy Affordability in New York

As of April 30, 2015, there were 1,037,651 residential customers who were more than 60 days in arrears, carrying nearly $799 million owed to utilities; and 295,797 residential customers statewide had utility service disconnected for non-payment during the preceding 12 months. Low income customers experience a disproportionately high amount of these arrears and service terminations for non-payment. As stated in the Order initiating this proceeding, "Approximately 12% of utility customers participate in utility low income assistance programs, but they account for approximately 31% of the dollar value of residential arrearages, 22% of residential customers in arrears, and 21% of residential service terminations. This indicates

[8] AGREE, AEA, CEC and The Center for Working Families also submitted unsolicited reply comments.

that these customers are having difficulty paying their energy bill and continuing to obtain utility service."

A widely used measure of the impact of energy rates on consumers is the "energy burden" borne by the customer. Energy burden is the percentage of a customer's income that is spent on energy. Information from a variety of sources, including the Residential Energy Consumption Survey conducted quadrennially by the Federal Energy Information Administration, indicates that while middle and higher income customers experience energy costs in the general area of one to five percent of income, lower income customers experience energy costs in the general area of 10 to 20 percent of income.

Information on the energy burden in New York and other states has been compiled by the consulting firm of Fisher, Sheehan & Colton.[9] Based on 2013 data, households below 200% of federal poverty level (FPL) face high energy burdens. The energy burdens calculated for households at different income levels are shown in the following table:

New York Low Income Household Energy Burdens

Percent of FPL	Households	Energy Burden
0% - 50%	489,000	41%
50% - 100%	600,000	22%
100% - 125%	311,000	15%
125% - 150%	314,000	12%
150% - 185%	422,000	10%
185% - 200%	170,000	9%

Summary of Existing Low Income Programs in New York

[9] See http://www.homeenergyaffordabilitygap.com/index.html.

There are two general forms of utility low income affordability programs in place at the New York utilities: broad-based and targeted. Broad-based initiatives provide the same discounts to all utility customers that have been identified as low income. Broad-based programs are relatively easy to administer and therefore can be implemented with low administrative costs.

Broad-based programs generally do not attempt to adjust benefit levels to reflect the needs of individual participants. For example, fixed discounts are less likely to meaningfully reduce the energy burden for customers in the most severe poverty, and the level of assistance provided consequently may not be sufficient to maintain energy service.

Targeted programs provide a higher level of benefit to a subset of low income customers that have greater need. Need assessment and targeting may be based on level of usage, level of income, the degree to which the household is in arrears or at risk for termination, or a combination of these factors. Targeted programs can more efficiently allocate assistance dollars; however, because some assessment of the participant's needs may be required, targeted programs can be more administratively complex.

The vast majority of the annual funding for New York's low income affordability programs is provided for broad-based programs benefiting all identified low income customers. Only about one-sixth of the funding in New York is currently allocated to targeted assistance programs.

Rate Discounts

The main programs in New York intended to enhance rate affordability are broad-based discounts. All major electric utilities in the State provide discounts for customers that have been identified as low income. Some gas utilities also offer a fixed discount; however, to focus assistance on customers who heat with gas, certain discounts for gas customers have been implemented over the last several years on a volumetric basis, rather than as a fixed dollar discount.

The most common discount program types, and their key characteristics, are:

Fixed discounts -- Most utilities in New York offer a discount or credit each month to eligible low income customers. The amount of the discount is generally established in individual rate cases and can be designed to waive the residential customer charge, or to offset all or a portion of a rate increase. The intent of this type of program is to provide a fixed level of payment assistance to all customers who have been identified to the utility as meeting low income criteria. As implemented in New York and many other states, fixed monthly discounts have very low administrative costs, since the benefit is relatively easy to administer: income verification is performed by a governmental agency -- e.g., in New York, low income eligibility is most commonly determined by the utility's receipt of a Home Energy Assistance Program(HEAP) payment on the customer's behalf from OTDA, and enrollment is usually automatic, at little cost to the utility. Fixed discounts provide a relatively smaller proportionate benefit to customers using relatively large volumes of energy. Central Hudson, Con Edison Electric, National Fuel, National Grid Upstate, NYSEG, O&R, RG&E, Corning Gas and St. Lawrence Gas all have certain fixed monthly discounts for low income customers.

Percentage/volumetric discounts -- Con Edison Gas and KeySpan offer volumetric discounts on consumption up to a specified level. In order to preserve price signals to conserve, usage above the specified amount is priced at the full rate. Percentage or volumetric discounts are also relatively easy to administer; however, in comparison with fixed discounts, they direct relatively larger benefits to households with higher energy consumption. For utilities with tariffs that do not have a separate rate for usage beyond a certain level, capping the discount may be problematic. This makes program costs less predictable and reduces the price signal to conserve on marginal usage.

Income-based discounts -- Central Hudson and National Fuel Gas offer discounts to low income customers that are tiered according to income level and household size. This type of program is intended to provide a higher level of assistance to customers in more severe poverty, to assist them in maintaining energy service. These programs have higher administrative costs, as the utility or a contractor must develop and implement enrollment and participation criteria. In addition, since bills are essentially capped, there is no price signal to conserve on marginal usage.

Arrearage Forgiveness

Arrearage forgiveness is a situation in which a utility relieves a customer from his/her obligation to pay a prior debt. Arrearage forgiveness programs are targeted to customers who are payment-troubled, and are intended to maintain service and/or re-establish appropriate payment practices by rewarding full and timely bill payment; consequently, such programs are often provided along with energy use or household budget counseling. Under these programs, income-eligible customers generally repay outstanding arrears through a deferred payment agreement (DPA) and are provided credits (often with each timely payment) to offset arrearages. Participants are generally identified by the utility and limited to a small portion of low income customers as permitted by program funding. These programs are costly to administer and require careful oversight. All of the major utilities have arrearage forgiveness programs except Con Edison and Orange and Rockland.

Reconnection Fee Waivers

Utilities generally charge a reconnection fee when service is reconnected after a termination for nonpayment. Reconnection fee waiver programs, such as those offered by Con Edison, NYSEG, Orange and Rockland and RG&E, waive such fees for qualified low income program participants, usually with a limit of one such waiver per household. These programs help avoid the diversion of scarce low income household resources from payment of arrears to payment of reconnection fees; however, they may provide perverse incentives to utilities, if they are more inclined to terminate low income households to compel payment.

Summary of Low Income Programs in Other States

The following provides a summary of key low income programs in other states. States with targeted programs include: Illinois, New Hampshire, New Jersey, Ohio and Pennsylvania. States with broad-based low income rate assistance programs include: California, Massachusetts, Michigan, Texas, and Wisconsin. Like New York, many of these states offer a mix of program designs, such as fixed discounts and arrears forgiveness.

California

The California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs provide assistance to low income households in paying their utility bills and are funded through utility surcharges. CARE provides a discount of 30-35% off gas and electric utility bills for households with incomes up to 200% of FPL who are served by investor owned utilities (IOUs). While all California IOUs provide CARE, only the state’s three largest electric IOUs offer FERA which is an additional electric rate discount for households with incomes up to 250% FPL. Other assistance programs provided in California include the Sacramento Municipal Utility District EAPR (Energy Assistance Program Rate), which provides a discount of 30% on monthly bills for households with incomes up to 200% FPL; and the Los Angeles Department of Water and Power Low Income Discount (LIDR) Program which provides a discount of 15-20% on water and electric bills for households with incomes up to 200% FPL.

As with CARE, the Energy Savings Assistance Program (ESAP) has been in place for nearly two decades, and provides energy-efficiency measures for low income households. In a 2007 decision, the California Public Utilities Commission set forth a long-term vision for ESAP, which mandated that all eligible ESAP customers be provided the opportunity to participate and receive cost-effective energy efficiency measures in their residences by 2020. The four largest utilities ESAP expenditures were about $285.7 million during 2013, compared to $56 million in 1996. More than 299,300 households received ESAP services during 2013.

Massachusetts

Electric and natural gas IOUs in Massachusetts provide low income utility rate discounts, totaling approximately $103.6 million, to over 406,000 households in 2012. The amount of the electric and gas discounts varies by utility, but ranges from 10 to 35 percent of the bill. Utility customers with a household income at or below 60 percent of state median income (SMI) are eligible for the discount. Customers that receive one of a dozen means-tested programs such as Low Income Home Energy Assistance Program (LIHEAP), Supplemental Nutrition Assistance Program (SNAP), public housing, Supplemental Security Income, Head Start, and Mass Health/Medicaid are automatically enrolled into the discount programs.

Since 2007, all IOUs in Massachusetts have been required to offer arrears management programs (AMPs) to low income customers with overdue utility bill balances. At the end of 2012, 12,632 electric customers participated in their utility's AMP, along with 4,692 gas customers. Electric utilities collected just over $14 million in payments from participants and forgave nearly $11.7 million in arrearages, while gas companies collected about $3.8 million and forgave $4.2 million.

Texas

Low income electric customers in areas of Texas where there is retail competition are eligible for LITE-UP Texas, a discount on electric bills from May through August. The summer discount has been funded through a system benefit charge (SBC) - a nonbypassable fee of up to 65 cents per megawatt hour on electric bills. Eligible households must be at or below 125 percent of FPL or receive certain means-tested benefits. The program provided eligible households with an electric bill discount that ranged from 10 to 17 percent from 2002 to 2010, and was reduced in subsequent years. The LITE-UP program will end after August 2016. In 2013, 877,277 households received $74 million in discounts. As of the end of July 2014, $393 million provided discounts to 735,865 households.

Wisconsin

In 1999, the Wisconsin legislature passed the "Reliability 2000" law. It addressed long-term energy reliability issues and created public benefits funding for energy efficiency, low income energy programs, and renewables. A state low income assistance fee is collected from IOU customers and adjusted annually. The law requires that 70% of the fee come from residential customers and 30% from nonresidential customers. Any individual charge may not exceed the lesser of 3% of the total monthly bill or $3.15 per month for residential customers and $750 per month for industrial/commercial customers. These collections have grown to approximately $81.8 million in 2013. During 2013, about $39.6 million in public benefit funds were spent on energy assistance, helping 213,161 households through an electric benefit averaging $186.

Illinois

Illinois has both a state low income assistance fund and a Percentage of Income Payment Plan (PIPP). Effective in 1998, the Supplemental Low Income Energy Assistance Fund (SLEAF) was authorized through electric utility restructuring legislation. The law directed gas and electric utilities to assess a monthly surcharge from customers and deposit it into a state fund. Annually, about 80 percent of the fund, $65 million, provides for low income bill payment assistance. The current surcharge is $0.48 per month per residential electric and gas account and from $4.80 to $360 per month for non-residential/commercial-industrial accounts.

Illinois also uses ratepayer funds for a statewide PIPP. Under the PIPP, income-eligible participants (households with incomes up to 150 percent of FPL) pay no more than six percent of their income for gas and electric service. The maximum PIPP benefit is $1,800 per year, with a maximum of $100 per month for the participant’s natural gas bill and $50 for the electric bill. In 2012, 37,000 households were enrolled in the program and benefits were approximately $59 million. The PIPP also has an arrearage reduction component, whereby participants who make their monthly PIPP payments on time receive a monthly credit amounting to 1/12th of their past-due bills, up to $1,000 per year for both gas and electric bills.

The Residential Special Hardship (RSH) program provides grants of up to $500 every two years for Commonwealth Edison customers with incomes at or below 250% FPL, and who are experiencing hardship such as job loss or illness; PIPP customers are ineligible for RSH.

New Hampshire

New Hampshire's statewide Electric Assistance Program (EAP) provides discounts on monthly electric bills of qualifying customers. Electric restructuring legislation passed in 1996 authorizes funding EAP through a SBC. The SBC is a variable charge based on the consumer's monthly usage that is applied to all electric utility ratepayers. The current SBC, 3.3 mills per kilowatt-hour (kWh), supports energy efficiency and low income bill payment assistance. During 2013, $11.8 million provided an average benefit of $320 per household. As of August 31, 2013, 31,935 households were enrolled in the program.

Tied to a percentage of the FPL, the discounts are designed so that the portion of the bill for which the customer is responsible is between 4 and 5 percent of their income. Participating utilities work with six community action agencies located throughout the state to identify and enroll eligible customers for the statewide EAP. These agencies are also the local administrators of LIHEAP. Customers are certified as eligible to receive EAP benefits for 12 months or 24 months for participants 65 years of age or older.

Low income natural gas customers have also received bill payment assistance since 2006. Income-eligible heating customers of Liberty Utilities and Unitil-Northern receive a 60 percent discount on the delivery portion of their bill. Customers must qualify for one of 13 means-tested programs, including LIHEAP and EAP. The Low Income Gas Assistance Program serves about 5,500 households with an estimated annual budget of $1.5 million.

New Jersey

Funded from the New Jersey general fund, the Lifeline Assistance Program (Lifeline) provides an annual $225 credit on electric or natural gas bills to disabled and senior citizen customers who are income eligible. Supplemental Security Income recipients receive Lifeline automatically; beneficiaries of Medical Assistance to the Aged, Medical Assistance Only, or New Jersey Care, are sent Lifeline applications automatically every August.

The Universal Service Fund (USF) is a program created by the State of New Jersey to help make natural gas and electric bills more affordable for low income households. It is funded through a SBC paid by all regulated electric and gas utility customers. The USF will fund a percentage of income payment plan under which participants will be required to pay no more than six percent of their annual income toward electric and gas bills – three percent for electric and three percent for gas, or six percent for all-electric heat customers. New Jersey electric and gas customers whose household income is equal to or less than 175 percent of the FPL are eligible for the program. The maximum total annual USF benefit for any household is $1,800. In 2013, the USF budget was over $186 million and served almost 213,000 households. First-year USF participants are also eligible for arrearage forgiveness under a program component called Fresh Start, which forgives a customer's pre-program arrears if participants pay their monthly bills in full and on time for an entire year. In 2013, the program enrolled over 14,500 households and forgave arrearages totaling $8.3 million.

The Temporary Relief for Utility Expenses (TRUE) program, administered by the Affordable Housing Alliance (AHA), is intended for low-to-middle income New Jersey residents who are struggling to pay their electric and natural gas bills. TRUE provides one-time assistance payments of up to $1,500 per household directly to utility companies on behalf of customers. Similar to TRUE, the Payment Assistance for Gas and Electric (PAGE) program, administered by the AHA on behalf of the New Jersey Board of Public Utilities, is an annual assistance program designed to help low and moderate-income households that experience an economic hardship.

Ohio

Ohio's regulated gas and electric utilities are mandated to participate in the statewide PIPP Plus. Low income customers who heat with natural gas pay six percent of their monthly income or $10 (whichever is greater) to their gas or electric company. Customers with all-electric homes pay $10 or ten percent of their gross monthly household income each month, whichever is greater. Zero-income customers are required to pay a $10 minimum monthly payment for both natural gas and electric. When PIPP Plus payments are made on time and in full, customers earn an incentive credit and an arrearage credit. If they make full, on-time payments for a consecutive 24 month period, all of the arrearages are eliminated. Customers must have a household income at or below 150% FPL to be eligible. At the end of 2012, electric PIPP enrollment stood at about 352,000 households with PIPP payments totaling about $317 million. Gas PIPP payments totaled about $160 million with enrollment at about 216,000 households.

Customers who become income ineligible for PIPP Plus, but are current on their PIPP Plus payment, are placed on "Graduate PIPP Plus." The "graduate" programs are designed to provide customers with a 12-month transition from PIPP Plus to full payments. Customers generally pay an average of their most recent PIPP Plus amount and a budget-bill amount calculated by their utility. Customers who make payments on time and in full will continue to receive credits toward their monthly bill balance and a 1/12 credit to their old debt.

The Winter Reconnect Program allows residential customers of regulated utilities that have been disconnected or are threatened with disconnection due to non-payment of a utility bill to have service restored by paying either the total amount they owe or $175, whichever is less, plus a reconnection fee of no more than $36. Winter Reconnect may be used once during each heating season, which runs from mid-October through mid-April. There is no income-eligibility requirement for the Winter Reconnect Program.

Pennsylvania

Pennsylvania’s electric and gas utilities are required to provide Customer Assistance Programs (CAPs), which generally provide a percentage of bill plan or a percentage of income payment plan, wherein low income customers’ utility payments are based upon their incomes and/or utility bills. Some programs include utility arrears forgiveness; others provide flat rate discounts or bill credits. Under electric and gas restructuring legislation all electric and gas utilities are required to offer universal service programs, to include CAPs, and to continue pre-restructuring low income programs. CAP customers must meet income limits, generally at or below 150% of FPL and be “payment-troubled,” meaning they have made a payment agreement with their utility. CAP programs may include different customer payment options based on the type of heating, changes in rates, and distribution of income levels among program participants.

Low income energy efficiency funding is provided through the Low income Usage Reduction Program (LIURP), which was mandated by a 1987 PUC order, renewed in 1992 through 1996, and continued under the universal service provisions of restructuring legislation. The state's 15 major gas and electric utilities participate in LIURP with a pre-restructuring funding level of about 2/10 of one percent of each utility's total revenues. For electric utilities, total spending has more than doubled from $10.2 million in 1996 to $27.1 million in 2013. LIURP is targeted to customers with incomes at or below 150% of FPL. The program prioritizes the highest energy users that offer the greatest opportunities for bill reductions.

COMMENTS OF THE PARTIES

A comprehensive summary of the comments of the parties appears in Appendix A of this report. The following provides a brief summary of the parties' comments.

The parties agree that an energy affordability program is necessary for low income customers, whether it be to simply streamline programs statewide or to reduce terminations and collection costs among that customer segment. However, the parties were split on the type of assistance — broad-based or targeted — that would be most helpful. Most agreed that given current financial constraints, targeted discounts would be most effective in assisting those in greatest need.

The utilities generally are satisfied with their current low income programs, as they believe their programs best assist their respective service territories. They tend to believe that a uniform statewide program would be difficult to implement and might not be the most effective. Automatic enrollment based on HEAP eligibility is generally regarded by utilities as the most efficient way to enroll customers and cut down on administrative costs. Some utilities commented that arrears forgiveness programs can incentivize customers to stay current on their payments, but are costly to administer and do not aid in making bills more affordable. Most of the utilities support and currently offer reconnection fee waivers; however, NFG believes these waivers reward customers for failing to pay.

While MI does not advocate that the level of assistance should be reduced, it is concerned about the possibility of any proposed increases to the existing burden on customers, particularly in the upstate New York region where many energy-intensive businesses are struggling to maintain operations, while internal and external competitors experience materially-lower energy costs. MI recommends that the Commission improve the efficacy of residential low income programs without imposing greater financial burdens on other customers.

Consumer advocacy groups fully support an increased bill discount and broader protections against terminations, which, as AARP/PULP state, utilities sometimes use as a bill collection method. AEA and CEC strongly support energy efficiency and weatherization as components of a uniform statewide low income program. AARP/PULP propose a statewide affordability rate set at a discount of 30 to 35 percent targeted to households with an annual income up to 200 percent of the FPL or based on the same eligibility criteria used in the Lifeline program. Several consumer groups state an energy burden of 6 percent would be appropriate. Utility rates in New York City are among the highest in the country, NYC states, and the Commission should not place statewide uniformity above the needs of New York City's low income customers or reduce the current low income benefit levels. NYC also recommends that OTDA modify its forms so low income customers can be automatically enrolled in a utility assistance program.

UIU suggests an eight-prong approach to a statewide affordability program: (1) extend eligibility to include the Lifeline criteria in addition to HEAP; (2) increase the discount amount to reach the 6 percent energy burden standard; (3) implement weatherization and energy efficiency measures for housing in which low income people reside; (4) customers should not be permitted to participate in a utility low income program unless they take full service from their utility or an energy service company that guarantees that, on an annual basis, the ESCO will not charge the customer more than what the customer would have paid the utility; (5) uniform arrears forgiveness established in all service territories; (6) utility rate designs that include an "affordability block" that reward low income customers for using less energy; (7) reconnection fee waivers; and (8) evaluation metrics, quarterly reports requirements and an annual review by Staff to gauge program effectiveness. Program costs should also be shared by all ratepayers in the service territories, like storm restoration costs.

Several parties also note the success of reduced-rate and targeted assistance programs in other states, such as California, Ohio, Pennsylvania and New Jersey. According to UIU, California spends approximately $1.2 billion on 5.1 million participating customers ($235 per recipient), Ohio spends approximately $480 million on 575,000 customers ($775 per recipient), Pennsylvania spends $350 million on 450,000 customers ($777 per recipient) and New Jersey spends $260 million on 517,000 customers ($540 per recipient).

Overall, the parties support striking a balance of benefits with costs within a program to help the utilities' low income customers afford their energy bills and avoid the grief associated with shut-off.

THE STRAW PROPOSAL

In this section, Staff presents a Straw Proposal for a statewide low income program design that builds on existing programs, offers a basic structure for program design while allowing the flexibility to incorporate other elements, and incorporates best practices as well as innovative approaches suggested by the parties. Staff offers the Straw Proposal not as a final product, but as a framework for further party comment and discussion.

Utilities in New York and in other states have taken a range of approaches to low income program design and implementation, and the parties provided a wide range of opinion on how these programs should be designed and implemented. Staff nevertheless found some common themes and a few areas where there was strong consensus:

- The programs should be simple - simple to understand, simple to explain, and simple to administer. This both helps customers understand the level of assistance available and lowers the administrative costs of the programs.
- Programs should be generally available to customers under the same eligibility guidelines currently used in the state for the HEAP program, i.e., 60% of SMI.
- The programs should automatically enroll eligible customers. Automatic enrollment achieves virtually 100% enrollment of eligible customers at limited expense.
- Programs must confer a meaningful bill decrease for participating customers, although parties differed on the amount required to achieve that goal.
- The costs of the programs should be borne by all classes of customers. As UIU notes, "affordability program costs should be shared by all customers because a healthy society demands such an approach."[10]

[10] UIU Comment, p. 21.

These principles have generally guided Staff's development of the straw proposal.

Eligibility/Enrollment

Eligibility is a foundational issue in low income program design, and this also makes it among the most difficult to tackle. Many parties recognized the relationship between expanding the size of the eligible pool and increasing the costs and rate impacts faced by other customers, and urged the Commission to strike a careful balance between the two. Other parties were equally concerned that standardization might deprive low income program benefits from those now receiving them under current programs with more expansive eligibility guidelines. Several among the latter generally urged a gradual approach to harmonizing program designs statewide, so as not to lose the wider eligibility guidelines or other desired features of current programs.

