

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on May 21, 2003

COMMISSIONERS PRESENT:

William M. Flynn, Chairman
Thomas J. Dunleavy
James D. Bennett
Leonard A. Weiss
Neal N. Galvin

CASE 94-E-0952 - In the Matter of Competitive Opportunities
Regarding Electric Service - System Benefits
Charge. LOW-INCOME PROGRAMS.

CASE 01-E-0359 - New York State Electric & Gas Corporation -
Petition for Approval of Its Electric Price
Protection Plan. LOW-INCOME PROGRAM.

CASE 01-M-0075 - Niagara Mohawk Power Corporation, et al., -
Petition for Approval of Merger and Stock
Acquisition. LOW-INCOME PROGRAM.

ORDER ESTABLISHING CONDITIONS FOR THE CONTINUATION
AND TRANSFER OF LOW-INCOME PROGRAMS AND
ESTABLISHING SYSTEM BENEFITS CHARGE FUNDING

(Issued and Effective May 30, 2003)

BY THE COMMISSION:

BACKGROUND

The System Benefits Charge (SBC) supports needed
public policy programs that "were not expected to be addressed
adequately by competitive markets," during the transition to
retail competition in New York's electric industry.¹ SBC-funded

¹ Case 94-E-0952, supra, Opinion No. 96-12 (issued May 20, 1996),
p. 56.

public policy initiatives include low-income customer energy affordability, energy efficiency, public benefit research and development, and environmental protection. The New York State Research and Development Authority (NYSERDA) is the administrator of the SBC, which is funded with revenues electric utilities collect through their delivery rates.

Upon approval of NYSERDA's spending plans for the initial three years of the SBC program in 1998, \$29.3 million was allocated to programs for low-income customers, with \$13.9 million spent by NYSERDA and the remaining \$15.4 million spent by utilities within their service territories. At that time, Niagara Mohawk Power Corporation (Niagara Mohawk), New York State Electric & Gas Corporation (NYSEG), Orange & Rockland Utilities, Inc. (O&R), and Rochester Gas and Electric Corporation (RG&E) conducted low-income programs. In developing its low-income programs, NYSERDA initially targeted those geographic areas not served by those utility programs.²

When, in 2001, the SBC was extended through June 30, 2006, NYSERDA spending on low-income programs over that period was set at \$119 million and program coverage was expanded to encompass all electric utility service territories. Niagara Mohawk and NYSEG were authorized to continue funding a portion of their utility-specific programs with SBC allocations, at an

² Case 94-E-0952, supra, Order Approving System Benefits Charge Plan with Modifications and Denying Petitions for Rehearing (issued July 2, 1998).

annual rate of \$2.5 million for each utility, until March 2, 2003 for NYSEG and August 31, 2003 for Niagara Mohawk.³ Subsequent SBC funding for those utilities was subject to further evaluation, and is under consideration here.

In addition to the SBC funding, Niagara Mohawk and NYSEG also fund some components of their low-income programs with ratepayer revenues provided for under their existing rate plans. For Niagara Mohawk, program components funded by ratepayers have been set in place through December 31, 2011.⁴ NYSEG's ratepayer-funded program would have expired on March 2, 2003, but that deadline was extended through May 30, 2003. The continuation of the NYSEG ratepayer-funded program is also under consideration here.

On November 1, 2002 and November 15, 2002, respectively, Niagara Mohawk and NYSEG submitted proposals for continued SBC funding for some components of their low-income programs. NYSEG also requested that continuation of its ratepayer-funded low-income program components be approved. Moreover, NYSERDA has performed and submitted an evaluation of its low-income program efforts.

Notices of the NYSEG and Niagara Mohawk filings were published in the State Register on March 19, 2003 and November 20, 2002, respectively, in conformance with State Administrative Procedure Act (SAPA) §202(1). Prior to the expiration of the SAPA §202(1)(a)(ii) comment period for the

³ Case 94-E-0952, supra, Order Addressing Petition for Clarification and/or Rehearing and Adjusting SBC Budgets (issued July 3, 2001) and Order Continuing and Expanding the System Benefits Charge for Public Benefit Programs (issued January 26, 2001).

⁴ Case 01-M-0075, supra, Opinion No. 01-6 (issued December 3, 2001).

