

**NEW YORK STATE ELECTRIC & GAS CORPORATION
AND
ROCHESTER GAS AND ELECTRIC CORPORATION**

Annual Energy Affordability Program Report

I. Introduction

New York State Electric & Gas Corporation (“NYSEG”) and Rochester Gas and Electric Corporation (“RG&E” and collectively, the “Companies”) submit the following annual report in compliance with the New York Public Service Commission’s (“PSC” or “Commission”) *Order Adopting Energy Affordability Policy Modifications and Directing Utility Filings* (“August 2021 Order”) issued August 12, 2021, in Cases 14-M-0565 and 20-M-0266.

Under its electric and gas rate plans (“Rate Plans”)¹, the Company’s Energy Affordability Program (“EAP”) provides bill discounts to electric and gas customers who receive benefits under qualifying public assistance programs. Qualifying programs for both electric and gas customers include the Home Energy Assistance Program (“HEAP”), Medicaid, Safety Net Assistance, Supplemental Nutrition Assistance Program (“SNAP”), Supplemental Security Income (“SSI”), Temporary Aid to Needy Families (“TANF”) program, Veteran’s Pension and Survivors Benefit, Federal Public Housing Assistance and the Lifeline Telephone Service Program. Customers are also eligible for the EAP if they are enrolled in a Utility Guarantee or Direct Vendor Program (“UG/DV Program”).²

Section II of this Report provides a summary of the 2021-2022 EAP program year (i.e., 12/1/2021 – 11/30/2022), including data on customer enrollment and the cost of discounts and reconnection fee waivers applied to customer bills.

Section III sets forth the discounts that will be provided to electric and gas customers participating in the EAP during the 2022-2023 program year (i.e., 12/1/2022 – 11/30/2023), consistent with the Company’s tariff statement filings on November 1, 2022.³ Section III also includes the projected total costs for the 2022-2023 program year, and an explanation of how these projected costs compare to the Commission’s cap on EAP costs.⁴

Section IV provides information on additional topics as required by the August 2021 Order, including HEAP grants received by the Company’s customers during the 2021-2022 program year, EAP customers’ participation in the Company’s budget billing program, and the Company’s referrals to the New York State Energy Research and Development Authority (“NYSERDA”) Empower program.

¹ See *Order Approving Electric and Gas Rate Plans*, issued in Cases 19-E-0378 (NYSEG Electric), 19-E-0379 (NYSEG Gas), 19-E-0380 (RG&E Electric), and 19-G-0381 (RG&E Gas) (“2020 Rate Case Order”).

² Further information on the’s EAP can be found at www.nyseg.com/HelpWithBill, www.RG&E.com/HelpWithBill, and NYSEG Electric: PSC No. 119 – Leaf No. 150.3, NYSEG Gas: PSC No. 90 – Leaf No. 105.5, RG&E Electric: PSC No. 19 – Leaf No. 86.24, RG&E Gas: PSC No. 16 – Leaf No. 84.3

³ NYSEG Electric: PSC No. 119 – Leaf No. 150.3, NYSEG Gas: PSC No. 90 – Leaf No. 105.5, RG&E Electric: PSC No. 19 – EAP Statement No. 2 and RG&E Gas: PSC No. 16 – EAP Statement No. 2

⁴ I.e., the cost cap established by the Commission in its *Order Adopting Low Income Program Modifications and Directing Utility Filings*, issued May 20, 2016, in Case 14-M-0565 (“May 2016 Order”). The May 2016 Order set the cap for electric and gas discount spending, separately, at two percent of revenues from sales to end-use customers.

II. Summary of 2021-2022 Energy Affordability Program

Eligibility and Enrollment

During the 2021-2022 program year the EAP’s tier-based system had the following eligibility criteria for both electric and gas customers:

- Tier 1 – Customers who are participating in one or more qualifying public assistance programs – including Medicaid, Safety Net Assistance, SNAP, SSI, TANF, Veteran’s Pension and Survivors Benefit, Federal Public Housing Assistance and the Lifeline Telephone Service Program – and/or have received a HEAP grant in the preceding 12 months.
- Tier 2 – Customers who have received one HEAP “add-on”⁵ benefit.
- Tier 3 – Customers who have received two HEAP “add-on” benefits.
- Tier 4 – Customers who are receiving utility bill payment assistance as part of the Utility Guarantee/Direct Vendor programs.