Enrollment in New York's broad-based low income affordability programs generally is provided automatically to customers on whose behalf the utility received a HEAP payment. Reliance on OTDA to verify applicant eligibility considerably holds down administrative overheads and eliminates the burden of application and related transaction costs for low income customers. All of the states studied that receive significant benefits under HEAP also automatically enroll HEAP recipients into utility programs.

Some New York programs admit customers who qualify on the basis of receipt of other benefits. The most significant departure is by Con Edison, which identifies and automatically enrolls customers from seven (for electric) or eight (for gas) different social services programs. To accomplish this, Con Edison has established a file matching procedure with the New York City Human Resources Administration and the Westchester

County Department of Social Services, the two social services agencies covering its service territory.[11]

States that are not substantial beneficiaries of HEAP, such as California,[12] have established other measures to verify income eligibility and bear the resulting costs. California has achieved enrollment rates between 78 to 88% for the four largest utilities, reflecting extraordinary efforts to identify and enroll low income customers.

HEAP enrollment is provided to New Yorkers with household income of up to 60% of SMI. AARP/PULP recommended using 200% of FPL as the criteria for low income enrollment, as is used in California.[13] According to the U.S. Census, New York SMI is $58,003, and an average household holds 2.6 occupants. Sixty percent of SMI is $34,802, or a monthly income of $2,900. For the 2014-2015 HEAP year, OTDA has established a maximum gross monthly income of $2,869 for a household with two occupants. By comparison, the FPL for a household of two is $15,930. The New York HEAP guideline therefore represents 218% of FPL for a household of two. For further comparison, Massachusetts and New Jersey use 175% of FPL, whereas Ohio and Pennsylvania use 150% of FPL.

The income eligibility guidelines provided by New York HEAP therefore are fairly broad, compared to other states. In fact, HEAP has the highest income eligibility threshold of any OTDA program in New York.

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[11] Con Edison/O&R comments, p. 7.

[12] In the 2013-2014 Program Year, California received LIHEAP funding of $172.5 million, and served about 211,000 households. By comparison, New York received funding of $377.2 million, and served 1,376,866 households.

[13] AARP/PULP comments, p. 9.

Some parties argued for using a wider menu of programs, due to concerns over the fact that HEAP only reaches a fraction (by some estimates, approximately half) of all eligible households. The City of New York specifically argues that HEAP is not as broadly relied upon in New York City as it elsewhere in the State.[14] It is true that relatively few New York City low income customers receive a utility HEAP payment, as heat is frequently included in apartment rent; however, those same customers can receive a renter's benefit. In addition, participants in TANF and SNAP are automatically enrolled in HEAP (a procedure referred to as "autopay"), so these customers are captured under HEAP.

Notwithstanding this, Staff believes that receipt of a utility HEAP benefit represents the best indicator of need for utility bill assistance. We are persuaded that, aside from autopay recipients, applying for a HEAP benefit demonstrates that the customer is specifically experiencing energy poverty. While some may argue that $1 owed on the utility bill is equivalent to a $1 owed on any other bill, NFG points out that a certain percentage of eligible households will not participate in a given social services program, because the costs of a covered good or service may be deemed affordable for certain customers, given their individual circumstances.[15]

Applying for a utility HEAP payment shows that a customer is especially concerned about paying his/her utility bill. For example, the customer might face higher than average bills due to living in poorly insulated housing, or may have accumulated arrears and is at risk for termination. In a

[14] NYC comments, p. 2.

[15] NFG comments, p.5. We acknowledge that NFG does not support automatic enrollment of HEAP customers, but we find its observation nonetheless relevant.

general sense, as described by AARP/PULP, customers are pre-targeted when they seek and receive benefits in certain programs.[16] Customers seeking a utility HEAP benefit self-select into a program that provides utility bill assistance, demonstrating a relatively stronger need for the utility low income program.

Moreover, utility HEAP payments provide a means to address a key concern regarding low income program design, in a way that is not presently utilized. Many parties favor programs that vary the level of benefit depending on a customer's income, such as the PIPP programs offered in many states, as well as Central Hudson's EPOP and NFG's LICAAP. Other parties acknowledged the value of targeting a higher level of assistance to households in greatest need, but were concerned that information on income level is costly and difficult for the utility to acquire, rendering such programs administratively cumbersome and expensive.

National Grid proposes to use the information contained in the utility HEAP payment itself to identify households in greater need.[17] A regular utility HEAP payment is increased by $25 if household income is at or below 130% of FPL. Such payments are also increased by $25 if the household contains a vulnerable individual (i.e., household member who is age 60 or older, under age 6 or younger or permanently disabled); or by $50 if both conditions apply.

National Grid's proposal is innovative and provides the opportunity to design low income programs with different levels of discount, based on household need, with virtually no

[16] AARP/PULP comments, p. 17. We also acknowledge that AARP/PULP does not support limiting enrollment to HEAP, but we find its observation equally relevant.

[17] National Grid comments, p. 9.

additional administrative processes or costs. The Commission could authorize a second and third level of discount to be provided, based on whether a household receives either one or both add-on payments. In these cases, having a vulnerable individual would be treated as equivalent to meeting a lower household income threshold as an indicator of household need. The fact that they are treated in this manner by OTDA for the purpose of determining the HEAP benefit level provides a basis for the Commission to do so with regard to the utility discount.

Staff is aware of the balance that must be struck between widening the scope of eligible customers, and the rate impacts that are borne by nonparticipants. Utility HEAP recipients represent slightly less than one-quarter of all HEAP recipients. Reaching beyond utility HEAP recipients in an attempt to reach all HEAP households could more than quadruple the pool of eligible customers, as well as add to administrative costs. All else being equal, quadrupling the pool of eligible customers would entail either quadrupling budgets, or cutting benefits.

Furthermore, reaching beyond utility HEAP recipients in an attempt to reach all households at or below 60% of SMI, based on information indicating HEAP in New York enrolls approximately half of eligible households, would increase the pool of eligible customers eight-fold, as well as further increasing administrative costs. Staff believes that targeting the utility's low income program to utility HEAP recipients strikes the right balance and appropriately targets limited utility program budgets.

Of the 1,376,866 households that received a regular HEAP benefit in the 2013-2014 program year, nearly two-thirds (66%) received a $21 to $35 "renters" benefit because heat is included in household rent.[18] About two-thirds of those remaining (316,443) received a $350 (plus applicable add-ons) utility HEAP benefit. The remaining 152,110 households received a $575 (plus applicable add-ons) deliverable fuel (e.g., oil or propane) benefit.

Thus, while only 23% of HEAP recipients receive a direct utility benefit, most of the remaining 77% receive a very small HEAP payment, because heat is included in their rent; and a small number (11%) received a $225 larger benefit than utility customers, because they heat with a deliverable fuel.

Ideally, some utility discount would be provided to all of these customers; however, venturing beyond customers receiving a utility HEAP benefit involves substantial additional administrative burdens for the utility. Furthermore, the result of such efforts may be to reach a pool of customers with lesser apparent need — either because heat is included in household rent, or because the customer received a larger HEAP benefit, due to receipt of a deliverable fuel. Moreover, a key concern underlying ratepayer support for low income programs is controlling utility arrearages and terminations. When heat is not part of the utility bill, those concerns carry less weight. We also note that the difference between the HEAP payments to utility and deliverable fuel customers equates to an additional discount of $18.75 monthly for the deliverable fuel customers.[19] Therefore, automatically enrolling customers who receive a

[18] 252,049 of these households also lived in government-subsidized housing.

[19] Staff does not intend to suggest that it is invalid, from OTDA’s perspective, to provide a higher HEAP payment to deliverable fuel vendors (e.g., because the payment must cover a minimum delivery). It is valid; however, from the perspective of the utility and its customers, to prefer utility HEAP customers when awarding its discount.

utility HEAP benefit both involves far less cost and complexity, provides more direct utility ratepayer benefits and further aligns allocation of program budgets with apparent need.

Identifying non-utility HEAP recipients raises concerns about increased administrative cost. Enrollment is more complicated if non-utility HEAP payments are considered, as the utilities are only directly informed of HEAP payments for which they are the direct vendor. Doing so requires a file matching process with the respective social service agencies. Con Edison has successfully implemented such a match; however, it has a geographically concentrated service territory, and consequently only had to establish a file match with two counter-parties. By contrast, NYSEG's service territory covers all or parts of 43 counties — establishing file matches with so many agencies could be daunting, in both expense and administrative complexity.

Regarding a suggestion to develop a file match between OTDA and all utilities, in an April 22, 2015 letter to the Secretary, OTDA states that "While OTDA is open to exploring additional ways in which the identification of individuals eligible for utility low income programs could be improved and/or streamlined, we note that utilities currently have a substantial amount of personally identifiable data on recipients of [public assistance], HEAP and Social Service Law §131-s payments that OTDA believes could be used to expand their low income programs."

The Straw Proposal therefore recommends that, at this stage, automatic enrollment be limited to customers on whose behalf the utility receives a HEAP payment. OTDA's comments identify another group that can be readily identified by utilities: recipients of public assistance through direct voucher payments to the utility.[20] While these customers are likely already captured under HEAP due to autopay, receipt of such assistance is another way for utilities to distinguish among recipients on the basis of income, as such benefits generally are available only to those at or below FPL. This creates the potential for a fourth and higher tier of discount. Besides furnishing a low-cost means of accomplishing enrollment, this approach is consistent with efficient targeting of the benefit to the population most in need.

Addressing those who are concerned that no current participants are left out, we first note that best practices cannot be adopted if no changes are allowed. Assuming the appropriate eligibility criteria are defined, any current recipients outside that definition are presumably receiving a benefit that can be more efficiently applied, and for which there is greater need elsewhere. Recognizing; however, that withdrawing any benefit from a low income household should be approached with caution, the Commission could allow other variations in eligibility criteria, enrollment or other aspects of program design, either as transitional measures (e.g., to "grandfather" existing recipients under such other criteria), or alternatively over the longer term. For example, the Straw Proposal recommends that Con Edison be permitted to continue its file match process, with multiple qualifying programs.[21] Such

[20] OTDA also mentions those receiving SSL §131-s payments; however, customers not meeting the public assistance standard may receive such assistance (with a repayment agreement), so such payments are not necessarily indicative of the lowest income.

[21] Con Edison's service territory may include the majority of HEAP renter's benefit recipients statewide. If so, this would substantially address providing a benefit to non-utility HEAP recipients.

variations would be subject to certain limitations, which are described in greater detail below.

Straw Proposal Recommendations for Program Eligibility/ Enrollment

- Automatic enrollment for all customers who have received a utility HEAP payment. Existing programs with additional eligibility criteria, such as Con Edison's program,[22] may maintain such existing eligibility criteria, subject to certain limitations.
- Other eligibility criteria (e.g., non-utility HEAP benefits) could be revisited, provided an automatic enrollment process can be implemented.
- Alternative means, whether by file match or manual enrollment should be permitted, but not required.

Benefit Levels

New York's current low income affordability programs provide an average annual benefit of roughly 10% of a residential customers' total utility bill. In New York, an average electric participant receives an annual benefit of about $120, an average gas participant receives an annual benefit of about $107 – and an average combination participant receives an annual benefit of about $227. Average levels may be misleading; however, as many utilities offer different discounts for heating and non-heating participants.

New York's average annual benefit-per-participant, according to UIU, is much less than ratepayer funded programs in

[22] Currently, Medicaid recipients are eligible for the gas program, but not the electric program. The Straw Proposal recommends that the Commission allow Medicaid recipients to be eligible for the electric program. Because they are not necessarily low income, the Straw Proposal recommends that §131-s recipients ("utility guarantee" customers) not be included in Con Edison's program, going forward.

other states, such as California ($235 per recipient), Ohio ($775 per recipient), Pennsylvania ($777 per recipient), and New Jersey ($540 per recipient).[23] On the other hand, both the California and Pennsylvania programs include substantial administrative costs - the three California utilities expended $29.4 million in administrative expenses alone in 2014, and Pennsylvania utilities are allowed by statute to expend up to 15% of total budgets on administrative costs (in 2013, they spent $34.7 million, about 10% of total program costs). It's not clear that UIU deducted administrative costs in calculating the per customer benefits for those states. Ohio and New Jersey both implement administratively intensive PIPP type programs, which are administered by each state's respective social services agency. The programs for all four states are mandated by statutes.

No single approach to the design of low income program benefits enjoyed broad support, with several parties respectively recommending percentage of bill discounts, income-based discounts, or bills based on energy burden, with several hybrids and multiple variations within each type. One feature mentioned by several parties is the concept of an "affordability" block, i.e., a defined block of usage at a discounted rate, with incremental usage priced at a full or near-full market rate.

Staff believes it is possible to develop a hybrid approach that incorporates attributes of many of these designs. The Straw Proposal begins with the types of discounts that, for the most part, are already provided at each utility: fixed discounts for electric and gas service, with separate discounts for heating or non-heating service. Fixed discounts are simple to administer, and setting different discounts for heating and

[23] UIU comments, p. 12.

non-heating customers ensures that discount levels are properly correlated with usage, as well as maintaining a full price signal for marginal usage.

Utilities are able to estimate the average usage levels of heating and non-heating participants, and calculate the average monthly bill for each type of customer. Data on average bills faced by low income participants was furnished to Staff by the utilities, and appears as Appendix B. The typical usage for heating and non-heating customers varies widely among utilities. For this reason, the Straw Proposal recommends that the level of the average heating and non-heating bill at each utility represent the affordability blocks for low income customers at that utility.

The data reported by Fisher, Sheehan and Colton underscores the degree to which affordability is impacted by income level. The burden which the energy bill poses as a percentage of income may be the strongest determinant of a household's ability to pay. This suggests that financial assistance needs to be strongest for customers with the lowest incomes.

Many parties see value in such an approach. Some parties were concerned about the cost and administrative burden of identifying household income for each utility program participant; however, the information encoded in the HEAP payment, as well as receipt of direct voucher payments, gives utilities the ability to stratify participants on the basis of up to four levels of need. The Straw Proposal therefore recommends that utilities develop four levels of benefit for each of the respective electric and gas, heating and non-heating benefits. The discounts would be set at a level sufficient to achieve a target energy burden for the affordability (average) block of usage, for each of the respective income tiers.

What represents an acceptable energy burden is open to interpretation. The 6% target energy burden is used in several states that have established PIPP-type programs (e.g., New Jersey, Ohio). This in turn, reflects the premise that total shelter costs should not exceed 30% of income (for example, this percentage is often used by lenders to determine affordability of mortgage payments), and utility costs should not exceed 20% of shelter costs (20% x 30% = 6%). It also corresponds to the upper end of what middle and upper income customers would pay for household energy (usually given as a range of 1 to 5%).

Con Edison is among the parties that said that reaching a 6% energy burden for all customers may be unachievable. Staff's analysis shows that 6% is an achievable level at most utilities,[24] with an overall increase in statewide program budgets of about 46%.

As discussed above, New York SMI as reported by the U.S. Census is $58,003, and 60% of SMI is $34,802, or a monthly income of $2,900, closely corresponding to a household of two under the HEAP guidelines, for which the income guideline is $2,869. At a 6% energy burden, this household's energy burden should be $172 monthly. For the same utility, consider a customer who receives a $400 HEAP payment, i.e., with both adders, proving income at or below 130% of FPL (as well as a vulnerable member of the household). This implies a monthly income of $1,704, for which the 6% energy burden is $102 monthly.

The household energy cost should be adjusted to account for the HEAP payment received by the customer. This amount varies between $350 and $400, depending on whether the

[24] The exceptions are discussed in greater detail below.

customer receives none, one or both of the add-ons.[25] On a monthly basis, this adds between $29 and $33 to the customer's budget that can be accommodated under the customer's allowed energy burden. The budget limit of $172 for the first household is increased by $29 to $201, and the budget limit for the second household is increased by $33 to $136, after applying the respective HEAP payments.[26] Utility discounts should be set at a level sufficient to produce a bill in such amounts for the qualifying customer, for the affordability block of usage.

The Straw Proposal recommends that the Commission create four different levels of benefit. In addition to the two above, another would apply to customers who receive only one of the HEAP adders, and discounts would be designed to achieve the 6% energy burden on a monthly income of $2,287 (the median between the two levels just described), or a monthly bill of $137 ($168 after application of the HEAP payment).

The other would apply to customers on whose behalf the utility receives direct voucher payments. For these customers, discounts would be designed to achieve the 6% energy burden on a monthly income of $1,328 (FPL for a family of two, the public assistance standard), or a monthly bill of $80 ($113 after application of the HEAP payment).

The income levels assumed for each tier and the corresponding allowable energy bill, assuming a 6% energy burden, are shown in the following table:

[25] This process is consistent with the method currently used by NFG to determine household energy cost in its LICAAP program, as well as by PIPP type programs in other states.

[26] After rounding. Under this procedure, deliverable fuel customers, even if included in the program, would see their allowed net energy burdens increased by an additional $18.75.

Net Energy Burdens, by Income Tier

	Monthly Household Income	6% Energy Burden	Regular HEAP Benefit		Net Energy Burden
			Annual	Monthly	
Tier 1 (no add-ons)	$2,869	$172	$350	$29	$201
Tier 2 (1 add-on)	$2,287	$137	$375	$31	$168
Tier 3 (2 add-ons)	$1,704	$102	$400	$33	$136
Tier 4 (Dir. Voucher)	$1,327	$80	$400	$33	$113

The process of setting discount levels for each of the four tiers can best be illustrated by an example. A typical low income gas heating customer at Niagara Mohawk uses an average of 90 therms per month, at an average monthly cost of $87, along with 594 kWh of electricity at an average monthly cost of $98. A typical low income electric heating customer at Niagara Mohawk uses an average of 781 kWh monthly, at a monthly cost of $125, and no gas; however, the average low income gas non-heat customer used 43 therms of gas monthly, at a cost of $52.

Through a series of calculations, the level of discount that Niagara Mohawk should offer for each respective service can be determined. An initial, and surprising finding is that no discount is required for the first tier of participants with a target energy burden of $201.[27] An average electric heating participant has an undiscounted bill of $125,

[27] According to OTDA only about 18% of utility HEAP recipients in the 2013-2014 program year received a regular HEAP grant with no add-ons.

and an average gas heating/electric non-heating customer has an undiscounted combined bill of $185.[28]

For the second tier, a discount of $8 on the gas bill, and $9 on the electric bill yields a total bill of $168, corresponding to the targeted energy cost. These levels of discount are determined by calculating the discount level that, if applied uniformly to both services, reduces the bill to the target 6% energy burden level (i.e., 9% discount on each service).

To achieve a 6% energy burden, no discount is required for the Tier 2 electric heating customer (already at $125). The Straw Proposal would also provide such customers a $9 discount; however, on the principle that electric heating customers should receive no less than the discount received by electric non-heating customers in the same income tier.

The Straw Proposal does not attempt to calculate an energy burden for gas non-heating customers.[29] Rather, the discount provided for gas-non-heating service is set equal to the lowest discount, on a percentage basis, of any other service customer in the same income tier. In this case it is 7% ($4), equal to the electric heating discount percentage.

These calculations are repeated for each of the remaining two tiers. The various monthly discount amounts and

[28] Again, some may be concerned about a discount being withdrawn from certain customers who are currently receiving one. If one accepts the proposition that a 6% energy burden is reasonable (indeed, it is close to the level of energy burden faced by moderate income families), then the discount is unneeded, and its continued application is inefficient at best, and a wasteful application of scarce resources at worst.

[29] Gas non-heating customers most frequently are "cooking only" customers who live in multi-family buildings where central heating (and in some cases, electricity as well) is provided. In some cases, more commonly upstate, domestic hot water is also included.

percentages with respect to Niagara Mohawk are shown in the following table:

Niagara Mohawk Monthly Discount Levels

Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	%	$	%	$	%	$	%	$
Tier 1	0%	$0	0%	$0	0%	$0	0%	$0
Tier 2	7%	$9	9%	$9	9%	$8	7%	$4
Tier 3	21%	$26	27%	$26	27%	$23	21%	$11
Tier 4	31%	$38	39%	$38	39%	$34	31%	$16

Since the discounts are fixed, total program costs at each utility would depend on the total number of participants, and the proportion of participants that fall into each of the respective categories. Based on 2013-2014 data, about 18% of HEAP recipients receive the basic benefit with no add-ons; about 38% receive one add-on, and about 44% receive both add-ons. Staff does not have statewide data on the number of direct voucher or utility guarantee customers, but estimates that they comprise less than 10% of HEAP recipients.

Based on these percentages, if implemented at Niagara Mohawk in 2015, the program described above would cost about $30.6 million annually, including $20.5 million for electric discounts, and $10.1 million for gas discounts, representing about 0.58% and 1.09% of electric and gas revenues, respectively. Stated otherwise, the costs amount to $0.0006/kWh, and about $0.021 per therm, if spread over all sales to end-use customers; or $1.04 per month and $1.90 per month, for electric and gas customers respectively, if divided equally over all end-use customers. These impacts are representative of the rate impacts on New York utilities generally under the Straw Proposal. Compared to current levels for this Company, it would increase the overall budget by about 52% (73% for electric, 22% for gas).

On the benefit side, the average discount provided is 16%; although discounts vary from 7% (starting at Tier 2, discounts are 0% for Tier 1) to 39%, and monthly discount amounts from $4 (gas non-heat, Tier 2 income) to $38 (electric service, Tier 4 income), as shown in the table above. On an annual basis, the program would provide an average benefit of about $194 per electric customer and about $166 per gas customer (including Tier 1 customers), or about $360 for a combination customer.[30]

Tables for all of the utilities, showing all of the discount levels, are attached to this report as Appendix C.[31] In order to ensure that the customer's overall energy burden is maintained at the 6% level for gas-only utilities, the average electric bills for electric utilities covering substantially the same territory are used in the calculation.[32] If implemented statewide in 2015, electric program budgets would increase by about 33% overall, ranging at individual utilities (excepting PSEG) from 1% to 73%; and gas program budgets would increase by

[30] It is apparent from this exercise that current discount schemes are inefficient, in that they provide "too much" benefit to customers at the upper end of the low income spectrum (at least, more than is required to reduce bills to the 6% energy burden level), and not enough for those on the lower end of the spectrum.

[31] Appendix C reflects certain additional adjustments to discount levels for Central Hudson and Orange and Rockland, as described later in this report.