NYSEG filing on May 5, 2003, comments were received from Cornell Cooperative Extension and Delaware Opportunities, Inc. No comments were received in response to the notice of the Niagara Mohawk filing.

The NYSEG Program

NYSEG initially developed its Power Partner Program (Power Partner) for serving and assisting its low-income customers under the Rate and Restructuring Plan (RRP) adopted in Opinion No. 98-6.⁵ By subsequent Orders, the Program was continued through May 30, 2003.⁶ When the RRP was replaced in the Rate Plan Order,⁷ NYSEG was directed to address future funding for low-income programs, contingent upon a review and evaluation of its performance in operating Power Partner. NYSEG proposes to continue Power Partner without modification to activities or annual funding levels, until the end of the current electric Rate Plan on December 31, 2006.

Through Power Partner, NYSEG offers comprehensive measures addressing the needs of low-income customers, including rate discounts, encouragement of efficient energy usage, the installation of energy efficiency devices, and providing families with household budget counseling assistance. Participants in Power Partner must meet the family income eligibility requirements for the Home Energy Assistance Program

⁵ Case 96-E-0891, New York State Electric & Gas Corporation - Plans for Electric Rates and Restructuring, Opinion No. 98-6 (issued March 5, 1998).

⁶ Case 96-E-0891, supra, Order on Power Partner Low-Income Program (issued September 25, 1998) and Order Requiring Continuation of Low-Income Program Upon Conditions (issued September 28, 2001) and Untitled Order (issued February 26, 2003).

⁷ Case 01-E-0359, supra, Order Adopting Provisions of Joint Proposal with Modifications (issued February 27, 2002).

(HEAP) and must contribute at least \$60 annually towards meeting past arrearages. NYSEG matches arrearages payments up to a maximum of \$100 per year.

Power Partner is funded at \$5 million annually, with 50% derived from the SBC and 50% from non-SBC ratepayer revenues. The latter revenues are collected from NYSEG's sale of excess land and from the Asset Sales Gain Account (ASGA) established under the Rate Plan Order.

The Niagara Mohawk Program

Niagara Mohawk instituted its Low-Income Customer Assistance Program (LICAP) in 1995, combining weatherization and energy efficiency services with payment assistance services to eligible low-income participants. LICAP was continued under the utility's Rate and Restructuring Plan,⁸ and, under Opinion No. 01-6, it is obligated to extend the Program until its current Rate Plan expires on December 31, 2011.

Niagara Mohawk's objectives for LICAP are to provide its low-income customers with services that will enable them to better manage their energy use and meet their bill payment obligations. Program eligibility is limited to households that have received HEAP assistance, which is open only to families earning about 60% or less of the New York median income. To enter LICAP, a low-income customer must face negative monthly cash flows and be payment-troubled, which the utility defines as unable to pay the full utility bill, or meet the bill by reducing expenditures on other necessities such as food, shelter or medications.

⁸ Case 94-E-0098, Niagara Mohawk Power Corporation - PowerChoice Rate and Restructuring Plan, Opinion No. 98-8 (issued March 20, 1998).

LICAP consists of two complementary components -- payment assistance services and energy services. Payment assistance, funded with ratepayer revenues, is furnished through a customer charge discount of \$5.00 per month and may also include a negotiated affordable monthly bill that is discounted 10% to 35%, consistent with the customer's ability to pay. Moreover, if bill payments are regularly made, the customer is rewarded with arrearages reductions of up to \$250 per year. Energy services, including energy use management education and installation of energy efficiency and weatherization measures, are funded through the SBC allocation.

NYSERDA's Programs

NYSERDA targets its programs to households with incomes of 60% to 80% of the New York median. According to NYSERDA, this approach allows it to serve households in need of its programs, but earning more than the HEAP-based 60% income eligibility limit.

NYSERDA tailors the six low-income programs it administers to meet public policy goals.⁹ It seeks to reduce the energy burden on low-income customers through energy efficiency and energy management strategies. NYSERDA supplements federal weatherization program funds and leverages other private and public funds to promote efficient use of all heating and power fuels. It achieves these goals through installation of electric efficiency measures, electric to gas heat conversions, and other approaches. NYSERDA also advises low-income energy customers and government and community-based service providers of the options and programs available to them, and coordinates with community-based organizations and public assistance providers to aggregate customers for market-based energy procurement efforts.

