

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on May 19, 2016

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair  
Patricia L. Acampora  
Gregg C. Sayre  
Diane X. Burman, dissenting

CASE 14-M-0565 - Proceeding on Motion of the Commission to  
Examine Programs to Address Energy  
Affordability for Low Income Utility Customers.

ORDER ADOPTING LOW INCOME PROGRAM MODIFICATIONS  
AND DIRECTING UTILITY FILINGS

(Issued and Effective May 20, 2016)

BY THE COMMISSION:

INTRODUCTION

In January 2015, the Commission opened this proceeding to examine the low income programs offered by the major electric and gas utilities in New York State.<sup>1</sup> The primary purposes of the proceeding are to standardize utility low income programs to reflect best practices where appropriate, streamline the regulatory process, and ensure consistency with the Commission's statutory and policy objectives.

The Commission directed Staff of the Department of Public Service (Staff) to conduct an examination of the utility low income programs, in order to identify best practices, evaluate the effectiveness of the current low income program

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<sup>1</sup> Case 14-M-0565, Utility Low Income Programs, Order Instituting Proceeding (issued January 9, 2015) (Instituting Order).

designs, and develop a set of recommendations for any improvements that may be warranted. Staff conducted its program review in conjunction with multiple interested parties, including the utility companies and low income consumer advocates.

On June 1, 2015, Staff filed a Report on the results of its examination.<sup>2</sup> The Staff Report includes a Straw Proposal for a new statewide approach to low income programs that addresses numerous design and implementation elements including eligibility, enrollment processes, benefit structures, rate discount levels, budgeting, treatment of participant arrears, and reconnection fees.

Interested parties were provided a variety of opportunities to comment on the Staff Report. First, a technical conference was held on July 30, 2015, where Staff discussed the report with interested parties and answered questions regarding its content, in order to assist the parties in preparing their comments. Initial written comments on the Staff Report were solicited through August 24, 2015, and reply comments were solicited through September 8, 2015. In addition, 12 public statement hearings were held in six locations throughout the state, including Glens Falls, Poughkeepsie, Buffalo, New York City, Syracuse, and Albany.

Based on this extensive record, the Commission hereby adopts a regulatory policy framework for addressing low income customer needs as described in this Order. The Order also addresses implementation of this framework, and directs filings by certain utilities to achieve that goal.

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<sup>2</sup> Case 14-M-0565, Staff Report (issued June 1, 2015).

A brief summary of our conclusions follows:

- The Commission adopts a policy that an energy burden at or below 6% of household income shall be the target level for all 2.3 million low income households in New York.<sup>3</sup>
- Success in this endeavor can only be achieved through a holistic approach that coordinates and leverages all available resources. The Commission authorizes and directs Staff to work with sister agencies to create an inter-agency task force, to achieve greater program coordination.
- Reaching all 2.3 million households will involve establishing new partnerships and new ways for utilities to identify and enroll eligible customers. As an initial step, the Commission directs that utilities open their low income discount programs to all households that currently receive HEAP, regardless of fuel or benefit type.
- A funding limit is established such that the total budget for each utility may not exceed 2% of total electric or gas revenues for sales to end-use customers.
- Con Edison is allowed to continue its file match approach which extends the low income discount program to customers receiving other income based benefits in addition to HEAP. National Grid NY is authorized to pursue such an approach.
- A default process of setting benefit levels is established which varies levels of discounts based on need. Utilities will be allowed some flexibility in designing rate discounts; however, alternatives must be shown to

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<sup>3</sup> The current utility programs reach about 1.1 million customers. Because customers could receive both a gas and electric discount, the 1.1 million customers equates to approximately 700,000 households.

accomplish the same results, and leave no class of participant underserved.

- Statewide, the enhanced low income discount program will serve approximately 1.65 million customers, at a cost of approximately \$248 million, an increase of approximately 87% to existing programs.
- Customers enrolled in the utility discount program will also be enrolled in levelized or budget billing. Participants will have the ability to opt-out.
- The costs of the programs will be borne by all classes of customers; however, the specific mode of cost recovery will be determined in rate cases, where the total impacts of all revenue requirement changes can be considered.
- Arrears forgiveness programs may continue for utilities who see value, but are not required for other utilities. A limit of funding for arrears forgiveness programs of no more than 10% of the budget shall be imposed.

#### BACKGROUND

The Staff Report, which included a detailed procedural history, was issued on June 1, 2015 after extensive information gathering efforts. The Report also described the various low income program approaches utilized by several key states, and summarized the existing programs in New York. The overview of energy affordability in New York included data on the "energy burden," or percentage of a customer's income that is spent on energy, compiled by the consulting firm of Fisher, Sheehan & Colton. This data reveals that the energy burden faced by low income households, those below 200% of federal poverty level (FPL), increases dramatically as household income decreases; an insight which helped guide the development of the Staff Report's

recommendations. The energy burdens calculated for households at different income levels is reproduced here:

**New York Low Income Household Energy Burdens**

Percent of FPL	Annual Income <sup>4</sup>	Households	Energy Burden
0% - 50%	\$12,150	489,000	41%
50% - 100%	\$24,300	600,000	22%
100% - 125%	\$30,375	311,000	15%
125% - 150%	\$36,450	314,000	12%
150% - 185%	\$44,955	422,000	10%
185% - 200%	\$48,600	170,000	9%

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on June 2, 2015 [SAPA No. 14-M-0565SP1]. The time for submission of comments pursuant to the Notice expired on August 3, 2016. Moreover, Notices by the Secretary were issued in the case dated January 16, 2015, February 12, 2015, June 1, 2015, July 7, 2015, August 21, 2015, and October 2, 2015, seeking additional comment, with the last date for comments due October 21, 2015. The comments received are addressed below.

COMMENTS OF THE PARTIES

Written comments on the Staff Report were submitted by the following parties: Alliance for a Green Economy (AGREE); American Association for Retired Persons (AARP); Association for Energy Affordability (AEA); Central Hudson Gas & Electric Corp. (Central Hudson); Citizens' Environmental Coalition (CEC); City

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<sup>4</sup> Federal Poverty Level varies by family size; income is for a family of four, at the upper end of the given income range.

of New York (NYC); Consolidated Edison Company of New York, Inc./Orange & Rockland Utilities, Inc. (CEOR); Multiple Intervenors (MI); National Fuel Gas Distribution Corp. (National Fuel); National Grid, consisting of the Brooklyn Union Gas Co. d/b/a National Grid NY, KeySpan Gas East Corporation d/b/a National Grid and Niagara Mohawk Power Corporation d/b/a National Grid. (National Grid); New York State Department of State, Division of Consumer Protection, Utility Intervention Unit (UIU); New York State Electric & Gas Corp./Rochester Gas and Electric Corp. (NYSEG/RG&E); New York State Energy Research and Development Authority (NYSERDA); New York State Office of Temporary and Disability Assistance (OTDA); PSEG Long Island, LLC (PSEG); Public Utility Law Project (PULP); Solix, Inc. (Solix); and Natural Resources Defense Council, Pace Energy and Climate Center, WE ACT for Environmental Justice, Association for Energy Affordability, Center for Working Families, Enterprise Community Partners, and Green and Healthy Homes Initiative, jointly as Energy Efficiency for All (EE4All). Reply comments were filed by AEA, AGREE, CEC, Central Hudson, EE4All, MI, NYC, NYSERDA, and PULP.

In addition, over 80 written public comments (public comments are those filed by individuals and organizations who are not formally registered as active parties) were filed in this Case. Commenters included Affordability for All; Roger Colton;<sup>5</sup> Community Service Society; Laundry, Distribution and Food Service Joint Board, Workers United; Energy Democracy Alliance, NY Communities for Change; Nobody Leaves Mid-Hudson; State Senator Robert G. Ortt, 62<sup>nd</sup> District; State Senator Kevin S. Parker, 21<sup>st</sup> District; and the Sierra Club; as well as

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<sup>5</sup> Mr. Colton is a co-founder and principal of Fisher, Sheehan and Colton, the consulting firm whose analysis of energy burdens is cited in the Staff Report and above.

comments filed by unaffiliated individuals. A summary of all written comments is included as Appendix A of this order.

Finally, 12 public statement hearings were held in six locations throughout the state, including Glens Falls, Poughkeepsie, Buffalo, New York City, Syracuse, and Albany. Over the course of these hearings, more than 100 speakers offered statements on the Staff Report, generating nearly 600 pages of transcript. Many of the speakers were low income electric and natural gas customers, who testified to the difficulties that they have faced paying for service, and the need to improve energy affordability for the poorest New Yorkers.

Specific comments of the parties are addressed in the discussion that follows.<sup>6</sup>

#### VISION AND GOALS FOR LOW INCOME REGULATORY POLICY

In Governor Cuomo's Reforming the Energy Vision (REV) proceeding, the Commission articulated a new approach to regulation of energy markets, and new business models that create opportunities for customers and other third parties to be active participants, utilizing distributed energy resources (DER) as an integral tool. The Commission's policy to maintain universal, affordable service is a critical driver of the REV initiative.<sup>7</sup>

There is no universal measure of energy affordability; however, a widely accepted principle is that total shelter costs

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<sup>6</sup> In many cases, several parties made the same or similar comments; attribution of comments to specific parties is intended to be illustrative, and does not necessarily identify all parties who made such comments.

<sup>7</sup> Case 14-M-0101, Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015).

should not exceed 30% of income. For example, this percentage is often used by lenders to determine affordability of mortgage payments. It is further reasonable to expect that utility costs should not exceed 20% of shelter costs, leading to the conclusion that an affordable energy burden should be at or below 6% of household income (20% x 30% = 6%). A 6% energy burden is the target energy burden used for affordability programs in several states (e.g., New Jersey and Ohio), and thus appears to be reasonable. It also corresponds to what U.S. Energy Information Administration data reflects is the upper end of middle and upper income customer household energy burdens (generally in the range of 1 to 5%). The Commission therefore adopts a policy that an energy burden at or below 6% of household income shall be the target level for all low income customers.<sup>8</sup>

The energy burden statistics cited in the Staff Report suggest a significant energy divide exists for low income households. About 2.3 million households are at or below 200% of FPL, with an energy affordability "gap," i.e., an average annual energy burden above the 6% level, of \$807.<sup>9</sup> Approximately 1.4 million of these households receive a HEAP benefit; however, for the 2013-2014 program year, only about 316,000 of those households received a benefit for utility service.<sup>10</sup>

Closing such a wide gap for 2.3 million low income households is a non-trivial pursuit, and will require a comprehensive effort that involves all of the tools at the state's disposal, including, but not limited to, utility

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<sup>8</sup> The policy applies to customers who heat with electricity or natural gas.

<sup>9</sup> See <http://www.homeenergyaffordabilitygap.com/index.html>.

<sup>10</sup> Staff Report at 26.

ratepayer-funded programs. A central role in achieving energy affordability for low income customers is played by the financial assistance programs administered by the Office of Temporary and Disability Assistance (OTDA), including the Home Energy Assistance Program (HEAP). Another important role is played by low income energy efficiency programs such as the Weatherization Assistance Program administered by New York State Homes and Community Renewal (HCR) and the ratepayer-funded EmPower-NY program administered by the New York State Energy Research and Development Authority (NYSERDA). Utility ratepayer funded programs also include the rate discount programs under discussion here, as well as investments designed to create opportunities for low income households to benefit from the cost savings offered by DER.

Success in this endeavor can best be achieved through a holistic approach that coordinates and leverages all of these resources. Working together, low income financial assistance, DER, energy efficiency, and other social services programs can be delivered more efficiently, so New York can make smarter investments in our communities and serve more customers with the resources at hand.

A key to the success of these initiatives therefore lies in better coordination among the various governmental and private agencies that administer these programs. The Commission directs Staff to work with sister agencies to create an inter-agency task force 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.

Achievement of the 6% energy burden goal for all low income utility customers will also require a phased approach to implementing program changes, as many parties, including CEC and

UIU, suggested in their comments. Among other things, achieving an optimal design will require building new partnerships and new mechanisms for identifying and enrolling eligible households. As these are put in place, the utilities will be able to enlarge the populations they are able to serve.

