

Low Income Program Implementation Plan - KEDNY

Pursuant to the Commission's May 20, 2016 *Order Adopting Low Income Program Modifications and Directing Utility Filings* in Case 14-M-0565, the Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers, (the "Order"), The Brooklyn Union Gas Company d/b/a National Grid ("KEDNY," "National Grid NY" or the "Company") submits the following Implementation Plan.

Executive Summary

The Company appreciates the considerable effort invested by Staff and the Commission to develop a comprehensive and creative approach to respond to the views and recommendations of the various stakeholders in the above proceeding.

National Grid embraces the idea of using a more standardized approach and efforts to streamline the regulatory process and increase consistency with the Commission's statutory and policy objectives. The Company has worked to develop best practices and actively participated in the various proceedings and collaboratives, recommending, among other things, the use of varying HEAP payment amounts to identify customers most in need.

The Company has benefitted from the collaborative efforts in this proceeding, along with insights from Staff's Report and Straw Proposal issued on June 1, 2015 (the "Straw Proposal") and our own efforts to identify differences between the various service territories and demographics, and to look for solutions that would work for each of our individual service territories.

The Order provides a framework for a tiered approach discount based on the customer's income and energy burden. The Company's current low income programs will be retired and be replaced with a new Low Income Discount Program designed to conform to the recommendations and framework described in the Order. Because of the need for customer and billing system changes necessary to implement the new programs, the Company currently plans to implement the full program, including tiered benefits, on January 1, 2018.

Implementation of the new framework and Low Income Discount Program will require additional resources and development of new customer and billing system functionality. In the Implementation Plan, the Company has included estimates of costs to implement required system enhancements and ongoing operations and maintenance expenses. As discussed below, in accordance with Sections IV.6.1.2 and IV.9.1.1 of the Joint Proposal filed on September 7, 2016 in Cases 16-G-0058 and 16-G-0059 (the "Joint Proposal"),¹ KEDNY requests Commission approval to defer the costs to implement the

¹ The Joint Proposal is subject to Commission approval.

requirements of the Order, including outreach and education, Information System (“IS”) costs, and costs to implement a file match process with the City of New York’s Human Resource Administration (“HRA”) and the Office of Temporary and Disability Assistance (“OTDA”).

Contents:

- Existing Programs
 - Low Income Discount Rate Program
 - On Track
- New Tiered Discount Structure
 - Eligibility
 - Discount Levels
 - Program Budget
 - Budget Cap
- HHS Performance Measurements/OTDA File Matching
- HRA Matching File
- Budget Billing
- Current Budget Calculation without 12 months history
- Outreach and Education
- Reporting Requirements
- Energy Efficiency and REV
- Costs

Existing Programs:

KEDNY Low Income Discount Residential Reduced Rate Program:

The Company's Low Income Discount Residential Reduced Rate Program offers discounted rates to eligible low income customers. The discount for residential non-heating customers is \$3.00 off the customer charge. The discount for residential heating customers is \$12.18 off the customer charge. The Company also offers a seasonal winter discount (November through April) of approximately 50% off the second rate block for eligible heating customers.

The current low income discount program will be retired on December 31, 2017. Existing customers will be transferred to the new tiered discount structure as described below. Existing annual reporting will be discontinued after the January 2018 report when the Company transitions to the new report format required by the Order.

KEDNY On Track Program:

The On Track program will discontinue new enrollments January 1, 2017. Existing customers on the program will continue in the program until they complete, default, or voluntarily remove themselves from the program.

New Tiered Structure Program:

In the Order, the Commission adopts fixed discount levels and establishes a default process with varying levels of discounts based on need. To achieve the varying levels of discounts, the Commission directs utilities to implement tiered discounts based on the level of need, with the level of need demonstrated by receipt of a Home Energy Assistance Program ("HEAP") grant and receipt of any HEAP "add-on" benefits.