⁹ The NYSERDA programs are listed and described at Appendix A.

POSITIONS OF THE PARTIES

NYSEG's Filing

In its evaluation of Power Partner, NYSEG reports that over 41,000 low-income customers have participated. The utility notes it has met targets established for it in prior Orders by enrolling more than 22,000 active participants, spending \$2.5 million per year in non-SBC funds, and limiting administrative expenses to no more than 20% of the funding.

NYSEG would continue ratepayer funding of Power Partner at the current annual budget of \$2.5 million. Calculating that it has realized savings of \$133,000 as a result of the Program, NYSEG would fund the remainder of the \$2.5 million budget from the existing sources. The utility also details the Power Partner services it will offer, which generally continue the services available under the existing Program.

Under Power Partner, NYSEG asserts, it responds to individual customer needs by working in close partnership with a broad network of state and community-based agencies. After polling these agencies, NYSEG reports a high level of satisfaction with Power Partner. The Program, NYSEG continues, has been recognized for its merit, receiving a national award for its newsletter-calendar developed in consultation with Cornell Cooperative Extension. The utility also maintains that Power Partner has enhanced the health, comfort, and safety of its participants.

In its November 2002 filing, NYSEG notes that participation in Power Partner may make some customers ineligible for emergency HEAP benefits. NYSEG reports that it is working to coordinate HEAP eligibility requirements with Power Partner requirements, but it is concerned that potential

loss of eligibility for emergency HEAP assistance will discourage customer participation in Power Partner.

Turning to the SBC-funded elements of Power Partner, NYSEG would continue the SBC allocation at the existing \$2.5 million annual level, through the end of its current electric Rate Plan on December 31, 2006. With SBC funding, NYSEG relates, it furnishes energy efficiency services to low-income customers, reducing their energy usage and utility bills through replacement of inefficient appliances, weatherization, furnace cleaning and tuning, heating system repairs and replacement, and heating fuel conversions. The SBC funds, NYSEG stresses, are leveraged with funding from local and private sources. NYSEG notes it also offers energy and financial management education through its newsletter, workshops, and family needs assessments and support, which is also targeted to reach high-use and time-of-use low-income customers. In a 2002 survey of customers that participated in its Power Partner energy educational efforts, NYSEG relates, over 50% reported implementing at least one energy efficiency measure at their own expense.

Evaluating its low-income energy efficiency efforts, NYSEG says it has provided 4,242 households with 7,600 energy efficiency measures, including energy audits, refrigerator replacements, water heaters, weatherization, cleaning, tuning and replacing furnaces, and converting heating systems to another, more economical fuel. During this period, NYSEG estimates, these energy efficiency measures have saved 3,551,955 kWh of electricity and 322,910 therms of natural gas. The average annual utility bill savings was about \$230 per customer.

NYSEG claims it is uniquely qualified to deliver those services because it is able to interact directly with its customers on a monthly basis through its customer service field

personnel and its corps of customer advocates. It describes its rate-supported and SBC-supported low-income services as a "holistic" approach that offers the greatest opportunity for long-term success in improving the circumstances of low-income families.

Niagara Mohawk's Filing

In its evaluation of SBC-funded LICAP components, Niagara Mohawk reports that 8,774 customers participated in energy education workshops, 7,784 received videotapes on reducing energy consumption, 3,079 received energy efficient appliances, and 1,220 received weatherization services. The utility estimates that these initiatives have resulted in total annual electricity savings of 9,420,837 kWh with a dollar value to customers of over \$1.1 million, and annual natural gas savings of 284,953 therms valued at about \$222,000. Total annual savings from all measures equaled \$1,349,899, or \$295 per participant.

Niagara Mohawk also reported on the impacts of energy efficiency educational workshops. Savings estimates attributable to the workshops, however, were inconclusive, because of wide variations in the data available.

Noting that SBC funding for LICAP has been approved through August 31, 2003, Niagara Mohawk requests additional SBC funding through June 30, 2006. Under its Rate Plan, the utility says, LICAP eligibility is expanded beyond customers who are already in arrears to include those payment-troubled customers who are current in meeting utility accounts, but are unable to afford some other life necessity as a result. Moreover, the program now serves senior citizens referred by the State Office for the Aging and customers who had recently left public

assistance, where utility bills were paid by direct vouchers from county Departments of Social Services.

