19-G-0309/19-G-0310 - 2-12-20 - Brooklyn Union Gas

CASE 19-G-0309 - 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 19-G-0310 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of KeySpan Gas East Corp. d/b/a National Grid for Gas Service

EVIDENTIARY HEARING

DATE: February 12, 2020

LOCATION: 19th Floor Hearing Room
Agency Building Three,
Empire State Plaza
Albany, New York

ALJ JAMES A. COSTELLO, DPS

ALJ MAUREEN F. LEARY, DPS

19-G-0309/19-G-0310 - 2-12-20 - Brooklyn Union Gas

APPEARANCES:

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(On the record 9:10 a.m.)

A.L.J. COSTELLO: And this is the third day of the evidentiary hearings in Cases 19-G-0309 and 19-G-0310. And we're going to start with appearances. And start with the company's.

MR. EUTO: Good morning, Your Honor -- Your Honors, Jeremy Euto for National Grid, and I also have with me Phil Decicco; Ken Maloney, from the firm Cullen and Dykman; and Patric O'Brien.

A.L.J. COSTELLO: And DPS staff.

MS. PARKS: For DPS staff we have Brandon Goodrich, Nick Forst, and Raquel Parks.

A.L.J. COSTELLO: Utility Intervention Unit.

MS. KASOW: Jillian Kasow and Katie O'Hare.

A.L.J. LEARY: Okay. Speak really closely into the microphone so I can hear you.

MS. KASOW: Jillian Kasow and Katie O'Hare.

A.L.J. LEARY: Thank you.

A.L.J. COSTELLO: The Public Utility Law Project.

MR. BERKLEY: Richard Berkley, Laurie

Wheelock, and we’re joined by William Yates.

A.L.J. COSTELLO: City of New York.

MR. CONWAY: Adam Conway from the Law Firm of Couch White.

A.L.J. COSTELLO: Okay. Environmental Defense Fund.

MS. MURPHY: Erin Murphy for the Environmental Defense Fund.

A.L.J. COSTELLO: Okay. Is Bob Wyman here today? No. And I’m going to just -- Saint Energy Project? Nobody’s here by them. Is there anyone else that I haven't called that is making appearance today?

MR. RIGBERG: Yes, Your Honor, Saul Rigberg with AARP.

A.L.J. COSTELLO: I apologize. Mr. Rigberg.

MR. RIGBERG: No apology necessary.

A.L.J. COSTELLO: Okay. Thank you.

MR. RIGBERG: I’m usually not here at this moment.

A.L.J. LEARY: You found a parking spot.

MR. RIGBERG: Yeah. Yeah, I -- I

started last night so -- I -- it takes me a while to get going.

A.L.J. COSTELLO: Okay. Do you want -- should we just go off the record while your panel gets comfortable? Okay. We'll go off the record.

(Off the record 9:12 a.m.)

A.L.J. COSTELLO: One by one, state your name and business address for the record.

MS. LEAVERTON: Thank you. Paula Leaverton. Let me spell my last name. It's L-E-A-V-E-R-T-O-N. And my business address is 40 Sylvan Road in Waltham, Massachusetts.

A.L.J. COSTELLO: Okay. And we'll just go down the line.

MR. MARTIN: Good morning. This is Jeff Martin. And my business address is 300 Erie Boulevard, Syracuse, New York.

MR. HARRISON: Good morning. My name's Jon Harrison. It's J-O-N. And my business address is 300 Erie Boulevard, Syracuse.

MS. GANS: Arlene Gans. And my business address is 1 MetroTech Center, Brooklyn, New York.

MS. TALLET: Lisa Tallet. My business

address is 300 Erie Boulevard, Syracuse, New York.

A.L.J. COSTELLO: And may I ask you to stand and raise your right hands? Right hand. Do you swear or affirm that the testimony you will provide is the truth?

PANEL: I do.

PAULA LEAVERTON; SWORN

JEFF MARTIN; SWORN

JON HARRISON; SWORN

ARLENE GANS; SWORN

LISA TALLET; SWORN

A.L.J. COSTELLO: Okay. Thank you. You may be seated. Counsel.

DIRECT EXAMINATION

BY MR. EUTO:

Q. Good morning, Panel. This is Jeremy Euto for National Grid.

Good morning, Panel. Do you have before you a document entitled direct testimony of the Shared Services Panel dated April 20, 2019, consisting of 84 pages, a cover sheet, and a table of contents? And I'm going to ask you to speak your responses orally rather than just nod.

A. (Panel) Yes.

Q. Do you also have before you a document entitled Rebuttal Testimony of the Shared Services Panel dated September 18th, 2019, consisting of 52 pages, a cover sheet, and a table of contents?

A. Yes.

Q. Were all of these documents prepared by you or under your direction and supervision?

A. Yes.

A.L.J. COSTELLO: Counsel, may I -- may I just -- is there also corrections and updates testimony for this panel?

MR. EUTO: There is.

A.L.J. COSTELLO: Okay.

MR. EUTO: Thank you, Your Honor. Let me back up.

BY MR. EUTO: (Cont.)

Q. Do you also have before you a document entitled Corrections and Updates of the Shared Services Panel dated July 3rd, 2019, consisting of six pages and a cover sheet?

A. Yes.

Q. Thank you. Were all of these documents prepared by you or under your direction and supervision?

A. Yes.

Q. Thank you. If I ask you the questions contained in those documents today, would your answers be the same?

A. Yes.

Q. Do you adopt those documents as your sworn testimony in these proceedings?

A. Yes.

MR. EUTO: Your Honor, I ask that the prefiled direct, Corrections and Updates and Rebuttal Testimony of the Shared Services Panel be transcribed into the record as if orally given.

A.L.J. COSTELLO: Okay. That is granted. And at this point, the court reporter should insert the following files. It’s KEDNY-KEDLI Shared Services Panel direct testimony, KEDNY-KEDLI Shared Services Panel Corrections and Updates testimony, and KEDNY-KEDLI Shared Services Panel Rebuttal testimony.

Before the Public Service Commission

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID

AND

THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY

Direct Testimony

of

Shared Services Panel

Dated: April 2019

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I. Introduction and Qualifications

Q. Please introduce the members of the Shared Services Panel.

A. The Panel consists of Paula Leaverton, Jody Allison, Jeffrey Martin, Arlene Gans, and Lisa Tallet.

Q. Ms. Leaverton, please state your name and business address.

A. My name is Paula Leaverton and my business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. By whom are you employed and in what capacity?

A. I am currently employed by National Grid USA Service Company, Inc. ("National Grid Service Company"), a subsidiary of National Grid USA ("National Grid"), as Manager of the Property Tax department. In this capacity, I am responsible for directing and managing all aspects of real estate and personal property tax payment, compliance, and strategy for National Grid's US operating companies, including The Brooklyn Union Gas Company d/b/a National Grid NY ("KEDNY") and KeySpan Gas East Corporation d/b/a National Grid ("KEDLI") (collectively, the "Companies").

Q. Please describe your educational background and experience.

A. I received a Bachelor of Arts in English from the University of Massachusetts at Amherst in 1986. I joined National Grid in April 2010. Prior to taking my current position, I was employed from 1997 to 2010 by Stop & Shop Supermarket Company as Senior Manager of Lease Administration and Property Tax. In this role, I directed and managed the lease administration and property tax functions for 1,350 investment and corporate facilities. My responsibilities included all property tax payment and compliance functions, property tax strategy for new retail locations, directing the real estate and personal property tax abatement program, and initiating appeals with tax assessors and local government bodies. From 1987 to 1997, I was employed as the Sales, Use and Property Tax Manager for Equis Financial Group. My responsibilities included all sales, use, and property tax payment and reporting for leased equipment assets throughout the US. From 1986 to 1987, I was employed by the Commonwealth of Massachusetts Department of the Attorney General as a Consumer Complaint Mediator.

Q. Have you previously testified before the Commission?

A. Yes. I testified on behalf of KEDNY and KEDLI in Cases 16-G-0058 and 16-G-0059 (the "2016 KEDNY and KEDLI Rate Cases"), and on behalf of Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara

Mohawk" or "NMPC") in Cases 17-E-0238 and 17-G-0239 (the "2017 NMPC Rate Case").

Q. Ms. Allison, please state your name and business address.

A. My name is Jody J. Allison. My business address is 300 Erie Boulevard West, Syracuse, New York 13202.

Q. By whom are you employed and in what capacity?

A. I am employed by National Grid Service Company as the Vice President of Revenue Cycle Management. My responsibilities include the development of strategy and processes for the Billing and Collection organization, which provides services to all of National Grid's US operating companies.

Q. Please describe your educational background and experience.

A. I graduated from Rochester Institute of Technology with a Bachelor of Science in Accounting and completed various executive MBA classes. I am a Certified Fraud Examiner (ACFE) and a Certified Credit Executive (NACM). Prior to joining National Grid, I spent just under 20 years at Paychex, Inc. in positions with increasing levels of responsibility. During my first 17 years at Paychex, Inc., I was on the risk management team, focused on revenue cycle management. In this role, I built the Fraud Investigations Unit and worked with various law enforcement agencies resolving white collar crime. During my last two years with Paychex, Inc., I was responsible for the service strategy for the company. Prior to that, I worked for Eastman Kodak and local construction companies in a finance capacity.

Q. Have you previously testified before the Commission?

A. Yes. I testified on behalf of Niagara Mohawk in the 2017 NMPC Rate Case.

Q. Mr. Martin, please state your full name and business address.

A. My name is Jeffrey P. Martin. My business address is 300 Erie Boulevard West, Syracuse, New York 13202.

Q. By whom are you employed and in what capacity?

A. I am employed by National Grid Service Company as the Director of Billing and Revenue Strategy. My current responsibilities include developing customer strategy and designing the future state of National Grid's customer systems.

Q. Please describe your educational background and professional experience.

A. I hold a Bachelor of Science degree in Information Systems Management from the State University College at Buffalo. In 1994, I joined Niagara Mohawk's Information Systems department and transitioned to National Grid following its 2002 acquisition of Niagara Mohawk. Prior to assuming my present responsibilities, I was the Director of Billing Operations for National Grid's US operating companies and oversaw billing for the Long Island Power Authority ("LIPA") during the term of National Grid's management services contract with LIPA. I have also managed National Grid's Retail Choice, Meter Data Services, and Accounts Processing departments. I have worked on and managed various aspects of five major customer system conversion projects, including system conversions for Niagara Mohawk in 1999, New England Electric in 2008, Narragansett Electric (Rhode Island electric and gas) in 2012, and KEDLI in 2013.

Q. Have you previously testified before the Commission?

A. Yes. I testified on behalf of Niagara Mohawk in Cases 12-E-0201 and 12-G-0202.

Q. Ms. Gans, please state your name and business address.

A. My name is Arlene Gans. My business address is One MetroTech Center, Brooklyn, New York 11201.

Q. By whom are you employed and in what capacity?

A. I am employed by National Grid Service Company and currently hold the position of Director Customer Contact Centers, New York. I am responsible for call center operations in New York State, including KEDNY and KEDLI's call centers and walk in centers.

Q. Please describe your educational background and experience.

A. I received a Bachelor of Business Administration in Human Resources from American Intercontinental University in 2005. I joined National Grid in 2009 as Director of KEDNY's call center. Prior to joining National Grid, I held various leadership positions in call center operations during my 17-year career at MCI Telecommunications and MCI Worldcom in locations in Rye Brook, New York and Greenville, South Carolina. I also held positions as Director of Training, Quality and Workforce Management and Vice President Borrower Services at First Marblehead Educational Resources in Boston, Massachusetts.

Q. Have you previously testified before the Commission?

A. Yes. I testified on behalf of Niagara Mohawk in the 2017 NMPC Rate Case.

Q. Ms. Tallet, please state your name and business address.

A. My name is Lisa Tallet. My business address is 300 Erie Boulevard West, Syracuse, New York 13202.

Q. By whom are you employed and in what capacity?

A. I am employed by National Grid Service Company as the Director of New York Customer Energy Management. My responsibilities include implementation of the Companies' programs to assist low income customers.

Q. Please describe your educational background and business experience.

A. I received a Bachelor of Business Administration from St. Bonaventure University in 1985. I worked for New York State Electric and Gas Company and Rochester Gas and Electric Company from 1991 to 2007, where I held positions of increasing responsibility working on gas marketing, customer service, customer advocacy, and low-income programs. I joined National Grid in September 2007 and have held positions of increasing responsibility in customer financial services, energy efficiency implementation, policy, strategy and evaluation. I assumed my current role in August 2018.

Q. Have you previously testified before the Commission?

A. No, I have not.

Q. How has the Panel organized its testimony?

A. The testimony of the Panel relates to the base rate filings of KEDNY and KEDLI and is divided into the following nine sections:

Section I is an introductory section outlining the Panel's testimony.

Section II describes the calculation of the Companies' forecast property tax expense and efforts to mitigate property taxes.

Section III describes the Companies' uncollectible expense and details the credit and collections process, including initiatives the Companies have undertaken to manage uncollectible expense, along with the Companies' proposal to continue the current incentive metric for managing non-payment terminations.

Section IV describes the Companies proposal for a new customer information system.

<u>Section V</u> describes the processes and tools the Companies use to manage customer service quality performance and sets forth the Companies' current and proposed customer service quality metrics.

<u>Section VI</u> describes the Companies' call center operations and proposed changes to the call centers and customer offices.

<u>Section VII</u> describes the Companies' proposal to implement electronic deferred payment agreements ("E-DPA") and a no-fee credit card payment model.

<u>Section VIII</u> describes the Companies' low income programs, including implementation of the energy affordability programs ("EAP").

Finally, <u>Section IX</u> describes proposed enhancements to the Companies' automated building energy usage reporting to assist customers with obtaining and reporting energy usage to comply with New York City Local Laws.

The projected costs of the proposals discussed herein have been provided to the Revenue Requirements Panels and were used to develop KEDNY and KEDLI's proposed revenue requirements in the Rate Year (the 12 months ending March 31, 2021) and Data Years (Data Year 1 is the 12 months ending March 31, 2022, Data Year 2 is the 12 months ending

March 31, 2023, and Data Year 3 is the 12 months ending March 31, 2024 (collectively, the "Data Years")).

Q. Are you sponsoring any exhibits as part of your testimony?

A. Yes. The Panel is sponsoring the following exhibits that were prepared under our direction and supervision:

Exhibits for Property Tax

- Exhibit __ (SSP-1) sets forth the backcast used to review the forecast of property tax expense for KEDNY, along with supporting workpapers and a schedule setting forth detail on obsolescence allowances.
- Exhibit __ (SSP-2) sets forth the backcast used to review the forecast of property tax expense for KEDLI, along with supporting workpapers and a schedule setting forth detail on obsolescence allowances.

Exhibits for Uncollectible Expense

- Exhibit __ (SSP-3) sets forth historic data for the 36 months ending December 31, 2018 for the uncollectible rate calculation for KEDNY.

- Exhibit __ (SSP-4) sets forth historic data for the 36 months ending December 31, 2018 for the uncollectible rate calculation for KEDLI.

Exhibits for Customer Information System ("CIS")

- Exhibit __ (SSP-5) is the CIS business case.
- Exhibit __ (SSP-6) is the CIS benefits assessment.

Exhibit for Customer Service Quality

- Exhibit __ (SSP-7) provides the Companies' service quality performance over the last five years.

Exhibit for Customer Service Quality

- Exhibit __ (SSP-8) sets forth the detail on the forecast cost of credit card fees.

Exhibits for Low Income

- Exhibit __ (SSP-9) presents data supporting the calculation of the low income tier discounts for KEDNY's EAP.
- Exhibit __ (SSP-10) presents data supporting the calculation of the low income tier discounts for the KEDLI's EAP.

Exhibit for Enhanced Support for Building Energy Usage Reporting

- Exhibit __ (SSP-11) sets forth detail on the forecast cost of services to support automated building energy usage reporting.

II. Property Tax Expense

Q. How is the taxable value of the Companies' real property determined for property tax purposes?

A. Real property owned by KEDNY and KEDLI located in public rights-of-way is considered special franchise property and subject to a special franchise assessment. The preparation of special franchise assessments is the responsibility of the Valuation Services Division of the Office of Real Property Tax Services ("ORPTS") with the State Board of Real Property Services having the authority to approve assessments. Real property owned by the Companies located on private property is locally assessed. For purposes of property tax assessment, real property includes land, buildings, plant, and other equipment. Regardless of whether the property is subject to a special franchise or local assessment, the methodology for determining the assessment or taxable value of most utility property is the Reproduction Cost New Less Depreciation ("RCNLD") approach.

Q. What was the amount of property tax expense incurred by the Companies in the Historic Test Year?

A. As shown in Exhibit __ (RRP-5), Schedule 1, Page 1, KEDNY and KEDLI's adjusted property tax expense in the Historic Test Year (the 12 months ended December 31, 2018) totaled $150.253 million and $154.800 million, respectively.

Q. What is the forecast of property tax expense for the Rate Year and Data Years?

A. As shown in Exhibit __ (RRP-5), Schedule 1, Page 2, KEDNY forecasts property tax expense of $172.547 million, $203.573 million, $240.372 million, and $276.334 million in the Rate Year, Data Year 1, Data Year 2, and Data Year 3, respectively. As shown in Exhibit __ (RRP-5), Schedule 1, Page 2, KEDLI's forecast of property tax expense for the Rate Year and Data Years 1, 2, and 3 is $178.190 million, $184.259 million, $193.096 million, and $204.306 million, respectively.

Q. How do the Rate Year forecasts compare to the current allowance in rates for property tax expense?

A. KEDNY's forecast of $172.547 million for property tax expense for the Rate Year is higher than the current calendar year ("CY") 2019 rate allowance of $165.901 million for property tax expense. KEDLI's forecast of $178.190 million for property tax expense for the Rate Year is higher than the current CY 2019 rate allowance of $157.923 million.

Q. How was the forecast of property tax expense calculated?

A. KEDNY and KEDLI began with the Historic Test Year property tax expense, which was normalized to reverse any property tax deferrals that were recorded on the Companies' books. The normalized Historic Test Year expense was adjusted for known changes in the obsolescence allowance to be applied to the tax roll. The Companies then applied a growth factor of 4.95 percent for KEDNY and 2.73 percent for KEDLI for the 15-month bridge period of January 2019 through March 2020 (the "Bridge Period") to calculate forecast increases in property tax of $6.8 million for KEDNY and $4.4 million for KEDLI, respectively. *See* Exhibit __ (RRP-5), Schedule 1, Page 3. The Companies then added forecast property tax expense associated with incremental additions to plant in service of $7.4 million for KEDNY and $0.1 million for KEDLI for the Bridge Period. This process was then repeated for the Rate Year and Data Years. *See* Exhibit __ (RRP-5), Schedule 1, Page 3. The approach utilized by the Companies is consistent with the methodology used to calculate the rate allowance for property taxes in the 2016 KEDNY and KEDLI Rate Cases.

Q. Please explain how the Companies determined the proposed growth factor for property taxes.

A. The growth factor of 4.95 percent for KEDNY is based on the two-year experienced growth rate from fiscal year ("FY") 2016 to FY 2018. The 2.73 percent growth rate for KEDLI is similarly based on the two-year experienced growth rate from FY 2016 to FY 2018.

Q. Please explain how tax rates are established.

A. Tax rates are set by local taxing jurisdictions (school district, city, county, town, special district) for each tax year. Each jurisdiction determines its revenue from all sources other than property taxes, such as state aid, sales tax revenue, and user fees. Those revenues are subtracted from the jurisdiction's budget and the remainder becomes the property tax levy. In most cases, to determine the actual tax rate, the taxing jurisdiction divides the tax levy by the total taxable assessed value of all property in the jurisdiction.

Q. How did the Companies calculate the average tax rate for the Historic Test Year?

A. The Companies calculated their average tax rate for the Historic Test Year in three steps.

1. The Companies identified all tax parcels for which the Companies paid property taxes, including the location of the parcel, its assessed value, the equalization rate of the municipality where each parcel is located, and the taxes paid.
2. The Companies then divided the assessed value of each parcel by the applicable equalization rate for the municipality, as established by ORPTS, to calculate 100 percent of taxable value for each property.
3. Finally, the Companies divided the total property taxes paid by the result of step two above.

Q. How do the Companies propose to reflect changes in the tax rate for the Rate Year and Data Years?

A. Changes in tax rates for the Rate Year and Data Years are implicit in the 4.95 percent and 2.73 percent annual growth factors used by KEDNY and KEDLI, respectively. For purposes of determining the property taxes associated with the incremental plant additions, the Historic Test Year's average tax rate is used.

Q. Does the property tax cap law in New York State affect the forecast?

A. No. In 2011, New York State passed a law capping year-on-year growth on the property tax levy at two percent or the rate of inflation, whichever is less. This law does not impact the Companies' forecast of property tax expense because the law does not cap increases in tax rates or individual tax bills. The Companies' forecast of property tax expense is based on its tax bills, not the total tax levy. Additionally, the cap on tax levies is not an absolute limit. There are exceptions for certain expenses (*e.g.*, unusually large pension increases) and voters for school districts or local governments can vote to override the cap.

Q. Was the Companies' forecast of property tax expense adjusted to reflect savings associated with National Grid's Accelerate Program?

A. Yes. In connection with the Accelerate Program (which is described in the direct testimony of the Revenue Requirements Panels), the Companies undertook a Property Tax Mitigation initiative. The initiative involved the engagement of an external consultant specializing in the areas of valuation, compliance, and regulatory consulting. The consultant conducted a comprehensive review of potential areas for property tax reductions across National Grid's US operating companies.

Specifically, the review examined commonly capitalized costs to identify non-property taxable components. Working with software vendor PowerPlan, the Companies are developing programming to identify these nontaxable cost components and will seek to remove them from reportable asset base. Removing these elements would enable the Companies to reduce reportable tax base, subject to ORPTS approval.

Q. Please explain the adjustment the Companies made to the forecast to reflect the anticipated savings from the Property Tax Mitigation Accelerate Program initiative.

A. KEDNY and KEDLI anticipate realizing approximately $2.5 million annually of property tax expense savings from this initiative. As shown in Exhibit __ (RRP-5), Schedule 1, Page 3, the Companies reduced their forecast by $2.5 million for assessment reductions expected on the 2020 assessment roll. The savings are allocated to the Rate Year and Data Year 1 in the same manner as the impact of incremental plant additions are allocated in Exhibit __ (RRP-5), Schedule 1, Workpaper 1. The annual growth factor is applied to the $2.5 million reduction, which results in increased savings in Data Years 2 and 3 to represent ongoing anticipated future savings.

Q. Are there any challenges in achieving these savings?

A. Yes. If the Companies are unable to implement programing changes to PowerPlan, or ORPTS does not approve removal of the nontaxable cost components identified by the consultant from the Companies' asset base, KEDNY and KEDLI will not achieve the savings reflected in the revenue requirements.

Q. Did KEDNY make an adjustment to its forecast of property tax expense for the Newtown Creek project?

A. Yes. As discussed in more detail in the direct testimony of the Companies' Future of Heat Panel, the Newtown Creek project advances KEDNY's commitment to a low-carbon, sustainable energy future by demonstrating renewable natural gas technology. The project entails converting methane gas produced in the digester tanks at New York City's Newtown Creek Wastewater Treatment Plant to pipeline-quality natural gas that can be injected into KEDNY's distribution system. The Newtown Creek project involves the installation of various capital improvements, including a cleanup system that will remove carbon dioxide and other unwanted trace constituents from the digester gas. To assist with the project's costs, New York City offered KEDNY a property tax abatement for up to five years with the maximum real property tax savings amount not to exceed, in the aggregate, $3.1 million net present value of real property tax savings. As shown on Workpaper 6 to Exhibit ___(RRP-5), once the value of the project begins to affect the assessment roll, KEDNY expects to realize an exemption of $0.59 million, $0.79 million, and $0.80 million in Data Years 1, 2, and 3, respectively, and has reduced KEDNY's forecast expense for those years accordingly. The Newtown Creek project is projected to be added to the assessment roll for the 2021-2022 tax year.

Q. How did the Companies verify the methodology used in preparing their property tax expense forecast?

A. The Companies prepared a back-cast, retroactively applying the forecast methodology to prior years. The Companies then compared the back-cast results to the actual results to prove its methodology. The back-casts for KEDNY and KEDLI are presented in Exhibit __ (SSP-1) and Exhibit __ (SSP-2), respectively.

Q. How was the back-cast prepared?

A. The Companies adjusted actual annual results for FYs 2013-2018 for changes in allowed economic obsolescence. The Companies next applied the 4.95 percent and 2.73 percent growth factors for KEDNY and KEDLI, respectively, to the adjusted prior year actual results. The Companies then added the calculated additional tax on net plant closings in excess of, or under, the average change to net plant in service using the same three-year period used in preparing the forecast for the Rate Year and Data Years.

Q. What was the result of performing the back-cast with a growth factor of 4.95 percent for KEDNY and 2.73 percent for KEDLI?

A. The back-casts produced results that were within 1.1 percent and 3.2 percent of the actual results experienced by KEDNY and KEDLI, respectively, for the period spanning FYs 2013-2018, as shown in Exhibit __ (SSP-1) and Exhibit __ (SSP-2).

Q. Please describe the efforts undertaken by the Companies to manage property tax expense.

A. Annually, the Companies review property assessments to determine if they are reasonable using the RCNLD valuation method. This method develops what is considered a current value of the utility property and is the method used by ORPTS for valuation. If the actual assessments vary substantially from the Companies' RCNLD calculations and the property tax dollar amounts are significant, the Companies will file complaints with the applicable municipalities. The Companies make every effort to attempt to settle these complaints informally with the municipalities by meeting with the assessors and municipal officials. However, if the Companies are not successful with informal negotiations, they can pursue litigation.

Over the years, the Companies have successfully contested a number of matters, resulting in substantial property tax savings for customers. For instance, in the 2016 KEDNY and KEDLI Rate Cases, the Joint Proposal reflected $24.5 million in tax refunds resulting from three separate tax challenges successfully pursued by the Companies. Most recently, on May 7, 2018, KEDLI filed a Notice of Tax Refund and Proposed Method of Disposition with the Commission in Case 18-M-0270 to address a $50.4 million judgment paid by the Town of Hempstead for unlawful garbage assessment bills. The judgment relates back to an action KEDLI commenced in 2002 that eventually resulted in a refund and judgment over 16 years later – demonstrating the commitment by the Companies to contest over-assessments and/or unlawful tax bills. In the Notice, KEDLI proposes to retain 25 percent of the refund and return 75 percent to its customers net of the costs to achieve.

The Property Tax Mitigation initiative (described above) is another effort undertaken by the Companies to lower their property tax liability and reduce costs to customers. Over the term of the proposed rate plan, this initiative is projected to result in $19.1 million in savings for KEDNY and KEDLI customers. Finally, KEDNY and KEDLI petition ORPTS for obsolescence allowances to be applied to the valuation of special franchise property.

Q. What is obsolescence and how does it affect property taxes?

A. Obsolescence is an impairment in the value of an asset that is distinct from physical depreciation. The RCNLD methodology used by ORPTS to develop assessments recognizes the existence of functional and economic obsolescence. To date, the economic obsolescence allowed by ORPTS is based on the Companies not achieving certain economic performance metrics. If these metrics improve, the amount of economic obsolescence allowed by ORPTS will decrease, causing a corresponding increase in assessments and property taxes.

Q. Has ORPTS accepted the Companies' applications for obsolescence allowances?

A. Yes, ORPTS has accepted the Companies' applications for obsolescence as shown in the table below.

Table 1 – Obsolescence Allowances

KEDNY Obsolescence %	For Roll Year	KEDLI Obsolescence %
15.4%	2014	23.0%
18.4%	2015	26.0%
21.4%	2016	32.0%
28.4%	2017	28.0%
37.4%	2018	25.0%
Unknown	2019 (allowed)	19.0%

Q. Please explain the Companies' forecast obsolescence rate for the Rate Year and Data Years.

A. KEDLI forecast obsolescence for the Rate Year using the percentage allowed by ORPTS for the 2019 assessment roll of 19 percent. KEDNY has not received notice of its obsolescence allowance for the 2019 assessment roll, so the Rate Year was forecast using the change in the allowance for 2016-2018. The Data Years for KEDNY and KEDLI were forecast using the change in the allowances for 2016-2018, which are embedded in the 4.95 percent and 2.73 percent growth factors. The obsolescence factors allowed by ORPTS are based on multi-year averages, as shown in Exhibit __ (SSP-1), Schedule 2, and Exhibit __ (SSP-2), Schedule 2, for KEDNY and KEDLI, respectively. Obsolescence data for tax roll years 2014 through 2019 are also shown in Table 1, above.

