

**BEFORE THE NEW YORK STATE
PUBLIC SERVICE COMMISSION**

**PROCEEDING ON MOTION OF
THE COMMISSION AS TO THE
RATES, CHARGES, RULES AND
REGULATIONS OF NIAGARA
MOHAWK POWER CORPORATION
FOR ELECTRIC AND GAS
SERVICE**

**Case 12-E-0201
Case 12-G-0202**

DIRECT TESTIMONY

BY

**Barbara R. Alexander
Consumer Affairs Consultant**

ON BEHALF OF

PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC.

August 31, 2012

1 **I. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS**

2
3 **Q. PLEASE STATE YOUR NAME, ADDRESS, AND IDENTIFY FOR WHOM YOU**
4 **ARE PRESENTING TESTIMONY IN THIS PROCEEDING.**

5 A. My name is Barbara R. Alexander. I use the title of Consumer Affairs Consultant. I have
6 an office at 83 Wedgewood Dr., Winthrop, ME 04364. I am appearing as a witness on
7 behalf of the Public Utility Law Project of New York, Inc. (PULP). PULP is a nonprofit
8 organization representing the interests of utility customers in matters affecting universal
9 service, affordability, and consumer protection. Since its formation in 1981, PULP's
10 consumer education and legal advocacy has focused primarily on the rights of low
11 income utility consumers.

12 **Q. PLEASE PROVIDE YOUR BACKGROUND AND QUALIFICATIONS.**

13 A. I opened my consulting practice in March 1996, after nearly ten years as the Director of
14 the Consumer Assistance Division of the Maine Public Utilities Commission. While
15 there, I managed the resolution of informal customer complaints for electric, gas,
16 telephone, and water utility services, and testified as an expert witness on consumer
17 protection, customer service and low-income issues in rate cases and other investigations
18 before the Commission.

19 My current consulting practice focuses on regulatory and statutory policies
20 concerning consumer protection, service quality and reliability of service, customer
21 service, and low-income issues associated with both regulated utilities and retail
22 competition markets. I have testified in rate cases, rulemaking proceedings, and
23 investigations before over 15 United States and Canadian federal and state regulatory

1 agencies. My recent clients include the state public advocate offices and state consumer
2 advocates in Massachusetts, Illinois, Pennsylvania, Washington, Maryland, Maine, Ohio,
3 Arkansas, Oregon, California, and West Virginia, as well as AARP in many states
4 (Montana, New Jersey, Maine, Mississippi, Ohio, Virginia, Illinois, Maryland,
5 Oklahoma, and the District of Columbia).

6 I have testified in rate cases, rulemaking hearings, proceedings to consider
7 proposed mergers and acquisitions, and with respect to specific petitions or applications
8 by public utilities relating to low income programs, consumer protections associated with
9 investments in the “smart grid,” and service quality programs and policies. I have also
10 published papers and articles on utility issues that explore and make recommendations
11 with respect to retail competition, default service, regulation of alternative energy
12 suppliers, and smart metering proposals and dynamic pricing programs.

13 I am a graduate of the University of Michigan (B.A. in Political Science With
14 Honors, 1968) and I received a J.D. from the University of Maine School of Law (1976).
15 I attach my resume with a list of my publications and testimony as Exhibit BA-1.

16 **Q. DO YOU HAVE EXHIBITS TO YOUR TESTIMONY?**

17 A. Yes. I attach three exhibits:

- 18 ➤ Exhibit BA-1 is my Resume with list of publications and testimony since 1996 when I
19 opened my consulting practice;
- 20 ➤ Exhibit BA-2 is a compilation of selected data responses by Niagara Mohawk that I
21 reference in my testimony and that contain support for evidence in my testimony; and
- 22 ➤ Exhibit BA-3 is a National Grid consumer pamphlet that describes the Massachusetts
23 Arrears Management Program.

1 Q. PLEASE SUMMARIZE NIAGARA MOHAWK'S PROPOSED RATE INCREASE
2 REQUEST.

3 A. Niagara Mohawk Power Corp. d/b/a National Grid (Niagara Mohawk) filed a one-year
4 rate case application on April 27, 2012 for both its gas and electric service with rates to
5 be effective April 2013 through May 2014. With regard to its electric service, Niagara
6 Mohawk proposed to increase delivery service revenues by \$130.7 million, but due to the
7 expiration of an electric deferral surcharge of approximately \$190 million, the requested
8 increase would be more than offset. NIMO is proposing to reduce customer bills as a
9 result of this offset even though delivery or distribution rates would increase. With
10 regard to its gas service, Niagara Mohawk proposed to increase gas base rate revenues by
11 about \$39.8 million, again proposing to offset a portion of that revenue increase by the
12 elimination of approximately \$15.3 million of deferred recovery from base rates. In
13 addition, the Company has proposed to amortize \$14.3 million per year of regulatory
14 liabilities to customers for three years, resulting in a net increase in gas revenues of \$10.4
15 million. These rates were suspended by the Public Service Commission (PSC or
16 Commission) pending its review.

17 On July 16, 2012, Niagara Mohawk filed corrections and updates for both its gas
18 and electric rate filings. The impact of this filing was to increase Niagara Mohawk's
19 revenue requirement for its electric business from \$130.682 million to \$145.422 million,
20 which still would be offset by the expiration of the deferral surcharge, resulting in a
21 proposed electric revenue reduction of \$2,084,636 for the Rate Year.

22 With regard to its gas business, this update increases the gas revenue requirement
23 from \$24.516 million to \$28.984 million, resulting in a net gas delivery rate increase of

1 \$14.603 million, a 40% increase from its original filing.¹ According to the Corrections
2 and Updates Testimony of the Revenue Requirement Panel, these increased revenue
3 requirements are due in part to higher uncollectible expenses than originally forecasted.²

4 **Q. WHAT IMPACT WOULD THESE RATE FILINGS HAVE ON RESIDENTIAL**
5 **CUSTOMER BILLS IF THEY TOOK EFFECT WITHOUT MODIFICATION?**

6 A. Even though the Company has proposed that customer bills would decrease due to the
7 operation of the deferral mechanism, Niagara Mohawk has proposed an increase in the
8 minimum monthly customer charge for residential customers from \$16.21 to \$17.00 and
9 a base rate delivery charge increase of 6.5% for a residential customer using 600 kWh,
10 stating that these rate increases would be offset by the deferral mechanism. With the
11 proposed offset, the residential customer bill for electric delivery service would decrease
12 \$2.36%.³

13 With regard to gas service, Niagara Mohawk has proposed an increase in the
14 monthly minimum charge from \$18.21 to \$20.77, a 14% increase and a 2.7% increase in
15 delivery charges.⁴

¹ For the gas business, the Company's original filing reflected a Rate Year revenue deficiency of \$39.840 million, which was partially offset by the elimination of a base rate allowance of \$15.324 million of deferral recovery, for a net base rate increase of \$24.516 million. The corrections and/or updates increase the gas revenue requirement for the Rate Year from \$24.516 million to \$28.984 million. As explained in the original filing, to partially offset the rate increase to gas customers, the Company is proposing to amortize its net gas deferral account balances over three years, outside of base rates, resulting in a \$14.104 million credit to gas customers in each of those years. Based on updated pension expense, the Company has revised the pension deferral account balance, resulting in a change in the credit. The revised credit to gas customers is \$14.381 million per year over three years. The result is a net base gas delivery rate increase of \$14.603 million.

² See, Exhibit ___E-RDP-4CU and Exhibit ___G-RDP-2CU.

³ See, e.g., Exhibit ___E-RDP-6 showing bill impacts for proposed electricity rates with and without the application of the elimination of the deferred amounts.

⁴ Exhibit ___G-RDP-4, Schedule 4 and 5.

1 **Q. DID NIAGARA MOHAWK PROPOSE ANY CHANGES TO ITS CURRENT**
2 **LOW INCOME BILL PAYMENT ASSISTANCE PROGRAMS AS PART OF**
3 **THIS RATE CASE?**

4 A. Yes, in part. Niagara Mohawk proposes to increase the monthly rate reduction that
5 appears as a credit on the bill for its low income gas customers from \$7.50 to \$10.
6 However, the Company did not propose any changes to its Electric low income programs
7 because they had recently been reviewed in the 2010 Electric Rate Case.⁵ I will describe
8 Niagara Mohawk’s current low income programs below in more detail.

9 **Q. DID NIAGARA MOHAWK PROPOSE CHANGES TO ITS CUSTOMER**
10 **SERVICE AND RELIABILITY PERFORMANCE METRICS?**

11 A. Yes. By way of background, in the Company’s last electric rate case (Case No. 10-E-
12 0050) the Commission ordered the end of Niagara Mohawk’s multi-year rate plan (begun
13 in 2002), but did require that the parties collaborate on a proposal to continue certain
14 merger-related provisions, including service quality and the “incentive” or penalty
15 mechanism. The Collaborative Report to continue these “rate plan provisions” was
16 submitted in in January 2011 and the Commission approved those recommendations,
17 with some changes, on July 12, 2012 . The Service Quality and Reliability Reporting
18 provisions are basically unchanged from the merger rate plan, but any adjustments due to
19 service quality failures are now addressed as “negative revenue adjustments.” The
20 Collaborative recommended and the Commission approved potential negative revenue
21 adjustments of \$37.8 M, reflecting previously ordered increases to this amount for certain
22 metrics. However, the revised plan removed the penalty doubling feature for successive

⁵ PULP was not a party to that proceeding.