[32] For KEDNY, Con Edison electric bills are used; for NFG, Niagara Mohawk bills are used. KEDNY and PSEG-LI bills each are used in calculating the other utility's respective discounts. The average bill data is used, rather than the discounted bill amount, as the latter may be subject to adjustments, as described further in this report.

31% overall, ranging (excepting Brooklyn Union Gas) from a 6% decrease to a 106% increase.[33]

For customers who use more than the typical customer, the discount may be less as a percentage of the bill, but possibly not on a percentage of income basis. Household usage strongly correlates with number of household members; and the HEAP threshold is adjusted upward for households of larger sizes. For example, for a family of four, the income threshold is $4,219, which, at 6%, corresponds to an energy burden of $253. Such a customer, receiving the discounts established above (and receiving a regular HEAP benefit) would be at 6% energy burden with a total bill of $282 (compared to $201 for the Tier 1 household described above).[34]

In sum, the Straw Proposal would apply fixed discounts, designed to achieve a targeted energy burden as a percentage of income, for an affordability block consisting of utility-specific typical usage levels of heating and non-heating customers. The discount level would vary with customer income to the extent the customer receives one (or more) HEAP add-ons, or participates in the direct voucher program. The amount of the discount would be reset periodically; either annually, or over the terms of rate plans, using this method.

The discount is calculated on the basis of the total bill. It therefore includes the utility's supply costs; however, it is intended to be applied as a discount to delivery charges. Retail access customers therefore would receive the

[33] PSEG's budget would increase by 297%, however, its current program appears to be underfunded. The current Brooklyn Union program budget would decrease by 53%; however, that current program appears to be overfunded.

[34] Small households with high usage may need energy efficiency and weatherization services more than additional financial assistance.

same discount; and if the ESCO supply charge is less than the utility's charge, the percentage discount is amplified (and vice-versa). The proper limit on the level of supply prices charged to low income customers by ESCOs is being directly addressed in the Retail Energy Markets proceeding, and we will not further address it here.[35]

Because of the nature and structure of the Straw Proposal discount (particularly the large discounts that apply to Tier 3 and 4 participants), Staff believes it functions most effectively and provides the greatest participant benefit when the customer takes budget or levelized billing. Levelized billing is an enormously beneficial tool for budget management, which should be leveraged with the utility's discount. It is even more important with respect to the high level of discounts provided to customers with the lowest incomes, where such discounts could result in net credit bills in summer months, and less impact on higher monthly bills in the heating season, when affordable bills are most needed.

Furthermore, these levels of discounts could potentially result in net credits for some small-usage customers. The Straw Proposal therefore includes automatic enrollment of participants in the utility's budget billing program, and a provision that bill discounts shall not exceed the amount of the customer's levelized bill. At its option, the Commission could make budget billing a mandatory requirement to receive the discount, or alternatively, allow customers to opt-out (but discounts should still be adjusted if the bill amount is exceeded).

[35] Case 12-M-0476, supra.

Straw Proposal Recommendations for Rate Discounts

- Separate programs for electric and gas.
- Separate discounts for heating and non-heating.
- Discount amounts shall be set at an amount sufficient to achieve a 6% energy burden on the levelized monthly total bill for the average participant in each class, assuming income at 60% of SMI.
- The 6% calculation is based on an affordability block corresponding to the levelized average heating and non-heating bill at each utility.
- A regular utility HEAP payment is increased by $25 if household income is at or below 130% of FPL. Such payments are also increased by $25 if the household contains a vulnerable individual (i.e., household member who is age 60 or older, under age 6 or permanently disabled). The Straw Proposal would treat such conditions as equivalent to meeting a lower household income threshold as an indicator of household need. Recipients of public assistance can also be identified through direct voucher payments to the utility.
- If the HEAP payment includes either or both incremental benefits, or if the customer is a recipient of direct voucher, the discount amount is increased accordingly. Other eligible categories of customers, if any, are not eligible for these higher levels of benefit.
- If implemented statewide in 2015, electric program budgets would increase by about 32% overall, ranging at individual utilities (excepting PSEG) from 1% to 73%; and gas program budgets would increase by 31% overall, ranging (excepting Brooklyn Union Gas) from a 6% decrease to a 106% increase.

- Discount calculation includes utility supply costs, but is applied solely to delivery charges (ESCO customers receive same discount).
- Discount levels to be reset annually.
- All participants are also automatically enrolled in the utility’s levelized (budget) billing program. Discounts are adjusted downward if the amount of the levelized bill is exceeded. Opt-out could be permitted upon customer request (but discounts would still be adjusted if the bill amount is exceeded).

Utility Budget Levels

Generally, utility low income budgets are established by multiplying annual discount levels by the projected number of program participants in each Tier. In order to further balance the needs of participants with the burden on nonparticipants; however, Staff believes it is appropriate to set an upper limit on program funding. The upper limit could be established on the basis of a percentage of utility total or delivery revenues, a dollar amount per customer, a maximum charge per kWh (electric) or therm (gas), or a combination of these. For illustrative purposes, the Straw Proposal provides limits expressed in terms of annual cost per customer: $20 (electric) and $35 (gas). To be clear, the Straw Proposal’s upper limit on funding equals an average monthly cost per customer of $1.67 (electric) and $2.92 (gas). Appendix D compares the budgets, percentage of revenues, costs per kWh/therm, and annual per customer costs represented by current programs, the costs to achieve a 6% energy burden, and the budget limit described above.[36]

The method of establishing the funding cap should not necessarily dictate the mode of cost recovery. Generally, the Straw Proposal recommends that program costs be allocated among all classes on a uniform per-customer basis, but recovered in rates on a per-kWh or per-therm basis.

If a budget limit is likely to be exceeded, and eligibility for the utility's program extends beyond HEAP, one or more other programs are eliminated from eligibility criteria until the funding limit is met. Which program or programs to eliminate could be determined on a case by case basis; however, in general, programs with higher income qualifications should be eliminated first. If the budget still exceeds the funding limit, the utility would adjust the target energy burden as needed to remain within the budget limit. The target energy burden is increased, and discount levels are reduced commensurately, until the funding limit is met.

The budget limit is a planning tool. The utility should not set discount levels that, given expected participation levels, would result in the budget limits being exceeded. Once the discount levels are set, the only factor that would cause expenditures to exceed (or fall short of) the budget are variances in the expected level of participation. If higher than expected participation causes the budget limit to be

[36] For Central Hudson, the "current program" values are for the low income program budgets proposed in the joint Proposal filed on April 22, 2015, in its pending electric and gas rate cases. See Cases 14-E-0318 & 14-G-0319, Central Hudson Electric and Gas Rates. For Orange and Rockland the "current program" values are for the budgets proposed by Staff in its direct testimony, and accepted by the Company in its rebuttal testimony, in its pending electric and gas rate cases. See Cases 14-E-0493 & 14-G-0494, Orange and Rockland Electric and Gas Rates.

exceeded, there would be no change in benefit levels for that year, nor would participation be capped, and the utility would be allowed to fully recover its program costs – this is unchanged from the way costs of current low income programs are recovered. The utility would adjust the energy burden target in the following year, so as to reduce discounts until the program costs are contained within the budget limit for that year.

As shown by comparison of the tables in Appendix D, the costs of achieving a 6% energy burden would exceed the gas cost cap for Central Hudson, and both electric and gas cost caps for Orange and Rockland. In order to fall under the budget limits, the Straw Proposal reflects an adjusted target energy burden for Central Hudson of 6.25%, and for O&R of 7.59%. The adjustment for Central Hudson reduces total benefits by $503,000, or about 8%. The adjustment for Orange and Rockland reduces total benefits by $5 million, or about 39%. The Orange and Rockland and Central Hudson programs would still have the highest costs per electric and gas customer, respectively, after these adjustments.

Fully balancing the interests of participants and non-participants requires that a maximum energy burden be established, i.e., discounts should be provided that are no less than required to achieve a 10% energy burden. If the lower limit is triggered, the funding limits described above would be exceeded; however, this would be expected to trigger a reexamination of the program parameters by the Commission, to determine if further adjustments are warranted.

Straw Proposal Recommendations for Annual Utility Budgets

- Established based on projected costs for rate year, or for multi-year plans, average annual cost for the term of the rate plan.
- Subject to full reconciliation to actual costs.

- A funding limit is established such that the total budget may not exceed the amount recovered by annual charges of $20 per customer (electric), or $35 per customer (gas), if collected from all end-use customers of the utility.
- If budget (per formula above) exceeds the funding limit and program eligibility extends beyond utility receipt of HEAP, one or more other programs are eliminated from eligibility criteria until the funding limit is met.
- If budget still exceeds the funding limit, target energy burden is increased until the funding limit is met.
- A lower limit is also established such that the monthly average bill discount provides no less than required to produce a 10% energy burden.

Arrearage Forgiveness

A few parties opposed arrearage forgiveness programs. Some, such as Con Edison, expressed concerns about the costs and effort involved in their implementation. AARP/PULP noted that the need for crisis assistance is already met by programs implemented by OTDA, such as Emergency HEAP and §131-s assistance.[37]

A majority of parties; however, favored arrearage forgiveness programs. Some parties noted that arrearage forgiveness can address a specific customer need, has the potential to modify customer payment habits by encouraging timely payment, and may result in fewer and/or smaller uncollected final bills. As with other program elements, some parties are simply concerned about withdrawing a form of assistance that has been available to date. Conversely, NYC proposes a new approach to arrearage forgiveness, focusing on customers leaving the §131-s program. A one-time amnesty,

[37] AARP/PULP comments, p. 10.

according to NYC, would break the cycle of such customers having arrears frozen while enrolled in the program, only to be placed immediately at risk for termination upon exiting §131-s.

The principal rationale for the approach to low income program design taken in the Straw Proposal is that energy burden as a percentage of income is the strongest determinant of a household's need for assistance; however, it makes little sense to implement discounts for current bills if low income customers would nevertheless face unpayable burdens for arrears. In addition, customers accumulating the highest arrears tend to be the poorest and/or have high consumption (i.e., lower income relative to consumption).

There is little chance that these customers will be able to successfully complete a conventional deferred payment agreement (DPA), as current bills may be barely affordable for them and DPAs presume regular payments toward the current bill plus payments on arrears. Facing an insurmountable arrearage can actively discourage low income customers from maintaining regular payments of current bills. This inevitably leads to termination for nonpayment for the customer, and likely write-off of the final bill for the utility.

An arrearage forgiveness program targets additional assistance to the customers who are the most payment-troubled. Such a program helps provide payment-troubled customers with a clean slate. It can also encourage them to alter their payment habits.

From this perspective, arrearage forgiveness programs can transform an intractable problem into a win-win situation. The customer is able to retain service, and the utility receives some degree of payment on an account which otherwise appeared likely to be written off as bad debt, as well as securing the customer's future contributions toward fixed costs.

Utility revenue requirements include an allowance for uncollectible expenses, a significant portion of which are caused by low income customers. Since low income arrears bear a higher than average likelihood of being written off as bad debt, and are already accounted for in the utility's allowance for bad debt expense, arrears forgiveness programs are only worth funding to the extent they reduce the amount of arrears that would otherwise be written off as bad debt. This issue should be considered in establishing the utility's uncollectible allowance in its revenue requirement.

Current arrearage forgiveness programs also allow utilities to recover costs associated with their implementation. Similarly, the administrative expenses of an arrearage forgiveness program are only worth expending if they are less than what the utility would otherwise have spent to collect an equivalent amount. Since collection costs are also provided for in revenue requirement, Staff believes that any administrative costs of a properly designed arrearage forgiveness program should produce a net savings in reduced collection costs. In other words, there should be no costs of arrearage forgiveness programs to include in rates, as such programs are worthwhile only if they result in net savings to ratepayers from reduced uncollectible expense and collection costs.

It is important to structure arrearage forgiveness programs so as to encourage the retirement of arrears. Over time, as customers have demonstrated difficulties meeting strict program requirements, many of the current arrearage forgiveness programs have relaxed their requirements for regular customer payment. This may have resulted in more program participants remaining on the programs, and for longer periods, as well as resulting in greater offsets to utility bad debt; however, it's less clear that these modifications have helped the programs achieve their objectives of maximizing low income customer contributions and improving payment habits.

Current utility arrearage forgiveness programs target customers with what is considered manageable arrears (typically limits of $500 to $1,000) that could be reduced to a $0 balance within 1-2 years. The probability of arrears being written off increases with age, and low income customers are discouraged from maintaining regular payments in proportion to the size of their arrears. Current programs targeting modest arrears that the customer can afford to pay in a short period therefore appear to target those at least risk for write-off.

The Straw Proposal approach to arrears forgiveness focuses on presenting each low income customer with a manageable debt, which he/she can pay. In exchange for doing so, the balance of the debt is forgiven. Low income customers with large arrears tend to have accumulated such arrears over a long period of time. The Straw Proposal approach therefore allocates a larger share of forgiveness payments on older, larger arrears that are more likely to be written off. The Straw Proposal does not place a limit on what the customer can owe to participate, only a limit on the total program expense – the utility must exercise its best judgment concerning how to apportion the funds (this is no different from the administration of current programs).

Over time, we should expect that the need for arrearage forgiveness will decline. Customers who accumulate arrears are those who do not have the ability to pay their bill for current usage in full. With the rate discount program recommended by the Straw Proposal, low income customers in all low income strata should find current bills more affordable. Accordingly, there should not be a continuing significant influx of new arrearage forgiveness program participants from year to year; and in the future, there should be less new arrears to forgive.

The Straw Proposal recommends that arrearage forgiveness program costs should be limited to a level of no more than 10% of total program budget, and no more than can be accommodated under the budget caps described above (and offset by reduced uncollectible expense as discussed above). Staff is unable to estimate the costs of NYC's proposal, but given that many customers enter the §131-s program with thousands of dollars in arrears, the costs of amnesty for such customers could be substantial. The NYC proposal further would not accomplish the goals of maximizing customer contribution and improving payment habits. Customers exiting the §131-s program would be eligible for the arrears forgiveness program outlined in the Straw proposal.

In order to maximize benefits and minimize costs, it is apparent that arrearage forgiveness programs should adhere to a set of best practices. Staff believes the best practices for arrearage forgiveness programs remain largely undefined, and that further study of the matter is warranted. The Straw Proposal nevertheless recommends some basic principles, which should be part of any properly structured arrearage forgiveness program.

The customer's need for arrears retirement, whether through a new, existing, or renegotiated DPA, or through arrears forgiveness, should be evaluated upon each customer's enrollment (or re-enrollment) in the low income program. The majority of HEAP recipients are enrolled (many through autopay) when the HEAP season opens, typically in November. Arrears subject to forgiveness should be the arrears that appear on the bill as of that date. Customers should not have an incentive to delay entering the arrearage forgiveness program until spring, taking advantage of the cold weather rules, which tends to cause arrears to increase.

The utilities have established procedures for assessing a customer's financial circumstances in order to reach fair and equitable DPAs as required under HEFPA.[38] In many cases, the monthly payment the customer can afford (a minimum of $10) would require a term of many years to fully retire the arrears. An arrearage forgiveness program should forgive the remainder of a customer's arrearage, provided that the customer has made timely payments over the course of a given period. The Straw Proposal recommends a sliding scale, where Tier 1 participants may have their remaining arrears balance forgiven after making timely payments over a 48 month period. The limits should be 36 months for Tier 2 participants, 24 months for Tier 3, and 12 months for Tier 1. For customers whose payment would fully retire the arrears within those time limits, no arrears forgiveness would be available.

Only if the customer makes his/her required payments does the utility forgive the remaining arrears. If the current bill is not paid, no arrearage forgiveness is provided (it would be reasonable to provide half the forgiven amount annually for customers on two-year plans, one-third annually for three-year plans, and one-quarter annually for four-year plans). While this may result in fewer households successfully completing the program, it is crucial to meeting the program's objectives.

Given the difficulties low income customers have experienced in the past in adhering to strict payment guidelines, many more may enroll in the arrears forgiveness program than will receive forgiveness. To the extent the program secures such payments, this can only improve the program's cost-effectiveness. The customer's incentive to make

[38] 16 NYCRR §11.10.

regular payments is proportionate to the potential value of forgiven arrears; which rises with the size of the debt and, given the different time constraints for each Tier, the level of the customer's income (i.e., the "energy burden" of the arrears).

Straw Proposal Recommendations for Arrearage Forgiveness

- The costs of arrearage forgiveness benefits should not exceed 10% of the total program budget, and should fit within the budget limits described above.
- In rate cases, the Commission should fully or partially offset uncollectible expense allowances by any amounts expended for arrearage forgiveness.
- Amounts diverted to arrearage forgiveness may not reduce amounts available for discounts below levels required to fund discount levels sufficient to achieve an energy burden of 10%.
- The customer's need for arrears retirement should be evaluated upon each customer's enrollment (or re-enrollment) in the low income program. Arrears subject to forgiveness should be the arrears that appear on the bill as of that date.
- Tier 1 participants may have their remaining arrears balance forgiven after making timely payments over a 48-month period. The limits should be 36 months for Tier 2 participants, 24 months for Tier 3, and 12 months for Tier 1.
- Only if the customer makes his/her required payments does the utility forgive the remaining arrears. If the current bill is not paid, no arrearage forgiveness is provided (it would be reasonable to provide half the forgiven amount annually for customers on two-year plans, one-third

annually for three-year plans, and one-quarter annually for four-year plans).

- Administrative expenses of arrears forgiveness programs likewise should be offset by collection cost savings. No administrative expenses for arrearage forgiveness should be charged to low income program budgets.
- Arrearage forgiveness programs should be further studied to better define best practices and their appropriate rate treatment.

Reconnection Fee Waivers

NFG opposes reconnection fee waivers, arguing that reconnection fees incentivize customers to avoid disconnection. UIU and NYC support continuing reconnection fee waivers because they avoid diverting scarce low income customer funds from payment of the bill to payment of reconnection fees. Conversely, AARP/PULP proposes that, rather than a waiver, utilities should not be allowed to charge reconnection fees to low income customers.

When a customer pays a reconnection fee, those funds could have been applied to the bill, but are diverted to the reconnection fee instead. For low income customers, this diversion of funds is more damaging than for customers of middle and upper incomes. One way to avoid this is to waive the reconnection fee for the customer, and this is the reason to have a reconnection fee waiver; however, in current programs, the fee is not truly "waived" but instead is paid for by other customers, through an allocation of the low income program budget.

Staff does not agree with National Fuel that the threat of a reconnection fee encourages low income customers to pay the bill. What drives a customer to pay the bill is the threat of termination, not the threat of a reconnection fee.

When a utility terminates a customer for nonpayment (there is never a charge for termination), the utility has no knowledge of whether it will collect a reconnection fee, because it's uncertain whether the customer will pay the past-due amount and incur the reconnection fee upon restoral. This theoretically causes utilities to use termination cautiously, and only on the accounts with the lowest probability of paying the bill. The fact that one-third of residential terminations are not restored indicates that utilities are generally doing a good job of identifying accounts that are likely to be left unpaid.

Having other customers cover the reconnection fee appears to remove the disincentive for utilities to use termination on low income customers - rather than being a last resort, it appears to promote the use of termination of low income customers as a tactic to induce payment. Data for a portion of 2014 reviewed by Staff showed that the delta between both termination rates and reconnection rates for low income customers and residential customers in general, is twice as large for utilities that have such waivers. For utilities without the waiver, low income customers are 12.4% of those terminated, for those with the waiver, the figure is 21.5%. Reconnection rates for low income customers also were higher (78.4%) than for residential customers as a whole (66.2%). This is counterintuitive, as low income customers presumably should be less likely to be able to pay the bill. In addition, for companies that have a reconnection fee waiver, the difference in reconnection rate is more than twice as large as for those that do not (28.4% higher, versus 12.8% higher). The higher reconnection rate among low income customers suggests that utilities have not done a good job of identifying which low income accounts will be left unpaid (i.e., they appear to use termination more indiscriminately against this population). This data suggests that all utilities may be using termination against low income customers too aggressively, and for those with the waiver, the tendency is amplified.

When a utility shuts off a low income customer, it is expected that, more often than not, the customer will not pay or be restored and incur a reconnection fee. Shutting off a low income customer therefore should be deemed successful when the customer does not make payment. This demonstrates that the utility rightly concluded that the customer is unable to afford service, and disconnection prevents further loss to the utility as well as incurring additional charges that the customer will be unable to pay. On the other hand, a low income customer who pays and is restored demonstrates that the utility could have worked more effectively with the customer prior to disconnection.

Reconnection fee waivers therefore appear to do more harm to low income customers than good, as they promote more aggressive termination of such customers. The Straw Proposal would go further and prohibit reconnection fees from being assessed on low income customers at all, because it appears that all of the utilities, even those without such waivers, terminate low income customers more aggressively.

Utilities should work harder with low income customers to negotiate payment agreements that the customer can afford, before resorting to termination. The Straw Proposal doesn't suggest low income customers can't be threatened with termination, or be terminated, but it does encourage utilities to hold termination as a last resort, to be used only in cases in which it is likely the customer can't afford to continue service. Allowing no reconnection fee forces utilities to be more judicious in using termination on low income customers.

Straw Proposal Recommendations for Reconnection Fees

- Reconnection fees should not be charged to low income customers.
- No allowance should be made in program costs for waiver of reconnection fees.

Program Evaluation

The parties proposed a variety of data be collected to measure the performance of low income programs. Central Hudson urged balancing the feasibility and costs of data collection with the value of such data for program evaluation. Several parties suggested measures of the level of administrative costs; however, as the Straw Proposal would not provide an allowance from program funding for administrative costs, such measures would be unneeded.

A few parties suggested tracking collection costs, to measure the impacts of the programs in reducing such costs. Collection cost reductions benefit all customers, and an effective low income program should reduce such costs; however, such costs may be difficult to track separately for low income customers. For example, representatives taking calls from customers to negotiate payment arrangements or making outbound collection calls would have to track separately the amount of time spent on calls with low income and non-low income customers. Low income customers' financial circumstances may also be more sensitive to changes in general economic conditions; e.g., low-wage jobs may be more susceptible to layoffs or cutbacks in hours during an economic downturn. Such factors make measurement of low income program impacts on collection costs less certain, and consequently less likely to justify the effort and expense required to track them. The Straw Proposal therefore does not recommend tracking such costs.