Consistent with the Commission's Order and Staff's Straw Proposal, the Company's program uses the receipt of a HEAP grant, along with indications of add-ons, to determine appropriate tiers for participants. Customer may also be placed in a tier if they self-identify and provide appropriate documentation of low income discount program eligibility. Further, OTDA may identify customers to the Company for placement in a tier, even where the Company does not receive a HEAP payment on the customer's behalf (such customers are considered "non-utility HEAP" customers). KEDNY is also proposing to conduct a file match process with the City of New York's HRA to identify additional low income customers in KEDNY's service territory in late 2016 or early 2017. Pending full implementation of the tiered benefit levels for KEDNY in January 2018, heating customers identified by the HRA file match will be placed on the current heating discount and non-heating customers will be placed on the current non-heat discount. The placement of newly identified customers in appropriate tiers based on file matching with HRA and OTDA is expected to begin no later than January 1, 2018.

Eligibility/Enrollment:

Enrollment in the new tiered structure program can be achieved in the following ways:

- Enrollment is provided automatically to customers when the Company receives and posts a HEAP benefit and/or HEAP add-ons on the customer's behalf; or
- A customer is enrolled through the identification of OTDA's non-utility file matching mechanism or the HRA file match (discussed above); or
- A customer self identifies and provides documentation of a HEAP payment paid to another vendor or utility and not matched on the OTDA or HRA file matching mechanism.
- A customer provides documentation of enrollment in one of the following programs:
 - Temporary Assistance for Needy Families (Family Assistance)
 - Safety Net Assistance - Public Assistance
 - Supplemental Security Income (SSI)
 - Medicaid
 - SNAP (Food Stamps)
 - Veteran's Disability Pension
 - Veteran's Surviving Spouse Pension
 - Child Health Plus

Benefit Levels:

The Company's program utilizes a fixed discount model as recommended in Staff's Straw Proposal.

Customers who received a HEAP grant that was posted as received on the customer's behalf are automatically enrolled in the new program. The amount of the HEAP benefit determines which Tier level discount the customer is entitled to receive:

Regular HEAP Payment	Tier 1
Regular HEAP Payment plus 1 add-on	Tier 2
Regular HEAP Payment plus 2 add-ons	Tier 3
DSS Direct Voucher/Guarantee	Tier 4
Non-utility HEAP & Emergency HEAP only	Tier 5
Grandfathered Accounts	Tier 6

A customer receiving the Regular HEAP benefit of \$350.00 (the level of a Regular HEAP grant in the most recent heating season) would be placed in the Tier 1 discount level. An additional amount of \$25.00 is currently given to those households whose income is at or below 130% of the Federal Poverty Level (FPL). This additional amount is called an add-on. Customers receiving a Regular HEAP benefit plus one add-on will receive the Tier 2 discount amount.

If the same household has a member who is age 60 or older, under the age of 6, or permanently disabled, the customer is eligible for the second add-on, which is currently an additional \$25.00. Customers receiving a Regular HEAP benefit plus two add-ons will receive the Tier 3 level discount amount.

The amount of a Regular HEAP payment and the additional add-on amounts may vary year to year as determined and communicated by OTDA.

As directed by the Commission, higher levels of discounts are reserved for National Grid's Regular HEAP and HEAP add-on payment recipients.

Customers who are receiving DSS direct vendor or guarantee benefits will be tracked in Tier 4 and will not receive a benefit until they are no longer on public assistance. At that time, they will be placed in an appropriate tier as follows. Those who received a HEAP payment will be placed in the proper tier based on the amount of the HEAP payment; otherwise they will be placed in Tier 5 and receive the minimum \$3.00 monthly discount.

Non-utility HEAP customers are those who do not receive a Regular HEAP payment, but were identified through the OTDA or HRA file matching mechanism, or who self-identified and provided documentation of a HEAP payment paid to another vendor or utility. Customers who fall into these categories will receive the Tier 5 minimum discount of \$3.00. Customers receiving an Emergency HEAP payment only (without a Regular HEAP benefit) will receive the Tier 5 minimum discount of \$3.00.

The Order states that KEDNY is authorized to grandfather existing discount levels for certain customers. As set forth in the Joint Proposal, current low income heating customers, including non-Utility HEAP customers, will continue to receive the low income heating discounts (*i.e.*, \$19 monthly) for calendar year 2017 (Rate Year 1). When the new low income program is implemented (effective January 2018), these existing non-Utility HEAP customers will be grandfathered and will continue to receive the heating discount (*i.e.*, \$19 monthly) until such time as the energy burden and discount levels are adjusted or the existing customer account is terminated. Effective in calendar year 2018 (Rate Year 2), new customers, including new non-Utility HEAP customers will be placed in the applicable tiers based on the Low Income Order. For example, all new non-Utility HEAP customers becoming eligible after January 2018 will be placed in Tier 5 with the minimum discount of \$3 month.

