

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service.

Case 13-E-0030

Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Gas Service.

Case 13-G-0031

Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Steam Service.

Case 13-S-0032

DIRECT TESTIMONY

OF

GREGG C. COLLAR

Dated: May 31, 2013
Albany, New York

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1 **I. INTRODUCTION AND OVERVIEW OF TESTIMONY**

2 Q. Please state your name, title and business address.

3 A. My name is Gregg C. Collar. I am a Utility Program Analyst with the Utility
4 Intervention Unit (“UIU”) of the New York State Department of State’s Division of
5 Consumer Protection. My business address is 99 Washington Avenue, Suite
6 1020, Albany, New York 12231-0001.

7

8 Q. Please briefly summarize your qualifications and employment background.

9 A. I received a Bachelor of Arts in Mathematics from Hartwick College in 1995.
10 From February 1998 through June 2000, I was employed by TeleTech in Denver,
11 Colorado, holding various positions with increasing responsibilities. In my last
12 assignment with TeleTech, I worked at the corporate office as a National
13 Resource Analyst where I was responsible for developing call volume forecasts
14 based upon an analysis of historical data for multiple call centers across the
15 country; and for producing monthly reports directed to upper management. I was
16 employed by ICG Communications, also located in Denver, Colorado, from June
17 2000 to May 2002, where I managed the completion of facility work and testing
18 performed by operations personnel to ensure timely order provisioning for
19 medium and large customers on a nationwide basis. From February 2003 to
20 March 2005, I was employed as a Network Technology Analyst for the New York
21 State Environmental Facilities Corporation.

22 Since March 2005, I have been employed as a Utility Program Analyst,
23 initially with the New York State Consumer Protection Board and now with the

1 New York State Department of State's UIU as of April 1, 2011. In that position, I
2 am primarily responsible for analyzing utility low-income and service quality
3 performance measurement programs currently in place in New York State and
4 identifying reforms that would enhance their reach and effectiveness. I research
5 and draft formal documents advocating the UIU's position in Public Service
6 Commission ("PSC" or "Commission") proceedings and represent the UIU in
7 collaborative proceedings, negotiations and other meetings advocating for low-
8 income programs, service quality performance issues and other UIU positions. I
9 serve as the UIU's representative to the Low-Income Forum on Energy and the
10 UIU's representative and Chairperson on the Board of Directors of the
11 telecommunications Targeted Accessibility Fund, which oversees public benefit
12 programs including Lifeline and E911.

13 I participated as the UIU's representative in Case 01-M-0075, which
14 examined National Grid-Upstate's low-income assistance program, as well as in
15 a collaborative in Cases 05-E-0934 and 05-G-0935 that addressed Central
16 Hudson Gas & Electric Corporation's ("Central Hudson") low-income program. I
17 also conducted research and drafted documents pertinent to the UIU's
18 participation in the investigation of the electric power outage of Consolidated
19 Edison of New York Inc's. ("Con Edison") Long Island City Electric Network
20 (Case 06-E-0894) and the investigation of the prudence of Con Edison regarding
21 the July 2007 steam pipe rupture (Case 08-S-0153). I have been an active
22 participant in Case 07-M-0548, the proceeding regarding the Energy Efficiency
23 Portfolio Standard ("EEPS"). I served as the UIU representative in the working

1 group related to the establishment of statewide and utility-specific natural gas
2 efficiency goals, the working group assigned to help customers overcome
3 barriers to energy efficiency with the potential use of an on-bill financing program
4 as well as the EEPS Outreach and Education/Marketing Advisory Group.
5 Currently, I participate in the EEPS Evaluation Advisory Group and also serve as
6 the UIU representative on the Natural Gas Reliability Advisory Group.

7
8 Q. Mr. Collar, have you previously testified in PSC proceedings?

9 A. Yes, I have submitted testimony in rate proceedings involving Con Edison
10 (Cases 08-E-0539, 09-G-0795, and 09-E-0428), Orange and Rockland Utilities,
11 Inc. (Case 08-G-1398, Case 10-E-0362, and Case 11-E-0408), Central
12 Hudson (Cases 09-E-0588 and 09-G-0589), New York State Electric and Gas
13 Corporation and Rochester Gas and Electric Corporation (Cases 09-E-0715
14 et. al), National Grid-Upstate (Case 10-E-0050) and Corning Natural Gas
15 Corporation (Case 11-G-0280). Most recently, I submitted testimony in
16 National Grid-Upstate's electric and gas rate case proceedings (Case 12-E-0201
17 and Case 12-G-0202). In addition to these electric and gas rate case
18 proceedings, I also submitted direct and rebuttal testimony in Case 09-M-0527, a
19 proceeding that established a State Universal Service Fund, which is intended to
20 ensure local telephone service remains universally available throughout New
21 York State.