On the other hand, collection costs can be measured indirectly, by collecting data such as the number of customers in arrears, the dollar amount of arrears, the number of deferred payment agreements negotiated, those in default, and those renegotiated, and the number of terminations. A substantial amount of collection activity data is already reported by the utilities for the general body of customers. Tracking such data separately for low income customers would furnish a great deal of information regarding changes in their status over time, and in comparison to non-participating customers.

The Straw Proposal therefore recommends that utilities begin tracking and reporting key collection activity data for low income customers in this manner. A representative collection activity report is attached to this report as Appendix E. Further comments are invited on the categories of data from these reports to be measured and reported separately for low income customers.

Staff is also engaged in the analysis and development of new performance-based ratemaking tools in the context of the Commission's REV proceeding. Some of the measures tracked in the context of monitoring and evaluating low income programs may also lend themselves to utility incentives. For example, Staff has proposed earnings-based incentives related to reductions in residential terminations and bad debt expense in recent rate cases.[39] A similar measure, focused on the low income population, could be made part of a more comprehensive "affordability" metric.

[39] See Cases 14-E-0318 & 14-G-0319, Central Hudson Electric and Gas Rates; and Cases 14-E-0493 & 14-G-0494, Orange and Rockland Electric and Gas Rates; supra.

Straw Proposal Recommendations for Program Evaluation

- A substantial amount of collection activity data is already reported by the utilities for the general body of customers. Utilities should begin tracking and reporting the same key collection activity data for the subset of low income customers.
- In the context of REV, some of the measures tracked in the context of monitoring and evaluating low income programs may also lend themselves to utility incentives.

Coordination with Other Programs

Some parties, especially the utilities, commented that the goals and objectives of utility low income programs were at odds with certain OTDA programs for low income utility customers. Utilities were particularly concerned that programs such as Emergency HEAP or §131-s that are intended to provide crisis assistance furnish a perverse incentive for customers to fall into crisis.

One way to address this concern is to consider the impact on level of discount for customers who receive Emergency HEAP payments. Emergency HEAP benefits for the current 2014-2015 program year can be provided in amounts of $190 for heat-related electric service, $350 for gas heat, or $490 for both, as well as for electric heat. In the same manner as the amount of the regular HEAP payment is considered in determining the appropriate amount of discount to produce a given energy burden, Emergency HEAP payments could also be recognized in determining the benefit.

One simple way to recognize the impact of Emergency HEAP benefits: receipt of the benefit automatically cancels out any discount below $16 (for a $190 payment), $29 (for a $350 payment), or $41 (for a $490 payment). While not limiting a customer's right to receive Emergency HEAP, or diminishing the value of such assistance for a household in crisis, this would adjust the customer's utility discount in a manner that recognizes the amount of the benefit, and lessens the incentive for the customer to fall into crisis in the first instance. For utilities with billing systems that can support additional levels of discount, the discounts in each tier in excess of such amounts could be continued at a reduced level, on receipt of the corresponding payment.[40]

Parties as diverse as Con Edison, MI, PULP and UIU emphasized the value of energy efficiency and weatherization as tools to address energy affordability for low income households. The Commission's order instituting this proceeding noted that low income concerns are being addressed in several proceedings before the Commission. Staff understands that the Commission expects Staff's report in this proceeding to focus on direct financial assistance programs.

We will note; however, that much progress has been already made in referring utility low income program participants for energy efficiency services. All New York utilities now make referrals to NYSERDA's EmPower-NY program. As New York energy efficiency programs transition from the Energy Efficiency Portfolio Standard[41] to the Clean Energy Fund, it will be important for such referral efforts to continue.

Energy efficiency and weatherization measures are strong tools in making low income home energy bills affordable. There is a clear correlation among low income households between total annual usage and the level of arrears. The largest growth in arrears furthermore is driven by a small group of customers

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[40] Fewer than 5% of utility Regular HEAP recipients also receive Emergency HEAP, so such discount adjustments would not significantly reduce program costs.

[41] Case 07-M-0548, Energy Efficiency Portfolio Standard.

with excessive consumption. The targeted use of conservation on such households can substantially reduce low income bills. Utility bill data could be better utilized to focus and prioritize efficiency services to low income households with high usage.

As a remedy to perceived lack of program coordination, as well as a forum for discussion of program goals and objectives, identification of criteria for program evaluation, and addressing conflicts in rules and procedures among low income programs implemented by various agencies, UIU proposes an Inter-Agency Task Force. While Staff recognizes the potential for improved efficiencies and better coordination among the various agencies that address low income energy needs, such a proposal is beyond the scope of this examination.

Straw Proposal Recommendations for Coordination with Other Programs

- The impact of Emergency HEAP benefits should be recognized in determining the appropriate amount of discount to produce a given energy burden.
- All New York utilities now make referrals of low income customers to NYSERDA's EmPower-NY program for energy efficiency/weatherization services. Such referral efforts should continue for EmPower-NY, or any successor program.
- Utility bill data should be better utilized to focus and prioritize efficiency services to low income households with high usage.

Other Party Proposals

Fixed Commodity Price

NYSEG/RG&E believes that price uncertainty is the biggest challenge for the low income customer and recommends that the Commission consider a fixed price option for commodity service, along with utilizing existing programs such as budget billing and offering a fixed price at the same time. Staff agrees that budget billing should be part of best practices for low income programs; however, fixed supply pricing carries a number of concerns. These include the cost of hedges required to achieve full price certainty, ease of switching and other impacts on competitive markets, and keeping utilities indifferent to whether customers purchase commodity from the utility or from ESCOs. The Straw Proposal therefore does not recommend a utility fixed price option at this time.

Revised Termination Policies/Practices

AARP/PULP state that utilities take a significantly varied approach to the timing of terminations and the volume of relying on this method of bill collection for all residential customers. AARP/PULP suggest that Staff examine termination policies and related practices and investigate why these disparities occur and whether a statewide program that regulates termination practices – and potentially forbids them – during extremely cold winter months and during periods of extreme heat should be adopted.

A complete moratorium on terminations during the cold weather period would require modification of HEFPA and is beyond the scope of this examination. Staff agrees there is some limited evidence that utilities may be using termination against low income customers too aggressively; and that termination rates among the subset of low income customers should be monitored. The Straw Proposal recommends the same with respect to reporting and evaluation of low income programs. Monitoring of such data should reveal any long-term trends in how utilities approach the timing of termination of low income customers.

Alignment with REV

AEA states that, as the Commission’s REV proceeding progresses, rate-related programs will be accompanied with approach to low income financial assistance programs taken here, which is based on the size of the typical total bill, can easily be adapted to any future scenario, where such bills may be composed of more or different elements.

Straw Proposal Recommendations Regarding Other Party Proposals

- REV may present new opportunities for addressing low income customer needs.
- The approach to low income financial assistance programs taken here, which is based on the size of the typical total bill, can easily be adapted to any future scenario, where utility bills may be composed of more or different elements.

CONCLUSION

It is difficult to imagine modern life without the basic necessities of electricity to light our homes and natural gas to heat and keep them warm. Home energy costs pose a large burden to low income New Yorkers today. Particularly for households with incomes in deep poverty, home energy costs threaten not only their ability to retain access to energy services, but also threaten access to housing, food, medical care and other necessities of life.

The PSL states "It is hereby declared to be the policy of this state that the continued provision of all or any part of such gas, electric and steam service to all residential customers without unreasonable qualifications or lengthy delays is necessary for the preservation of the health and general welfare and is in the public interest."[42] The 2014 Draft State Energy Plan updates this goal: "[To] facilitate greater access and support for energy efficiency opportunities in low income and underserved communities to provide those who are most vulnerable to increasing energy prices and least able

[42] PSL §30.

to invest in clean energy with access and means to reduce their energy costs."[43]

In the spirit of these goals, Staff submits this report for party comment and Commission consideration. It is likely that no party will agree with all of the recommendations contained in the Straw Proposal, and we expect that the Straw Proposal can and will be improved by the further party comment and review that will follow. We look forward to continuing that examination.

[43] 2014 Draft State Energy Plan, p. 7.

Appendix A

CASE 14-M-0565 - Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers

Initial Party Comments

Overall Policy (Questions 1.a through 1.f)

a. How do we achieve the goal of affordability most effectively, and at minimum cost?

American Association of Retired Persons/Public Utility Law Project of New York, Inc. (AARP/PULP)

AARP/PULP recommends an affordability rate that is targeted to households that would qualify for Telephone Lifeline service or that have annual income at or up to 200 percent of federal poverty levels (FPL). This affordability rate should provide a percentage reduction on the customer's monthly bill. Utilities should be required in their next rate filings to propose an affordability rate that should reflect a reduction in the total bill, identify the eligibility criteria under which such a rate would be awarded, include rate design and revenue allocation changes to implement it, and identify bill impacts of the changes. AARP/PULP proposes that a discount of 30-35 percent be considered.

Association for Energy Affordability, Inc. (AEA)

Ensuring a well-defined and consistent approach to the establishment of minimum benefits for low income consumers across regulated utilities could be a valuable outcome and would reduce the burden on consumer advocates who have insufficient capacity to participate as effectively as necessary in multiple, simultaneous rate cases. AEA considers the domain of this proceeding as insufficient to ensure energy affordability for low income consumers. Consumers eligible for rate discounts or other income and means-tested programs should be enrolled in energy efficiency and weatherization programs to reduce or eliminate energy waste contributing to higher and unaffordable bills.

Central Hudson Gas & Electric Corporation (Central Hudson)

Each New York utility's customer base is different in terms of demographics and services each utility provides. These differences exist whether the customer is an electric or a gas heating customer, a non-heating customer, or an electric and gas combination customer. Service affordability for customers may differ among utilities. The Commission needs to establish what it is trying to achieve regarding affordability and the metrics needed to measure affordability. Utilities currently provide a great deal of data through various reports, which may help inform the Commission concerning the state of affordability, but a definition of affordability is still required to set a baseline necessary to achieve an affordability goal.

Citizens Environmental Coalition (CEC)

Affordability may be achieved by maximizing energy conservation education and energy efficiency retrofits to reduce overall energy costs. Eligibility for LIHEAP must require energy efficiency retrofits as a first step for fuel assistance. A statewide program should be established related to energy affordability similar to the Lifeline program and would reduce the enormous administrative costs in multiple proceedings among different utilities.

Consolidated Edison Company of New York, Inc./Orange & Rockland Utilities, Inc. (Con Edison/O&R)

Con Edison/O&R does not believe that it is practical or reasonable to attempt to achieve "affordability" as a goal for low income programs. Rather, the goal should be twofold: (1) to determine the most effective and efficient types of programs that provide assistance to low income customers; and (2) to define the metrics that should be used to evaluate and measure the success of low income programs. The absolute value of program elements (e.g., the size of a low income customer discount) should be determined in each utility's base rate proceeding.

Programs can be evaluated in a number of ways, including but not limited to: the number of low income customers in the program; the impact of the program on low income customer payments; the impact of energy efficiency measures that may be a component of the program on low income customer energy expense; and the number of low income customers in arrears, among other things. Further, such evaluations must consider factors external to the program. For example, reductions in HEAP benefit amounts will impact low income customers' ability to reduce or avoid arrears in cases where such benefits apply, but utility customers should not be asked to make up the funding deficit. Con Edison/O&R believes that the appropriate measure of effectiveness is the total amount of financial assistance provided to customers, stated as a percentage of the total cost of the program (including the financial assistance provide to customers and administrative costs). Low income programs should maximize the percentage of program funds that are distributed to low income customers and minimize the amount of funds used for program administration.

Multiple Intervenors (MI)

MI asserts that the goal of achieving energy affordability most effectively, and at the lowest cost, starts with ensuring that delivery rates are no higher than is necessary to ensure safe and reliable utility service for all customer classes. MI recommends that the Commission adhere to cost-of-service ratemaking, promote the use of accurate price signals, and seek to minimize unnecessary or discretionary expenditures that have the effect of increasing delivery rates and/or surcharges. Additionally, the Commission should remain cognizant of the impacts of its policies and decisions on wholesale electricity prices. By implementing policies designed to reduce and/or minimize rates and other costs imposed on customers in general, the universe of customers needing subsidies should be lessened.

With respect to residential low income programs, MI asserts that the Commission's efforts should be focused, first and foremost, on maximizing the benefits of existing programs, as opposed to increasing the financial burdens that such programs impose on other customers. For instance, it may be possible to improve the efficacy of existing programs with little or no changes to overall program budgets. Multiple Intervenors anticipates that a number of potential improvements to the existing programs will be identified in this proceeding that should lead to increased affordability for participants irrespective of potential changes to budget levels.

National Fuel Gas Distribution Corporation (NFG)

For most gas customers, affordability is achieved when natural gas is competitive with heating fuel alternatives. Currently and for the foreseeable future, natural gas is significantly less costly than oil and propane. One indicator of affordability is whether customers are purchasing more of a product, all other things being equal. Normalized consumption of utility-delivered natural gas is on the upswing as customers adjust to the new environment of lower gas prices. Were natural gas not affordable, customers would use less. This result is all the more notable given that customers are continuing to weatherize their homes and purchase high-efficiency appliances.

But market-level heating costs can nonetheless be a significant burden on low income customers. The long-running solution to the problem of energy affordability has been to shift the cost of low income programs, including rate discounts, to the general body of ratepayers. Although this practice is not prescribed in the Public Service Law, it is well-established. More importantly, the rates can be effective when they: (1) reduce rates for low income customers, therefore increasing affordability; and (2) promote payment practices that result in fewer shut-offs.

Affordability is best achieved through combining resources from government, communities, and the utilities. These resources can be leveraged with low income programs to provide affordable bills. Those programs in which customers affirmatively apply in order to participate and are aware of participatory benefits are likely to be most effective. When given an affordable bill customers should be required to pay it or face disconnection, which will improve payment behavior and will reduce collection expense in the long term. Only in this way will costs to other customers who do not participate in low income programs ("non-participating customers") remain reasonable.

National Grid

Within National Grid's New York service territories, the most effective and least-cost method to achieve the goal of affordability is through the use of categorical eligibility, such as HEAP eligibility, with automatic enrollment. This approach benefits all customers by minimizing utility administrative costs and maximizing the amount of program funding used to assist low income customers in paying their energy bills. Automatic enrollment eliminates the need for customers to apply and for the utility to certify eligibility, thereby reducing administrative costs, providing easy access and eliminating a potential barrier to low income customer participation.

New York State Electric & Gas Corporation/Rochester Gas and Electric Corporation (NYSEG/RG&E)

The question identifies three criteria which need to be balanced: affordability, effectiveness, and cost minimization. The best way to balance the three objectives is to increase price stability and emphasize programs that are easy to administer. NYSEG/RG&E believes that price uncertainty is the biggest challenge for the low income customer. Customers on fixed or low incomes cannot easily handle fluctuations in prices in any part of their bundle of purchased goods. Price certainty is critical when making decisions about which bills will be paid. Offering a stable budget bill with no fluctuation in the price for 12 months and providing the customer with a fixed supply and delivery price would improve the ability of customers to pay.

Utility Intervention Unit (UIU)

When properly designed and implemented, energy affordability programs benefit all New Yorkers. Reducing low income household energy burdens to an affordable level will in turn reduce uncollectible arrears and terminations due to personal financial difficulties as well as the higher costs to society associated with hospital emergency room visits and homeless shelters and other emergency public benefit programs.

In the UIU's view, achieving affordability effectively and efficiently requires an eight-prong approach:

1. The number of poor people eligible for utility low income programs should be increased by using the Lifeline eligibility criteria statewide. Limiting automated enrollment eligibility to utility customers who receive HEAP payments, as is the case throughout most of upstate New York, is inadequate since most New Yorkers who are income-eligible to receive HEAP do not, in fact, receive a HEAP grant. Fundamental fairness requires that all similarly situated New Yorkers receive the same service regardless of their location.
2. The amount of the discount should be increased to address the affordability gap meaningfully by aspiring to the 6 percent energy burden standard.
3. All housing stock with substandard insulation and inefficient heating and cooling units in which low income people reside should receive weatherization and energy efficiency measures.
4. Customers should not be permitted to participate in a utility low income program unless they take full service from their utility or the Energy Service Company (ESCO) from which they purchase commodity guarantees that, on an annual basis, the ESCO will not charge the customer more than what the customer would have paid the utility.
5. A uniform arrears forgiveness program should be established in all of the service territories.

6. Utility rate designs should include an "affordability block," which would reward low income customers for using less energy.
7. Reconnection fee waivers should be available throughout the State.
8. Evaluation metrics should be established – for instance, tracking the number of terminations and the amount in arrears – to gauge the effectiveness of the uniform statewide low income program, along with quarterly reporting requirements and a formal annual review by Staff of the program's impacts and effectiveness.

UIU urges the establishment of an Energy Affordability Intergovernmental Task Force administered by and composed of senior management from the Department of Public Service (Staff), Office of Temporary Disability Assistance (OTDA), State Homes and Community Renewal (HCR), New York State Energy Research and Development Agency (NYSERDA), PSEG Long Island (PSEG-LI), New York Public Authority (NYPA), State Office For Aging (OFA), State Department of State UIU) and other state entities whose work addresses low income customers and affordable energy bills.

b. What is the level of affordability that should be achieved? How should the appropriate "energy burden" (e.g., the percentage of a customer's income that is spent on energy) or level of affordability be determined?

<u>AARP/PULP</u>

Since there is no public data associated with this particular proceeding or included in the Commission or Staff documents to date about the current energy burden or the impact of the current programs on this burden, it is difficult to make a recommendation in this regard, but as noted earlier AARP/PULP believes a 30-35 percent reduction is just and reasonable. AARP/PULP notes that its recommendations also reflect the concerns raised in the Draft State Energy Plan about affordability of essential electric and gas service for low income customers and the discussion of the various robust discount and other affordability programs.

<u>Central Hudson</u>

The level of affordability needs to be established at the state level by agencies that are closest to, and understands the needs of, the low income customer base.

<u>CEC</u>

Affordability for energy should be defined as no more than 6 percent of expenses.

<u>Con Edison/O&R</u>

Determining the level of affordability or energy burden should not be the goal of this proceeding. The focus should be on determining the parameters and appropriate level of assistance for low income customers achieved through a bill credit or a discount on utility rates. Con Edison/O&R seeks to provide safe and reliable service at the lowest reasonable cost. The allocation of those costs among low income customers and other customers will continue to be an area of focus in utility-specific base rate proceedings. The Commission should develop its goals in terms of the metrics that would be used to evaluate and measure the levels and types of low income utility assistance, and how to best avoid and/or minimize unnecessary administrative expenses.

<u>NFG</u>

A household's energy burden is a good way to determine affordability. Other states, such as Pennsylvania, have defined energy burden and established targeted utility bill levels. These are best established based on income levels, and will vary within ranges established by the regulatory body.

<u>National Grid</u>

Energy burden is the share of the annual household income that is used to pay annual energy bills. Once measured, benefits go solely to those households with the highest difference between their utility bills and their income. National Grid has experience with this type of program, as it was formerly used by a National Grid company in another jurisdiction. Based on that experience, the energy burden approach was found to be difficult and administratively burdensome to implement and manage. For these reasons, National Grid does not recommend that such a model be adopted for New York. As discussed more fully in response to 1.e., National Grid suggests an alternate approach, based on varying levels of HEAP assistance that could provide a better way to address varying customer need, but still maximize the provision of aid to customers.

Under the energy burden approach, customers with the highest energy burden may not always be the most in need of assistance, as customers with relatively higher incomes could score higher than customers with low or fixed incomes, due in part to variations in cost of living, larger or poorly insulated homes, and even localized harsh climates. Furthermore, the Company's prior experience with such a program resulted in a lengthy waiting list for participation, in part because available funding limited the number of customers able to participate.

Should the Commission determine that the energy burden approach be adopted in New York, National Grid believes that while utilities can provide billing data, it is not equipped to gather and validate individual customer data on income, cost of living, and household expenses that are necessary to measure energy burden to qualify customers and determine appropriate levels of assistance. Rather, if an energy burden approach were utilized, eligibility and benefit levels would need to be set by a governmental entity or community based low income advocacy organization based on an established certification process.

NYSEG/RG&E

NYSEG/RG&E agrees that the energy burden should be less for low income customers than the general population. It is unclear how such a goal would be met in practice, however, with an acceptable administrative effort and cost, utilizing readily available data, and taking into account the complexities of individual customer circumstances that also change over time.

UIU

UIU is not aware of any reason to depart from the widely accepted energy burden of 6 percent as an aspiration. However, achieving that goal for the poorest of New Yorkers may be quite expensive. According to the Affordability Gap Study, the 450,000 New York households with annual incomes at or below 50 percent of the federal poverty guidelines (about $12,125) experience energy burdens of more than 40 percent. For households earning closer to 100 percent of the federal poverty level, achieving the 6 percent energy burden is less expensive. The average monthly Social Security benefit is about $1,200; among elderly beneficiaries, 22 percent of married couples and about 47 percent of unmarried persons rely on Social Security for 90 percent or more of their income. Using the 6 percent energy burden, these low income New Yorkers would pay only $72 a month for their utility bills. Similarly, a person working 40 hours a week receiving the minimum wage of $8.50 per hour earns about $1,360 a month. Using the 6 percent energy burden, these low income New Yorkers would pay only $82 a month for their utility bills.

c. What is the appropriate level of funding? How much assistance should be provided by ratepayers, in light of taxpayer and privately funded assistance?

AARP/PULP

Affordable service is a policy goal that should be implemented without undue burden on other customers and customer classes. It is not possible at this time to provide a specific response to this question citing dollar amounts due to the lack of data from the utilities that might make such a projection possible by consumer advocates. To be able to do so, data about the type of assistance that is under consideration and the pool of eligible customers must be identified and evaluated to consider the revenue responsibility shifts and the bill impacts of various program proposals. Such data is not currently available but should be developed and considered in Staff's report to the Commission.

AARP/PULP notes that other states have strong reduced rate programs reaching a large percentage of eligible customers, with revenue forgone from the reduced rate customers reallocated to all other customers and customer classes. Utilities should be required to file proposals in their 2015 and subsequent rate proceedings for implementation of the policies established in this case; identifying reasonable rate design and revenue reallocation options; efficient outreach and enrollment systems; and identifying bill impacts on other customers and customer classes.

Central Hudson

Central Hudson's low income programs was determined as part of a settlement, and approved by the Commission with modifications. Central Hudson believes that low income program costs and rates attributable to customers should be decided in each utility's rate proceeding. This proceeding, however, may require a modification of low income program costs and rates if the Commission requires new programs or modifies existing programs.