The current benefit levels for KEDNY (shown in the table that follows) were agreed as part of the Joint Proposal. Future changes to energy burden and benefit levels will use the methodology adopted by the Commission to calculate a revised energy burden and Tier Level benefits as described in the Order.

KEDNY Low Income Discount Rate Program – Tiered Benefit Levels

<u>Tier Description</u>	<u>Gas</u>		
	<u>Tier</u>	<u>Heat Discount</u>	<u>Non-Heat Discount</u>
Regular Heap Payment	Tier 1	\$19.00	\$3.00
Heap payment + 1 add-on	Tier 2	\$35.00	\$3.00
Heap payment + 2 add-ons	Tier 3	\$52.00	\$3.00
DV / GU	Tier 4	\$0.00	\$0.00
Non-Utility	Tier 5	\$3.00	\$3.00
Grandfathered Accounts	Tier 6	\$19.00	\$3.00

Customers remain in the program for 14 months following receipt of the last HEAP grant. Customer accounts identified or removed from eligibility by the OTDA or HRA file matching process will be updated as part of each file matching cycle. The HRA matching process is scheduled to begin in the end of 2016 or early 2017. The HHS enrollment and removal process will begin after January 1, 2018.

Program Budget:

For KEDNY, effective January 1, 2017, the costs of the low income program are included in the revenue requirement and recovered in base rates from all customers. As set forth in the Joint Proposal, the projected annual budget is \$25 million for calendar year 2017 (Rate Year 1).

	Number of	Tiered			Rate Year 1
<u>Residential Heating</u>	<u>Customers</u>	<u>Discounts</u>			<u>Budget</u>
Proposed Discount	100,000	\$ 19.00			\$ 22,800,000
	0	\$ 35.00			\$ -
	0	\$ 52.00			\$ -
	100,000				\$ 22,800,000
<u>Residential Non-Heating</u>	52,000	\$ 3.00			\$ 1,872,000
Total Budget					\$ 24,672,000

As set forth in the KEDNY Joint Proposal, the projected annual budget is \$31.9 million for calendar years 2018 and 2019 (Rate Years 2 and 3).

Rate Years 2 and 3				
	Number of	Tiered		Each Rate
	Customers	Discounts		Year 2 & 3
Proposed Discount	74,000	\$ 19.00		\$ 16,872,000
	15,000	\$ 35.00		\$ 6,300,000.00
	11,000	\$ 52.00		\$ 6,864,000.00
	100,000			\$ 30,036,000
Residential Non-Heating	52,000	\$ 3.00		\$ 1,872,000
Total Budget				\$ 31,908,000

Budget Cap:

The Order directs that a funding limit for the new low income programs be established such that the total budget for each utility may not exceed 2% of total electric or gas revenues for sales to end-use customers. The 2% budget cap for KEDNY is \$31.9 million. If the Company forecasts enrollment and benefit levels that would exceed the budget cap, KEDNY will adjust the energy burden target and benefit levels to align the program budget to the 2% budget cap, as necessary. Additionally, if enrollment is higher than expected during a given year and the budget limit is exceeded, the Company will keep the benefit levels as is and will not cap the number of participants in the program during that year. In the following year, the Company will adjust the energy burden target, reducing the discounts until the amount expended is within the budget limit for that year. The Company will defer any amounts spent in excess of the rate allowance for future recovery from customers.

Should it be necessary to adjust the energy burden target, the Company will use the methodology adopted by the Commission to calculate revised Tier Level benefits as illustrated in the example that follows.

Energy Burden Calculations Per Tier:

In the Low Income Order, the Commission adopted the policy that an energy burden (i.e., utility costs) at or below 6% of household income would be the target level for all low income customers. The New York State Median Income (SMI) as reported by the U.S. Census is \$58,003, and 60% of SMI is \$34,802, as indicated in the order, which is

a monthly income of approximately \$2,900. This monthly income calculation closely corresponds to a two person household's income under the HEAP guidelines of \$2,869. At a 6% energy burden, this household's energy burden would be \$172 monthly. The household energy cost is adjusted to account for the \$350 HEAP payment received by the customer, or \$29 per month, which is added to the customer's allowed energy burden, increasing the monthly 6% energy burden of \$172 to \$201. An illustration of how the calculation is performed for each Tier is shown below.