22
23 Q. What is the purpose of your testimony?

1 A. I will discuss, and make recommendations on behalf of the UIU regarding, the
2 proposals of the gas and electric Customer Operations Panels of Con Edison
3 (“Gas Panel,” “Electric Panel”) related to the Company’s electric and gas
4 Customer Service Performance Mechanisms (“CSPM”) and electric and gas low-
5 income programs.

6

7 Q. Please summarize your recommendations.

8 A. First, I recommend new threshold levels for the Call Answer Rate and
9 Commission Complaints service performance metrics. Second, pertaining to the
10 Company’s gas low-income program, I recommend an increase in the Customer
11 Charge discount for non-heating customers enrolled in the gas low-income
12 program. For heating customers enrolled in the gas low-income program, I
13 recommend implementing a \$10.00 discount from the Customer Charge and
14 maintaining the current per therm discount for usage in the 4-90 therm block. In
15 addition, I recommend maintaining the status-quo for the public assistance
16 programs that qualify gas customers for enrollment in the gas low-income
17 program.

18 Third, I recommend an increase to the Customer Charge discount for
19 eligible electric low-income customers and that Medicaid recipients also be
20 eligible to enroll in the electric low-income program. In addition, I present a
21 change to the language in the Order from the previous electric rate case (09-E-
22 0428) that adjusted the customer charge discount if there was a variation from
23 the forecasted number of program participants. This change would make Con

1 Edison's programs consistent with other New York State utilities' low-income
2 programs. Fourth, for both gas and electric customers, I recommend that the
3 reconnection fee waiver be restored to 100% for all customers regardless
4 whether or not they received a waiver during the period of the Company's current
5 rate plan. Fifth, I recommend that the Company reconcile its records with the
6 local social service agencies twice a year rather than the current once a year.
7 Lastly, I address cost recovery regarding the letters mailed to gas and electric
8 customers recently eligible to participate in the respective low-income programs.

9
10 Q. Are you sponsoring any exhibits associated with your testimony?

11 A. Yes, I am sponsoring three exhibits. Exhibit __ (GCC-1) shows the Company's
12 current CSPM and Exhibit __ (GCC-2) shows the UIU's proposed modifications
13 to the CSPM. Exhibit __ (GCC-3) consists of the Company's responses to
14 Information Requests ("IRs") I relied upon in preparing this testimony.

15
16 **II. CUSTOMER SERVICE PERFORMANCE MECHANISM**

17 Q. Please describe Con Edison's current CSPM?

18 A. Con Edison's CSPM consists of four service quality measures: Commission
19 Complaints, Call Answer Rate, Satisfaction of Callers, Visitors, and Emergency
20 Contacts, and Outage Notification. Each of the four service quality measures has
21 a specific performance threshold level, which are the same for electric and gas,
22 and an associated negative revenue adjustment, which differ from electric to gas.

1 The current targets and negative revenue adjustments associated with the four
2 service quality measures are shown in Exhibit __ (GCC-1).

3

4 Q. Does Con Edison propose any changes to its CSPM?

5 A. No. The Company is not proposing any changes to the CSPM.

6

7 Q. Do you believe CSPMs provide value to customers?

8 A. Yes. Quality service is important to customers and is in the public interest.

9 CSPMs give utilities powerful incentives to provide acceptable levels of customer
10 service. Meaningful measures and appropriate risk are required to ensure that
11 companies are providing the best quality of service to its customers. All of the
12 major utilities in New York have a similar mechanism in place.

13

14 Q. How has the Company performed the last three years under the CSPM?

15 A. The Company's response to UIU IR No. 102, which is contained in Exhibit ____
16 (GCC-3), shows the Company's performance for the period January 2010 to
17 February 2013 for each of the four service quality measures. The Company has
18 met all of its service quality standards and thus has not incurred any negative
19 revenue adjustments.

20

21 Q. Given the Company's performance, are you proposing any modifications to Con
22 Edison's CSPM?

1 A. Yes. My proposal would not change the amounts of the revenue adjustment but
2 would modify the threshold levels for the Call Answer Rate and Commission
3 Complaints, as shown in Exhibit __ (GCC-2).

4

5 Q. Why do you propose to adjust the threshold level for the Commission Complaints
6 service metric when the Company has performed well under the threshold level?