1 year failures because there is no longer a long term rate plan. The Plan reflects
2 adjustments to some metrics that were discussed and adopted in 10-E-0050, Niagara
3 Mohawk's previous electric rate case. The gas service metrics have been in place since
4 the 2008 Gas base rate case order.

5 As a result of this July 2012 Order, the current Service Quality Assurance Plan is
6 as follows:

7 Customer Service Measures (gas and electric):

- 8 • Annual PSC Complaint Rate: complaint rate per 100,000 customers; separate
9 performance targets for electric and gas reflect changes in most recent electric and
10 gas cases, but the calculation is based on the total sum of all charged complaints
11 received regardless of whether an electric or gas complaint.
- 12 • Residential Customer Transaction Satisfaction: a monthly telephone survey of
13 residential customers with one or more of identified transactions or interactions
14 with the Company.
- 15 • Small/Medium Commercial and Industrial Transaction Satisfaction Survey
- 16 • Percentage of Meters Read (annual performance)
- 17 • Percentage of calls answered within 30 seconds: reflecting all inbound call
18 centers, excluding calls answered by the automated voice menu system.
- 19 • Affordability Program: annual enrollment target that ranges from 3,402 or less to
20 3,591 or more.

21
22 Reliability (Electric):

- 23 • SAIFI
 - 24 • CAIDI
 - 25 • Estimating accuracy for capital projects
 - 26 • Standardized Interconnection Requirements
- 27

28 In testimony filed with the pending gas and electric rate case, the Shared Services and
29 Customer Panel⁶ stated that Niagara Mohawk had met all their required targets since

⁶ Exhibit ____ (SSCP-9) is a summary of the current customer service metrics and recent performance results. Exhibit ____ (SSCP-10) presents the proposed changes to the customer service metrics recommended in this case.

1 2009, including 2011, and made the following recommendations with respect to

2 Customer Service Performance metrics:

- 3 • Eliminate the gas service metrics associated with percent of meters read and
4 the Low Income Customer Affordability Program enrollment target, similar to
5 the changes made in the Electric rate case in 2010. With regard to the gas
6 low-income program enrollment, the company states that it has met and
7 exceeded targets for this program by a significant amount and the risk of not
8 meeting target is not likely to occur;
- 9 • Modify annual PSC complaint rate for gas to realign the gas metric with
10 electric complaint metric revised in 2010 rate case; and
- 11 • Modify small to medium commercial and industrial customer transaction
12 satisfaction metric.

13
14 The Electric Infrastructure and Operations Panel recommended the continuation
15 of the current Electric reliability metrics without change.

16 **Q. ARE THERE DEFERRED BALANCES IN THE SERVICE QUALITY AND LOW**
17 **INCOME PROGRAM ACCOUNTS?**

18 A. Yes. The testimony of the Revenue Requirements Panel identifies all Deferral Accounts
19 with balances as of 12/31/11 and forecast deferral balances as of 3/31/13. With regard to
20 the service quality plan, the following balances were identified for these two dates:

21 Electric Customer Service Penalties: \$1.999 million;

22 Gas Customer Service Penalties: \$0.084 million;

23 Electric Low Income Allowance Discount Program: \$0.396 million as of

24 12/31/2011 and forecast as \$0.028 million as of 3/31/2013;

25 Electric Affordability Program: \$0.510 million and \$1.233 million, respectively;

26 and

27 Gas Low Income Program: (\$2.602 million) and (\$4.538 million), respectively.

28

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY ON BEHALF OF PULP?**

2 A. My testimony will address Niagara Mohawk's low income programs, their program
3 design and benefit levels, Niagara Mohawk's credit and collection practices, and certain
4 aspects of Niagara Mohawk's customer service performance metrics. In addition, I
5 provide additional background information to support the recommendations of Mr.
6 William Yates on behalf of PULP with regard to the participation of low income
7 customers specifically and residential customers generally in the retail electric and
8 natural gas supply markets.

9 **Q. PLEASE INTRODUCE YOUR TESTIMONY ON THESE SPECIFIC ISSUES**
10 **WITH A SUMMARY OF THE ECONOMIC PROFILE FOR NIAGARA**
11 **MOHAWK'S RESIDENTIAL CUSTOMERS.**

12 A. Niagara Mohawk serves 949,930 residential electric customers, 32,322 residential gas
13 only customers, and 513,540 combined residential gas and electric customers in its
14 upstate New York service territory.⁷ Under current rates, a residential electric customer
15 using 600 kWh has a delivery bill of \$52.61 and a commodity bill of \$30.19, for a total of
16 \$82.80. This bill calculation requires the explanation of 14 separate components,
17 surcharges, or adjustments. A residential natural gas heating customer using 83 therms
18 pays \$43.39 for delivery charges and \$42.39 for commodity charges for a total of \$86.02.
19 This bill calculation requires the explanation of 12 separate components, surcharges, or
20 adjustments.⁸ Furthermore, the formulas to determine some aspects of the bill change
21 monthly, particularly with respect to commodity charges.

⁷ Niagara Mohawk Response to PULP No. 24 (GN-24).

⁸ Niagara Mohawk Response to PULP No. 97 (GN-97).

1 These charges (which of course are higher for higher use customers) have a
2 significant impact on affordability of essential electricity and natural gas service,
3 particularly for those with low and fixed incomes, unemployed, and those with medical
4 expenses that exceed available resources. In Syracuse alone, 23% of households receive
5 Social Security benefits, 12% receive Supplemental Security Income, and 27.4% receive
6 Food Stamps. 13% of the civilian population not in institutions has no health insurance
7 coverage. Approximately 22% of all families have a total income of less than \$15,000
8 and 28% of families have income in the last 12 months below 100% of the federal
9 poverty level (a calculation that takes into account both income and family size).⁹

10 Onondaga County¹⁰ reflects similar evidence of significant indices of poverty:

- 11 • Almost 13% households with income less than \$15,000
- 12 • 29.1% with Social Security (with a mean income of \$16,312)
- 13 • 9.9% receiving Food Stamps
- 14 • 9.6% of families living below 100% of federal poverty guidelines

15 Oswego County¹¹ reflects similar results:

- 16 • Almost 15% of households with income and benefits less than \$15,000.
- 17 • 30.8% living on Social Security
- 18 • 11.9% receiving Food Stamps
- 19 • 10.4% of families living below 100% of federal poverty guidelines

20 Schenectady County¹² has 20% of all families with income below the 100% of
21 federal poverty level and 31% of households receive Social Security.

⁹ U.S. Census Bureau, 2010 Demographic Profile Data, Syracuse City, New York.

¹⁰ U.S. Census Bureau, 2006-2010 American Community Survey 5-year Estimates, Onondaga County, New York.

¹¹ U.S. Census Bureau, 2006-2010 American Community Survey 5-year Estimates, Oswego County, New York.

1 Niagara Mohawk provides electricity to residents of Buffalo, New York.¹³ The
2 high level of unemployment there has contributed to the incidence of poverty and
3 reliance on social assistance programs:

- 4 ■ 18.8% of households rely on income of less than \$10,000, with an
5 additional 9.3% with income between \$10,000 and \$14,999
- 6 ■ 27.6% of households have Social Security income;
- 7 ■ 9.5% receive Supplemental Security Income
- 8 ■ 26.5% of households receive Food Stamps;
- 9 ■ 25.2% of families live below 100% of the federal poverty guidelines

10 Based on the average electric and gas bills currently paid by Niagara Mohawk's
11 residential customers, a combined electric-gas customer would pay \$2,025.84 for 12
12 months of service. This amount represents 20% of income for a household with an
13 income of \$10,000 and 13.5% for a family with income of \$15,000. This level of
14 household income, which a substantial portion of Niagara Mohawk's customer rely upon
15 based on the U.S. Census data summarized above, represents 100% of 2012 HHS Federal
16 Poverty Guidelines¹⁴ for a household of 2. Even a family with income at \$20,000 (100%
17 of HHS Federal Poverty Guidelines for a household of 3), which is slightly below the
18 median household income in some of Niagara Mohawk's counties and towns, would have
19 to pay 10% of their annual income to Niagara Mohawk for essential electricity and gas
20 service and an even higher amount if their usage was higher due to the condition of their

¹² U.S. Census Bureau, 2006-2010 American Community Survey 5-year Estimates, Schenectady County, New York

¹³ U.S. Census Bureau, 2006-2010 American Community Survey, 5-year Estimates, Buffalo, New York.

¹⁴ The U.S. Department of Health and Human Services publishes its HHS Poverty Guidelines annually. This calculation relies on the same poverty threshold calculations used by the U.S. Census and form the basis for eligibility criteria for HEAP and other means-tested financial assistance programs. The most recent version for 2012 was published in January 2012. See <http://aspe.hhs.gov/poverty/12poverty.shtml>

1 housing unit. This percentage of household income required to pay for essential electric
2 and natural gas service is far in excess of what middle and upper income families pay for
3 these services in terms of percentage of household income and is unaffordable without
4 serious adverse implications for other necessities for these lower income families.¹⁵

5 Even those customers only taking electric service from Niagara Mohawk would be
6 required to pay 9.9% of their annual income for electricity, which does not of course
7 reflect the need for payments to another natural gas or fuel provider for heating.

8 For a poor family with medical expenses, food, shelter, and transportation costs,
9 paying the Niagara Mohawk bill becomes a massive hurdle and is likely to result for a
10 much higher potential for nonpayment of the full amount, the imposition of late fees,
11 collection actions, terminations, and the build up of large arrears balances compared to
12 higher income families, all of which is reflected in Niagara Mohawk's monthly collection
13 activity reports.