1) Tier 1 - The monthly energy burden in the Order is calculated by taking 6% of a two person household's income (\$2,869) under the HEAP guidelines for 2014-2015 and adjusting for a Regular HEAP payment of \$350 to get the net allowable energy burden of \$201.31.

$$\$172.14 (\$2,869 \times 6\%) + \$29.17 (\$350/12) = \$201.31$$

2) Tier 2 - The monthly energy burden is calculated by taking 6% of the median (\$2286.50) of a two person household income in Tier 2 under the HEAP Guidelines for 2014-2015 (\$2869) and the two person household income in Tier 1 under the HEAP Guidelines (\$1,704), adjusting for a Regular HEAP payment plus one add-on (\$375) received by the customers to get the net allowable energy burden of \$168.44.

$$\$137.19 (\$2,286.50 \times 6\%) + \$31.25 (\$375/12) = \$168.44$$

3) Tier 3 -The monthly energy burden is calculated by taking 6% of a two person household's income in Tier I (\$1,704) under the HEAP guidelines for 2014-2015 and adjusting for a Regular HEAP payment plus two add-ons (\$400) to get the net allowable energy burden of \$135.57.

$$\$102.24 (\$1,704 \times 6\%) + \$33.33 (\$400/12) = \$135.57$$

4) Tier 4 – Discount Level is set at \$0

5) Tier 5 – Non-Utility Minimum Discount Level is set at \$3.

Health and Human Services Performance Measures/OTDA File Match:

On June 6, 2013 the U.S. Department of Health and Human Services (HHS), Administration for Children and Families, proposed to collect new information regarding the performance of Low Income Home Energy Assistance Programs (LIHEAP), which passed and became law in 2015. OTDA, which administers HEAP payments in New York, provided the data elements that New York State requires to comply with the LIHEAP Performance Measures law. In December 2015, the Company commenced efforts to make the necessary system modifications to report the information requested by OTDA.

As part of Federal Regulation, KEDNY will be receiving a File Transfer Protocol (FTP) file in October 2016 containing information on low income customers. The file will include the name, service address, customer account number, the last four numbers of the social security number and a unique designated identification number. The file will be matched against active accounts in our customer system. If the primary account holder has resided in the dwelling and received utility service or received fuel deliveries from the same vendor for a period of 12 consecutive months, it will retrieve the information requested by OTDA and return the file to them by November 15, 2016. The following information will be returned to OTDA:

- Annual Electric Usage (kWh)
- Annual Electric Charge (\$)
- Annual Gas Usage (Therms)
- Annual Gas Charge (\$)
- The number of occurrences that a service termination notices was issued.
- The number of occurrences that the service was terminated
- The number of occurrences that the HEAP benefit prevented termination of service
- The number of occurrences that the HEAP benefit restored service

As directed in the Order, utilities are directed to begin using the data provided by OTDA to begin enrolling customers. To comply with this requirement, the Company is developing new customer and billing system functionality to enroll non-utility HEAP customers in the new low income program. This enrollment requirement is beyond the scope of the original project. The new OTDA file matching and enrollment process will be incorporated in system modifications for the Company's customer and billing systems, with an expected implementation date of January 1, 2018.

Human Resource Administration File Match – HRA

KEDNY will undertake a file match process with CNY's Human Resource Administration ("HRA") to attempt to identify additional eligible low income customers in KEDNY's service territory. The file will be sent to HRA (Human Resource Administration) via FTP twice a year. They will match the file against their customer base and send the file back to us indicating which customers should be placed on the KEDNY low income discount program. The return will be 2 separate files, a file with records to place the account on the low income discount program and a file for removal of the program. KEDNY will endeavor to implement the initial HRA file match process in late 2016, but no later than early 2017. As discussed above, pending full implementation of the tiered benefit levels for KEDNY in January 2018, heating customers identified by the HRA file match will be placed on the current heating discount and non-heating customers will be placed on the current non-heat discount. Full implementation of HRA file matching and enrollment into applicable tiers will be incorporated in system modifications for the Company's customer and billing systems, with an expected implementation date of January 1, 2018.