7 A. DPS Staff has set forth in previous testimony adjustments to service metrics
8 despite a Company performing consistently well under its threshold level. For
9 example, in Case 12-M-0192, DPS Staff testified: "Over the last several years
10 Central Hudson has consistently performed well under its current PSC Complaint
11 Rate Target. In order to help prevent a substantial degradation in performance on
12 this measure from levels that the Company's customers have come to expect
13 and rely upon, Central Hudson should be provided a sufficient incentive to keep
14 complaints from rising." The UIU agrees. Utilities should be given an appropriate
15 incentive to maintain the service performance to which their customers have
16 grown accustomed. The Company's current threshold levels do not truly provide
17 it with the incentive to perform at the level it has over the past few years. For this
18 reason, the Commission Complaints threshold level should be adjusted.

19

20 Q. Please demonstrate how your proposed Call Answer Rate threshold level was
21 derived?

22 A. I reviewed the yearly average call answer performance for 2009, 2010 and 2011.
23 I then calculated the standard deviation for the same years. On a yearly

1 average basis the Company's performance was slightly above the threshold
2 level, however, each year there was a standard deviation indicating a broad
3 range of performance throughout the year in relation to the threshold level. My
4 proposal takes the average standard deviation of the three years and adds one
5 standard deviation to the current threshold level.

6 (As a side note, the UIU understands that the Company already has
7 representatives available to speak with its non-English speaking customers but if
8 it does not, the UIU encourages the Company to improve its communication with
9 these customers when they call into the Company's customer service center. The
10 UIU points to Governor's Cuomo's Executive Order that required state agencies
11 to provide interpretation and translation services in Spanish, Chinese, Italian,
12 Russian, French, and French Créole.)

13
14 **III. GAS LOW-INCOME PROGRAM**

15 Q. Please describe the low-income program currently offered by Con Edison to its
16 gas customers.

17 A. The Company's low-income program consists of a low-income discount and a
18 reconnection fee waiver. At present, the gas low-income program provides a
19 discount of \$1.50 on the monthly Customer Charge for gas non-heating, or
20 Service Classification ("SC") 1 customers. Gas heating, or SC3 customers,
21 receive a discount of \$0.3833 per therm for usage in the 4-90 therm block. The
22 Company also provides a one-time waiver of the reconnection fee for
23 program participants who have had their service disconnected for non-payment.

1 Q. Is the Company proposing any changes to the current budget for the gas low-
2 income program?

3 A. No. The Company is proposing to maintain the annual program budgets, \$6.4
4 million for the Customer Charge and therm discounts and \$75,000 for the
5 reconnection fee waiver component, which were set in the Company's last gas
6 rate case proceeding, Case 09-G-0795.

7

8 Q. Does the Company's proposal to maintain the \$6.4 million budget for the
9 discount portion of the program reduce the customer's monthly benefit?

10 A. Yes. In its testimony, the Gas Panel admitted it forecasts an increase in the
11 number of SC1 and SC3 customers participating in the program. Previously, the
12 \$6.4 million reflected 145,000 SC1 customers and 20,000 SC3 customers
13 receiving the respective discounts. The Gas Panel's testimony maintains a \$6.4
14 million budget even with a slight increase of SC1 customers to 145,600 and of
15 SC3 customers to 23,400 SC3 customers. More significantly, a May 9, 2013
16 email from the Company to interested parties shows that after a recent
17 reconciliation of records with the City of New York Human Resources
18 Administration ("HRA" or the "City") and the County of Westchester Department
19 of Social Services ("DSS" or "Westchester") that enrollment in the gas low-
20 income has increased to over 175,000 customers, that is, 152,000 SC1 and
21 25,000 SC3 customers. Maintaining the budget at its current level - and reducing
22 the discount to accommodate the higher enrollment - is simply not acceptable.

23

1 Q. Please continue.

2 A. The Gas Panel proposes to reduce the SC1 monthly Customer Charge discount
3 from \$1.50 to \$1.25; and, to reduce the discount from \$0.3833 per therm for
4 usage in the 4-90 therm block to \$0.3143 or negative 18%. In addition, the Gas
5 Panel proposes that the reconnection fee waiver component of the low-income
6 program only be extended to customers who have not received a waiver during
7 the previous rate plan period. Furthermore, the Gas Panel proposes to
8 discontinue Medicaid as a qualifying program for participation in the gas low-
9 income program.