The following table shows the number of customers enrolled in the EAP at the end of the 2021-2022 program year (i.e., November 30, 2022).

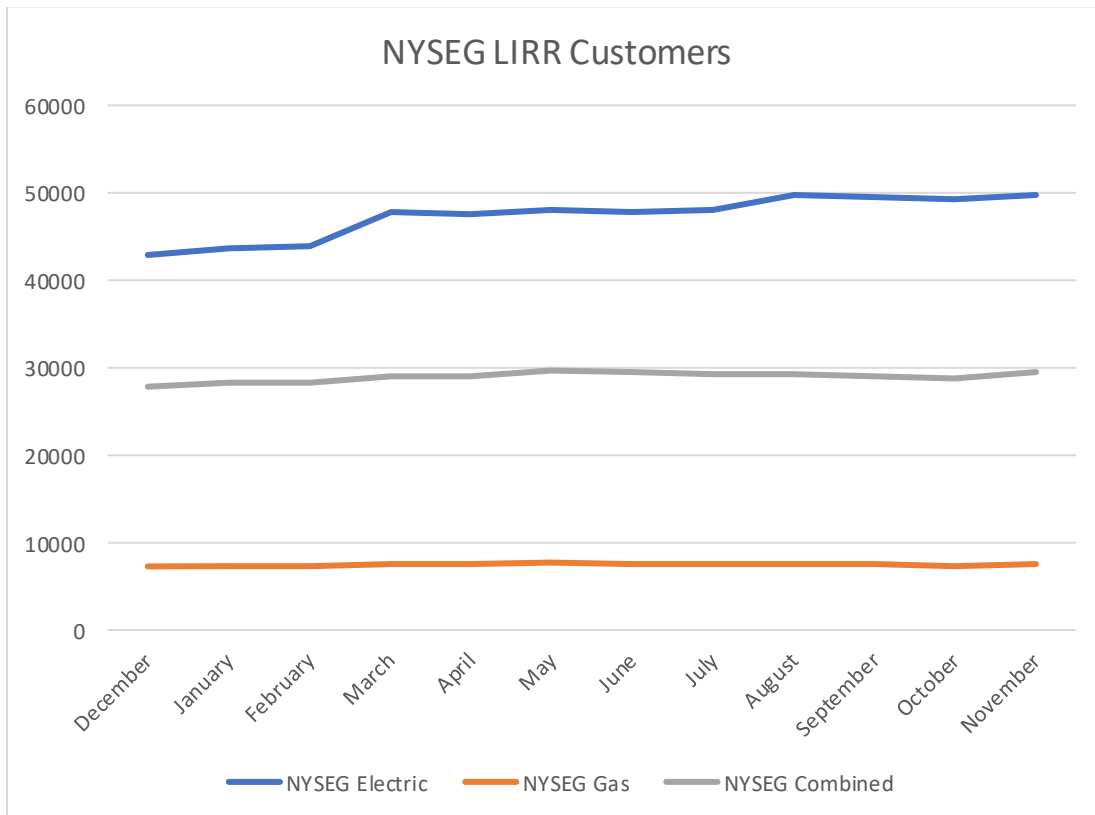
NYSEG				
	Electric Non Heat	Electric Heat	Gas Non Heat	Gas Heat
Tier 1	31,594	2,262	23	4,586
Tier 2	773	459	6	2,351
Tier 3	5,286	9,786	27	29,016
Tier 4	145	98	0	361
Total	37,798	12,605	56	36,314