Q. What is the impact of capital additions on the forecast?

A. Capital additions increase the Companies' taxable property and their ultimate property tax expense. KEDNY's 4.95 percent and KEDLI's 2.73 percent growth factors incorporate capital spending that is approximately equal to the three-year historic average. As shown in Exhibit __ (RRP-5), Schedule 1, property taxes on forecast capital spending in excess of the three-year historic average have been separately calculated and added to the forecast property tax expense.

Q. How are refunds handled and what did the Companies forecast for refunds during the Rate Year and Data Years?

A. Refunds are the result of successful litigation against municipalities and are therefore non-recurring and unpredictable. KEDNY and KEDLI do not have a basis for forecasting refunds that may be received in the Rate Year or Data Years. If any refunds are obtained, the Companies will petition the Commission in accordance with NYCRR Title 16, Section 89.3 for disposition of any refunds, as they have in the past.

Currently, KEDLI has a refund petition pending before the Commission in Case 18-M-0270, as discussed above. No adjustments were made in this case for that petition, but KEDLI is open to resolving the matter in this proceeding as part of a multi-year rate plan.

Q. Are the Companies proposing a reconciliation mechanism for property tax expense?

A. Yes. KEDNY and KEDLI currently defer 85 percent of the difference between their actual property and special franchise tax expense and the amount reflected in rates. The Companies are proposing to modify this mechanism. Given the variability, uncertainty, and difficulties associated with forecasting property tax expense, the Companies believe that modifying the current reconciliation mechanism to a full symmetrical reconciliation mechanism is both reasonable and appropriate. Municipalities' economic instability impacting assessments and tax levies, difficulty in forecasting the impact of a new rate plan on obsolescence, and other factors outside the Companies' control (*e.g.,* New York City or Nassau County shifting tax levies among classes), all make forecasting property tax expense for KEDNY and KEDLI particularly difficult. Because KEDNY and/or KEDLI could experience property tax expenses significantly above or below forecast levels, the Companies believe that customers and the Companies would be better protected by a full symmetrical reconciliation mechanism.

Q. Would a full symmetrical reconciliation discourage the Companies from mitigating property tax expense?

A. No. As discussed earlier in the Panel's testimony, the Companies have a long history of aggressively seeking to minimize property tax assessments. This includes efforts to work with ORPTS to aggressively pursue adjustments to obsolescence, litigation with taxing authorities, and challenging unfair assessments and unlawful tax charges. Even with a reconciliation mechanism, the Companies are incented to continue aggressively pursuing tax mitigation measures in the interest of maintaining affordability and cost competitiveness, as well as potentially sharing in any tax savings achieved through litigation. Moreover, given the variability and uncertainty discussed above, a full and symmetrical property tax reconciliation mechanism also serves to protect the interests of customers from forecast variations.

III. Uncollectible Expense and Credit and Collections Processes

Q. Please describe how KEDNY and KEDLI manage the collections process to minimize uncollectible expense.

A. KEDNY and KEDLI use a full suite of collection activities and strategies to manage the collection process and minimize uncollectible expense. These activities and strategies are employed throughout the Companies' delinquency management process, which consists of four key components: Account Initiation, Account Management, Field Collections, and Final Bill Management.

Account Initiation is the point at which the Companies establish a service contract with the customer applying for service. Prior to initiating service, the Companies confirm the identification of each applicant. If an applicant has outstanding debt with one of the Companies within the last six years, they are required to pay the balance owed or establish a payment agreement prior to obtaining service. The past debt is then transferred to the new active account under the terms of the new payment agreement.

Account Management is the method the Companies use to actively monitor customer payment history. The Companies manage collection accounts using a behavioral scoring mechanism referred to as a Portfolio Management Package ("PMP"). Each customer account in arrears is evaluated and scored using PMP. The output from the model, which is reviewed and updated at regular intervals, assists the Companies in determining the appropriate collections actions based on the customer's past payment behavior. Customers are divided into five risk groups, and each group is assigned the most cost-effective treatment path that is likely to be successful. In prioritizing the accounts in the portfolio, the Companies seek to identify lower risk customers that will likely self-cure and higher risk customers requiring more assertive collection measures. This process attempts to gear the response to the specific circumstances of the individual customer and attempts to ensure that the most cost-effective steps are taken to mitigate the Companies' uncollectible expense. Additionally, the Companies have increased the use of targeted outbound calling campaigns to improve effectiveness in encouraging customers to act regarding their arrears.

Field Collections begin after a final notice has been issued to the customer. Field Collections are the actions taken by the Companies to collect payments in a manner that is mindful of customer rights, protections, and safety. As a last resort, service may be terminated because of non-payment.

Final Bill Management is the process of collecting final or written-off accounts with the assistance of outside collection agencies. The Companies utilize a tool that enables them to manage this collections work stream and to track and execute strategies to maximize resource and minimize costs.

The Companies also conduct ongoing email campaigns for residential customers with an arrears balance of at least $50 pending for 60 or more days. Reminder emails are sent on a weekly basis to customers that meet the criteria. KEDLI started the campaign in July 2016, with a total of 69,322 emails sent to customers from July 2016 to December 2018. KEDNY began the campaign in February 2017 with a total of 604,046 emails sent to customers through December 2018.

The Companies' also execute a residential account management strategy directed at high arrears residential accounts. This strategy focuses on reaching out to customers by phone to find ways to reduce arrears and decrease terminations using alternative methods when normal collection paths have been unsuccessful.

While uncollectible expense and the Companies' mitigation efforts are a significant focus, bad debt expense in a given year is also driven by a number of factors outside the Companies' control - including weather, commodity cost, customer protections, and economic health.

Q. What is the Companies' recent experience with uncollectible expense?

A. KEDNY's uncollectible expense decreased slightly from $14.9 million in 2016 to $14.6 million in 2017, and then increased to $16.3 million during the Historic Test Year, as shown in Exhibit __ (SSP-3), Schedule 1. KEDLI's uncollectible expense increased from $6.1 million in 2016 to $7.3 million in 2017, and then decreased slightly to $7 million during the Historic Test Year, as shown in Exhibit __ (SSP-4), Schedule 1.

The Companies' enhanced collection processes have no doubt served to moderate uncollectible expense during this period. The uncollectible rates were also impacted by the Companies' recent reduction in the number of accounts terminated for non-payment. The short-term effect of reducing terminations is to suppress uncollectible write off. However, the long-term effect of reducing terminations is to increase accounts receivable, which with all else equal, in turn leads to higher uncollectible write offs when these accounts with larger receivable balances are eventually written off. If efforts to further reduce terminations for the Companies continue, accounts receivable will continue to rise (with potentially higher write-off).

Q. Please discuss the Companies' efforts to assist low income customers during the collections process.

A. The Companies strive to match low income customers with programs available to assist them in paying their bills. This includes providing specially trained consumer advocates who aid KEDNY and KEDLI's most vulnerable customers throughout the collections process and advise them about available programs. These programs are further described in the Low Income Customer Programs section below. The Companies also provide training and tools to customer service representatives to prepare them to respond to customer high bill inquiries in a knowledgeable, empathetic, and solution-oriented way. These efforts demonstrate the Companies' continuing commitment to assist low income customers in managing their arrears, which, in turn, helps minimize uncollectible accounts expense.

Q. Please describe how uncollectible expense is currently recovered by KEDNY and KEDLI.

A. Commodity-related uncollectible expense is recovered through the Gas Adjustment Clause ("GAC") and determined by multiplying the forecast total gas cost (inclusive of any monthly or annual imbalance surcharge or refund factors) for each GAC year times a net write-off of 1.0571 percent for KEDNY and 1.0593 percent for KEDLI. Delivery related uncollectible expense for KEDNY and KEDLI is recovered through base delivery rates and is not adjusted annually.

Q. **How do KEDNY and KEDLI propose to calculate uncollectible expense for the Rate Year and Data Years?**

A. The Companies' propose to update their net write-off rates using a three-year aggregated average uncollectible rate, as set forth in the table below and Exhibit __ (SSP-3), Schedule 1, and Exhibit __ (SSP-4), Schedule 1, for KEDNY and KEDLI, respectively.

Table 2 – Net Write-Off Rates

Company	Current Rate	Three-year aggregated average
KEDLI	1.0593%	0.6341%
KEDNY	1.0571%	0.9142%

The rates were calculated using the following formula:

Rate = Net Write-Offs/(Tariff Revenue + Late Payment Charges Revenue + ESCO Revenue)

The Companies determined these rates using the most recent available 36 months of data. This three-year period utilizes data from the Historic Test Year, along with data from the two prior 12-month periods ending December 2016 and 2017, as shown in Exhibit __ (SSP-3), Schedules 1 and 2, and Exhibit __ (SSP-4), Schedule 1 and 2, for KEDNY and KEDLI, respectively.

Q. **Please describe KEDNY and KEDLI's uncollectible expense during the three-year period ending with the Historic Test Year.**

A. KEDNY and KEDLI incurred uncollectible expense (also referred to as net write-offs) for the three-year period of $45.79 million and $20.44 million, respectively. The Companies' uncollectible expense for each of the three years is set forth in Exhibit __ (SSP-3), Schedule 1, and Exhibit

__ (SSP-4) Schedule 1, for KEDNY and KEDLI, respectively. The corresponding uncollectible rates for each year appear in the table below.

Table 3 – Historic Write-Off Rates

Company	2016	2017	2018
KEDLI	0.6641%	0.6859%	0.5672%
KEDNY	1.0484%	0.8762%	0.8479%

Q. **Why are KEDNY and KEDLI proposing an uncollectible rate based on the three-year aggregated average?**

A. The Companies' propose to use a three-year aggregated average because a multi-year average mitigates the impact of external factors that can occur in any given year. This includes the impacts of weather and economy, which can have an acute effect on consumption and supply cost. Use of a three-year period to calculate the net write-off rate is also consistent with the methodology used in the 2016 KEDNY and KEDLI Rate Cases and the 2017 NMPC Rate Case.

Q. **What is the forecast uncollectible expense for KEDNY and KEDLI for the Rate Year and Data Years?**

A. Using the three-year aggregated average uncollectible rate of 0.9142 percent for KEDNY and 0.6341 percent for KEDLI, and multiplying that rate by each company's respective forecast retail revenues (including late payment charge revenue and excluding power generation revenues), the uncollectible expense for KEDNY and KEDLI for the Rate Year is $16.23 million and $7.31 million, respectively. The uncollectible expense for KEDNY and KEDLI for Data Years 1, 2 and 3 are shown in Exhibit__ (RRP-3), Schedule 31.

Q. Do the Companies propose to change the calculation of commodity related uncollectible expense for firm sales customers?

A. No. The Companies are updating the uncollectible rate. However, they are not proposing to change the current methodology of charging uncollectible expense to firm sales customers.

Q. Do the Companies propose to continue the current termination and uncollectible incentive performance measure?

A. Yes. While, as discussed above, the Companies are concerned with efforts to further reduce the level of terminations, the Companies propose to continue the termination and uncollectible incentive performance measure set forth in their current rate plans. The performance measure is intended to provide an incentive for the Companies' to limit the number of terminations and to address the Commission's interest in utilities pursuing alternatives to termination. CY 2017 was the first year of the measure.

Q. What was the Companies' performance against the measure over the last two years?

A. Tables 4 and 5 below illustrate KEDNY and KEDLI's performance over the last two years and includes CY 2016 data for comparison. Detailed monthly performance data is set forth in Exhibit __ (SSP-3), Schedule 3 and Exhibit __ (SSP-4), Schedule 3 for KEDNY and KEDLI, respectively.

Table 4 - KEDNY Three-Year Termination and Uncollectible Incentive Performance Measure

	Terminations		Uncollectibles	
Year	**Actual**	**Target**	**Actual**	**Target**
2016	34,564		$11,590,867	
2017	31,563	34,638	$11,782,802	$12,494,661
2018	29,214	34,638	$12,334,392	$12,494,661

Table 5 - KEDLI Three-Year Service Termination and Uncollectible Incentive Performance Measure

	Terminations		Uncollectibles	
Year	**Actual**	**Target**	**Actual**	**Target**
2016	13,765		$4,210,725	
2017	12,080	12,470	$5,419,497	$4,392,413
2018	10,786	12,470	$5,035,650	$4,392,413

KEDNY earned an incentive of $1.26 million for meeting the termination and uncollectibles incentive targets in CY 2017 and CY 2018. KEDLI earned an incentive of $0.36 million for meeting the termination incentive target in CY 2017 and CY 2018.

Q. How were the incentive measures calculated in the 2016 KEDNY and KEDLI Rate Cases?

A. For KEDNY, a single standard deviation was used as the target reduction. Seven years of data was used with the high and low outliers omitted. Because only two years of data were available for KEDLI following the separation of LIPA's electric business in 2014, the percentages for KEDNY were applied to KEDLI's data.

Q. How do the Companies propose to calculate the incentive measures?

A. The Companies propose to continue the measure, which is positive only, using the same methodology approved for KEDNY in the 2016 KEDNY and KEDLI Rate Cases (discussed above) and a modified approach for KEDLI. Specifically, KEDLI proposes to use four years of data, which would be all of the available data following the separation of the LIPA business, without the omission of high and low outliers.

Q. What are the Companies' proposed targets for the termination and uncollectible incentive performance measures?

A. KEDNY and KEDLI's proposed targets for the performance measure are as follows:

Table 6- KEDNY Service Termination Proposed Incentives

Metric	Terminations	Uncollectibles
Average	33,280	$12,092,234
Threshold	30,778	$11,375,292

KEDNY's average is based on an adjusted five years of data (*i.e.*, seven years of data with the highest and lowest years omitted), with the threshold being a reduction of one standard deviation from the average, as shown in Exhibit __ (SSP-3) Schedule 4.

Table 7- KEDLI Service Termination Proposed Incentives

Metric	Terminations	Uncollectibles
Average	12,540	$5,415,071
Threshold	11,339	$4,404,040

KEDLI's average is based on the four years of available data, with the threshold being a reduction of one standard deviation from the average, as shown in Exhibit __ (SSP-4), Schedule 4.

IV. Customer Information System

Q. Please explain the Companies' need for a new Customer Information System ("CIS").

A. National Grid's US operating companies currently utilize different customer systems. In New York, KEDNY utilizes the Customer Relations Information System ("CRIS"), while KEDLI and Niagara Mohawk use the Customer Service System ("CSS"). These systems were implemented decades ago and are quickly approaching obsolescence. CRIS was implemented for KEDNY 30 years ago, while CSS was originally implemented for Niagara Mohawk 20 years ago. Neither system can support customers' escalating expectations or increasingly sophisticated billing needs, nor can they easily support services on web, mobile, and other customer and third-party channels. Adapting these systems to the complex requirements of new customer programs, emerging digital technologies, and progressive rate design is extremely difficult and time-consuming. These legacy customer systems utilize technologies that are largely unsupported and the required skillsets to maintain and adapt these systems are very difficult to find in the current market. For instance, there is no regional users group promoting best industry practices for CRIS users. Similarly, there are no cross-industry innovation teams working on the next release of CSS. A lack of modern business-configurable capabilities drives significant dependence on IT resources for even simple business rule configuration changes like a new program requirement. As a result, opportunities for customer enhancements are missed and manual workarounds with the legacy systems abound. A new CIS solution will create business agility to bring new customer services and billing system options to market quickly and deliver on National Grid's goal of an effortless customer experience with increased choice and flexibility.

Q. Please summarize the Companies' CIS proposal.

A. The goal of this program is to replace the current legacy CIS systems (*i.e.,* CSS and CRIS) with a modern, flexible application capable of performing critical meter-to-cash processes with greater efficiency, scalability, and extensibility for future products and services. The new CIS will be a shared investment among National Grid's US electric and gas operating companies. The first CIS release (early 2022) will focus on replacing the CRIS system – used by KEDNY – because CRIS is older and has more technology, resource, and customer service challenges. KEDLI will also be included in the first release because it is a gas-only company like KEDNY, shares a common set of processes, and utilizes rate structures that closely follow KEDNY. The CSS system will be retired in 2026 when Niagara Mohawk, which has the most complex rate structures, is slated to move to the new CIS. More information regarding the proposed implementation strategy can be found in the CIS business case in Exhibit __ (SSP-5).

The CIS replacement program will deliver advanced customer service capabilities through integration with the Salesforce Customer Relationship Management ("CRM") platform being introduced by the Gas Business Enablement ("GBE") program, as further discussed in the testimony of the GBE Panel. The new CIS will also support and enable the advancement of customer-facing digital channel capabilities being developed through the Customer Experience Transformation ("CxT") program, as further discussed in the testimony of the Information Technology Panel. The new CIS will also provide additional functionality to more easily accommodate distributed energy resources and to bill for non-traditional items.

Q. Please describe the Companies' efforts to prepare for replacing CRIS and CSS.

A. Beginning in early 2017, National Grid put together a small team to investigate options for system replacement. The team interviewed a number of other US gas and electric utilities that had recently implemented a new CIS, or were moving toward a conversion, to learn about their experiences. An initial case for change was developed, and the team investigated what solutions could best support future capability needs. In the fall of 2018 National Grid issued a request for proposal ("RFP") to explore both Oracle and SAP software options, which resulted in National Grid identifying SAP Customer Relationship & Billing ("CR&B") as its CIS software of choice. In early 2019, National Grid issued a RFP for services of a System Integrator. National Grid plans to conduct scoping and contracting exercises in mid-2019.

Q. Please describe the new CIS platform's Salesforce CRM strategy.

A. Through the GBE program, National Grid is developing a new Salesforce-based CRM solution. The CRM will be National Grid's new "Customer Engagement Center" delivering the benefits of a 360 degree view of each customer and all related activity, optimized customer interactions with personalization and proactive notifications through preferred channels, clear visibility of the programs, products, and services used by and available to customers to deliver on the goals of "Trust and Ease" for customers. The new CIS program will implement in-scope electric and gas functionality in Salesforce, augmenting and enhancing what had already been deployed by GBE.

Q. Please discuss the benefits that the new CIS will provide customers.

A. The Companies expect the new CIS to provide significant customer benefits including:

- *Full and consistent deployment of the new Salesforce CRM providing a new center of customer engagement.* As described above, the new CRM is a powerful tool for optimizing customer interactions (*e.g.,* contact center, web, mobile, and other channels) with personalization and proactive notifications through a customer's preferred method of communication. As the hub of all customer interactions, the CRM will provide a full view of all customer attributes and activity with National Grid. It will also centralize customer program and service offerings, such as payment plans, energy efficiency programs, and distributed energy resource opportunities.
- *More flexible integration to customer and business partner channels and programs.* The ways in which utilities deliver digital services to

customers are rapidly expanding along with overall customer expectations. The new CIS will provide greater adaptability to innovative services such as flexible real-time bill pay options (*e.g.,* Venmo, ApplePay, and other cashless wallets), energy consumption data sharing (*e.g.,* GreenButton Connect, NYSERDA's Utility Energy Registry, and municipal exchanges), distributed generation and community distributed generation management, and energy trading through blockchain. These and other digital services offer great opportunities that the new CIS can deliver.

- *Increased availability leading to improved channel service performance.* The current CRIS system supporting KEDNY's business is incapable of proving real-time, 24/7 customer transactions through channels such as the Web and mobile apps because the system must go offline each evening to perform batch processing. To partially circumvent this problem, the Company implemented a "shadow" offline transaction processing sub-system that must be repeatedly synchronized with CRIS. Eliminating this offline shadow system will provide a much more efficient real-time "live" environment for all transaction types, which customers expect.

Q. Please discuss the operational benefits that the new CIS will provide to the Companies.

A. Significant operational benefits the Companies expect the new CIS to provide include:

- *IT operations cost reduction by moving legacy mainframe systems to an SAP cloud environment*. Moving from legacy mainframe-based systems to a single, cloud-based CIS under a new SAP agreement will result in significant savings to ongoing IT operations expense. A view of those expected savings is provided in the CIS proposal business case.
- *Process efficiency and expense reduction in Billing, Credit & Collections, Payments Processing, Supplier Services, and Accounts Maintenance*. Many opportunities for expense reduction will be possible with more efficient processes provided by the new CIS once it is in-service. These include the elimination of manual billing processes, elimination of mailing of diverted bills, payment processing efficiencies in cross-company transfers, cash balancing, mis-applied payment handling, automated returned payments, field collection account selection, and collection agency management.
- *Improved system data retention and archiving.* The CRIS system supporting KEDNY lacks modern archival processing and the CSS

system's processes are very manually intensive. The new CIS will provide greater data retention and full data archival services.

- *Single set of critical system integrations through a robust Application Programming Interface service layer*. Each of the legacy CIS systems operate through a complex set of integrations with services such as daily gas factors (*e.g.,* zonal therm conversion, weather normalization). These dual integrations will be replaced by a single modern and more efficient set making support and operation more manageable.
- *Advanced analytics, rate development, and modeling capabilities*. The ways in which National Grid can make use of its customer data with a modern "in-memory" database and capabilities are substantial. These capabilities will allow much greater study and understanding of customer segmentation, rates, and patterns of behavior ultimately leading to more effective programs and customer service.
- *Significant gain in agility to develop and deliver new programs and services*. A key benefit comes directly from the superior configurability of the new modern CIS and continuous system upgrades delivering valuable capabilities and service enhancements. Significant investments are continually made by SAP and the large set of utilities using its leading CIS. These investments will allow the

Companies to bring to market many new programs and services its customers desire.

For further detail on CIS benefits, please see the complete project benefits assessment set forth in Exhibit __ (SSP-6).

Q. Did National Grid consider configurability versus customization in choosing a CIS solution?

A. Yes. National Grid is looking to acquire a fully capable CIS that will enable it to deliver the services and functionality needed to meet customer expectations today with the flexibility to address future needs as they arise. This is best achieved through a configurable off-the-shelf SAP package. Details regarding the components National Grid selected, and why, are provided in the Appendix ("Proposed SAP Software Solution") attached to the CIS business case document, Exhibit __ (SSP-5). Acquiring a standard package with limited company-specific customization will facilitate future support and upgrades, and allow for more efficient implementation of standard enhancements.

Q. What are the projected costs of the CIS replacement project?

A. Estimated overall cost of National Grid's CIS replacement program is approximately $654 million, which would be shared among National Grid's operating companies. KEDNY and KEDLI's total share of project costs is estimated to be $113.426 million and $52.635 million, respectively. Based on the current estimate of costs to implement the CIS project, the revenue requirements in the Rate Year and Data Year 1 reflects operating expenses of $13.790 million and $17.337 million, respectively, for KEDNY and $6.400 million and $8.047 million, respectively, for KEDLI. Phase 1 of the CIS replacement project is expected to go into service in Data Year 2. Therefore, the revenue requirements in Data Year 2 includes rent expense of $5.065 million for KEDNY and $2.351 million for KEDLI and operating expense of $10.135 million for KEDNY and $4.704 million KEDLI. In Data Year 3 the revenue requirements include rent expense of $4.867 million for KEDNY and $2.258 for KEDLI and operating expense of $3.862 million for KEDNY and $1.792 million for KEDLI. The CIS replacement project is further described in the testimony of the IT Panel.

As National Grid's procurement efforts proceed, and a system integrator is selected, the cost estimates will be refined and updated in corrections and updates.

Q. Is the Companies' CIS proposal supported by a business case?

A. Yes. The detailed CIS Business Case is set forth in Exhibit __ (SSP-5). The business case includes an in-depth look into the CIS case for change, fit to National Grid goals, the recommended solution considering alternatives, overall customer impact, costs, benefits, and critical success factors.

Q. Has National Grid considered the impact of the CIS program on other major programs such as GBE and AMI?

A. Yes. The GBE and CIS teams jointly developed a roadmap that considered activities, deliverables, and dependencies of these programs. The CIS team is conducting a scoping exercise in early 2019 that will review these dependencies prior to finalizing its agreement with a System Integrator. More recently, the CIS team expanded its roadmap view to include goals and timeline of the proposed AMI program.

V. <u>Customer Service Quality Programs</u>

Q. Please describe the Companies' efforts to manage customer service quality.

A. The centerpiece of the Companies' customer service efforts are the customer call centers in MetroTech Center in Brooklyn, New York. The

MetroTech location houses two separate call centers, one for KEDLI and one for KEDNY.

Both call centers are full service centers providing 365 days a year emergency service. The customer call center staff includes 55 KEDLI and 155 KEDNY professional customer service representatives available to handle inbound calls for gas emergencies and customer service inquiries, such as general billing inquiries, meter reading issues, gas outage reporting and status, and available payment options. The call centers also utilize in-state vendor partners to supplement and support inbound collection and payment related call volume.

The Companies also have a group dedicated to handling escalated complaints received directly by the Companies and the Commission. This group, Escalated Complaint Management Downstate New York, consists of ten full-time employees dedicated to resolving customer issues received by the Commission, ensuring that the Companies' policies are followed consistently, and managing the Commission's Quick Resolution Process. Under the Quick Resolution Process, customer complaints received by the Commission are sent to the affected company for resolution. These are referred to as Quick Resolutions ("QRS"). If the affected company and the customer cannot resolve the issue and it is sent back to the Commission by the customer, the company, or both, the complaint is categorized as a Standard Resolution ("SRS"). Complaints reaching the level of an SRS are considered charged complaints for purposes of the Companies' complaint rate performance metric.

A new service offered to downstate New York customers is the Sustainability Hub located in MetroTech Center. The Sustainability Hub serves as a learning environment for customers to obtain information about gas safety, energy efficiency, and ways to save on their bills. It is also available as a venue for outreach and education events.

Q. Please describe the customer service performance measures in KEDNY and KEDLI's current service quality programs.

A. The current customer service performance measures for KEDNY and KEDLI are: (i) annual Commission complaint rate per 100,000 customers, (ii) residential customer transaction satisfaction, (iii) percentage of customer calls answered in 30 seconds, and (iv) adjusted customer bills. The table below illustrates the current metrics, performance targets, and potential negative revenue adjustments for KEDNY and KEDLI.

Table 9 – Current Service Quality Performance Targets

Rate Interval (Complaints per 100,000 customers)		Negative Revenue Adjustment Linear Within Ranges
KEDNY	≤ 1.1	$0
	> 1.1	$4,680,000
KEDLI	≤ 1.1	$0
	> 1.1	$3,960,000
Residential Transaction Satisfaction Index Interval		**Negative Revenue Adjustment Linear Within Ranges**
KEDNY	≥ 84.8%	$0
	< 84.8%	$4,680,000
KEDLI	≥ 83.4%	$0
	< 83.4%	$3,960,000
Telephone Answer Response		**Negative Revenue Adjustment Linear Within Ranges**
KEDNY	≥ 60.6%	$0
	< 60.6%	$1,170,000
KEDLI	≥ 62.2%	$0
	< 62.2%	$990,000
Adjusted Customer Bills		**Negative Revenue Adjustment**
KEDNY	≤ 1.69%	$0
	1.70% to 1.79%	$585,000
	1.80% to 1.89%	$877,500
	≥ 1.90%	$1,170,000
KEDLI	≤ 1.69%	$0
	1.70% to 1.79%	$495,000
	1.80% to 1.89%	$742,500
	≥ 1.90%	$990,000

Q. Please describe the Companies' most recent performance for the customer service metrics under the service quality programs.

A. Since 2015, KEDNY and KEDLI have met all performance targets. Monthly service quality performance data for the last five years for each customer service metric is provided in Exhibit __ (SSP-7), Schedules 1 and 2, for KEDNY and KEDLI, respectively.

Q. Are the Companies proposing any changes to their service quality metrics and targets?

A. No. The Companies are proposing to continue the current service quality metrics and targets and negative revenue adjustments without modification. The Companies acknowledge that the ongoing joint utility collaborative in Case 15-M-0388 to align all New York utilities on a common satisfaction survey could eventually supersede the existing customer satisfaction metric and targets. However, pending the outcome of that proceeding, the Companies do not recommend any changes to current customer satisfaction metrics or targets.

Q. Why are the Companies proposing to continue the current customer service quality metrics?

A. Based on reviewing five years of performance data, the Companies believe that the current targets are appropriate and challenging. Data show the existing targets are difficult to achieve during periods of peak demand or extreme temperatures and, as noted previously, there is a pending joint utility collaborative to align all New York utilities on a common satisfaction survey.

Q. Do the Companies propose to make any changes to the way service quality performance is currently reported?

A. No. The Companies propose to maintain the existing reporting protocols.

VI. Call Center and Customer Offices

Q. Are the Companies proposing to change the location of the KEDNY and KEDLI call centers?

A. As discussed in more detail in the testimony of the Companies' Gas Infrastructure and Operations Panels, KEDNY and KEDLI are currently undertaking a review of office space in the MetroTech facility and evaluating alternate space in Brooklyn, New York. At this time, the Companies have not determined the impact, if any, on the current call centers; however, the expectation is that both call centers will remain in Brooklyn. If and when an alternative location is identified in Brooklyn, the Companies would move the KEDNY and KEDLI call center operations once the new space has been outfitted to meet operational needs.