In addition, the best solution for all customers, including low income, lies in facilitating opportunities to invest in clean energy and the means to reduce energy costs. Greater access and support for low income and underserved communities to DER is the best way to narrow the affordability gap that needs to be filled with direct financial assistance for customers with low incomes. Greater access to advanced energy management products to increase efficiency for low income customers will empower those for whom these savings may have the greatest value, as well as allowing the most disadvantaged customers more choice in how they manage and consume energy.

Through a variety of efforts, the Commission is taking steps to promote affordability of utility service and provide opportunities to offer benefits to low and moderate income customers to participate in DER. For example, the reauthorization of funding for the NY Sun photovoltaic program included an allocation of up to \$13 million to support penetration of solar technology into low and moderate income markets.<sup>11</sup>

Within the past year, the Commission also approved the reallocation of \$11 million of uncommitted System Benefit Charge (SBC) funds to supplement the EmPower-NY low income energy efficiency program budget, as well as an additional increase of

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<sup>11</sup> Case 03-E-0188, Retail Renewable Portfolio Standard, Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs (issued April 24, 2014).

up to \$8 million.<sup>12</sup> In addition, interconnection of community distributed generation (DG) projects was prioritized to projects that promote low income customer participation during the introductory Phase One period.<sup>13</sup> Staff also initiated a collaborative to develop means for encouraging low income customer participation and to address obstacles to such participation in Community DG during Phase Two.

In January, 2016, the Commission authorized a Clean Energy Fund (CEF) framework, to accelerate the growth of New York's clean energy economy, address climate change, strengthen resiliency in the face of extreme weather and lower energy bills for New Yorkers.<sup>14</sup> The CEF is designed to meet four primary objectives: (1) greenhouse gas emission reductions; (2) affordability, as measured by reductions in customer energy bills; (3) statewide penetration and scale of energy efficiency and clean energy generation; and (4) growth in the State's clean energy economy. Additionally, the fund will attract and leverage third-party capital to support Governor Cuomo's aggressive Clean Energy Standard, mandating achievement of meeting 50 percent of our electricity needs with renewable resources by 2030.

As these other relevant proceedings evolve, greater opportunities to achieve affordability through increased energy efficiencies, demand response and DER deployment will reduce

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<sup>12</sup> Case 07-M-0548, Energy Efficiency Portfolio Standard, Order Authorizing Reallocation of System Benefits Charge Funds to the Empower Program (issued June 19, 2015).

<sup>13</sup> Case 15-E-0082, Community Net Metering, Order Establishing a Community Distributed Generation Program and Making Other Findings (issued July 17, 2015).

<sup>14</sup> Case 14-M-0094, Clean Energy Fund Order Authorizing the Clean Energy Fund Framework (issued January 21, 2016).

reliance on rate subsidies. In later phases, as these new markets and tools continue to develop, the Commission expects that a greater portion of the burden for ensuring affordability for low income customers will shift from direct financial assistance to such innovative approaches.

In the meantime, as the Commission continues to work with utilities and third parties to develop innovative programs to expand the reach of DER within low income communities, the utility low income rate assistance programs will continue to be funded where market solutions are not yet a viable option. Through a phased approach, best practices under the current operating environment can be incorporated now, and further steps towards increased benefits can be pursued.

In the balance of this order, the Commission addresses the various recommendations in the Staff Report to implement the program described in the Straw Proposal, and the Commission's decisions with respect to such recommendations; and concludes by establishing further filings and process to implement the decision.

#### THE STRAW PROPOSAL

The Straw Proposal is organized by sections in the Staff Report, and this Order follows largely the same organization. In the sections that follow, Staff's Straw Proposal is briefly summarized, followed by a summary of party comments and discussion of the issues.

#### Eligibility/Enrollment

The Straw Proposal program would automatically enroll all customers for whom the utility received a regular Home Energy Assistance Program (HEAP) payment on his or her behalf. Staff reasoned that customers seeking a utility HEAP benefit

self-select into a program that provides utility bill assistance, demonstrating a relatively stronger need for the utility low income program.<sup>15</sup> Existing programs with additional eligibility criteria (e.g., Con Edison's program) would maintain such existing eligibility criteria, subject to certain limitations. Other eligibility criteria (e.g., non-utility HEAP benefits) could be revisited, provided an automatic enrollment process could be implemented; however, Staff also noted that it "is aware of the balance that must be struck between widening the scope of eligible customers, and the rate impacts that are borne by nonparticipants."<sup>16</sup> Alternative means, whether by file match or manual enrollment would be permitted, but not required.

Party Comments

Many parties opposed limiting utility low income program eligibility to regular utility HEAP recipients. NYSEG/RG&E suggested that, at a minimum, Emergency HEAP should be included; and Central Hudson urged the Commission to extend eligibility beyond HEAP. UIU opined that HEAP was not necessarily the best indicator of need. In contrast, National Fuel stated that full enrollment of all HEAP recipients is not achievable, or necessary, since many HEAP recipients are not in arrears. Many parties, including CEOR, National Grid, NYC and PULP had concerns that many current participants would lose benefits under the Straw Proposal. Several parties, including CH, NYSEG/RG&E and PSEG, recommended that existing programs and benefits should be grandfathered.

A large number of parties recommend that the Commission adopt very broad eligibility criteria, similar to the telephone Lifeline program. National Grid and NYC both state

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<sup>15</sup> Staff Report at 24.

<sup>16</sup> Staff Report at 25.

that Con Edison's matching approach, which reaches substantially the same eligible population as telephone Lifeline, is a best practice which National Grid and NYC are exploring for National Grid NY.

Some parties, including CEC and Solix, suggest that the Commission utilize a third-party administrator to identify and enroll eligible customers. National Fuel states that the costs for its third-party vendor, which performs income verification, is fairly low. Other parties, such as EE4A, recommend utilizing community-based organizations that operate in the low income communities the utilities are serving.

While it favors broad, Lifeline eligibility, PULP recommends as an interim measure, that utilities enroll all HEAP recipients, regardless of heating fuel or benefit type. PULP states that the target enrollment level for this effort should be 1.65 million participants at a cost of \$1.15 billion annually.

#### Discussion

As discussed above, the Commission adopts a goal of reducing household energy burden to 6% of household income for all low income utility customers. Approximately 2.3 million New York State households face energy burdens in excess of that level. At present, enrollment in most utility low income affordability programs generally is provided automatically to customers on whose behalf the utility received a HEAP payment; however, recent events may clear a path for extending eligibility to all HEAP recipients, regardless of fuel type. Due to federal requirements, OTDA has instituted new performance measures that are intended to ensure that HEAP benefits are targeted to those households with the greatest need. OTDA, with the assistance of the utilities, will now be required to gather and report certain data for all HEAP recipients, regardless of

fuel type. To comply with the federal requirements, beginning with the 2015-2016 HEAP program year, OTDA intends to begin providing lists of all HEAP recipients in their respective service territories to the utilities, so that they can provide the required data.<sup>17</sup>

As a result, utilities will soon have the ability to identify all of the state's HEAP recipients, and enroll those customers in each utility's low income program.<sup>18</sup> Last year, approximately 1.4 million households participated in the HEAP program. The Commission directs that utilities open their low income programs to all HEAP recipients, as soon as practicable to do so. The utilities' filings herein should discuss the expected timeline for OTDA to begin sharing this data, and for the utilities to begin using it to enroll customers.

Reaching all 2.3 million households below 200% of FPL will involve establishing new enrollment mechanisms. Currently, the most significant initiative in this regard is by Con Edison, which identifies and automatically enrolls customers from several different social services programs. To accomplish this, Con Edison has established a file matching procedure with the New York City Human Resources Administration and the Westchester County Department of Social Services, the two social services agencies covering its service territory.

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<sup>17</sup> Currently, OTDA would limit the data gathering effort to the largest HEAP vendors of each fuel type. OTDA's criteria would include all New York State utilities with more than 25,000 customers, except Con Edison which, as discussed below, will be permitted to maintain its expanded eligibility criteria, and its current matching process to identify such customers.

<sup>18</sup> As OTDA's lists will also include Emergency HEAP recipients, such recipients will also be automatically enrolled. However, they may be subject to benefit adjustments as described later in this order.

In future phases, a statewide file match between OTDA and all utilities may be feasible, which would similarly identify and automatically enroll additional low income customers into utility programs. This is an area that can be addressed through the inter-agency task force. In the meantime, existing programs with broader income eligibility criteria (e.g., Con Edison and National Grid NY's programs) shall maintain such existing eligibility criteria. Limiting eligibility to utility HEAP recipients as recommended in the Straw Proposal would result in a substantial reduction in the number of eligible low income customers served at Con Edison and National Grid NY.

National Grid NY serves a geographically concentrated service territory and a customer population similar to Con Edison's. It therefore faces similar circumstances in regard to identifying eligible customers, and estimating the level of need. As National Grid NY's program already incorporates broad eligibility criteria similar to Con Edison's, using a similar file matching approach is appropriate. National Grid must include any such modification in its filings as directed in this order; which must indicate whether such modification would cause the program to exceed the budget limits described herein.<sup>19</sup> With these enhancements, the Commission projects that utility low income programs will reach 1.65 million households, or about the number PULP suggested would be appropriate.

As noted in the Staff Report, some utilities allow manual enrollment of customers that meet the income eligibility

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<sup>19</sup> Staff's analysis for National Grid NY indicates that this would not cause National Grid's program to exceed the prescribed budget limits. The budget for National Grid NY shown in Appendix C includes projected participation based on file matching.

guidelines, but did not apply for HEAP. The Commission will allow manual enrollment to continue where practicable; i.e., not administratively burdensome and within the budget constraints described below.

#### Benefit Levels

Under the Straw Proposal, separate discounts would be established at each utility for electric and/or natural gas service, and within each service, for heating and non-heating customers. The discounts would be set at a level sufficient to achieve a 6% energy burden, on an affordability block corresponding to the levelized monthly total bill for the average participant in each class, assuming income at 60% of State Median Income (SMI), the upper limit of income eligibility for the HEAP program.<sup>20</sup> For gas-only utilities, the average non-heating electric bills for electric utilities covering substantially the same territory would be used in determining total energy bill, for the purposes of calculating the discount.

A regular utility HEAP payment is increased by \$25 if household income is at or below 130% of FPL. Such payments is also increased by \$25 if the household contains a vulnerable individual (i.e., household member who is age 60 or older, under age 6 or younger, or permanently disabled); or by \$50 if both conditions apply. Under the Straw Proposal, if the customer receives either or both HEAP incremental ("add-on") benefits, or if the utility receives payment on the customer's behalf by direct voucher, discounts would be increased accordingly (other eligible categories of customers, if any, would not be eligible

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<sup>20</sup> Depending on family size, 60% of SMI corresponds to approximately 218% of FPL.

for these higher levels of benefit).<sup>21</sup> All participants would be automatically enrolled in the utility's levelized (budget) billing program; however, opt-out would be permitted.

Party Comments

Many parties approved of the concept of an affordability block, but had concerns with the way it was implemented under the Staff proposal. Some stated that Staff's proposed benefit structure was too complex. NYC stated that using the HEAP adders as a proxy for indication of financial need was inappropriate, and could have unintended results. National Fuel stated that calculating a gas utility's discount based on the neighboring electric utility's average bill invited controversy. As a result, many parties recommended providing low income customers a straight percentage discount, with discount levels ranging from 30% to 50%.

Conversely, some parties suggested ways to improve Staff's proposed discount structure. All of the utilities noted that the highest discounts under the Straw Proposal were reserved for direct voucher customers - which means the bills are paid by the local social services agency, and the customer's direct energy burden is effectively 0%. The utilities questioned why such bills should be discounted at all. NYSEG/RG&E noted that utility guarantee customers (those receiving benefits under SSL §131-s) were similarly situated, since payment of their utility bills is guaranteed by social services agencies, and recommended they be excluded as well. Addressing the concern that there are legitimate reasons why customers might consume above average, Mr. Colton recommended

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<sup>21</sup> Direct vouchered customers are those on whose behalf the utility bill is paid directly by OTDA or the local social services district. Such customers are participants in New York State Public Assistance programs.

increasing the affordability block incrementally, so that the discount would be based on usage at 120% or 130% of the average.