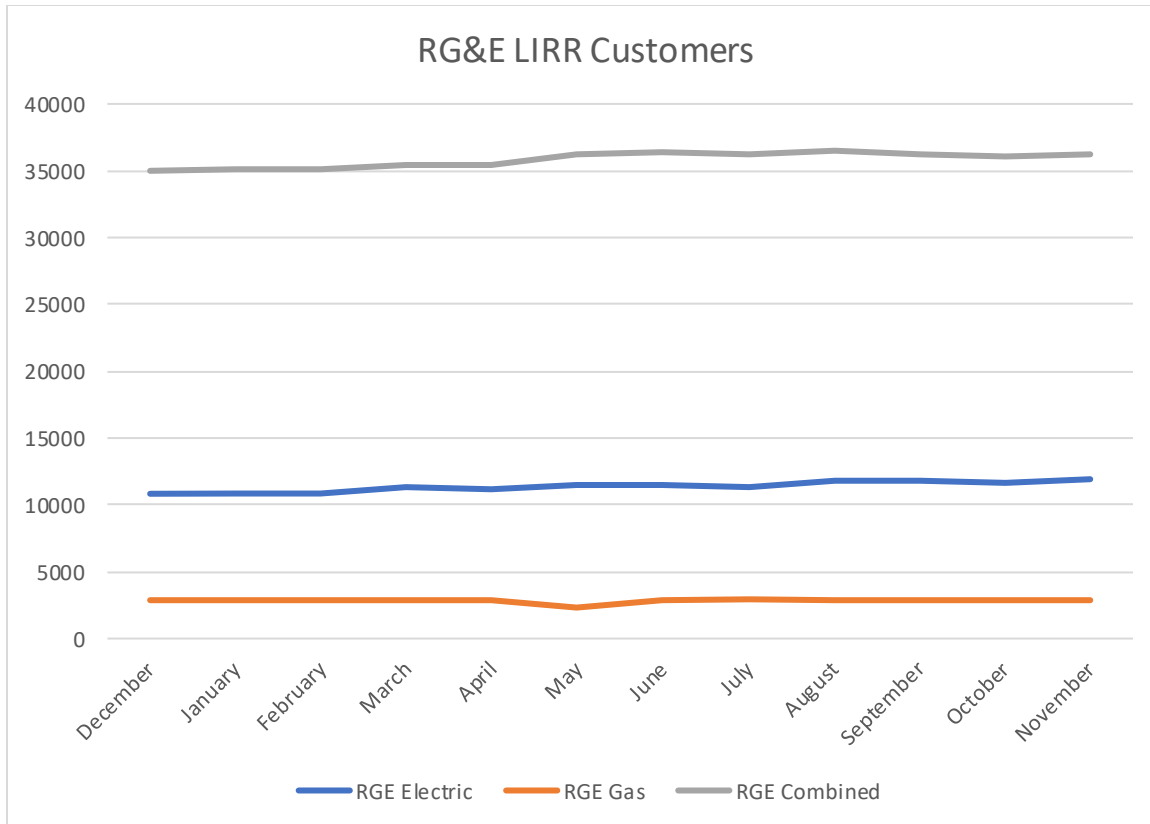
RG&E				
	Electric Non Heat	Electric Heat	Gas Non Heat	Gas Heat
Tier 1	8,103	420	66	5,829
Tier 2	287	149	4	2,714
Tier 3	1,280	2,788	42	29,260
Tier 4	22	16	1	48
Total	9,692	3,373	113	37,851

⁵ An “add-on benefit”, as defined in the May 2016 Order, is an incremental payment that is provided to HEAP recipients if their household income is at or below 130% of the federal poverty level, or if their household contains a vulnerable individual (i.e., household member who is age 60 or older, under age 6, or permanently disabled). A customer can receive two add-on benefits if both of these conditions apply to their household.

The below charts show how the number of electric-only, gas-only, and combination (i.e., electric and gas) customers participating in the EAP varied each month of the 2021-2022 program year.