Q. Please summarize the Companies' approach to customer offices.

A. There are six walk-in customer services centers in downstate New York where customers can make payments or seek assistance with any type of service issue. There are two offices on Long Island, one in Bellmore and one in Brentwood, and four offices in New York City including two in Brooklyn (Pitkin Ave and 345 Jay Street), one on Staten Island, and one in Queens.

Q. Do the Companies plan any upgrades to existing customer offices?

A. Yes. The Pitkin Ave Brooklyn office was formerly shared with Consolidated Edison, until it withdrew from the location in 2013. The lease for the Pitkin Ave office expires on April 30, 2021. The office is dated and currently in need of renovation. KEDNY is proposing to renew the lease and perform renovations necessary to keep the Pitkin Ave office open and serving customers. Keeping the Pitkin Ave office open and available to walk-in customers is particularly important given Pitkin Ave is in the Brownsville neighborhood, one of the most economically challenged areas in KEDNY's service territory.

Q. What is the proposed cost to renovate the customer office on Pitkin Ave so that it can remain open?

A. For KEDNY to renew the lease and keep the Pitkin Ave office open, approximately $0.500 million in renovations will be necessary, as detailed in Exhibit ___(RRP-7), Schedule 1, Workpaper 4. The renovations are necessary to modernize the space and increase safety for our customers and employees. The estimate covers non-structural work and includes the cost of new work stations.

VII. Electronic Deferred Payment Agreements and Credit Card Fees

A. Electronic Deferred Payment Agreements

Q. Please describe the Companies' proposal to enhance the process for entering deferred payment agreements ("DPA").

A. National Grid proposes to enhance the DPA process for residential customers. Under the new process, the Companies would permit customers to enter a DPA via electronic means ("E-DPA"), while continuing to offer the conventional methods for entering DPAs already in place. Customers would be allowed to place a call to National Grid, negotiate the terms of a DPA over the phone with a representative, and subsequently have an electronic document prepared for the customer's review and electronic signature. The customer would complete the DPA using electronic signature protocols authorized under the Electronic Signature and Records Act, N.Y.S. Technology Law, §§ 301-309 ("ESRA"). Pursuant to § 302 of the ESRA, an electronic signature "shall mean an electronic sound, symbol, or process, attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the record." The use of an electronic DPA process will improve the overall customer experience by expediting the transaction, increasing efficiencies, and providing real-time visibility into DPA transactions. Providing applicants and customers with the option of electronically signing DPAs will also help to maintain continuous utility service and avoid disconnections or potential delays in restoring service in keeping with the state's policy of promoting continued delivery of utility service to residential customers without unreasonable qualifications or lengthy delays.

Q. How would an E-DPA differ from a conventional DPA?

A. The E-DPA for which approval is requested is virtually identical to the hard-copy, standard-form DPA except (i) the E-DPA would be provided to customers in an electronic format also allowing for an electronic signature; and (ii) in the E-DPA there are minor, non-substantive changes to the text format of the hard-copy DPA to get the best electronic presentation and to create greater consistency between the forms used for KEDNY and KEDLI.

Q. Please describe how the E-DPA process would work.

A. The E-DPA process is designed to improve customer service while also promoting procedural consistency for the Companies. The customer will be able to negotiate a DPA over the telephone with a National Grid representative, who will prepare the DPA document in an electronic based application, generated from income and expense information provided by the customer. Once the document is completed, the representative will populate the customer's email address and send the document through the electronic based application. The customer receives an email, which can be accessed on their phone or computer, and is prompted to click on "Review Document," which will permit the customer to review and sign the DPA document electronically. Upon selecting "Finish" the document is sent to National Grid to be reviewed and initialed, acknowledging receipt of the document. Once initialed by National Grid, the customer receives a final email indicating the document has been completed and is provided an option to view and print or save the completed document for his or her records. Once the document is received by National Grid, the representative will follow the process currently in place to activate the DPA in the billing system. If the customer elects not to sign the document, the process will cease and the DPA will not be activated.

Q. Please describe how E-DPA is beneficial to customers and promotes the continued provision of utility service.

A. E-DPAs provide customers with a more efficient and timely means to negotiate and enter DPAs, which has the potential to promote customer satisfaction, expedite the restoration of utility service, and minimize service disconnections. Providing customers an additional option to utilize electronic signatures and exchange a DPA utilizing an electronic based system, will also help meet evolving customer expectations. In keeping with customers increasing desire to handle more transactions online and via electronic means, the Companies seek to adapt existing processes to customers' changing needs. Failure to adapt an electronic process could contribute to unnecessary delays and hardships on the customer. Implementation of an electronic process is expected to improve the quality of documents received, which will reduce repeat transactions due to illegible faxes or emails or received and/or missing documents that are lost in the mail. If a customer cannot visit the utility to sign a DPA or does not have access to a fax machine, he or she may have to wait for National Grid to mail the document and then continue to wait while it is sent back to the utility and activated. Further, the customer might never sign and/or return the DPA, in which case the protections contemplated by the DPA might not become effective. Many of these issues could be avoided or minimized by allowing electronic DPAs, which in turn would promote continued service to affected customers, without unreasonable qualification or delay.

Q. Has the Commission previously approved the use of E-DPA by National Grid?

A. Yes. In its October 18, 2018 Order in Cases 17-E-0238 and 17-G-0239, the Commission approved Niagara Mohawk's implementation of E-DPA.

Q. Have the Companies conducted a risk assessment associated with the implementation of E-DPA?

A. Yes. Potential risks associated with an E-DPA process can include the following: risks of intrusion by an unauthorized third party; risks of repudiation; and the risk of fraud. Risks of intrusion are minimized in an electronic based application in several ways, including the implementation of anti-tampering technology as well as validation routines, which include security checkpoints that require the customer to enter an access code and/or pass a third-party checkpoint before viewing any accessible documents. The risk of repudiation is low or non-existent in that if the customer at any point denies signing the E-DPA, National Grid will cancel the DPA and treat the denial as if the customer had not previously signed the document. Additionally, National Grid may elect that the customer signs a hard copy DPA to further alleviate the potential risk of repudiation. Finally, the risk of fraud is low. The Income and Expense (I&E) portion of the E-DPA process is virtually identical to the existing process. The risk of fraud with E-DPA is no worse than the existing process since customers may fail to disclose all of the required I&E documentation in order to qualify for a lower payment agreement. Additionally, this process can only be used to negotiate a DPA for the benefit of the current account holder and cannot be used to acquire goods or services. It is unlikely that a third party would fraudulently attempt to go through the electronic DPA process to impact another customer's utility service.

Q. What are the Companies' funding requirements and estimated operating expenses to provide E-DPA for KEDNY and KEDLI?

A. National Grid has already undertaken considerable effort to implement E-DPA for Niagara Mohawk, which is nearly complete. Implementation of E-DPA for KEDNY and KEDLI would require an estimated $0.100 million of incremental annual operating expense.

B. <u>Credit Card Fees</u>

Q. Please describe the Companies' current options regarding payments made using prepaid, credit, and debit cards (collectively "CC/DC").

A. Currently, customers can pay their utility bills via CC/DC in several ways. First, customers can pay using a card on the National Grid website or through the National Grid mobile app. Second, customers enrolled in electronic billing receive an email with a link that takes them to a site where they can pay via CC/DC. Finally, customers can pay by phone, using either the automated telephone system ("IVR") or with the assistance of a National Grid representative. Residential customers who use one of these options to make a CC/DC payment incur a transaction fee of $2.25 for payment amounts up to $600, and a fee of $4.50 for payment amounts greater than $600 up to $1,200. National Grid does not currently accept recurring CC/DC payments because customers must actively accept the vendor's transaction fee at the time of each transaction.

Q. Do the Companies propose to change how CC/DC payments are handled?

A. Yes. The Companies propose to include in base rates the estimated cost to recover the fees incurred by KEDNY and KEDLI when residential customers make CC/DC payments. This is referred to as a "no-fee model." The no-fee model would eliminate the per-transaction cost to customers paying by CC/DC by shifting that cost into base rates.

Q. Why is National Grid proposing a no-fee model?

A. CC/DC usage has been on the rise in recent years among payment methods. According to a Federal Reserve Payments Study in 2018, CC/DC payments continued to show growth from 2016 to 2017 increasing 10.1 percent. In response to surveys, customers have indicated a preference for CC/DC payments with no fee, and the ability to setup recurring CC/DC payments. Customers have become accustomed to paying without convenience fees when shopping online or paying for services like their mobile phone. Moving to a no-fee model will help meet customer expectations for improved payment options and enhance customer ease and overall experience. In addition, the Companies believe transitioning to a no-fee model will benefit customers who receive public assistance benefits via pre-paid debit cards. Under the current model, these customers can pay their utility bill with their pre-paid debit card but must use a portion of the benefits to cover the vendor fee for CC/DC payments, resulting in an added economic disadvantage. Adopting a no-fee model will eliminate the need for a portion of public assistance benefits being used to pay this administrative fee.

Q. Has the Commission approved utility proposals to shift to the no-fee model?

A. Yes. The Commission has approved similar models at New York State Electric and Gas Corporation, Rochester Gas and Electric Corporation, Central Hudson Gas and Electric Corporation, and Orange and Rockland Utilities. Consolidated Edison is seeking similar approval to utilize a no-fee model with customers. The Companies' proposal is consistent with proposals made by other utilities.

Q. What are the Companies' estimated total annual costs resulting from a transition to the no-fee model?

A. Using existing per transaction costs for CC/DC payments, the annual costs for KEDLI associated with the new program would be $0.625 million, $0.825 million, $0.974 million, and $1.071 million for the Rate Year, Data Year 1, Data Year 2, and Data Year 3, respectively. The estimated annual costs for KEDNY would be $1.964 million, $2.592 million, $3.059 million, and $3.364 million for the Rate Year, Data Year 1, Data Year 2 and Data Year 3, respectively. Details on the calculation of estimated costs are provided in Exhibit __ (SSP-8).

Q. Do the Companies anticipate seeing an increase in payments made via CC/DC under a no-fee model?

A. Yes. Based on an analysis involving National Grid's current third-party payment processor and the Companies' current volumes of CC/DC payments, an increase in CC/DC payments of 53 percent is expected with the no-fee model in the Rate Year, and incremental increases of 32, 18 and 10 percent in Data Years 1, 2 and 3, respectively.

Q. Do the Companies believe a reconciliation mechanism is appropriate for implementation of the no-fee model?

A. Yes. Considering the uncertainty associated with the transaction fees and potential increase in customers making CC/DC payments in response to the no-fee model, the Companies believe a two-way deferral mechanism should be put in place for the no-fee model. If the costs to provide the no-fee model exceed the rate allowance, the Companies would defer the shortfall for future recovery from customers, or alternatively, if the costs are less than the rate allowance, the Companies would defer the excess for the benefit of customers.

VIII. Low Income Programs

Q. Please summarize the Companies' approach regarding low income programs.

A. KEDNY and KEDLI have a longstanding commitment to low income programs and continue to work proactively to protect their most vulnerable customers. The Companies understand that low income customers in their service territories face substantial challenges in meeting their energy needs. The diversity of demographics, energy usage profiles, weather, housing, and varying cost of living across the Companies' service territories can all impact energy affordability. Energy costs place a larger burden on low income families and represent a larger percentage of their income than other households. The Companies are committed to finding the right balance between providing benefits to those customers with the greatest need and program costs.

Q. How do the Commission's orders in Case 14-M-0565 affect the Companies' Low Income Discount Programs?

A. The Commission's "Order Adopting Low Income Program Modifications and Directing Utility Filings," issued May 20, 2016 in Case 14-M-0565 (the "Low Income Order"), and subsequent "Order Approving Implementation Plans with Modifications," issued on February 17, 2017 (the "Implementation Order"), and "Order Granting in Part and Denying in Part Requests for Reconsideration and Petitions for Rehearing," issued February 17, 2017 (the "Rehearing Order"), significantly modified the Companies' former low income discount programs and led to the implementation of the EAP. These orders established a new framework in the EAP Programs in which low income customers are eligible to receive tiered discounts based on their income and energy burden.

In response to the Low Income Order, the Companies filed implementation plans on September 16, 2016, which were approved by the Commission with modifications. Under the implementation plans, the Companies' former low income discount programs were retired and replaced with a new EAP effective January 1, 2018.

Q. Please describe the EAP and any other programs offered by the Companies to assist low income customers?

A. KEDNY and KEDLI's low income programs include the tiered discount EAP. KEDNY also has a Reconnect Fee Waiver Program for customers participating in the EAP who have had their service disconnected for non-payment. This program provides a one-time waiver of the reconnection charge. No change is proposed to KEDNY's Reconnect Fee Waiver Program. Pursuant to its tariff, KEDLI does not charge low income customers reconnect fees.

Q. Who is eligible to participate in the Companies' EAPs?

A. KEDNY and KEDLI customers who have received a Home Energy Assistance Program ("HEAP") grant are automatically enrolled in the program when the grant is received. Customers remain in the program for 14 months following receipt of the last HEAP grant. In addition to automatic enrollment, the Companies have historically relied on manual enrollment to expand eligibility. KEDNY and KEDLI utilize manual methods such as calls to the call center or referrals from customer advocates or social services agencies to enroll both heating and non-heating customers in the EAP. Manual enrollment helps identify a wide range of customers, including customers who would qualify for HEAP but have not applied for HEAP benefits. The Companies' existing manual enrollment process identifies participants utilizing the following criteria:

- Temporary Assistance for Needy Families (Family Assistance);
- Safety Net Assistance - Public Assistance;
- Supplemental Security Income;
- Medicaid;
- Food Stamps;
- Low Income Home Energy Assistance Program;
- Veteran's Disability Pension;
- Veteran's Surviving Spouse Pension; and
- Child Health Plus.

The Companies also worked with New York City's Human Resource Administration ("HRA") to implement a file sharing mechanism that permits HRA to identify assistance program-eligible customers in KEDNY's service territory and the Rockaways portion of KEDLI's service territory. KEDLI is also working with the Office of Temporary Disability Assistance ("OTDA") to implement a similar mechanism for its customers in Suffolk and Nassau Counties. These file sharing options have significantly increased the number of participants in the EAP.

Notwithstanding, the Companies continue to seek to increase the number of participants in these programs.

Q. How have the Companies' EAP expenditures compared to the rate allowances for these programs?

A. For CY 2018, the first year of implementing the EAP, KEDNY's program had an average of 145,916 participants and an annual rate allowance of $31.9 million. During that year, KEDNY's expenditures were approximately $11.3 million less than the rate allowance, primarily due to a shortfall in the number of participants. KEDLI's program had an average of 12,387 participants and an annual rate allowance of $6.652 million. Even though participation levels remain low for KEDLI, because of increases in the discount amounts, KEDLI's program costs exceeded the program allowance by approximately $1.021 million.

Q. What are the discount amounts for each tier based on the Low Income Order?

A. The current benefits amounts for each tier based on the annual recalculations are as set forth in the table below:

Table 10 – EAP Tiered Benefit Levels

KEDNY Low Income Discount Rate Program – Tiered Benefit Levels Eff. 1/1/19

Tier Description	Tier	Heat Discount	Non-Heat Discount
Regular &/or Emergency HEAP Payment	Tier1	$18	$3
HEAP Payment + 1 Add-on	Tier 2	$37	$3
HEAP Payment + 2 Add-ons	Tier 3	$56	$3
DV/GU	Tier 4	$42	$3
Non-Utility HEAP benefit	Tier 5	$18	$3
Grandfathered Accounts	Tier 6	$18	$3

KEDLI Low Income Discount Rate Program – Tiered Benefit Levels Eff. 1/1/19

Tier Description	Tier	Heat Discount	Non-Heat Discount
Regular &/or Emergency HEAP Payment	Tier1	$18	$3
HEAP Payment + 1 Add-on	Tier 2	$37	$3
HEAP Payment + 2 Add-ons	Tier 3	$57	$3
DV/GU	Tier 4	$42	$3
Non-Utility HEAP benefit	Tier 5	$18	$3

Given that several tiers are duplicative, it is the Companies' intention to revise the tier structure to consolidate to a four-tier structure, eliminating Tier 5 for KEDLI and Tiers 5 and 6 for KEDNY. Customers in those tiers would transition to Tier 1, receiving the same benefit for which they are currently eligible.

Q. What is the proposed annual rate allowance for the EAP in the Rate Years and Data Years?

A. Proposed rate allowances for KEDNY and KEDLI's EAP are based on the forecast program budgets, which are based on anticipated participation and tier discount amounts calculated in accordance with the Low Income Order and Implementation Order. The annual rate allowance for KEDNY and KEDLI in the Rate Year and Data Years is $25.5 million and $5.5 million, respectively, an increase of $4.9 million and a decrease of $2.1 million, respectively from the Historic Test Year. Supporting detail for these calculations is set forth in Exhibit __ (SSP-9) and Exhibit __ (SSP-10) for KEDNY and KEDLI, respectively. Changes in forecast program budgets are the result of changes in participation numbers and tier discount amounts. Pursuant to the Low-Income Order, the Companies will adjust benefit levels to keep program costs within the two percent budget cap.

Q. Do the Companies currently reconcile EAP costs?

A. Yes. Pursuant to the 2016 KEDNY and KEDLI Rate Cases, the Companies fully reconcile the amount recovered in rates to the actual cost of the EAP in each year.

Q. How do the Companies propose to recover the cost of the EAP?

A. The Companies propose to continue recovering the costs associated with the EAP through base rates.

Q. Do the Companies propose to continue the current reconciliation mechanism?

A. Yes. The Companies propose to continue the current reconciliation mechanism. If actual annual program costs are below the amount recovered in rates, the Companies would establish a deferred credit for use in future low income programs. If the actual annual program costs exceed the amount recovered in rates, the Companies would establish a deferral for future recovery from all customers. Details on the proposed low income deferral mechanism are provided in the testimony of the Revenue Requirements Panel.

Q. Please describe the Companies' outreach efforts to assist low income customers and encourage participation in the EAP.

A. In addition to HEAP and file matching mechanisms with HRA and OTDA, the Companies also utilize consumer advocates to identify additional EAP program participants. Advocates identify these customers through customer referrals made by the contact centers, field personnel, customer self-referral (customer calls or emails advocate) and agency referrals. The consumer advocates make weekly, bi-monthly, and monthly visits to selected agencies such as the Department of Social Services, Community Action Program agencies, Economic Opportunity Council offices, National Grid walk-in offices, Long Island Cares, Adelante of Suffolk County, the Salvation Army, the Huntington Resource Center, the Family Service League, one-stop job training centers, food pantries, domestic violence organizations, health clinics, public libraries, and senior apartment complexes. In FY 2018, consumer advocates assisted 5,722 households, and participated in 166 outreach and educational events in the KEDNY and KEDLI service territories. To date, consumer advocates assisted 10,398 households, and participated 111 educational events.

The team networks with agencies who share common interests and goals to identify new ways of reaching out to customers in need of assistance. The consumer advocates have held Regional Advisory Panel meetings where they meet with their agency partners to discuss best practices and ways to mutually serve and identify more customers in need of assistance and to increase the number of EAP participants.

Q. What other efforts have the Companies undertaken to reach out to low income customers?

A. KEDNY and KEDLI have undertaken extensive efforts to engage customers most in need of assistance and to help customers avoid termination of service. The Companies' Consumer Advocate Team responds to customer requests and agency referrals by educating customers on programs and services that they may be eligible to receive and by assisting customers with payment agreements to avoid service interruptions. The team provides specialized enrollment and education services tailored to each customer's unique needs and circumstances. The Companies believe that multiple, integrated solutions, such as those provided by the consumer advocates, provide effective assistance to low income and special needs customers in particular. The Companies' Customer Assistance EXPOs are a way to provide low income customers with a way to connect with the resources they need at one time and in one place. Additionally, consumer advocates have held Financial Literacy Workshops where they teach basic budgeting skills, go over a National Grid bill, discuss programs and services available to assist customers, and educate customers on their rights as a utility customer. Finally, the Companies' grassroots outreach program targets low income customers by making advocates available at various agencies and organizations with their laptops ready to assist customers in community locations where they are likely to go to seek assistance.

Q. Please describe the Companies' efforts to assist low income customers through its Outreach Centers.

A. In April 2018, National Grid opened its first Consumer Advocacy Outreach Center in Brentwood, New York. During the twelve months it has been open, 470 customers have visited the center for assistance. The goal of the Outreach Center is to bridge the gap between the agencies and communities by hosting a variety of outreaches such as Customer Assistance Expos, Financial Literacy Workshops, Utility and Community Service Clinics to collaborate with other agencies and internal departments to promote gas safety, energy efficiency, health, safety, and financial empowerment. The Companies are also working with Suffolk County Department of Social Services and a group that handles Medicaid for Seniors to have them on-site at the Brentwood Outreach Center during the next heating season. Additionally, KEDNY and KEDLI engaged Nassau County Department of Social Services to bring them to the Bellmore walk-in office during the next HEAP season. In FY 2019, the Consumer Advocates held an Advocacy Forum for New York and Long Island agencies with approximately 15 agencies in attendance at the Sustainability Hub.

Q. Are additional employees necessary to implement the EAP and Energy Affordability Engagement Initiative?

A. Yes. The Companies propose to create a new position for a Senior Analyst to better support implementation of the EAP for KEDNY and KEDLI. One half of a full time equivalent ("FTE") resource would be dedicated to support KEDNY and KEDLI in the continued implementation of the EAP. The one-half FTE would be split between the Companies, each bearing the cost of one-quarter of an FTE. As shown in Exhibit __ (RRP-3), Schedule 27, KEDNY's cost for this resource would be \$0.041 million, \$0.041 million, \$0.043 million, and \$0.043 million in the Rate Year, Data Year 1, Data Year 2, and Data Year 3, respectively. As shown in Exhibit __ (RRP-3), Schedule 27, KEDLI's cost for this resource would be \$0.042 million, \$0.043 million, \$0.044 million, and \$0.045 million, in the Rate Year, Data Year 1, Data Year 2, and Data Year 3, respectively. The responsibilities of this new role would include, but not be limited to, completion of internal and external reports, updating and delivering program training, production and distribution of outreach program materials, maintaining and communicating internal procedures, preparing reports related to HEAT program deferrals (KEDLI), review of program enrollments to ensure integrity of the program, oversight of the file match transfer process, management of system reports to ensure IT requirements are met, and preparation of internal and/or external audit requests.

Q. Are the Companies including any other proposals in the rate filings to benefit low and moderate-income customers?

A. Yes. The direct testimony of the Future of Heat Panel describes the Companies' proposals to assist low-to-moderate income customers obtain access to cleaner, more efficient heating options.

IX. <u>Enhanced Support for Building Energy Usage Reporting</u>

Q. Please describe the need for building energy usage reporting in the Companies' service territory.

A. The New York City Benchmarking Law, Local Law 84 and Local Law 133, require all building owners with properties of 25,000 square feet or larger, all city-owned buildings over 10,000 square feet and multiple private-sector buildings on one lot that, combined, exceed 100,000 square feet to annually measure their energy and water consumption in a process called benchmarking. The law standardizes this process by requiring building owners and all city owned buildings to enter their annual energy and water use in the U.S. Environmental Protection Agency's ("EPA") online tool, ENERGY STAR Portfolio Manager®, and to use the tool to submit data to New York City. This data informs building owners and city agencies about a building's energy and water consumption compared to similar buildings, provide them with an annual energy rating, and tracks progress year over year to help in future energy efficiency planning.

Q. Please describe the Companies' prior commitments related to automated building energy usage reporting.

A. In the 2016 KEDNY and KEDLI Rate Cases, the Companies committed to implementing an automated process whereby prior year aggregate whole-building annual energy consumption data for buildings located in New York City and the Rockaways portion of KEDLI's service territory would be automatically uploaded to the EPA Portfolio Manager website. As part of this process, building owners and city owned buildings are required to comply with KEDNY and KEDLI's policies and procedures to obtain their aggregate whole-building energy usage data. Building owners or city owned buildings can opt out of the automatic uploads and instead receive the aggregate consumption data manually, if they desire. However, the City is strongly recommending building owners or city owned buildings to utilize the automated process to minimize data submission error associated with manual uploads.

Under the Joint Proposal, KEDNY and KEDLI agreed to defer for future recovery the cost to implement the automated process, subject to a cap of \$0.750 million over the term of the rate plan. To date, KEDNY and KEDLI have spent \$0.909 million in costs.

Q. Please describe the Companies' progress in implementing automated building energy usage reporting.

A. To assist customers with obtaining and reporting their aggregate whole-building energy usage, the Companies developed an IT solution to facilitate automated uploads of whole building aggregate customer data to the EPA ENERGY STAR Portfolio Manager. The IT solution includes online base functionality that provides customers with easy access to upload their aggregate whole-building energy usage to the EPA Portfolio Manager web site to comply with New York City Local Law 84 and Local Law 133 benchmarking requirements.

Q. What additional steps have the Companies' undertaken to enhance automated building energy usage reporting.

A. Over the last year, the Companies implemented changes to the EPA automated upload system to improve the customer experience. These changes include adjustments to the customer facing website to provide clearer instructions for customers, revamping the online user guide, streamlining the online application process, and adding online security functionality to the customer consent approval process. The Companies also undertook to streamline the application process by adding "borough" destination to the customer facing website, increasing the data upload schedule, and revamped the city name definition table to allow the system to better differentiate the property location. The Companies also review and reload incomplete aggregate whole-building data for customers that receive incorrect or data errors. To further improve customer experience with the EPA automated upload system, the Companies are working on implementing additional enhancements. These enhancements include real-time web form validation, hourly uploads of customer aggregate usage, and separate heating and cooking aggregate usage uploads. Further, the Companies are revamping the web form to allow multi-property submissions and will be providing quarterly aggregate usage uploads for up to four years.

Q. Are additional resources necessary to implement automated building energy usage reporting for KEDNY and KEDLI?

A. As part of the Companies' ongoing efforts to implement and maintain the EPA automated whole building aggregate upload system, the Companies have secured the services of a third-party call center vendor to provide specialized call center support services that include addressing customer questions with the EPA automated upload system, assist customers with the upload process, and handle general data inquire issues. The vendor has also developed a new customer tracking database that can be used to track vendor's performance, identify types of customer inquiries, turn-around times, and other KPIs. The new database can also be used to identify potential future enhancement to the EPA automated upload system. The vendor first began providing these services in March 2019, with an estimated annual cost of $0.224 million, which could vary based on the volume of inbound and outbound email and calls, as shown in Exhibit __ (SSP-11).

Q. What is National Grid's proposal for recovery of ongoing EPA automated upload related costs?

A. The estimated annual cost of $0.176 million and $0.044 million for KEDNY and KEDLI, respectively, to support ongoing automated building energy usage reporting are included in the revenue requirement for the Rate Year and each of the Data Years, as shown in Exhibit ___ (RRP-3), Schedule 27.

Q. Does this conclude your testimony?

A. Yes.

Before the Public Service Commission

THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY and KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID

Corrections and Updates Testimony

of

Shared Services Panel

Dated: July 3, 2019

Q. Please identify the members of the Shared Services Panel.

A. The Panel consists of Paula Leaverton, Jon Harrison, Jeffrey Martin, Arlene Gans, and Lisa Tallet.

Q. Is this the same Shared Services Panel that previously submitted prepared direct testimony in this proceeding?

A. Yes, but with one change to the members of the Panel. Jon Harrison is replacing Jody Allison on the Panel. The terms defined in the Panel's direct testimony have the same definitions here.

Q. Mr. Harrison, as a new member of the Panel, please state your name and business address.

A. My name is Jon Harrison. My business address is 300 Erie Boulevard West, Syracuse, New York 13202.

Q. By whom are you employed and in what capacity?

A. I am employed by National Grid Service Company as the Director of Finance Services - Credit and Collections and Payment Processing. My responsibilities include the development of strategy and processes for the

Credit and Collection organization, which provides services to all National Grid US operating companies.

Q. Please describe your educational background and experience.

A. I graduated from Lehigh University with an MBA in Accounting. Prior to joining National Grid, I spent just under 20 years at Thermo Fisher Scientific in positions with increasing levels of responsibility for accounts receivable, accounts payable, payment processing, continuous improvement, and financial systems development. Prior to that, I worked for GE Capital and Eastman Kodak.

Q. Have you previously testified before the Commission?

A. No.

Q. What is the purpose of the Panel's corrections and updates testimony?

A. The purpose of the Panel's corrections and updates testimony is (i) to correct a typographical error in the estimated savings from the Property Tax Mitigation Project, (ii) update the property tax forecast to reflect updates to capital expenditures, updated growth rates, and the 2019 obsolescence award for KEDNY, and (iii) update the deployment schedule for the CIS project.

Q. Does the Panel sponsor any exhibits to its corrections and updates testimony?

A. Yes. The Panel sponsors the following exhibits, all of which were prepared by or under the supervision and direction of one or more members of the Panel.