CEC

While all residential ratepayers need to be better served with efficiency programs, the low income sector needs to be much better served, as it can dramatically reduce costs.

City of New York, Office of Sustainability (NYC)

NYC proposes that an appropriate structure for the utility low income programs is to base the discount on a percentage of the customer cost rather than a fixed amount. NYC concludes that the current discount rates in New York City should be increased.

In setting the low income discount level, it is important to consider the total bill. Because customers can purchase their supply from a variety of sources it is not possible to disaggregate the low income discount between delivery and supply or seek to impose a portion of the program costs on non-rate-regulated suppliers. Therefore, the construct advocated by NYC is to place the entirety of the discount within the delivery charge and recover the costs of the low income programs equitably from all delivery customers.

As to the percentage of the discount, NYC recommends that the Commission increase the level of the discount to at least 15 percent for electric and gas heat customers, and at least 10 percent for gas non-heat customers. These percentages will provide low income customers a meaningful reduction in their utility bills, which should make their utility costs more affordable and reduce the size of arrearages.

Although there is a clear need to help the most disadvantaged individuals and households, the programs should not be designed in a manner that unduly burdens those customers whose income levels place them just above the thresholds for participation in public assistance programs.

With respect to the calculation of the discount, NYC offers two alternatives. For ease of administration, it would be acceptable to determine the discount amount by applying the percentage to the average residential delivery charge each year. In the event Con Edison is able to determine an average amount specifically for low income customers, that average should be used instead. Alternatively, NYC understands that Con Edison's billing systems are very powerful and adaptive. Recent upgrades have provided more flexibility to display information on customer bills and it may not be difficult to change the programming code applicable to the calculation of low income customer bills to base the percentage discount on each customer's actual delivery charge, similar to the way some surcharges are based on actual usage.

For heating gas customers, the monthly amount of the discount may be greater than the electric discount in the winter months, but the cost of gas service can be much higher at that time and the need for relief is correspondingly greater. In summer, gas usage is much lower, so the need for relief is similarly lower. At present, both Con Edison and National Grid use a combination of a reduction on the minimum charge plus a discount to the second block rate. NYC has no objection to continuing this structure as it reasonably addresses the changing usage and needs over the course of the year. NYC does not have all of the information required to determine the requisite changes to the fixed and variable discounts to effectuate the recommended 15 percent discount. However, the utilities should be able to make these determinations without difficulty. On a total basis, though, because the number of gas low income customers is substantially lower than the number of electric low income customers, the total cost for these discounts is not substantial and should not unduly burden any other gas customers. Similar to the electric proposal, the discount level should increase over time commensurate with the rate of change of the delivery rates.

With respect to non-heat gas customers, Con Edison presently provides a discount of $1.50 per month and National Grid provides a discount of $2.50 per month. Because the monthly bills for low income non-heat gas customers are relatively low, a similar level of relief is not needed, but the present discount levels should be increased. NYC recommends that the discount level for their customers be raised to 10 percent of their total bills. Implementation of this discount should adhere to the same two alternatives discussed for the electric discount.

Con Edison/O&R

The appropriate program funding level should be decided within the confines of a base rate proceeding. Establishing low income program funding levels in a base rate case context allows for a thorough assessment of the positions of interested stakeholders, and allows consideration of the costs to fund such a program, and the overall impacts on all customers. The greater the assistance through taxpayer and private funding, the less of a need there is to use utility rates to assist low income customers.

MI

MI is concerned about the overall cost of energy in New York. For many years, energy prices in the State have exceeded the national average by a substantial amount. While MI supports the Commission's stated goals of improving the efficacy of existing residential low income programs, it is concerned about possible increases to program budgets that would impose even greater costs on other customers, particularly in Upstate New York where many energy intensive businesses are located. Moreover, it is important that any proposed increases in the cost of residential low income programs be evaluated in the context of overall customer burdens.

NFG

A successful low income program design will coordinate the benefits from ratepayers, taxpayers and private assistance. Each plays an important role in providing an affordable bill. In a successful low income program that appropriately recognizes the impact on participating and non-participating customers' needs will drive funding. In periods of high energy costs funding requirements will increase, while in periods of low energy costs funding needs will decrease.

National Grid

Funding is a policy matter that may best decided within the proceeding with input from all interested parties. Utilities have traditionally provided assistance to low income customers when taxpayer and privately funded assistance was not sufficient to ensure that low income customers could afford to pay for electric and gas service. Utility funded programs can also result in cost benefits accruing to all customers from avoided collections costs and public policy benefits. Both should be considered in this discussion.

NYSEG/RG&E

Funding needs to be a balance between meeting the needs of the low income population and the overall impact to all ratepayers. This balance is not necessarily intuitive and must be done in combination with other items in the base rates of each individual utility's tariffs. Direct exterior funding streams, such as HEAP, and indirect funding, such as subsidized housing, should also be taken into account when considering funding levels included in base delivery rates. As identified at the outset, each utility's level of funding should reflect the unique the socio-economic circumstances of their service territories.

UIU

UIU would prefer that the level of funding for all low income New Yorkers be set to achieve an energy burden of no more than 6 percent for all low income customers. UIU realizes that the funding level needed to achieve this goal may significantly increase the energy burden on moderate income consumers beyond acceptable levels. Consequently, UIU recommends that Staff conduct an analysis with an energy burden of 6 percent for low income consumers and adjust the target should the burden for moderate income consumers be too great. The analysis should also look at the level of churning that occurs as participants in public benefit programs move in and out of eligibility as their financial circumstances either improve or suffer a setback.

d. How can benefits be maximized and costs minimized?
i. What approaches maximize the benefits to participating customers?
ii. Can waste and administrative costs be further reduced?

<u>AARP/PULP</u>

The concept of maximizing benefits to participating customers is a function of not only program design but the costs of implementation and the degree of difficulty or interest in the implementation of these programs by state agencies not under the jurisdiction of the Commission. The two basic designs of robust affordability programs in other states reflect the Percentage of Income Plan (PIPP) and the Percentage Rate Discount. AARP/PULP supports a percentage rate reduction based on the total bill or each component of the total bill. Under this approach, the reduction can be uniformly applied at a standard percentage (e.g., Massachusetts and California).

The rate reduction approach is easier to implement, lessens the administrative costs and privacy concerns of developing the necessary exchange of data under programs driven by individual income analyses of eligible consumers, and can be applied on a monthly basis based on the customer's actual bill by the utility with a computerized billing system that is programmed with the ordered percentage rate reduction. This would be implemented similar to other tariffed rates that are designed and applied to the customer's bill on a monthly basis. Under this approach, all qualified participants would receive the same percentage of bill payment assistance. AARP/PULP recommends that a rate reduction system be required in New York.

<u>Central Hudson</u>

Central Hudson has found that using pre-determined eligibility criteria (such as the eligibility criteria used to determine HEAP recipient eligibility) is a cost efficient method to qualify low income customers for participation into its Low Income Bill Discount Program. Any program changes that are considered by the Commission should, where possible, continue to utilize automated methodologies to determine eligibility criteria and administer low income programs.

<u>CEC</u>

CEC supports the integration of energy conservation and efficiency thoroughly into the low income program as California has done.

<u>NYC</u>

NYC understands that the costs required to administer the low income programs are relatively low as confirmed by Con Edison. The changes that NYC is recommending do not fundamentally modify the programs and should not add material costs to administering them. Moreover, increasing the size of the low income programs to include Medicaid customers, should not add a material amount to the administrative costs. NYC acknowledges that a broader program will require some additional resources (e.g., by increasing the number of enrollment transactions), but the additional needs should be minimal. In the context of the utilities' total revenue requirements, the additional costs would not be considered material.

<u>Con Edison/O&R</u>

Con Edison/O&R's low income programs are automated, resulting in minimal administrative costs. The majority of the funding available in its low income programs goes directly to low income customers and not to administration. Con Edison/O&R urges the Commission to support a similar automated approach for any new programs, or modifications to existing programs, that result from this proceeding.

NFG

Utilization of all resources, such as HEAP and available weatherization and low income program participation, is essential to maximizing the benefits to participating customers. It is critical that the customer remains responsible for his or her bill, and understands the need to apply for and follow up on benefits that may be available. Reduced administrative costs are possible by utilizing common factors for eligibility. Commonly used criteria, such as HEAP eligibility, and data sharing between counties and utilities are important elements to reducing waste and minimizing administrative costs.

National Grid

Reliance on categorical eligibility and automation is the most effective way to maximize program benefits for low income customers while minimizing administrative costs.

Several approaches maximize the benefits to participating customers, such as:

- Programs that allow the funding to be used for the customer's energy bill rather than program administrative costs.
- Ease of application
- Using existing data and eligibility for existing programs to qualify customers for enrollment.

Any program design should include a mechanism to periodically evaluate the process and look for opportunities to increase efficiency and lower costs.

NYSEG/RG&E

To maximize benefits to participating customers, programs must be easy for the customer to understand, easy for the customer to participate in, and simple to administer. NYSEG/RG&E supports a policy of helping customers develop and achieve a culture of success. Bill reduction programs such as those currently offered reach a broad base of customers and should be continued. These programs are intended to maximize benefits and provide assistance to customers who struggle to pay their bills each month, but may not be in arrears. NYSEG/RG&E believes that waste and administration costs should always be examined for opportunities to be reduced. Additionally, educating customers on program benefits needs to be a key component.

UIU

UIU recommends that strategic weatherization programs operated by the utilities and/or NYSERDA and HCR be coupled with the discount to reduce the energy consumption for the low income discount recipient to maximize the benefits.

e. *How specifically can utility programs be better coordinated with the Home Energy Assistance Program (HEAP), fuel funds, and/or other forms of assistance?*

AARP/PULP

AARP/PULP objects to eligibility criteria that focus on past payment of the utility bill or indication of crisis in utility bill payments. Criteria such as these are not indicative of energy burden, household income, or the choices that many consumers face in their allocation of household income for food, medicine, shelter, etc.

Central Hudson

Current practices by social service agencies create barriers that prevent low income customers from receiving benefits for which they are otherwise eligible and should modify their procedures to foster better coordination with state and utility low income programs. For example, social service agencies currently require low income customers to present a disconnect notice from the utility before the agency will provide emergency HEAP assistance. Assistance earlier in the process might allow low income customers to avoid receipt of a disconnect notice in the first place. Similarly, low income customers may not be eligible for public assistance for their utility bills if they have entered into a payment agreement with the utility. This acts as a barrier preventing low income customers, who have the greatest need for a payment plan, from entering a scheduled payment plan with the utility to pay off their arrears. This policy by social service agencies makes it more difficult for low income customers to stay current on their utility bills.

NYC

One administrative change that could ease the cost and burden imposed on the utilities would be to change the public assistance enrollment forms developed by OTDA to include the utility low income programs and facilitate direct, automatic enrollments in those programs. NYC is aware that Staff's efforts in this regard have not been successful so far. Perhaps these changes could be achieved through more high level interactions between the sister State agencies.

Con Edison/O&R

Social service agencies should consider modifying their procedures to foster better coordination of state and utility low income programs, and to remove disincentives for customers to avail themselves of utility programs and payment options designed to help them pay their utility bills in a timely manner. For example, social service agencies currently require low income customers to present a disconnect notice from the utility before the agency will provide emergency HEAP assistance. Similarly, in some cases, customers are not eligible for public assistance on their utility bills if they have entered into a payment agreement with the utility. These agency requirements discourage customers from entering a scheduled payment plan with the utility to pay off their arrears, without which it is more difficult for low income customers to stay current on payment of their utility bills.

NFG

Many existing utility low income programs use the receipt of HEAP payment assistance benefits as a determinant for program eligibility and participation. Many utilities enroll customers in their low income programs once HEAP is provided. This is an extremely cost-effective way to identify low income customers. Under existing rules, there is often a conflict between low income program participation and HEAP Emergency benefits. OTDA requires that a client be without utility service or faced with its imminent loss prior to the issuance of an emergency benefit. Utility programs require timely payment. Often customers will need to default in payment to be eligible for additional HEAP funding. The

Commission should work with OTDA to develop a solution that would allow the neediest clients to be eligible for additional funding without the need to default in payment. Programs should reward good payment, not the opposite.

One area of coordination that should be explored is the non-HEAP governmental assistance that may be available to customers under New York State Social Services Law. After customers have exhausted options with their utility, including defaulting on an affordable deferred payment agreement, they are eligible for assistance through local departments of social services. There is very little coordination of these benefits and customers frequently do not procure them.

<u>National Grid</u>

National Grid currently leverages low income programs with internal and external programs and services to assist its low income customers. Customers are automatically enrolled in several programs once the HEAP payment is received. National Grid believes its automated system that detects incoming HEAP payments and uses that information to automatically determine eligibility for low income assistance could also be used to establish different levels of assistance for customers in the greatest need. In accordance with HEAP eligibility criteria, recipients may be eligible for differing levels of HEAP assistance based on need and household circumstances. Leveraging these varying payment levels and the automated enrollment process could provide a cost effective means to provide varying levels of assistance for customers that need help most.

Ideally, to maximize customer eligibility, it would be beneficial to receive information from counties on other forms of assistance such as SNAP, SSI, Medicaid, and Temporary Assistance to Needy Families, etc. However, the 41 counties that National Grid serves may have technological difficulties providing the information electronically with a secure file transfer protocol or other secure means. In the past, certain counties have specifically denied National Grid access to this information, based on concerns with customer privacy and confidentiality. OTDA could undertake changes to improve efficiency and make HEAP more readily available to eligible recipients. In order to maximize efficiencies for customers and utilities, county DSS and OTDA should consider reverting back to the coupling of regular and emergency grants. This would help encourage participation and retention in utility low income programs.

The current system and decoupling policy is not the most efficient mechanism to provide benefits to those in need. Low income customers have advised National Grid's consumer advocates that it is difficult making multiple trips to the local HEAP office to apply for the separate benefits programs, particularly for the elderly and disabled. Customers who previously received both benefits together may now be forced to take another day off work, pay for transportation and/or parking, or withstand long waits on the phone. These burdens can be a barrier for low income customers who often have low paying jobs with little or no paid time off.

Emergency HEAP eligibility requires a utility to first issue a termination notice. For this reason, many low income program participants opt out or intentionally default on utility service in order to receive an emergency grant. This is a long term concern because it risks interruption of service and has the effect of incenting these customers to not pay their energy bill.

<u>NYSEG/RG&E</u>

NYSEG/RG&E believes that the sharing of timely and accurate information, with appropriate privacy and cyber security provisions, is critical to program success. The Companies hold quarterly meetings with the various county social services departments and, as a result, have found that communication and coordination is timelier with the county departments which have embraced automation.

f. Are there barriers to non-utility entities offering assistance programs which are not funded by ratepayers, and if so, how can they be removed?

AARP/PULP

AARP/PULP is not aware of any retail market that relies on third-party suppliers to create and deliver bill payment assistance programs to residential customers. Third-party suppliers can do so, but this would not be in their financial interest since they have no way to reflect these benefits on their balance sheets. ESCO prices are not regulated by the State and cannot be compelled or relied upon to provide affordability programs. AARP/PULP supports third party programs designed to reduce utility bills through energy efficiency and conservation measures and urge that a fair share of repurposed CEF funds be reserved to address low income customer needs.

Central Hudson

Central Hudson is not aware of any barriers to non-utilities offering assistance programs to low income customers.

Con Edison/O&R

Con Edison/O&R does not have information about barriers to non-utility entities offering assistance programs. Low income assistance is a matter in which all players in the energy field could play a role, and support non-utility entities offering assistance programs.

NFG

There are no known barriers to non-utility entities offering assistance programs which are not funded by ratepayers.

National Grid

National Grid is not aware of any barriers that would prevent non-utility entities from offering assistance programs. National Grid works with a number of low income assistance organizations and has accepted contributions from such organizations on behalf of customers.

NYSEG/RG&E

While a non-utility entity can be either a for-profit company (such as an ESCO) or a not-for-profit agency (such as Red Cross or Catholic Charities), the barriers seem to be similar. First, there is a decided lack of awareness of customer needs. Second, the lack of ready information is then coupled with the unfortunate reality that funding for this purpose is limited everywhere. All charitable organizations are competing for limited funds. Should need be identified, addressing nearly unlimited needs with limited resources is a daunting task. Allocation of funds must be a cornerstone of this process.

General Program Design Issues (Questions 2.a through 2.f)

a. Should a uniform statewide program be created? If not, to what extent should diversity among utilities in the design of affordability programs be allowed?

AARP/PULP

Based on AARP/PULP's review of programs in other states, New York should adopt a uniform statewide affordability rate as the minimum requirement for all gas and electric programs.

AARP/PULP listed its concerns regarding the current programs:

- Most of these programs, with some exceptions for natural gas customers, do not include a discount or bill payment assistance on the total bill. Rather, there is an emphasis on modest fixed credits in the range of $5 to $15 per month. This means that eligible customers are not obtaining bill payment assistance based on the actual total electric (or in some cases, the natural gas) bill on a monthly basis.
- AARP/PULP supports reasonable bill payment assistance in the form of reduced charges or rate reductions on the entire bill. Arrears reduction and forgiveness programs should be a secondary aspect of the overall program and should not disqualify customers from regular bill payment assistance.
- Endorses Con Edison gas and KeySpan approaches to establish categorical eligibility for a wide range of assistance programs that require a demonstration of household income: HEAP, Medicaid, TANF, Public Assistance, SSI, Food Stamps, Veteran's and Surviving Spouses Disability Pension, Child Health Plus, and local housing vouchers paid by the county/city government.
- A review of the annual reports on the current electric and natural gas low income programs do not provide any information on how participating customers are served by any of the no-cost efficiency and weatherization programs implemented by NYSERDA or any other entity. This lack of data about how customers participating in these programs are served by no-cost weatherization and efficiency programs is a significant defect that should be remedied by Staff as it prepares its report in this proceeding.

AEA

A state-wide approach for basic program parameters is a desirable outcome providing the eligibility requirements and relief offered are sufficient to encompass and service the low income population. A state-wide approach with the bar set too low – and therefore with low enrollment – would not be an effective or useful outcome. Consistency across service territories can ensure fair treatment of low income populations and relieve the burden on advocates that comes from the difficulty of engaging effectively, because of time and resources, in each rate case. It must not be achieved at the expense of serving the low income population to the greatest extent possible. Current eligibility criteria vary by utility; any attempt at standardization should increase not decrease participant levels. A state-wide approach based on the broader eligibility of receipt of need-based income support would be welcome while a statewide approach restricted to HEAP eligibility would not be progress.

Utilities may need some flexibility in designing programs that reflect specific circumstances or affordability in their territories. Programs based on state-wide average incomes or the federal poverty level may have very disparate impacts on affordability for consumers residing in territories where overall cost of living and electric rates are lower than those in places where the cost of living and utility rates are substantially higher. Use of area median incomes would be one method of adjusting program eligibility to local affordability levels. New York also could consider using 200 percent or less of the poverty level as the cutoff for enrollment in low income programs, as is done in California.

Central Hudson

Central Hudson recommends that the Commission not create uniform statewide low income customer programs. Home ownership, home and apartment rentals, and rural versus urban characteristics are some of the obvious differences between utility service territories. Utility services are not always assigned to the tenants in cases of rental customers. Size of low income population and social service agency capabilities within a utility's service territory are also factors in program design. Central Hudson can offer different low income programs than Con Edison because of the many different issues facing each utility, including the numbered of customers served.

The Commission should define clear metrics and goals for low income programs, and afford Staff and the utilities the opportunity to analyze the effectiveness of existing programs in New York and other jurisdictions. This analysis will enable the Commission to determine whether, and to what extent, elements of existing low income programs may be standardized across the State.

CEC

A uniform statewide program should be created and allow for unique considerations. Statewide eligibility and assistance should be standardized to the greatest extent possible. Standardization helps keep administrative costs down. Targeting neighborhoods that need service based on demographics, such as income, unemployment, race, ethnicity, health status, can help increase cost effectiveness of program delivery for energy efficiency. Regional differences should be noted as some areas of the state have higher costs for housing or a real shortage of subsidized housing. Rural areas have different issues than urban areas, such as higher transportation costs.

NYC

NYC has not reviewed the low income programs in place outside of New York City and offers no opinion on them.

Con Edison/O&R

The Commission should not create a uniform statewide program for low income customers. There are significant demographic differences in utility service territories, among other things, that account for the variations among utility low income programs. For instance, in New York City and Westchester County, 73 percent of low income customers live in multi-family dwellings. A majority of these customers do not pay the costs of their heating directly to the utility and, thus, do not qualify for HEAP. Therefore, eligibility criteria for Con Edison's service territory are more expansive than in other areas of the State, where there are more low income customers who qualify for HEAP.

MI

There are wide variations among the residential low income programs offered by the State's utilities. The evaluation of different programs and attempting to identify best practices makes sense to MI. While some uniformity between utility programs may provide benefits, particularly where such uniformity reflects best practices, diversity still should be allowed if and where justified.

NFG

Uniform statewide programs should not be created for the natural gas industry in New York. The utility natural gas service territories are too diverse to develop effective uniform statewide low income affordability programs. The usage characteristics of residential natural gas customers vary greatly across the state.

National Grid

Given the diverse nature of each utility's service area and customer needs, individualized utility programs that are designed to respond to the unique needs of low income customers have been important to ensure affordable, safe and reliable service, and they should be retained.

NYSEG/RG&E

NYSEG/RG&E believes that, while a uniform statewide program could be created, there are probably more benefits to having uniform guidelines rather than rigidly defined programs. A uniform statewide program may or may not be cost-effective, taking into account costs such as program advertising, acquisition of third-party services to maintain the program and, to a lesser extent, changes to utility customer information systems.

UIU

UIU strongly supports a uniform statewide program that ensures that similarly situated low income New Yorkers receive the same tangible benefit regardless of the service territory in which they live.

b. What additional benefits and costs are introduced by implementing a portfolio of assistance programs to address a range of customer-specific needs, as opposed to a single program?

AARP/PULP

AARP/PULP recommends that a statewide affordability rate be the primary focus of this proceeding.

Central Hudson

Central Hudson is able to serve more customers by offering a portfolio of assistance programs through a broad-based low income bill discount program combined with the Company's targeted EPOP program. Central Hudson's diverse program options have allowed customers to achieve a high success rate regarding their ability to stay current on their bill and afford their electric and gas energy costs. Central Hudson recognizes that the portfolio approach works well for its customer base.