As agreed in the Joint Proposal, the Company will reimburse HRA for up to \$100,000 of the annual cost to implement file matching.

Budget Billing

Balanced Billing spreads the customers annual gas cost into level monthly payments. The projected annual gas usage cost is spread into 12 convenient monthly payments. The customer will still pay the exact amount of gas that is used each year, but they will pay a balanced amount every month. To determine the monthly installment amount, the following is taken into consideration: past gas usage pattern, weather, current rates, cost purchasing gas from our suppliers. This allows the Company to project the gas cost for the one-year period ahead. The Company then divides that into 12 monthly payments. Every 4 months, CRIS automatically reviews the account. If the customer's usage is significantly different than the projected amount, the system will make the necessary adjustments to the balanced billing payments (either up or down). The dollar amount that the customer is charged may change after any of these reviews. The dollar amount is determined by CRIS using the following criteria: prior usage, normal weather conditions, current rates (delivery charges), estimated base and projected gas costs.

When Balanced Billing is established on an account, it will begin with the next month's bill (with the exception of Bill Solicitation). The Balance Billing payment arrangement will automatically default after 2 payments have gone past due. The Company intends to continue this practice, while also reviewing opportunities for the low income customers to be re-instated after defaulting from the budget for nonpayment.

Budget Billing Requirement with Opt Out Option:

Pursuant to the Order, customers enrolled in utility low income discount programs be enrolled in levelized or budget billing. The Order also directs that participants be permitted to opt out of budget billing. The Company will send a letter to low income customers describing the new low income program and the budget billing requirement. The letter will explain the new program and provide information on how a low income customer may opt out of budget billing. The letter will contain an "opt out" stub that the customer may return by mail. The customer will also have the option to call a designated number to opt out of budget billing and to receive answers to their questions on the new program.

Current Budget Billing Calculation without 12 Months of History:

All accounts use the following components in the calculation for the budget amount. The determination of the budget amount uses all the components listed below, whether

the account has 1 month or 10 years of billing history. There is no relevance to '12 months' of history.

- Base factor (domestic use)
- Slope factor (heating use)
 - All accounts have base and slope. New tenancies inherit the base/slope of the prior tenancy. Brand new accounts have a default base and slope. The base gets updated during the summer months for all bills that are created using an actual read. The slope gets updated with any bill with an actual read. The base and slope is ultimately a reflection of 2 years of billing history.
- Projected cost of gas
- Current delivery rates and other bill inputs (RDM, 18A, etc.)
- Normal temperature

Outreach and Education:

The Company has developed a strategic plan for Outreach and Education that incorporates stakeholder, community and customer engagement (please see Attachment 1). The Company believes that targeted outreach efforts to specific groups that are not usually present in the decision-making process will contribute to the success and increase awareness of the program. The Company is seeking to invest in opportunities that will attract and provide access to more participants by leveraging current outreach approaches with non-traditional methods which will demonstrate the benefits of the program and increase awareness and enrollment.

The plan incorporates 5 strategic goals as further described in the attached, Outreach Education and Engagement Strategic Plan.

Strategic Goal 1: Broaden the scope of low income outreach that enhances the customer's ability to understand the new program and the budget opt-out option. The objective of this goal is to communicate the changes in the low income program to existing participants and raise awareness of the new program, the budget billing requirement, the ability to opt-out and how to learn more about the program.

Strategic Goal 2: Increase the impact of outreach efforts by engaging our low income partners and organizations that share the goal of serving low income and vulnerable customers. The objective is to communicate the new Low Income Discount Program through our Health, Human and Social service agencies that interact with our low income population. The Company will create educational and engagement opportunities and to raise awareness of the new Low Income Discount Program throughout our neighborhoods and communities.

Strategic Goal 3: Provide access to relevant resources and tools that meet the broad range of needs of our low income and vulnerable customers. The objective of this goal

is to leverage traditional methods and non-traditional mechanisms to encourage action that increases the awareness of the new Low Income Discount Program. The Company will develop specific tools that customers and agencies can use to successfully engage them to seek more information on the new program.

Strategic Goal 4:

Implement an Advisory Panel to seek expertise outside of the Company.