Exhibit __ (SSP-5CU) – the updated CIS business case

Exhibit __ (SSP-6CU) – the updated CIS benefits assessment.

Q. In this testimony, will the Panel refer to any information provided during the discovery phase of this proceeding?

A. Yes. The Panel will refer to information provided in responses to information requests ("IR") from Staff. Copies of the pertinent portions of the Companies' responses to IR Nos. DPS-255, DPS-290, DPS-489, and DPS-490 are provided in Appendix A.

<u>Property Tax Expense</u>

Q. Please describe the Companies' correction to projected savings for the Property Tax Mitigation initiative.

A. As noted in the Companies' response to IR No. DPS-290, the projected savings for the Property Tax Mitigation initiative were inadvertently stated as $19.1 million on page 23, line 7 of the Panel's direct testimony. The correct projected savings are $18.1 million for KEDNY and KEDLI customers over the four-year term of the proposed rate plan period.

Q. Please describe the Companies' proposal with respect to updating the forecast for Property Tax expense.

A. As discussed in the corrections and updates testimony of the Revenue Requirements Panels, and in the Companies' responses to IR Nos. DPS-489 and DPS-490, the Companies have made several adjustments to the property tax forecast to reflect newly available data on plant changes, closings, and retirements for FY 2019, and the recently received 2019 obsolescence award for KEDNY. To update the forecasts of property tax expense, the Companies are flowing through adjustments to the net utility plant forecast and actual plant closings and retirements through March 2019. The forecast for KEDNY was further revised to reflect the 2019 obsolescence award, which increased obsolescence from 37.44 percent in 2018 to 40.42 percent for 2019. The impact of the updated utility plant data, revised growth rates for KEDNY and KEDLI, along with the revised obsolescence award for KEDNY, are shown in revised forecasts of property tax expense in Exhibits __ (RRP-5CU), Schedule 1 to the Revenue Requirements Panels' corrections and updates testimony.

Q. Please describe the Companies' update to the two-year growth rate for property tax.

A. Because actual FY 2019 property tax expense data is now available, the Companies updated the calculation of the two-year growth rates based on data from FY2017-2019, rather than the original FY2016-2018 data. Based on the FY2017-2019 data, the updated property tax growth rates for KEDNY and KEDLI are 5.04 and 3.78 percent, respectively, as shown in Exhibit __ (RRP-5CU), Schedule 1 to the Revenue Requirements Panels' corrections and updates testimony.

<u>Customer Information System</u>

Q. Please describe the Companies' updates to the proposed schedule for the CIS replacement project.

A. As further described in the updated CIS Business Case provided in Exhibit __ (SSP-5CU) and Benefits Assessment provided in Exhibit __ (SSP-6CU), the start date for the CIS replacement project is being extended from September 2019 to April 2020. National Grid is updating the CIS deployment schedule for several reasons, including: to allow further coordination among the Gas Business Enablement and Customer Experience Transformation programs; to align with National Grid's planned ERP upgrade to S4/HANA; and to develop a common bill design for National Grid's operating companies.

The Companies' proposed adjustment to the schedule would also allow additional time for developing solution scoping and a statement of work, architecture decisions, and contracting activities. Other pre-project activities, such as legacy system data cleansing, organization stand-up, team training, and facilities preparation, will continue to progress in parallel.

Q. What are the projected updates to the anticipated costs of the CIS replacement project?

A. Updated estimates of costs for the CIS replacement project are described in the corrections and updates testimony of the IT Panel.

Q. Does this conclude your corrections and updates testimony?

A. Yes, it does.

Before the Public Service Commission

THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY

AND

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID

Rebuttal Testimony

of

The Shared Services Panel

Case 19-G-0309
Case 19-G-0310

September 18, 2019

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Rebuttal Testimony of the Shared Services Panel

I. Introduction

Q. Please identify the members of the Shared Services Panel.

A. The Shared Services Panel (the "Panel") consists of Arlene Gans, Jon Harrison, Paula Leaverton, Jeffrey Martin, and Lisa Tallet.

Q. Is this the same Panel that previously filed direct and corrections and updates testimony in these proceedings?

A. Yes. The terms defined in the Panel's direct and corrections and updates testimony have the same definitions here.

Q. What is the purpose of the Panel's rebuttal testimony?

A. The Panel is responding to testimony from the Department of Public Service Staff ("Staff") Accounting Panel ("SAP") and Consumer Services Panel ("SCSP"), along with testimony from the Utility Intervention Unit ("UIU") witness Gregg C. Collar, New York City Low Income Panel ("NYCLIP"), and Public Utility Law Project ("PULP") witness William Yates.

The topics addressed in the Panel's rebuttal include: (i) the SAP's proposal regarding property tax expense; (ii) the SAP's proposal to modify uncollectible expense (iii) the SCSP, UIU, and PULP's proposals to modify the Companies' proposed terminations and uncollectibles incentive metric; (iv) PULP and NYCLIP's proposals regarding the Companies' credit and collections process and NYCLIP's proposal regarding reconnect fees; (v) the SCSP and UIU's proposals to modify the Companies' service quality assurance program; (vi) PULP and NYCLIP's proposals regarding the Companies' low income programs; (vii) the SCSP's proposal regarding use of credit cards and debit cards; and (viii) the SCSP's proposals regarding annual outreach and education and electronic deferred payment agreements reporting.

The SCSP's testimony regarding the Customer Information System ("CIS") and Economic Development is addressed in the rebuttal testimony of the IT Panel and Future of Heat Panel, respectively.

Q. Does the Panel sponsor any exhibits?

A. Yes. The Panel sponsors the following exhibit that was prepared by the Panel or under its direction and supervision:

Exhibit __ (SSP-1R) – KEDNY and KEDLI Arrears Data

II. Forecast of Property Tax Expense

Q. Do you agree with the SAP's recommendation (at 35) to use growth rates of 3.12 percent and 4.60 percent for KEDLI and KEDNY, respectively, based upon three calendar years of data rather than the Companies' proposal to calculate growth rates based on two fiscal years of data?

A. No. The Companies do not believe the SAP's proposal to use growth rates based upon three calendar years of data is more predictive of property taxes during the Rate Year than the Companies' most recent two fiscal year growth rates of 3.78 percent and 5.04 percent for KEDLI and KEDNY, respectively. Although a three-year average provides more data points, it is not more predictive of Rate Year growth. For example, in Case 16-G-0059 the three-year average growth rate for KEDNY was -2.08 percent. As shown on Exhibit___(SAP-2), however, the actual three-year average growth rate for KEDNY from 2015 to 2018 was 4.60 percent. The Companies maintain that calculating the growth rate based upon the most recent information in the last two fiscal years is more reflective of where property tax expense is likely to go in the Rate Year.

Q. Why does the Panel believe the growth rate should be based on fiscal-year growth instead of calendar-year growth as proposed by the SAP (at 35)?

A. Using fiscal year property tax expense growth enables the Companies to use the most current data that aligns with the fiscal year forecast of the Rate Year and Data Years.

Q. Does the Panel agree with the SAP's assertion (at 36) that using fiscal-year expense growth results in the time period of January through March 2019 being included twice in the Rate Year forecast calculation?

A. No. The Rate Year forecast begins with the calendar year 2018 property tax expense as the base. The Companies then applied the 12-month growth rate, rather than a 15-month growth rate, to the calendar year 2018 base to cover the 15-month link period from January 2019 through March 2020. Using this methodology, the period January 2019 to March 2019 is not being escalated twice in the Companies' Rate Year forecast calculation, and, thus, there is no reason to exclude this period from the calculation of the growth rate.

Q. Does the Panel agree with the SAP's recommendation (at 38-39) to eliminate the property tax reconciliation mechanism for both KEDNY and KEDLI in a one-year case?

A. No. The SAP's proposal to eliminate the property tax reconciliation mechanism places an undue level of risk on the Companies and their customers. Because of the variability of property tax forecasts and the impact of factors outside of the Companies' control (*e.g.,* property tax rates, obsolescence rates, *et cetera*), a property tax reconciliation mechanism is in the best interest of both customers and the Companies, even for a one-year case. The SAP's position that a property tax deferral is inappropriate in a one-year case is also at odds with various other deferral mechanisms proposed by Staff in these proceedings (*e.g.,* paving expense, new hires, IT Service Company rent expense). For these reasons, the Companies' property tax reconciliation should be continued, as proposed by the Panel.

III. Uncollectible Accounts Expense

Q. The SAP proposes (at 6-9) a reduction of $0.621 million and $0.319 million for uncollectible expense for KEDNY and KEDLI, respectively. Do the Companies agree with the SAP's proposal?

A. No. The SAP's adjustments are based on their recommendation to calculate the three-year average ratio of uncollectible amount to total regulated revenues using a different three-year time period than used by the Companies. The Companies calculated the three-year average using data from calendar years 2016, 2017, and 2018. The SAP proposes (at 7) to use a three-year period ending in May 2019 to calculate the uncollectible ratio.

Q. Why does the SAP suggest using the data from June 2015 to May 2019 will be more accurate?

A. The SAP (at 7) asserts that using the three-year period ending May 2019 data will reflect the most recent known impact from implementation of new programs such as targeted outbound calling, email campaigns, and formation of a Residential Outbound Calling group, and thus provide a more accurate uncollectible rate to apply to revenues for the Rate Year.

Q. Do the Companies agree that use of data from the three-year period ending May 2019 will be more accurate?

A. No. Under their current rate plans, the Companies' rate years are based on calendar years (*i.e.*, running from January 1 to December 31). Going forward, the Companies' will begin to use rate years based on fiscal years (*i.e.*, running from April 1 to March 31 of the following year). For purposes of comparing historical performance on this and other metrics, however, the Companies believe using calendar years that align with the Companies' prior rate year (based on calendar years) is more appropriate for determining the three-year historic average uncollectible performance.

IV. <u>Terminations and Uncollectibles Incentive Metric</u>

Q. Does the SCSP propose modifications to the Companies' proposed positive incentive related to residential service terminations and uncollectible expense?

A. Yes. The SCSP recommends (at 40) modification of the methodology for setting targets for the residential terminations and uncollectible expense metrics, and (at 43) addition of a new metric for residential arrears. The SCSP also recommends (at 40) use of a three-year historical average with no outliers removed to calculate updated targets for residential terminations and uncollectible expense for the Companies.

Q. Please describe the SCSP's proposed targets for uncollectible expense and residential service terminations.

A. The SCSP (at 41) set the targets at one standard deviation from the three-year historical average for calendar years 2016, 2017, and 2018. For KEDNY, the SCSP rounded threshold targets would be 29,600 for residential service terminations and $11.6 million in uncollectible expense, and the rounded average targets would be 31,800 residential service terminations and $11.905 million in residential uncollectible expense. For KEDLI, the SCSP's rounded threshold targets would be 11,000 for residential service terminations and $4.4 million in residential uncollectible expense, and the rounded average targets would be 12,300 terminations and $4.921 million in residential uncollectible expense.

Q. Do you agree with the SCSP's reasoning for changing the methodology for calculating targets?

A. No. The SCSP asserts (at 40) that using the three-year historical average yields targets that are more relevant to the current operating environment. In addition, the SCSP asserts using the same time period for all metrics could help to standardize how historical performance is viewed. This is a reference to the fact that only four years of historical data are available for KEDLI post LIPA separation – and the SCSP's view that use of the same time period for KEDNY and KEDLI would tend to standardize how performance is viewed. As discussed further below, uncollectible expense is largely driven by exogenous factors. The volatility of weather in the northeast United States and the volatility of energy commodity prices expresses itself over longer cycles than three years. A small data sample is less likely to properly consider such factors. Conversely, the Companies' proposed use of longer time frames, seven years of data for KEDNY and four years of data for KEDLI, tends to flatten the impact of external factors such as weather, downturns in economic conditions, and fuel supply prices. For these reasons, the Panel maintains that using the larger data sets proposed by the Companies provide a more appropriate basis for setting targets for the terminations and uncollectibles incentive.

Q. Please describe the SCSP's proposal for an additional metric for residential arrears under the terminations and uncollectibles incentive.

A. The SCSP (at 41-43) recommends implementation of an additional measure for the amount of dollars in residential arrearages. The SCSP references the monthly Collection Activity Reports ("CARs") filed in Case 91-M-0744 as a source for current reporting of both dollar amounts and the number of customers in arrears for each of the last five years for both KEDNY and KEDLI. The SCSP (at 44) asserts that since the original terminations and uncollectibles incentive went into effect in 2017, terminations have decreased but arrearages and the number of customers in arrears have risen for both Companies. Thus, the SCSP proposes to add a target for arrearages to incent the Companies to balance the measures more effectively.

Q. Does the Panel agree with the inclusion of residential arrears as part of the terminations and uncollectibles incentive at this time?

A. No, the Panel does not. Arrears, the number of customers in arrears, and ultimately uncollectibles, are affected by a number of external factors. Examples of such external factors include weather, adverse weather events that impact collections activity, changes in economic conditions, customer behavior (*e.g.*, customers' awareness of limits on the Companies' ability to field treat customer accounts or simply avoiding the Companies' collection attempts, which can effectively put off service termination while allowing the customer to continue to accumulate unpaid bills), and supply price changes. The SCSP's proposal for an arrears metric fails to account for exogenous factors beyond the Companies' control, which could undercut any performance improvements or other actions by the Companies to manage terminations, uncollectible expense, and arrearage. Without consideration of these external factors, the SCSP's proposal for a three-part performance incentive basically assumes that the external variables are held constant while the Companies manage performance under the metrics. In reality, the aforementioned exogenous factors can have a major impact on the metrics but are beyond the Companies' control and completely independent of efforts to manage customer arrears and uncollectible expense.

Q. Is the use of outstanding residential arrears reported on the CARs report (*i.e.*, 60-Day Arrears) an appropriate measure of collections performance?

A. No. Sixty-day arrears alone, viewed out of context with total accounts receivable ("A/R"), does not accurately indicate collections performance. Table 1, below, shows the twelve-month rolling average 60-day arrears and total A/R, and 60-day arrears as a percentage of total A/R. Arrears data are taken from the Companies' CARs reports and A/R data are provided in Exhibit __ (SSP-1R). To effectively track collections performance, the Companies consider arrearage not as an absolute number, but as a ratio or percentage of total A/R. This approach makes the measure less susceptible to external factors and more focused on how the Companies are handling 60-day arrears relative to the overall A/R balance.

<u>Table 1</u> – Terminations, Year-End 60-day Arrears v. Total A/R

KEDLI				
YEAR	Service Terminations	12 Month Average 60-Day Arrears	12 Month Average Total A/R	Ratio of 60-Day Arrears to Total A/R
2015	13,528	$32,751,847	$79,924,251	40.98%
2016	13,765	$24,025,799	$53,470,516	44.93%
2017	12,080	$23,259,156	$71,136,868	32.70%
2018	10,786	$25,195,545	$85,799,073	29.37%

KEDNY				
YEAR	Service Terminations	12 Month Average 60-Day Arrears	12 Month Average Total A/R	Ratio of 60-Day Arrears to Total A/R
2012	35,712	$56,521,696	$123,950,546	45.60%
2013	35,346	$56,547,225	$131,519,234	43.00%
2014	38,335	$58,209,223	$137,640,712	42.29%
2015	21,025	$63,116,186	$135,458,375	46.59%
2016	34,564	$55,046,379	$120,351,860	45.74%
2017	31,563	$56,703,720	$128,941,015	43.98%
2018	29,157	$59,976,064	$140,445,100	42.70%

As shown in Table 1 above, as total A/R increase (*e.g.,* in response to higher bills resulting from severe weather), 60-day arrears increase as well. Further, in years where terminations are lower, arrears tend to increase, and conversely, in years when terminations are higher, arrears tend to decrease. Because it reduces the impact of external factors reflected in total A/R, the Companies believe the ratio of the average 60 day arrears to total A/R is a more appropriate and stable gauge of collection performance than just the 60-day arrears.

Notwithstanding, as the data suggest, the relationship among customer terminations, uncollectible expense, and arrears is complex and subject to external forces beyond the Companies' control. The revised metrics proposed by the SCSP unrealistically attempt to limit the Companies' collections activities without accounting for the fact that terminations are inversely correlated with arrears. Although the Companies have demonstrated that they can manage reductions in two of the three areas, they cannot realistically push down performance on all three metrics at once, and thus, the Panel believes the Commission should reject the SCSP's proposal to implement an arrearage metric.

Q. Does the SCSP's proposed incentive result in undue focus on one metric over the others?

A. Yes. The SCSP's proposal (at 46-47) inexplicably weights terminations over uncollectible expense and the new measure for arrearage. For example, the SCSP's Exhibit __ (SCSP-3) states (at 2) for KEDNY that a partial incentive can be obtained "if the terminations measure is at or below the threshold target and the other two measures are at or below the average target." Thus, neither a full incentive nor partial incentive may be earned unless terminations are below threshold. By over-weighting terminations, the SCSP's proposal seems to contradict the statement that the incentive is intended to promote balanced collections performance, not just a reduction in terminations. Moreover, because data indicate that terminations are inversely correlated with total A/R and arrearage, it is unreasonable to expect the Companies to achieve targets in all three simultaneously.

Q. Are there limitations on the Companies' ability to reduce residential terminations, uncollectible expense, and residential arrears simultaneously, as the SCSP proposes?

A. Yes. If, for example, the Companies were to modify the current behavioral scoring mechanism and portfolio management package to prioritize accounts with high arrearages, it would take emphasis away from accounts with lower balances that are more likely to become uncollectible expense. This would lead to an increase in uncollectible bills in favor of a decrease in average arrears. Given that the Companies already seek to actively manage collections, go above and beyond Home

Energy Fair Practices Act ("HEFPA") requirements to notify customers of unpaid bills, offer budgeting tools, and negotiate collection arrangement and deferred payment agreement ("DPA") terms that consider customers' ability to pay, the Companies have no other practical means to reduce uncollectible expense at the same time as arrearages, except to increase service terminations.

Q. Could the SCSP's proposal for a revised terminations and uncollectibles incentive and a new arrearage metric be modified to provide a more appropriate measure of arrears and targets that do not place undue focus on terminations?

A. Yes. As explained above, to limit the influence of external factors on the absolute amount of 60-day arrears, arrearage is more appropriately measured by using the ratio of 60-day arrears to total A/R. Further, to address the undue focus on terminations in the SCSP's proposal, the Companies believe a more balanced incentive could be created where: (i) a full incentive would be achieved if the Companies meet threshold targets for any two of the three targets, with the third metric at or below the average target; or (ii) a partial incentive could be achieved if the Companies meet the threshold target for one metric, while achieving at or below average targets on the remaining two metrics. If the Commission were to adopt a terminations and uncollectible incentive that includes an arrearage metric, the Companies' proposed alternative would create an incentive that would be stretching but attainable, while balancing the focus across all three metrics, which more aptly fits the SCSP's stated purpose for the incentive.

Q. Did any other party provide testimony on the Companies' proposed positive incentive to reduce residential service terminations and uncollectible expense?

A. Yes. UIU witness Collar recommends (at 15) safeguards if such a metric is continued to include targets aggressive enough to ensure the Companies achieve true stretch goals. PULP witness Yates (at 35-36) recommends (i) the mechanism be modified to include an arrears component; (ii) updates to establish so-called "stretch" or "reach" targets for the metrics; and (iii) imposition of added negative revenue adjustments ("NRAs") for terminations and uncollectibles.

Q. Does the Panel agree with Mr. Collar's recommendations to modify targets for terminations and uncollectibles?

A. As discussed above, the Panel believes its proposed targets present appropriate and aggressive stretch goals. For KEDNY, Mr. Collar (at 17) proposes to set targets using the same methodology he recommends for calculating service quality standards, a five-year average with two standard deviations applied. For KEDLI, due to limitations in available data, Mr. Collar (at 18) proposes to set targets using a four-year average and two standard deviations. However, given the impact of external factors on total A/R, 60-day arrears, and uncollectible expense, the Companies believe that a more appropriate threshold target could be based on a single standard deviation from the historical average. Use of two standard deviations, as suggested by Mr. Collar (at 18), results in targets that are not achievable and thus, not manageable within the Companies' credit and collections processes. The Companies support the SCSP's proposal to use one standard deviation from the agreed upon averages as a more reasonable and appropriate way to set targets for this incentive.

Q. Does the Panel agree with Mr. Yates' recommendation to modify targets for terminations and uncollectibles?

A. No. Mr. Yates (at 36) proposes to set targets using the most recent seven-year average of terminations for the twelve months ending June 30. Mr. Yates proposes to normalize the data by removing the lowest and highest years from the averages. For KEDLI, use of seven years of data does not properly account for substantive changes in terminations in the years following the LIPA separation. The LIPA separation had a pronounced effect on KEDLI's termination rates, as KEDLI was formerly able to rely upon electric terminations to avoid gas terminations for combined gas/electric customers. With the separation of the electric service in 2014, KEDLI could no longer rely primarily on electric terminations to cause customers to pay their gas bills. Mr. Yates' proposed use of pre LIPA-separation termination data is not representative of the number of service terminations for KEDLI's current operations and should be excluded from the calculation, as was done by the SCSP, KEDLI, and UIU. As discussed above, the Panel believes its proposed targets, based on four-years of data obtained post LIPA-separation, present appropriate and aggressive stretch goals. Given there are sufficient data currently available to calculate representative targets, the Companies also do not believe that Mr. Yates' proposal (at 36) for further updates of these calculations following the issuance of a final order approving rates in these proceedings is warranted.

Q. Does the Panel agree with Mr. Yates' recommendation to modify targets for terminations and uncollectibles using two standard deviations from the historical average?

A. No. Mr. Yates (at 36) recommends using two standard deviations from the average to set targets. Without substantive support, Mr. Yates suggests (at 36) that use of two standards deviations would carry a 95 percent confidence level that results would therefore "most likely be due to utility actions." As discussed previously, arrears and uncollectible expense are driven by many factors, including external factors beyond the Companies' control. Setting the incentive targets at two standard deviations would establish targets that are not reasonably achievable by the Companies. As stated above, the Companies support the SCSP's proposal to use one standard deviation from the agreed upon averages as a more reasonable and appropriate way to set targets for this incentive.

Q. Do the Companies agree with that Mr. Yates' proposal that NRAs be imposed to provide a disincentive to high rates of residential service terminations?

A. The Panel does not believe Mr. Yates' proposal (at 36) for NRAs is a necessary or appropriate mechanism to reduce service terminations or uncollectible expense. Residential service terminations are a last resort in the collections process. Customers already receive outbound calls, reminder notices, deferred payment agreement offerings, and collect-only field visits before terminations are pursued. The Companies do not believe that an NRA is warranted or has been justified by Mr. Yates.

Q. Has the Commission approved positive-only incentives for uncollectible expense and residential service terminations for other utilities in the State?

A. Yes. The Commission has approved positive-only revenue adjustments for uncollectible expense and residential service terminations for Central Hudson Gas & Electric, Consolidated Edison, Orange & Rockland Utilities, New York State Electric & Gas, Rochester Gas & Electric, KEDNY, and KEDLI.[1] The Companies maintain that similar positive-

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[1] *See*, Cases 17-E-0459 & 17-G-0460, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of the Central Hudson Gas & Electric Corporation for Electric and Gas Service,* Order Approving Rate Plan (June 14, 2018); Cases16-E-0060, 16-G-0061, et al., *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric & Gas Service.* Order Approving Electric and Gas Rate Plans (January 25, 2017); Cases 15-E-0283, 15-E-0284, et al., *Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York State Electric & Gas Corp. for Electric Service, et al.*, Joint Proposal (February 19, 2016); Cases 15-E-0285, 15-E-0286, et al., *Motion of the Commission as to the Rates, Charges, Rules and Regulations of Rochester Gas & Electric Corp. for Electric Service, et al.*, Joint Proposal (February 19, 2016); Cases 14-E-0493 and 14-G-0494, *Order Adopting Terms of Joint Proposal and Establishing Electric Rate Plan, et al.* (October 16, 2015); 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, et al.* (December 16, 2016); and Case 16-G-0059, *Proceeding on Motion of the Commission as to the*

only revenue adjustments should be adopted for KEDNY and KEDLI, and that the Commission should reject Mr. Yates' proposal for NRAs.

V. Credit and Collections Process and Reconnect Fees

Q. Mr. Yates alleges (at 46) that the Companies' collection procedures do not ensure customers having difficulty paying their bills are offered DPAs meeting the statutory requirements of HEFPA. Does the Panel agree?

A. No. The Companies' practices regarding DPAs are fully compliant with the New York Public Service Law and HEFPA regulations. As acknowledged by Mr. Yates, the Companies offer customers several forms of payment arrangements to make affordable payments and provide additional time to pay down arrears and avoid termination of service. These include short term collection arrangements, offers of a standard payment agreement, and ultimately, the offer of a written minimum DPA to eligible customers. HEFPA requires utilities "to make reasonable efforts to contact eligible customers" for the purpose of: (i) offering a deferred payment agreement; and (ii) negotiating terms tailored to the

(..continued)
Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a National Grid NY for Gas Service, *et al.* (December 16, 2016); and Case 16-G-0369, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Corning Natural Gas Corporation for Gas Service*, Order Adopting Terms of Joint Proposal and Establishing Gas Rate Plan (June 15, 2017).

customer's financial circumstances.[2] Collectively, the Companies' outbound calling campaigns, bill notices, and final termination notices, coupled with offers of payment arrangements and written DPAs, comply with the Companies' obligation under HEFPA.

Q. Mr. Yates alleges (at 50-52) that KEDNY's offer of a standard payment agreement automatically upon issuance of the final termination notice to an eligible customer in arrears is unreasonable and does not comply with HEFPA. Does the Panel agree?

A. No. Mr. Yates' assertion is incorrect. KEDNY's practice of mailing a written standard payment agreement to every eligible customer along with the first disconnect notice is compliant with HEFPA. HEFPA requires KEDNY to offer *either* a negotiated DPA tailored to the customer's financial circumstances, *or* a payment agreement with a "down payment up to 15 percent of the amount covered by the payment agreement or the cost of one half of one month's average usage, whichever is greater; unless such amount is less than the cost of one half of one month's average usage, in which case the down payment may be up to 50 percent

[2] HEFPA § 11.10(a)(1).

of such amount."[3] In accordance with this requirement, KEDNY's customer service system automatically calculates the terms of the mailed standard agreement using the method prescribed in HEFPA and sends eligible customers a HEFPA-compliant written DPA.

Q. Does the Panel agree with Mr. Yates' assertion that KEDNY's collection procedures do not ensure customers are offered affordable DPAs meeting the statutory requirements of HEFPA?

A. No. As discussed above, KEDNY's practices comply with regulatory and statutory requirements of HEFPA. Mr. Yates' assertion (at 49) that KEDNY's requirements for customers to complete DPAs unnecessarily impede access to affordable DPAs are unfounded. KEDNY customers can submit a standard DPA via mail, or they can utilize any of the Company's multiple walk-in customer offices to provide the necessary documentation to support their need for more affordable DPA terms or to renegotiate the terms of existing DPAs. As Mr. Yates expressly

[3] *See,* HEFPA § 11.10 (c) (2) stating, "[a] payment agreement shall either contain: (i) the specific terms for payment of the amount covered by the agreement mutually agreed upon by the utility and the customer or applicant after negotiation pursuant to paragraph (a)(1) of this section; or (ii) a down payment up to 15 percent of the amount covered by the payment agreement or the cost of one half of one month's average usage, whichever is greater; unless such amount is less than the cost of one half of one month's average usage, in which case the down payment may be up to 50 percent of such amount; and monthly installments up to the cost of one half of one month's average usage or one tenth of the balance, whichever is greater."

acknowledges (at 61), “HEFPA does not mandate a particular manner in which evidence of a customer’s individual circumstances shall be accepted.” KEDNY’s existing process has been in effect since the advent of HEFPA and could not be changed without extensive changes to billing systems and processes. Such changes are not warranted, particularly with the implementation of E-DPA, which will soon make available electronic DPAs to KEDNY customers, as an additional means to enter into a DPA suited to the customer’s needs.

Q. Does the Panel agree with Mr. Yates’ recommendation that KEDNY abandon its existing process for handling financial statement forms and negotiating DPAs?

A. No. KEDNY’s current processes comply with HEFPA requirements, and no modifications to the current process are required. Notwithstanding, the Companies are planning to implement electronic DPAs, which will provide an additional avenue for customers to work with the Companies to enter DPA terms suitable to individual customer needs.

Q. Does the Panel agree with Mr. Yates' further recommendations regarding making detailed billing data available to customers, or developing enhanced bills, and tracking mechanisms for public assistance status?