Many parties objected to the requirement that customers participate in budget billing. In contrast, Mr. Colton stated that automatic enrollment of participants in the utility's budget billing program is appropriate.

#### Discussion

The Commission recognizes that rate discounts offered to low income customers must be integrated into utility tariffs, which can vary in form, and processed through utility billing systems, which vary in capabilities. As a result, the utilities may vary in their abilities to implement rate discounts in precisely the manner described below. The Commission therefore establishes the below process of setting benefit levels as a default methodology, and will allow utilities flexibility in designing rate discounts to accommodate such variances, provided that any alternative must be shown to accomplish substantially the same results, and leave no class of participant underserved. Utilities will be required, in the filings required herein, to explain and justify any departure from the default method.

Although the straight percentage discount favored by some parties may be simpler to administer, it directs relatively larger benefits to households with higher energy consumption. This makes program costs less predictable, and also reduces the price signal to conserve on marginal usage. In addition, since fixed discounts are not reduced by conservation or efficiency, they represent an enhanced price signal for low income customers, a traditionally hard to reach segment, to conserve and use electricity and gas more efficiently. The Commission therefore adopts the fixed discount approach recommended in the Straw Proposal.

The Commission furthermore concludes that low income programs utilize funding resources most efficiently when they consider the customer's financial circumstances, which the straight discount approach fails to address. Consequently, the Commission adopts the approach of varying discounts based on level of need, with level of need demonstrated by receipt of one or more HEAP "add-on" benefits. The add-ons may be an imperfect tool; however, they provide a simple and expedient way to achieve the goal of targeting assistance based on need.

As discussed above, the utilities will soon have the means to automatically enroll all HEAP recipients in their service territory, regardless of fuel or benefit type (and, as described above, Con Edison as well as National Grid NY may go further). At this time; however, the Commission adopts the Straw Proposal recommendation that the higher levels of discounts are reserved for the utility's regular HEAP recipients. At least initially, these are the only customers for whom the utility will have information on the add-ons the customer receives. Moreover, a key concern underlying ratepayer support for low income programs is controlling utility arrearages and terminations. When heat is not part of the utility bill, those concerns carry less weight. Non-utility HEAP recipients would therefore receive the utility's lowest tier non-heating electric or gas discounts.

Better methods of identifying and targeting discounts based on differing levels of need are among the improvements that may be made in later phases. For example, if, in the future, as National Fuel suggests, OTDA establishes different dollar amounts for the two add-ons, this tool can be further refined. Another strategy, which can be examined by the inter-agency task force, involves comparison of income eligibility criteria for various OTDA programs, and stratification of

program benefits based on variances in presumed income levels of participants in different programs.<sup>22</sup>

As previously noted, the unique challenges presented by the New York City metropolitan service area for identifying the low income population and estimating the level of need justify allowing existing eligibility criteria to be grandfathered. For the same reasons, Con Edison and National Grid NY are authorized to grandfather their respective existing discount levels; however, the existing discount level is not grandfathered, if the discount calculations the Commission adopts here would yield a higher level. In future phases, the Commission may consider when grandfathered discount levels can be phased out. For the present, the Commission will allow its prior decisions on the appropriate benefit levels for these utilities to substitute for the formulaic approach established here.

Aside from the unique circumstances presented by the New York City market, grandfathering of existing discount levels is inappropriate. Addressing those parties who were concerned that existing discounts may be reduced, the Commission generally agrees with the observation from the Staff Report that best practices cannot be adopted if no reductions to benefit levels of current programs are allowed.<sup>23</sup> Any customers who are receiving a benefit that places them below the 6% energy burden are presumably receiving a benefit that can be more efficiently applied, and for which there is greater need elsewhere.

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<sup>22</sup> Among other things, the inter-agency task force must address the extent to which such information can be shared with utilities.

<sup>23</sup> Staff Report at 28.

For all other utilities, therefore, the Commission addresses the concerns about adverse impacts on existing program participants by adopting a minimum monthly discount of \$3.00. The minimum discount applies to any eligible customer, regardless of service type or income tier, except direct voucher and utility guarantee customers, as in those cases benefits do not flow directly to the customer. This modification shall apply to any programs that currently provide discounts to such customers, including the Con Edison and National Grid NY programs.

To be clear, direct voucher and utility guarantee customers should be formally enrolled in the programs, but with a monthly discount amount set at \$0. This helps ensure that all eligible customers, including direct voucher and utility guarantee customers, are enrolled in and connected to the programs, so that the utility can adjust benefit levels if a customer's status changes, and they also will be included in program activities (e.g., mailings) and utility program reporting. As with grandfathered discounts, it will be appropriate to consider in later phases when minimum discount levels that exceed what is required to reduce bills to the target energy burden level can be phased out.

In order to address the concern that average usage may not be a sufficient basis for the discount calculation, the Commission adopts an approach that bases the affordability block on 110% of average usage. This level can be revisited in future phases, if experience under this structure indicates that further adjustment is warranted; however, there is no basis for applying larger gross adjustments at this time.

As discussed in the Staff Report, New York SMI as reported by the U.S. Census is \$58,003, and 60% of SMI is \$34,802, or a monthly income of \$2,900. This monthly income

calculation closely corresponds to a two person household's income under the HEAP guidelines of \$2,869. At a 6% energy burden, this household's energy burden would be \$172 monthly. The household energy cost is adjusted to account for the \$350 HEAP payment received by the customer, or \$29 per month, which is added to the customer's allowed energy burden.<sup>24</sup> The 6% energy burden of \$172 is therefore increased to \$201. Similar procedures apply to calculation of the allowable monthly energy burden for each of the higher discount tiers.

The Staff Report provided only a partial explanation of its discount calculations, which were explained largely by reference to the example of Niagara Mohawk. Many parties found the benefit structure complex and, for National Fuel and other single-service utilities, contentious.

The Commission therefore takes this opportunity to clarify and simplify the process used to calculate discounts. With flexibility to propose alternative means as described above, utility procedures will be based on the following principles:

- The affordability block on which discounts are based is equal to 110% of a 12-month levelized bill for the respective average monthly heating and non-heating electric and gas usage, as calculated by each utility for its residential customers.
- Gas service (whether designated as heating or non-heating) is discounted to one-half of a customer's total home energy burden.

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<sup>24</sup> As discussed later in this Order, utilities may further consider the impact of any Emergency HEAP payments on the customer's net energy burden when setting the level of discount for customers who receive such payments.

- Electric non-heating service is discounted to one-half of a customer's total home energy burden.<sup>25</sup>
- For electric heating customers, the electric bill is considered to be the customer's total home energy burden, and is discounted to a level of 6% of the customer's monthly income. In addition, for equity reasons, the electric heating discount provided by any utility shall not be less than its electric non-heating discount.<sup>26</sup>
- As previously noted, Con Edison and National Grid NY may grandfather existing discount levels; however, the existing discount level is not grandfathered, if these discount calculations would yield a higher level.
- Regardless of the results of the calculations above, a minimum monthly discount of \$3.00 shall apply, for any eligible customer of any service type, and any income level; except direct voucher and utility guarantee customers, whose discount level will be set at \$0.

The changes to benefit levels for each utility that are yielded by the calculations above are shown in Appendix B. A summary of the current and proposed discounts is included below.

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<sup>25</sup> Taken together with the preceding, this arrangement avoids gas utilities having to consider the level of the electric bill of the overlapping utility, while ensuring that discounts are sufficient to bring the customer's total energy burden to the level of 6%.

<sup>26</sup> In some cases, this may result in discounts for low income electric heating customers that are larger than the calculation would suggest is necessary to achieve a 6% energy burden. The Commission concludes that this is an acceptable trade-off, as electric heating customers are a relatively small population overall, and in addition, may be most at risk for facing high bills.

	Gas/Electric Heating		Gas/Electric Non-Heating	
	Current	Proposed	Current	Proposed
Central Hudson	\$18	\$23-\$72	\$6	\$23-\$56
Con Edison	\$10-\$50	\$10-\$50	\$2-\$10	\$3-\$14
NYSEG	\$13-\$19	\$3-\$34	\$7-\$10	\$3-\$28
NMPC	\$11-15	\$3-\$44	\$5-\$11	\$3-\$44
O&R	\$17-27	\$35-\$91	\$6-\$18	\$3-\$88
RGE	\$6-\$24	\$3-\$30	\$2-\$5	\$3-\$26
KEDLI	\$18	\$41-\$74	\$4	\$3
Bug	\$17	\$17-\$30	\$3	\$3
NFG	\$5	\$3-\$31	\$5	\$3

The Commission agrees that requiring budget billing maximizes the potential for using the rate discounts as a tool for achieving affordability. Budget billing is a required offering by utilities, and is an important benefit for low income households, as it reduces bill volatility due to seasonal changes in consumption.<sup>27</sup> In addition, as noted in the Staff Report, absent a levelized bill, the enhanced discounts could potentially result in net credits for some small-usage customers, which is not the intent of the program. This creates greater administrative complexity for the utility, and greater difficulty for the customer affording service during winter or other peak usage months. To address OTDA's comment that mandating budget billing for HEAP recipients is contrary to their statute, this Order clarifies that budget billing is not required for receipt of HEAP, but for participation in the utility's low income program. Participants will additionally have the ability to opt-out of budget billing. As part of the utility filings required herein, the utilities shall propose

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<sup>27</sup> 16 NYCRR §11.11.

processes for participating customers to be notified of the option to refuse budget billing, and to exercise such option.

Perhaps some of the concerns regarding the budget billing requirement would be alleviated if utility budget billing programs were strengthened and improved. Although budget billing plans are intended to reduce fluctuations in customer bills, such plans can have a contrary effect, when large adjustments are required to reconcile the budget billing amount with actual billings. As part of the utility filings required herein, the Commission directs that each utility include a detailed description of its budget billing plan, including a description of its method for estimating bills when 12 months of billing data are not available. The Commission will also require billing adjustments for low income program participants to be tracked and reported as part of the reporting requirements discussed below.

#### Program Budgets

If the Straw Proposal were implemented statewide in 2015, program budgets would have increased to about \$179 million.<sup>28</sup> Budgets would be established at each utility based on projected costs for the rate year (or for multi-year plans, the average annual cost for the term of the rate plan), and subject to full reconciliation to actual costs.

A funding limit would be established under the Straw Proposal such that the total budget may not exceed the amount recovered by annual charges of \$20 per electric customer, or \$35 per gas customer, if collected from all residential, commercial and industrial end-use customers of the utility. If the budget

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<sup>28</sup> Staff Report, Appendix D at 2, which included PSEG-LI. Excluding PSEG-LI, the figure would be \$166 million.

(per the benefit level calculation above) exceeded the funding limit and program eligibility extended beyond utility receipt of HEAP, one or more other programs were to be eliminated from eligibility criteria until the funding limit is met. If only HEAP recipients are eligible, and the budget still exceeded the funding limit, the target energy burden would be increased until the funding limit is met. A lower limit would also be established such that the monthly average bill discount would provide a discount that produces a 10% energy burden. Staff emphasized the budget limits were intended to be used as planning tools, and "the method of establishing the funding cap should not necessarily dictate the mode of cost recovery."<sup>29</sup>

Party Comments

Several parties were concerned that Staff's program would be too costly. National Fuel believes Staff budget projections may have been understated, and is also concerned that programs will increasingly meet the budget caps if commodity costs rise. National Fuel also believes gas and electric customer contributions should be equal.

Conversely, other parties were "bitterly disappointed" in the Straw Proposal (AGREE), finding it constrained by a "false notion of limited financial resources" (CEC), and that it "fails to reflect the voices of people who are actually low income" (NLMH). These parties seek substantial increases in program budgets, to upwards of \$600 million. PULP projects the cost of its proposed 30% discount program at \$1.15 billion. On reply comments; however, NYC expressed concerns that such proposed funding levels could negatively impact moderate income customers.