14 My testimony reflects the needs of these customers and the importance of reforms to
15 Niagara Mohawk's existing low income rates and programs, as well as the adoption of
16 reforms to current credit and collection practices to correctly provide disclosures to
17 customers and implement the existing consumer protections required by law.

18 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.**

19 **A.** Based on my evidence and analysis which are discussed in further detail in my testimony,

20 I recommend the following:

¹⁵ Based on the same U.S. Census data, this annual cost of gas and electric service for Niagara Mohawk's average usage residential customers would represent 3% of the median family income for Onondaga County, 3.6% for Oswego County, and 2.9% for Schenectady County.

- 1 • Niagara Mohawk’s low income customer assistance programs should be reformed as
2 follows:

3 (1) First, Niagara Mohawk’s programs should be reflected in its tariffs so that
4 customers who receive these benefits can rely on the implication of an explicit
5 rate reduction program that Niagara Mohawk is obligated to implement. This
6 approach would also allow simpler revenue allocation among customer classes
7 and subclasses, as well as more effective regulatory oversight and better targeted
8 consumer advocacy for referrals and program evaluation. For example, while
9 Niagara Mohawk’s website allows residential customers to explore rate options
10 and explains the calculation of typical monthly bill components, low income
11 customers are not provided with any explicit description of the monthly bill
12 reductions they may qualify for. I acknowledge that Niagara Mohawk’s website
13 and customer materials promote the existence of low income bill payment
14 assistance programs and explains how to qualify for these programs, but the
15 website does not in fact identify the dollar amount of benefits that are available
16 for either electric or gas service customers.

17 (2) With regard to the low income electric rate reductions, I recommend that if
18 Niagara Mohawk’s proposals for an increase in the minimum monthly charge is
19 accepted, that the \$5.00 (non-heating) and \$15.00 (heating) monthly discounts be
20 increased by at least a commensurate amount.

21 (3) Niagara Mohawk’s proposal for an increase in the gas rate reduction from \$7.50
22 to \$10.00 is a welcome reform, particularly in light of the proposal to increase the
23 minimum monthly charge to over \$20.00. However, this proposal only retains the
24 percentage discount that is available under current rates and does not provide any
25 incremental assistance to these customers and their families. I recommend that
26 the monthly reduction be increased to at least \$15.00 so that 75% of the minimum
27 monthly charge is covered.

28 (4) Niagara Mohawk should implement a per therm rate reduction for low income
29 heating customers, similar to what is provided to similar customers by National
30 Grid in Brooklyn and Long Island. The per therm reduction should equal at least
31 40% of the next rate block’s otherwise applicable rate. This recommendation is
32 crucial to the assurance of affordability for essential natural gas heating service.
33 The reduction in the monthly bill that is provided with the current credit that is
34 related to a portion of the minimum monthly charge has a relatively minor impact
35 on affordability. For example, the existing \$7.50 discount only reduces the
36 overall energy burden by \$90 per year, a 4.5% reduction in the overall annual gas
37 and electric bill for a Niagara Mohawk customer. While this credit is useful and
38 important, it is not sufficient to make the overall energy burden affordable and

1 allow the family to obtain and retain these essential utility services without severe
2 sacrifice.

3 (5) I recommend that Niagara Mohawk provide both a gas and an electric rate
4 reduction to qualified customers so that a combined gas/electric customer would
5 receive the appropriate rate reduction for each service since the combined impact
6 of both services has a significant impact on the affordability of Niagara
7 Mohawk's service. This is particularly important in light of Niagara Mohawk's
8 practice (that I will discuss later in my testimony) to disconnect electric service
9 for nonpayment of overdue natural gas charges on a unified single balance bill.

10 (6) I recommend that Niagara Mohawk widen its program eligibility to include the
11 categorical low income programs also relied upon by National Grid's other gas
12 utilities and use the same methodology to determine eligibility and enrollment in
13 those programs, all of which rely on a means-tested analysis of household income.
14 Customers who for whatever reason have not applied for HEAP but who are
15 clearly "low income" based on their enrollment in the programs relied upon by
16 National Grid for its other New York utilities should be solicited and enrolled in
17 Niagara Mohawk's programs.

18 (7) With regard to the implementation of energy efficiency and weatherization
19 services for low income customers, the existence of both NYSERDA and Niagara
20 Mohawk sponsored efficiency programs and their different modes of delivery for
21 these programs is likely to contribute to an efficient targeting for Niagara
22 Mohawk's low income customers of important and needed services to help reduce
23 the overall bill and contribute to more affordable bills for Niagara Mohawk's gas
24 and electric service. I recommend that the Commission undertake a thorough
25 review of the delivery of low income efficiency and weatherization programs to
26 increase the coordination and availability of these programs for low income
27 customers.

28 (8) With regard to the arrears management program, I recommend that Niagara
29 Mohawk be required to consider the design and effectiveness of this program in
30 light of a recent evaluation conducted of National Grid's On Track programs
31 implemented in New York and Long Island, as well as the best practices
32 concerning low income arrears management programs adopted in Massachusetts.

- 33
- 34 • With regard to certain of Niagara Mohawk's credit and collection program and
35 policies, I recommend reforms that should be adopted to address the following
36 concerns:

- 1 (1) Niagara Mohawk’s customer rights disclosures do not in several cases comply
2 with their obligations under HEFPA and should be revised;
- 3 (2) Niagara Mohawk’s disconnection process for its combined gas/electric customers
4 relies on a single balance overdue notice and, as a result, discriminates against
5 retention of essential electric service. Customers should be able to protect their
6 essential electric service with partial payments allocated first to that service;
- 7 (3) Niagara Mohawk’s downpayment requirements for certain applicants for service
8 do not appear to comply with HEFPA; and
- 9 (4) Niagara Mohawk’s customer behavioral scoring methodology and its impact on
10 collection activities for low income customers needs reform to track and take into
11 account a customer’s low income status when implementing collection actions. I
12 recommend that Niagara Mohawk identify low income program customers in its
13 Customer Behavior Scoring Methodology and track and report its credit and
14 collection activities for those customers as part of its annual Low Income Program
15 reporting requirements.

- 16
- 17 • Niagara Mohawk’s Customer Service Performance metrics should be reformed to
18 better reflect customer service call performance and the rate of involuntary service
19 terminations for low income and residential customers:

20 **II. NIAGARA MOHAWK’S CURRENT LOW INCOME PROGRAMS**
21 **NEED REFORM AND EXPANSION**

22

23 **Q. PLEASE DESCRIBE NIAGARA MOHAWK’S CURRENT ELECTRIC AND GAS**
24 **LOW INCOME PROGRAMS.**

25 A. Niagara Mohawk provides a number of programs that provide assistance to low income
26 customers. In all cases, Niagara Mohawk identifies “low income” customers as those
27 that receive a regular or emergency benefit or grant from the Home Energy Assistance
28 Program (HEAP) in the previous 14 months.

29 Once Niagara Mohawk receives a HEAP benefit, the Company automatically enrolls
30 the customer in the low income discount program for 14 months:

- 1 • The Low Income Gas Program provides a \$7.50/month credit, equal to 42% of the
2 current monthly minimum charge. In 2011, an average of 68,800 customers per
3 month received this credit which totaled \$6.1 million.¹⁶ There is no reduction on the
4 otherwise applicable delivery service per therm charge.
- 5 • The Low Income Electric Program provides a \$5.00/month credit for basic electric
6 service (16.7% of current customer charge) and \$15.00/month for electric heat
7 customers (92.5% of current customer charge). The low income customer served on
8 the optional Large Time of use Rate also receives this credit, but the \$15/month credit
9 is only equal to 50% of the \$30 monthly minimum charge for this rate class.¹⁷ In
10 2011, an average of 152,100 electric customers received this credit for a total of
11 \$10.1 million.¹⁸ There is no reduction in the otherwise applicable distribution service
12 kWh charge.
- 13 • A combined gas/electric customer only receives one credit.
- 14 Niagara Mohawk also implements a Low Income Customer Assistance Affordability
15 Program (Affordability Program) which is a much smaller program targeted to low
16 income customers (HEAP recipients) with high arrears balances. A customer is eligible
17 if he/she has defaulted on a \$10 minimum payment agreement, has an arrears balance
18 which does not exceed \$1,500 for gas only or combined gas/electric service or an arrears
19 balance which does not exceed \$1,200 for electric-only service, and has an average
20 monthly bill that exceeds \$72 for electric-only service or \$140 gas only or combined

¹⁶ Niagara Mohawk Response to PULP No. 45 (GN-45) provided information for both the Gas and Electric Low Income Discount programs.

¹⁷ However, only approximately 4,000-4,500 residential customers have selected this rate option.

¹⁸ Niagara Mohawk Response to PULP No. 45 (GN-45) provided information for both the Gas and Electric Low Income Discount programs.