10

11 Q. What is the UIU's position regarding Con Edison's proposal?

12 A. The UIU strongly opposes the Company's proposal to reduce the monthly
13 discount to low-income customers and to remove Medicaid as a qualifying
14 program. Lowering the current benefits for eligible low-income customers, which
15 include many seniors, fails to address the increasingly difficult financial situation
16 faced by these individuals and families. In the midst of a still struggling economy,
17 these customers bear the greatest burden to pay their monthly utility bills. For
18 many of these families, energy bill costs represent a disproportionate large share
19 of their income.

20 In the near future this disparity will only increase. The UIU is concerned
21 that the Company's proposal to decrease the benefits for low-income customers
22 and eliminate a qualifying program for low-income program eligibility is
23 inappropriate given the reduction in federal funding for Low Income Home

1 Energy Assistance Program (“LIHEAP”) and the corresponding reduced
2 allocation for New York State in recent years. New York State’s share of the
3 LIHEAP federal block grant has decreased to \$339 million in 2013 from \$475.4
4 million and \$479 million in 2009 and 2010. In April, the Obama Administration
5 released its 2014 fiscal year budget that proposed a cut to LIHEAP funding to
6 about \$3.0 billion, or a 33% decrease from the fiscal year 2011 funding level,
7 further cutting the program and more than likely New York’s State’s share once
8 again. The continuing trend of decreased funding could force New York State to
9 provide smaller Home Energy Assistance Program (“HEAP”) grants and placing
10 additional stress on these low-income customers.

11

12 Q. Are there other reasons why the UIU disagrees with the Company’s proposal?

13 A. Yes. Con Edison’s customers typically have some of the highest gas bills of any
14 other gas utility in New York State (see “Typical Customer Bill Information”
15 located on the Commission’s website). Not surprisingly, the average percentage
16 and number of residential customers in arrears and the arrearage amount when
17 customers have entered into a deferred payment agreement have all increased
18 during the last three rate years. (See the Company’s response to UIU IR No. 92,
19 which is contained in Exhibit ____ (GCC-3))

20 For these reasons, coupled with a slow pace of economic recovery, the
21 Company’s proposal should be rejected and the UIU’s proposal should be
22 adopted.

23

1 Q. Please comment on the Company's proposal to offer a reconnection fee waiver
2 only to those customers who have not received a waiver during the previous rate
3 plan period.

4 A. I will address this proposal later in my testimony as the Electric Panel proposes
5 the same approach for electric low-income customers.
6

7 Q. Please describe your proposal regarding the Company's gas low-income
8 program.

9 A. I recommend that the Customer Charge discount for SC1 participants in the gas
10 low-income program be increased from \$1.50 to \$3.00. For SC3 customers
11 enrolled in the gas low-income program, I recommend a \$10.00 discount off the
12 current Customer Charge and that the current \$0.3833 discount on the 4-90
13 therm block continue.
14

15 Q. Has the UIU estimated the cost of implementing this proposal?

16 A. Yes. Allowing for an increase to the discount for SC1 low-income customers from
17 \$1.50 to \$3.00 based on 152,000 participants, the estimated cost to implement
18 the UIU's proposal is \$5.472 million. Based on 25,000 SC3 participants, the
19 estimated cost to implement the \$10.00 Customer Charge discount would be
20 \$3.0 million and to keep the current \$0.3833 therm discount for the same 25,000
21 SC3 customers, the UIU estimates the cost to be approximately \$5.455 million.
22 The total budget of the Company's gas low-income program based on the UIU's
23 proposal should increase to approximately \$13.927 million. (The UIU Rate

1 Panel's Exhibit __ (URP-6) and Exhibit __ (URP-7) further shows the impact to
2 this low-income proposal as it relates to the UIU Rate Panel's proposed
3 Customer Charge and block rates and the effect on a typical monthly bill.)
4

5 Q. Based on the UIU's proposal, how would the Company's gas low-income
6 program compare to other gas utility company programs?

7 A. The UIU was criticized in the Company's last gas rate case proceeding (Case 09-
8 G-0795) for not providing an appropriate comparison when setting forth its low-
9 income proposal. The Order states (at page 65): "More apt comparisons,
10 according to Staff, would be to the KeySpan Energy Delivery New York
11 ("KEDNY") and KeySpan Energy Delivery Long Island ("KEDLI") gas low-income
12 programs." In the Joint Proposal ("JP") in Case 12-G-0544, KEDNY, serving in a
13 similar service territory as Con Edison, and DPS Staff agreed to increase
14 KEDNY's low-income program to \$10.4 million, providing a \$3.00 per month
15 discount off the Customer Charger for non-heating customers and \$10.50
16 discount off of the Customer Charge for heating customers. Similarly, heating
17 customers enrolled in the low-income program received a therm discount on the
18 second block rate that is approximately a 50% discount analogous to the UIU's
19 proposal for Con Edison here. As a percentage of revenues, the UIU's proposal
20 increases Con Edison's gas low-income program to slightly more than 0.8%
21 which is just above KEDNY's 0.7%. While this is an increase over Con Edison's
22 current 0.395% if the program's budget were to remain at \$6.4 million, which is

