

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission to :
examine Programs to Address Energy :
Affordability for Low Income Utility Customers. :

Case 14-M-0565

**NEW YORK STATE ELECTRIC & GAS CORPORATION AND ROCHESTER GAS
AND ELECTRIC CORPORATION IMPLEMENTATION PLAN PURSUANT TO
ORDER ADOPTING LOW INCOME PROGRAM MODIFICATIONS AND
DIRECTING UTILITY FILINGS**

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INTRODUCTION

New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E") (together, "the Companies" and individually, the "Company") hereby submit the following implementation plan ("Plan") in compliance with the Order Adopting Low Income Program Modifications and Directing Utility Filings, issued by New York Public Service Commission ("NYPSC" or the "Commission") on May 20, 2016 in the above-captioned proceeding (the "Low Income Order"). Specifically, pursuant to Ordering Clause 1 of the Low Income Order, the Commission directed utilities, including NYSEG and RG&E, to make the requisite filings within 90 days of the Low Income Order for review and approval by the NYPSC.

The Companies' Plan reflects the filing requirements specified in the Low Income Order as well as the Companies' Low Income Program components contained in the Companies' recently approved Rate Plan.¹ The Rate Plan terms state that "[t]he Signatory Parties acknowledge that there is a Low Income Proceeding (Case 14-M-0565) pending before the Commission that may modify the

¹ Case 15-E-0283 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules, and Regulations of New York State Electric & Gas Corporation for Electric Service, Case 15-G-0284 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules, and Regulations of New York State Electric & Gas Corporation for Gas Service, Case 15-E-0285 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules, and Regulations of Rochester Gas and Electric for Electric Service and Case 15-G-0286 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules, and Regulations of Rochester Gas and Electric for Gas Service, Order Approving Electric and Gas Rate Plans in Accordance with Joint Proposal (June 15, 2016) ("Joint Proposal Order" or "Rate Plan").

Companies' Low Income Program.”² In approving the Rate Plan, the Commission noted that its terms “go far toward meeting the objectives” of the Low Income Order and reflect many of the components of the Low Income Order.³ The Commission further stated that, in the event of differences between the low income program contained in the approved Rate Plan and the Low Income Order, the provisions of the Low Income Order “will take precedence and govern.”⁴ Accordingly, the Plan described herein follows this Commission directive and conforms the provisions of the Companies' Low Income Program to reflect the Low Income Order. To the extent there are differences, this plan modifies the Low Income Program as outlined in the Companies' Rate Plan.

Consistent with the Companies' Rate Plan and the Low Income Order, the Companies are prepared to implement the Low Income Order as outlined below. In addition to other specific details, the Companies' Plan reflects the “phased approach to implementing the Commission's low income policies”⁵ and the need for utilities “to file implementation plans that can be updated as needed.”⁶ The Plan also complies with the directive in the Low Income Order that implementation plans “propose a path to incorporate these recommendations into ongoing rate plans.”⁷

THE NYSEG AND RG&E PLAN

Implementation Timeline and Discount Levels

Per the Rate Plan, NYSEG and RG&E will implement tiered bill discounts beginning with the 2016-2017 Home Energy Assistance Program (“HEAP”) season (estimated to begin November 1, 2016). The Companies' will implement three benefit tiers as outlined in their Rate Plan. The

² Cases 15-E-0283 et al., Joint Proposal Order, Joint Proposal, Section XIII. Low Income Programs.

³ Cases 15-E-0283 et al., Joint Proposal Order at 52.

⁴ Id.

⁵ Case 14-M-0565 – Low Income Order at 46.

⁶ Id.

⁷ Id.

Companies will be prepared to implement a fourth tier for customers on Public Assistance programs such as Direct Voucher or Guaranteed Payment upon approval of this implementation plan.

Customers currently enrolled in the Companies' Low Income Program will continue to receive their current bill discount until a new HEAP benefit is received, allowing the Companies to determine the appropriate tier. Once the new HEAP benefit is received, the customer will be transitioned to the appropriate tier and the corresponding discount.

The Companies will also begin enrolling all eligible Low Income Program participants into Budget Billing upon approval of the Companies' Low Income Implementation Plan. More detailed information is included in the "Budget Billing" section below.

Attachment 1 provides a comparison of discounts derived from the Companies' Rate Plan and the Low Income Order, as well as the Companies' proposed phase-in. RG&E's calculations have been updated to reflect the appropriate number of electric non-heat customers because Appendix O of the Rate Plan inadvertently excluded eligible electric non-heat customers from the calculations.⁸

Page 1 of Attachment 1 provides a summary that starts with the Rate Plan and culminates in the Companies' proposed phase-in. The detail supporting each iteration is shown on subsequent pages.

Beginning with the 2016-2017 HEAP season, the Companies will apply bill discount amounts as outlined in Attachment 1, page 4 (Company Proposed Phase In). Over a three-year period, the Companies will gradually increase benefits to reach the amounts stated for each Company in the Low Income Order. This process is consistent with the phased approach recommended in the Low Income Order, as well as the approach contemplated in the Companies' Rate Plan. The Companies propose a fixed discount approach consistent with that proposed in the Low Income

⁸ Customers who have gas heat and electric non-heat (and who are eligible for both discounts) were only counted in the gas heat category.

Order. Discount levels have also been set consistent with the principles outlined in the Order. For gas discounts, the benefits will need to be capped to ensure the overall expenditure does not exceed the 2% of revenues cap.