CEC

CEC strongly supports simplicity to the extent possible with success for communities and low income families. Encouraging innovation within specific delivery requirements is useful. CEC recommends a portfolio of programs jointly coordinated with local government entities and community-based organizations, which better understand that unsolved problems impact health and mental health, social services and health care.

Con Edison/O&R

Con Edison/O&R believe that each utility's low income program should be an automated program that relies on eligibility determinations that are made by a social service agency, which minimizes administrative costs. If the parameters of low income programs are expanded to address customer-specific needs, the cost to administer and maintain such programs would likely significantly increase.

NFG

While a portfolio approach may provide for a greater number of customers participating in assistance programs it will increase overall costs to non-participating customers. The administrative costs associated with managing multiple programs will contribute to this overall increase in costs. Programs limited to a more uniform and consistent design will likely prove to be less confusing to customers as well as lower administrative costs. Programs with a uniform design can also be used to serve an expanding group of customers.

National Grid

A portfolio of different programs may be helpful in addressing the individual specific needs and challenges of low income households. As the number of programs increases, however, the cost to monitor and administer these programs also increases.

NYSEG/RG&E

NYSEG/RG&E believes in minimizing program complexity and ensuring programs are as easy as possible for customers to understand and participate.

UIU

Gas conversion, weatherization, energy efficiency measures and other assistance programs can decrease customers' energy burden and can enhance their financial and physical health as well.

c. What is the appropriate level of benefit per participant?

AARP/PULP

An analysis is required of the costs and bill impacts associated with a range of bill discounts or any other program design. AARP/PULP recommends that utilities file plans for new rate designs and implementation of an affordability program reflected in its comments, identifying revenue reallocation and rate design options, bill impacts, and potential means for mitigating impacts. Under this approach, the plans filed will be open to further comment and Commission modification, and may be better than more prescriptive requirements at this time.

Central Hudson

Central Hudson believes that the level of benefit per participant in each of its low income programs was properly determined by the parties in recent cases. Should the state policies change, the current benefits levels may be inappropriate and may need to be amended.

Con Edison/O&R

Con Edison/O&R does not have the information required to make such a determination.

NFG

The appropriate level of benefit per participant should be based on predefined need similar to that identified in the previously cited Pennsylvania program design.

National Grid

The level of benefit provided to participants needs to be designed in such a way as to provide maximum value to the widest number of low income customers, while controlling the amount of funding consumed by program administration and ensuring overall ratepayer equity and taking into account energy needs, such as heating or cooking only, and regional cost of living differences.

NYSEG/RG&E

NYSEG/RG&E believes that the appropriate level of benefits per participant cannot be explicitly defined. The benefit is really dependent on each customer's situation. Benefits need to be assessed in a dynamic fashion using such evaluation criteria as income and need. Customers' needs are individual; there is no "one size fits all." Also, benefits should be categorized as pecuniary (e.g., direct financial aid) vs. non-pecuniary in nature. By doing so, it could be possible to evaluate the necessary mix of benefits to optimize value to the customer. Heat source and fuel types can influence need. The timing and magnitude of assistance changes when considering whether a customer is gas-only, electric-only, or a combination customer.

UIU

UIU suggests that the Commission examine the California Alternative Rates for Energy (CARE) model, which provides a discount of 30-35 percent off of a low income customer's bill. Data regarding the average income of low income participants compared to their average bill, found in the Affordability Gap Study, would assist to inform the appropriate level of discount for New York.

d. *Should a basic level of assistance be provided to all eligible households (e.g., broad-based approaches), or should more assistance be directed to those most in need (e.g., targeted approaches)?*

AARP/PULP

While a more targeted approach can take into account the individual household income and energy burden, the means to develop and implement such a program would require participation by other state social assistance agencies and a substantial level of resource commitment by those agencies to ensure that the proper data exchange with the utilities is developed and implemented.

Central Hudson

Central Hudson has designed its low income programs to provide assistance using a broad-based approach with its low income bill discount program and a targeted approach with its EPOP program. Central Hudson is able to offer these two different programs because of its size and the nature of its customer base, which differs from the customer base of other utilities.

CEC

Targeted approaches should be used to maximize outreach opportunities in communities for weatherization, energy efficiency and conservation. Targeting a building, a group of buildings or a neighborhood facilitates the effort at lower cost. Targeting those most in need should be a priority. Targeting those with special needs may also be appropriate, such as households with a person who is disabled or needs full time custodial care.

NYC

All of the public assistance programs that create eligibility for the Con Edison and National Grid low income programs serve the neediest individuals and households in different ways. If the question is actually seeking whether to limit the number of individuals qualifying for the programs, the NYC's response is no.

Con Edison/O&R

Con Edison/O&R supports providing a basic level of assistance to all low income customers via retail rate discounts or bill credits. Targeted assistance to those most in need is best administered via social service agencies that have the administrative capacity and the federal and state resources to provide such targeted assistance.

NFG

Because income levels can vary dramatically, it is difficult to provide broad-based programs that will be effective in improving customer payment practices. Since program resources are limited, assistance should be directed to the customers most in need; NFG's LICAPP program is designed to do just that.

NYSEG/RG&E

NYSEG/RG&E believes that broad-based approaches (e.g., those customers who meet the guidelines can achieve some type of assistance) allow us to reach those customers who struggle to pay their bills each month, but who have managed to stay out of arrears.

UIU

Each approach has strengths and weakness. UIU's emphasis is on a broad-based approach like California's, coupled with effective targeted programs.

e. If funds are targeted, is it more important to direct funds to households with the lowest incomes, the highest bills, the largest arrears, or those at greater risk of termination?

<u>AARP/PULP</u>

The targeting of utility bill payment assistance is unlikely to be possible.

<u>Central Hudson</u>

The Commission and all interested parties would need to identify and rank the metrics based on the specified goal.

<u>City of New York, Office of Sustainability (NYC)</u>

NYC urges the Commission not to pursue such a structure. First, income-based programs require extensive involvement by social services agencies. Second, such programs would pose significant administrative costs on the utilities, as each qualifying customer could receive a different discount. Third, these programs require customers to substantiate their income.

<u>NFG</u>

Designing programs that target benefits to households with the lowest income and highest bills, which are typically the customers with the largest arrears and at the greatest risk of termination, is an effective use of limited resources.

<u>National Grid</u>

An ideally functioning targeted approach would bring varying levels of assistance to households that are most in need due to limited household income and the presence of vulnerable persons within the household as described in 1.d. through the utilization of the HEAP payment amount. This approach would tend to focus on households with the lowest incomes and greatest needs (which would correlate to the greatest risk of termination). Providing varying levels of assistance would reduce high arrearages and mitigate the risk of termination over time through increased assistance to households most in need, budget billing arrangements, energy efficiency programs, payment agreements and public assistance.

<u>NYSEG/RG&E</u>

NYSEG/RG&E believes that, although they must balance all the needs, it is most important to direct funds to households at greatest risk.

<u>UIU</u>

UIU believes that all low income customers should receive a uniform discount. However, funds should also be strategically targeted to particularly vulnerable customers to avoid the dire situations created by terminations. Accordingly, programs that can be shown to efficiently and effectively decrease terminations should also receive funding.

f. What are the least-cost approaches to administering targeted programs?

AARP/PULP

The least-cost approach is to reduce rates through implementation of a percentage rate reduction for qualified customers and to encourage the use of computer matching to verify eligibility. Manual enrollments through individual applications and application handling should be minimized to the extent possible.

Central Hudson

Automated eligibility determinations and enrollments are highly cost-effective. Partnerships with social service agencies and governmental authorities can allow for the division of costs among diverse funding sources and maximize benefits by making less-restricted funds available.

CEC

CEC recommends working with the State's procurement program to take advantage of bulk purchasing of weatherization supplies, which can reduce overall costs and associated savings for programs and contractor installations. CEC also suggests building broad community support by utilizing community based organizations and providing community jobs to implement the programs.

Con Edison/O&R

Targeted programs that can be easily automated, and that do not require utilities to make eligibility determinations, will likely result in a least-cost program.

NFG

A standardized program, targeted toward predefined customer needs that adjust benefits based on changes in out-of-pocket energy costs is the most cost-effective approach to administering targeted programs.

National Grid

The least-cost approach in administering targeted programs where individual customers receive different levels of benefit based on their income and annual energy consumption would involve utilizing already collected data to make a determination on program eligibility such as income data and household information previously validated by public agencies as part of the public assistance application process or HEAP application process.

NYSEG/RG&E

NYSEG/RG&E believes that there are three ways to minimize costs. First, the target population must be or become easily identified (using criteria identified in response to 2.d. and 2.e). Second, finding ways to automate programs using programmatic approaches such that little manual intervention is necessary, helps to reduce costs. Upfront investment in systems and solutions can frequently lower future cost streams. Finally, reducing the number of lump sum payments (e.g. HEAP payments,) to the target population would allow you to minimize the number of times a certain function has to be performed.

UIU

Uniformity and standardization reduce administrative resources devoted to these programs.

3. Program Type

a. Comments are solicited on the advantages and disadvantages of each of the following approaches:

i. Fixed Discount;

ii. Percentage Discount;

iii. Volumetric Discount, including whether volumetric discounts should be capped; and if so, at what level (e.g., providing a discounted block reflecting average usage for low income households, with subsequent usage blocks at full rate);

iv. Percentage of Income Payment Plan (PIPP);

v. Arrears Forgiveness;

vi. Reconnection Fee Waiver; and

vii. Other program types (please specify)

AARP/PULP

AARP/PULP recommends a percentage of total bill discount because it is a reflection of the customer's actual electric and gas bill. Arrears management or forgiveness programs should be viewed as an adjunct to the rate discount and not operated to be the main feature of an affordability program. All future programs should continue the current practice of a reconnection fee waiver.

AEA

This proceeding has been "fast-tracked" and would benefit from more consultation and review of the advantages and disadvantages of different program types and stakeholder discussion of experiences in other states. In general, AEA believes percentage of income approaches and the use of inclining block rates provide fair approaches to providing energy assistance to low income consumers. We also believe tiered pricing for blocks of energy could benefit lower income consumers providing enrollment in the programs is coupled with automatic/required enrollment in weatherization and energy efficiency programs, as we believe they should be.

CEC

CEC recommends a volumetric discount for low income consumers. For gas, a low income rate for a basic amount of gas delivered for the household should be established.

NYC

NYC recommends that the low income programs be structured to provide discounts set at a percentage of customers' total bills. With respect to reconnection fees, NYC recommends that each customer participating in the utilities' low income programs be allowed one reconnection fee waiver per year. Such customers should also receive a 50% discount on any additional reconnection fees during the same year.

NYC also proposes a new program to addresses arrears. A wide variety of circumstances may cause low income customers difficulty in paying their utility bills. As a result, they build up arrears balances that could become substantial. Under Social Services Law § 131-s, social services agencies are obligated to pay only up to four months of a qualifying customer's arrearages. The arrearages are then frozen for the duration of the period in which the customer receives public assistance. Once that period ends, the customer immediately thereafter becomes fully liable for any outstanding arrearages, and the utilities routinely pursue recovery of such amounts. This process results in a vicious cycle in which the customer again defaults on his or her utility bills, racks up additional arrearages, and once again seeks public assistance. We need to break the cycle and give these customers an opportunity to move forward without being burdened by excessive debts. Moreover, a new approach is needed because the utilities' arrears balances continue to grow while the prospects of recovering those funds from customers arguably are remaining unchanged or diminishing.

The Commission should provide for a one-time amnesty for current low income customers who have no ability to pay their arrears. Alternatively, the arrears for such customers should be held in abeyance for a period of at least five years after the customers have ceased receiving public assistance (the period would be reset if a customer rejoins the rolls of public assistance recipients). This approach should provide these customers a reasonable opportunity to gain or regain financial stability and place them in a position, hopefully, to pay off the entirety of their arrearages. Because the utilities have a very low likelihood of otherwise recovering these debts, this approach should not unduly burden or disadvantage any utility.

Going forward, the utilities should discount uncollected arrears from low income program participants by 50%. Each such customer's account should be re-evaluated every five years. If the customer exhibits a pattern of being unable to pay, the amount discounted should be treated as a bad debt expense. If the customer exhibits an ability to pay all or a portion of the balance, and additional arrearages have not accrued, a deferred payment agreement for the balance may be appropriate. The rationale for this reduction is the same as for the amnesty described above – allowing these customers to gain or regain financial stability. The net effect on the utilities and general body of ratepayers should be positive because this approach should result in a higher level of recovery than currently occurs.

Con Edison/O&R

The Companies do not support a percentage of income benefit or an arrears forgiveness program because both would require substantial and complex administrative efforts for both utilities and state or local social service agencies.

Although the Companies recognize that the scope of this proceeding is purposefully limited to analyzing bill and rate benefits for low income customers, the Companies also believe that there are opportunities to enhance the services provided to low income customers by improving the integration of energy efficiency and demand management programs with low income programs. Providing low income customers with tools specially designed to help them to monitor and control their energy costs would provide greater value when paired with more traditional bill and rate benefits, and increase the likelihood that customers can stay current on their bills, or more quickly pay off their arrears. The right balance of demand side management and traditional low income benefits could be analyzed as part of the statewide study proposed earlier.

NFG

i. Fixed Discount

Fixed discounts on qualified low income customers' bills have the advantage of relatively simple administration and calculation. The fixed discount amount can simply be deducted from the minimum charge rate or just credited to the customers' bill. Fixed discounts, however, are not very effective in meeting the predefined affordability requirements of low income programs. Since the discount is fixed dollar amount, the discount level will not adjust for the amount of energy used by the low income customers. While it is possible to design tiered fixed income amounts based on household size and income, low income customers in better insulated homes with more efficient appliances will receive a greater benefit relative to income than low income customers in housing stock without such benefits.

ii. Percentage Discount

Percentage discounts are also relatively easy to administer and calculate. Overall percentage discounts can be designed for household size and income level and discounts applied to customer bills. The biggest constraint in designing percentage discount program may be the capability of utility billing systems in applying the discount to customer bills. One solution is to apply the discount amount to the full service rates and input into the utility billing system discounted unit rates for the appropriate qualified low income customer rate category. Percentage discounts (as well as discounted unit rates) can be designed to meet the predefined affordability requirements of low income customers. Since the overall bill discount will adjust based on customer usage, the quality of housing stock will not impact the affordability results for particular low income customer. Also, since the total bill paid by the customer will still be a function of usage, the customer will still have an incentive to conserve energy.

iii. Volumetric Discount

Volumetric discounts will have similar benefit to the percentage discount. Capping discounts (either volumetric or percentage) will add additional complexity to administration of the low income program as well as customer information billing system design.

iv. PIPP

PIPP programs have extremely high administrative costs since individual bill amounts must be determined for each customer. PIPP plans also completely destroy the incentive for a customer to conserve energy because their energy bill is not a function of how much energy they use, the customer simply pays a flat amount based on their income.

v. Arrears Forgiveness

Arrears forgiveness is an essential aspect of certain low income programs. A sizeable number of customers have accrued arrears as a result of high energy costs and unaffordable bills.

vi. Reconnection Fee Waiver

Reconnection fee waivers are antithetical with a good low income program. To begin with, the objective of any low-income program is to promote payment practices that enable continuous service. Toward that end, participants should not be rewarded for failing to make timely payment of utility bills. A well designed low income program will provide for a predefined affordable service. Therefore, customers will have sufficient resources available to pay their discounted energy bill. Since non-participating customers effectively recover the costs of the discount program, adding the costs of reconnection fees associated with failing to pay an affordable bill, will only add to the costs shouldered by non-participating customers.

<u>National Grid</u>

i. Fixed Discount

Fixed Discounts have low administration costs, are easy to design, clearly understandable on a bill, and provide an equal benefit to all qualifying customers. A single fixed discount does not take into account disparity in income, household size and energy usage and may not provide a meaningful benefit to certain low income households. Utilizing fixed discounts that vary depending upon household income and circumstances provides an alternative that could provide a greater benefit for customers most in need.

ii. Percentage Discount

Percentage Discounts are also low cost administratively, and provide the advantage of according a greater benefit to higher energy use households. This type of benefit, however, also does not take into account available household income and may provide a disincentive to energy usage management (the higher the energy use, the greater the benefit). To the extent criteria can be established to permit varying levels of percentage discounts (to reflect, for example, simple criteria such the presence of a vulnerable person within the household), a varying percentage discount would be another way to provide greater benefits to the households most in need.

iii. Volumetric Discount

National Grid’s gas companies have block rates in place for gas service that facilitate a volumetric based discount. Such a rate structure does not exist for electric rates, which charge the same rate for every kilowatt hour consumed within each rate class. While they may work for gas customers, volumetric discounts would be difficult or impractical to implement for electric customers. Where feasible, volumetric discounts may be advantageous in that they encourage household energy usage management and use of energy efficiency and weatherization programs. Volumetric discounts do not take household income into consideration and may tend to penalize larger households and those where medical machinery drives up monthly usage. To the extent they are feasible, volumetric discounts are more complicated to fund and administer, require a more complicated billing system investment to work properly and may lead to more confusing bills as energy cost calculations change over the course of a billing period.

iv. PIPP

A PIPP may come close to matching monthly energy costs with available household income, but these programs can be complicated and costly to administer. Frequent and/or significant variation in monthly income and energy usage, as well as system design capabilities, make it impractical to implement individualized PIPP programs based on unique household characteristics. Where this approach has been implemented in other jurisdictions, it has provided a sliding percentage benefit based on varying "tiers" of household income. The burden of validating household income and the frequent adjusting of "tiers" based on changes in income is labor intensive and expends considerable resources that might otherwise be available to provide benefits to low income customers. Because tier assignment numbers can change quickly and are difficult to forecast, PIPP programs have also resulted in the need to administer "waiting-lists" for program initiation based on available funding, which raises questions as to how enrollment should be prioritized, to the lowest incoming households or to provide the greatest possible enrollment. To the extent PIPP programs result in waiting-lists or exhaustion of available benefits, these programs may also result in similarly situated customers receiving different benefits.

v. Arrears Forgiveness

Arrears Forgiveness Programs can provide customers who experience a temporary financial set back the opportunity to reestablish control of their utility bills, and provide discouraged customers with an incentive to make forward payments on their bills in order to receive the benefit of forgiveness. Arrears Forgiveness Programs by themselves do not address more chronic or recurring household conditions that lead to the accumulation of arrears in the first place, such as a basic inability to meet existing energy costs with available income. Arrears Forgiveness Programs must be designed carefully so as to control costs and not create a disincentive to making payments against monthly energy usage. National Grid's Arrears Forgiveness Programs require considerable resources to administer and thus may be a less than optimal way to provide benefits to customers. Dedicating these resources to other, less administratively burdensome programs, would result in increased benefits to customers that need assistance most.

vi. Reconnection Fee Waiver

Reconnection Fee Waivers can encourage customers to take whatever required steps necessary to restore service without the discouragement of additional fees. While they may benefit households with no discretionary income, they do so at the expense of failing to offset utility costs incurred in the termination. Reconnection Fee Waivers by themselves do not address the conditions that led to the service termination and may not provide a meaningful benefit to financially stressed households.

<u>NYSEG/RG&E</u>

i. Fixed Discount

Fixed discounts are beneficial in that they are easy to implement to all eligible customers and they assist customers who are low income but not yet in arrears. However, they have the disadvantage of falling into the "one size fits all" approach and customers still have the potential to see a great deal of volatility in their monthly bills.

ii. Percentage Discount

Percentage discounts can be implemented into utility billing systems, but will have varying levels of costs associated with doing so. Any percentage discount would have to be focused solely on delivery rate discounts, since it would be considered “predatory” to discount supply charges below our cost to purchase and surcharges, which are typically a pass through of government imposed costs not able to be discounted absent specific authorization from the appropriate government agencies. Additionally, customers under this type of program will also see a great deal of volatility in their monthly bill and this type of discount is not tailored to give customers a discount based on need, as it is still a variation of the “one size fits all” scenario.

iii. Volumetric Discount

The Companies do not currently offer volumetric discounts. While these types of discounts have the benefit of limiting the number of customers in the program and provide an incentive for energy efficiency, they also carry the potential risk of leaving out customers who need assistance. In many cases, customers have no control over the efficiency of their rental property. Such customers might be in a position where they are forced to rent an energy inefficient home because of its lower rent cost only to be faced with higher energy bills.

iv. PIPP

A PIPP program has the clear benefit of allowing the utility to tailor the benefit to customers' specific needs. However, such a plan can have high administrative costs and the utility may not have the required specific income information to properly calculate the percentage of income. Further, this type of program would not address payment habits and could create the unintended consequence of providing an incentive for poor payment.

v. Arrears Forgiveness

The Companies have an active arrears forgiveness program. These programs provide a strong incentive for customers to build good payment habits by allowing customers to manage their energy affordability on a monthly basis. Arrears forgiveness also targets customers who would be in danger of being disconnected. However, these programs do not address affordability of monthly bills and in the Companies’ experience, customers do drop from the program because of their inability to pay their current bill.

vi. Reconnection Fee Waiver

The clearest benefit of this program is that it does not create additional debt to a customer already struggling to pay their bill. However, the population who receives this is very limited. Also, it should be noted that this only benefits customers after a disconnection occurs, and the Companies strongly support programs that would identify and assist customers before shut-offs occur rather than after the fact.

vii. Other program types (please specify)

Other programs that can be considered are:

- Budget Balance Forgiveness: This has the advantage of allowing customers an affordable bill (subject to periodic reviews and subsequent forgiveness) in conjunction with energy efficiency to ensure customers are able to stay within the parameters of their budget. However, unless energy efficiency is built into the program, it may limit customers’ efficiency efforts.
- A Low Income Fixed Price Option: The Companies believe that such a program would clearly address the variability in monthly bills based on market price volatility. It would also allow customers to have a consistent understanding on how usage patterns impact their bills, which would help to also encourage investment in and awareness of efficiency.

The Companies also feel that the REV proceeding (Case 14-M-0101) could open up other opportunities for low income programs which may be driven by Distributed Energy Resources or Community Choice Aggregation that are yet to be developed. Any such programs should be open to new technologies and options that come from that proceeding.

New York State Office of Temporary and Disability Assistance (OTDA)

iv. PIPP

OTDA suggests that the Commission review other states' programs which establish a percentage of a low-income customer's income to spend on energy to reduce the: number of customers with arrearages; amount of the arrearages; number of customer terminations for nonpayment; and, number of termination notices issued. A percentage of income approach has the potential to create incentives for customers stay current with payment plans and reduce reliance on publicly funded energy emergency programs.