The objective of this goal is to seek insights from experts from various health, human and social agencies of the low income population to effectively reach and communicate effectively with low income customers. The Company intends to draw on the knowledge and skills of advisors who have practical experience with interacting with low income customers.

Strategic Goal 5:

Implement benchmarking with other utilities within and outside of New York State to identify best practices in the utility industry for low income customers. The object of the goal is to measure National Grid's performance in outreach, education and engagement to low income customers to determine if the Company is functioning as effectively and efficiently as others in the industry.

Energy Efficiency & REV

KEDNY is a gas-only utility, so the current REV proceedings are generally not directly applicable to the Company.

The Company believes that improving energy affordability for low income customers involves not just low income discounts, but also improved energy choices, including energy efficiency, fuel conversion programs, and the possibility of distributed generation targeted to underserved customers and neighborhoods.

Reporting Requirements:

The Company will report quarterly on the program as outlined in Appendix D of the Order adopting low income program modifications.

The form of the report is contained in Attachment D of the Low Income Order, and includes the following components broken down by electric only, gas only and combination electric and gas customers and includes both heating and non-heating customers:

Numbers 1-4 pertain to the number of program participants.

- 1 a-d The number of participants who received a discount broken down by tier levels 1 through 4.

- 1.e The number of new participants who enrolled in the program for the quarter being reported.
- 1.f The number of participants who exited the program for the quarter being reported.
- 2.a-g Apply to the current AffordAbility Arrears Forgiveness Program

The Company plans to discontinue enrollment as of December 31, 2106.

Participants will remain on the program until they complete, default or voluntarily withdraw from the program. Because the Company plans to phase out the program, the reporting regimen has less value than a full-fledged arrears forgiveness program. The Company is hereby seeking permission to report only the data that can be obtained without investing a significant amount in programming costs and omit the data point regarding the Affordability program that will require additional costs to implement.

- 3. The number of customers who have had a reconnect fee waived.
- 4.a. Total number of energy efficiency participant referrals
- 4.b. Number of EmPower NY referrals

Numbers 5 – 10 relate to dollars expended and program budget comparisons broken down by electric and gas:

- 5.a Total amount of discounts (amount expended)
- 5.b. Total amount of over or under collection
- 6.a. Amount of arrears forgiveness applied
- 6.b. Total amount of over or under collection
- 7.a. Amount of Reconnect Fees waived
- 7.b. Total amount of over or under collection
- 8.a. The Amount of the Average bill – Heating Bill
- 9.b. The Amount of the Average Non-Heating Bill Average Bill
- 10.a. Total Over/Under Budget (for all programs)
- 10.b. Regulatory Asset/Liability Quarter End (for all programs)

Numbers 11-17 report the number of participants and the dollars associated with them.

- 11. Participant Arrears Total – The number of customers and associated dollars

- 12. Termination Notices sent to participants - The number of customers and associated dollars
- 13.a Participants Terminated for Non Payment - The number of customers and associated dollars
- 13.b Of the Participants Terminated the number and dollars associated with Heat Related Terminations for Non Payments
- 14. a Participants Reconnected - The number of customers and associated dollars
- 14. b Participants Reconnected Due to HEAP payment - The number of customers and associated dollars
- 14.c Participants Reconnected Due to DPA - The number of customers and associated dollars
- 15.a Active participants on DPA – beginning of the period (quarter) - The number of customers and associated dollars
- 15.b DPAs made - The number of customers and associated dollars
- 15.c DPAs reinstated - The number of customers and associated dollars
- 15.d DPAs defaulted - The number of customers and associated dollars
- 15.e DPAs satisfied - The number of customers and associated dollars
- 15.f Active Participants DPAs – beginning of period - The number of customers and associated dollars
- 15.g Active Participants DPAs with arrears greater than 60 days - The number of customers and associated dollars
- 16. Participant uncollectibles - The number of customers and associated dollars
- 17. Budget Billing participants The number of customers and associated dollars
- 17.a Credit Reconciliations (over collected)
- 17.b Debit Reconciliations (under collected)

Costs:

KEDNY will incur costs to implement the requirements of the Order, including outreach and education, IS costs, and costs to implement the file match with HRA and OTDA. As part of this Implementation Plan, KEDNY is including an estimate of all such implementation costs. Per Sections IV.6.1.2 and IV.9.1.1 of the Joint Proposal, KEDNY requests Commission approval to defer these costs.