1 gas/electric service. Further, there is a requirement that the customer has “demonstrated
2 some attempt to make payments on at least one-third of the account bills in the past year
3 or period for which the account has been opened if the account is less than one year
4 old.”¹⁹ Specifically, a customer enrolled in this program is placed on a 24-month
5 payment agreement in which the customer must pay a percentage of their total average
6 bill each month and in return receives a portion of their arrears forgiven. An electric
7 customer is required to pay 95% of their average monthly bill. A customer with
8 combined gas/electric service or gas only service must pay 92.5% of average monthly
9 bill. The balance of the monthly bill is deferred to the customer’s arrears balance. The
10 amount of the arrears forgiven is equal to \$30 per month and is triggered by the
11 customer’s obligation to make regular monthly payments. At month 25 the customer is
12 offered a deferred payment plan on any remaining arrears balance. As of June 30, 2011,
13 there were 4,097 customers participating in the program.²⁰ However, enrollment in the
14 Affordability program has dropped since 2010, from 5,000 as of August 2010 to 3845 as
15 of May 2012.²¹ There is a high default rate on the program, typically 40-45% of those
16 enrolled. However, for those who complete the program (approximately 25-30% based
17 on historical information), the average arrears when leaving the program, while not
18 eliminated, is substantially reduced. In 2011, the average arrears balance at enrollment
19 was \$474.54 and this was reduced to \$230.55 at the time of leaving the program.²² As of
20 June 2011, the total year to date arrears forgiveness was \$500,949 for 2,208 electric

¹⁹ Annual Program Evaluation Report on National Grid’s Low Income Affordability Program, page 3, provided in response to PULP No. 42 (GN-42), attachment 2.

²⁰ As of May 2012, 3,845 customers were enrolled in the program. See, Niagara Mohawk Response to PULP No. 40 (GN-40).

²¹ Niagara Mohawk Response to PULP No. 40 (GN-40).

²² Niagara Mohawk Response to PULP No. 42, attachment 2, at 8.

1 customers and 750 gas/electric customers. Finally, Niagara Mohawk reported that the
2 expense budget for this program was \$1.263 million, almost 77% of which was the cost
3 of the arrears forgiveness, and the balance due to administrative costs.²³ The annual
4 budget for this program was set at \$1.296 million.

5 Finally, Niagara Mohawk provides a waiver for the reconnection fee for HEAP
6 customers, which, according to its filing, resulted lost fee electric revenue during the
7 historic test year of \$109,000, far in excess of the estimated cost of \$10,000 reflected in
8 the 2010 Electric rate case.²⁴ Clearly, low income customers are being terminated at a
9 faster rate than predicted.

10 None of these low income bill payment assistance programs are reflected in Niagara
11 Mohawk's tariffs. Rather, they are a product of settlement negotiations and orders
12 approving settlement proposals in previous base rate cases and it is, therefore, not
13 possible to easily identify each program and the benefits that each provides to qualified
14 customers.

15 **Q. DO ANY OF THESE PROGRAMS IMPLEMENTED BY NIAGARA MOHAWK**
16 **INCLUDE ENERGY EFFICIENCY PROGRAMS TARGETED SPECIFICALLY**
17 **TO LOW INCOME CUSTOMERS?**

18 A. No. Niagara Mohawk does operate a few energy efficiency programs for its residential
19 customers, but these are primarily rebate programs associated with Energy Star
20 appliances that require the customer to purchase the new appliance to obtain a rebate. As
21 a result of the obvious requirement that a customer must buy a new appliance to trigger
22 the rebate, these are not programs that most low income customers can or do participate

²³ Ibid., at 9.

²⁴ Testimony of Shared Services and Customer Panel at 42.

1 in even though their rates reflect the subsidies necessary to support these programs.²⁵
2 Even though participation in these efficiency programs by low income customers is
3 relatively low, it is of concern that HEAP customers, all of whom are presumably
4 qualified for the EmPower New York and federally funded Weatherization Assistance
5 Program for no cost efficiency measures, are participating in these programs which
6 require a substantial customer investment to trigger the rebate or other service associated
7 with Niagara Mohawk's residential programs. However, residential customer bills
8 include a System Benefits Charge that is equal to 1.2% of the average bill and would be
9 equal to 1.5% under proposed rates in this case for electric service and 2% of the average
10 residential gas bill under current rates and 1.9% of the bill under proposed rates.²⁶ As a
11 result, low income customers pay far more to support these programs compared to their
12 ability to participate in them and subsidize the programs that are primarily used by higher
13 income customers.

14 Niagara Mohawk informs all the low income customers participating in these bill
15 discount and Affordability programs to New York State Energy Research and
16 Development Authority's (NYSERDA) EmPower New York programs and transmits this
17 information to NYSERDA as well. NYSERDA implements targeted weatherization and
18 efficiency programs for low income customers through third party contractors. According
19 to NYSERDA's EmPower New York website, this program has provided assistance to

²⁵ Niagara Mohawk Response to PULP No. 50 (GN-50) states that 46 HEAP customers participated in the Company's Enhanced Home Sealing Incentives Programs, 372 HEAP customers participated in the Energy Star Products Program, and 302 HEAP customers participated in the Residential Heating, Water Heating and Controls Program. This participation rate by low income customers is 5% or less of all residential participants in the programs. Niagara Mohawk Response to PULP No. 85 (GN-85)

²⁶ Niagara Mohawk Response to PULP No. 49 (GN-49).

1 61,000 low income households since its inception.²⁷ A qualified customer gets a no-cost
2 energy audit and various efficiency and weatherization services, again at no cost, based
3 on the results of the audit.²⁸ In addition, the federally funded Weatherization Assistance
4 Program which targets weatherization services to low income households is implemented
5 by still a different New York state agency, the New York State Division of Housing and
6 Community Renewal through its network of regional Community Action Program
7 agencies. Based on the EmPower New York program participation information provided
8 by NYSERDA, there is no question that this program serves a very small percentage of
9 the low income customers that are being served not only by Niagara Mohawk, but other
10 New York gas and electric utilities as well.

11 **Q. HOW DOES NIAGARA MOHAWK RECOVER THE LOSS IN REVENUES AND**
12 **ADMINISTRATIVE COSTS OF ITS LOW INCOME BILL PAYMENT**
13 **ASSISTANCE PROGRAMS?**

14 A. The majority of the foregone revenues for the electric and gas low income programs are
15 recovered through base rates and a portion of the Affordability Programs is recovered
16 through commodity related uncollectible costs included in the Merchant Function
17 Charge. Based on the budgets established in the most recent rate cases, rates reflect the
18 following estimated revenue impacts for these programs:

| | | |
|-----------------------|--------------|------------|
| | Electric | Gas |
| Affordability Program | \$ 1,296,000 | \$ 190,000 |

²⁷ According to NYSERDA's 2010 Annual Report, "During 2010, EmPower provided electricity demand reduction and home energy performance improvements to more than 6,334 low-income households." Clearly, this program, while valuable, does not deliver its low income energy performance improvements to even a small percentage of the low income customers participating in New York's gas and electric low income bill assistance programs. Report at 23. Available at www.nyserderda.ny.org

²⁸ <http://www.nyserderda.ny.gov/Page-Sections/Residential/Programs/Low-Income-Assistance/EmPower-for-Residents.aspx>

| | | | |
|---|-----------------------------|--------------|-------------|
| 1 | Low Income Discount Program | \$10,536,000 | \$4,500,000 |
| 2 | Waiver of the Reconnect Fee | \$ 8,738 | --- |

3 All customer classes pay for these programs. The average residential electric
4 customer pays \$0.43 per month due to the reallocate of revenues under these programs
5 and the average residential gas customer pays \$0.68 per month. As a result, the rate
6 impact for these programs represent a minimal impact on the monthly bill for most
7 customers, but it should be noted that low income customers also pay for these programs
8 in their rates.²⁹ This is a strong reason to strive for the fullest possible participation by
9 eligible customers in low income programs.

10 **Q. HOW DOES THE PROGRAM DESIGN FOR THESE LOW INCOME BILL**
11 **ASSISTANCE PROGRAMS COMPARE TO OTHER NATIONAL GRID LOW**
12 **INCOME PROGRAMS IN NEW YORK?**

13 A. Niagara Mohawk is the only electric National Grid company in New York. With regard
14 to gas programs, however, National Grid’s Brooklyn Union Gas Co. (KEDNY) and
15 KeySpan Gas East Corp. (KEDLI) operate low income gas programs.³⁰

- 16 • KEDNY’s Reduced Residential Rate provides a \$2.50 monthly bill reduction for
17 residential non-heating low income customers (equal to 18 % of the minimum
18 customer charge) and a \$9.50 monthly reduction for residential heating low income
19 customers (equal to 57.5% of the minimum customer charge). In addition, there is a
20 reduction of the per therm charge for residential heating service customers equal to
21 46.9% of the “block 2 rate” for November 1 through April 30. KEDNY also operates
22 an On Track program that targets customers with arrears balances. The reduced rates

²⁹ Niagara Mohawk Response to PULP No. 43 (GN-43).

³⁰ Niagara Mohawk Response to PULP No. 87 (GN-87).

- 1 for low income customers are reflected in the Company’s tariffs as identified
2 subclasses of residential customers.
- 3 • KEDLI provides a \$4.82 monthly rate reduction for general residential service (equal
4 to 35%3% of the current minimum charge) and a \$13.02 monthly rate reduction for
5 residential heating service (equal to 78,2% of the current minimum charge). In
6 addition, there is a rate reduction on the per therm charge for residential heating
7 service customers equal to 41.4% of the “block 2 rate” for November 1 through April
8 30. KEDLI also operates an On Track program that targets customers with arrears
9 balances. These rate reductions are reflected in the Company’s tariffs.
 - 10 • Both downstate National Grid companies have expanded the availability of these
11 programs beyond HEAP participation and include recipients of other categorical low
12 income programs, such as Medicaid, Food Stamps, TANF, Supplemental Security
13 Income, Veteran’s Disability Pension, and Public Assistance. The application
14 requires the customer to show a photocopy of the identification card associated with
15 one or these programs and allows National Grid to contact the issuing agency to
16 verify the information.³¹
 - 17 • Both of these downstate National Grid gas utilities implement an On Track
18 affordability program targeted to customers at risk of service termination for
19 nonpayment and high arrears balances, similar to Niagara Mohawk’s Affordability
20 Program.