A. No. Mr. Yates suggests (at 72) that at least six years of detailed billing data should be made available to residential customers as soon as they enroll in e-Billing. Further, Mr. Yates asserts (at 72) that customers who receive a utility guarantee/direct voucher and have "abeyance" amounts that date back more than six years, also receive online data extending back at least three months prior to the start of the abeyance or beginning of the direct voucher benefit. Similarly, Mr. Yates suggests (at 72) the development of an application that tracks the public assistance status of customers and reports such status to customers in "real-time" through the "e-Billing portal." The Companies, however, do not have an e-Billing portal like that proposed by Mr. Yates. To implement Mr. Yates' proposals, the Companies would have to modify the legacy billing systems, data storage systems, and operating procedures in multiple ways, including increasing the amount of customer data stored and available in the current billing systems. Even if it were feasible to expand the legacy billing system storage capacities as Mr. Yates suggests, the costs would prohibitive, and there is no evidence such capabilities would provide a meaningful benefit to customers or the customer experience.

Q. Does Mr. Yates have other suggestions regarding providing data and outreach to public assistance customers?

A. Yes. Mr. Yates suggests (at 72) that the Companies provide public assistance customers "complete detailed reconciliations of all transactions between HRA/DSS and KEDNY/KEDLI pertaining to their One-Shot grants, [utility guarantee]/[direct voucher] assistance and HEAP grants, and abeyances.'" Tracking, accounting, and reporting on the benefits associated with such programs should be the responsibility of the agency providing the benefits (*e.g.,* New York City's Human Resources Agency "HRA"), not the Companies. Mr. Yates also suggests (at 72-73) that the Companies should conduct additional telephone outreach at least annually to review assistance status with customers, including abeyance amounts; provide notice to customers when assistance benefits will end; compile summaries of discussions between customers and the Companies regarding such benefits; and conduct a campaign to secure customer acknowledgment of their agreement with these summaries. As with Mr. Yates' proposed detailed reconciliation and summaries of benefits, the Companies believe that outreach to review assistance and benefits with customers, whether by telephone or otherwise, should be the responsibility of government agencies providing the benefits, not the Companies. The Companies already provide customers with bills showing balances prior to customers becoming a utility guarantee/direct voucher recipient. These bills would already show the prior arrears, and thus abeyance amounts Mr. Yates is suggesting be provided to customers.

Q. Does the Panel agree with Mr. Yates' recommendation (at 73) to grant automatically 30-day extensions and suspension of all collections for customers no longer on utility guarantee/direct voucher programs or 90-day extensions to customers with reconciling transactions involving HRA and/or the Department of Social Services ("DSS")?

A. No. Mr. Yates' proposal (at 73) to suspend all collections actions against such customers is not required by HEFPA or the Companies' procedures governing credit and collections. To the extent customers face administrative issues as Mr. Yates suggests, such as whether or not an agency has paid a bill, provided notice to the customer, or whether a customer continues to be eligible for direct voucher benefits, these are matters for discussion between the customer and the agency. The possibility of such discussions and related notifications to the Companies regarding such interactions do not merit automatic suspensions of up to 90 days as suggested by Mr. Yates (at 72). Granting such a request could create additional confusion among customers regarding when payments are due, result in delayed or missed payments to utilities and drive up customer arrears, without any specific benefit for affected customers. In light of the fact that the Companies already work with customers to reach terms for an affordable DPA in accordance with HEFPA, there is no reason to grant additional automatic suspensions for such customers, and Mr. Yates' proposals in this regard should be dismissed by the Commission.

Q. Please describe Mr. Yates' recommendation (at 76) for solving what he characterizes as the problem of customers who meet the criteria for special protections under HEFPA because they are elderly, blind, or disabled ("EBD") and/or have medical emergencies but have not had their accounts coded as such.

A. Mr. Yates recommends (at 76) that, in connection with the Companies' plans to upgrade their CSS and CRIS systems, a secure web-based portal be created in lieu of existing processes to track applications for customers seeking to be coded for EBD and/or medical emergency status. Mr. Yates suggests (at 76) that the secure portal be designed to manage the ongoing status of certification and re-certification for EBD and/or medical emergency customers, and further, that the portal be available to customers, their authorized representatives, healthcare providers, and Staff. Further, Mr. Yates' recommends (at 76) that automatic extensions and suspension of credit and collections activity be afforded to customers seeking EBD and/or medical emergency coding – and that such suspension be granted automatically before the customer has been qualified as eligible for any sort of protection.

Q. Does the Panel agree with the development of a secure web portal and the automatic suspension of all credit and collections activity for customers seeking EBD and/or medical emergency coding?

A. No. Mr. Yates has not made an adequate demonstration to justify the need to replace the Companies' current process for coding EBD and/or medical emergency customers with a secure web portal. Although a secure web portal could enhance the Companies' capabilities, such a system with the broad access contemplated by Mr. Yates (*e.g.,* extending to the customers' representatives, healthcare providers, and government agencies) would also proportionally increase the Companies' risk associated with a breach of customer personally identifying information ("PII"). The cost of such a system, particularly one with sufficient safeguards to protect sensitive PII associated with a customer's medical and income status, would be substantial. Granting Mr. Yates request (at 76-77) for automatic extensions and suspension of credit and collections activity to a customer seeking EBD and/or medical emergency coding before meeting HEFPA requirements for such coding, would be premature and inconsistent with the plain language of HEFPA. If a customer does not meet the requirements for EBD or medical emergency coding in Sections 11.5 (b)(1) and 11.5 (a) of HEFPA, respectively, the account should not be coded or treated as such. Extending such status to accounts that have not been qualified would be inconsistent with HEFPA. Further, granting such suspensions could create confusion among customers regarding when payments are due, result in delayed or missed payments to utilities, and drive up customer arrears, without any specific benefit for affected customers, particularly when such customers might never qualify for protection. At this time, the Companies do not believe that the potential risks associated with implementing such a system outweigh the costs or resources required.

Q. Mr. Yates cites a number of past complaints in his testimony. Does the Panel believe these complaints justify Mr. Yates' various

proposals to make additional customer data available and to modify the billing systems and credit and collections processes?

A. No. In support of his proposals, Mr. Yates refers to a number of complaints (at 52-57). These complaints, however, are unique to each customer circumstance and do not demonstrate that fulfilling Mr. Yates recommendations would provide any meaningful value to customers or the customer experience outside of a very limited number of cases that become Commission complaints each year. In most cases, the data requested by Mr. Yates would generally be redundant to the original billing information provided to the customer or would involve data that originates from a third party, such as HRA. The Panel does not believe these complaints justify requiring the Companies to provide additional data or system enhancements, because there is already sufficient data available to work with customers and Staff to resolve cases that do arise.

Q. Does the Panel agree with NYCLIP's recommendation (at 33) for KEDNY to eliminate reconnection fees altogether for low income customers?

A. No. NYCLIP (at 33) proposes that KEDNY eliminate reconnection fees altogether for low income customers because it will provide them with a better opportunity to remain utility customers and pay their utility bills.

NYCLIP suggests that reconnect fees create a further financial barrier for customers who have already demonstrated an inability to pay utility bills. NYCLIP acknowledges (at 33) that KEDNY already provides a one-time waiver of the reconnection fee, but then suggests that customers with an inability to pay utility bills and multiple service terminations should be reconnected without a fee. By NYCLIP's admission (at 33), such customers may be unable to pay utility bills. If so, provision of additional utility service would only serve to increase arrears and uncollectible expense, which burdens all customers. NYCLIP also suggests (at 35) that having KEDNY eliminate reconnect fees would harmonize KEDNY's practices with those already adopted by KEDLI and avoid the possibility that customers in similar areas be subject to different rules on reconnection fees. KEDNY and KEDLI, however, are separate and distinct companies, with separate tariffs and pricing structures, and, like other utilities within New York, there is no requirement that KEDNY and KEDLI have identical fees and terms for service. For these reasons, KEDNY does not support eliminating the reconnection fees as NYCLIP suggests.

Q. Please describe NYCLIP's recommendation to increase the frequency of the HRA file match and corresponding increase in the reimbursement cap?

A. NYCLIP recommends (at 36-37) that HRA increase the file match frequency from twice a year to four times a year (*i.e.,* quarterly). In support of its proposal, NYCLIP suggests (at 37) that increasing the frequency of file matching will ensure customers who are newly qualified are properly qualified and receive the utility low income discount sooner. As part of its proposal to increase the frequency of file matches, NYCLIP recommends (at 38) that the annual reimbursement cap be increased from $100,000 to $200,000.

Q. Does the Panel agree with NYCLIP's recommendation to double the frequency of file matches and increase the reimbursement cap?

A. No. As NYCLIP acknowledges (at 37), more frequent matches would not necessarily equate to an increase in participation levels. Indeed, the Panel believes the frequency of file matching will have little, if any, impact on the total number of customers enrolled, because each file match has the potential to remove customers as well as add them. Said differently, changing the frequency of file matches is just as likely to increase the frequency of customers being removed as it is to increase the frequency of customers being added. Thus, increasing the frequency of file matches would only serve to increase the administrative costs of the HRA file matching process, without providing any discernible benefits for customers. For this reason, the Panel does not support NYCLIP's proposal to double the file matching frequency or to increase the cap on reimbursement.

VI. <u>Customer Service Quality</u>

Q. Are service quality measures and negative revenue adjustments appropriate or necessary in the context of a one-year rate case?

A. No. KEDNY and KEDLI have met or exceeded their respective service quality targets since 2015, with KEDNY consistently meeting all of its metrics since 2008. As the Companies have demonstrated good performance in meeting the service quality metrics over the years, there is no basis to include metrics in a one-year litigated rate case. This is consistent with the Commission's order in Case 16-G-0257, which established rates for National Fuel Gas in a one-year case with no service quality metrics. The consistently high level of performance delivered over multiple, consecutive years should provide the Commission with sufficient comfort that service will not be diminished in a one-year rate plan. For these reasons, the Companies do not believe that customer service quality program metrics are warranted.

Q. Did any of the parties recommend changes to the Companies' current Service Quality Assurance ("SQA") metrics or targets?

A. Yes. The SCSP (at 9) recommends modifications to the targets of the PSC Complaint Rate, Residential Customer Transaction Satisfaction, Percentage of Calls Answered within 30 Seconds, and Percentage of Adjusted Customer Bills to make the targets more challenging. The SCSP's specific modifications are provided in Exhibit___(SCSP-2). Mr. Collar (at 10) also recommends modifications to the targets for KEDNY's PSC Complaint Rate and Residential Customer Transaction Satisfaction, KEDNY and KEDLI's Adjusted Customer Bills metrics, and KEDLI's Telephone Answer Rate.

Q. Please describe how the SCSP's proposes to establish new targets for the Companies' current SQA Program.

A. The SCSP asserts (at 27) that its proposed modifications are intended to better reflect the Companies' current operating environment and continue to provide a financial incentive to maintain satisfactory customer service. The SCSP notes (at 27) that the Commission has generally assumed that the historical average represents a satisfactory level of service and that negative revenue adjustments are required if service degrades to a level two standard deviations from the utility's average performance. With the exception of KEDNY's call answered metric, the SCSP suggests (at 27) that the measures be set using a three-year historic average for all of the metrics except for the PSC Complaint Rate, which, as explained below, the SCSP recommends be set at 1.0 for both Companies.

Q. How did the SCSP determine its proposed revised targets for the PSC Complaint Rate Metric?

A. The SCSP recommends (at 33) changing the minimum target for PSC Complaints per 100,000 customers from 1.1 to 1.0 for both KEDNY and KEDLI. The SCSP also calculated what the complaint rate targets for KEDNY and KEDLI would be using the methodology described above. The SCSP recommends (at 33) not adopting targets based on this methodology, since the resulting complaint rates of 0.67 and 0.72 complaints per 100,000 customers for KEDNY and KEDLI, respectively, would be too stringent. The SCSP acknowledges (at 33) that the most stringent target currently in use at a New York utility is 1.0 per 100,000 customers, and thus, the SCSP recommends that the Commission adopt a target of 1.0 for both Companies.

Q. Does the Panel agree with the SCSP's recommendations for adjustments to the targets for the service quality metrics?

A. No. The SCSP does not allege, nor have they demonstrated, that it is necessary to make current performance measures stricter to provide customers with safe and adequate or satisfactory customer service. The Commission adopted the current performance targets three years ago in the 2016 KEDNY and KEDLI Rate Cases, and, other than the Companies' achievement of better than targeted performance, the SCSP has not identified any changed circumstances that provide a basis for finding the existing targets are somehow unreasonable or inadequate to assure satisfactory service.

Further, the SCSP's position creates a perverse incentive wherein it "rewards" the Companies for exceeding its established targets with even more aggressive targets. Compounding this inequity is that Staff is proposing more stringent targets but not providing the Companies with the necessary funding to meet these targets. Indeed, Staff is proposing a rate decrease for KEDLI with a minimal increase for KEDNY while at the same time increasing the service quality targets. The SCSP's proposal also fails to recognize the current environment wherein the Companies are unable to provide new gas service to customers, which inevitably will lead to an increase in the number of complaints and decrease in overall satisfaction. The SCSP proposal is unreasonable and not supported by any evidence justifying the need to increase the targets that were only recently just set.

Q. Please summarize Mr. Collar's recommendations for adjustment of SQA targets.

A. Mr. Collar recommends (at 11-13) that KEDNY's PSC Complaint Rate targets be adjusted from 1.5 to 0.7 complaints per 100,000 customers; Residential Transaction Satisfaction index be adjusted from 84.8 percent to 86.4 percent; and Adjusted Customer Bills be adjusted from 1.69 percent to 0.62 percent, with rate intervals as shown in Exhibit __ (GCC-2). For KEDLI, Mr. Collar recommends (at 12-13) that the Calls Answered Rate be adjusted from 62.2 percent to 64.4 percent and that Adjusted Customer Bills be adjusted from 1.69 percent to 0.62 percent, with rate intervals as shown in Exhibit __ (GCC-2).

Q. Is it reasonable to require higher levels of performance if the Companies have been meeting or exceeding a particular target?

A. No. As discussed above, the Companies should not be penalized by the imposition of more stringent targets as a consequence of delivering performance that meets or is above current minimum standards. The only justification offered by the SCSP or Mr. Collar to increase the targets is that the Companies have been meeting or exceeding the current performance targets. That does not provide a reasonable basis to modify the current performance targets. Although the Companies have been successful in achieving the targets in recent years, circumstances outside of the Companies' control can cause performance to decline in any given year, in spite of the Companies' best efforts.

Q. Does the Panel agree that ratcheting up SQA targets in response to meeting or exceeding existing performance levels is sound regulatory policy?

A. No. The SCSP acknowledges (at 29-30) that using the typical methodology to set targets for KEDNY's Calls Answered metric "would allow KEDNY's performance to drop below the current threshold" (*i.e.*, result in a less stringent target). Suggesting (at 30) that customer service should never be permitted to degrade, the SCSP recommends keeping the target at current levels, thus creating a "ratchet" where standards can only be increased and never be allowed to become less stringent. The Panel believes that ratcheting up performance measures solely based on past good performance is unreasonable and contrary to sound regulatory policy. Creating a ratchet, whereby by good performance is rewarded with steadily increasing performance targets creates a disincentive to achieve performance levels that are anything above meeting existing targets. Furthermore, ratcheted performance measures will eventually reach a level that cannot be reasonably achieved or sustained with current budgets – leading to a need to increase rates to achieve continuously increasing performance levels. For these reasons, the Companies believe it is contrary to sound regulatory policy to make targets more stringent merely because a utility has consistently been meeting the existing target.

Q. Does the Panel agree with the recommended changes to the existing SQA targets by the SCSP and Mr. Collar?

A. As discussed above, the Companies do not believe that changes to existing SQA metrics or targets are necessary at this time. The SCSP and Mr. Collar have not demonstrated that it is necessary to make the targets stricter to provide customers with a higher quality of service. The Companies should not be penalized by the imposition of more stringent targets as a consequence of delivering performance that is above current standards. For these reasons, the Companies disagree with the proposal to modify the current SQA targets.

VII. Low Income Programs

Q. Do any of the parties have recommendations regarding the Companies' implementation of the Energy Affordability Program ("EAP") and the Commission's policies on low income programs?

A. Yes. NYCLIP has a number of recommendations (at 8-32) regarding the tiered bill discount amounts and file matching programs under the Companies' current EAP, along with suggested modifications to the Commission's policies on low income programs. Mr. Yates also has a number of recommendations (at 37-39) regarding implementation of the EAP.

Q. Is NYCLIP's suggestion that the Companies intend to keep tier discounts constant following January 1, 2019 correct?

A. No. NYCLIP (at 21) suggests that the Companies' are proposing to "maintain the same bill discounts that are in effect as of January 1, 2019," and that this would result in customers receiving "proportionally lower discounts then they receive now." This statement is incorrect. The Companies do not propose to maintain the discounts constant in future years. As noted in the Panel's direct testimony (at 71), the amounts provided reflect "current benefit amounts" for each tier. Current benefit amounts were used for purposes of forecasting only, not to establish actual tier discounts for future years. Pursuant to the Commission's "Order Adopting Low Income Program Modifications and Directing Utility Filings," issued May 20, 2016 in Case 14-M-0565 (the "Low Income Order"), and subsequent "Order Approving Implementation Plans with Modifications," issued on February 17, 2017 (the "Implementation Order"), the Companies perform annual updates to the tiered discount amounts and will make necessary adjustments, on an annual basis, to ensure the discounts are set at levels necessary to keep the energy burden at or below six percent.

Q. Does NYCLIP propose changes to how median income is determined under the Commission's current low income program structure?

A. Yes. NYCLIP proposes (at 25) to modify how median incomes are determined for New York City customers. Under NYCLIP's proposal a different median income would be used for New York City residents than elsewhere in the State. This would deviate from methodology adopted by the Commission in the Low Income Order (at 22-24) and is contrary to the Commission's objectives to standardize low income programs and establish discounts and budgets on a statewide basis.

Q. Does NYCLIP propose changes to how low income discounts are calculated under the Commission's current low income program structure?

A. Yes. Based on NYCLIP's proposed changes to median income (at 22-24), and proposed adjustments to the Companies' average bills (at 25), NYCLIP presents (at 26) a new set of proposed tier discount levels for the Companies low income customers. NYCLIP's proposed discounts, however, are not consistent with the methodology adopted by the Commission in the Low Income Order and, by NYCLIP's own admission (at 27), would result in KEDNY exceeding two percent of operating revenues, which is the budget cap established by the Commission for such programs in the Low Income Order.

Q. Does NYCLIP propose an alternative approach for setting low income discount levels?

A. Yes. NYCLIP proposes (at 29) that, if the Commission does not adopt their proposal for increased discounts (*i.e.,* based on NYCLIP's modified median income and average bill amounts), "discounts for heating customers should be increased by $20 for all tiers." NYCLIP (at 29) does not provide any substantive basis for choosing $20, only that it would "significantly improve energy burden cost." As with NYCLIP's prior proposals, the $20 proposal would be contrary to the standardized process for calculating discounts adopted by the Commission in the Low Income Order and should be dismissed by the Commission.

Q. Does the Panel have any other recommendations regarding NYCLIP's proposal to modify how EAP is implemented and how the discounts are calculated?

A. Yes. The Panel acknowledges that the Commission's affordability policy articulated in Low Income Order (at 7-9) provides for future refinement to certain program areas; however, Case 14-M-0565 is a generic case for all major electric and gas utilities. In the Low Income Order, the Commission states (at 4) that standardizing the programs "will lead to adoption of a consistent, more uniform approach to the design and implementation of these programs." This is further reinforced in the "Order Granting in Part and Denying in Part Requests for Reconsideration and Petitions for Rehearing," issued February 17, 2017 (the "Rehearing Order"), wherein the Commission states (at 16) that it seeks to standardize the programs, streamline the regulatory process and ensure consistency with the Commission's statutory and policy objectives. NYCLIP's approach would deviate from the Commissions' stated objectives of seeking standardization, consistency and uniformity among programs statewide. The Commission also directs that potential areas for re-examination and refinements will be examined and addressed on a generic basis by the Inter-Agency Task Force established pursuant to the Low Income Order (at 9), which was established to "achieve greater program coordination, share information, eliminate duplicative efforts, lower costs and increase effectiveness, and advise in the development of low income energy-related policies and programs." For these reasons, the Panel believes the Commission should reject NYCLIP's low income proposals and continue its policy of a generic, statewide approach, which includes opportunities for refinements where applicable and in keeping with the ongoing affordability proceedings in Case 14-M-0465.

Q. Please describe Mr. Yates' proposal to expand on the Companies' proposed addition of a new one-half of a full time equivalent ("FTE") to support the EAP.

A. Mr. Yates suggests (at 39) that the Companies' proposal to add one-half of a FTE be expanded by another one-half FTE to one full FTE. Mr. Yates suggests (at 39) the additional one-half FTE resource could then be dedicated to increasing KEDLI participation rates in the EAP, and that an EAP enrollment increase for KEDLI would more than justify the added head count.

Q. Does the Panel support Mr. Yates' proposal to dedicate the additional one-half FTE resource to increasing KEDLI EAP participation?

A. No. Mr. Yates suggests (at 39) that the added one-half FTE be dedicated to increasing KEDLI participation rates. The Panel agrees that additional resources would be beneficial in supporting EAP implementation but does not believe the resource should be dedicated solely to increasing KEDLI EAP participation rates. Under Mr. Yates' proposal, three-quarters of an FTE would be dedicated to KEDLI and one-quarter to KEDNY. Given the respective scale of the KEDNY and KEDLI EAP programs the Companies believe a better approach would be to allow the Companies flexibility to utilize the resource in a more balanced manner that best supports EAP efforts across both KEDLI and KEDNY.

VIII. Credit Card and Debit Card Payments

Q. Please describe the SCSP's recommendations regarding credit/debit card fees.

A. The SCSP recommends (at 55) that the Commission allow the Companies to accept credit/debit cards from customers for bill payment, under the condition that the per-transaction fee does not exceed the current amount of $2.25, as described in the Companies' response to IR DPS-368, a copy of which is included in the SCSP's Exhibit __ (SCSP-1). Staff also recommends (at 55) that the Commission impose a downward-only reconciliation.

Q. Does the Panel agree with SCSP's recommendation to limit the per transaction fee to $2.25 and the possibility that credit/debit cards be accepted for more than just residential customers?

A. No. The recommendation of the SCSP (at 55) could be read to suggest that all customers could use credit/debit cards. The Companies' proposal, however, was limited to "residential customers." Further, the SCSP's recommendation (at 55) that the per transaction fee not exceed $2.25, does not reflect key details from the Companies' proposal and the response to IR DPS-368. In the response to IR DPS-368, the Companies detailed how credit/debit card fees are currently charged by the Companies' third party vendors. This includes a two-tiered payment structure and a de facto limit on the total amount that can be charged in a single credit card transaction. The rates charged by the Companies' vendor are $2.25 for transactions from $0.00 to $600.00 and $4.50 for transactions between $600.01 and $1,200.00. Unlike these vendors, the Companies original proposal did not use a multi-tiered payment structure; rather, the proposed fees were estimated based on the number of customers anticipated to use credit/debit cards and the historic fees incurred when customers paid by credit card.

As the SCSP acknowledges (at 55), "the [SCSP] is concerned that the transaction fees, once socialized in base rates, will heavily increase, as is the case at other New York utilities." Given the possibility that larger fees could be incurred for high-dollar credit card payments, the SCSP's proposal to cap per transaction fees at $2.25 could result in significant under-recovery of costs under the no fee model. For that reason, the Companies do not agree that per transaction fees should be capped at the current fee for payments up to $600.00. Instead, the Companies should be permitted to socialize the total per transaction costs, even if these costs exceed $2.25. The Companies already have sufficient incentive to work with vendors and to increase transaction volumes and aggregate buying power to lower the per transaction costs.

Q. Do the Companies believe a downward-only reconciliation mechanism is appropriate for implementation of the no-fee model?

A. No. Considering the uncertainty associated with the credit/debit card transaction fees and SCSP's acknowledgment (at 55) that transaction fees, once socialized in base rates will heavily increase, the SCSP's proposal could create a situation where the Companies are forced to subsidize all customer credit/debit card fees above the initial forecast, and fees above the artificial limit of $2.25 per transaction proposed by the SCSP. The

SCSP provides no justification for a downward-only reconciliation mechanism other than incentivizing the Companies to push for lower transaction fees. As discussed above, the Companies already intend to work with vendors to leverage increases in transaction volumes to achieve lower transaction fees. A further consequence of the SCSP's proposal for a downward-only reconciliation mechanism would be to incentivize the utility to discourage and/or seek to limit credit card payments. Notwithstanding customer desire to proceed with credit card payments, under these conditions, with a downward-only reconciliation mechanism and an artificial cap on transaction fees, the Companies would not support moving forward with the proposal to socialize credit card fees.

IX. Outreach and Education Reports and Electronic Deferred Payment Agreements

Q. Please describe the SCSP's recommendations regarding the outreach and education reports.

A. The SCSP recommends (at 56) that the Companies conduct additional outreach and education to ensure customers are aware that higher gas usage will increase their monthly bill. The SCSP suggests this could be in the form of bill inserts, website updates and/or letters/postcards. The SCSP also recommends (at 57) that the Companies file their annual outreach and education reports and plans with the Secretary in the docket for Case 17-M-0475, by April of each year.

Q. Does the Panel have any concerns with the SCSP's proposal (at 56) to require additional outreach and education for customers with higher gas usage?

A. Yes. Depending upon the nature of outreach required, conducting additional outreach and education campaigns such as letter campaigns and bill inserts can require additional postage and printing costs not contemplated in the Companies' original outreach and education plans. The Companies would not support the SCSP's proposal for additional outreach on the impact on customer bills of higher gas usage, unless the incremental costs of such campaigns were added to the Companies' current budgets for outreach and education.

Q. Does the Panel have any concerns with the SCSP's proposal (at 57) to require the annual outreach and education report be filed by April of each year?

A. Yes. Going forward, the Companies' fiscal years will close on March 31 of each year. This includes the budget year and plan for outreach and education. To provide the Companies sufficient time to address fiscal year-end and to prepare the annual reports, the Companies believe the outreach and education report should not be due until at least 60 days following April 1 of each year.

Q. Please describe the SCSP's recommendations regarding reporting for electronic deferred payment agreements.

A. The SCSP recommends (at 52) detailed reporting in connection with the implementation of electronic DPAs. The Companies agree with the recommendation to provide detailed reporting for electronic DPAs using data points that correspond to information reported in standard collection activity reports. However, the SCSP recommendations (at 52) to go beyond existing data reported in the collection activity reports and to provide summaries of any customer inquiries and/or complaints received regarding electronic DPAs would be redundant to the existing Department of Public Service quick response system and formal complaint process for addressing customer inquiries and complaints and would be difficult to track and report. Moreover, following a brief introductory period for electronic DPAs, the reporting on customer inquiries and complaints regarding electronic DPAs would provide no discernible benefit beyond insights already obtained by the SCSP and the Commission via the normal complaint process and reporting. Although the Companies agree to provide detailed reporting on electronic DPAs, these reports should not be required to include additional data on inquiries and complaints.

VIII. Conclusion

Q. Does this conclude your testimony?

A. Yes.

MR. EUTO: Okay. Thank you, Your Honor.

BY MR. EUTO: (Cont.)

Q. Did you also sponsor 15 exhibits premarked for identification as Exhibits 190-200 consisting of your exhibits SSP1 through SSP11; and Exhibit 300 consisting of an Appendix A; Exhibits 301 to 302 consisting of Exhibits SSP5CU and SSP6CU; and last Exhibit 368 consisting of Exhibit SSP-1R?

A. Yes.

Q. Were these exhibits prepared by you or under your supervision and direction?

A. Yes.

Q. Thank you.

MR. EUTO: Your Honor, the witnesses are available for cross.

A.L.J. COSTELLO: Okay. DPS staff?

CROSS EXAMINATION

BY MS. PARKS:

Q. This is Raquel Parks for DPS staff. Good morning, Panel.

A. (Panel) Good morning.

Q. Please list the four performance measures for KEDNY and KEDLI's current customer service quality programs?

A. (Gans) This is Arlene Gans. The -- for KEDLI specifically, we have service quality measures for customer satisfaction, call answer rates, regulated complaints, and adjusted bills.

Q. And for KEDNY?

A. It would be the same.

Q. And how do the companies KEDNY and KEDLI store the data for these four measures that you just mentioned?

A. I will say that that's not my personal area of expertise. We have a team that works on the reporting. I believe there's information in the exhibits, and I'm going to take some time to look for that. Okay.

Q. I can rephrase that question. How long do you store the data for each of these measures?

A. We store the data for a minimum of five years, and in fact, the historical data that's retrievable can go back significantly longer than that. And again, while I access this data and reference it frequently, I am not personally accountable for its storage.

Q. I am passing out an IR right now. And this is Information Request DPS-1050.

A.L.J. LEARY: Is this new?

MS. PARKS: Please take a moment to review this.