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<sup>29</sup> Staff Report at 42.

Many parties perceived Staff's proposed cost recovery structure as fundamentally regressive and unfair. These parties argued that large customers should contribute a larger share of the costs (CEC proposed 2% of bills). CEOR suggested that costs could be recovered volumetrically, while MI strongly opposed volumetric recovery. National Grid proposed that cost recovery be among the matters to be determined in rate cases.

Some parties proposed alternative funding sources. AARP and PULP proposed to reallocate unspent SBC funds for low income rate discounts (on reply, this was opposed by AEA). PULP additionally proposed to stream NYPA power to low income populations.

#### Discussion

Whether considering low income programs, energy efficiency programs, expansion of renewable resources, or any of its policies, the Commission must always balance achievement of policy goals with the costs. This tension lies at the heart of the Commission's statutory mandates to achieve "safe and adequate" service at "just and reasonable" rates.<sup>30</sup>

As discussed above, the Commission's vision is that utility discount programs will be one of many complementary strategies for addressing energy affordability. Reducing the energy burden of low income households to the 6% level will require a range of initiatives, and cannot be accomplished through rate discounts alone. Utility low income programs thus should be designed to coordinate with, and not to supplant or replace public assistance programs to assist households in deepest poverty.

Although low income discounts represent subsidies from nonparticipating customers to participants, neither is it the

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<sup>30</sup> PSL §65.

goal of these programs to radically redistribute utility costs among utility customers. Proposals that would provide large, unbounded discounts to broad segments of the residential class, and/or that would shift a disproportionate share of the costs of such subsidies to commercial and industrial customers, or utility shareholders, are inappropriate.

The costs of low income discount programs are predominately a function of (a) the size of the eligible customer population, and (b) the size of the benefit. This Order establishes the appropriate parameters for these factors in the discussion above. Statewide, the program will cost approximately \$248 million, a substantial increase of over 87% to existing programs.<sup>31</sup> What remains is to allocate the costs fairly, and to consider the matter of budget constraints.

The guiding principle recommended in the Straw Proposal is adopted, that the costs of the programs should be borne by all classes of customers. This is appropriate as low income programs achieve social policy goals, and society as a whole benefits from their successful implementation. Cost allocation among the classes must be fair and impartial, and avoid adverse impacts on any customer class; however, the Commission adopts the National Grid proposal that the specific mode of cost recovery should otherwise be determined in rate cases, where the total impacts of all revenue requirement changes can be considered.

NYPA hydropower and SBC, Energy Efficiency Portfolio Standard (EEPS), Regional Greenhouse Gas Initiative (RGGI), or other funds will not be redirected for the low income discount programs. Such funding was collected for achieving specific

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<sup>31</sup> Excludes PSEG-LI. Specific electric and gas program costs for each utility are shown in Appendix C.

policy goals, and has already been proposed for, or is already committed to such purposes. In addition, this Order establishes that low income programs will be funded in utility rates on a continuing basis. Appropriation of unspent funds would at best be a "one-shot" solution, where continual funding for these programs is needed.<sup>32</sup>

The approach to achieving affordability adopted here is essentially formulaic; therefore, maintaining the balance described above similarly calls for a formulaic approach to applying budget constraints. The Straw Proposal's budget cap, however, expressed as annual costs of \$20 and \$35 respectively per electric and gas customer, caused confusion.

To avoid this, the budget cap will be restated as 2% of electric revenues and gas revenues, respectively; for sales to end-use customers, i.e., including both total utility revenues and the commodity portion of Energy Service Company revenues collected through consolidated utility billing to those customers.<sup>33</sup> Allocation of program costs between electric and gas services is partly a function of discount design. Among other things, the revised and simplified approach to discount calculation described above also tends to equalize the amount

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<sup>32</sup> NYPA hydropower furthermore is fully committed for distribution to municipal electric utilities, NYPA's Replacement & Expansion and Preservation power programs, and for enhancing the state's economic development through the ReCharge-NY program.

<sup>33</sup> Pursuant to PSL §18-a, utilities must include an estimate of the sales revenue for commodities sold to end-use customers by ESCOs, for the purposes of calculating its gross operating revenue. NYPA supply-related revenues are exempt from 18-a assessment.

needed, as a percentage of revenues, to fund the electric and gas programs.<sup>34</sup>

As a result, costs are allocated fairly evenly between electric and gas services, on a percentage of revenue basis (at about 1.2% overall), and the same 2% budget limit will apply to both services. In addition, only National Fuel's program reaches the 2% budget cap, which requires an adjustment to the energy burden target to 6.82% (more precisely, one half of the target energy burden of 6.82%, or 3.41%).<sup>35</sup>

To avoid any further confusion, no party should infer that restating the budget cap as a percentage of total revenues necessarily implies that costs should be allocated to the classes or recovered from customers on a percent of total revenue basis. As expressed above, the programs should generally be borne by all classes of customers, and the specific mode of cost recovery should otherwise be determined in rate cases.

Finally, establishing the budget cap on the basis of total revenues means the cap will vary with changes in commodity costs. This is appropriate, as low income programs seek to make the total bill affordable, and the resources needed to accomplish this will vary as commodity costs change (and as costs are reduced through implementation of DER). This further avoids the problem identified by National Fuel that the budget

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<sup>34</sup> The discount calculation to some degree represents the Commission's decision regarding how best to apportion program costs, rather than an estimation of the relative size of average electric and gas bills.

<sup>35</sup> For National Fuel to achieve the 6% energy burden target would require additional funding of approximately \$8.5 million, to \$24.6 million, approximately 2.98% of total revenues.

caps proposed in the Straw Proposal do not account for such changes.

The budget limits otherwise are applied in the same manner as outlined in the Straw Proposal. If higher than expected participation causes the budget limit to be exceeded, there would be no change in benefit levels for that year, nor would participation be capped, and the utility would be allowed to fully recover its program costs. The utility would adjust the energy burden target in the following year, so as to reduce discounts until the program costs are contained within the budget limit for that year.

The differences between actual program costs and the respective amounts allowed in rates would be reconciled using traditional deferred accounting procedures. Variances between actual costs and the amounts allowed in rates would be recorded in a regulatory asset or liability account. The regulatory asset or liability would accrue interest, with the appropriate rate to be determined, along with other matters related to the method of cost recovery, in each utility's rate proceeding. For the filings directed in this Order, utilities should utilize their existing low income program cost recovery methods, to the extent practicable, and estimate the cost allocation among the classes resulting from such an approach.

#### Arrearage Forgiveness

Arrearage forgiveness programs target additional assistance to customers who are payment-troubled. The Straw Proposal recommended that arrearage forgiveness programs should be further studied to better define best practices and their appropriate rate treatment. It nevertheless recommended some basic principles for structuring arrearage forgiveness programs.

A customer's need for arrears forgiveness should be evaluated upon each customer's enrollment (or re-enrollment) in the low income program. Arrearage forgiveness programs should use established procedures for assessing a customer's financial circumstances in order to reach fair and equitable deferred payment agreements (DPAs) as required under HEFPA.<sup>36</sup> Such programs should forgive the remainder of a customer's arrearage, provided that the customer has made timely payments over the course of a given period (a sliding scale from 12 to 48 months, depending on the customer's benefit level). Only if the customer makes the required payments does the utility forgive the remaining arrears.

Arrearage forgiveness costs should not exceed 10% of total program budgets, and must fit within the budget limits described above. Amounts diverted to arrearage forgiveness should not reduce amounts available for discounts below an energy burden of 10%. The Straw Proposal would allow no administrative expenses for arrearage forgiveness (positing that administrative expenses of arrears forgiveness programs should be offset by collection cost savings), and amounts expended for arrearage forgiveness should be fully or partially offset by reductions in utility uncollectible expense allowances established in rate cases.

#### Party Comments

Some parties believe arrears forgiveness is an essential component of low income programs. PULP recommended as an initial step, the Commission should focus on rate discounts, and defer consideration of arrears forgiveness. PULP also recommended that the Commission consider the approach to arrears programs taken in New Jersey and Massachusetts, where customers

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<sup>36</sup> 16 NYCRR §11.10.

are offered "significant relief from old arrears balances in return for a modest payment that is designed to be affordable and ensure success."<sup>37</sup>

On the other hand, National Grid, which participates in the Massachusetts program, recommends that arrears forgiveness programs be eliminated, as they are resource intensive and of limited benefit. National Fuel, while it supports continuation of arrears forgiveness, states that arrears forgiveness should not be offered to all low income program participants, and should exclude any customers who are not otherwise eligible for rate discounts.

Regarding the relationship of arrears forgiveness programs to uncollectible expense allowance, NYSEG/RG&E argues that no uncollectible adjustments are necessary for mature programs. National Grid states that while there may be a slight impact on uncollectible expense, it would be difficult to quantify. NYSEG/RG&E argues against imposing a 10% cap on arrears forgiveness programs, and states that the tiered timeframes recommended in the Straw Proposal are confusing. NYSG/RG&E proposes using a uniform timeframe of 24 months instead.

#### Discussion

Perhaps with closer study, and better data collection as described below, a set of best practices and the appropriate rate treatment for arrears forgiveness programs can be identified and implemented in later phases; however, a uniform approach to arrears forgiveness programs may not be possible at this time. Under these circumstances, the Commission will allow arrears forgiveness programs to continue for utilities who see value, but not presently require them for all companies.

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<sup>37</sup> PULP Comments, page 17.

The arrears forgiveness program design principles proposed by Staff are reasonable, and the Commission generally adopts them. Given that best practices are not fully defined; however, utilities can justify alternate approaches. For example, the uniform 24 month timeframe proposed by NYSEG/RG&E may be a reasonable alternative to the sliding scale proposed by Staff.

Until best practices for such programs are better understood; however, a limit of funding for arrears forgiveness programs of no more than 10% of the budget is adopted. The 10% allocation shall be incremental to, and not reduce, the amount directed to rate discounts as described above. Overall program budgets must also fit below the 2% budget cap.

While arrears forgiveness can produce clear participant benefits for customers facing unpayable arrears and at risk of termination, arrears forgiveness should also directly impact utility collection costs and bad debt expense. Arrears forgiveness programs must generate cost savings in these areas, not additional costs.

The Commission recognizes that there are administrative costs for implementing arrears forgiveness programs, but they must be considered as part of general utility costs (and generate other savings of such costs), not separately recovered as a cost of the low income program. For example, personnel who implement the arrears forgiveness program are presumably captured in labor expense. To some extent, their labors will offset labor costs that would otherwise be incurred in avoided collection activities. If also recovered as a low income program cost; however, such costs are double-recovered, and the offsetting collection savings ignored.

The Commission also agrees with the findings of the Staff Report that an effective arrears forgiveness programs must

reduce the amount of arrears that would otherwise be written off as bad debt. Here again, better data collection may shed light on the appropriate ratio of these factors.

For mature programs, the Commission agrees with NYSEG/RG&E that the effects of arrears forgiveness activities are likely already reflected in the net write off amounts used to determine the uncollectible revenues expense allowance. For any new programs, or incremental expenditures to existing programs, the initial approach shall be to assume at least a 50% offset - annual utility uncollectible expense allowances in revenue requirement shall be reduced by 50% of any new or incremental amounts allocated to arrears forgiveness. This ensures that other ratepayers will share in the benefits of effective arrears forgiveness implementation.

#### Reconnection Fee Waivers

Reconnection fee waivers avoid the diversion of a low income customer's scarce resources from payment of the bill to payment of reconnection fees. Reviewing data for a portion of 2014; however, Staff concluded that "having other customers cover the reconnection fee appears to remove the disincentive for utilities to use termination on low income customers - rather than being a last resort, it appears to promote the use of termination of low income customers as a tactic to induce payment."<sup>38</sup> Therefore, as opposed to a waiver of the fee, the Straw Proposal recommends that reconnection fees should not be charged to low income customers. No allowance would be made in program costs for waiver of reconnection fees.

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<sup>38</sup> Staff Report at 52.