To accommodate this expansion in customer eligibility, Niagara Mohawk continues, a concomitant increase to its annual LICAP energy services participation targets by about 10% is appropriate. The higher targets would reflect greater participation in energy use management education workshops, and installation of a greater number of energy efficiency measures at more low income customer residences. The utility requests that SBC funding be increased to meet these enhanced targets, in the amount of \$1.8 million over the period ending June 30, 2006.

According to Niagara Mohawk, it is uniquely positioned to target appropriate customers for energy services assistance because it has extensive information on HEAP assistance, energy costs and usage, and payment histories. Niagara Mohawk believes it can identify high energy users who are low-income and payment troubled, and who would benefit most from energy services under LICAP.

NYSERDA's Filing

NYSERDA reports that it has served over 20,000 low-income households, resulting in total estimated electricity savings of 33.1 million kWh and electric demand savings of over 7,000 kW. NYSERDA stresses that its efforts also reduced adverse environmental impacts arising out of energy production and use, including reductions to carbon dioxide emissions by over 14,580 tons annually. NYSERDA notes its programs also yield difficult to quantify benefits such as health and safety improvements.

NYSERDA attributes most of these savings and benefits to measures installed under the Assisted Multi-Family Program (AMP) and the Direct Installation Program (DI Program). The AMP

focused initially on comprehensive energy audits and providing financial assistance that coordinated available loans, incentives and grants with owner equity to fund the recommended energy improvements. NYSERDA reports that 71,540 dwelling units in multi-family buildings have been approved for assistance, and that implementation was complete in three buildings containing 104 dwelling units. NYSERDA notes the focus of the program is shifting to accelerating implementation of energy services within the buildings participating in the Program.

Under the DI Program, 10,235 low-income households were served in 1,292 buildings, with 158,519 energy efficiency measures installed. A total of about \$8.5 million in SBC funds were spent, and an additional \$20.5 million was invested by building owners and federal agencies on the buildings treated. Besides estimated annual electricity savings of 11.5 million kWh and a peak load reduction of 4.5 MW, NYSERDA reports improved lighting in the common areas of multi-family buildings has contributed to increased tenant safety.

NYSERDA also retained an independent contractor to evaluate its Low-Income Energy Awareness Program. NYSERDA identified a number of enhancements that would improve future energy awareness initiatives. Among the recommendations it adopted were to provide customers with a more comprehensive information package, to better promote word-of-mouth referrals, to better educate callers seeking information, to improve the training of call center staff, and to track the satisfaction of callers referred to another agency for information.

The Comments

In comments filed April 14, 2003 and April 18, 2003, respectively, Cornell Cooperative Extension and Delaware Opportunities, Inc. urged continuation of the Power Partner

Program. The commentors maintain the Program has been an asset to low-income families, and that the funding of budgeting counseling for these families has assisted them in developing their financial management skills.

DISCUSSION AND CONCLUSION

At this time, both the SBC and non-SBC elements of NYSEG's Power Partner are under review, while only the SBC-funded portion of Niagara Mohawk's LICAP is under consideration. NYSEG's ratepayer-funded Power Partner Program may continue as currently constituted. NYSEG and Niagara Mohawk shall continue their SBC-funded programs until June 30, 2004, but NYSERDA, as the SBC Fund Administrator, shall assume responsibility for the SBC-funded energy efficiency and weatherization components of the utilities' programs as of July 1, 2004.

NYSEG's Non-SBC Program

Those components of Power Partner funded with ratepayer revenues have operated satisfactorily and continuation of the Program is warranted. After failing to meet the Power Partner enrollment target in the Program's early years, NYSEG exceeded the target by enrolling more than 22,500 active participants as of August 2002. Reaching the enrollment target ensures that customers who would benefit most from more affordable bills participate.

NYSEG's proposed Power Partner budget is properly formulated. The utility has recognized the \$133,000 in savings attributable to the Program, and proposes to continue funding from the existing land sales and ASGA sources, at the current annual level of \$2.5 million. Moreover, NYSEG reports it has met the requirement limiting its administrative expenses to no more than 20% of program funding. Constraining these

administrative expenses frees a greater percentage of dollars for spending on assisting low-income customers, making bills more affordable and encouraging positive payment behaviors.