A.L.J. LEARY: Ms. Parks, is this a new exhibit that we are adding?

MS. PARKS: Yes. Yes, it is.

A.L.J. COSTELLO: That will be marked as Exhibit 620 for identification, and just when it's distributed, just please describe the document in the record.

MS. PARKS: So this document is the response to IR DPS-1050. The date of reply was November 25th, 2019. And it was responded by Karen Kazmierczech (phonetic spelling). I hope I pronounced that correctly.

A.L.J. LEARY: One page?

MS. PARKS: One page.

A.L.J. LEARY: Can I ask you, Ms. Parks, to move that microphone because there are people in the room -- I can hear you okay, but I want the record to hear you and people in the back of the room.

MS. PARKS: Is that better?

A.L.J. LEARY: I think so.

MS. PARKS: Okay.

BY MS. PARKS: (Cont.)

Q. Panel, was this response prepared by you or under your supervision?

A. (Gans) Karen Kazmierczech is the manager for our workforce management reporting team, and she would be the -- and in this context, now that you've provided this example, this is in reference to the source data that's available. And that would be accurate. This is -- Karen's answer would be responding to the source data that's available in our electronic systems such as our telephone answer systems.

A.L.J. LEARY: Excuse me. The question is -- this is directed to the shared services panel. Did you supervise the preparation of the -- this response? I believe that was the question. Is the answer to that yes?

MS. GANS: Yes.

A.L.J. LEARY: Okay. Thank you.

BY MS. PARKS: (Cont.)

Q. And is this a true and accurate

copy of the company's response to Information Request DPS-1050?

A. (Gans) Yes.

MS. PARKS: Your Honors, I request that this response be given an exhibit number to be held for entrance into the record, just to be clear.

A.L.J. COSTELLO: Okay. Just for the record, it's -- it's Exhibit Number 620.

BY MS. PARKS: (Cont.)

Q. I'm going to ask questions now related to your response to IR-368, which is -- my apologies, DPS-368, which is part of the premarked Exhibit SCSP-1, and this is also known as Exhibit 413.

A.L.J. LEARY: So for the court reporter, that would be Hearing Exhibit 413.

Q. And if you need a copy of this, we do have a few if you would like it, Panel.

A. I would like a copy, please.

MR. FORST: Do the judges need one?

A.L.J. LEARY: Thank you.

UNIDENTIFIED SPEAKER: I have this. This is in --.

BY MS. PARKS: (Cont.)

Q. And this IR response is two pages, just to make sure you're aware there's a back. So in your response, you state that the company recently issued a request for proposal, an RFP, with a group of selected credit and debit card vendors that could result in an updated estimate of projected transaction fee costs. You go on to state that the company will supplement this response if the estimate changes -- sorry -- supplement this response if the estimate changes once the RFP is completed and a vendor selected. Has the process of completing the RFP and selecting a vendor been completed?

A. (Harrison) This is Jon Harrison. No, it has not. It is in process.

Q. And can you tell me what the current status is?

A. Yes. The vendor that currently is being vetted with respect to the RFP is formulating responses expected to visit with us in the coming weeks with conclusion expected by the end or the middle of March.

Q. And what other efforts have you taken, besides the RFP process, to lower the per transaction cost for credit and debit card fees?

A. The RFP is the most common approach to negotiating competitive rates. To my knowledge, that is the exclusive way that the company uses to manage competitive rate environments other than understanding in general what credit card fees are across the industry through trade associations and best practice sharing.

Q. On the front of this IR response, we have the current credit card and debit card convenience fees of $2.25 for payments of 0 to 600 and $4.50 for 600 to $1200.00. Based on this RFP that's in process, can you tell us if those fees are going to change at all based on this communication you have with the vendors?

A. Yes, there's a possibility the fees would change.

Q. Will those be decreasing?

A. At this point in time, it's possible that they may be increasing.

Q. And why would -- I retract that statement. Okay. So at this time, I would just like to enter some additional IR's onto the record.

This first IR response is DPS-909. The date of reply was July 29th, 2019. And Jeffrey P.

Martin responded to this IR. And it is two pages.

Was this response prepared by you or under your supervision?

A. (Martin) Yes, it was.

Q. And is this a true and accurate copy of the company's response to DPS-909?

A. Yes, it is.

MS. PARKS: May this exhibit be given a number, Your Honors?

A.L.J. COSTELLO: It's marked as Exhibit 621 for identification.

MS. PARKS: Thank you.

BY MS. PARKS: (Cont.)

Q. This next IR response is DPS-587. It is two pages. The date of reply was June 24th, 2019. And Jeffrey P. Martin responded to this IR. And was this response prepared by you or under your supervision?

A. Yes, it was.

Q. Is this a true and accurate copy of the company's response to IR DPS-587?

A. Yes, it is.

MS. PARKS: May I please have an exhibit number for this?

A.L.J. COSTELLO: Yes, that will be marked as Exhibit 622.

BY MS. PARKS: (Cont.)

Q. Thank you. This next IR response is DPS-769. It is a total of five pages. The date of reply was July 8th, 2019, and this was also responded to by Jeffrey P. Martin. Was this IR response made under -- or responded to under your supervision?

A. Yes.

Q. And is this a true and accurate copy of the company’s response to DPS-769?

A. Yes, it is.

MS. PARKS: May I please have an exhibit number?

A.L.J. COSTELLO: That will be marked for identification as Exhibit 623.

MS. PARKS: Thank you. A couple more.

MR. GOODRICH: Four more.

MS. PARKS: Four more. Sorry.

A.L.J. LEARY: Now is your line of questioning going to be about all of these IRs? In other words, are they all --?

MS. PARKS: Just to get them into the record, Your Honors.

A.L.J. LEARY: Okay. Thank you.

MS. PARKS: Thank you.

A.L.J. LEARY: Thank you.

MS. PARKS: This next IR response is DPS-728. It is three pages, and the date of reply was July 10th, 2019. And this is responded to by Daniel Tripp and Charles Florczech (phonetic spelling),

A.L.J. COSTELLO: Excuse me. Just want to clarify, is it July 10th or July 8th because I see the due date on the top.

MS. PARKS: There's -- on the second page, there's a date of reply at the bottom.

A.L.J. COSTELLO: Reply. Okay. Thank you.

BY MS. PARKS: (Cont.)

Q. Was this response prepared by you or under your supervision?

A. (Gans) Yes.

Q. Is this a true and accurate copy of the company's response to Information Request DPS-728?

A. Yes.

A.L.J. COSTELLO: That will be marked for identification as Exhibit 624.

BY MS. PARKS: (Cont.)

Q. Thank you. This next document is IR response DPS-857. It is 16 pages. The date of reply was July 22nd, 2019, and it was responded to by Karen Kazmierczech. Sorry about that. And was this response prepared by you or under your supervision?

A. Yes.

Q. Is this a true and accurate copy of the company's response to IR DPS-857?

A. Yes.

MS. PARKS: May I have an exhibit number, please, Your Honors?

A.L.J. LEARY: Six two five, and this is a 16 page IR response, Hearing Exhibit 625.

MS. PARKS: Correct. This is the last one. What do you think?

BY MS. PARKS: (Cont.)

Q. This next IR response is DPS-263. It is three pages in length. The date of reply was May 24th, 2019. And it was responded to by Michelle Wilder. Was this response prepared by you or under your supervision?

A. Yes.

Q. Is this a true and accurate copy

of the company's response to DPS-263?

A. Yes.

A.L.J. COSTELLO: That will be marked as Exhibit -- for identification marked as Exhibit 626.

MS. PARKS: Thank you. No further questions, Your Honors.

A.L.J. LEARY: I just have -- and this may be somewhere already answered. But on Hearing Exhibit 622, which is DPS-587, it's dated June 28th, and the response is that National Grid has not chosen a quality assurance firm. And I just wanted to know if that response has changed.

MR. MARTIN: That response has not changed, no.

A.L.J. LEARY: So when -- it say -- the response to the question three is once the company completes its evaluation and selection of potential QA firms, referring to quality assurance firms, it will be able to share final negotiated costs. So what's your timeline on completing the evaluation and selection of the QA firm?

MR. MARTIN: The timeline to a lot of our program management tasks for the CIS program would begin in April of this year. So we would conduct a -- a review of qualified QA providers, and we would --

A.L.J. LEARY: April 2020?

MR. MARTIN: April 2020, correct. There are a number of --?

A.L.J. LEARY: I'm sorry. I interrupted you.

MR. MARTIN: No, that's okay. There are a number of program management activities that'll happen in the April timeframe. This will be one of them.

A.L.J. LEARY: What will be one of them?

MR. MARTIN: Identifying qualified QA vendors for the program, receiving their bids, evaluating their qualifications, and making a contract with a particular QA vendor for the program.

A.L.J. LEARY: Okay. So is all of that going to be completed in April of 2020? Or what's your timeline for completing that list of what you just indicated?

MR. MARTIN: Yeah. It's -- thanks for the question. There -- there are a number of things that'll happen in preplanning for the program. So we anticipate the program beginning in April with a lot of those preplanning project management activities, such as QA vendor qualification and selection. I -- I won't say that that'll finish in April. But it will begin in April so we can get that person or that party on staff ready to -- to complete the activities of the project management office. So we'll move quickly through it but I can't say how quickly.

A.L.J. LEARY: No, I -- I just need to know is there a schedule in the project management context for completion? Is there a schedule?

MR. MARTIN: I -- yeah, I can't tell you the completion date from a schedule at this point. What I can --.

A.L.J. LEARY: Okay. So it's open-ended in terms of --

MR. MARTIN: It's open-ended.

A.L.J. LEARY: -- when this will be completed?

MR. MARTIN: Correct.

A.L.J. LEARY: Okay. And that's Mr. Martin speaking?

MR. MARTIN: This is, Jeff Martin,

yes.

A.L.J. LEARY: Thank you. Just don't forget to -- I -- I forgot.

MR. MARTIN: Apologies.

A.L.J. LEARY: No. No worries. So -- yeah, just say your name. Thank you.

MR. MARTIN: You're welcome.

A.L.J. COSTELLO: The Public Utility Law Project is up next.

MS. WHEELOCK: Thank you, Your Honors. Good morning, Panel. My name is Laurie Wheelock representing the Public Utility Law Project. I'm going to start this morning by discussing deferred payment agreements. If you could turn to your rebuttal testimony, specifically page 22, and review lines 10 through 18, carrying over to page 23 with lines one through four, please.

EXAMINATION

BY MS. WHEELOCK:

Q. And just to begin, Briefly, can you please explain what the benefits are for a customer who has fallen behind on their bills and received a deferred payment agreement with the company?

A. (Harrison) Okay. This is Jon Harrison. W -- would you restate that? You're asking about the benefits, please?

Q. Yes. What can a customer expect once they enter into a deferred payment agreement as far as their account status?

A. Okay. So the deferred payment agreement is an important mechanism that the utility uses to handle customers who are unable to make their monthly payments. It comes in different forms depending on the customer's financial condition. The benefit is that it precludes them from collection activity up to and including termination of service. It also would put them into a situation where they would qualify for what we call a minimum deferred payment agreement as well, which is reserved for low-income residents.

Q. Thank you. Now to discuss the different types of payment agreements, look at line 11. Can the panel please clarify what a standard payment agreement is?

A. This is Jon Harrison. Yes, a standard payment agreement in New York is generally regarded as a payment agreement for a customer who is in default on their monthly payment. And it calls for a payment of 15% of the balance that's owed -- we'll call that a -- a down payment -- and then an installment plan up to ten months plus current monthly charges.

Q. Thank you.

A. You're welcome.

Q. And when the customer contacts the companies to discuss payment agreements, is this standard payment agreement the default option that they're offered first?

A. No. If, in fact, the customer has already been on a payment agreement, they would then be subject to the minimum payment agreement, assuming that they qualify. And the company also uses another vehicle called a collection arrangement, which provides an option for more flexible payment options relative to the customer's financial condition that would then enable them to work their balance into a position where they would then qualify for or be able to make the 15% down payment on the standard and then pay off that balance in ten months.

Q. Just to clarify, though --

A. Sure.

Q. -- if a customer contacts the company for the first time and has not had a deferred payment agreement previously, isn't it correct that the first thing they're offered is a standard payment agreement?

A. The standard payment agreement would accompany a termination notice.

Q. Thank you. Going to page 23, lines 12 through 16, please. If the customer contacts the company and they're unable to afford the standard payment agreement, please discuss what the affordable option is that they may receive.

A. Okay. The -- the affordable option, as it's described in HEFPA, is a payment agreement that requires the customer to make no down payment, monthly payments of $10.00, and it expects the customer to remain current on their monthly charges. The customer is required to complete a financial statement, which would then qualify them for the minimum DPA. And generally, that financial statement will capture income and expenses and has qualification criteria to allow the customer to enter into the minimum.

Q. And so the customer must be able

to complete this financial statement form to then obtain the, you know, affordable minimum deferred payment agreement, correct?

A. Yes, ma'am, in accordance with HEFPA.

Q. Is the financial statement form used for KEDNY and KEDLI the same?

A. The information within the financial statement is the same.

Q. To complete such a form, is it true that KEDLI customers can do this over the phone with a customer service representative?

A. Yes, ma'am, that's true.

Q. Is it true for KEDNY customers they cannot complete such a statement over the form -- over the phone but must do so in person in a walk-in center?

A. At -- at present that's also true on account of system limitations within KEDNY.

Q. Are there any exceptions to this policy for KEDNY customers, such as special coding on the account like elderly, blind, or disabled?

A. Of course. That's generally outside of the context of a deferred payment

19-G-0309/19-G-0310 - 2-12-20 - Brooklyn Union Gas agreement.

Q. Turning, you know, again to page 23, line 14 -- actually, I'll start with line 12. KEDNY customers can submit a standard DPA via mail or they can utilize any of the company's multiple walk-in customer service offices to provide the necessary documentation to support their need for more affordable DPA terms or to negotiate the terms of its existing DPAs. Can you please tell me how many KEDNY customer services offices there are in Brooklyn?

A. No, ma'am, I would have to -- I would have to get that information for you.

Q. Subject to check.

A. Excuse me?

A. (Gans) Arlene Gans. I'll answer that question. There are two located in Brooklyn; one in MetroTech and one in -- on Pitkin Avenue. We also have a KEDLI office in Jamaica Queens and Staten Island.

Q. And what are the hours of operation for these offices?

A. They are Monday to Friday 8:15 to 5:00 p.m.

Q. When a KEDNY customer goes to

obtain a financial statement form by visiting one of these walk-in centers, do they sit down with a customer service representative?

A. Yes, they do.

Q. Are they asked the same questions that a KEDLI customer would be asked over the phone or do they differ?

A. They're asked the same questions.

Q. Please explain why the KEDNY system is not able to do this operation over the phone and it's required to do so in person.

A. The KEDNY system is technically not able to store the signed agreement in the customer system as is the KEDLI system.

Q. For KEDNY customers who are experiencing difficulties getting to the walk-in centers in the hours you just expressed, what risks are there to their account status if they're not able to get into an affordable deferred payment agreement before the next billing cycle?

A. If the customer is not able to get into a customer office, we will work with them through a manual process. For example, we could have them fax or mail in documents. We could have them referred to one of our consumer advocates for a referral if it’s in -- if it’s a specified hardship.

Q. But they still can’t do it over the phone, correct, for KEDNY customers?

A. Anything they would do over the phone, again, would be a manual process where we would make the extra -- the exception to have them mail it in, fax it, and work with them personally to complete it. But it would be out of the normal process, correct.

Q. Okay. We can turn now to electronic deferred payment agreements. Please review your rebuttal testimony, page 24, lines five through eight. Please explain how an electronic deferred payment agreement will prevent KEDNY customers, including those that are elderly, blind, and disabled, or working customers who cannot visit a walk-in center, from needing to visit such a walk-in center to obtain an affordable deferred payment agreement.

A. (Harrison) Okay. This is Jon Harrison. The -- the electronic DPA is a significant advancement for the company. And what this will allow us to do is replace the transmission of the documentation, the deferred payment agreement documentation, replace mailing that or faxing that or emailing that to the customer with an EDPA, which can be then signed electronically and then stored by the company.

Q. Turning now to your direct testimony, please review page 59, lines two through eight.

Page 59, lines five through eight. Oh, I'm sorry. Two through eight. Please confirm that the only type of electronic deferred payment agreement that will be offered through this program is the standard deferred payment agreement.

A. This is Jon Harrison. I'm not aware of that limitation.

Q. So if you review line two -- and I'll read for the record through line eight. It says "the EDPA for which approval is requested is virtually identical to the hard copy standard form DPA except one, the EDA -- EDPA would be provided to customers in electronic format, also allowing for electronic signature; and two, in the EDPA there are minor nonsubstantive changes to the text format of the hard copy DPA to get the best electronic presentation and to create greater consistency between the forms used for KEDNY and KEDLI.” So to rephrase the question, doesn’t this state that the only electronic deferred payment agreement would be the standard and not the affordable deferred payment agreement option?

A. Yes, ma'am, that’s -- that’s what this implies. However, my understanding is that the standard and the minimum DPA language is virtually the same with the exception of the provisions for the monthly payment of $10.00 and the -- and the fact that there is no down payment requirement.

Q. So just to clarify, is the company saying here today that the electronic deferred payment agreement would remove the requirement for a KEDNY customer to go to a walk-in service center to fill out the financial service form -- or financial statement form?

A. Yeah, that -- that is clearly the -- the expectation. And -- and this can be accomplished not -- not exclusively by the EDPA, ma'am. In other words, we’re working through a process right now whereby if the contact center sends the customer the -- the income and expense form, the customer can return that to our account maintenance operation. They can review that for qualifications for the minimum DPA and then mail the DPA to that customer or email that DPA to that customer as well who would sign it and then return it. The EDPA basically facilitates the transaction making the transmission and the execution of the document more seamless.

Q. Thank you. How many KEDNY customer email addresses does the current -- company currently have on file?

A. (Martin) This is Jeff Martin. The panel's not aware of documentation that's been submitted through the proceeding to answer that question. Obviously, that isn't a piece of information contained in our customer systems. However, we're not aware of any documentation here today that answers that question.

Q. Thank you.

A.L.J. LEARY: Does anybody on the panel know the answer to the question?

A. No, not currently. I mean, that number constantly changes so we wouldn't want to speculate on -- on what that number is currently or at any particular point. So no. The answer to that is no.

A.L.J. LEARY: Go ahead.

Q. Has the company conducted any studies or reviews into customer access to the internet?

A. (Gans) This is Arlene Gans. The -- the company does monitor internet usage on our web, if that's what you're asking.

Q. Just to clarify, it just -- looking into how many customers do actually have internet access at home that they can readily use so that they can, you know, participate in the e-delivery program of DPA's, deferred payment agreements.

A. There is data around our customers who access our web who have email addresses, although as stated, we don't have that number readily available. But we do maintain that information. There is -- there's also a team that looks at activity on our website and has data around the number of customers who pay their bill electronically through our web. I'm not sure if that answers your question.

Q. I'll rephrase it one last time. Has the company looked into how its customers, specifically KEDLI customers and -- KEDNY customers, apologies, how many of them have internet at home that they can use through their computer or if they have a smart phone?

A. No one at the panel at this time can answer that question.

Q. Okay. Thank you. I'm going to move on now to questions surrounding customer access to their billing and account information online. So let's begin by looking at your rebuttal testimony page 25, and I'm just going to read over lines 14 through 20 and then onto the next page, which is page 26, lines one and two. "The companies, however, do not have an e-billing portal like that proposed by Mr. Yates. To implement Mr. Yates's proposals, the companies would have to modify the legacy billing systems, data storage systems, and operating procedures in multiple ways including increasing the amount of customer data stored and available in the current billing systems. Even if it were feasible to expand the legacy billing system, storage capacity as Mr. Yates suggests, the cost would be prohibitive, and there is no evidence such capabilities would provide a meaningful benefit to customers or the customer experience.”

Did the company conduct any financial review or cost benefit analysis relating to Mr. Yates suggestions to create a customer portal?

A. (Harrison) A moment, please.

Q. Of course.

A. Okay. This is Jon Harrison. Okay. Thank you, Jeff. Okay. So we -- we’ve reviewed Mr. Yates’s thinking around this. And to answer your first question, there is no study that has been completed associated with enhancing our systems to provide this level of detail. We have not -- we have -- we do not feel as though this provides a benefit to the customer beyond what is already available; or a necessary benefit is probably the best way to put that. And I think with respect to actually implementing something like this, this would also require a cost benefit analysis associated with what it would take to enhance the systems to provide this level of information, which has not been undertaken.

Q. Okay. So just to clarify, you don’t -- how -- you cannot assert that it is not cost prohibitive at this time?

A. This -- I cannot assert that it’s not cost prohibitive; however, I can ask Mr. Martin to speak to the -- the thinking around implementing something like this in the new CIS system.

Q. Okay.

A. (Martin) We -- yeah, we -- we received information here about the request when we were working the settlement talks earlier last year. This is -- as -- as Mr. Harrison said, not supported by our legacy systems today. It could be considered as a capability that we would build into requirements to the new CIS -- this new CIS system, the customer information system. However, it has not up to this point been entered as a -- as a capability we would deliver with that. You know, where Mr. Harrison was leading was that during development of a new customer information system would be probably the most opportune time to engage or interact with such a request. As you are developing the system, modifying it, configuring it, that would be probably an opportune time to do it. However, that’s not been entered in as a capability that we would develop in the new system at this point.

Q. Okay. Thank you. And I think PULP would be interested in discussing that further with the company even outside this case. Moving on. Is the panel familiar with the statute of limitations period for collecting utility debts in New York State?

A. (Harrison) This is Jon Harrison. Not being a lawyer, I'm not intimately familiar with the statute of limitations other than my understanding is it's seven years.

Q. Well, panel, we have an interrogatory that we'd like to introduce now that was not premarked. It is interrogatory response by the company to the Public Utility Law Project request number -- oops, I'm looking at the wrong one. PULP-1LW-25. The due date on it is May 13th, 2019. The reply itself consists of three pages, and the respondent's name was Nicole Coze (phonetic spelling). I would like to bring to the Administrative Law Judges' attention that it also included three appendices, which together brought it to 5668 pages. So we only --

A.L.J. LEARY: Five thousand?

MS. WHEELOCK: Yeah. So today we have only included the three page response.

A.L.J. COSTELLO: Okay. We're going to mark that for identification as Exhibit Number 627.

BY MS. WHEELOCK: (Cont.)

Q. And panel, looking at this response, can you verify that this was prepared by you or under your authorization?

A. (Cont.) Yes.

Q. Is this a true and accurate copy of your response?

A. Yes.

Q. When you review page two, can you please confirm that in New York State, the statute of limitations period on collecting utility debts is six years?

A. Seeing this, I believe that to be true.

Q. Can the panel verify that the company's record retention policy also follows a six-year period?

A. Could you restate that question for me, please?

Q. Of course. How many years does the company retain customer account information?

A. Okay. So this is Jon Harrison.

That -- that is outside my area of responsibility. However, the information is contained in both of our mainframe systems, the CIS systems which are CSS and KRISS. And then there's also servers that we use to maintain customer information, and the data is -- is maintained in excess of six years.

Q. When a customer is contacting the company to challenge a bill, let's say over a multiple year span, how long does it, on average, take that customer to receive a complete copy of their account history with the company?

A. (Gans) This is Arlene Gans. If that request were to come through one of our customer service centers, we would begin research on that almost immediately. We would -- we would typically look to resolve it as quickly as possible. I -- I'm going to ask for some clarification on the purpose of the question, if there's more context.

A.L.J. LEARY: No. No.

A. No? Okay.

A.L.J. LEARY: Let me just make sure I understand what you stated in your testimony. How -- the question is how long does it take a customer to get its account history, I believe. Is -- is that right, Ms. Wheelock?

MS. WHEELOCK: Yes, Your Honor.

A.L.J. LEARY: Okay. So give me a range of time if you know it, a specific company policy on when that would necessarily be due to the customer, or any of those kinds of things. Is there any -- anything in place that says you will answer that inquiry, even though you start your evaluation, I think you said, right away, what's -- what's the timeframe? A range is fine. How long's it take?

BY MS. WHEELOCK: (Cont.)

A. Each situation could be different depending on how complex it is. But it should never take more than 30 days to resolve it.

A. (Harrison) If -- if I may -- this is Jon Harrison. I -- I can tell you from some practical experiences, as well, because we do research on customer accounts. This information is readily available, and I agree that it -- it will vary depending on who is doing the research and the complexity. But I've seen turnaround times in 24 hours.

Q. Thank you. Is the panel familiar with the commission's precedent that the burden is on the utility in billing disputes to prove the accuracy of their customers' bills?

A. (Martin) Yes, I would -- I would say that's an accurate statement, yes.

Q. Thank you.

A. This is Jeff Martin, by the way.

Q. Okay. I'm now going to turn the panel's direction to billing issues relating to the Department of Social Services and the Human Resources Administration in New York City. Please turn your rebuttal testimony to page 26. Specifically this line of questioning will focus on lines ten through 13, which state "tracking accounting and reporting on the benefits associated with such program should be the responsibility of the agency providing the benefits, example New York City's Human Resources Agency, HRA, not the company's."

Panel, isn't it true that on a daily basis, the company may receive a variety of transactions from either the Department of Social Services or Human Resources Administration on behalf of customers including the Home Energy Assistance Program or Emergency Energy Assistance?

A. (Harrison) Okay. Take one moment,

please.

Q. Of course.

A. Okay. This is Jon Harrison. So the -- the example that I'll use in response to your question, as we -- as we do receive HEAP grants on an annual basis, both regular HEAP as well as emergency HEAP, the customers are applying for those grants through their local centers. And they also have an online portal with National Grid that we use. But those -- those grants are, I think, a matter of official record within DSS or HRA -- H -- HRA.

A.L.J. LEARY: Would you please for the record spell out those two HRA.

A. Department of Social Services and HRA is --

Q. The Human Resources Administration for New York City.

A.L.J. LEARY: Thank you.

A. Thank you.

Q. Now with the HEAP grant, going off of your example, that is applied for at, again, the Department of Social Services or Human Resources Administration, but at the end of the day, if the customer is awarded that grant, it is an amount of funds that goes between the agency and then to the company, correct?

A. Yes, ma'am.

Q. Now that transaction will appear on that customer's account statement, billing statement, any sort of financial record with the company, correct?

A. That's true.

Q. So ultimately, at the end of the day, assuring that the customer's bill is accurate is on the company's side of things, correct?

A. I would distinguish between the administration of the grant, the value of the grant, versus the bill. I'd say the bill is the company's responsibility, but the grant itself belongs with the Department of Social Services or HRA. And approval of -- of said grant.

Q. Absolutely. But the actual transaction history in the billing and the credit appears on the customer's information with the company.

A. Yes, it does.

Q. Thank you. Now, looking at page 26, line ten, please explain what an abeyance is briefly.

A. Okay. This is Jon Harrison. An abeyance is, to my knowledge, a forgiveness of an obligation.

Q. And generally, how does an obeyance appear on a customer's bill?

A. Typically on a -- a --

A.L.J. LEARY: Mr. Martin.

THE WITNESS: -- I'm sorry, this is Mr. Martin. Typically on a customer's bill, abeyances or forgiveness of -- of charges would show through a miscellaneous credit on -- on their bills, unless those types of credits used are specifically named on a bill. But, in -- in most cases, would be a credit showing up on the customer's bill.

BY MS. WHEELOCK: (Cont'g.)

Q. And, who decides when to put that adjustment on the customer's bill? Is it Department of Social Services, and H.R.A. or the company itself?

A. (Harrison) Take one moment please?

Q. Of course.

A. Okay. This is Jon Harrison. My understanding of the -- the low-income programs, particularly as it relates to direct vouchers, guaranteed payments and HEAP payments, while they provide for a forgive -- or a deferment of the obligation and the -- the -- the agencies will provide subsidies, there still is a customer obligation if those subsidies do not pay the customer's bill over the course of time, per the agreement.

Q. All right. Thank you. We're going to move on now to enrollment into the low-income program, which with the companies, is the Energy Assistance Program. So, please turn your direction to the direct testimony, page 71. And, once on page 71 of the direct testimony, please look at lines 12 through 14. Is it true in comparison with KEDNY, KEDLI is experiencing lower than average enrollment into the Energy Assistance Program?

A. (Tallet) This is Lisa Tallet, I would say that the enrollment for -- for KEDLI, is less than it is in the KEDNY program.

Q. And, is the Panel familiar with the Commission's Low-income Affordability Order in Case 14-M-0565, which was ordered on May 20th, 2016?

A. Yes.

Q. Would the Company like a copy of the Order or do you have one available?

A. I'd like a copy please.

Q. Of course. And, you can turn to page 16 of the Order and hopefully it has that green tab. I believe in the middle of the page, it discuses National Grid specifically.