Eligibility/Enrollment

All customers for whom the Companies receive a HEAP benefit will continue to automatically be enrolled in the Companies' Low Income bill discount program. Additionally, the Companies will continue to allow manual enrollment for any customer who "self-identifies" as a HEAP recipient. As outlined in the Low Income Order, the Companies will also work collaboratively with the Office of Temporary Disability and Assistance ("OTDA") utilizing the HEAP recipient list to enroll any previously unidentified customers into the Low Income Program. The Companies will begin working with OTDA to receive this information beginning in the fall of 2016.

Annually, in advance of the upcoming HEAP season, the Companies will remove from the Low Income Program any customer for whom no HEAP payment was received for the prior HEAP season.

Benefit Levels

As stated above, the Companies had already been planning for three tiers of benefits to be implemented by November 1, 2016. A fourth tier will be added, upon approval of this plan, to accommodate Direct Voucher and Guaranteed Payment customers as indicated in the Low Income Order. Annual discount amounts for each tier will be set as indicated in Attachment 1 on page 4 (Company Proposed Phase In).

The Companies will phase-in discounts based on the following guidelines:

- Year 1 (November 1, 2016 – October 31, 2017): Discount amounts equal to those in Rate Plan

- Year 2 (November 1 , 2017 – October 31, 2018): Non-heat discounts equal to those included in Low Income Order; Heating discounts equal to approximately 50% of the difference between the Rate Plan and the Low Income Order discounts, unless limited by the 2% of revenue cap
- Year 3 (November 1, 2018 – October 31, 2019): Discount amounts equal to Low Income Order discounts, unless limited by the 2% of revenues cap

Any customer identified as receiving a HEAP benefit paid to an alternate provider will be enrolled in the Low Income program and set for Tier 1 benefits as indicated in the Low Income Order.

Budget Billing

All Low Income customers who meet the Companies’ requirements for budget billing will be enrolled in budget billing upon approval of this Plan.⁹ To the extent that a customer falls into arrears he/she will be removed from budget billing if dunning activity is required.¹⁰ Once the customer resolves the arrears, the customer will be re-enrolled in budget billing.

As required in the Low Income Order, Attachment 2 provides the detailed customer communication plan that the Companies will utilize to notify customers of the potential budget billing enrollment, the eligibility requirements for budget billing, the option to “opt out” of budget billing, and the manner in which to “opt out” if the customer so chooses.

Attachment 3 includes a detailed description of the Companies’ budget billing plan. This plan summarizes the method for calculating and reviewing the budget throughout the year as well as eligibility requirements.

⁹The Companies do not intend to implement budget billing in November 2016.

¹⁰ Dunning takes place based on actual billed amounts versus budget billed amounts. In order to ensure a customer collection notice is based on actual usage, he/she is removed from budget billing until the arrears situation is resolved.

Program Budgets and Cost Recovery:

As directed in the Low Income Order, the Companies have calculated a discount cap to ensure program spending does not exceed 2% of electric revenues and gas revenues, respectively, for sales to end-use customers, i.e., including both total utility revenues and the commodity portion of energy services company revenues collected through consolidated utility billing to those customers. These calculated caps are included in Attachment 4. Spending caps will be reassessed annually and, if required, the Companies will reset bill discount levels for the following HEAP season to keep overall spending at or under the cap.

Consistent with the Companies' Rate Plan, the Companies will reconcile low income bill discounts with the amount in rates. The Companies expect an under-collection of discounts resulting from the implementation the Low Income Order as proposed in this filing. In order to minimize the negative cash flow impact from building a large low income deferral, the Companies propose to collect the low income deferral through its existing Revenue Decoupling Mechanism ("RDM").¹¹ The RDM is an appropriate mechanism since it applies to the vast majority of customers, is available for both electric and gas businesses, provides for an interim adjustment, and allows for timely collection/return of deferred amounts. The Companies plan to allocate the low income deferral proportionately among service classes.

Arrears Forgiveness

NYSEG and RG&E both have successful Arrears Forgiveness programs as part of their Low Income Programs. As included in the Rate Plan and permitted by the Low Income Order, the Companies will continue their existing Arrears Forgiveness programs.

¹¹ The Companies will separately track low income cost recovery thereby providing the ability to audit each mechanism to ensure the appropriate amount of costs are being collected.

Reconnection Waiver:

Per the Companies' Rate Plan, NYSEG and RG&E will eliminate reconnect charges for customers who qualify for the Low Income Program.

Educational Efforts

The Companies are committed to educating low income customers on using energy wisely.

Examples of educational efforts include:

- Each customer enrolled in the Low Income program will be referred to NYSERDA if the premise is eligible for available services;
- Outreach during the HEAP season regarding the benefit and importance of applying for services;
- A partnership with the Department of Health and Human Services to provide information on energy usage and programs available through the Companies ;
- Customers will be provided information on the availability of energy efficiency programs, if applicable; and
- Active participation in the Low Income Forum on Energy (LIFE) conferences as a way to gain new information to pass on to customers.

The Companies will also continue to look for additional opportunities to educate all customers on the benefits of using energy wisely.

Program Reporting/Evaluation

Beginning with the quarter ending March 31, 2017, the Companies will implement new reporting requirements as outlined in Appendix D of the Low Income Order.

Coordination with Other Programs

As demonstrated through participation in multiple proceedings, the Companies have shown their commitment to working collaboratively with other parties to develop creative programs to help ease the energy burden of low income customers. The Companies are prepared to maintain this level of commitment in support of reducing the overall energy burden of low income customers.

CONCLUSION

NYSEG and RG&E continue to support the Commission's efforts to achieve energy affordability goals and respectfully request that the Commission approve the Plan provided herein. The Companies are willing to meet with Staff and interested parties to discuss the Plan.

Respectfully submitted,



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