³¹ KEDNY’s Residential Reduced Rate Application is available on its website.

1 **Q. HOW DO NIAGARA MOHAWK'S LOW INCOME BILL PAYMENT**
2 **ASSISTANCE PROGRAMS COMPARE TO LOW INCOME PROGRAMS**
3 **PROVIDED BY OTHER NEW YORK GAS AND ELECTRIC UTILITIES?**

4 A. There is a wide range of low income programs in effect throughout New York's gas and
5 electric utilities, all of which appear to be the reflection of base rate orders and approved
6 rate case settlements. These programs are similar to those operated by Niagara Mohawk
7 and National Grid's gas utilities in New York and Long Island, but the amount of the rate
8 reduction and whether or not a per therm or per kWh discount is also provided varies:

- 9 • Consolidated Edison reports that 372,728 electric customers are receiving a low
10 income rate.³² Gas customers also receive a reduced minimum charge discount and a
11 per therm rate reduction. Low Income gas heating customers are served under a
12 tariffed low income rate that provides a \$7.65 discount o the minimum monthly
13 charge (3 therms) and a 49% reduction off the otherwise applicable per therm rate for
14 the next 87 therms.³³ For program year April 2011 through May 2012, the electric
15 rate reduction totaled \$36.1 million. For the program year ending September 2011,
16 the low income gas reductions totaled \$6.747 million.
- 17 • Orange and Rockland provides natural gas residential heating low income customers
18 a monthly bill reduction of \$17.40. Electric low income customers will receive a
19 monthly bill reduction of \$7.00, \$8.00, and \$9.00 for rate years 1 through 3.³⁴
- 20 • New York State Electric and Gas and Rochester Gas and Electric both substantially
21 expanded their gas and electric low income programs in a settlement of a 2010 rate

³² Consolidated Edison's current low income programs were approved in Case 09-E-0428 and 09-G-0795 (multi year rate plans). The reported data is from its June 30, 2012 Low Income Report.

³³ See Consolidated Edison tariffs, Service Classification No. 2 and No. 3 (October 1, 2011).

³⁴ Case 11-E-0408.

1 case. According to the Commission’s Order approving a settlement on these program
2 expansions, the “need is indisputable,” “current participant levels were inadequate,”
3 and “increases are demonstrably reasonable and necessary.”³⁵ Based on the total
4 participants and costs reported in the 2011 Report, the monthly bill reduction appears
5 to average \$16.77 for NYSEG and \$11 for RG&E customers.³⁶

6 **Q. IN LIGHT OF THIS INFORMATION AND YOUR PRIOR DESCRIPTION OF**
7 **THE ECONOMIC INDICATORS OF POVERTY IN NIAGARA MOHAWK’S**
8 **SERVICE TERRITORY, WHAT DO YOU RECOMMEND IN THIS**
9 **PROCEEDING?**

10 A. I have several recommendations designed to enhance Niagara Mohawk’s low income
11 rates and programs and participation in them.

- 12 • Niagara Mohawk’s low income bill payment assistance programs should be reflected
13 in its tariffs so that customers who receive these benefits can rely on the implication
14 of an explicit rate reduction program that Niagara Mohawk is obligated to implement.
15 This approach would also allow simpler revenue allocation among customer classes
16 and subclasses, as well as more effective regulatory oversight and better targeted
17 consumer advocacy for referrals and program evaluation. For example, while
18 Niagara Mohawk’s website allows residential customers to explore rate options and
19 explain the calculation of their monthly bill components, low income customers are
20 not provided with any explicit description of the monthly bill reductions they may
21 qualify for. I acknowledge that Niagara Mohawk’s website and customer materials

³⁵ Cases 09-E-0715, 09-G-0716, 09-E-0717 and 09-G-0718. The Commission issued its order approving the rate plan and expanded low income programs on September 21, 2010. See pp. 61-62.

³⁶ NYSEG’s Low Income Report for 2011.

1 promote the existence of low income bill payment assistance programs and explains
2 how to qualify for these programs, the website does not in fact identify the dollar
3 amount of benefits that are available for either electric or gas service customers.

- 4 • With regard to the low income electric rate reductions, I recommend that if Niagara
5 Mohawk's proposals for an increase in the minimum monthly charge is accepted, that
6 the \$5.00 (non-heating) and \$15.00 (heating) monthly discounts be increased by at
7 least a commensurate amount.
- 8 • Niagara Mohawk's proposal for an increase in the gas rate reduction from \$7.50 to
9 \$10.00 is a welcome reform, particularly in light of the proposal to increase the
10 minimum monthly charge to over \$20.00. However, this proposal only retains the
11 percentage discount that is available under current rates and does not provide any
12 incremental assistance to these customers and their families. I recommend that the
13 monthly reduction be increased to at least \$15.00 so that 75% of the minimum
14 monthly charge is covered.
- 15 • Niagara Mohawk should implement a per therm rate reduction for low income
16 heating customers, similar to what is provided to similar customers by National Grid
17 in Brooklyn and Long Island. The per therm reduction should equal at least 40% of
18 the next rate block's otherwise applicable rate. This recommendation is crucial to the
19 assurance of affordability for essential natural gas heating service. The reduction in
20 the monthly bill that is provided with the current credit that is related to a portion of
21 the minimum monthly charge has a relatively minor impact on affordability. For
22 example, the existing \$7.50 discount only reduces the overall energy burden by \$90
23 per year, a 4.5% reduction in the overall annual gas and electric bill for a Niagara

1 Mohawk customer. While useful and important, this rate reduction it is not sufficient
2 to make the overall energy burden affordable and allow the family to obtain and
3 retain these essential utility services without severe sacrifice.

- 4 • I recommend that Niagara Mohawk provide both a gas and an electric rate reduction
5 so that a qualified combined gas/electric customer would receive the appropriate rate
6 reduction for each service since the combined impact of both services has a
7 significant impact on the affordability of Niagara Mohawk's service. This is
8 particularly important in light of Niagara Mohawk's practice (that I will discuss later
9 in my testimony) to disconnect electric service for nonpayment of overdue natural gas
10 charges on a unified single balance bill.

- 11 • I recommend that Niagara Mohawk widen its program eligibility to include the
12 categorical low income programs also relied upon by National Grid's other gas
13 utilities and use the same methodology to determine eligibility and enrollment in
14 those programs, all of which rely on a means-tested analysis of household income.
15 Customers who for whatever reason have not applied for HEAP but who are clearly
16 "low income" based on their enrollment in the programs relied upon by National Grid
17 for its other New York utilities should be solicited and enrolled in Niagara Mohawk's
18 programs.

- 19 • With regard to the implementation of energy efficiency and weatherization services
20 for low income customers, the existence of both NYSERDA and Niagara Mohawk
21 sponsored efficiency programs and their different modes of delivery for these
22 programs is likely to contribute to an efficient targeting for Niagara Mohawk's low
23 income customers of important and needed services to help reduce the overall bill and

1 contribute to more affordability bills for gas and electric service. I recommend that
2 the Commission undertake a thorough review of the delivery of low income
3 efficiency and weatherization programs to increase the coordination and availability
4 of these programs for low income customers.

5 **Q. HAVE YOU CALCULATED THE REVENUE IMPLICATIONS ASSOCIATED**
6 **WITH YOUR RECOMMENDATIONS TO EXPAND NIAGARA MOHAWK'S**
7 **LOW INCOME RATES AND PROGRAMS?**

8 A. No because such a calculation would depend on the number of customers enrolled in the
9 program. However, just as the Company has shown how revenue implications of its rate
10 proposals could be offset by applying deferrals in different ways or over different periods
11 of time, the Company could accommodate the revenue reallocation shifts for a more
12 robust low income rate and other programs with minor bill impacts to other customers.

13 **Q. DO YOU HAVE ANY RECOMMENDATIONS WITH RESPECT TO NIAGARA**
14 **MOHAWK'S AFFORDABILITY OR ARREARS MANAGEMENT PROGRAM?**

15 A. This program is relatively small and is not the "answer" for assuring affordability of
16 service for the large number of low income households enrolled in the current discount
17 program. While I appreciate the intent of this and similar programs to address the
18 situation of customers at risk of termination who have broken deferred payment
19 agreements with minimum payment requirements, by attempting to incent regular
20 payments in return for a reduction in the customer's arrears balances, these more "one on
21 one" programs would need to be significantly expanded to have the desired broader
22 impact on affordability and, as currently structured, Niagara Mohawk's program does not
23 provide sufficient rate reduction or bill payment assistance to assure that result. I do not

1 have any specific proposal for changing the design or implementation of this program at
2 this time. However, I do not recommend that it be expanded without additional
3 evaluation and analysis of its effectiveness. Unfortunately, Niagara Mohawk does not
4 undertake a regular review of the performance and effectiveness of this program outside
5 of its obligations to provide annual reports.³⁷ Based on the most recent annual report, this
6 program has a high degree of failure due to the customer's inability to make the required
7 monthly payments. The amount of the bill reduction is relatively small and, in my
8 opinion, is probably insufficient to trigger affordable and regular payments. However, I
9 do recommend that Niagara Mohawk be required to consider the design and effectiveness
10 of this program in light of a recent evaluation conducted of National Grid's On Track
11 programs implemented in New York and Long Island. In its recent report on the Process
12 Evaluation of National Grid's Long Island Low Income Rate Discount and On Track
13 Programs,³⁸ Navigant Consulting concluded that the On Track program "requires more
14 proactive management, aided by better data about participants and their progress through
15 the program." This recommendation is primarily a reflection of the high failure rate in
16 the current program as well as the lack of any automated data reporting or analysis about
17 program participants by the utility's management. Further, this Report recommended
18 more aggressive and intensive outreach to seek enrollment in the programs because of an
19 ongoing failure to reach authorized participation levels.