MR. EUTO: Your Honor?

A.L.J. LEARY: Yes.

MR. EUTO: Could counsel for the Panel get a copy of the Order, as well?

A.L.J. LEARY: Are you connected to Wi-Fi in this room?

MR. EUTO: I'm working on it.

A.L.J. LEARY: It's Wi-Fi password regulate, all lower case and you can go right into D.M.M. public. You have the case number? I'll give it to you again.

MR. EUTO: I got the case the number. What --

MS. WHEELOCK: We'd be happy to supply one, Your Honor, as well.

MR. EUTO: Okay. Thank you.

A.L.J. LEARY: Good thing because then

you'd have to weed around on what page number 2016 appears on. So --

BY MS. WHEELOCK: (Cont'g.)

Q. Because it's page 16. So, my question is about the Company and the Order itself, recommending that the Company consider file matching programs with Department of Social Service and the Human Resources Administration. Now, is that the Company's understanding of what was included in the Order?

A. (Tallet) Yes.

Q. And, does KEDNY have a file-matching system with the Human Resources Administration?

A. Yes and I think we had a response. I'm just going to take a moment to look.

Q. Of course.

A. This is Lisa Tallet, it would be PULP 53, Data Request, that references the file matching that the Company does with OTDA or the KEDLI Company.

Q. Thank you. On page --

A.L.J. LEARY: I'm sorry, are you referring to the Office of Temporary Disability

Assistance?

MS. TALLET: Yes, Your Honor; my apology.

A.L.J. LEARY: That’s okay. Remember, no acronyms in the record. You got to spell it out first and then we’ll go from there.

MS. TALLET: Of course.

BY MS. WHEELOCK: (Cont’g.)

Q. And, there are many, especially in this area. So focusing our attention back to the direct testimony, page 71, lines one through two, it says here that KEDLI is also working with the Office of Temporary Disability Assistance to implement a similar mechanism for its customers in Suffolk and Nassau counties. Can the Panel just describe what the current status is of that implementation?

A. (Tallet) Can you point me to the lines again on page 71?

Q. Of course, it’s line 18 through 20. I’m so sorry, it’s page 70.

A. Thank you.

Q. Sorry about that. For the record, direct testimony, page 70, lines 18 through 20.

A. Could you repeat your question again please?

Q. Of course. I was just curious what the current status is of implementation of this program?

A. So, directing back to PULP 53, we are doing the file matching twice a year.

Q. Okay. Thank you. Moving to the next page in the direct testimony, page 71, lines one through two, notwithstanding, the companies continue to seek to increase the number of participants in these programs. My question is, wouldn't adding more staff resources to KEDLI's enrollment -- to KEDLI's enrollment program, assist with actually increasing the enrollment?

A. This is Lisa Tallet. The Company recognizes that there has been a -- a struggle with -- with reaching enrollment, particularly in the KEDLI service area. As the Company works with the resources that we have, as well as the file match, our consumer advocates to do additional outreach and -- and more of a -- a one-on-one relationship with customers. The Company seeks to increase the enrollment. I believe there was another I.R. -- if you'll just give me a moment.

A.L.J. LEARY: Can I just ask Ms. Wheelock, if these are I.R.s? Now, there's two that have been referred to, that are already in the record.

MS. WHEELOCK: I don't believe they are, Your Honor and I was not offering them for the record.

A.L.J. LEARY: But, the witness is testifying about it. So -- and, you asked -- or, well -- if she doesn't want to offer it, it's fine. It's fine. We don't -- we don't need to have it in the record.

A.L.J. COSTELLO: Yeah, it was just to clarify for the record.

MS. WHEELOCK: Okay. Thank you.

THE WITNESS: (Tallet) This is Lisa Tallet. I thought I was referring to an I.R. I would refer to our testimony, where we propose an additional resource to assist with the administration and outreach for the E.A.P. Program.

A.L.J. LEARY: And, where is that in your testimony? Would you cite the page for the record?

THE WITNESS: Sure, at -- at page 78, lines three through seven. To clarify, the -- the request -- original request in the original testimony, was for a half of an F.T.E. Later --.

A.L.J. LEARY: Are you referring to a Full Time Equivalent?

THE WITNESS: Yes, I am, Your Honor. In the Company's rebuttal testimony, I believe we point to adjusting that to one full time equivalent.

BY MS. WHEELOCK: (Cont'g.)

Q. Thank you. I'm going to move on to my last topic area now, which is terminations, uncollectibles and the arrears metric. Please turn back to the rebuttal testimony, page 18, focusing on lines one through four and this has to with LIPA separation. Again, it's page 18. Can the Panel please explain how relying on electric terminations for the LIPA, correlates the combined electric and gas customers paying their bills?

A. (Harrison) Okay. This is Jon Harrison. The -- the expectation is that the loss of electric service, would encourage or influence the customer to not only resolve the payment of the electric bill but the gas bill, as well, regardless of whether or not the gas meter was disconnected.

Q. And, this was prior to the LIPA separation, correct?

A. Yes, ma'am.

Q. Okay. Now, moving to the same page 18 but looking at lines 9 through 12, how do you define the term aggressive stretch goal, as it's used in this sentence?

A. This is Jon Harrison. My feeling, is the -- the term aggressive and stretch, are synonymous and both would imply that the goal, while it's achievable, it's not easily achievable and in the context of these discussions, it generally falls within one standard deviation of a normalized average.

Q. How much time has passed since the most recent year of historic termination data has been used to develop KENDY's termination uncollectibles incentive performance measure, as reflected in -- and this was pre-marked or pre-filed Exhibit S.S.P.-3, Schedule 4, page 101, which for the hearing record, is Exhibit 192.

A. (Martin) Could -- could you again, which exhibit you're referring to?

Q. Of course. So, this exhibit was pre-filed with your initial testimony. It is Exhibit S.S.P.-3, Schedule 4. It’s for KEDNY and it was pre-marked as Exhibit 192, for the hearing record.

A. (Harrison) This is Jon Harrison. Your question was how much time has elapsed since the last year used in the calculation of the metric?

Q. Yes.

A. Okay. One year, one month, 12 days.

Q. Thank you. And, is it fair to say, that you have the entire year of 2019 as fresh data that could be used?

A. Yes.

Q. And, I’m going to ask the same question for KEDLI and for the record, I will state to the exhibit, as well. So, for KEDLI, it would be Exhibit S.S.P.-4, Schedule 4, page 101, which is the pre -- or the hearing Exhibit Number 193 and the question for KEDLI, is how much time has elapsed?

A. The answer is the same; Jon Harrison.

Q. So, there’s --

A. Yup, one year, one month.

Q. And, so there's also another year of fresh data that could be used?

A. Yes, that's correct.

MS. WHEELOCK: Okay. No further questions, Your Honor.

A.L.J. COSTELLO: Thank you. The next party, is A.A.R.P. for cross examination.

MR. RIGBERG: Thank you, Your Honor. This is Saul Rigberg with A.A.R.P. Good morning Panel. I had a question. I wanted to start with the document that's -- that Staff introduced, Exhibit 626 and it's the response to D.P.S. 263.

A.L.J. LEARY: That's the Company's response to D.P.S. 262 that's been marked as Hearing Exhibit 626.

MR. RIGBERG: Yes, Your Honor. Does the Panel have that available?

MS. TALLET: Yes.

CROSS EXAMINATION

BY MR. RIGBERG:

Q. Okay. I -- I had a couple of questions. I -- I wanted to ask if the Panel knows why the -- the data for -- for KEDNY, for the years 2014 to 2016, are -- are not available?

A. (Tallet) This is Lisa Tallet. I do believe it’s a -- a limitation within the system, that we could not access that data.

Q. Does the data exist in the system?

A. I personally am not aware of that. If -- if we were able to get it, we -- we would have produced it.

Q. Okay. No, I -- I understood from previous questions and answers, that the Company retains data for five years or more, so I’m -- do you know if the data is in the system and just not accessible or does the data -- is the data not in the system?

A. Just a moment. Just to clarify, there are limitations on some particular pieces of data that the Company used to formulate this response. Some of the data could potentially be available through some of our -- our data warehouses but it may be some particular restrictions that we have on one of our particular systems.

Q. Okay. And, does the Panel know if the data for 2013 is available or accessible?

A. We -- we believe that that would

be further back, so again, there might be some pieces that -- that could be available.

Q. Okay. Thank you. I wanted to ask, for -- for both -- both companies, the -- the difference between the average usage and -- and the highest usage, is quite large. For instance, the average usage is, you know, between 80 and 100 therms and in some cases, the highest usage is -- well like for instance, at Keyspan Gas East for 2018 for heating customers, the highest usage for -- for all -- for the whole class, is 103,000 therms. Can you explain why there's such as -- a huge difference between the average and the highest?

A. Just a moment. It's Lisa Tallet. Could you repeat the question please?

Q. Yes, certainly. Are you able to explain why there's such a large difference between the average use of 118 therms in 2018 and the highest use -- usage, which -- which was a 103,045 therms?

A. So, there -- there's several factors that -- that can contribute it -- to it. I can point you to I.R. Response, D.P.S. 1044, where there is discussion about the -- the average bill. The average bill in any calculation that goes into the E.A.P., is in accordance to the Low-income Order, directing how the calculation be done. So, as far as looking at the high usage, might be the -- the average high usage among the low-income customers, whereas the average bill, again in accordance with the -- the directive to calculate that, the average bill reading from the I.R., were calculated based on residential low-income bills, obtained from the billing system, breaking out the heating and non-heating. The discount that would be attributed to that customer, would be added back into the billed amounts. The average bill is also grossed up by 10 percent, to drive the high -- the high bill amount.

Q. Okay. Yeah, I was asking about the -- the whole class of residential customers, not -- not the low-income part of the response. And, I -- I was not asking about bills. I'm -- I'm asking about usage. I'm -- so, I'm trying to find out why an -- that -- the average account is using 108 therms but the highest account is using 100 -- over 103,000 therms?

A. It's -- it's Lisa Tallet. In discussion with the Panel, we feel that with some of that, we'd have to go back and -- and take a look at it. This particular I.R. was asking just for the -- the low income versus residential. There could be some anomalies in the -- the system that would -- even though it would be residential, it could be a multi -- multi-family building, for example.

Q. Okay. So, within the service class, there -- there are individual households, as well as multi-family buildings?

A. Within the service class, there could be some buildings that would be more than one family.

Q. Okay. And -- and, would the Panel know why the -- the highest usage for KEDLI, changed so much over the five years? Like 2014, it's about 40 -- 40 -- 54,000, then it almost doubles to 102,000 in 2015, it goes back to 50,000 in 2016, in 2017, it's 21,000 and in 2018, it's 103,000, whereas the averages don't change this dramatically.

A. Right, this -- again, this is Lisa Tallet. I think, you know, just from this data, it would be -- it would be speculative. It would be difficult to determine that. There's a lot of variables. It could be weather. Without going really going back and being able to review year by year, it would be difficult.

Q. Okay. You responded earlier that -- I think that with KEDLI, the company now does file matching with the counties of Nassau and Suffolk, is that correct?

A. Yes.

Q. And, do you know when the file matching began?

A. Just a moment. This is Lisa Tallet. As we started this -- this program in 2018, I believe we started file matching later that year but I -- I don’t recall exactly.

Q. Okay. So, the file matching began after the numbers -- after the period of 2014 to 2018 numbers that are in the exhibit we were talking about. Do you know how many KEDLI customers are now enrolled in the E.A.P., you know, as a result of the file matching?

A. I don’t know if I can say specific to the file matching, so let me just confirm that.

It’s Lisa Tallet. So, I would direct you to I.R.C.N.Y. 104, where the Company talks about the -- the number of customers that are enrolled by tier. To answer your question, how many of those were a result of the file match, we don’t have that data granular, by that -- by that factor, as we have other means for customers to be enrolled, such as our consumer advocates and human service agencies.

Q. Okay. Thank you. Could you just tell me what -- what the number is of -- of enrolled -- enrollees now?

A. I’m -- I’m sorry, so the -- the total for KEDNY, based on that response, was 100,000 and the number for KEDLI, based on that response, was 10,990. And, that -- the date of that response was July 2019, so it would have represented 2018 program activity.

Q. Okay. So -- so, the number of people in the KEDLI E.A.P. Program now, is a little more than 3,000 less than in 2018?

A. Potentially.

Q. Okay. Are the enrollment criteria for the KEDLI and KEDNY E.A.P. Programs, the same?

A. Yes. The only -- the only difference would be, that for KEDNY, the Company may be in -- may be the recipient of the HEAP grant. So, the customers would automatically be enrolled. So, the -- the enrollment criteria is the same. The process might be different.

Q. Okay. So, is -- in the Order -- the Affordability Order that was discussed earlier, the Commission on page 16 of that Order as -- as we were talking about earlier, indicated that Keyspan had -- had enrollment criteria similar to Con Edison but that other companies did not. But, are you saying now, that KEDLI has the same six or eight criteria as Keyspan -- as -- as KEDNY?

A. This is Lisa Tallet. The -- the enrollment criteria is the same, so the customer would need to be a HEAP recipient or be HEAP eligible.

Q. Well, are you familiar with the six or eight different criteria that Keyspan -- I keep -- KEDNI uses?

A. Yes. I -- I believe it -- it was in our -- our original testimony.

Q. Right.

A. So, by a HEAP recipient, that means that that customer could be a recipient of one of those -- or I'm sorry, HEAP eligibility means that

that customer could be a recipient of one of those programs, such as food stamps, public assistance, S.S.I.

Q. Medicare and --

A. Exactly.

Q. -- Social Security. And, all of those criteria are used with -- in the matching with Suffolk and Nassau counties?

A. Yes.

Q. Okay. Well, given that the Panel believes that the exact same criteria are used for both companies, do you have any explanation why -- so, by percentage, there's such a great difference between the enrollment between the KEDNI E.A.P. Program and the KEDLI E.A.P. Program?

A. So, I think the -- the Company recognizes that there -- there's challenges with the KEDLI program and that is one of our -- our reasons for looking to increase our outreach for that program. I think, you know, affordable -- affordability is -- is a concern among, you know, among all of the utilities. We work closely with PSEG Long Island. We work closely with the human service agencies, to try to increase awareness of --

of the program. There's also opportunities that I think will come out of the New Efficiency New York Order, with the Company directing incremental funding towards energy efficiency that will help spur participation in the program, as well as deliver additional benefits to those customers.

Q. Thank you. But, if -- isn't the -- the main attribute of file matching, the lessening of importance of customer -- of any outreach to customers because anyone who receives any sort of public assistance, is automatically enrolled in the E.A.P. Program? So, I -- so, please explain what you mean by challenges?

A. So, that -- that customer receiving public assistance, would show up in one of the file matches and then be enrolled in -- in the program. When customers are enrolled in the program, they may stay in the program for 14 months. They could show up on file match number one but then by file match number two, that customer may have moved and -- and doesn't -- or, you know, doesn't qualify for those benefits, so they could be -- they could be removed.

Q. Right but my question is, doesn't

file matching eliminate the major concern about customer outreach to -- telling people that the E.A.P. Program exists?

A. I don’t think it eliminates that. I -- I think the -- the Company and -- and our work with the human service agencies, you know, this is -- this is a benefit to -- to customers that we really want them to have. And, I think that -- this -- it’s -- it’s my opinion that we’ve only been at this -- this program a couple of years. I think it’s -- it’s -- has some challenges that are -- are going to be dealt with -- with the -- the -- the low-income proceeding. There’s a stakeholder conference planned in the next coming weeks, that I think will give us opportunities to, you know, go back and -- and try to improve the -- the program and the process for enrollment.

Q. Well, has -- has the KEDLI customer service staff spoken with the KEDNY customer service staff to learn best practices about increasing enrollment in the E.A.P. Program?

A. Yes. In -- in many cases, it’s -- it’s the same group.

Q. So, why would -- if it’s the same

group, why would the same people working in KEDLI, not -- on KEDLI E.A.P.'s Program, not do the same effort or outreach or -- that they do when they're working on KEDNY's E.A.P. Program?

A. So, I -- I would speculate that -- that some of the -- the challenge comes from the -- the difference where KEDNY, where the Company may be the recipient of the -- the HEAP grant and I -- I think it also depends on the housing stock and it depends on the customer base. You know, one of the challenges with working with the -- the low-income customers and now we'll be working with moderate, as well, is that we know there's many customers that are eligible but just may not seek that assistance. So, you know, a lot of our effort is spent on how we can work better within the resources that we have within the Company, with the human service agencies in the community, with the -- the joint utilities and -- and staff and the office of -- the human service agencies, in general.

Q. Okay. Thank you. I'm going to turn to another issue. Just following up on -- on page 26 of -- of your rebuttal testimony, if you'll -- on -- on line 10, the -- you use the word abeyances. Do you see that?

A. Yes.

Q. And, I -- I -- in response to a question about what -- what -- what appears on customer's bills, in terms of notifying them of abeyances for instance, I think the -- the response was, that it -- it would show up as a credit on the customer bills? Does the Panel remember that question and answer?

A. (Martin) Yes, it was a response.

Q. Okay. So, how would an abeyance turn up as a credit?

A. So, the response given earlier, was responding to how a -- a credit would appear on a bill. There's many different ways, you know, credits could, you know, be a -- a common transaction on a customer's account. Typically, those would show up either as a named credit or a miscellaneous credit on customer's bills. How those appear in relationship to any particular program, depends upon the program.

Q. Okay. So -- so, you didn't say that a notice of an abeyance would appear on a customer's bill?

A. No, I did not.

Q. Okay. Thank you.

MR. RIGBERG: That's all the questions I have, Your Honor.

A.L.J. COSTELLO: Okay. Utility Intervention Unit is up next.

A.L.J. LEARY: I think we should take a quick 10 minute break before, if that's okay with you ladies and the Company? Okay.

(Off the record)

THE REPORTER: On the record.

A.L.J. LEARY: I think we're with U.I.U.?

MS. O'HARE: Yes, thank you, Your Honors.

CROSS EXAMINATION

BY MS. O'HARE:

Q. Good morning Panel. My name is Kathleen O'Hare and I'm representing the Utility Intervention Unit. I'm going to start by asking you a few questions about the Company's customer service performance measures. If you can please review your rebuttal testimony --

A.L.J. LEARY: Excuse me, I'm sorry. Neither of us can hear you.

MS. O'HARE: Okay.

A.L.J. LEARY: Do you have the microphone on?

MS. O'HARE: I do.

A.L.J. LEARY: It is. This table is no good but try the other mic and let's see what happens.

MS. O'HARE: Okay.

A.L.J. LEARY: Sorry about this everybody.

MS. O'HARE: Is this better, Your Honors?

A.L.J. LEARY: Yes.

MS. O'HARE: Okay. Thank you.

BY MS. O'HARE: (Cont'g.)

Q. Good morning Panel. My name is Kathleen O'Hare and I'm representing the Utility Intervention Unit. I'm going to begin with some questions about the Company's customer service performance measures. Can you please review your rebuttal testimony, pages 38 to 39? Once the Panel has found the pages, I will direct you to the line number. Okay. Page 39, lines five through eight, where the Companies' rebuttal testimony states, although the Companies have been successful in achieving the targets in recent years, circumstances outside of the Companies' control, can cause performance to decline in any given year, in spite of the Companies' best efforts. What circumstances outside the Company's control, are the -- is the Panel referring to there?

A. (Gans) Arlene Gans responding. I'll give an example of the polar vortex in Upstate New York, that we experienced in 2012, that impacted our customer satisfaction scores. As a result of the high electric bills and the combined weather event, we had satisfaction scores that dipped so low in one month, that we were not able to recover in that year. In addition, in Downstate New York and in New York in general, we're navigating a new landscape with a number of changes to employment law. The increase in the minimum wage, has increased our competition with other businesses in our area for entry-level workers and that is making it more difficult to attract and retain qualified workers.

And, in addition, the many leave acts that have been put in place in New York and in particularly New York City in the last two years, such as paid family leave, you know. There's a number of them. That is increasing the number of call center agents that are taking advantage of these programs and we're seeing our staffing more variable, whereas we could count on a certain percentage of people being out for a given period or given number of days with our historical data. We're seeing that evolve and it's changing. We're seeing our attrition rates and the number of people we're losing in the call center go up and the time to recruit and hire new agents and have them fully trained, is a five- to six-month period.

So, as we lose people, we're also losing people in some of our new hire classes. And, in fact, frequently don't even get those folks that we've spent the time and effort attracting and recruiting, to a productive state, where they're helping us with our call answer rates. So, all of these things are new and the data is not there yet for us to put solid measures in place to forecast to these new attrition rates.

Q. How new are these issues? When did you first identify these issues that you're talking about?

A. When I look back over -- again, as I say, this is evolving. It's been escalating in the last year.

A.L.J. LEARY: Can I get a clarification, Ms. O'Hare? I'm -- I'm sorry. You -- your testimony indicated that one of the things outside of the Company's control and I'm referring specifically to KEDNY and KEDLI, was a polar vortex in Upstate New York. Now are you referring to that effecting KEDNY and KEDLI or the Company as a whole?

THE WITNESS: (Gans) The Company as a whole, Your Honor.

A.L.J. LEARY: So, the polar vortex, is there a nexus between that polar vortex in Upstate New York and the service territory of KEDNY and KEDLI?

THE WITNESS: Perhaps not directly. However, I was using it as a reference to something that could happen outside of the Company's control, that could impact one of our service quality metrics dramatically.

A.L.J. LEARY: But, it did not, in fact, as we sit here today, impact KEDNY and KEDLI, is that correct?

THE WITNESS: That's correct.

A.L.J. LEARY: Thank you.

BY MS. O'HARE: (Cont'g.)

Q. Just to clarify Panel, the other issues that you spoke about, are those to the Company as a whole, including the Upstate utility or KEDNY and KEDLI?

A. (Gans) I'm speaking specifically to KEDNY and KEDLI.

Q. Thank you for that clarification. And, isn't it true that there are also factors outside the Company's control, such as lowering natural gas prices that can make it easier for the Companies to achieve these metrics?

A. That would be logical, yes.

Q. Thank you. Can you state anything else besides natural gas price increases that can affect your ability to meet these service quality metrics?

A.L.J. LEARY: Could you repeat that question because it didn't -- I don't think come through completely, for some reason.

MS. O'HARE: Sure.

BY MS. O'HARE: (Cont'g.)

Q. Panel, can you state anything else, other than the natural gas price increases that you talked about, that could impact your ability to meet these customer service performance metrics?

A. (Gans) Potentially, in -- in a particularly warm winter. And, by the same token, a particularly cold winter could have the opposite effect.

Q. And, do the Companies believe that the customer service quality experience should evolve over time and increase and improve?

A. The Companies will always endeavor to improve our customer service experience and deliver the best possible result we can for our customers, with the resources we have.

Q. Thank you. Now, turning to the Panel's initial testimony, page 55, lines four through eight, where the Panel states, "[d]ata shows the existing targets are difficult to achieve during periods of peak demand or extreme temperatures and as noted previously, there is a pending joint utility collaborative to align all New York utilities on a common satisfaction survey." Can the Panel please identify the data that it's referring to, regarding the difficulty achieving certain targets during periods of peak demand or extreme temperatures?

A. Yes, Arlene Gans. We're referring to our exhibit that provided five years of performance data for the Companies.

Q. But, that data does not explain how there was a period of peak demand that made it particularly hard for the Company to meet a certain service quality metric or the nexus, correct?

A. Not specifically, no.

Q. Thank you. Now, if I can direct your attention Panel, to your rebuttal testimony, page 17, line 8 through 11 on page seventeen, use of two standard deviations as suggested by Mr. Collar, at 18, result in targets that are not achievable and that's not manageable within the Company's credit and collections process. On what basis did the Companies determine the targets Mr. Collar proposed, are not achievable?

A. (Harrison) This is Jon Harrison. The -- the answer to that, is as you work through the -- the actual results and looking at -- whether you're looking at averages or normalized averages and comparing the targets that would be derived from one standard deviation and comparing that to your actual results versus two standard deviations, comparing that to actual results, actual results in no way mirror two standard deviations.

Q. When you're doing that analysis, are you taking into the account, the actions that the Companies can take to achieve these targets?

A. Yes, ma'am.

Q. How are you taking those into account?

A. We take those into account, by virtue of the analysis of the historical performance and -- and the expected results. So, we know what a reasonable level of improvement would be from those continuous improvement programs and feel that two standard deviations goes beyond a -- a target that's reasonable, relative to those continuous improvement initiatives.

Q. Are there any conditions under which the Company would believe it is appropriate to increase those targets beyond one standard deviation, such as the Company undertaking additional efforts?

A. With respect -- this is Jon Harrison. With respect to the collection metrics, whether it be terminations or uncollectibles, no. The answer is no.

Q. And, what basis is -- do -- do the Companies have for deciding that?

A. Historic -- this is Jon Harrison. Historical results give you a -- a good indication of what's achievable and two standard deviations put you out of the range of any historical result; well out of the range, by a full standard deviation.

Q. So, is it the Company's testimony, that a positive revenue adjustment should be easily achievable?

A. This is Jon Harrison. Easily achievable is not how I would regard a challenging target.

Q. Are there factors outside the Company's control that can make earning the incentive easier than historically thought to be true, such as declining natural gas prices or some other external factor?

A. This is Jon Harrison. Kathy, I think the -- the answer to that is, while conditions certainly influence balances, with respect to I.R., the answer is that one standard deviation from the mean on a five year normalized average, presents a significant challenge that will not be achieved, simply by virtue of conditions.

MS. O'HARE: Thank you Panel. No further questions, at this time.

BY A.L.J. LEARY:

Q. So, has the Panel undertaken any comparison with your service quality metrics with the other utilities in New York? How do your metrics compare with the other utilities that are regulated in New York? So, that's actually two questions. Have you looked at it, is the first question. And, if you have looked at it, how are they different.

A. (Gans) I have not personally looked at our comparison with other utilities. Although, I imagine that there is a group within the Company that has. I can compare our targets to each other, obviously, between the three operating Companies I work with. And, my experience with the two operating Companies in Downstate New York, KEDNY and KEDLI, have been that on a year over year basis, we work very hard to meet and exceed our targets.

Q. Yeah, that's clear from your testimony. I'm asking a different question. Does anybody on the Panel, have any understanding of those metrics applied to other utilities in New York? Con -- Con-Ed is an obvious geographic comparison.

A. No -- no, Your Honor.

Q. I need to hear no from everybody because I see faces that look like they want to answer this question; at least one.

A. (Harrison) Okay. This -- this is Jon Harrison. We've done extensive benchmarking with other utilities in the Northeastern part of the United States. My role in that, has been limited to the credit and collections and payment processing areas. So, while I'm not familiar with the -- the service levels that you're referring to, the Company has undertaken a best practice in benchmarking activity.

Q. Okay. And, in terms of -- for example a negative revenue adjustment mechanism, are you aware of any other utilities that have that as a part of gaging their success in meeting those metrics?

A. Jon Harrison; no, ma'am, I'm not.

Q. No. Yeah, I saw that you indicated in your testimony, that there were only positive metrics. This is your rebuttal testimony at page 19 and 20, I think. There were only positive incentives associated with -- and I think you cite several cases, Orange and Rockland, Hudson -- I'm sorry, Central Hudson, Consolidated Edison, New York State Electric and Gas and Rochester Gas and Electric. So, is it your understanding that -- well, do you know if those were litigated cases or were those joint proposals?

A. This is Jon Harrison. I -- I do not know.

Q. Okay.

A.L.J. LEARY: That's it. Thanks for the clarification.

A.L.J. COSTELLO: Okay.

EXAMINATION

BY A.L.J. COSTELLO:

Q. I just have a few questions, to follow-up on Mr. Rigberg -- Rigberg's questioning, with respect to the Energy Assistance Program. And, what I'm going to do, is basically indicate what my understanding of your testimony was and this -- I think it was Lisa Tallet's testimony on behalf of the Panel. My understanding is that you stated that both

Companies, KEDNY and KEDLI, used the same criteria for enrollment, is that correct?

A. (Tallet) They use similar criteria. I think the -- the distinction that -- that I should make clear, is for KEDNY, where we do a file match with the Human Resource Administration, that file match is more comprehensive. The KEDLI file match that we do with the Office of Temporary Disability Assistance, is limited to HEAP recipients.

MR. RIGBERG: Your Honor, I cut off my questions because the answer was different before and I was going to ask --.

A.L.J. LEARY: You can -- you can request an opportunity after we've asked our questions, to continue.

A.L.J. COSTELLO: Yeah, let me just finish. I won't be long.

MR. RIGBERG: No, I just wanted -- I just wanted to --.

A.L.J. LEARY: Thank you.

BY A.L.J. COSTELLO: (Cont'g.)

Q. Okay. Now aside from that difference that you just mentioned, do the -- you said most of the -- both Companies use the same customer service representatives or many of the same customer service representatives to do outreach?