Party Comments

Some parties, including CEC, EE4A, NYC, and UIU strongly supported elimination of reconnection fees. Others, including National Grid and NYSEG/RG&E recommend continuing the practice of waiving of reconnection fees for qualified low income customers, and charging the costs of such waivers as a low income program cost. CH, CEOR, and National Fuel argue that low income customers should pay reconnection fees, and that there should be no waivers. National Fuel denies the Staff finding that utilities use termination aggressively against low income customers.

Discussion

It is beyond dispute that performing service reconnections imposes costs on utilities. Among the fundamental principles of ratemaking is to allocate costs to the customers who impose them. Thus the Commission has authorized reconnection fees for all New York utilities.<sup>39</sup> Staff's findings, based on less than a full year's data, are insufficient to overcome this basic principle. Furthermore, as some utilities noted in their comments, low income customers may sometimes intentionally place themselves at risk for termination, in order to be eligible for and receive Emergency HEAP.

On the other hand, similar to rate discounts, waivers and discounted reconnection fees can ease the burden on low income families. For utilities that currently offer reconnection fee waivers, the budget allocation has been fairly

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<sup>39</sup> An equally fundamental ratemaking principle is ensuring that rates are responsive to social needs and social costs, including consideration of low income customers' ability to pay. Resolving the tensions among competing goals is among the fundamental challenges of ratemaking.

low - approximately 1% of total program costs. The waiver programs thus do not appear to be overly costly, and can avoid compounding the difficulties posed on low income families resulting from having service terminated for nonpayment. The Commission therefore continues the practice of allowing reconnection fee waivers as an optional, but not required, feature of low income programs. Similar to the limit for arrears forgiveness, the Commission also establishes a limit of funding for reconnection fee waivers of no more than 1% of the budget. As with arrears forgiveness, budgets for reconnection fee waivers shall be incremental to the rate discount budget, shall not limit funding for rate discounts, and must fit within the budget cap.

In part, the matter of reconnection fees illustrates the lack of information that utilities currently report regarding their low income populations. Improved reporting, as discussed below, will help show whether utilities use termination excessively against low income customers.

#### Program Reporting/Evaluation

The Straw Proposal notes that a substantial amount of collection activity data is already reported by the utilities for the general body of customers. The Straw Proposal recommends that utilities should begin tracking and reporting the same key collection activity data for the subset of low income customers. The Staff Report also notes that some of the measures tracked in the context of monitoring and evaluating low income programs may also lend themselves to utility incentives, in the context of the REV initiative.<sup>40</sup>

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<sup>40</sup> Case 14-M-0101, supra.

Party Comments

A wide variety of parties, including AGREE, CEC, EE4A, MI, and UIU recommended improved collection of information, evaluation, and metrics for gauging the effectiveness of low income programs. AGREE and NLMH argue that utilities should be required to report terminations by zip code or census block, so that termination practices can be monitored for targeting of communities of color. NLMH and PULP recommend that Commission set targets for reducing terminations and arrears.

Discussion

Low income program reports currently filed by utilities do not provide sufficient information to compare different program approaches, identify best practices, or gauge program effectiveness. Some provide no more than the number of participants and dollars expended. Some provide cursory information on participant arrears, and none provide information on how many low income customers are terminated or reconnected, DPA activities involving low income customers, or bad debt attributable to low income customers.

The Commission therefore directs that utilities begin regular, quarterly filing of detailed low income program reports. Such reports shall include all of the information included in the sample report attached to this order as Appendix D. In the filings directed in this Order, the utilities shall provide a timetable for compliance with these reporting requirements.

The Commission concludes that the effort and expense required to track, report and analyze termination data by census block would be substantial. Furthermore, such an exercise would have limited value, and great potential for confusion and mischaracterization. As it would be costly, difficult, and

unlikely to provide any real insights into the matter, the Commission declines to order this step.

As noted in the Staff Report, the Commission has approved earnings-based incentives related to reductions in residential terminations and bad debt expense in recent rate cases.<sup>41</sup> As development of new earnings adjustment mechanisms (EAMs) continues in the context of the REV proceeding, some of the measures tracked in the context of monitoring and evaluating low income programs may also lend themselves to EAMs.

#### Coordination with Other Programs

The Instituting Order noted that low income concerns are being addressed in several proceedings before the Commission, and the Straw Proposal makes recommendations concerning the coordination of the programs providing direct financial assistance that were the primary focus of this proceeding to certain related programs and initiatives. Among other things, such recommendations included the following:

- Recognize Emergency HEAP payments when calculating household energy burden;
- Continue referrals of low income customers to NYSERDA's Empower-NY program (or any successor program) for low income energy efficiency services, with better utilization of utility bill data to focus and prioritize efficiency services to low income households with high usage; and
- Leverage REV tools to narrow the "affordability gap" that needs to be filled with direct financial assistance.

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<sup>41</sup> See Cases 14-E-0318 & 14-G-0319, Central Hudson Electric and Gas Rates; and Cases 14-E-0493 & 14-G-0494, Orange and Rockland Electric and Gas Rates.

Party Comments

A wide variety of parties perceived a need for greater coordination among the various initiatives directed at addressing low income customer needs. AEA, CEOR, EE4A, National Grid, NLMH, and PULP were among those who pointed to the need for better coordination of rate discounts with energy efficiency and weatherization programs.

NYSERDA states that providing bill relief to low income customers is most effective when multiple strategies, including rate discounts and energy efficiency, are pursued simultaneously. It urges the Commission to continue referrals to its Empower-NY program, and to standardize and digitize referral mechanisms for more efficient handling. NYSERDA agrees with the Straw Proposal that energy efficiency services should be prioritized to households with the highest consumption.

In order to achieve greater program coordination, a concept initially advanced by UIU, and endorsed by other parties including AEA and PULP, is "establishment of an Energy Affordability Intergovernmental Task Force administered by and composed of senior management from DPS, OTDA, HCR, NYSERDA, the Long Island Power Authority, the New York Power Authority, the State Office For Aging, the Department of State and other state entities whose work addresses low income customers and affordable energy bills."<sup>42</sup>

EE4A suggested that energy efficiency in low income multi-family housing sector is underserved by current programs. EE4A also encouraged the Commission to take steps to ensure that the benefits of DER are accessible to low and moderate income households. AGREE endorsed a program under consideration in

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<sup>42</sup> UIU Comments, page 9, citing its earlier Responses to Questions (filed March 4, 2015), page 7.

California whereby low income discount recipients are allowed to redirect their discounts to certain renewable energy projects.

OTDA opposed the Straw Proposal recommendation to reduce discounts for Emergency HEAP recipients. OTDA also recommended that the Commission lengthen the winter moratorium, currently a two-week period encompassing Christmas and New Year's Day, during which utilities may not terminate service for nonpayment.<sup>43</sup>

Parties including CEC and PULP argue that issues concerning ESCO treatment of low income customers, including marketing practices and pricing, need to be addressed. NLMH urges the Commission to consider various rate design changes, including eliminating customer charges, and adopting inclining block rates for volumetric charges. EE4A argues that the Commission must help develop jobs and training opportunities for low income populations.

#### Discussion

As previously noted, the Commission concludes that a key to the success of addressing the energy divide facing low income households lies in better coordination between the various Commission initiatives funded by ratepayers, and the numerous other governmental and private agencies that administer programs addressing energy poverty. The Commission therefore directs Staff to work with sister agencies to create an inter-agency task force to achieve greater inter-agency coordination, share information, eliminate duplicative efforts, lower costs and increase effectiveness, and advise in the development of low income energy-related policies and programs.

A need for better coordination of rate discounts with energy efficiency and weatherization services was the most

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<sup>43</sup> 16 NYCRR §11.4(a)(4)(ii).

widely given, and least opposed comment. Clearly, this need is perceived by a wide range of parties.

Great progress has been made in improving utility referrals for Empower-NY, but there may be opportunities to better utilize bill data to prioritize referrals for efficiency services to low income households with high usage and high arrears. The Commission recently directed NYSERDA, the utilities, and Staff to update and enhance the current referral process in its recent Clean Energy Fund Framework Order.<sup>44</sup> Other meritorious proposals (e.g., standardizing referral mechanisms and developing more robust multi-family programs) for developing alternative approaches that can improve consumer value are important to addressing the totality of low income needs, and will actively be evaluated through the Clean Energy Advisory Council in order to inform the low to moderate income (LMI) Chapter of NYSERDA's Investment Plan, the utilities' future Energy Efficiency Transition Implementation Plans and budgets and metrics filings, and other clean energy activities.<sup>45</sup>

Facilitating greater access to DER for low income households is of great interest to the Commission. In its Community Net Metering proceeding, the collaborative efforts to remove obstacles to low income participation in Community DG is continuing.<sup>46</sup>

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<sup>44</sup> Case 14-M-0094, supra.

<sup>45</sup> Case 14-M-0094, supra. The Clean Energy Advisory Council is co-chaired by Staff and NYSERDA and includes participation from all utilities offering energy efficiency programs in New York State, NYPA, LIPA, and PSEG, as well as involvement from a broad array of stakeholders.

<sup>46</sup> Case 15-E-0082, supra, Ruling on Extension request (issued April 15, 2016).

As the HEAP recipient data furnished to utilities for HEAP performance measurement will include Emergency HEAP recipients, these customers will be included in the utility low income programs. Unless these customers also receive a utility regular HEAP payment with add-ons, they would receive no more than the lowest tier benefit. Also, as discussed in the Staff Report, utilities may further consider the impact of Emergency HEAP payments on the customer's net energy burden when setting the level of discount for customers who receive Emergency HEAP payments.<sup>47</sup>

An often overlooked tool for helping low income households maintain utility service is increasing energy literacy. Low income energy education, including counseling in household budgeting and financial management, energy savings actions, and information on how to participate in community DG and other DER projects, helps engage and involve the customer in the process, and can have a lasting impact on affordability. Utilities should incorporate educational efforts into their low income programs, and explain their strategies for doing so in their filings.

ESCO matters are being considered in the Commission's Retail Markets case.<sup>48</sup> Rate design matters are being considered in Track Two of the REV proceeding.<sup>49</sup> Other proposals (changes

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<sup>47</sup> As this makes the discount structure more complex, the Commission will allow, but not require utilities to implement this approach.

<sup>48</sup> Case 12-M-0476, *supra*.

<sup>49</sup> Case 14-M-0101, *supra*, Staff White Paper on Ratemaking and Utility Business Models (issued July 28, 2015).

to HEFPA, training for low income workers) are beyond the scope of this or any other active Commission proceeding.<sup>50</sup>

#### CONCLUSION

Access to energy services is essential to the safety and well-being of all residents of the state. Ensuring adequate access for those who face financial difficulties is a public concern, because the utility and societal cost of leaving the economically disadvantaged without such access can be much greater than the cost of maintaining utility service for these customers. Even during the recent trend toward lower commodity prices, especially for natural gas, low income customers continue to have difficulty paying their energy bills and maintaining utility service.

The Commission will continue to work toward facilitating opportunities for all customers, including low and moderate income customers, to invest in clean energy and advanced energy management products, and to enhance demand elasticity and efficiencies. The utilities and third parties should continue to develop and manage programs that provide opportunities for all consumers, regardless of income, to achieve the benefits of REV and clean energy. Partnerships with community groups and other market actors may spur additional investments in DER projects for low and moderate income customers. The CEF will also help lower energy bills for all New Yorkers. Finally, the Commission's Consumer Advocate will continue to work with the Consumer Advisory Council, utilities and other interested stakeholders to further develop these programs as part of ongoing REV development. In the meantime,

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<sup>50</sup> There is currently no active proceeding to amend the cold weather rules or other provisions of HEFPA, however, parties may petition the Commission to amend HEFPA if they so desire.

the program designs outlined here are a strong and measured response designed to help ensure affordable access to service and optimize the implementation of the utility programs.