UIU

i. Fixed Discount

It is administratively simple to apply a set statewide dollar discount to every low income person's utility bill. The disadvantage of this approach is that it ignores each customer's specific bill, which is developed from a variety of factors such as usage, supplier and rates. A customer living alone using a small amount of energy and purchasing commodity from the utility would receive the same dollar discount as a customer with a large family using a large amount of energy and purchasing supply from a potentially higher-priced ESCO. This approach also would require periodic administrative efforts to review and increase the fixed dollar discount depending upon inflation and rate increases.

ii. Percentage Discount

The UIU prefers the percentage discount approach over the fixed dollar approach because it more fairly takes into account a customer's living situation and the rates charged by her/his utility or ESCO. Using a percentage discount on a customer's entire bill is also administratively simple (assuming the UIU's proposal regarding ESCO service is implemented), but has none of the disadvantages of the fixed dollar discount approach.

iii. Volumetric Discount

The UIU supports implementation of an "affordability block" for both electric and gas low income customers as an additional component of low income programs. The Con Edison and KEDNY gas low income programs currently include volumetric discounts on the second usage block. These two programs are designed to benefit customers whose usage primarily falls within the second block; there is no discount on the third block. Even though customers who are unable to curtail usage for reasons of inadequate insulation or family size do not receive the same proportionate benefit, the UIU supports the concept of an "affordability block" for both electric and gas low income customers. Considering a usage range of the affordability block reflecting average usage for low income households in a service territory is a good beginning for discussion purposes.

It is in the state's interest to reward customers who use less energy. Assuming that DPS Staff's observation that the vast bulk of gas heating usage is weather-dependent is correct, and if the UIU's recommendation is implemented such that all housing stock in which low income participants live are weatherized and receive energy efficient heating units, then the affordability block is likely to benefit a larger percentage of participating customers. From the electric perspective, as a greater number of low income customers receive energy efficient cooling units and other appliances through utility or Clean Energy Fund programs, they will realize greater benefits from an affordability block.

iv. PIPP

Under a PIPP, low income customers would pay a regulated maximum percentage of the household's current gross monthly income to the utility that provides the gas and electric service. The UIU believes that the benefit of this type of individualized energy burden/affordability gap approach, such as that used in Ohio, lies in its potential to tailor the program to each customer's own circumstances.

v. Arrears Forgiveness

Anecdotal information from DPS Staff and several of the utilities suggest that arrears forgiveness programs benefit both program participants and the general body of ratepayers by reducing arrears, write offs and terminations but the UIU is not aware of any real analysis of the data. Data indicates that arrears forgiveness programs help customers manage bills and debt and improve the quality of their lives by avoiding termination and allowing them to pay for other items like food and medicine. The UIU recommends that the best features of the existing programs should be identified and discussed by DPS Staff and interested parties, with the goal of implementing a standard program statewide.

vi. Reconnection Fee Waiver

The UIU supports the reconnection fee waiver program, which is applied almost universally in New York. Not having utility service can be dangerous, cause illness, poor school performance, and even result in death. When a low income customer has arranged to pay enough of her/his arrears for service restoration, paying a reconnection fee may be sufficiently daunting that service cannot be restored. Related to fee waivers, the UIU also urges the PSC to require the utilities to strive to achieve a same-day reconnection attempt level of 100%.

b. What is the appropriate balance between funding for rate discounts, arrears forgiveness, reconnection fee waivers, and/or other types of assistance?

AARP/PULP

AARP/PULP recommends that the primary focus be on the creation of a percentage of total bill rate reduction called an Affordability Rate. Weatherization and efficiency programs should additionally be promoted, particularly for those customers eligible for the reduced rate who also have above average usage. Utilities should be required to provide referrals to those implementing low income or no cost weatherization and efficiency programs for low income customers based on highest usage and highest bill discounts. Assuming that there is sufficient funding to address these customers, the resulting delivery of efficiency and weatherization programs will, in turn, reduce the costs of the Affordability Rate. The Commission should require more coordination of the two programs.

Central Hudson

The Commission would have to complete an analysis to make a balancing determination. The analysis should consider all of the factors previously discussed.

CEC

We recommend the simplicity of a low income rate pegged to the average electric residential rates in regulated states. We are recommending no terminations for electric service. It is essential that we significantly reduce low income rates for electricity, since we believe it is an essential service -providing emergency lighting, etc. It also enables limited space heating when the poor have insufficient funds for oil deliveries.

Con Edison/O&R

Low income programs should have minimal administrative costs so that the majority of funding directly benefits low income customers. The Companies do not believe that arrears forgiveness programs achieve an appropriate cost-benefit balance for customers given the significant administrative burden of such programs. The Companies believe that the vast majority of low income program funding should be directed at either customer credits or rate discounts.

NFG

NFG’s Pennsylvania low income rate provides a reasonable balance between rate discounts, arrearage forgiveness, customer education and overall administrative costs, while meeting the predefined affordability requirements of low income customers.

NYSEG/RG&E

Funding to meet the needs of all vulnerable customers is not reasonable. The Companies believe such an evaluation must be done at the utility level since the overall funding level, as well as the balance among types of programs, are the real issues and are based on all the unique factors that each utility faces. It is likely that the balance should be evaluated annually based on a multitude of factors, including weather, commodity prices, HEAP funding, and changing demographics and economics.

UIU

More information regarding the balance between rate discounts and arrears forgiveness is required to respond to this discussion in a meaningful way. For people struggling to have heat and light restored, reconnection fee waivers are critical.

4. Determining Eligibility/Enrollment

a. How can eligibility for utility affordability programs best be determined?

i. Who should determine eligibility?

ii. Should eligibility consider other financial assets, in addition to income?

iii. Should current eligibility criteria be expanded to encompass more households?

iv. What improvements should be made to eligibility criteria?

AARP/PULP

AARP/PULP recommends that utilities use the eligibility criteria used in the Telephone Lifeline program, including a household income of up to 200% of FPL. We recommend that the Commission require the utilities to rely primarily upon the eligibility criteria used by current means-tested financial assistance programs. Using a standardized set of eligibility criteria would be more cost effective and less expensive to implement by the social assistance agencies as well as the utilities. If this recommendation is implemented statewide, it is our assumption that this would significantly increase the number of customers eligible for the Affordability Rate for some of New York's gas and electric utilities. Our recommendation also includes the option for a customer not otherwise participating in these programs to apply based on 200% of FPL in a manner set forth in each utility's plan to implement this program. This option can be implemented by contracting with a local social assistance or community action agency to perform this function at relatively low cost since this type of determination of income eligibility is at the core of the current mission of these agencies.

AEA

Eligibility for low income utility programs should include households eligible for HEAP and those receiving state and federal income and disability based support such as SNAP, Medicaid and SSI. Given utilities currently have disparate eligibility criteria, a state-wide approach must either be set to encompass the broadest set of criteria or be limited to the approach (discount rate, percentage of income, etc.) and leave eligibility criteria disparate across utility territories. To do otherwise risks reducing benefits to vulnerable populations in service areas that currently have broader eligibility criteria.

Identifying and enrolling eligible consumers and meeting their individual needs will require coordination with community based organizations and social service agencies, which are best positioned to determine eligibility. New York should explore best practices for providing outreach and education and coordinating service providers.

Central Hudson

Eligibility criteria for utility low income customer programs should be consistent with the criteria applied to existing low-income social programs where a social service agency, not the utility, screens for eligibility. Expanded eligibility needs to be balanced against the additional administrative and total program costs that will be shifted to the broader customer base or cause a decrease in benefits provided to low income customers.

CEC

CEC supports using Lifeline eligibility criteria, as those eligible for the other programs will automatically be qualified. The non-automatic eligibility option would require demonstrating income level using the federal poverty guidelines.

NYC

NYC supports the manner in which eligibility is determined for the Con Edison and National Grid low income programs with one modification. Presently, Medicaid is a qualifying program for both utilities' gas programs, but it is not a qualifying program for Con Edison's electric program. Since the last Con Edison rate case, the City has continued to examine the merits of including Medicaid. It has determined that Medicaid should be added as a qualifying program for all low income programs within New York City.

<u>Con Edison/O&R</u>

Eligibility criteria for utility low income programs should mirror the criteria of existing social programs, and social service agencies, not the utilities, should screen for eligibility. Expanded eligibility needs to be balanced against the additional administrative and total program costs that will be shifted to the broader customer base.

<u>NFG</u>

a. How can eligibility for utility affordability programs best be determined?

Eligibility for participation in utility low income programs should be based on household income. Using HEAP eligibility guidelines and benefit grants to identify low income customers is an efficient means of determining participation.

i. Who should determine eligibility?

The PSC should establish a baseline standard for low income program eligibility. Historic programs have used 60% NYS median income, the threshold for HEAP.

ii. Should eligibility consider other financial assets, in addition to income?

Asset tests are costly to administer and provide a barrier to program access. Additionally, they are not a good test of current household status that may be impacted greatly by a recent job loss or illness.

iii. Should current eligibility criteria be expanded to encompass more households?

Expansion to more households should be considered only if it will not dilute the benefits provided under existing low income programs. Historically, low income programs that provide a more robust benefit have resulted in better customer payment than those that offer only a small, set discount.

<u>National Grid</u>

4-a. How can eligibility for utility affordability programs best be determined?

Eligibility for utility affordability programs is most cost-effectively determined through confirmed participation in other income-validated qualifying programs (such as HEAP eligibility, Public Assistance eligibility, etc.)

i. Who should determine eligibility?

Eligibility is most cost-effectively determined by those organizations dedicated to administering and determining eligibility for participation in such programs, and organizations that already have the functional capacity to validate and re-certify customer income levels.

ii. Should eligibility consider other financial assets, in addition to income?

These are determinations best made by organizations dedicated to administering and determining eligibility for such programs. These organizations are best suited to evaluate the type of program, participant demographics, need, available aid, and other considerations affecting eligibility.

iii. Should current eligibility criteria be expanded to encompass more households?

At some point the burden such programs impose on other rate payers will create a barrier for expansion of existing programs. To avoid reducing this pool further, expansion of such programs should only occur where eligibility could be determined through confirmed participation in other income-validated qualifying programs (e.g., SNAP, DSS eligibility, etc.).

NYSEG/RG&E

i. Who should determine eligibility?

The utilities should not be put in the position of determining income eligibility for customers. Using an external agency (such as OTDA, the Office of Temporary and Disability Assistance) for such an evaluation would minimize costs and remove any perceived bias.

ii. Should eligibility consider other financial assets, in addition to income?

Were the utilities required to qualify customers, such a verification process would lead to increased administrative costs and may deter customers in need from seeking assistance. The Companies support DSS performing the financial evaluation. DSS is best suited to establish the necessary criteria to qualify customers.

iii. Should current eligibility criteria be expanded to encompass more households?

While this is an attractive idea, funding is not set at sufficient levels to assist all customers who meet the current eligibility guidelines. The Companies fear that adding more customers to the assistance population will only put a greater strain on the limited funding that exists.

iv. What improvements should be made to eligibility criteria?

The Companies support the customer being required to provide documentation of income to OTDA for need-based and income-related programs.

UIU

a. How can eligibility for utility affordability programs best be determined?

i. Who should determine eligibility?

OTDA and local Department of Social Services offices, including New York City's Human Resource Administration, are best situated to determine eligibility for those public benefit programs.

iv. What improvements should be made to eligibility criteria?

Current eligibility criteria should be expanded for two reasons. First, only about 30 percent of poor New Yorkers who are income-qualified for HEAP actually receive HEAP due to the shortfall in HEAP funding. Since the utility low income programs outside of New York City (other than Westchester County) require evidence of receipt of HEAP benefits as the eligibility requirement, most low income New Yorkers living upstate are unable to qualify for utility discounts. Second, it is inequitable that a low income person living in Westchester County who receives Medicaid or SNAP or any other public assistance program, but does receive HEAP, is eligible for Con Edison's gas low income program but that a similarly situated person living in Dutchess County is not eligible for Central Hudson's gas low income program. This is equally true for the other upstate counties.

The UIU recommends use of the eligibility criteria included in the federal Lifeline program. Additionally, customers who do not receive any of these benefits are nevertheless eligible for Lifeline if the customer's income is below 135% of the FPL, which is approximately $33,000 for a family of four. The UIU notes that 200% of the FPL is slightly less than 60% of SMI.

b. If enrollment is not automatic, how can the number of eligible households enrolled be maximized? Can better ways be found to reach more of the eligible population, and if so, what are they?

AARP/PULP

Enrollment should be automatic to the extent possible. Coordination with other agencies administering need-based qualifying programs to include any necessary consent in their application systems to permit sharing of eligibility data with utilities will expedite enrollment. Utilities should be required to adopt a tariff requirement that information regarding qualification for reduced rates shall be used only for the purpose of administering the reduced rate, absent specific permission from the commission for any other uses. Prior to the implementation of more efficient computerized systems to provide proof of eligibility from the agency to the utility, we recommend the approach used by the Telephone Lifeline Program in which the customer provides proof of participating in the underlying program directly to the utility using a variety of such proofs as described in the application.

Central Hudson

If enrollment is not automatic, it should be contingent on participation in a well-defined low income social service program, such as the HEAP program. Non-automatic enrollment requires more full time employees to administer, which results in increased costs and less benefits to low income customers.

Con Edison/O&R

If enrollment is not automatic, it should be contingent on participation in a well-defined social service program with a focus on low income individuals, such as participation in the HEAP program. Allowing for non-automatic enrollment based on a large number of low income social programs will shift program funding to administration costs, once again reducing the funds provided to low income customers.

NFG

Enrollment can be maximized through the use of internal referrals based on information available to all parties, government programs, private organizations and utility records. Referrals should also be made by all social service programs. A certain percentage of eligible households will not participate. Barriers include education, language and perceived difficulties in applying. Also, current rates and bills may be deemed affordable for certain customers given their individual circumstances.

National Grid

Failing to implement an automatic enrollment mechanism will increase program administrative costs, decrease funds available to households, and reduce the number of eligible households.

NYSEG/RG&E

The Companies' bill reduction program is automatic when they receive a HEAP payment. However, a manual enrollment takes place if HEAP goes to a third party vendor. For the Arrears Forgiveness program, manual enrollment is more practical to ensure that customers understand the program, and targeted communications are required for customers. Maximizing the number of households has a potential downside, and that is the limitation of a fixed level of funding. Dividing the available dollars by an increase number of eligible customers will water down the available dollars per household. Ironically, the Companies also note that because not every eligible customer takes advantage of the available programs, sometimes the only way a customer understands that assistance is available and for that customer to reach out for program assistance is to be shut off.

UIU

Enrollment should be automatic for all program participants, not just for those receiving HEAP. The HEAP application form encourages the applicant to check a box authorizing OTDA to provide the applicant's utility with the appropriate customer information, but the forms for the other public benefit programs do not include that option.

c. How can it be ensured that benefits are only paid to customers who are eligible?

AARP/PULP

If the customer meets the required eligibility criteria, they are “eligible” for the benefits of the Affordability Rate. If this question is aimed at how customers can be verified for renewal every year, AARP and the Utility Project suggest that the utilities conduct a computerized match with the assistance agencies on an annual basis and/or conduct a required verification with participation customers based on their current income and enrollment in underlying programs. Customers should be notified of the reason for their termination from the program and how the customers can reapply with one or more of the assistance agencies or seek an individualized determination of household income to remain in the program.

Central Hudson

Utility programs designed to benefit low-income customers should operate by automatic enrollment based on a customer’s participation in an existing low income social service program. This approach allows the utilities to utilize long standing eligibility processes performed by social service agencies that minimize costs for all stakeholders.

Con Edison/O&R

Utility affordability programs should operate by automatic enrollment based on a customer’s participation in an existing low income social service program. By doing so, utilities will leverage built-in screening mechanisms that have been implemented by social service agencies to ensure that other public assistance funds are provided only to those who need assistance. Requiring utilities to determine eligibility will be costly and duplicative for low income customers who are already being screened by social service agencies.

NFG

Adherence to program guidelines is important. There should be periodic re-verification of customer information, especially household income.

National Grid

Absent a workable automatic enrollment mechanism (and validation of current eligibility), customers should be required to provide periodic recertification of their continued eligibility for program enrollment or be subject to cancellation of their participation.

NYSEG/RG&E

The use of a third party to determine eligibility minimizes the chance of allowing ineligible customers to receive benefits. OTDA provides a consistent approach across the State to determine eligibility.

UIU

While fraud and abuse often exist in any government provided benefit program, the UIU believes the PSC must rely on the enrollment verification controls administered by OTDA and its local agencies.

5. Program Evaluation

a. What are the criteria the Commission should use to evaluate the effectiveness of different approaches? Some potential criteria for consideration include the following:

i. Participation rates among eligible households

ii. Level of administrative costs/percentage of program budget disbursed as participant benefits

iii. Average dollar benefit per recipient

iv. Average reduction in participant energy burden and/or bill amount

v. Reductions in utility arrears and/or bad debt

vi. Reductions in termination rates among eligible households

vii. Percentage of participants who are current on their bills (i.e., not in arrears)

viii. Rate/bill impacts on non-participating customers

ix. Other criteria (please specify)

b. How should utility benefits (e.g., reduced arrears, collection costs, write-offs, etc.) be weighed relative to participant benefits (e.g., maintaining service/reductions in terminations, increased affordability, and reduced energy burden)?

a. Evaluation Criteria

AARP/PULP

The Commission should require utilities to gather and report this data listed and use it to determine whether program reforms may be required or whether utilities are implementing the required program in a cost-effective and efficient manner. Much of the information is now collected on a total customer basis in monthly collection activity reports. Basically, there could be a similar report regarding the subset of customers receiving the reduced rates.

AEA

The draft State Energy Plan repeatedly notes that New York will keep residential customer electric bills as a percentage of household income at or below the national average. A similar benchmark would be appropriate to track specifically for low income consumers.

Central Hudson

Central Hudson supports a program evaluation. Some of the criteria listed earlier may be appropriate depending on the program design; however, consideration needs to be given to cost to implement the evaluation criteria and the feasibility for each utility to track the items.

CEC

The utility should be measured by its creativeness and success of local partnerships to help low income consumers better deal with their energy needs. The utility should also spend a specified percentage of its energy-efficiency efforts on low-income communities. CEC does not believe the PSC can adequately evaluate programs based only on paperwork submitted by utilities. Effectiveness must include community evaluations of the programs:

- Participant rates among eligible households in applying for the program
- Participation rates in energy efficiency evaluations and implementing measures
- Community awareness of the program

- Community jobs created
- Metrics associated with energy reductions
- Independent third party evaluations of program progress and success.
- Studies

NYC

There are many aspects of utility service and ratemaking that change over time. The REV proceeding in particular could result in substantial changes in both the provision and cost of utility service. Therefore, it is important to monitor the low income programs to ensure their continuing effectiveness. There is no plainly objective way to measure program effectiveness. Rather, the measurement must be based on a number of factors, including the criteria set forth in the Notice. Another important factor is to obtain opinions and feedback from the entities closely associated with low income issues and customers. Social services agencies, such as the City's Human Resources Administration, can provide important perspectives on the continuing reasonableness of the low income program terms (including the discount levels) because of their constant interaction with the program participants and deep knowledge of the needs of low income individuals and families. Advocacy groups such as the Public Utility Law Project and American Association for Retired Persons can also provide valuable input as they, too, routinely interact with program participants and are attuned to the issues and need of such persons. A combination of the tracking reports, plus a periodic dialogue with the City and other consumer representatives should be sufficient for Staff and the Commission to ascertain whether the programs are functioning as intended and providing meaningful benefits.

Also, there should be some mechanism to periodically review the generic policies and procedures established in this proceeding to ensure that they continue to be appropriate and meaningful and not unduly burdensome to other customers. Additionally, given the potential magnitude of the REV-related changes, the Commission should revisit the policies and procedures it adopts once there is more clarity in the REV proceeding and the impacts on low income customers are better able to be assessed.

The list of criteria in the Notice consists more of useful data points than measurement criteria. In some cases, though, it is uncertain whether the information sought, such as participation rates, can be provided. If the future low income programs are comparable to the existing Con Edison program, then participation would be available to all qualifying customers and the participation rate should be near 100 percent. Even if the number of qualifying public assistance programs is limited, the participation rate among individuals who receive assistance under the specified programs should still be near 100 percent.

In the City's experience, there are some customers who decline to participate in the utility programs, but they are relatively small in number. The actual number and identity of such individuals is not disclosed to the utilities because of federal and state privacy laws. Therefore, it is unlikely that the utilities or the Commission would be able to determine or evaluate the participation rates. Thus, as to participation rates, perhaps the more appropriate criteria is whether and to what extent the utilities or the Commission receive complaints from individuals or organizations/groups that eligible customers are being excluded or dropped from the utilities' programs.

Con Edison/O&R

The Companies suggest evaluating the effectiveness of programs based on utility efficiency at disbursing benefits to customers. This approach maximizes the use of limited customer funds to reduce the bills of low income customers.

MI

The Commission should strive to identify and adopt best practices and other program modifications that improve the efficacy of existing programs without increasing costs to non-participating customers. If the Commission were to consider increasing spending on residential low income programs, then, yes, the rate impacts on non-participating customers should be a major consideration. Importantly, Multiple Intervenors also contends that such rate impacts should not be evaluated in a vacuum.

In evaluating utilities' current programs, the Commission should consider: (a) whether the programs are subscribed fully and the funds allotted in rates are being expended; (b) the percentage of funds that are allocated directly to program recipients, as opposed to program administration; (c) the effectiveness of programs in assisting the customers that most need such assistance; (d) the extent to which programs result in reductions to residential arrears and/or bad debt; and (e) whether the programs strike an optimal balance between providing a great deal of assistance to a small number of customers versus providing less assistance to a larger number of customers.Moreover, the impact of any incremental funding of low income programs on non-participating customers must be evaluated along with the impacts of other social and/or discretionary programs.