1 far below the statewide average of 0.61%. The following table presents the
 2 current situation and my proposal:

	Non-heating Customer Charge discount	Heating Customer Charge discount	Heating customers 2 nd Block Rate	Heating customers 2 nd Block Rate discount	Total low- income program budget	% of Revenues (approx.)
KEDNY	\$3.00	\$10.50	\$0.5644	\$0.2800	\$10.4 million	0.7%
Con Edison proposal	\$1.25	N/A	\$0.7901	\$0.3143	\$6.4 million	0.4%
UIU proposal	\$3.00	\$10.00	\$0.7901	\$0.3833	\$13.927 million	0.8%

3
 4 In keeping with recent Commission decisions (see KEDNY case
 5 mentioned above and National Grid’s recent gas rate proceeding, Case 12-G-
 6 0202) where utility low-income programs have been enhanced to more effectively
 7 meet the needs of this important customer population, the UIU’s proposal brings
 8 the Company’s gas low-income program’s budget at least to a more respectable
 9 level given that it is the biggest utility in the state serving the largest low-income
 10 customer population. Further support for my proposal can be found in the recent

1 JP negotiated in the Central Hudson–Fortis proceeding, where DPS Staff agreed
2 to a doubling of the discount for combination heating customers to \$23 per
3 month.

4

5 **IV. ELECTRIC LOW-INCOME PROGRAM**

6 Q. Please describe the low-income program currently offered by Con Edison to its
7 electric customers.

8 A. The Company's electric low-income program provides a monthly discount for
9 low-income customers and a waiver of the reconnection charge for program
10 participants who have had their service disconnected for non-payment that was
11 implemented in the last electric case, Case 09-E-0428, as proposed by the UIU.
12 Customers enrolled in the low-income program receive a reduction of \$8.50 to
13 the current \$15.76 monthly Customer Charge.

14 Similar to the gas program, to qualify for this program, customers must be
15 enrolled in Con Edison's Direct Vendor Program, Utility Guarantee Program or
16 receive benefits under Supplemental Security Income, Temporary Assistance for
17 Needy Persons/Families, Safety Net Assistance, Supplemental Nutrition
18 Assistance Program, previously referred to as Food Stamps or have received a
19 HEAP grant in the preceding 12 months. Unlike the gas program, Medicaid is not
20 a qualifying program to participate in the electric low-income program.

21

22 Q. Is the Company proposing to continue its low-income program?

1 A. Yes. The Company is proposing to maintain the annual program budget of
2 \$38.25 million for the Customer Charge discount and the \$500,000 cost of the
3 reconnection fee waiver component as was set in Case 09-E-0428.

4

5 Q. Does the Company's proposal to maintain the \$38.25 million budget for the
6 discount portion of the program reduce the customer's monthly benefit?

7 A. Yes. At the time the Company's testimony was submitted, it did not anticipate an
8 increase in the targeted enrollment of 375,000 customers. It, therefore,
9 maintained the \$38.25 million budget along with proposing to keep the current
10 \$8.50 Customer Charger discount. However, just as the recent reconciliation of
11 records mentioned earlier in my testimony increased the enrollment in the gas
12 low-income program, the recent reconciliation also increased the electric
13 enrollment to approximately 435,000 customers. This represents an increase of
14 60,000 customers to the targeted enrollment and by approximately 100,000 over
15 the customers noted as enrolled in the Company's March 31, 2013 Low Income
16 report. Thus, the Company's proposal to maintain the current budget has serious
17 implications regarding the discount levels and ignores the large increase in
18 enrollment.

19

20 Q. What is the UIU's position regarding Con Edison's proposal?

21 A. Just as the UIU takes issue with the Company's proposal to reduce the monthly
22 benefits to low-income customers in its gas low-income program, the UIU does
23 not support lowering the monthly discount for customers enrolled in its electric

1 low-income program. As mentioned earlier, lowering the current benefits offered
2 to eligible low-income customers fails to address the increasingly large
3 affordability issues these economically vulnerable individuals and their families
4 face. The Company's low-income programs provide a welcome bill reduction to
5 vulnerable individuals and families that are most in need of financial assistance
6 and who bear the greatest burden in paying their monthly utility bills. The
7 Company's proposal is therefore inadequate, given the impact of a more than
8 likely decrease in HEAP funding previously mentioned, the economic condition of
9 its service territory and aforementioned economic recovery.