Given the phased approach to implementing the Commission's low income policies, utilities will need to file implementation plans that can be updated as needed. Crucially, the plans must include proposals for programs for introduction by utilities in areas that are not being served by markets as part of ongoing REV development, but allow market participants to identify opportunities to serve low income customers. The Commission directs filings by utilities with more than 25,000 customers, to achieve implementation of this framework, including any necessary program modifications, timelines, estimation of costs and proposals for cost recovery, including the details of the reconciliation of actual program costs to amounts reflected in rates. Utilities should utilize their existing low income program cost recovery methods, to the extent practicable, and estimate the cost allocation among the classes resulting from such an approach. Utility filings must propose a path to incorporate these recommendations into ongoing rate plans, as well as cases coming before the Commission in 2016.

The Commission orders:

1. The regulatory policy framework for addressing low income customer needs, as described in the body of this Order, is adopted. Central Hudson Gas & Electric Corp., Consolidated Edison Company of New York, Inc., Orange & Rockland Utilities, Inc., National Fuel Gas Distribution Corp., Brooklyn Union Gas Co. d/b/a National Grid NY, KeySpan Gas East Corp. d/b/a National Grid, Niagara Mohawk Power Corp. d/b/a National Grid, New York State Electric & Gas Corp., and Rochester Gas and Electric Corp. are directed to make the filings described

herein, within 90 days of the Commission's order in this case, for further Commission review and approval.

2. In preparing their respective filings pursuant to Ordering Clause 1, the utilities should utilize their existing low income program cost recovery methods, to the extent practicable, and estimate the cost allocation among the classes resulting from such an approach.

3. The utilities' filings pursuant to Ordering Clause 1 shall discuss the expected timeline for the Office of Temporary and Disability Assistance to begin sharing data on all Home Energy Assistance Program recipients, and for each utility to begin using such data to enroll customers.

4. The utilities' filings pursuant to Ordering Clause 1 shall explain and justify any departure from the default method of calculating discount levels as described herein.

5. The utilities' filings pursuant to Ordering Clause 1 shall propose processes for participating customers to be notified of the option to refuse budget billing, and to exercise such option; and include a detailed description of each utility's budget billing plan, including a description its method for estimating bills when 12 months of billing data are not available.

6. The utilities' filings pursuant to Ordering Clause 1 shall explain their strategies for incorporating educational efforts into their low income programs.

7. The utilities' filings pursuant to Ordering Clause 1 shall provide a timetable for compliance with the reporting requirements included herein.

8. National Grid NY must indicate in its filing whether it intends to utilize a file matching process to enroll eligible customers, and propose a timeline for implementing such a file match.

9. Staff is directed to work with other government agencies to establish an inter-agency task force, 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.

10. In the Secretary's sole discretion, the deadlines set forth in this order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

11. This proceeding is continued.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS  
Secretary

## SUMMARY OF PARTY COMMENTS

### Affordability for All

- Composed of nine organization members.
- Individuals voiced their need for additional assistance and the hardships they have faced and continue to face with their energy bills.
- A list of root causes for high energy bills include: old homes, landlord is absent or unwilling to provide building improvements, income levels, and individuals being forced to choose amongst necessities. The solution is to put the surcharge money toward additional weatherization components.
- The program needs to be inclusive and not exclude customers.

### Alliance for a Green Economy

- Agree applauds the Commission for initiating this proceeding, but is bitterly disappointed in the Staff Report.
- Agree recommends that the Commission create a comprehensive low income discount program open to all low income households, not just those households who obtain a utility HEAP benefit. Automatic enrollment using Lifeline criteria should be adopted.
- New York needs a statewide implementing agency (as other states have). New York's Office of Temporary and Disability Assistance (OTDA) needs more resources to provide information and file matching for utilities about eligible households.
- Utilities must provide meaningful discounts in the form of rate reductions of approximately 40% for low-income households. This could be accomplished by the following ways: including provision of an affordable block of energy as part of the monthly service charge; creating an across the board discount of 40%; or designing a program that calculates individual households' energy burden and reduces it to 6% of income.
- The program must have a significant increase in funding for utility assistance. Agree calls for a program that provides at least \$600 million in assistance. Other states are spending three to four times what we are currently spending per individual customer to ensure affordable service. A more rational and equitable formula for contributions to the low

income program must be devised than charging all customers a fixed annual surcharge of \$20 on their electricity bills and \$35 on their gas bills for the proposed low income program. The Commission should look at utility profits as a possible source for additional revenues.

- Energy conservation, efficiency, and weatherization services should be part of all low income programs. In general, state and utility programs have funded low hanging opportunities for efficiency at industrial and commercial entities, while low income households have not received proportional benefits, even though they have paid more than their fair share for these statewide programs. Popular education around energy conservation and investments in energy efficiency retrofits are cost effective ways to address the root causes of this crisis for many households and are proven ways to reduce future bill amounts and arrearages.
- The Commission should consider a program like “CleanCARE” being developed by the Interstate Renewable Energy Council, Inc. (IREC) for California. This proposal would allow low-income discount recipients to redirect their discounts into shared renewable energy projects, giving low income people a choice in where their electricity comes from and reducing their utility costs.
- Better data collection is needed for low income communities to understand the barriers to obtaining energy assistance, including for emergencies, the reasons for terminations in service, and how low income residents with unique medical needs are identified and protected. Agree supports the staff’s proposal to monitor termination rates among low income customers.
- Utilities must be monitored for racial discrimination and other abuses. The PSC should also collect information needed to document and monitor patterns of racial discrimination in who is being shut off. Utility shutoffs be reported, and analyzed by census block.
- The Commission should use its regulatory authority to prevent shutoffs during the cold period of November through April. More information and evaluations are needed associated with terminations during the cold period of the year. It is appropriate as part of this proceeding for the Commission to consider the relationship to, the Home Energy Fair Practices Act (HEFPA). Procedures taken by utilities to avoid terminations in the cold period should be scrutinized and best practices developed. A full record should be

developed to inform PSC reviews in regular rate cases as well as to identify if there is a need for any amendments to the Home Energy Fair Practices Act, such as a moratorium on shutoffs.

- Customers need protection from utility shutoffs and help with understanding their rights and their options when confronted with threats of service termination. Utility companies should be required to go through a mediation process with customers before terminating service, and customers should have access to independent advocates who speak their language and can help them access assistance.
- Low income people need better representation and influence over utility rates, utility programs, and in PSC proceedings. In the development of the Staff Report, low income individuals or community groups (whose work is embedded in low income neighborhoods) were not systematically consulted. Agree states that it does not believe low income people were consulted at all and questions the legitimacy of the Staff Report. The Commission must approve intervenor funds for community groups to be able to participate in rate cases and policy proceedings.
- The Commission should recommend an Energy Affordability Intergovernmental Agency Task Force (as recommended by the Utility Intervention Unit), to facilitate regular sharing of information about program design, implementation and effectiveness among government providers of services and benefits, be put in place.

#### AARP

- AARP is generally supportive of the guiding principles from the Straw Proposal, however disagrees with the recommended method for funding the program.
- All commenting parties agree to some type of streamlined approach to be adopted by the Commission, despite varying positions on the best approach. They are concerned with energy affordability for all residential customers and note the very best approach would be to keep energy costs down for everyone.
- AARP generally agrees with 5 principles described in the Straw Proposal: 1) A simple program design; 2) The program is available under the same eligibility guidelines; 3) Automatic enrollment; 4) The program must provide a meaningful bill decrease; 5) The cost of the program should be borne by all classes of customers.

- Eligibility/Enrollment/Benefit Levels – AARP strongly supports eligibility should coordinate with HEAP program as a good starting point which emphasizes a customer’s energy burden. However, HEAP as a not catch all for recipients, AARP suggests to utilize Lifeline and direct voucher as additional programs to increase eligibility and to consider Lifeline as criteria for eligibility. AARP suggests the Commission take an aggressive approach to closing the cooperation gap in sharing eligibility data with the Office of Temporary and Disability Assistance (OTDA). AARP agrees that enrollment should be simple and automatic so to include as many customers as possible and keep admin costs down.
- AARP is generally supportive of the benefit level approach, but reiterates that 200% of FPL should be the criteria and a 30-35% discount level be provided. However, in a tiered approach, some minimum discount may be necessary per tier level to ensure that target energy burden is achieved.
- Funding - AARP does not agree with the funding methodology and that exhaustion of and reallocating other sources of funding (Clean Energy Fund, or other NYSEDA funding sources) should be initially utilized and then any remaining funding needed be allocated on the customer usage basis. AARP states that any necessary ratepayer funding be allocated on a usage basis since basing it on per customer produces an unfair burden to the smallest users and for low income customers too.

Association for Energy Affordability -- Initial

- The proposed solution falls short of what is necessary to ensure all New Yorkers can control and pay their energy bills and take advantage of the clean energy economy the Commission seeks to advance. The proceeding is too narrowly focused on discounts and terminations. This focus is insufficient to address affordability and equity, which are a matter of total bills and access to a broad array of energy product and services. In this respect, we consider the domain of this proceeding as necessary but insufficient to ensure energy affordability and equitable access to distributed energy resources for low income consumers. Consumers eligible for rate discounts or other income and means tested programs should be enrolled in energy efficiency and weatherization programs to reduce or eliminate energy waste contributing to higher and unaffordable bills. The draft State

Energy Plan contains a similar goal. Weatherization and energy efficiency measures must accompany rate design approaches and can, over time, reduce or eliminate the need for ongoing subsidies via discount programs.

- Eligibility Determination -- The rationale for not expanding the participant pool seems to rely less on determination that the assistance is unnecessary and more on the cost of providing additional assistance.
- Enlarge the applicable pool of aid recipients, rather than restricting eligibility to HEAP recipients. If eligibility is broadened by a utility on its own but under the Staff Proposal framework, the utility could hit the proposed budget ceiling and be forced to lower its level of support.
- Program Coordination -- We understand ODTA believes constraints make it unable to provide further assistance in identifying low income households, but the Commission should engage with OTDA and other state entities to explore coordination and means of addressing resource constraints that prevent low income households from being offered services in a one-stop-shop approach.
- We recommend that NYS allocate 15% of its HEAP funds directly to the NYS Weatherization Assistance Program and support greater statewide and local collaboration between NYSERDA's direct LMI efforts, New York's WAP, HEAP, and utility low income programs. Upgrading existing housing through weatherization and coordinated energy efficiency treatment can address root causes of unaffordable bills, and when coordinated with HEAP and utility low income discount programs, can provide an effective low income energy assistance strategy statewide. Identifying and enrolling eligible consumers and meeting their individual needs will require coordination with community based organization and social service agencies.
- Determining Affordability -- We believe Ohio's PIPP is a good model for addressing arrearages and ensuring payments are based on a percentage of income. Also, a volumetric approach on pricing is beneficial to low income customers, together with automatic/required enrollment in weatherization and energy efficiency programs.
- Program Budgets -- The proposed budgets are low relative to both the need and overall utility revenues and consumer dollars spent on energy statewide.

AEA -- Reply

- We believe the Commission should act expeditiously to adopt a statewide expanded eligibility guideline for utility low income assistance programs, provide an “affordability block” of energy for low income households, ensure a more holistic and coordinated approach to energy assistance, and proceed with interagency coordination to help implement these approaches to energy affordability for low income households.
- Eligibility for Utility Low Income Programs -- A number of commenters agreed with AEA that “a state-wide approach based on the broader eligibility of receipt of need-based income support would be welcome while a statewide approach restricted to HEAP eligibility would not be progress” and that programs based entirely on HEAP assistance, rather than an expansion to Lifeline as recommended by UIU is insufficient to address affordability and equity.
- The Lifeline criteria would be a more appropriate and effective means of determining program eligibility than HEAP recipients. Adoption of the Lifeline criteria could be accomplished via an application form to be completed by the potential program enrollee
- Block Rate for Energy Affordability -- AEA and a number of other active parties in this proceeding advocated for the first block of energy use to have a lower rate. Tiered pricing for blocks of energy, coupled with automatic/required enrollment in weatherization and energy efficiency programs, would support the Commission’s objectives to assist low income consumers, implement demand management, and ensure that low income households are provided with the bill management opportunities envisioned in REV.
- Holistic Approach to Serving Low Income Households -- We recommended that New York allocate 15% of its HEAP funds directly to the NYS Weatherization Assistance Program (WAP), as permitted by both Federal and State legislation, and that there be greater statewide and local collaboration between NYSERDA’s direct LMI efforts, New York’s WAP, HEAP and utility low income programs
- It is important to use consistent definitions for eligibility for low income programs, ensuring ease of access to program opportunities, providing equitable distribution of utility and NYSERDA program resources and adopting appropriate consumer protection provisions.