³⁷ Niagara Mohawk Response to PULP No. 39 (GN-39). Also, there is no regular reporting or obligation to consider the combined effectiveness of the gas and electric program or those programs in combination with the Affordability Program.

³⁸ This Report is dated May 2, 2012 and provided in Niagara Mohawk's Response to PULPBAINF-1, attachment 5.

1 **Q. IS THERE A MODEL FOR A LARGER SCALE ARREARS MANAGEMENT**
2 **PROGRAM THAT SHOULD BE CONSIDERED FOR ADOPTION BY NEW**
3 **YORK UTILITIES IN GENERAL AND NATIONAL GRID IN PARTICULAR?**

4 A. Yes. The Massachusetts gas and electric utilities, including National Grid, operate a
5 large-scale arrears management program along with a more substantial rate reduction for
6 their low income customers. For example, National Grid in Massachusetts offers an
7 Arrears Management Program for low income customers already participating in the Low
8 Income reduced rate if the customer has an arrears balance of \$300 or more that is at least
9 60 days overdue. The customer who makes payments on their current discounted bill
10 under a budget payment plan can get arrears forgiveness equal to 1/12th of their arrears
11 balance over a 12 month period up to a maximum of \$1,500 (or for a longer period of
12 time if the arrears balance is higher). Importantly, a customer who is enrolled in this
13 program and makes their monthly budget payment is shielded from disconnection of
14 service. I attach a description of National Grid's AMP as Exhibit BA-3. This program is
15 implemented statewide in Massachusetts. It is simply designed and widely viewed as
16 successful by both utilities and advocates.

17 **Q. ARE THERE OTHER BEST PRACTICES THAT ARE IMPLEMENTED IN**
18 **MASSACHUSETTS THAT SUPPORT YOUR PROPOSED REFORMS?**

19 **Q.** Yes. In connection with my proposal to expand the categorical low income programs
20 that would trigger a participation in Niagara Mohawk's low income discount and rate
21 relief benefits, Massachusetts has adopted a statewide means of enrolling low income
22 customers in their rate discount programs that should be adopted in New York and that is
23 reflected in the excellent approach that National Grid is using in its New York and Long

1 Island gas service areas. This approach requires the customer to identify the program for
2 which the customer or member of the household receives benefits (using the same list
3 that National Grid uses for its New York and Long Island customers), show proof of
4 enrollment in the program, at which point the utility enrolls the customer in the program.
5 There is no need for further investigation or additional bureaucracy unless the utility has
6 some reason to doubt the authenticity of the document provided by the customer and
7 follows up with confirmation from the agency in question. This approach reduces costs,
8 enhances the potential of enrollment for needy families, and streamlines the utility's role
9 in determining eligibility. Finally, it is my understanding that Consolidated Edison in
10 New York has, in addition to a manual enrollment process, implemented a method to
11 automatically enroll qualified customers in its low income rate reduction programs based
12 on data transfer protocols with social assistance agencies. Niagara Mohawk should also
13 be required to explore this approach once the categorical programs are approved for
14 enrollment in these vital programs.

15 **Q. ARE THERE OTHER CONCERNS ABOUT NIAGARA MOHAWK'S**
16 **INTERACTIONS WITH ITS LOW INCOME CUSTOMERS THAT ARE**
17 **SUPPORTIVE OF YOUR PROPOSALS TO EXPAND EXISTING LOW INCOME**
18 **BILL PAYMENT ASSISTANCE PROGRAMS?**

19 A. Yes. In the next section of my testimony I identify some aspects of Niagara Mohawk's
20 credit and collection programs that should be reformed and that, given their current
21 structure and implementation, have an adverse impact on the ability of low income
22 customers to obtain and retain essential electricity and natural gas service. Furthermore,
23 my recommended reforms to the bill payment assistance programs, if adopted, may result

1 in lower uncollectible and other collection related costs since it is likely that customers
2 with more affordable bills will not require the degree of credit and collection attention
3 and expenses currently experienced by Niagara Mohawk and documented in its rate
4 filing.

5 **III. NIAGARA MOHAWK'S CREDIT AND COLLECTION**
6 **PROGRAMS AND POLICIES SHOULD BE REFORMED**

7
8 **Q. PLEASE IDENTIFY THE CREDIT AND COLLECTION POLICIES YOU WILL**
9 **DISCUSS IN YOUR TESTIMONY.**

10 A. I will address the following issues in my testimony relating to Niagara Mohawk's credit
11 and collection practices because these practices inevitably have a significant impact on
12 low income and payment troubled customers:

- 13 • Niagara Mohawk's customer rights disclosures do not in several cases comply with
14 their obligations under HEFPA;
- 15 • Niagara Mohawk's disconnection process for its combined gas/electric customers
16 discriminates against retention of essential electric service in situations where
17 customers make partial payments;
- 18 • Niagara Mohawk's downpayment requirements for certain applicants for service do
19 not appear to comply with HEFPA; and
- 20 • Niagara Mohawk's customer behavioral scoring methodology and its impact on
21 collection activities for low income customers needs reform.

22 **Q. PLEASE DISCUSS YOUR CONCERN WITH NIAGARA MOHAWK'S**
23 **CUSTOMER DISCLOSURES.**

1 A. Niagara Mohawk is required to comply with the Home Energy Fair Practices Act with
2 regard to sending written notices to customers for certain key actions associated with its
3 credit and collection actions against residential customers. While I have not sought to
4 engage in an “audit” of Niagara Mohawk’s practices in this regard, there are several
5 indicators based on my review of various customer documents I have reviewed that
6 indicate a concern that should, at a minimum, should result in revised customer
7 disclosures:

- 8 • For example, the “RESIDENTIAL DEFERRED PAYMENT AGREEMENT”³⁹
9 appears to be a written confirmation of a deferred payment agreement once such
10 agreement has been negotiated. The disclosure has a very narrow view of how the
11 customer can obtain potential bill payment assistance by referring customers to
12 “Public Assistance or Supplemental Security Income.” Inexplicably, there is no
13 mention of HEAP or Niagara Mohawk’s own low income discount and affordability
14 programs. Any such payment arrangement confirmation notice should include a
15 reference to these (and perhaps other) programs to aid customers who demonstrably
16 have payment troubles.
- 17 • The “NOTICE OF SERVICE DENIAL”⁴⁰ is deficient and fails to properly inform
18 customers of their rights. The reference to the right to “request assistance” from the
19 Public Service Commission is not a proper notification of the customer’s rights.
20 While the availability of “assistance” may be helpful to mediate a dispute, this is an
21 insufficient disclosure of the customer’s right to dispute the utility’s actions and get

³⁹ Niagara Mohawk Response to PULP No. 58, attachment 4.

⁴⁰ Ibid., Attachment 2.

1 an adjudication of their dispute by the neutral fact finder. Under HEFPA the
2 Commission is required to adjudicate certain disputes with payment plans and, with
3 respect to denial of service states that the written notice must:

4 Advise[s] the applicant of the right to an investigation and review of the denial by the
5 commission or its authorized designees if the applicant considers the denial to be
6 without justification. The distribution utility shall advise the applicant of the
7 appropriate address and telephone number of the commission, including the
8 commission's hot-line number and the times of its availability.

9 16 NYCRR 11.3(b) (2).⁴¹

10 • Niagara Mohawk's "FINAL DISCONNECTION NOTICE"⁴² contains a front
11 and back. Obviously, most customers will focus on the front of the notice. The front of
12 Niagara Mohawk's disconnection notice is written to emphasize payment of bill in full is
13 required to avoid disconnection. The customer is directed to a 1-800 number "to discuss
14 the possibility of payment arrangements." But, this vague reference is followed by the
15 statement that, "To avoid termination of service, your payment of \$_____ must reach us
16 on or after _____." As a result, the front of the Notice does not properly state the
17 required disclosures about a customer's right to negotiate a payment plan based on the
18 customer's individual financial circumstances. While I recognize that a more accurate
19 disclosure appears on the back of the Notice⁴³ that informs customers that they should
20 contact Niagara Mohawk to negotiate a payment plan "you can afford." However, the

⁴¹ The New York Public Service Law prescribes that "[t]he commission shall maintain regulations for complaint handling procedures *including complaints with respect to the negotiation of a deferred payment agreement* which shall include, at a minimum: (a) provision for investigation and informal review and for appeal to the commission in its discretion. . . ." (*Emphasis added*).

⁴² *Ibid.*, attachment 3.

⁴³ Niagara Mohawk Response to PULP No. 82 (GN-82), attachment.

1 failure to properly describe this basic and important customer right in a conspicuous
2 location on the front of the Notice should be correctly promptly.