	NYSEG				RG&E		
	Electric	Gas	Combined		Electric	Gas	Combined
December	42880	7266	27821	December	10834	2820	34995
January	43752	7361	28222	January	10843	2823	35037
February	43924	7351	28196	February	10878	2823	35086
March	47710	7589	28999	March	11251	2875	35424
April	47630	7572	28957	April	11227	2868	35395
May	48049	7706	29666	May	11453	2319	36246
June	47836	7611	29427	June	11431	2935	36345
July	47993	7577	29333	July	11381	2936	36201
August	49654	7498	29315	August	11880	2915	36498
September	49477	7420	29046	September	11826	2902	36293
October	49288	7387	28810	October	11726	2913	36096
November	49740	7576	29573	November	11922	2931	36176





OTDA Matching Process

OTDA shared 190,900 files to match with our customer information. The match file was completed on 10/21/22. Overall, 130,669 customers identified as matches and 60,231 were unidentified in our system. Of that list there were 56,584 active customer accounts and 56,304 of those accounts were already enrolled in our Energy Assistance Program. We identified and enrolled 208 accounts in the EAP program based on the match.

Self-Certification

During the 2021-2022 program year the Companies implemented a new self-certification process for customers to apply for enrollment in the EAP, including a standardized application form and a process to apply online in the Companies’ HelpWithBill portal. This self-certification process supplements the Companies’ ongoing, automated EAP enrollment channels that do not require customer action. The automated channels are data matching with the Office of Temporary and Disability Assistance (OTDA), receipt of a HEAP grant, and enrollment in a UG/DV program.

The following tables show the number of customers in the EAP as of November 30, 2022, that were enrolled via the self-certification process. If a customer has both electric and gas meters, the customer is twice. NYSEG had 1,092 customers self-certify, 823 are electric only, 13 are gas only, and 256 are combination customers. RG&E had 275 customers self-certify, 81 are electric only, zero are gas only, and 194 are combination customers.

NYSEG				
	Electric Non Heat	Electric Heat	Gas Non Heat	Gas Heat
Tier 1	878	80	6	193
Tier 2	11	1	0	3
Tier 3	92	16	0	67
Tier 4	1	0	0	0
Total	982	97	6	263

RG&E				
	Electric Non Heat	Electric Heat	Gas Non Heat	Gas Heat
Tier 1	225	8	5	155
Tier 2	2	0	0	2
Tier 3	38	2	0	32
Tier 4	0	0	0	0
Total	265	10	5	189

Discounts and Reconnect Fee Waivers

The Companies used the methodology outlined in the August 2021 Order to calculate bill discounts for the EAP tiers. The table below shows the resulting monthly discounts applied to accounts during the 2021-2022 program year.

NYSEG				
	Electric Heat	Electric Non-Heat	Gas Heat	Gas Non-Heat
Tier 1	\$4.00	\$4.00	\$3.00	\$3.00
Tier 2	\$20.00	\$20.00	\$6.02	\$3.00
Tier 3	\$36.00	\$36.00	\$26.00	\$3.00
Tier 4	\$22.00	\$22.00	\$13.75	\$3.00
RG&E				
	Electric Heat	Electric Non-Heat	Gas Heat	Gas Non-Heat
Tier 1	\$4.00	\$4.00	\$3.00	\$3.00
Tier 2	\$20.00	\$20.00	\$3.00	\$3.00
Tier 3	\$35.00	\$35.00	\$20.00	\$3.00
Tier 4	\$21.00	\$21.00	\$3.00	\$3.00

RG&E and NYSEG do not assess reconnect fees for customers that are known participants in EAP.

The Companies spent the following amounts for the EAP 2021-2022 program year.

<u>Service</u>	<u>NYSEG Discount Costs</u>	<u>Reconnect Fee Waiver Costs</u>
Electric	\$17,856,430	N/A
Gas	\$8,734,406	N/A
<u>Service</u>	<u>RG&E Discount Costs</u>	<u>Reconnect Fee Waiver Costs</u>
Electric	\$14,479,898	N/A
Gas	\$7,363,651	N/A

III. Outlook for 2022-2023 Energy Affordability Program

Discount Levels

As required by the August 2021 Order, the Companies calculated new discounts for the 2022-2023 program year and filed them with the Commission on November 1, 2022.