10

11 Q. Please elaborate.

12 A. The UIU's proposal is consistent with DPS Staff suggested standards. DPS Staff,
13 in response to an UIU information request in the most recent National Grid-
14 Upstate electric and gas rate case proceeding (also contained in Exhibit _ (GCC-
15 3)), stated that it "considered the size of the low income population, the economic
16 conditions of the service territory, and the impacts on non participants" in
17 determining their proposed monthly gas bill discount. DPS further stated:

18 We reviewed the following census and labor data, in comparison to the
19 statewide averages: the average annual income in the Company's service
20 territory from 2008-2010; the average unemployment rate in the service
21 territory from 2009-2011, and the number of households living with
22 incomes below the federal poverty line; along with other selected
23 statistical data on low-income population.....and the percentage of
24 revenues allocated to the low income program.

25
26 The UIU, based on the guidance offered by DPS Staff in the National Grid-
27 Upstate case, considered similar statistics for Con Edison's service territory.

1 Here are some of the results. According to “United States Census Bureau,
2 American Fact Finder, Selected Economic Characteristics, 2007-2011 American
3 Community Survey 5-year Estimates,” New York City’s median and mean
4 household incomes are below the statewide average; New York City’s
5 unemployment rate of 9.5% is higher than the statewide average of 8.2%; and
6 16.4% of families and 19.4% of people in New York City are living below the
7 poverty level whereas the statewide averages 11.0% and 14.5%, respectively.
8 Furthermore, according to a September 27, 2012 article from the Fiscal Policy
9 Institute (available on its website), New York City still has a long road to recovery
10 from the Great Recession of 2008-09. The article states, “Poverty has increased
11 and incomes have fallen each year since 2008,” and New York City residents
12 living in “deep poverty,” half of the official poverty threshold, has “increased from
13 2008 to 2011 even faster than the city’s overall poverty increase (deep poverty
14 grew 15.3% vs. a 13% increase in poverty overall).”

15

16 Q. What is the UIU’s position regarding the discount on the Customer Charge to be
17 provided to electric low-income customers?

18 A. Considering the statistics provided above, and that, similar to its gas operations:
19 1) Con Edison has the highest electric bills of any other electric utility in New
20 York State (see, again, “Typical Customer Bill Information” located on the
21 Commission’s website), 2) Con Edison has the highest percentage of residential
22 customers who are low-income, and 3) the previously mentioned increase in the
23 amount and number of customers in arrears, the UIU considers the Company’s

1 proposal significantly inadequate. Instead of the Company's proposal to
2 decrease the discount, the program needs a major enhancement. The UIU
3 considers it appropriate to increase monthly Customer Charge discount to
4 \$10.50. This is necessary since, Con Edison admitted that its own proposal for a
5 rate increase will have a 7% bill impact for residential customers (see Con
6 Edison's response to UIU IR No. 147 which is contained in Exhibit __ (GCC-3)),
7 and its proposal to implement a surcharge mechanism related to storm hardening
8 expenditures would further increase these customers already high bills. The
9 UIU's proposal will bring the Company's program more up to par with other
10 electric utilities operating in the state and level the field for all customers.

11 (The UIU Rate Panel's Exhibit __ (URP-6) and Exhibit __ (URP-7) further shows
12 the impact of this low-income proposal as it relates to the UIU Rate Panel's
13 proposed Customer Charge and block rates and the effect on a typical monthly
14 bill. It should be noted that the UIU Rate Panel's exhibits assume a 20% increase
15 to current enrollment as a result of adding Medicaid as an eligible program for
16 electric customers. This is described in further detail below.)

17

18 Q. Please discuss your proposal that customers who receive Medicaid should be
19 eligible to enroll in the electric low-income program as they currently are able to
20 in the gas low-income program.

21 A. The Company simply cannot justify its position. The UIU states that a customer
22 should not be denied a benefit when he or she has clearly shown the need for
23 assistance. The Company, on the other hand, states it should be allowed to deny

1 customers a benefit that it knows they need. The Company, in response to UIU
2 IR No. 86 shown in Exhibit __ (GCC-3), explained its reasoning to eliminate
3 Medicaid for gas rather than adding it to electric as a qualifying program:

4 The Company seeks consistency between its electric and
5 gas low income programs in order to avoid customer
6 confusion that sometimes arises when customers are
7 enrolled in the gas low income program and not in the
8 electric low income program. The City indicated that
9 adding Medicaid could significantly increase enrollment in
10 the electric program. The Company did not propose a
11 change that could significantly increase the cost of the
12 program to other ratepayers.
13

14 This is not sound policy. These customers may already be ignoring health issues
15 or care maybe in order to put food on table or keep the lights/heat on. The UIU
16 finds fault with the Company's argument to deny such a service to a considerable
17 segment of the customer population in need just because the enrollment level
18 could increase some cost to the low-income program. The Company ignores a
19 similar rational when it is asks in this same proceeding that its electric customer
20 bear the burden for \$800 million in storm hardening costs.