NYSEG should continue to strive for additional savings to offset costs. The utility is directed to report annually on the savings it achieved, by October 1 of each year beginning in 2004, for the prior period of July 1 through June 30, and offset against the Power Partner budget any additional savings beyond the \$133,000 already reflected in the budget.

NYSEG's concern over the effect of emergency HEAP assistance eligibility requirements on participation in Power Partner is warranted. If customers are rendered ineligible for the emergency HEAP payments, they may decide not to participate in Power Partner. NYSEG should continue working with Staff and other appropriate entities on resolving this obstacle to participation.

Power Partner has been an effective tool in assisting low-income customers to gain control of their energy costs and finances. It has met the goals established for it in our prior Orders. Accordingly, the ratepayer-funded components of Power Partner shall continue until the end of the current Rate Plan on December 31, 2006.

SBC Program Evaluation

The approaches to evaluation of SBC spending among NYSERDA, Niagara Mohawk and NYSEG varied. Niagara Mohawk employed an independent evaluation firm; utility personnel produced NYSEG's report; and, NYSERDA deployed outside contractors to develop data while its personnel prepared the report.

The level of detail and breadth of approaches supplied in the reports also varied. Only NYSERDA supplied cost/benefit

ratios and documented environmental benefits. On the other hand, both of the utilities emphasized their educational efforts. Only Niagara Mohawk, however, attempted to quantify energy savings realized from that activity.

The rigor of the evaluations varied as well. While analyzing a customer's electricity consumption before and after the implementation of energy measures is a more reliable approach than use of engineering estimates, NYSERDA and NYSEG base their evaluations primarily on engineering calculations. These calculations often fail to capture factors such as poor quality installations or changes in customer behavior.

In contrast, Niagara Mohawk based its energy savings estimates on analysis of utility bills from a sample of program participants. That data, however, was derived from an earlier study performed in 1998 and extrapolated to more recent participants. Other inconsistencies in approach among the three entities were also present.

These differences, when combined with the distinctions among the program designs and target audiences, are a barrier to effectively comparing relative program performance. Moreover, NYSEG's use of utility personnel to prepare its report, without the benefit of outside evaluation expertise, is a deficiency.

NYSERDA, however, has taken steps to improve its overall evaluation program. Upon the extension of SBC funding approved in 2001, the budget for evaluation increased to approximately \$14.7 million over the five years ending June 30, 2006. These funds will be used to evaluate NYSERDA's entire

portfolio of programs, including the programs targeted at the low-income sector.¹⁰ NYSERDA is in the process of issuing contracts for conducting evaluations of various program components, including contracts for specialty evaluation services such as measurement and verification, causality analysis and market verification.

More consistency is needed in future evaluations, especially in areas dealing with evaluation objectives, methodologies, definition of terms, the measurement of energy savings, and the reporting of results. Staff will work with the appropriate parties to develop evaluation guidelines designed to improve the quality, consistency and usefulness of the evaluations.

Continuation of Utility SBC Low-Income Programs

The SBC-funded components of the Niagara Mohawk and NYSEG low-income programs provide needed assistance to low-income customers who are confronting difficulties in affording essential energy services. Energy efficiency services and energy management education are particularly effective means of spurring long-term reductions to energy usage and utility bills. The SBC-supported services are properly designed to complement the rate-funded payment assistance components of each program, making energy more affordable and reducing the likelihood that targeted customers will be unable to pay their bills and risk loss of utility services.

The utilities' individual relationships with their customers have assisted in targeting the customers most in need of, and most likely to benefit from, the direct services provided. The utilities also have worked effectively with local

¹⁰ NYSERDA credits about two-thirds of the electricity savings under its low-income program to the AMP component.

community organizations and service providers to deliver energy services promptly and to coordinate and leverage other sources of funding assistance for participants in their programs. Both utility programs comport with our goals for SBC low-income programs and they may continue as currently constituted until June 30, 2004.