- Interagency Coordination -- The Commission should commit to working with other state agencies to implement the State Energy Plan and its commitment to serving low income consumers. We understand OTDA believes constraints make it unable to provide “matching” services to assist utilities in identifying the customers also enrolled in OTDA administered assistance programs. Exploring how to address resource constraints and effectively achieve interagency coordination among OTDA, HCR, NYSERDA and utilities should be a state priority.
- We also support arrears forgiveness programs and a prohibition on reconnection fees for low income program participants. We strongly oppose the position of AARP and PULP that Clean Energy Fund dollars be used for low income discount programs and believe the Clean Energy Fund should only be used for clean energy programs, though including substantial support for energy efficiency for low income households, which provides the necessary complement to utility discount programs.

#### Central Hudson – Initial

- Central Hudson (CH) provided comments on their existing programs in place and that the Straw Proposal, in particular the 6% energy burden methodology, would negatively impact low-income customers. Changes to their current low income programs would cause incremental costs to CH through additional IT programming, program design and ongoing program resources. CH agrees in continuously making improvements to low income programs as they and other parties have collaborated numerous times to improve their Enhanced Powerful Opportunities Program (EPOP). CH states their current programs provide sufficient benefits at reasonable costs. CH understands the idea of incorporating a standardized low income program and encourages the Commission to maintain and design the most efficient low income program.
- Eligibility/Enrollment – CH agrees an automatic enrollment is a reasonable goal. In addition to HEAP, CH adds the following for eligibility for EPOP: 1) Need to be full service residential customers; 2) Enrolled in budget billing; 3) have \$100 in past due 4) electric or gas as primary heating source. CH states they would like to keep their more extensive eligibility criteria since only less than 10% of HEAP eligible customers are enrolled in EPOP which allows for higher benefit amounts to those most in need. CH

suggests new programs should be designed around automatic enrollment, but existing programs should be grandfathered in. CH is also unclear how they will derive the information needed to set up their low income customers in tiers, as well as, information sourcing, program cost, and cost recovery issues should be resolved prior to adopting a new program.

- Benefit Levels/Rate Discount – CH suggest removing Tier 4 customers from calculations since payment for these customers is provided by Department of Social Services.
- Arrearage Forgiveness – CH supports the continuation of an arrears forgiveness program since it has been a success factor in their EPOP program. CH rejects Staff's position that cost savings would be associated with an elimination of an arrears forgiveness program stating it is simply bad debt that is recognized as uncollectible expense through the forgiveness program. If the decision is to adopt a new program, CH suggests that a plan to phase out prior programs would be necessary.

#### Central Hudson – Reply

- Central Hudson (CH) provides ten principles to help formulate the low income program.
- 1) A nondiscriminatory eligibility process for all low income customers – The eligibility should extend beyond the proposed HEAP criteria since there is a large amount of HEAP eligible customers that do not receive HEAP.
- 2) Automatic enrollment upon meeting criteria – CH comments that all low income customers must assert their eligibility to the proper government agency and upon verification by that agency, the customer should be automatically enrolled in the low income program. Administrative costs would also be reduced in having the agency provide eligible customers.
- 3) Sufficient benefits allowed for customers to effectively manage their bill and avoid termination – CH comments on Staff's method of determining a 6% energy burden level is in part attributed to researching other states programs and thus wishes to correct Staff in regards to Ohio's PIPP program as being under statutory authority. CH proposes that an investigation of a possible partial year program where the provided benefit is sufficient to cover just the heating months, but leveled through budget billing. CH states this would result in a lower monthly benefit, but be sufficient, and therefore not place

additional burden on the rest of the customers. If the benefit provided is sufficient for low income customers to manage their utility bills, then low income customers should not receive a reconnection fee waiver, nor should other customers pay the cost of such waivers.

- 4) Program costs should be as low as possible – CH provides the following suggestions to limit costs: a) partial year heating program; b) adopt a higher benefit for primary heat source, usually gas and then a secondary heat source, typically electric; c) encourage payment plans and disconnection during the non-benefit period to limit arrearages; d) a structured program to provide one benefit to all customers in order to reduce operating costs (6 – 8% target operating costs).
- 5) Mandatory participation in energy efficiency programs - In order to help limit the costs of the program, low income customers must lower their usage. The program should target separately low income homeowners and renters. CH believes the current funding to NYSERDA is sufficient enough to provide such energy efficient programs.
- 6) Simple in design – CH notes the objections received to the four tiered system and believes one consistent benefit is simpler.
- 7) Existing agency should administer eligibility verification and provide eligible lists to the utilities; - CH comments for the program to be administered by an eligibility service provider, such as OTDA. CH states that such organizations utilize the government determined criteria which they require the necessary information from the customer for verification purposes.
- 8) Arrearage forgiveness program should be provided – CH believes an arrearage forgiveness program is important to help a low income customer transition out debt and improve other financial aspects of their lives.
- 9) Statutory requirements – CH agrees with New York City's comments that when designing the structure of such programs need to comply with federal, state, and local laws, and rules and regulations.
- 10) Utilities must receive cost recovery for low income program costs – CH states as the implementation entity of the low income program, the utility should be permitted to recover all costs of the low income program.

- 11) Nobody Leaves Mid-Hudson (NLMH) comments should be disregarded as factually inaccurate – NLMH alleged that inclining block rates and a reduced customer charge will help low income customers. CH states that is not accurate due to the usage of low income customers tends to be more than the average residential customer in which an increased customer charge and declining block rates disproportionately would assist low income customers. Also, NLMH alleged that disconnections may be racially motivated. CH states that is false and should not be tolerated. CH states all customers are treated in the same manner and all are subject to the same rules and regulations set forth by PSC.

#### Citizens Environmental Coalition – Initial

- A major overhaul of the Low Income program is needed.
- The following are factors contributing to an energy related economic crisis for NY families:
  - Electric prices increased 4% a year from 1970-2011. In states that restructured, prices rose about 220% faster than US electricity prices in the same period.
  - The Great Recession caused massive loss of homes, jobs, and pension, particularly among those at the bottom of the economic ladder.
  - Federal debt increased resulting in funding cuts for low income programs
  - Underemployment
  - Overall energy prices in New York are too high for all customers.
- The following are Commission directives:
  - Conduct an investigation of utility low income programs
  - Evaluate effectiveness of current program designs
  - Identify Improvements that are warranted
  - Identify Best Practices
  - Standardize utility low income programs to reflect best practices
  - Ensure the programs are consistent with statutory and policy objectives
  - Develop a set of Recommendations for how to optimize the Implementation of utility low income programs with more uniformity.

- There were underlying concerns not identified in the Order, such as limited and finite resources available for low income consumers and concern for other ratepayers. We believe this notion of limited resources has harmed the entire proceeding and there are no facts underlying the notion. No matter how large the customer is, the fee is the same. This fee does not have to be so regressive. Large commercial and industrial companies could reasonably contribute 2% of their monthly bill to the Low income fund and this would provide the resources needed to ensure a credible low income program. We recommend that at least \$600 million is needed for the low income program. Raising the total costs of a totally inadequate low income program from \$136 million to \$179 million, as Staff have proposed, is not at all satisfactory.
- Low Income Customers should be provided with a block of low cost electric and gas, as large commercial and industrial customers are provided with a block of low cost electricity.
- In the Staff Report, there was no evaluation of the effectiveness of utilizing the actual receipt of HEAP benefits to determine eligibility. Staff apparently believed they were operating with some sort of strict budget limit and therefore a thorough investigation of the magnitude of low income population needs was precluded. There was no evidence of an investigation or an evaluation of effectiveness of current programs, notably the use of HEAP as a qualifying factor. UIU identified that only 30% of HEAP-eligible customers actually get benefits.
- 25% of the state's population are low income yet only 12% of utility customers are receiving utility low income benefits. This 12% is largely achieved because Con Edison provides benefits to 22% of its customers, but some utilities are providing benefits to only 4-7% of customers. Upstate New Yorkers are not being treated equitably. Further, we are not reducing energy costs to the 6% level (currently).
- We believe Lifeline criteria are essential for a credible low income program.
- The Review of other baseline state programs is needed to be more thorough in identifying the key factors impacting low income customers.
- Best Practices needed to be identified and thoroughly discussed for possible application in NY. We noted that some states with better low income programs had significantly

lower arrears. The tradeoff of spending more on low income programs versus the costs of arrears should be thoroughly considered.

- Staff apparently did not believe it feasible to create uniformity statewide by having a more comprehensive program that covers more low income households statewide, because of financial limitations. It was also unacceptable for NYC and Con Ed to abandon their more comprehensive program.
- Staff did identify some modest improvements and included them in their proposal:
  - We support eliminating reconnection fees.
  - In general we support debt forgiveness associated with deferred payment agreements but strongly recommend providing wide latitude regarding payment due dates and allowance for partial payments.
  - Staff appears open to the idea of affordable block of energy, but this has not been fully developed. This needs to be discussed in a working group
- We strongly disagree with the budget limits proposed by DPS staff.
- We believe the UIU offered the best approach in its initial response to staff questions, by offering a comprehensive Low Income program. We also support a comprehensive program and have ordered our recommendations by their priorities at this point in time:
- Eligibility must be expanded and inequities resolved based on where a family lives so that all households under 60% of the State's median income are able to receive benefits. Automatic enrollment can be facilitated by utilizing the Lifeline criteria. It is likely we need a statewide administrator.
- Establish a Low Income Energy Affordability Intergovernmental Task Force.
- Substantial bill reductions of approximately 50% are essential for Low Income consumers. ESCO issues must be addressed. Significantly reduce costs for a basic block of affordable energy based on a relatively efficient household; high energy users should be referred for energy efficiency services.
- Elimination of the regressive free structure for Low Income program funding, instead charging larger entities more appropriately.
- Arrears Forgiveness
- Recommendation for no terminations during the cold period of year

- An Independent Consumer Advocacy Agency with substantial funding to enable public interest intervention in PSC cases.
- Substantially improved information collection and evaluation metrics for programs. We need more information about how families experience the program and metrics need to be established for evaluating the programs.
- While we would like to address the substance of data collection, we found the abbreviated form provided in the Appendix to the Staff report to be too obscure for us to understand and provide input.

Citizen's Environmental Coalition – Reply

- HEAP is an inadequate means of qualifying eligibility for low income benefits. All low income households must qualify and receive assistance that makes energy bills affordable.
- We recommend DPS consider a phased approach. We note that utilities have identified large numbers of customers who would lose benefits under the Staff proposal.
- Phase I should include:
  - Adoption of Lifeline criteria for determining eligibility for benefits
  - Elimination of reconnection fee
  - Reduced terminations during winter months
  - Statewide arrears forgiveness program. The calculation “Low Income benefits + arrears = total program cost” should be used.
  - If ESCOs cannot offer benefits to customers, they should not be allowed to operate in NY.
- Future Phase(s) should include:
  - -A holistic approach to low income affordability that integrates traditional activities like weatherization and energy efficiency with new programs like community solar. Given multiple new developments associated with REV, it is essential that various involved government agencies coordinate ideas, policies and programs. It should be noted some programs have operated for over a decade, yet have largely been directed to large industrial and commercial entities.

- -A Low Income Energy Affordability Interagency Task Force is necessary to tackle the multiple issues identified in this proceeding. Low Income issues are not being adequately dealt with in other REV proceedings.
- -The Low Income program must be funded in a less regressive way. Rather than charging all customers the same annual fee, larger customers should pay a larger fee to support the program. There are multiple options available, as discussed in the comments.
- -Rate reductions of 40-50% are necessary to make energy affordable for low income consumers. The tiered discount levels proposed by DPS are not a credible way to proceed. Options include:
  - -An affordable block of energy included with the monthly delivery charge.
  - -High usage customers referred for weatherization/energy efficiency services, but rate reductions still are needed for entire bill.
  - -Low cost energy from NYPA similar to the 900 MW in the ReCharge program for industrial and commercial entities.
  - -An Independent Consumer Advocacy Agency with substantial funding to enable public interest interventions in PSC cases.
  - -Substantially improved information collection and evaluation metrics for programs. We need more information about how families experience the program. At the same time metrics need to be established for evaluating the program-not just for addressing a utility's rate case.