The revised discounts were based on the following assumptions about customer income.

- HEAP two-person household monthly income threshold: \$3,730
- Regular HEAP grant amount: \$500
- HEAP Renter's benefit: \$45
- HEAP add-ons
 - Vulnerable person(s) in the household: \$35

- At or below 130% of federal poverty level or on SNAP, TA or SSI: \$41
- Federal poverty level: \$18,310
- Additional monthly benefits for customers on UG/DV programs: \$54

With these assumptions, and using the methodology outlined in the August 2021 Order, the Companies calculated the following net energy burden levels.

Energy Burden Level for 2022-2023 HEAP Season					
	Annual Income	Monthly Income	6.00%	HEAP Pmt.	Net E.B.
Tier 1 (heating)	\$39,521	\$3,293.40	\$197.60	\$500.00	\$230.94
Tier 1 (non-heating)	\$39,521	\$3,293.40	\$197.60	\$45.00	\$201.35
Tier 2	\$29,042	\$2,420.19	\$145.21	\$438.00	\$181.71
Tier 3	\$21,057	\$1,754.71	\$105.28	\$476.00	\$144.95
Tier 4	\$13,071	\$1,089.23	\$65.35	\$1,124.00	\$159.02

Next, the Companies determined the cost of average EAP customer bills for each service type, shown in the following table. As with the other inputs, this calculation was done consistent with the methodology in the August 2021 Order.

NYSEG - Utility Low Income Usage and Average Bill				
		Usage (kWh, Th, ccf)	Average Monthly Bill* (Undiscounted \$)	Adjusted Bill (Grossed up by 10%)
Gas	Heat	76	\$85,97	\$94,57
	Non-Heat	24	\$39,02	\$42,92
Electric	Heat	988	\$124,56	\$137,02
	Non-Heat	664	\$89,64	\$98,60

RG&E - Utility Low Income Usage and Average Bill				
		Usage (kWh, Th, ccf)	Average Monthly Bill* (Undiscounted \$)	Adjusted Bill (Grossed up by 10%)
Gas	Heat	81	\$72,61	\$79,87
	Non-Heat	59	\$57,49	\$63,24

Electric	Heat	810	\$107,29	\$118,01
	Non-Heat	614	\$86,79	\$95,46

Comparing the net energy burden amounts with the EAP customer bill data, the Companies derived the following discount levels which are needed to bring EAP customers to an energy burden of six percent, on average. As noted above these discounts were filed with the Commission on November 1, 2022 and became effective December 1, 2022.⁶ Discounts will be provided on a monthly basis to all eligible customers.

NYSEG				
	Electric Heat	Electric Non-Heat	Gas Heat	Gas Non-Heat
Tier 1	\$3.20	\$3.20	\$3.00	\$3.00
Tier 2	\$16.00	\$16.00	\$4.81	\$3.00
Tier 3	\$28.85	\$28.85	\$20.80	\$3.00
Tier 4	\$22.08	\$22.08	\$12.17	\$3.00
RG&E				
	Electric Heat	Electric Non-Heat	Gas Heat	Gas Non-Heat
Tier 1	\$3.20	\$3.20	\$3.00	\$3.00
Tier 2	\$16.00	\$16.00	\$3.00	\$3.00
Tier 3	\$28.00	\$28.00	\$16.00	\$3.00
Tier 4	\$16.80	\$16.80	\$3.00	\$3.00

It should be noted that discount levels will be updated and filed again during the 2022-2023 program year, as part of compliance filings made in the Company's ongoing rate proceedings (i.e., Cases 22-E-0317, 22-G-0318, 22-E-0319, and 22-G-0380).⁷ The Companies will concurrently file the updated discounts in Cases 14-M-0565 and 20-M-0266 to keep all stakeholders informed.