Future SBC Low Income Programs

Notwithstanding our continuation of the Niagara Mohawk and NYSEG SBC-funded low-income programs for another year, administration of SBC-supported services for low-income customers under a NYSERDA program would result in operational and administrative efficiencies. Energy efficiency and weatherization programs in particular would benefit from NYSERDA administration, enabling a greater number of customers to receive or install bill-reducing energy services measures with the limited funds available than would occur through separate programs at each utility. A NYSERDA approach would also significantly increase program uniformity. Moreover, in the future, the availability of SBC-supported services could be extended to participants in the low-income programs of utilities that do not now receive SBC allocations.

Currently, the utility and NYSERDA energy efficiency programs target different sectors of the low-income population and attempt to capture different opportunities for energy and energy bill savings. While the utility programs target lower-income customers residing in primarily single family and smaller multifamily dwellings, NYSERDA's programs have promoted energy savings mostly in large multifamily buildings housing families with somewhat higher incomes. In contrast to the utilities' work with individual payment-troubled, low-income customers, most of NYSERDA's accomplishments to date have been achieved by

working with building managers and owners.¹¹ Under a NYSERDA-administered program, better coordination of these efforts will be required.

Therefore, we direct Staff and the utilities to work with NYSERDA to develop a new coordinated low-income energy efficiency and weatherization program. Under such a program, NYSEG and Niagara Mohawk would refer customers that are receiving ratepayer-funded payment assistance to NYSERDA for energy efficiency and weatherization services.

As Administrator of the state-wide SBC program, NYSERDA shall work with the utilities and Staff to develop the details of a new NYSERDA low-income program, to commence July 1, 2004, for the delivery of SBC-funded services to participants in Power Partner and LICAP. Among the issues for consideration are the specific services currently provided by NYSEG and Niagara Mohawk that should be transferred to NYSERDA, and approaches to effective coordination between NYSERDA and the utilities.

Based on those discussions, NYSERDA, as the SBC Administrator, shall develop an energy efficiency and weatherization program for participants in Power Partner and LICAP and a plan for a transition from utility management to NYSERDA administration, for submission to the Secretary by February 1, 2004. The transition plan should address the feasibility and merits of expanding the new NYSERDA program to all electric utility service territories. Parties will be afforded 30 days to comment on the proposed program and the transition plan after their submission.

¹¹ Where tenants' energy use is not metered and individual bills are not rendered for energy consumed, the customers benefit from increased viability of the housing stock, potentially lower rent, and increased comfort and safety, rather than direct monetary bill reductions.

Utility SBC Funding

In the interim before NYSERDA institutes its low-income customer energy efficiency and weatherization program, SBC funding for the Niagara Mohawk and NYSEG low-income programs is approved at the current level of \$2.5 million per year through June 30, 2004, consistent with the approval granted to continue the programs until then. The effect of this recommendation on the approved and reserve SBC funding levels for each of the utilities is shown in Appendix B. Approved and reserve SBC funding for these utilities shall be reviewed again at the time NYSERDA's low-income program and transition plan filings are considered.

Niagara Mohawk's proposal for increasing its SBC funding to support broader participation in LICAP is rejected. While the utility's willingness to expand its Program is praiseworthy, increasing funding is not appropriate in view of the impending transition to a SBC-funded low-income program coordinated by NYSERDA. Moreover, increasing Niagara Mohawk's SBC allocation would require a matching reduction in SBC funding to the budgets of NYSERDA or NYSEG, because overall SBC spending on low-income programs is already fixed over the period ending June 30, 2006. Modifications to those budgets are not appropriate at this time.

The Commission orders:

1. The Power Partner Program for low-income customers established by New York State Electric & Gas Corporation is continued, in accordance with the discussion in the body of this Order.
2. New York State Electric & Gas Corporation shall report, by October 1 of each calendar year during its Rate Plan

for the prior July 1 to June 30 period, on the Power Partner Program cost savings achieved and to be offset against Power Partner Program expenses.

3. System Benefits Charge funding, at an annual level of \$2.5 million each through June 30, 2004, is approved for both Niagara Mohawk Power Corporation's Low Income Customer Assistance Program and New York State Electric & Gas Corporation's Power Partner Program.

4. Niagara Mohawk Power Corporation and New York State Electric & Gas Corporation shall cooperate with and assist Department of Public Service Staff and the New York State Energy Research and Development Authority, as the System Benefits Charge Administrator, in its development of a low-income customer energy efficiency and weatherization program funded through the System Benefits Charge and a transition plan for transferring administration of those programs from the two utilities to it, in accordance with the discussion in the body of this Order.

