



New York

780 3rd Avenue, 33rd Floor | New York, NY 10017
1-866-227-7442 | Fax: 212-644-6390 | TTY: 1-877-434-7598
aarp.org/ny | nyaarp@aarp.org | twitter: @aarpny
facebook.com/AARPNY

October 12, 2016

Case 16-G-0058 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of KeySpan Gas East Corporation d/b/a National Grid for Gas Service

Case 16-G-0059 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a National Grid NY for Gas Service

Case 14-G-0091 – In the Matter of the Acts and Practices of The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid Regarding Billing of Each Company's SC No. 2 Customers from March 2008 to March 2014

Case 14-G-0503 –Petition for Approval, Pursuant to Public Service Law, Section 113(2), of a Proposed Allocation of Certain Tax Refunds Between KeySpan Gas East Corporation d/b/a National Grid and Ratepayers

Case 13-G-0498 – Petition for Approval, Pursuant to Public Service Law, Section 113(2), of a Proposed Allocation of Certain Tax Refunds Between KeySpan Gas East Corporation d/b/a National Grid and Ratepayers

Case 12-G-0544 – In the Matter of the Commission's Examination of The Brooklyn Union Gas Company d/b/a National Grid NY's Earnings Computation Provisions and Other Continuing Elements of the Applicable Rate Plan

Case 11-G-0601 –Petition for Approval, Pursuant to Public Service Law, Section 113(2), of a Proposed Allocation of Certain Tax Refunds Between KeySpan Gas East Corporation d/b/a National Grid and Ratepayers

Hon. Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Dear Secretary Burgess:

AARP is a nonprofit, nonpartisan organization, with a membership of 2.6 million members residing in New York State that helps people turn their goals and dreams into 'Real Possibilities' by changing the way America defines aging. AARP works to strengthen communities and promote the issues that matter most to families such as healthcare security, financial security and personal fulfillment.

Real Possibilities

On behalf of the 2.6 million AARP members in New York State, I appreciate the opportunity to submit comments on the Joint Proposal in the Keyspan New York (KEDNY) and Keyspan Long Island (KEDLI) rate cases. This Joint Proposal was supported by some, but not all of the parties to this proceeding and notably failed to obtain the support of the major consumer organizations participating in this proceeding: Public Utility Law Project of New York and the Utility Intervention Unit in the New York State Department of State's Division of Consumer Protection.

Our comments reflect our ongoing and repeated concerns about the affordability of essential electric and gas services for residential customers in light of the onslaught of rate cases and mandates that have been approved or are pending before this Commission. New Yorkers already pay some of the highest electricity prices in the country, and now their gas bill is going to increase even further. The Joint Proposal does not alleviate our on-going concerns over affordable energy costs in New York.

For example, AARP is very concerned that the clean energy standard implementation (particularly the subsidy for power plants) may have costly impacts on New Yorkers already facing among the highest electricity rates in the nation. The mention by the PSC of a potential \$2/month residential bill impact from the Tier 3 purchase of Zero Emission Credits in the Order was not accompanied by any details or citation as to how such an estimate was generated, and fails to provide sufficient cost and bill impact information for each customer class, for each utility, or for the entire 12-year commitment to support these power plants.

It has been estimated that the total cost is up to \$8 billion to comply with this mandate. In addition, several recently released reports further analyzing the PSC cost estimates state that the bill impact to residential ratepayers will be over \$3 per month, with NYC ratepayers paying as high as \$705.8 million more in bills and Long Island ratepayers paying \$501.4 million more over the life of the Clean Energy Standard order. Again, AARP strongly believes that it would be in the public interest if the PSC staff could clarify these calculations as well before approving a double digit increase on ratepayers' gas bills on Long Island.

Furthermore, almost 18% of KEDLI households earned less than \$35,000 in 2013. And although median household income in KEDLI's service area is considerably higher than the statewide median household income, more than 250,000 KEDLI households (25% of total households) earn less than the statewide median.

As documented in the record and in publicly available data, half of KEDNY's customers cannot afford their utility bills, as well as a large number of KEDLI's customers. In a recent AAARP survey of individuals age 50+ in New York City, 48% of New York City seniors age 65+ stated that they are extremely or very concerned about their inability to pay the monthly utility bills. Sixty-three percent stated that their utility bills had gone up in the last two years, a clear perception that restructuring and reforms have not resulted in the promised result of lowered costs for residential consumers. Three fourths of New York City seniors 65+ receive Social Security benefits. In 2012, the average yearly Social Security benefit for a New York State recipient age 65 and older was \$15,580. In addition, AARP surveys from last year show that 55 percent of Long Island Generation Xers and Baby Boomers were concerned about their ability to pay their utility bills in coming years.

The Joint proposal creates a three-year rate plan that will increase KEDNY's revenues by \$272.1 million in rate Year one, \$41 million in Rate Year Two, and \$48.9 million in rate year three. For KEDLI, the respective increases are \$112 million, \$19.6 million, and \$27 million.

But, even these substantial base rate increases do not tell the whole story. **These increases do not include the impact of forthcoming and likely expenses for the Companies' superfund investigation and remediation obligations (SIR), estimated at another 2% increase per year, or the future impact of other surcharges and "earnings sharing" or "incentive" mechanisms that will result in even higher bills for ratepayers and higher earnings for shareholders.**

The Joint Proposals improvements in the KEDNY and KEDLI low income programs are welcome. Caseload statistics of the New York State Office of Temporary and Disability Assistance (OTDA) corroborate the census data for low-income KEDLI customers, showing double-digit increases in the number of households receiving Home Energy Assistance (HEAP) from 2009-13. Critically, although HEAP caseloads increased, program benefit levels dropped, resulting in a sharp reduction (more than 30%) in HEAP grants per household. **Regardless, these benefits pale in comparison to the new rate**

increases and surcharges that will wipe out any of these improvements as reflected in the Joint Proposal

AARP recommends that the Joint Proposal be amended as follows:

- The allocation of all SIR costs to ratepayers should be rejected and Keyspan's shareholders should be held accountable for some of these costs since they reflect historical actions that were known at the time of the purchase of these companies by National Grid and that are not fairly imposed on current ratepayers;
- The incentives for account termination and uncollectible billing should be rejected, and, at the least, reformed to impose penalties if terminations increase;
- Keyspan's rate of return on equity is higher than proposed by Staff using the Commission's typical model and should be lowered from the 9% recommended in the Joint Proposal. Our recommendation in this regard reflects as well our opposition to the earnings sharing mechanism that would allow Keyspan's shareholders to retain earnings in excess of 9.0% up to 9.5%, thus establishing an effective ROE of 9.5% and not 9.0%.
- AARP supports the reforms of the Low Income programs as recommended by the City of New York in its Comments in support of the Joint Petition, namely the extension of the file matching eligibility method authorized for KEDNY to the Rockaway's portion of KEDLI's service territory, and the efforts by New York City to expand the benefit levels for certain KEDNY and KEDLI low income heating customers in their Petition for Rehearing pending before the Commission in Case 14-M-0565.

Thank you again for the opportunity to provide these comments and recommendations.



Beth Finkel, Director
AARP New York