21 It is the UIU's understanding that to be eligible for Medicaid the income
22 guidelines are even less than other social service programs that already make a
23 customer qualified for the Company's low-income program. In other words, the
24 Company currently excludes the poorest of the poor from participating in their
25 low-income program. Such practice must stop.

26

27 Q. Has the Company's electric low-income program previously experienced a
28 significant increase in enrollment?

1 A. Yes. In the Company's previous electric rate case, Case 09-E-0428, an
2 additional 150,000+ customers were found through our efforts to be eligible for
3 the low-income program and were not enrolled when they should have because
4 of the Company's inadequate administration of its low-income enrollment process
5 with HRA and DSS.

6
7 Q. Why should the UIU's proposal for an increased discount to the Customer
8 Charge be adopted if it is possible that the enrollment level could increase if
9 Medicaid was added as a qualifying program for the electric low-income
10 program?

11 A. If the program funding gradually increased over the three years to keep pace with
12 the gradual absorption of 150,000+ new enrollees, it is highly likely that the
13 Commission would have funded the low-income program at an appropriate
14 higher level. Unfortunately, Medicaid was added as a qualifying program for the
15 gas low-income program only and not for the electric low-income program. The
16 UIU urges the parties to disregard any normal "sticker shock" reaction to a
17 proposed funding increase and adopt the UIU's increase to the Customer Charge
18 discount to current enrollees and those Medicaid customers not currently
19 enrolled in the electric low-income program who should have been enrolled in the
20 program in the first place.

21
22 Q. What other aspect of the Company's electric low-income program would you like
23 to discuss?

1 A. The UIU proposes a change to how the Company's reconciles its electric low-
2 income program costs. The JP in Case 09-E-0428 allowed the Company to
3 adjust the low-income discount in Rate Years 2 and 3 if the Company projected
4 that the one-year cost of these discounts would differ by more than five percent
5 of the \$38.25 million annual funding. The UIU believes this should not continue.
6 Besides reducing a benefit to customers who rely on it each month, the UIU is
7 not aware of any other utility in New York that reconciles their low-income
8 program costs in this manner.

9 The UIU advocates that any JP or Commission Order that results from this
10 proceeding consider the recent National Grid-Upstate electric and gas rate
11 cases. The National Grid JP reads: "Amounts in excess of the rate allowance will
12 be deferred for future recovery from customers. Any under expenditures will be
13 deferred for future use in a low income program." Simply stated, if during the
14 Rate Year the targeted program enrollment is exceeded, the customer discount
15 must not be altered. That is the norm around the state.

16

17 **V. RECONNECTION FEE WAIVER**

18 Q. What do the Company's Electric Panel and Gas Panel propose regarding the
19 waiver of the reconnection fee?

20 A. Both panels propose in their testimonies that in fairness to other customers who
21 may need to take advantage of the reconnection waiver component during the
22 rate year, the Company is extending the waiver component only to customers
23 who have not benefited from the waiver during the rate plan period that

1 commenced April 1, 2010. This approach seems to be based on the Company's
2 view that the program budget should never be increased.

3

4 Q. Currently, how is the reconnection fee waiver component of the low-income
5 program administered?

6 A. The Company waives the service reconnection fee one time per customer during
7 the term of the rate plan for customers participating in the low-income program. If
8 the Company forecasts that the program's targeted costs will be exceeded the
9 Company is permitted to make a compliance filing limiting the waiver to 50% of
10 the total reconnection fee.

11

12 Q. What is the UIU's reaction to the Company's proposal and to how the current
13 reconnection fee waiver component is administered?