KEDNY Total Outreach, Education and IS Costs

	<u>2017</u>	<u>2018</u>
<u>Outreach & Education</u>		
Initial Mailing - 152,000 Customers@\$. 48349	\$73,490	
Annual Enrollment & Maintenance - 10,000 @ \$.48349		\$4,835
Brochures -30K (Initial) @\$0.230	\$6,900	
Brochures - Annually 10K@\$0.230		\$2,300
Posters - 500 @ \$.12	\$60	
<u>IS Costs</u>	<u>\$3,302,000</u>	
Total Costs:	\$3,382,450	\$7,135

IS System Change Costs (additional detail is provided in Attachment 2, “Sanction Document”).

- The IS system change costs include requirements definition, solution design, solution development, testing paths for quality assurance, implementation and post implementation support activities. The main areas of functional systems changes will center around the following areas:
 - Existing Low Income Programs retirement including AffordAbility
 - Low Income Discount Program creation
 - New Tiered Discount Structure implementation
 - Eligibility determination
 - Discount Levels calculations
 - Program Budget adjustments
 - HHS Performance Measurements/OTDA File Matching
 - HRA File Matching
 - Budget Billing Requirement with Opt Out Option
 - Current Budget Calculation without 12 months history
 - Reporting Requirements

- The cost to implement this program for KEDNY is estimated at \$3.302 million based on estimates of the potential system changes, along with the costs for 3 business resources backfills (FTEs) to support the project. Development costs will be shared among National Grid’s New York operating companies impacted by the Order.

- Project Cost by Company

Project Cost by Company	\$/M
KEDNY	\$3.302
KEDLI	\$0.889
NMPC	\$2.819
Total	\$7.009

- Project cost by component:

Project Cost Breakdown			
Cost Category	sub-category	\$ (millions)	Name of Firm(s) providing resources
Personnel	NG Resources	0.770	NG IS Resources & NG Business backfills
	SDC Time & Materials	2.041	IBM & Wipro IS Resources
	SDC Fixed-Price	-	
	All other personnel	(0.000)	
	TOTAL Personnel Costs	2.811	
Hardware	Purchase	-	
	Lease	-	
Software		-	
Risk Margin		0.281	
Other		0.210	AFUDC
TOTAL Costs		3.302	

Project cost by CAPEX/OPEX, Fiscal Year & Project Phase component

(All figures in \$000s)		Cost Forecast and Investment Analysis							Project Phase		
		Fiscal Year							Str.-Up	R&D	D&I
		16/17	17/18	18/19	19/20	20/21	Yr. 6+	Total			
Personnel: NG	OpEx	60	-	-	-	-	-	60	8	51	-
	CapEx	235	475	-	-	-	-	711	-	235	475
Personnel: SDC T&M	OpEx	225	296	-	-	-	-	522	79	146	296
	CapEx	646	873	-	-	-	-	1,520	-	646	873
Personnel: Fixed Cost	OpEx	-	-	-	-	-	-	-	-	-	-
	CapEx	-	-	-	-	-	-	-	-	-	-
Hardware	OpEx	-	-	-	-	-	-	-	-	-	-
	CapEx	-	-	-	-	-	-	-	-	-	-
Software	OpEx	-	-	-	-	-	-	-	-	-	-
	CapEx	-	-	-	-	-	-	-	-	-	-
Other	OpEx	(0)	0	-	-	-	-	(0)	(0)	(0)	0
	CapEx	(0)	(0)	-	-	-	-	(0)	-	(0)	(0)
Shared & Financial Costs	OpEx	7	7	-	-	-	-	13	2	5	7
	CapEx	33	163	-	-	-	-	196	-	33	163
Risk Margin	OpEx	28	30	-	-	-	-	58	9	20	30
	CapEx	88	135	-	-	-	-	223	-	88	135
Asset Lease Costs		-	-	-	-	-	-	-	-	-	-
Total Investment		1,323	1,979	-	-	-	-	3,302	98	1,224	1,979
OpEx		320	333	-	-	-	-	653	98	222	333
CapEx		1,003	1,647	-	-	-	-	2,650	-	1,003	1,647