NFG

Participation rates among eligible households are a good measure of evaluating effectiveness. Needs assessment tools can set goals for each program based on utility and census data. A comparison of administrative costs as a percentage of total program budgets will serve as a measure of program effectiveness and will ensure that funding is focused on providing real benefits at minimal cost. The use of average dollar benefit and average reduction are not effective tools for evaluation. New York State has many different housing and fuel types, program variations, and utility territories, etc. Information such as average dollar benefit would be too diluted to provide any meaningful assessment. Analysis of arrears and bad debt are a useful measure in providing insight into the benefits of the programs. Reduction in termination rates is the objective of effective low income programs, but shut-off rates can increase under some of them. For example, Pennsylvania utilities are expected to enforce the monthly payment amount immediately upon default for customers that are receiving an affordable bill with the goal of improving payment behavior. This can increase the number of terminations. Examining the percentage of customers that are current or near current is one of the best evaluation criteria for a low income program. It is very important to evaluate the cost of low income programs on other nonparticipating customers in order to ensure that their rates remain in all respects just and reasonable.

National Grid

Programs should be designed and reviewed to ensure they are achieving the highest level of participation possible, with "automatic enrollment" utilized wherever practicable, avoiding the need for customers to initiate an application process. The Company suggests that criteria used to evaluate the effectiveness of these programs are best decided based on the collaboration of all interested parties.

NYSEG/RG&E

NYSEG/RG&E believes that administrative costs as percent of funding and percentage of the target population in arrears would be the most useful metrics.

UIU

All the criteria listed seem appropriate to the UIU for evaluation of the statewide uniform program. The UIU recommends quarterly reporting requirements by the utilities and a formal annual review by DPS Staff of the program's impacts and effectiveness.

b. Benefits

AARP/PULP

Utilities should reflect the actual impact of these programs in their base rate cases and provide data that compares the collection costs associated with participants and nonparticipants in the mandated affordability programs. When "weighing" utility benefits relative to participant benefits, the Commission should recognize that “utility” benefits are those that should inure to all customers in the form of lower costs for arrears and uncollectible expense.

AEA

Individual utility programs should be evaluated based on participation rates among eligible households and measures of energy affordability. Reduced bills from a combination of energy efficiency services/program participation, arrears forgiveness and rate discounts would be an appropriate measure of success. Reduced terminations are a necessary benchmark to track, however, may or may not be an indicator of increased affordability if they are merely due to a utility decision not to terminate service. The percentage of participants that are current on their bills would also be a useful measure indicative of some degree of success.

Central Hudson

All costs of low income programs, including write-offs or participant benefits, are eventually passed on to the entire customer base. Central Hudson believes its current mix of programs and associated funding levels represent an appropriate balance between the utility and low-income participant. The importance of each element of the low-income program mix should be considered, but Central Hudson does not have any specific recommendations at this time.

NYC

Utility administrative costs for low income programs with the structure advocated in these comments is relatively small. Assuming the generic structure adopted by the Commission is similar to the current structure, administrative costs should continue to be insubstantial. The Commission should preserve an opportunity for the utilities, or other entities involved in the process (such as the social services agencies), to seek relief in the event there is a material change to the administrative costs. A successful program should result in a lowering of the arrearage levels attributable to low income customers. Concomitantly, a properly structured program may result in fewer terminations. By law, a utility cannot terminate service to a customer receiving public assistance under Social Services Law § 131-s. Therefore, terminations occur more predominantly among customers who are not yet receiving public assistance or whose public assistance benefits have ceased (in both cases, making such customers ineligible to participate in the utility low income programs). One goal of the utility programs should be to identify people in need and help them obtain assistance. It has been the City’s experience that both Con Edison and National Grid refer some customers to HRA for public assistance, but the City does not know how uniform the utilities’ actions are, or whether and what improvements to that process may be needed. Given the foregoing, this criterion may not be suitable for directly measuring the effectiveness of the utility low income programs. A reduction in terminations combined with an increase in the program participation could indicate the effectiveness of the utilities in helping people in need, but not necessarily the programs.

One criterion that could be considered for measuring program effectiveness (but which would not, by itself, be determinative) would be to examine the number of deferred payment agreements entered into with customers formerly participating in low income programs and the default rate under such agreements. Certainly, reductions in arrearages and terminations are good indicators of the programs’ effectiveness.

NFG

An effective low income program that, over time, reduces collection activity and terminations will result in reduced collection costs and lower write-offs. Program costs should be in relation to the attendant avoided cost of collection.

National Grid

The Company believes individual rate proceedings provide an appropriate opportunity to address the balance between benefits and costs for low income assistance programs. With regard to the overall level of benefits or cost of programs, these may be best decided on the collaboration of all interested parties taking into account the diverse nature of each utility's service area and customer needs.

NYSEG/RG&E

The items described as "utility benefits" actually are benefits to non-participating customers, who ultimately bear the cost of the "participant benefits." As with other mandated programs (e.g., net metering) where public policy creates a cross subsidy, the benefits to participating customers should be weighed against the net costs to all customers who would be expected to provide those benefits.

UIU

The UIU does not have a specific weighting in mind comparing the benefits of enhanced utility low income programs that would inure to the general body of ratepayers compared to the benefits that inure to program participants. In general, the outcomes identified in the question may provide benefits to both categories of ratepayers to a lesser or greater degree.

6. Other relevant matters

AARP/PULP

AARP's and the Utility Project's analysis of terminations for New York's residential customers indicates that utilities take a significantly varied approach to the timing of terminations and the volume of relying on this method of bill collection for all residential customers. It is likely that a high percentage of these terminations are directed to households with low or modest incomes. AARP/PULPsuggest that Staff examine termination policies and related practices and investigate why these disparities occur and whether a statewide program that regulates termination practices – and potentially forbids them – during extremely cold winter months and during periods of extreme heat should be adopted.

OTDA

OTDA suggests that the length of the winter moratorium period be extended. A longer moratorium period has the potential to allow a more targeted and planned approach for HEAP payments, public assistance, systems benefit charge and other private funding and would eliminate the reliance to these funds to temporarily resolve energy emergencies.

UIU

The UIU believes that affordability program costs should be considered in the same way as storm restoration costs, shared by all ratepayers in the service territories. The UIU also recommends that DPS Staff meet with low income customers and community based organizations that serve low income communities to gain a better understanding of how to hone the design and implementation of affordability programs to improve their effectiveness in the future. Finally, the UIU notes that the California Public Utilities Commission requires the utilities it regulates to actively promote affordability programs and to achieve a 90 percent participation rate. Metrics like these as well as a metric designed to reduce the number of terminations should also be considered.

Reply Comments

Reply comments were submitted by Alliance for a Green Economy (AGREE), Binghamton Regional Sustainability Coalition and Citizens Environmental Coalition; and the New York State Office of Temporary and Disability Assistance (OTDA.

Alliance for a Green Economy (AGREE), Binghamton Regional Sustainability Coalition and Citizens Environmental Coalition

The number of utility late payments and shutoffs continued to grow to unacceptable proportions in 2014, making it clear that New York's energy prices are unsustainable for a growing number of New Yorkers. The Public Service Commission must ensure affordable rates for low-income people by establishing a discount rate program that would be applied across all utility territories. We urge the Commission to integrate conservation, efficiency, weatherization and renewable energy into the discount rate program.

The following nine principles and recommendations should be considered in a new energy affordability structure:

1. *Consult low-income advocates and organizations on how best to design programs that will meet the needs of low-income people.*
2. *Everyone should be able to afford the basic amount of energy necessary to maintain a comfortable and healthy living space.*
3. *Eligibility criteria should be set so that discounts are accessible to all who need them.*
4. *Utility companies must be required to go through a mediation process, after the HEFPA process, before they can shut off service, and customers should have access to independent counselors who can advocate for their long-term interests.*
5. *Everyone should be encouraged to save money and energy through accessible efficiency programs.*
6. *The Commission should allow low-income people to use their subsidies to buy renewable energy rather than requiring the subsidies to be used for fossil fuels and nuclear energy.*
7. *Set up an Interagency Taskforce on Energy Affordability, as recommended by UIU.*
8. *Provide consumer advocates with resources to intervene in utility rate cases.*
9. *Ensure equitable distribution of the Clean Energy Fund.*

OTDA

While OTDA is open to exploring additional ways in which the identification of individuals eligible for utility low income programs could be improved and/or streamlined, OTDA notes that utilities currently have a substantial amount of personally identifiable data on recipients of PA, HEAP and Social Services Law Section 131-s payments that OTDA believes could be used to expand their low income energy programs. While not comprehensive, the following listing provides the types of data that utilities currently maintain that may be used to expand their row income utility programs:

- Direct voucher payments from Social Service Districts are made on behalf of PA recipients to utility companies. Currently, 78% of all public assistance households have at least a portion of their grant vendor restricted, and 86% of all assistance paid goes to households with at least a partial restriction. As these restricted payments are made primarily to landlords and utility companies, utility companies already have data which identifies a portion of the PA recipient population.
- The utilities have information on individuals who have received a SSL section 131-s arrearage payment. Since utility companies have the responsibility to suspend utility arrears in accordance with SSL 131-s (6), they already have information on PA, Emergency Assistance to Adults (EAA) and Emergency Assistance to Families (EAF) recipients who are in receipt of a SSL section 131-s arrears payments. The utilities also have records of which individuals have been

offered deferred payment agreements (DPAs), and could possibly use frequent DPA offers as an indicator that a low-income household is having difficulty paying their utility bills. Customers who provided income information to the utility as a result of a request for a DPA could have that data used in the determination of their eligibility for the utility's low income program.

- As certain HEAP benefits are paid directly to utilities on a customer's behalf (e.g., regular direct heating benefits, regular heat-included benefits and emergency heatrelated benefits), utilities have information on customers in receipt of such payments.
- OTDA also supports the forgiving of arrears held in suspension by the utility companies. This allows utility customers leaving PA or Supplemental Security Income to make a fresh start. Arrears forgiveness programs also encourage self-sufficiency by avoiding the need for further applications for emergency assistance that can result when the customer is immediately faced with often substantial arrearages which have been previously been suspended by the utility company.

Appendix B

Low Income Consumer Data

Con Edison		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)[1]
Gas	Heat	15,983	127	$139
	Non-Heat	110,850	6	$27
Electric	Heat	1,241	940	$143
	Non-Heat	392,165	291	$82

Orange and Rockland		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat	9,228	86	$123
	Non-Heat	160	24	$49
Electric	Heat	429	1,000	$206
	Non-Heat	10,134	634	$142

National Grid		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat	57,533	90	$87
	Non-Heat	3,589	43	$52
Electric	Heat	23,157	781	$125
	Non-Heat	82,565	594	$98

Brooklyn Union Gas		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat	39,838	99	$109
	Non-Heat	21,613	8	$21
Electric	Heat			
	Non-Heat			

Keyspan Long Island		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat	10,990	107	$134
	Non-Heat	1,189	36	$56
Electric	Heat			
	Non-Heat			

[1] All Average Monthly Bill amounts reflect undiscounted monthly rates.

Central Hudson		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat	4,355	75	$127
	Non-Heat	172	26	$60
Electric	Heat	2,324	1,093	$195
	Non-Heat	5,263	591	$114

National Fuel Gas		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat	84,664	90	$98
	Non-Heat	169	16	$33
Electric	Heat			
	Non-Heat			

New York State Electric and Gas		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat	38,876	85	$89
	Non-Heat	881	32	$42
Electric	Heat	12,194	1,009	$125
	Non-Heat	52,851	665	$89

Rochester Gas and Electric		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat	35,393	93	$86
	Non-Heat	1,705	57	$60
Electric	Heat	3,802	842	$110
	Non-Heat	38,528	583	$83

Public Service Electric and Gas		Average Customers	Average Monthly Usage (kWh or Therm)	Average Monthly Bill ($)
Gas	Heat			
	Non-Heat			
Electric	Heat	2,890	966	$185
	Non-Heat	9,472	901	$177

Appendix C

Central Hudson Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1	7%	$14	13%	$14	13%	$16	7%	$4
Tier 2	16%	$31	27%	$31	27%	$34	16%	$10
Tier 3	27%	$54	41%	$47	41%	$52	27%	$17
Tier 4	40%	$77	51%	$58	51%	$65	40%	$24

Con Edison Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1	5%	$7	9%	$7	9%	$13	5%	$1
Tier 2	14%	$20	24%	$20	24%	$33	14%	$4
Tier 3	22%	$32	39%	$32	39%	$54	22%	$6
Tier 4	28%	$40	49%	$40	49%	$68	28%	$8

New York State Electric and Gas Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1	0%	$0	0%	$0	0%	$0	0%	$0
Tier 2	4%	$5	5%	$5	5%	$5	4%	$2
Tier 3	17%	$21	24%	$21	24%	$21	17%	$7
Tier 4	26%	$32	37%	$32	37%	$33	26%	$11

Niagara Mohawk Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1	0%	$0	0%	$0	0%	$0	0%	$0
Tier 2	7%	$9	9%	$9	9%	$8	7%	$4
Tier 3	21%	$26	27%	$26	27%	$23	21%	$11
Tier 4	31%	$38	39%	$38	39%	$34	31%	$16

Orange and Rockland Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1	3%	$5	4%	$5	4%	$5	3%	$1
Tier 2	13%	$28	20%	$28	20%	$24	13%	$7
Tier 3	24%	$50	35%	$50	35%	$43	24%	$12
Tier 4	32%	$65	46%	$65	46%	$57	32%	$16

Rochester Gas and Electric Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1	0%	$0	0%	$0	0%	$0	0%	$0
Tier 2	0%	$0	0%	$0	0%	$0	0%	$0
Tier 3	15%	$17	20%	$17	20%	$17	15%	$9
Tier 4	25%	$28	33%	$28	33%	$29	25%	$15

Keyspan Long Island Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1					37%	$49	37%	$21
Tier 2					47%	$63	47%	$26
Tier 3					58%	$77	57%	$32
Tier 4					65%	$86	65%	$36

Brooklyn Union Gas Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1					0%	$0	0%	$0
Tier 2					0%	$0	0%	$0
Tier 3					19%	$17	11%	$7
Tier 4					33%	$28	21%	$12

National Fuel Gas Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1					0%	$0	0%	$0
Tier 2					14%	$14	11%	$4
Tier 3					31%	$30	24%	$8
Tier 4					42%	$42	33%	$11

Public Service Electric and Gas Discount Levels								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Percent	$	Percent	$	Percent	$	Percent	$
Tier 1	34%	$62	35%	$62				
Tier 2	44%	$81	46%	$81				
Tier 3	54%	$100	56%	$100				
Tier 4	61%	$112	64%	$112				

Appendix D

Programs at Current Budget Levels

Current Budget		Current Budget	Percent of Total Revenue	Percent of Delivery Revenue	Cost per kWh or Therm	Annual Cost per Customer
Central Hudson (Proposed)	**Electric**	$2,895,000	0.42%	1.39%	$0.00019	$9.64
	Gas	$1,345,000	0.88%	3.88%	$0.01933	$22.26
	Total	$4,240,000	0.51%	1.75%		
Con Edison	**Electric**	$48,500,000	0.46%	0.92%	$0.00089	$14.46
	Gas	$10,900,000	0.56%	1.54%	$0.00740	$10.22
	Total	$59,400,000	0.47%	1.00%		
NYSEG	**Electric**	$9,368,425	0.61%	1.81%	$0.00061	$10.63
	Gas	$2,961,097	0.60%	2.89%	$0.00606	$15.23
	Total	$12,329,522	0.61%	1.99%		
NiMo	**Electric**	$11,850,000	0.33%	1.37%	$0.00035	$7.23
	Gas	$8,345,000	0.90%	3.94%	$0.01708	$18.76
	Total	$20,195,000	0.45%	1.88%		
O&R (Proposed)	**Electric**	$2,600,000	0.40%	0.95%	$0.00065	$11.48
	Gas	$1,900,000	0.67%	1.47%	$0.00744	$14.54
	Total	$4,500,000	0.48%	1.12%		
RG&E	**Electric**	$4,179,916	0.48%	1.26%	$0.00058	$11.28
	Gas	$2,724,619	0.65%	2.45%	$0.01151	$11.97
	Total	$6,904,535		1.56%		
BUG	**Gas**	$10,400,000	0.63%	2.57%	$0.01156	$11.00
KEDLI	**Gas**	$4,800,000	0.48%	1.40%	$0.00824	$9.81
NFG	**Gas**	$9,700,000	1.25%	3.76%	$0.01492	$16.58
PSEG	**Electric**	$3,250,000	0.09%	2.53%	$0.00018	$3.11
TOTAL/Average	**Electric**	$82,643,341	0.39%	1.09%	$0.00056	$10.57
	Gas	$53,075,716	0.70%	2.30%	$0.01032	$12.80
	Total	$135,719,057	0.47%	1.37%		

Programs at 6% Energy Burden

6 % Burden		Proposed Budget	Percent of Total Revenue	Percent of Delivery Revenue	Cost per kWh or Therm	Annual Cost per Customer
Central Hudson (Proposed)	**Electric**	$3,699,540	0.54%	1.78%	$0.00024	$12.32
	Gas	$2,297,790	1.51%	6.63%	$0.03302	$38.03
	Total	$5,997,330	0.72%	2.47%		
Con Edison	**Electric**	$54,961,125	0.52%	1.05%	$0.00101	$16.38
	Gas	$10,247,938	0.53%	1.45%	$0.00696	$9.61
	Total	$65,209,062	0.52%	1.09%		
NYSEG	**Electric**	$9,444,984	0.61%	1.82%	$0.00061	$10.71
	Gas	$5,740,250	1.17%	5.61%	$0.02555	$29.53
	Total	$15,185,234	0.75%	2.45%		
NiMo	**Electric**	$20,469,233	0.58%	2.37%	$0.00060	$12.50
	Gas	$10,158,124	1.09%	4.80%	$0.02080	$22.84
	Total	$30,627,357	0.68%	2.85%		
O&R (Proposed)	**Electric**	$7,284,355	1.13%	2.66%	$0.00182	$32.17
	Gas	$5,533,590	1.94%	4.28%	$0.02166	$42.33
	Total	$12,817,946	1.38%	3.18%		
RG&E	**Electric**	$4,291,514	0.50%	1.29%	$0.00060	$11.58
	Gas	$3,785,548	0.91%	3.40%	$0.01600	$16.63
	Total	$8,077,062		1.82%		
BUG	**Gas**	$4,856,629	0.29%	1.20%	$0.00540	$5.14
KEDLI	**Gas**	$9,323,356	0.94%	2.72%	$0.01600	$19.06
NFG	**Gas**	$19,973,556	2.58%	7.74%	$0.03073	$34.14
PSEG	**Electric**	$12,895,814	0.36%	10.05%	$0.00072	$12.34
TOTAL/Average	**Electric**	$109,870,379	0.51%	1.45%	$0.00070	$13.47
	Gas	$69,295,979	0.90%	3.01%	$0.01828	$21.90
	Total	$179,166,359	0.61%	1.81%		

Programs at Budget Limits

Budget Limit		Budget Limit	Percent of Total Revenue	Percent of Delivery Revenue	Cost per kWh or Therm	Annual Cost per Customer
Central Hudson (Proposed)	**Electric**	$6,004,500	0.88%	2.89%	$0.00040	$20.00
	Gas	$2,114,840	1.39%	6.10%	$0.03039	$35.00
	Total	$8,119,340	0.97%	3.35%		
Con Edison	**Electric**	$67,092,160	0.63%	1.28%	$0.00123	$20.00
	Gas	$37,342,305	1.93%	5.27%	$0.02536	$35.00
	Total	$104,434,465	0.83%	1.75%		
NYSEG	**Electric**	$17,633,160	1.14%	3.40%	$0.00114	$20.00
	Gas	$6,803,545	1.39%	6.65%	$0.01393	$35.00
	Total	$24,436,705	1.20%	3.94%		
NiMo	**Electric**	$32,758,220	0.92%	3.80%	$0.00096	$20.00
	Gas	$15,568,910	1.67%	7.36%	$0.03187	$35.00
	Total	$48,327,130	1.08%	4.50%		
O&R (Proposed)	**Electric**	$4,528,920	0.70%	1.65%	$0.00113	$20.00
	Gas	$4,574,850	1.60%	3.54%	$0.01791	$35.00
	Total	$9,103,770	0.98%	2.26%		
RG&E	**Electric**	$7,414,060	0.86%	2.24%	$0.00104	$20.00
	Gas	$7,967,855	1.91%	7.15%	$0.03367	$35.00
	Total	$15,381,915		3.47%		
BUG	**Gas**	$33,100,165	2.01%	8.18%	$0.03679	$35.00
KEDLI	**Gas**	$17,124,870	1.72%	4.99%	$0.02938	$35.00
NFG	**Gas**	$20,478,185	2.65%	7.94%	$0.03151	$35.00
PSEG	**Electric**	$20,903,880	0.59%	16.30%	$0.00116	$20.00
TOTAL/Average	**Electric**	$156,334,900	0.73%	2.06%	$0.00106	$20.00
	Gas	$145,075,525	1.90%	6.30%	$0.02821	$35.00

	Total	$301,410,425	1.04%	3.05%	

Appendix E

MONTHLY COLLECTIONS REPORT

Utility:

RESIDENTIAL SERVICE MONTH OF: ________

	ITEM DESCRIPTION	TOTALS Customer	TOTALS Dollars
1	**Arrears Greater Than Sixty Days**		
2	Final Termination Notices This Month		
3a.	Unresolved Arrears (FTN Expired)		
3b.	Accounts Eligible For Field Action		
4a.	**Terminations For Non-Payment - All**		
4b.	Terminations For Non-Pmt - Heat Related		
4c.	Terminations For Non-Pmt - Service Limiter		
4d.	Term. Other Than Non-Pmt. or Cust. Request		
5	Reconnections for Non-Pmt.		
5a.	Reconnects Due To HEAP or DSS		
5b.	Reconnects Due To Deferred Payment Agrmt.		
6a.	Active DPA's At The Beginning Of This Month		
6b.	Deferred Payment Agreements Made		
6c.	Deferred Payment Agreements Reinstated		
6d.	Deferred Payment Agreements Defaulted		
6e.	Deferred Payment Agreements Satisfied		
6f.	**Active DPA's At The End Of This Month**		
6g.	Percent Of DPA's In Arrears > 60 Days		
7a.	**Uncollectibles This Month**		
7b.	Percent Of UCB's with Less Than 1 Year Service		
7c.	Resid. UCB Accounts with One or More DPA		
8	**Residential Sales**		
9a.	Residential Bankruptcies		
9b.	Percent Of Bankruptcies Compared To All UCB's		
10a.	Final Bills Issued This Month (Res & NonRes)		
10b.	Final Bills With Arrears This Month		
10c.	Final Bills With One or More DPA (last 12 months)		
11	Deposits Received This Month		