A. (Tallet) Yes.

Q. With respect to both Companies? Okay. You did mention that there was a difference between KEDNY and KEDLI, with respect to being a recipient of HEAP grants, with KEDNY being a recipient of HEAP grants in certain circumstances. Can you just explain that process to me? What do you mean by if there's a difference? What happens if KEDNY is a recipient of a HEAP grant and KEDLI isn't? How does that impact

A. (Tallet) So, it -- it -- it could be that the -- the customer who has a gas heating account with us, will -- you know, typically the -- the heating would get the bulk of a customer -- an eligible customer's HEAP grant. So, with respect to KEDNY, we would be the recipient, usually, of their HEAP grant but that file match is more inclusive to include customers who, and perhaps I didn't make this clear before, customers who are HEAP eligible, however, we may not be receiving the -- the benefit for that. So, by HEAP eligible, they could be the recipient of public assistance, for example food stamps and -- and other human service agency programs.

Q. But, that's -- that's the same for both Companies, isn't that correct?

A. It -- it is. It's the file match that's different.

Q. Okay.

A. So, the KEDNY file match, is the more inclusive one that would have the HEAP recipients, that where -- where the customer may be receiving one of these other benefits, as opposed to the file match for KEDLI, which would be limited to only HEAP -- HEAP recipients.

Q. Okay. And, other than that difference, is there any other differences between the programs or the eligibility requirements for the programs, that may account for the differences in the enrollment in the programs between KEDNY and KEDLI?

A. Let me just confer with my Panel.

We believe it's the -- one of the main differences, is that the file match for KEDNY is just that much more inclusive, than what is available for the -- the KEDLI file match that is performed.

A.L.J. COSTELLO: Okay. Thank you.

I'm finished with my questions and --.

A.L.J. LEARY: I did have one more, sorry.

BY A.L.J. LEARY: (Cont'g.)

Q. I just want to find this. I think it's on page -- it starts on page 37 and goes over on 38 of your rebuttal testimony and it's a criticism -- it looks like a criticism of Staff Consumer Services Panel's proposal, adjusting the targets for service quality metrics. And, the Panel states that Staff fails -- quote, fails to recognize the current environment, wherein, the Companies are unable to provide new gas service to customers, which inevitably will lead to an increase in the number of complaints and decrease in overall satisfaction. I am confused about this because I was under the assumption that -- or operating under the assumption, that those metrics were applicable to existing customers and not new customers, that are being, for example, denied new gas service. Is that wrong or do you have -- is this -- does this capture anybody in the world that can call you up and complain?

A. (Gans) Arlene Gans responding. In fact, Your Honor, we have been charged with complaints for customers, who -- or who were not actually customers but applicants in this situation. However, at this point, this issue -- particular issue has been settled, regarding the availability of gas.

Q. I understand that. What I'm asking, though, is how did you get -- when you say charged, does that mean there was some requirement or did the Company do that on its own, to include these quote, no-customer complaints, as I'm call them?

A. They were complaints that we were charged with through the P.S.C. complaint process.

Q. I see. Okay. So, they got lumped in with and -- and basically went to diminish or affect the targets -- the service quality targets, is that correct?

A. That's correct.

A.L.J. LEARY: Okay. Thank you for the clarification.

A.L.J. COSTELLO: I'm sorry, I just need to ask a question about that.

BY A.L.J. COSTELLO: (Cont'g.)

Q. So, complaints from non-customers, they also go into the -- they are counted towards the complaint metric, is that what you’re saying?

A. (Gans) What I’m saying is, our -- our Company was impacted by complaints, related to this in our complaint rate, that’s correct. We -- without, you know, looking at the specific complaints in front of me, you know, they were chargeable. That’s -- that’s all I can really speak to, at this point. There were chargeable complaints, yes.

A.L.J. LEARY: Chargeable complaints, meaning that the public service --

THE WITNESS: (Gans) That’s correct.

A.L.J. LEARY: -- that -- that this -- the Department of Public Service, attributed or put them in the column of complaints that would go against your service --

THE WITNESS: The Company.

A.L.J. LEARY: -- quality targets?

THE WITNESS: That’s correct.

MR. FORST: Your Honors, if -- if you have further questions about the D.P.S. complaint procedure, as it relates to these types of complaints, our Panel can speak to those issues and they’re up tomorrow on the schedule.

A.L.J. LEARY: Okay. I’m assuming, based upon the testimony, that this issue has been resolved, in terms of there will be no further complaints charged in this way to the Company, in all likelihood. Let me just say, never. I don’t mean never. What I mean is, this was kind of a one-time issue. This does not apply in going forward in this rate year.

MR. GOODRICH: So, the specific issue at question here, had to do with the -- the moratorium that was -- was declared in -- in May of 2019. There was a settlement between D.P.S. and the Company in November that was adopted by the Commission, also in November. And, in that settlement, it resolved how these complaints would be dealt with. I believe --- that speaks for itself. I believe that it said that those are -- are to be removed from the -- the metrics. With that said, I think what our Panel would explain a little further, is what types of complaints may be counted because I -- if I understand correctly, there could be something like the Company does have a requirement to -- certain requirements dealing with people who apply for service. And, if someone complains that the

Company didn't comply with those requirements, I think that our Panel could explain when and why that might be termed a complaint.

A.L.J. LEARY: Okay. That's helpful. I'm not familiar with the terms of that joint proposal but I just wanted to square away, you know, that -- I was looking at this testimony as customers -- existing customers, seem to me to be the ones that would fall into the category of having those complaints and then non-customers would fall in another category. But, this -- the testimony clarified that. So, thank you for your clarification, as well, on that joint proposal.

MR. GOODRICH: For the record, that's in Case 19-G-0678, right Phil?

A.L.J. LEARY: 03 --

UNIDENTIFIED SPEAKER: 19-G --

MR. GOODRICH: 19-G-0678.

A.L.J. LEARY: Thank you. Did you have something else?

A.L.J. COSTELLO: I don't have anything else. You want to --

A.L.J. LEARY: Yeah, let's go. Mr. -- Mr. Rigberg, did you want to ask any follow-up questions, as a result of our opening up anything and I apologize. It looks like PULP may have a question or two.

MR. BERKLEY: Yes we do, Your Honor.

MR. FORST: Before you move off of that to the other parties and I -- pardon me for interrupting, a moment ago you had asked a question about Positive Revenue Adjustment, P.R.A.s, regarding metrics and I was wondering if you could clarify for the benefit of the record, were you referring to the positive revenue adjustment for terminations and uncollectibles only or were you referring to P.R.A.s as they apply to metrics generally?

A.L.J. LEARY: I was -- I was really being general about it. I wasn’t being specific about the -- although, I think that that’s what the testimony goes into. I -- I was asking a more general question than that.

MR. FORST: Okay. Thank you.

A.L.J. LEARY: And -- and, the negative revenue adjustments, I think is -- as I understand it from the context of the testimony, is only as to uncollectibles. The reference in the testimony was only as to uncollectibles.

MR. FORST: I -- I believe that to be the case but I think the Panel can also clarify, as well.

A.L.J. LEARY: Do we need to clarify that, if that's my understanding, Panel?

THE WITNESS: (Gans) I don't think so.

A.L.J. LEARY: Okay. I think the testimony's clear. So -- and, I think you're agreeing with me on this, sorry.

THE WITNESS: Yes.

A.L.J. LEARY: Anything from the Company?

UNIDENTIFIED SPEAKER: On redirect, Your Honor?

A.L.J. LEARY: No, just on what we've been talking about, since I thought you might want to say something, as I look at you. You want lunch, right?

UNIDENTIFIED SPEAKER: No, the Panel's doing fine.

A.L.J. LEARY: Okay. Good. Mr. Rigberg.

MR. RIGBERG: Yes, Your Honor. I -- I do have some more questions because the answer --.

A.L.J. LEARY: You don't have to explain anything.

MR. RIGBERG: All right. The answers are --

A.L.J. LEARY: Just go for it.

MR. RIGBERG: -- are different from where -- what I thought was facts.

RECROSS EXAMINATION

BY MR. RIGBERG:

Q. So, if you go back to the -- the chart -- the table that appears in your response to Exhibit -- in Exhibit 626, marked for identification, you know, I -- I asked how you -- how you would account for the disparity in the percentages of the number of -- if low-income people in KEDNY's service territory that -- that are enrolled in the E.A.P. Program, compared to the percentage of customers -- of KEDLI customers in KEDLI's E.A.P. Program. And, previously your response was, that since the file matching was exactly the same, you -- you thought it was customer outreach that was deficient. Could you -- could you clarify your answer now?

A. (Tallet) It's Lisa Tallet. So, with respect to -- to the file matching, in -- in concept, it -- it does the -- the same thing. However, the criteria are different for -- for each Company. So, to clarify for KEDNY, the match with the Human Resource Administration, H.R.A., is more comprehensive than the file match that we receive for KEDLI through O.T.D.A, Office of Temporary Disability Assistance. I -- I think, also to clarify that, in our direct testimony, we discuss who is eligible and how they are enrolled and we describe it as the automatic enrollment versus the manual enrollment --

Q. Uh-huh.

A. -- that happens.

Q. And -- and, when you say the -- the KEDNY matching process is more comprehensive, what -- what do you mean by that?

A. So, the --

Q. In what way is it more comprehensive?

A. -- the information that comes in that file match, is more comprehensive. It includes the information on customers who would qualify for HEAP, so these are the customers that receive temporary assistance for needy families, public assistance, S.S.I., Medicaid, food stamps, etcetera.

Q. Okay. Thank you. And, in your work with OTDA in -- in the counties of Suffolk and Nassau, did you -- do you know if KEDLI ever recommended or asked that they include these other programs in the matching process?

A. I know we've had some ongoing discussions with them. I think, you know, it would be desirable to have as -- as many variables as -- as we could to assure those -- those file matches and that absence is where the outreach of the Company with our consumer advocates working with those two counties, to try to increase awareness and increase participation in the E.A.P. Program.

Q. But, my question is, do you know if the Company -- if KEDLI ever asked those two entities in the two counties, to include more programs in there, as they develop the matching? You know -- to promote the software for the matching process, did you ask them to include the other programs?

A. I don't recall a specific formal request. I do know that the Company is interested in coordinating and collaborating with any other assistance programs that we might find eligible. So, to answer your question, I’m -- I’m -- I’m not aware of a specific request to ODTA.

Q. Okay. Now, you indicated the Panel was familiar with the -- the Order adopting the affordability -- in the affordability proceeding?

A. Yes.

Q. Okay. And, in -- in that Order on page three and it’s also repeated in the Ordering clause, the Commission said that Con Edison is allowed to continue its file match approach, receiving other income based benefits, in addition to HEAP. National Grid New York, is authorized to pursue such an approach. Do you see that?

A. I do.

Q. Okay. So, it’s -- would you agree that National Grid New York, did take steps to pursue that approach, as -- as given permission by the Commission?

A. I -- I would agree, in -- in a sense where we were able to with KEDNY. With KEDLI, again, we would have an interest in -- in having a similar process.

Q. But, my question is, why -- why since you’re sister companies and you said the same people, more or less, are involved in -- in the customer service department of both Companies, why you did not also pursue this with the Suffolk and Nassau County Social Security -- Social Service agencies?

A. I -- I think -- again, our -- our work with standing up and -- and implementing the E.A.P. Program, the -- I think it is more of a function of what was available through the entities that we partner with to arrange these file matches, so with H.R.A. specifically for KEDNY and ODTA, specifically for KEDLI.

Q. Okay. Okay. If you could turn to page 45 of your rebuttal testimony and do you see on line three, there's mention of -- of something called an -- an interagency task force.

A. I see it.

Q. Okay. Do you know if -- if National Grid or KEDNY or KEDLI ever interacted with that task force to suggest that OTDA facilitate the same matching criteria as H.R.A. in New York City?

A. I have no personal knowledge of that, so I -- I can't respond.

Q. Okay. Thank you.

MR. RIGBERG: That's all the questions I have, again, Your Honor.

A.L.J. LEARY: U.I.U.? I mean, PULP, sorry.

MR. BERKLEY: Thanks I know we look alike.

A.L.J. LEARY: I'm spending your lunch time.

MR. BERKLEY: Thank you, Your Honor. I'm just following up on question you asked, which was when you asked if the Panel had done any best practices surveys of other utilities in the State, with regard to the issue N.R.A.s and then -- let me stick with that for a moment.

A.L.J. LEARY: Let me just clarify because I didn't use the word best practices. I'm happy for you to use that word but don't characterize my questions, if you can avoid it and -- but ask your own question.

MR. BERKLEY: Thank you, Your Honor.

A.L.J. LEARY: I don't think I used that term, did I, best practices?

MR. BERKLEY: I think actually the Panel might have used it, forgive me.

A.L.J. LEARY: Okay. Thanks.

RECROSS EXAMINATION

BY MR. BERKLEY:

Q. Is the Panel aware of any other utilities in the State, that have been subjected to negative revenue adjustments, either through a joint proposal or in a litigated case?

A. (Harrison) This is Jon Harrison. No, I'm not.

Q. Did you do a -- a study -- forgive me. When you studied the other utilities, did you also study Niagara Mohawk, otherwise known as Upstate National Grid?

A. I'm -- this is Jon Harrison. I'm also responsible for Niagara Mohawk.

Q. In the 2017 joint proposal in Cases 17-E-0238 and 17-G-0239, there are several mentions in the joint proposal of negative revenue adjustments that were imposed in the joint proposal. Could you explain that?

A. This is Jon Harrison. Yes, I interpreted your question to mean other utilities, not National Grid.

Q. Thank you.

MR. BERKLEY: And, for the record, the mentions of N.R.A.s and the acronym are on pages 12, 24, 25, 43 and 44, several of which relate to customer service questions, which I -- which I believe may have been at least some of the point of your question, Your Honor.

A.L.J. LEARY: The pages that you were reciting were in what?

MR. BERKLEY: Were in the joint proposal ending the 2017 Niagara Mohawk rate case.

A.L.J. LEARY: Okay. Thanks.

BY MR. BERKLEY: (Cont'g.)

Q. Is the Panel aware of the testimony of the Staff Consumer Services Panel within that same rate case, 17-E-0238 and 17-G-0239 and it was rendered in August of 2017?

A. (Harrison) This is Jon Harrison. Not specifically.

Q. I can provide you with a copy, if you'd like to refresh your memory.

A. Thank you.

Q. And, in particular, if you look at page 26, you'll notice that on lines 2, 11 and 12, there is some question about Staff recommending negative revenue adjustments for the Company. And, if you were to look on page 27, lines 15 through 24 on page 27, continuing to line 9 on page 28, Staff set the targets for performance metrics for the Company at two standard deviations. Could you repeat, if you don't mind, your answer to why you answered to U.I.U. that two standard deviations was, and I'm characterizing, unreasonable or unachievable?

MR. O'BRIEN: Your Honor, I -- I just object. I'm -- I'm unclear of what's going -- is this additional cross examination?

A.L.J. LEARY: Yes, it is.

MR. O'BRIEN: Okay. All right. I just wanted to make sure we understood.

A.L.J. LEARY: Yeah, you'll be given an opportunity to redirect. We have a little bit of time left. We have about an hour, so I don't see the problem with this. Unfortunately, it feels like Judge Costello and I in our inquiry to clarify the record, may have opened up a couple of additional questions, which happens all the time in evidentiary hearings. So, is there -- is it -- is -- is your objection based on that this is -- this is not somehow within the realm of what we should be doing or what -- what's your objection?

MR. DECICCO: Just -- maybe -- just maybe substantively, you know, first I think there's been no foundation that the Panel's familiar with the testimony that's been put in front of them. And, also as I understand it, the question's asking whether Staff's testimony in a prior case, which apparently takes a different position from what the Panel said, I'm not even sure what the questions is, whether they're just asking to acknowledge that that's just something different that what we testified before in a different --

A.L.J. LEARY: So, it's --.

MR. DECICCO: -- case. So, maybe you should clarify what the question exactly is.

A.L.J. LEARY: And -- and, the objection is about a -- a lack of foundation for this Panel. So, if you can, you know, provide that for the Panel, through an inquiry, Mr. Berkley, I think that that will satisfy the Company or it might satisfy the Company.

MR. BERKLEY: Your Honor, I'm -- I'm more than willing to withdraw the second question today and ask it of Staff tomorrow.

A.L.J. LEARY: Also a good solution. You have something further?

MR. BERKLEY: No further, Your Honor, thank you.

A.L.J. LEARY: Okay. Anyone else have any further cross examination for this Panel before I ask the Company's counsel if they have redirect?

MR. FORST: Your Honor, Staff has just one question we would like to ask.

RECROSS EXAMINATION

BY MR. FORST:

Q. Earlier there was some discussion about whether the Panel was aware of negative revenue adjustments or N.R.A.s being applied against other utilities and could you clarify whether that was negative revenue adjustments as they apply to service quality performance metrics generally or simply to terminations and uncollectibles?

A. (Gans) Arlene Gans. For my response, I was thinking specifically to service quality metrics, for companies other than National Grid companies.

Q. So, is it the --?

A.L.J. LEARY: Anyone else -- anyone

else have a different understanding on the Panel since I opened this door? Okay. Sorry, go ahead.

BY MR. FORST: (Cont'g.)

Q. So, is it the Panel's understanding that there are no negative revenue adjustment mechanisms applied to service quality performance metrics at other New York State utilities?

A. (Gans) Arlene Gans. My answer is, I don't know what they are. I believe and I don't know, that other utilities do have negative revenue adjustments. I don't know what they are.

MR. FORST: Nothing further, Your Honors.

A.L.J. LEARY: Thanks.

MR. CONWAY: Your Honor, can I -- can I just -- I just have a clarification question. It's Adam Conway from the City of New York. I don't know if this is for this Panel or for the Staff Panel but there was a Staff exhibit on their Consumer Services Panel Supplemental testimony and it's been marked as a pre-filed exhibit here, 516 and the -- the general gist of it, is that it's updated low-income workbooks for the calculation of the Company low-income discounts. And, one of the pages has an embedded spreadsheet inside of it. And, the -- I know, just stick with me. I'm just trying, you know -- the page is just like a screen shot of the Excel icon, where if you -- if you're within the actual Excel file, you would double click on that and it would bring up a whole new workbook, that has like the underlying data that fed into the workbook itself. And, so I guess my preliminary question is, do we -- can we assume that that embedded Excel workbook, is part of the record? And, if not, I just have one --.

A.L.J. COSTELLO: Right but -- but can I ask you. This is -- this is -- you're talking about Staff -- D.P.S. Staff's exhibit?

MR. CONWAY: Yeah, it's a -- but, it's a -- an I.R. response from the --

A.L.J. LEARY: The Company.

MR. CONWAY: -- Shared Services Panel --

A.L.J. COSTELLO: Okay.

MR. CONWAY: -- the Company Shared Services Panel.

MR. FORST: Could the counsel for the City of New York, point out exactly where they're referring to in the exhibits?

MR. CONWAY: Yeah, so -- okay. So, it's the -- I guess Exhibit S.C.S.P. 4, which is pre-filed Exhibit 516.

A.L.J. LEARY: Hearing Exhibit 516. Let me see if I can solve this --

MR. CONWAY: Yeah.

A.L.J. LEARY: -- quickly; probably not.

MR. CONWAY: Okay.

A.L.J. LEARY: I've been looking at the Company and when we started the case, all of the information requests, it was understanding and maybe lots of other things were uploaded into a platform available to the other parties, is that correct?

MR. O'BRIEN: That's correct.

MR. EUTO: That's correct.

A.L.J. LEARY: And, that platform, I remember Judge Costello and I warning the Company that that platform, once something went in there, it did not change. It did not come out. If you wanted to change something in there, a new filing and the old filing, had to remain in there. Is that still the protocol that was followed?

MR. O'BRIEN: Yes, Your Honor. The issue is, that when they print -- when Staff printed out the exhibit, there was an Excel file embedded within it. So, the City is simply asking that the embedded Excel file also be printed out and attached to the exhibit. Company would stipulate to this.

A.L.J. LEARY: And, what page -- okay. So, that was my next question. So, this is actually on that database -- platform and if you click on it, you can see the worksheets like New York City counsel has indicated but we just don't have them in the room.

MR. O'BRIEN: Correct, you don't have a paper copy in the room.

A.L.J. LEARY: So, how long is the -- how long is the Excel -- how big is it? What -- what -- what are we talking about?

MR. CONWAY: So, there's a lot of -- there's a lot of data in there and the only thing I really care to introduce, is one tab within that sub-folder and I have a paper copy of it, if that --

A.L.J. LEARY: I -- I think it's fair game. I'm -- I'm going to ask the parties to stipulate to at least this one, if not have us consider the entire workbook to be a part of Hearing Exhibit 516, unless there's an objection to that.

MR. GOODRICH: I just have a question to make sure I understand. So, this, I believe, is attachment to -- to D.P.S. 1074?

UNKNOWN: Yup -- that's right.

MR. GOODRICH: So, I'm looking at the -- the file, I don't know how many pages it is but it is 519 kilobytes, which would fit on D.M.M. if -- is -- is that -- can -- can we file -- can we introduce the Excel -- just the Excel document on D.M.M.?

A.L.J. LEARY: As a whole?

MR. GOODRICH: Yes.

A.L.J. LEARY: I was trying to make it easy. We're looking, right now, unless everybody -- do you want --

MR. GOODRICH: As far as reference, that's fine. Like, as far as reference here, that's fine but as far as what the exhibit is, it -- if we're talking about a part of an attachment, it might behoove us to just have the whole attachment available.

A.L.J. LEARY: I tend to agree with you. Is that okay?

MR. GOODRICH: But, I'm -- I -- I'm not objecting to referencing the printout of one page here for -- for discussion. I --

MR. O'BRIEN: The Company is fine either way.

MR. CONWAY: I don't have any questions on it. I just wanted to make sure it was somehow in the record or records.

A.L.J. LEARY: I think it's a good point. My question is, are there other exhibits that may have this same issue, that are not the Excel spreadsheet or other information, voluminous as it may be, the 5,000 page -- pages we discussed earlier today? Are there exhibits in the record, that do not -- that are not complete? In other words, they're in the software database maintained by the Company but they're not in D.M.M. or we don't have them, as a result of this hearing?

MR. GOODRICH: There are portions of responses to I.R.s that Staff endeavored in -- in providing its -- its exhibits, with the I.R. responses; endeavored to when -- when that file was -- when an attachment, for example, was not -- not included because --

A.L.J. LEARY: Okay.

MR. GOODRICH: -- for example, some Excel sheets, you can print them out, they're how many ever pages and it's gibberish printed out anyways.

A.L.J. LEARY: Yeah.

MR. GOODRICH: What do you do with them? So, there are portions that we have endeavored to identify and stated that they're available if -- if need -- you know, if parties want them.

A.L.J. LEARY: Yeah, there's no need for us to have them, if somebody's not going to talk about it and argue about it later. I'm just trying to keep the integrity of the record and it sounds like New York City wants this particular workbook, at least one part of it and I think you're suggesting the entire workbook to be put into D.M.M. if the size will permit. So, I think that would work well, if you can make that happen at your convenience, Mr. Goodrich.

MR. GOODRICH: May we -- for -- for ease instead of trying to shoehorn it back into the -- the other exhibit number, can we just identify an exhibit number and say it'll be Attachment Two to the

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Response to D.P.S. 1074?

A.L.J. LEARY: Well, I want you to refer to the Hearing Exhibit, which I believe is 516, correct? Is that correct?

MR. GOODRICH: But, the Hearing Exhibit had many, many, many I.R. responses. It -- this would be saying that --

A.L.J. LEARY: I see.

MR. GOODRICH: -- a new -- a new Hearing Exhibit, whatever number we're up to --

A.L.J. LEARY: We'll do 620.

MR. GOODRICH: -- is specifically Attachment Two to the Response to D.P.S.

A.L.J. LEARY: I like it. Are you good with that Judge Costello?

A.L.J. COSTELLO: Yup.

MR. CONWAY: Brandon, just to introduce -- just to interrupt. Sorry, the exhibit I'm talking about, there's only one I.R. It's -- it's just this I.R.

MR. GOODRICH: It is just one. I'm sorry. I'm sorry.

MR. CONWAY: Yeah.

MR. GOODRICH: I -- I was assuming, as

with many for other I.R. response exhibits, that it was voluminous.

A.L.J. LEARY: Okay. So, we're agreed that we're still going to keep it as a separate exhibit, right? And, you're going to call it -- you're going to file it in D.M.M. You're going to call it --

MR. GOODRICH: Well, Exhibit --

A.L.J. LEARY: -- a new exhibit, which is 628?

A.L.J. COSTELLO: 628.

A.L.J. LEARY: 628? And, you're going to call it by -- you're going to name it by referring to -- I would refer to both, the I.R., as well as the hearing exhibit number, as an attachment to that, so we know that they're related.

MR. GOODRICH: We can do that.

MR. CONWAY: And, sorry just so I'm clear, it's going to be filed as an Excel dot file, like just so you know you can --.

MR. MALONEY: Can we just get what the I.R. number was, as well as the exhibit number?

A.L.J. LEARY: It's 10 -- D.P.S. 1074. Mr. Goodrich, is that right?

MR. GOODRICH: That’s my understanding, yes.

MR. MALONEY: Thank you.

A.L.J. LEARY: And, it’s an excel workbook attached to Hearing Exhibit 516.

MR. GOODRICH: And, Adam to your question, my understanding is we -- we can simply file the Excel workbook on D.M.M., so we will try to do that.

MR. CONWAY: Okay. Thanks, appreciate it.

MR. GOODRICH: I guess if -- if we --.

A.L.J. LEARY: I think you might have to P.D.F. it. I’m sorry but I -- I know that there’s a problem with Excels. You can figure that out with. the other parties but --.

MR. GOODRCIH: I -- I will confirm with -- with our central files, folks.

A.L.J. LEARY: Yeah, I think there could be a problem with that but I don’t know. We’re still in the dark ages. All right. Where are we? We are at the Company’s opportunity to undertake re-direct. Do you need a few minutes with the Panel?

MR. EUTO: If we could, Your Honor.

A.L.J. LEARY: Sure and just remember, we -- not to limit you at all, Judge Costello and I need to leave in an hour.

MR. EUTO: It'll be brief.

A.L.J. LEARY: At latest. Thank you.

A.L.J. COSTELLO: Okay. We'll go off the record.

(Off the record)

THE REPORTER: On the record.

MR. EUTO: Thank you, Your Honor. Jeremy Euto for National Grid.

REDIRECT EXAMINATION

BY MR. EUTO:

Q. Panel, I have two quick questions on redirect. First, during your testimony, you were asked Ms. Gans, about the Company's customer offices in Staten Island and Queens and it -- and it just sounded like and for purposes of making sure that the record was clear, it sounded like you may have said KEDLI's offices. Was that correct?

A. (Gans) No, I -- I meant to say KEDNY.

Q. Okay. Thank you. Also, for the Panel, turning to page 59 of your testimony -- your

19-G-0309/19-G-0310 - 2-12-20 - Brooklyn Union Gas direct testimony, thank you, there -- there was a question there about electronic deferred payment agreements and the use of a standard form. Is there a difference between a standard form and a standard offer?

A. (Harrison) This is Jon Harrison. The -- there is a difference between a standard form and a standard offer.

Q. Can you explain?

A. A standard form would accommodate both the standard deferred payment agreement, as well as the minimum.

Q. Okay. Thank you.

MR. EUTO: No further questions, Your Honors.

A.L.J. LEARY: So, the standard offer would what? I didn't quite catch the difference between the standard form and the standard offer. You gave me what the standard form accommodated, which I think is the payment agreement and the minimum payment. What about the standard offer, what's that?

THE WITNESS: (Harrison) Your Honor, the -- the standard offer, is the payment agreement that calls for a down payment of 15 percent and 10 installments. The minimum, is a different form of payment agreement, that calls for no down payment, 10 dollar monthly charges and payment of current bills. The -- the answer was, that both types of agreement would be contained on the same form.

A.L.J. LEARY: On the E.D.P.A.?

THE WITNESS: Yes, ma'am.

A.L.J. LEARY: Thanks. That's it?

MR. EUTO: Yes, Your Honor.

A.L.J. LEARY: Okay. Off the record?

A.L.J. COSTELLO: Well, we want to thank the Panel for your testimony and you're excused and we're off the record for today.

19-G-0309/19-G-0310 - 2-12-20 - Brooklyn Union Gas STATE OF NEW YORK

I, KAYLA ALLEN, do hereby certify that the foregoing was reported by me, in the cause, at the time and place, as stated in the caption hereto, at Page 1 hereof; that the foregoing typewritten transcription consisting of pages 1 through 1327, is a true record of all proceedings had at the hearing.

IN WITNESS WHEREOF, I have hereunto subscribed my name, this the 19th day of February, 2020.

Kayla Allen, Reporter