14 A. The UIU does not believe that the Company should bar a customer who received
15 a waiver of the reconnection fee during the rate plan period from receiving that
16 benefit in the upcoming rate plan period. In our opinion, giving that small benefit
17 once every three years is not overly burdensome to ratepayers. And, similar to
18 our proposal on reconciliation of its electric low-income program costs, the UIU
19 proposes that customers should continue to receive the 100% waiver and excess
20 costs should be deferred for future recovery rather than having their reconnection
21 fee waiver reduced by 50% when the program cost targets are exceeded. This
22 would level the field and make the Company's reconnection fee waiver program
23 consistent with the programs at the other New York utilities. Again, this

1 restriction is a legacy of the previous rate case, when the former Consumer
2 Protection Board discovered that Con Edison and DPS Staff had not realized that
3 the Company had not enrolled new participants for several years, causing a large
4 increase in the program budget to account for the tens of thousands of new
5 enrollees.

6
7 Q. Do you have another proposal related to the waiver of the reconnection fee?

8 A. Yes. The Company indicated in its response to UIU IR No. 79(c) contained in
9 Exhibit __ (GCC-3) that the waiver was reduced to 50% because in December
10 2010 it projected the estimated cost target for reconnection waivers would
11 exceed the target costs. However, the Company admitted that its reported
12 number of waivers for gas reconnection fees and associated waiver amounts
13 was overstated as indicated in the Company's Supplemental Response to UIU IR
14 No. 75 contained in Exhibit __ (GCC-3) and in the Company's April 30, 2013
15 filing. Therefore, as a result of the Company's own miscalculated forecast, the
16 UIU proposes that the Company issue a refund to customers who were only
17 provided a 50% waiver of the reconnection fee within 30 days of the Commission
18 Order in this case.

19
20 **VI. COSTS OF LETTERS AND RECONCILIATION**

21 Q. The JP in Case 09-E-0428 provides for a reconciliation of the Company's records
22 with the records of NYC and Westchester once a year to ensure all eligible

1 customers are enrolled and customers no longer receiving benefits from one of
2 the qualifying programs are de-enrolled. Do you think once a year is sufficient?

3 A. No. Twelve months is too long a wait for an eligible person to be enrolled.
4 Conversely, if someone is no longer eligible, it is not fair to the ratepayers who
5 support the program in their bills to pay for that person's discount. The UIU
6 proposes that such reconciliation of Company's records with the City and
7 Westchester occur twice a year. The UIU believes that a semi-annual
8 reconciliation will provide more consistency to the low-income program. In
9 addition, the Company shows its reconciliation process has been inconsistent
10 during the past five years (see the Company's response to UIU IR No. 83). For
11 instance, the Company and HRA went 20 months, from April 30, 2010 to
12 December 30, 2011, without completing a reconciliation. The Company and
13 Westchester also took more than a year to complete a reconciliation of records
14 from April 30, 2010 to June 11, 2011. In addition, the most recent reconciliation
15 took approximately 15 months. Given that Con Edison charges its customers as
16 if its services are top rated, its reconciliation practices should reflect a higher
17 level of professional consistency.

18
19 Q. Is there another part of the low-income program's enrollment process you would
20 like to discuss?

21 A. Yes. State law requires HRA and DSS to offer the recipients identified after the
22 reconciliation process the opportunity to "opt out" of the HRA and DSS sharing of
23 their identities with the Company for enrollment in the respective low-income

1 program(s). The HRA and DSS provide this opportunity by means of a letter to
2 each recipient; this letter is different from and in addition to the letter that Con
3 Edison sends to new program enrollees. The controversy revolves around which
4 entity, the utility or, depending upon the location of the prospective enrollee, NYC
5 and Westchester should bear the cost of the statutorily-required opt-out letters.
6 Con Edison proposes that the low-income programs remain unchanged, and
7 therefore, the programs would not fund the costs associated with the mailing of
8 these letters. However, Con Edison notes on page 52 – 53 of its Gas Panel
9 testimony and page 67 – 68 of its Electric Panel testimony, that it anticipates that
10 NYC and Westchester will propose the mailing costs associated with these
11 letters be funded by the company's low-income programs rather than by the
12 budgets of Westchester and NYC. If that were to occur, then Con Edison intends
13 to remain neutral. However, the Company does note that if the Commission
14 should decide that the Company must fund these costs then the revenue
15 requirement must reflect the projected mailing costs.

16

17 Q. What is the UIU's reaction to who should fund these mailing costs?

18 A. The UIU does not take a position at this time on who should ultimately fund the
19 costs associated with the mailing of these letters but urges an immediate
20 resolution to this lingering controversy. A customer should not be at risk of
21 delayed participation into either of the Company's low-income programs simply
22 because determining who bears the burden of funding such minimal costs (less

1 than \$100,000 is my understanding) cannot be resolved. In the grand scheme of
2 things, it appears to be a small financial obstacle.

3

4 Q. Does this conclude your testimony at this time?

5 A. Yes.