5. The New York State Energy Research and Development Authority, as the System Benefits Charge Administrator, shall submit to the Secretary, by February 1, 2004, the low-income energy efficiency and weatherization program and the transition plan described in Ordering Clause 4. Interested parties may comment on the submissions by filing, within 30 days of the date of the submissions, an original and five copies of comments with Janet Hand Deixler, Secretary, Department of Public Service, Three Empire State Plaza, Albany, New York, 12223-1350.

6. These proceedings are continued.

By the Commission,

(SIGNED)

JANET HAND DEIXLER
Secretary

NYSERDA LOW INCOME PROGRAMS

The Direct Installation Program, budgeted at \$9.9 million over three years, was designed to extend the services provided by the federal Weatherization Assistance Programs (WAP) by offering electric reduction measures that were not permitted under WAP guidelines. The program provided efficient lighting, appliances and electric-to gas conversions for multifamily housing and 1-4 unit homes that were being weatherized under the WAP program. The program expanded the scope of services beyond the improvements typically provided by WAP, resulting in greater total investment, and larger energy savings, in the housing treated. The program also provided training to WAP subgrantees on the integration of electric reduction measures into projects. NYSERDA reports that the Direct Installation program served 10,235 low-income households in 1,292 buildings, and installed 158,519 measures. The Direct Installation program ended in April 2002, and was succeeded by the Assisted Multifamily Program.

The Assisted Multifamily Program (formerly the Publicly Assisted Housing Program) offers a "whole building approach" to energy efficiency in publicly assisted housing by providing technical assistance, energy audits, financing services, and the bulk purchase of energy efficiency technologies. The program uses detailed building audits to identify and recommend cost effective energy and resource measures. The recommendations range from common measures such as weather-stripping and lighting improvements to advanced technology options such as heat recovery ventilation and combined heat and power (CHP) systems. Financial specialists consolidate available loans, incentives, and grants with owner equity to fund improvements. Owner equity (through building reserves, loans or other means) is required to fund at least 50 percent of the total cost of the work. The program budget over eight years is \$72.2 million. As of June 30, 2002, multifamily buildings representing 71,540 dwelling units were approved for assistance, and construction was complete in 3 buildings representing 104 dwelling units.

The Low-Income Aggregation Program is designed to help low-income households participate in the increasingly competitive energy markets. A key component of the program facilitates the aggregation of low-income customers in order to

take advantage of reduced commodity prices available from bulk energy purchases. Over 9,000 units of low-income housing have received competitively purchased energy. The current eight-year program budget is \$1.5 million.

The Low-Income Oil Buying Strategies Program is designed to improve energy affordability for low-income customers through procurement practices, including the bulk purchase of home heating fuel. The program also provides information about using fuel oil more efficiently. The current eight-year program budget is \$2.2 million.

The Low-Income Energy Awareness Program was designed to educate and inform eligible New Yorkers about the more than 100 low-income programs available to them at the state, utility and local levels. The campaign directed New Yorkers to call a toll-free number (1-866-HELP-4-NY) where call center operators were to match the customer to the appropriate program. The specific components of the program designed to inform eligible New Yorkers included a TV campaign, radio public service announcements, posters, postcard mailings and press releases. The campaign began in November 2001 and concluded in April 2002. The current eight-year program budget is \$2.775 million.

The Low-Income Forum on Energy is dedicated to discussing issues and approaches for addressing the problems that confront low-income energy consumers. The Forum is targeted at program implementers, policy makers and local service providers. To date, three statewide conferences and eleven regional forums have attracted over 850 participants. The current eight-year budget is \$510,000.

Revised Funding Levels for Utility SBC Low-Income Programs
2003 - 2006

Utility	2003	2004	2005	Half 2006
NYSEG Low Income	\$2,500,000	\$1,250,000	\$ 0	\$ 0
NYSEG Reserve	\$ 0	\$1,250,000	\$2,500,000	\$1,250,000
Niagara Mohawk Low Income	\$2,500,000	\$1,250,000	\$ 0	\$ 0
Niagara Mohawk Reserve	\$ 0	\$1,250,000	\$2,500,000	\$1,250,000