3 **Q. DO YOU HAVE ANY CONCERNS ABOUT HOW NIAGARA MOHAWK**
4 **IMPLEMENTS ITS DISCONNECTION PROCESS FOR COMBINED GAS AND**
5 **ELECTRIC CUSTOMERS?**

6 A. Yes. National Grid, similar to many other combined gas/electric utilities issues a single
7 balance overdue amount on disconnection notices to combined gas/electric customers.
8 When customers pay less than the full amount of the combined bill, payments are
9 allocated on a prorated basis to reflect the percentage of the bill for gas and electric
10 service.⁴⁴ As a result, there is no priority given to allocating partial payments to electric
11 service which is the essential service required to operate any natural gas or other central
12 heating system. This concern is heightened by Niagara Mohawk's practice of
13 disconnecting the electric service for such customers because it is the easier service to
14 connect and reconnect.⁴⁵ The disconnection of electric also has the impact of effectively
15 disconnecting the natural gas heating system. Of Niagara Mohawk's 1,484,485
16 residential customers, 513,540 are combined gas and electric service. This practice
17 discriminates against a customer who makes partial payments under the assumption that
18 at least the gas heating service will be protected from disconnection. Furthermore this
19 practice means that a combined gas/electric customer has essentially fewer protections
20 than those who take only electric service from Niagara Mohawk and natural gas service
21 from another utility. I recommend that Niagara Mohawk allocate partial payments first to
22 electric service to protect that vital service and prevent disconnection of that service

⁴⁴ Niagara Mohawk Response to PULP No. 25 (GN-25).

⁴⁵ NIMIO Response to PULP No. 24 (GN-24).

1 because of its importance to retaining natural gas or other non-utility heating systems that
2 the customer may rely upon. Alternatively, the utility should notify its combined
3 gas/electric customers of its payment allocation practices and offer customers the option
4 to allocate partial payment to either gas or electric service.

5 **Q. PLEASE DISCUSS NIAGARA MOHAWK’S PRACTICES WITH REGARD TO**
6 **SEEKING PAYMENT OF A PREVIOUSLY INCURRED DEBT WHEN A**
7 **CUSTOMER SEEKS SERVICE AT A NEW LOCATION.**

8 A. According to Niagara Mohawk, when a customer seeks service for a previously closed
9 account with an unpaid balance, all residential applicants must pay half of their arrears or
10 three times the average bill at the pending/new address, whichever is less, as a
11 downpayment. The remaining balance is then transferred to the new active account and
12 is eligible for a payment agreement based on a discussion of the customer’s financial
13 statement.⁴⁶ This does not appear to comply with the HEFPA provisions relating to
14 application for service. Specifically, 16 NYCRR 11.3 (a) states:

15 a) Extension of service. (1) Consistent with the provisions of paragraphs (2)-(4) of
16 this subdivision, every distribution utility shall provide residential service to an
17 applicant upon his or her oral or written request.

18 (2) A distribution utility shall not be obligated to provide service to an applicant
19 who owes the distribution utility money for residential service provided to a prior
20 account in his or her name unless:

21 (i) the applicant makes full payment for residential service provided to any such
22 prior account in his or her name;

23 (ii) the applicant agrees to make payments under a deferred payment plan of any
24 amounts due for service to a prior account in his or her name, pursuant to section
25 11.10 of this Part;

⁴⁶ Niagara Mohawk Response to PULP No. 56 (GN-56).

1 (iii) the applicant has pending a billing dispute pursuant to section 11.20 of this
2 Part with respect to any amounts due for service to a prior account in his or her
3 name and has paid any amounts required to be paid pursuant to those provisions;

4 (iv) the applicant is a recipient of or an applicant for public assistance,
5 supplemental security income benefits or additional State payments pursuant to
6 the Social Services Law, and the distribution utility receives from an official of
7 the social services district in which the applicant resides, or is notified by such an
8 official that it is entitled to receive, payment for services due to a prior account in
9 the applicant's name together with a guarantee of future payments to the extent
10 authorized by the Social Services Law; or

11 (v) the commission or its authorized designee directs the provision of service.

12 Section 11.10 of HEFPA relating to Deferred Payment Agreements specifically
13 requires the utility to negotiate a payment plan that is “fair and equitable” and takes the
14 customer’s “financial circumstances” into account. At no point in this regulation is a
15 utility allowed to establish a “rule” that the customer must pay three times the average
16 bill at the new location as a downpayment. In fact, the only reference in this section
17 [subsection (d) (2)(ii)] to a predetermined downpayment is with regard to a downpayment
18 up to 15% of the amount covered by the agreement or one-half of one month’s average
19 usage, whichever is greater. Niagara Mohawk should be required to reform its practices
20 and disclosures to conform to HEFPA.

21 **Q. PLEASE DISCUSS NIAGARA MOHAWK’S BAD DEBT MITIGATION PLAN**
22 **AND ITS CUSTOMER BEHAVIOR BASED COLLECTION SYSTEM.**

23 A. Based on my preliminary review of this program,⁴⁷ I do not object to the theory of
24 evaluating customer payment behavior and targeting collection actions based on such
25 analysis. I understand and endorse the objective of more targeted collection actions to
26 focus the most serious actions relating to termination of service on those who can pay,

⁴⁷ A number of key documents explaining this program were provided in Niagara Mohawk Response to PULP Nos. 1, 6, and 19.

1 but do not do so. I have not, however, reviewed this program in sufficient detail to
2 determine if the system-wide costs incurred National Grid and allocated to all its
3 subsidiaries in the U.S. are offset by the benefits to Niagara Mohawk's customers. My
4 concern here is how Niagara Mohawk's customer behavior program fails to take a
5 customer's low income status into account. Niagara Mohawk does not, for example,
6 differentiate in its collection actions based on the customer's receipt of HEAP or
7 participation in its low income discount programs.⁴⁸ I am concerned that the inability of
8 many low income customers to pay their bill in full every month will trigger even faster
9 and more frequent disconnections compared to other customers that may have the ability
10 to pay and choose not to do so. Therefore, in my opinion this treatment strategy fails to
11 properly take the low income customer's circumstances into account when pursuing
12 disconnection of service.

13 **Q. HAVE YOU REVIEWED NIAGARA MOHAWK'S DISCONNECTION**
14 **ACTIVITY PURSUANT TO THIS BAD DEBT MITIGATION PLAN AND THE**
15 **CUSTOMER BEHAVIOR BASED SYSTEM?**

16 A. Yes. National Grid tracks field visits, terminations, and certain payment statistics for
17 each of its U.S. gas and electric utilities as part of its Bad Debt Initiative. According to
18 the analysis of this program for FY 2010 compared to FY 2009 (the year prior to the
19 implementation of the program), Niagara Mohawk reported a lower level of field visits, a
20 higher level of terminations, and a reduced amount of payment dollars collected in FY

⁴⁸ Niagara Mohawk Response to PULP No. 8 (GN-8). This Response states that while there is the possibility of creating a special collections treatment strategy for customer accounts with "low income" designation, there is no such treatment strategy current in effect and low income customers are "treated no differently than other customers..."

1 2010 compared to 2009.⁴⁹ This experience, whether or not all National Grid companies
2 showed improvement or not, does not bode well for Niagara Mohawk's low income
3 customers. In fact, Niagara Mohawk's terminations for residential gas and electric
4 customers remain very high in recent years, totally 53,805 in 2010, 50,988 in 2011, and
5 in the summer months of 2012, terminations are higher than in prior years.⁵⁰ When asked
6 to provide terminations for known low income customers, Niagara Mohawk reported that
7 37% of all residential terminations of service were targeted to known low income
8 customers. Furthermore, terminations for these customers increased in 2011 compared to
9 2010, although the termination rate for the summer months of 2012 are below those
10 experienced in the summer of 2011.⁵¹

11 **Q. IN LIGHT OF YOUR CONCERNS ABOUT THE IMPACT OF THE BAD DEBT**
12 **MITIGATION PLAN ON LOW INCOME CUSTOMERS AND THE INCIDENCE**
13 **OF DISCONNECTION FOR SUCH CUSTOMERS, WHAT DO YOU**
14 **RECOMMEND?**

15 A. First, I recommend that Niagara Mohawk identify low income program customers in its
16 Customer Behavior Scoring Methodology and track and report its credit and collection
17 activities for those customers as part of its annual Low Income Program reporting
18 requirements. Second, I recommend that Niagara Mohawk include a disconnection ratio
19 for such customers in its Service Quality Assurance Mechanism, which I will discuss in
20 more detail in the next section of my testimony.

⁴⁹ Niagara Mohawk Response to PULP No. 9, attachment.

⁵⁰ Niagara Mohawk Response to PULP No. 80 (GN-80), attachment.

⁵¹ Niagara Mohawk Response to PULP No. 81 (GN 81), attachment. The terminations of known low income were 19,928 in 2010 and 21,082 in 2011. This is almost 40% of all terminations reported in PULP No. 80.

1 **IV. NIAGARA MOHAWK'S CUSTOMER SERVICE PERFORMANCE**
2 **METRICS SHOULD BE REFORMED**
3

4 **Q. PLEASE IDENTIFY THE SPECIFIC REFORMS YOU RECOMMEND WITH**
5 **RESPECT TO NIAGARA MOHAWK'S CUSTOMER SERVICE**
6 **PERFORMANCE METRICS.**

7 A. I recommend that the Commission approve two reforms to the current Customer Service
8 performance metrics.

- 9 • The Call Center Performance metric is deficient because it does not include a Call
10 Abandonment Rate or a Busy Out Rate.
- 11 • The metrics should include a new measurement of the rate of disconnection or
12 termination for nonpayment for low income and residential customers.