Projected EAP Spending

Using the monthly discount amounts above and customer participation levels as of October 2022, and assuming that each participant will get 12 bills throughout the year, the NYSEG projects that it will spend a total of \$14.4 million on electric discounts and \$7.0 million on gas discounts on an annual basis. RG&E projects that it will spend a total of \$11.5 million on electric discounts and \$5.9 million on gas discounts on an annual basis.

⁶ NYSEG Electric: PSC No. 119 – Leaf No. 150.3, NYSEG Gas: PSC No. 90 – Leaf No. 105.5, RG&E Electric: PSC No. 19 – EAP Statement No. 2 and RG&E Gas: PSC No. 16 – EAP Statement No. 2

⁷ August 12, 2021, PSC Order Adopting Energy Affordability Policy Modifications directing us to file revised discounts in the event new rates are approved

With the projected costs noted above, NYSEG is under the 2% of revenue spend cap for electric at 1.05% but over for gas at 2.12%. The combined percentage is 1.26%. RG&E is under the cap for both electric and gas with 1.80% and 1.94% respectively. The combined percentage is 1.84%. The “glide rule” set forth in the August 12, 2021, Order Adopting Energy Affordability Policy Modifications states that discounts cannot be reduced by more than 20% when conducting an annual recalculation in order to mitigate the impacts from otherwise larger discount reductions. Therefore, the NYSEG gas discounts could not be lowered to be under the 2% cap.

IV. Additional Topics

HEAP Grants Received

HEAP TOTAL w RAS	NYSEG (#)	NYSEG (\$)	RG&E (#)	RG&E (\$)
Dec 1 2021- Nov 30, 2022				
HEAP TOTAL w RAS	61,728	\$35,941,874.93	35,192	\$30,819,771.19
RAS	11,251	\$13,542,651.19	10,204	\$20,592,630.90
HEAP w/o RAS	50,477	\$22,399,223.74	24,988	\$10,227,140.29

**Due to the way OTDA sent HEAP and RAS payments, combined for a customer and all coded as HEAP on the remittance statements, there may be HEAP grants not included in the above numbers.

Below are the Companies’ EAP Customer Participation in Budget Billing and associated reporting requirements.

- # Of participants on EAP and budget billing as of Nov. 30
 - NYSEG: 24,887 customers (29% on budget billing)
 - RG&E: 10,631 customers (21% on budget billing)
- Range of billing charges
 - NYSEG: low \$15 / high \$1,383
 - RG&E: low \$15 / high \$1,155
- Reconciliation charges as of Nov. 30
 - NYSEG: Budget billing installations: 37,336
 - Over collection: -\$2,493,920
 - Under collection: \$1,685,834
 - RG&E: Budget billing installations: 21,230
 - Over collection: -\$1,207,978
 - Under collection: \$871,057

The Companies refer all newly enrolled EAP customers to NYSERDA and have multiple energy efficiency programs to assist customers.

- # Referred
 - 2022: NYSEG 22,255 referrals
 - 2022: RG&E 12,242 referrals
- # Of high usage referred
 - At this time there is no designation based on usage. We would need to have set criteria to know what is considered high usage and track these customers in the future.
- # Of EAP in the Companies' Energy Efficiency programs

NYSEG

	Total
Electric	56,059
The Affordable Multifamily Energy Efficiency Program	236
LMI 1-4 Family Homes	552
Retail Products LMI	17,855
LMI Distribution Program	37,416
Gas	26,023
The Affordable Multifamily Energy Efficiency Program	373
LMI 1-4 Family Homes	155
LMI Distribution Program	2,908
Natural Gas Detector Initiative	22,587
Total	82,082

RG&E

Electric	33,892
The Affordable Multifamily Energy Efficiency Program	1,142
LMI 1-4 Family Homes	518
Retail Products LMI	7,043
LMI Distribution Program	25,189
Gas	18,097
The Affordable Multifamily Energy Efficiency Program	792
LMI 1-4 Family Homes	82
LMI Distribution Program	637
Natural Gas Detector Initiative	16,586
Total	51,989