13 **Q. PLEASE DISCUSS YOUR RECOMMENDATION WITH RESPECT TO THE**
14 **CALL CENTER PERFORMANCE MEASUREMENTS.**

15 A. Niagara Mohawk reports the percentage of calls answered within 30 seconds, a
16 measurement that I support. However, a true picture of customer call center performance
17 should also measure the Call Abandonment Rate, which is a measure of the percentage of
18 calls that are abandoned by the customer after entering the queue to speak to a live
19 customer service representative. Niagara Mohawk tracks the Call Abandonment Rate
20 and reports that the annual average was 2.89% in 2009, 4.22% in 2010, and 2.67% in
21 2011, and 2% for 2012 through June.⁵² In my opinion and based on my experience with
22 the development of this type of metric in other states, the 2010 annual average is

⁵² Niagara Mohawk response to PULP No. 33 (GN-33).

1 unacceptable and suggests that this metric should be included in the service quality
2 assurance plan and integrated to the “negative revenue adjustment” mechanism. Based
3 on Niagara Mohawk’s historical performance and my experience, I recommend a target
4 of no higher than 3%. As an example, the Pennsylvania electric and gas utilities report
5 this Call Abandonment Rate annually. While the recent performance of the Pennsylvania
6 electric and gas utilities has varied, the larger gas and electric utilities report an annual
7 average of 3% or less.⁵³

8 In addition, Niagara Mohawk should report the Busy Out Rate. Attempted
9 contacts to a call center initially have one of two results: They are either “received” by
10 the company, or they receive a busy signal and thus are not “received” by the company.
11 Calls in the “busy-out rate” represent those attempted calls that received a busy signal or
12 message; they were not “received” by the company because the company lines or trunks
13 were at capacity. Requiring three separate measures averts the possibility of masking
14 telephone access problems by presenting only one or two parts of the total access picture.
15 For example, a company could report that it answers every call in 30 seconds or less. If
16 this were the only statistic available, one might conclude that the access to the company
17 is very good. However, if there are only a few trunk lines into this company’s call
18 distribution system, other callers attempting to contact the company will receive a busy
19 signal once these trunks are at capacity. The callers that get through wait 30 seconds or
20 less for someone to answer, but a large percentage of customers cannot get through to the
21 company; thus, telephone access is not very good at all. Therefore, it is important to look
22 at both percent of calls answered within 30 seconds and busy-out rates to get a clearer

⁵³ Pennsylvania PUC, 2011 Annual Customer Service Performance Report, available at:
http://www.puc.state.pa.us/general/publications_reports/pdf/Quality_of_Service_Rpt_11.pdf

1 picture of the telephone access. When asked to provide this important performance
2 metric, Niagara Mohawk responded that it does not track this indicator.⁵⁴ As a result, it is
3 not known whether or when customers may receive a busy signal when trying to call the
4 Company's call center. I recommend that the Commission require Niagara Mohawk to
5 track and report this important indicator of call center performance. Based on my
6 experience, I recommend that the Busy Out Rate should not exceed 1% of all calls.⁵⁵

7 **Q. PLEASE DISCUSS THE PROPOSED METRIC TO MEASURE THE**
8 **RESIDENTIAL DISCONNECTION OR TERMINATION RATE.**

9 A. Service terminations of essential gas and electric service for nonpayment carry a high risk
10 of adverse impact of family health and welfare. This is an action by a monopoly utility
11 that should be the last resort, not the first resort. Furthermore, involuntary termination is
12 a regulated action by electric and natural gas utilities for exactly these reasons. Any
13 proper measurement of "customer service" should include a measurement of the
14 frequency that a utility makes use of this collection tool so that it is minimized. I
15 recommend that Niagara Mohawk add a new metric to its service quality assurance plan
16 that tracks and reports the termination rate for residential and low income customers.
17 This metric should calculate a baseline level of terminations for residential customers and
18 known low income customers and require Niagara Mohawk to conduct its collection
19 activities in a manner that does not exceed that baseline level. I recommend that the
20 baseline level should be expressed as a percentage of all residential customers, rather than
21 a strict numerical level, to accommodate the potential for growth in the overall customer
22 base.

⁵⁴ Niagara Mohawk response to PULP No. 33 (GN-33).

⁵⁵ See, e.g., the Pennsylvania PUC 2011 Service Quality Performance Report.

1 As of January 2011, Niagara Mohawk served 949,930 electric only customers,
2 32,322 gas only customers, and 513,540 combined gas/electric customers for a total of
3 1,495,792 residential customers. Using these customer counts (which are reasonable
4 since they reflect the early part of 2011 and should not vary significantly from 2010
5 averages), 3.6% of these customers were terminated for nonpayment.⁵⁶ Viewed as a
6 percentage of the residential customer base, 1.3% of all customers who were terminated
7 for nonpayment were identified as low income based on receipt of assistance.⁵⁷ The
8 known low income customers represent 37% of the 2010 terminations. This no doubt
9 significantly underestimates those low income customers who were terminated, due to the
10 narrow focus of Niagara Mohawk's definition of "low income" in its customer records.

11 I recommend that the baseline of 3.6% of residential customers be adopted to
12 measure Niagara Mohawk's termination rate for the rate effective year and that a baseline
13 of 1.3% of residential customers be adopted to measure the Company's termination rate
14 for known low income customers. Any upward deviation from this termination rate
15 should result in a negative revenue adjustment.

16 **Q. HAVE YOU CALCULATED AND PRESENTED A FORMULA FOR THE**
17 **OPERATION OF A NEGATIVE REVENUE ADJUSTMENTS FOR THE**
18 **ADDITIONAL CUSTOMER SERVICE PERFORMANCE METRICS YOU**
19 **RECOMMEND BE ADOPTED?**

20 A. No. Rather, I recommend that if these additional metrics are ordered to be included that
21 the Commission then order the parties to consult and present a compliance filing to

⁵⁶ Calculated based on the termination information provided in response to PULP No. 80.

⁵⁷ Calculated based on the low income termination information provided in response to PULP No. 81.

1 reflect a methodology for measuring and calculating a negative revenue adjustment if the
2 Company fails to comply with the recommended new metric baseline performance levels.

3 **V. NIAGARA MOHAWK SHOULD DO MORE TO ALLOW**
4 **CUSTOMERS TO COMPARE THEIR MONTHLY COMMODITY**
5 **COSTS WITH ESCO OFFERS**

6
7 **Q. DO YOU HAVE ANY ADDITIONAL INFORMATION TO SUPPORT THE**
8 **TESTIMONY OF WILLIAM YATES ON BEHALF OF PULP?**

9 A. Yes. I have participated in a number of state proceedings and published widely on
10 consumer protection policies and programs that should accompany the move to retail
11 electric and gas competition for residential customers.⁵⁸ One of the key consumer
12 protections that I have recommended be adopted is to ensure that customers are presented
13 with disclosures and information resources that allow a comparison between their
14 utility's gas or electric supply rates and prices with those being quoted and offered by
15 alternative energy suppliers (known as ESCOs in New York). It is an axiom of consumer
16 protection policy in competitive markets that consumers must be given the factual
17 information that will allow a comparison of prices and other material terms for a rational
18 market to develop. One needs to only look at uniform supermarket pricing disclosures,
19 the annual percentage rate for all credit transactions, and new and used car price
20 disclosures to understand that many competitive markets operate with a regulatory
21 oversight of price and material terms disclosure obligations.

⁵⁸ See, e.g., Alexander, Barbara, Retail Electric Competition: A Blueprint for Consumer Protection, U.S. Department of Energy, Office of Energy and Renewable Energy, Washington, D.C., October, 1998; Oppenheim, Gerald (NCLC) and Alexander, Barbara, Model Electricity Consumer Protection Disclosures, A Report to the National Council on Competition and the Electric Industry, April, 1998.

1 In fact, a number of states in the early years of retail competition adopted
2 regulations that require alternative energy suppliers to present a standardized disclosure
3 of their price expressed in a format that would allow easy and comparable comparisons
4 with other supplier prices.⁵⁹ In addition, many states have now adopted directives to their
5 gas and electric utilities to state the “price to compare” on their bills so that customers
6 have a reference point to compare their current default service prices with those offered
7 by various suppliers.⁶⁰ Typically, such an approach requires the regulatory commission
8 to define and state exactly what is included and not included in “price to compare” or
9 “standard offer” so that there is a fair and publicly known methodology that utilities must
10 use to calculate and present this information. The lack of this information means that
11 customers cannot make a rational choice and they are then subject to the potential of
12 relying on marketing ploys and assumptions about prices that may not be accurate.

13 I understand that the New York Commission has not adopted uniform disclosure
14 requirements that would establish a methodology to provide a “price to compare” or
15 “standard offer” on electric and gas customer bills. I understand as well that such a
16 reform cannot be adopted in this rate case proceeding. However, as a minimal and
17 important first step, the recommendation by Mr. Yates that Niagara Mohawk provide a
18 bill calculator on its website should be adopted. Such a tool should then be widely
19 promoted by Niagara Mohawk and the Commission as a means to compare ESCO and
20 utility prices and bills.

⁵⁹ See, e.g., the Maine PUC’s Chapter 306, Uniform Information Disclosure and Filing Requirements, applicable to competitive electric suppliers licensed by the Commission.

⁶⁰ For example,, the Pennsylvania PUC has adopted regulations that require electric and natural gas utilities to state the Price to Compare on customer bills. See, e.g, Order, National Gas Distribution Companies and Promotion of Competitive Retail Markets, Docket No. L-2008-2069114 (Order Entered June 23, 2011) and 66 Pa. Code Section 62.223.

1

2 **Q. DOES THIS COMPLETE YOUR TESTIMONY AT THIS TIME?**

3 **A. Yes**