#### Community Service Society

- CSS states the hardship and difficulty paying heating and electric bills especially in households with children. It contends that even though there are assistance programs in place, these programs do not go far enough to ensure that families are not having the lights turned off because they cannot pay the bills. It states that according to a data from their annual Unheard Third survey, around 1 in 7 of both poor (below 100 percent of the federal poverty level) and near poor (between 100 and 200 percent of poverty) New York City residents had services turned off by utilities in the previous year. This shows that the difficulty paying electric bills is not just an issue for the poorest New York City

residents, but even those who earn as high as 200 percent of the federal poverty level.

Among poor black respondents in the survey, 3 out of 10 had services turned-off in the prior year, the highest figure among the major racial/ethnic groups and more than double the rate of poor respondents overall.

- CSS expressed concern with the eligibility criteria of the Staff Straw Proposal, which it contends will leave many households who desperately need assistance out in the cold. CSS urges that we must ensure that households that are most in need of heating and energy assistance are able to receive it. It points out that just looking at HEAP enrollment to determine eligibility for the proposed program will exclude many households that need assistance.
- Consequently, it states that the Commission should re-examine its eligibility criteria, including the possibility of looking at enrollment in a variety of need-based programs to determine eligibility. In addition, enrollment for eligible households should be simple and straightforward, if not automatic.
- CSS further states that it is important that the new program provide meaningful assistance to families most in need. It expressed the concern that the proposal as currently written will not provide sufficient relief to alleviate the financial burden many low-income households face in trying to pay their energy bills. So, it urges the Commission to rework its proposal so that it will provide meaningful measure of relief to those who need it most.

#### Con Edison/O&R

- The Commission has purposefully limited this proceeding to considering incentive or discount programs in isolation, rather than on a holistic basis along with type of heating fuel used, customer behavior and usage patterns, rates, and weather. The Companies believe that considering all these factors together in a holistic manner would lead to better outcomes for low income customers, better align with the State's Policy objectives as outlined in the State Energy Plan and REV, and improve the long-term cost-effectiveness of low income programs. The Companies also state that as proposed in the Report, future low income programs would reduce benefits to many current participants

in the Companies' programs, cost more to implement, and would introduce volatility in benefits available to customers that rely on them most.

- Low income programs should be utility-specific and funding levels decided in base rate proceedings.
- While Staff was guided by several principles in developing the straw proposal, certain proposals have aspects which are inconsistent with these principles. The first principle cited is that low income programs should be simple to understand, explain, and administer. The second principle cited is that low income programs should automatically enroll customers and be automated to the greatest extent practical. However the Companies feel the proposals in the Report will transform what are currently streamlined, efficient programs with minimal administrative costs into cumbersome programs requiring significant expenses. The Companies also address the principle that low income programs should be available to customers under the same eligibility guidelines as are currently used for New York State HEAP recipients, and while they point out that they don't oppose this principle, they feel the implementation and administration is far more complex than the Report acknowledges. The fourth principle mentioned is that low income programs should provide a meaningful discount to participating customers. The Companies point out that the proposed discount levels would lead to many of the Companies' customers who currently participate in their low income programs to receive reduced benefits.
- While the Report recommends that eligibility requirements be primarily based on participation in HEAP, ( and that Con Edison should be able to maintain its existing expanded criteria) , the Report only contemplates potentially expanding eligibility requirements to the extent it can be accomplished through automatic enrollment with little administrative burden.
- The Report proposes a discount structure that would apply four tiers of fixed discounts that would vary with customer income, which will be estimated by the number of HEAP add-ons received, or participation in a direct voucher program. However the Companies' current systems only capture that a customer has received a HEAP payment. Therefore the systems will need to be modified to account for multi-tier level discounts and certain assumptions will need to be automated to assign a tier based on the amount of HEAP

dollars passed to customers. The Companies express concern that it is not adequate to rely on these dollar amounts to assign customers to a tier. Furthermore, the Companies point out that it is not uncommon for OTDA to issue supplemental HEAP payments after concluding there are additional dollars remaining in the budget. These supplemental payments could result in a customer migrating into a tier with higher benefits, even though there was no increase in financial need. The Companies therefore feel that should the Commission pursue this approach, OTDA should identify which tier a customer who is a HEAP recipient be placed in. Additionally the Companies point out that although the Report states Con Edison can maintain its program eligibility requirements, it does not specify which tier non-HEAP recipients would be assigned to.

- The report proposes to add an additional category of electric low income customers who are not HEAP eligible to the Con Edison program. The Companies further state that with the addition of this group, there would be an additional 100,000 customers. The Companies believe this additional group should be considered during rate case proceedings. The Companies also state that during the Technical Conference held on July 30, 2015, Staff maintained that Con Edison (and other utilities with additional qualifying programs) put these customers (those who have qualified on a non HEAP basis) into the lowest discount level tier. This would result in more than 85% of Con Edison's low income participants receiving a smaller discount than what they currently receive.
- The Companies believe that the Report overlooks the fact that customers receiving a direct voucher are already having their entire energy bill paid for by social services directly. This gives these people an energy burden of zero. The Companies therefore believe the fourth tier should be eliminated in its entirety and direct voucher customers should be treated like other existing non-HEAP qualifying customers.
- The Companies feel that sixteen different tier discount levels ( four proposed tiers, differentiated by heating, non-heating, gas heating, and gas non-heating) runs counter to the Report's guiding principle of simplicity.
- The Companies do not support the budget billing requirement of the Report as they feel this would undermine customer choice, and unfairly discriminate against customers based on income levels. Additionally, only about six percent Con Edison's low income

customers are on budget billing leading the Companies to conclude that customers do not generally value this option.

- The Company states that while the Report advocates that utility low income programs should set an upper budget limit on program funding, the Report did not provide a justification for its proposed limits. The Companies state they advocate for a volumetric approach to establishing per customer allocations that would assign costs equitably among rate classes and reasonably align contributions with usage.
- The Companies disagree with the Report's proposal that all benefits to non-HEAP low income participants be eliminated and those customers made ineligible for program assistance when the budget cap is exceeded, and that the benefits to remaining customers be reduced. The Companies state that this introduces significant variability in benefits that many customers rely upon and that because energy bills have a high correlation to the weather, this could result in low income programs running out of funding and benefits being reduced when they are most needed. The Companies agree that program costs should be deferred and fully reconcilable. Also, the Companies point out that it is not possible to eliminate non-HEAP qualifying customers from the program if the budget cap is reached, as the Companies are not made aware of which social service program a customer qualified for in order to be in Con Edison's low income program. The Companies believe that changes to qualifying programs to participate in low income programs only be made in the context of utility rate proceedings.
- The Companies do not support an arrears forgiveness program as the program would be challenging, administratively burdensome with high administrative costs. The Companies agree that arrears forgiveness programs should not be mandatory.
- The Companies strongly oppose the proposal to prohibit utilities from collecting reconnection fees from low income customers. The Companies state they terminate service only as a last resort and in compliance with Commission rules and regulations. The Companies feel the Report's proposal disregards what the Companies feel is an ill-conceived requirement (low income customers must receive a disconnect notice to qualify for emergency HEAP) and requests the assistance of the Commission to in working with other State agencies to eliminate this requirement. In addition, the Companies point out that if the utilities can't charge low income customers for

reconnection fees, these costs will have to be recovered from other customers which increases the subsidy by other customers, and reduces the funds available to low income customers.

- The Companies agree that additional tracking and data collection could provide useful information. However, the Companies feel it is premature to develop the tracking proposal and once the Commission adopts new standards for low income programs, tracking mechanism can be developed and designed.
- The Companies do not oppose consideration of earnings-based incentives related to low income programs. The Companies believe such metrics should be developed in the context of utility rate proceedings consistent with similar measures currently being evaluated in Track 2 of REV.
- The Companies state that efforts to improve energy affordability for low income customers should include both discount programs and energy efficiency and demand programs. The focus of this proceeding, per Commission instructions, has been solely on discount programs, but the Companies feel the State can achieve much more for energy affordability if it enhances energy efficiency programs and links them directly to bill discount programs. The Companies go on to say that the right balance of enhanced customer energy use management and traditional low income benefits could be analyzed as part of a statewide study, which could be undertaken to analyze in depth the energy related needs of low income customers across the state.

#### Energy Democracy Alliance

- EDA seeks urgent action from the Commission to address the suffering of low income families and the unacceptable level of utility shut-offs in the state. The Staff Straw Proposal has been roundly criticized from all quarters because it will leave so many people out, and it does not offer adequate funding or solutions to address crisis.
- EDA therefore, urges the Commission to take immediate actions within the proceeding, such as expanding eligibility criteria and automatic enrollment for utility low-income discount programs and increasing funding available for those programs to ensure affordable energy for all low-income New Yorkers.

- In addition, EDA hopes that the Commission will explore other deeper options for addressing the crisis, for instance, through the use of discount funding to help low-income people weatherize and gain access to low-cost renewables.
- The Commission has the responsibility to ensure that utility companies are not discriminatory in how they handle shut-offs and collections for people of color. It applauds the Commission's recent decision to investigate Central Hudson to examine the possibility of racial discrimination in collection practices. However; EDA contends that discrimination may be a broader problem that extends to shut-offs and to other utilities. It cites the example that, in a 2009 national survey of low-income households by the Federal Energy Information Administration, over twice as many Black families reported having their electricity disconnected in the previous year compared to White families. As a result, EDA urges the Commission to require the reporting of shut-off data by utilities in a format that researchers could use to root out any racial discrimination that may exist.

#### Energy Efficiency for All – Initial

- Energy Efficiency for All supports efforts in this Proceeding to improve programs for low-income customers and establish a streamlined approach on discounts for use in future rate cases. The Proceeding should not be viewed in isolation from the Reforming the Energy Vision and related proceedings. An integrated approach means uniting the various prongs of REV into a cohesive set of goals and strategies to address equity and affordability.
- An integrated approach will also help achieve a core tenant of REV, namely better leveraging customer, utility and private market funds to find and exploit system wide efficiency, drive markets, create a cleaner, decentralized grid, and ultimately lower costs.
- Solutions to energy burdens are inextricably linked to energy efficiency and other distributed energy resource (“DER”) opportunities. The consideration of efficiency and DER within low income assistance programs is ultimately the best way to leverage these funds to the benefits of all New Yorkers, and met this Proceeding's goals and directives.
- Low income consumers must be both empowered and protected throughout New York's Clean Energy Transition. Current low income assistance programs should be deployed as efficiently as possible, with existing budgets protected and ideally, expanded.

- 1) Make coordinated affordability approaches to efficiency and DER a goal or “Principle” of Low Income Assistance Programs. Energy for All generally agrees with the guiding program principles of the Affordability Proceeding: 1) programs be simple to understand, explain, and administer, 2) be generally available to customers under current guidelines used for HEAP, 3) automatically enroll customers, 4) confer a meaningful bill decrease, and 5) be funded by all customer classes. However, Energy for All asks that the goal that low income programs be effectively coordinated with energy efficiency and DER opportunities throughout REV and associated proceedings, and in future rate cases.
- 2) Ensure appropriate coordination between this proceeding and parallel processes, including REV, the BCA and the CEF.
- 3) Energy for All supports the UIU’s multi-pronged approach, particularly: 1) extend eligibility to include the Lifeline criteria, 2) increase the discount amount to reach the 6% energy burden standard, 3) implement weatherization and energy efficiency measures for housing in which low income people reside, 4) establish uniform arrears forgiveness in all service territories, 5) consider rate designs that include an “affordability block” that reward low income customers for using less energy; and 6) implement evaluation metrics, quarterly reports requirements and an annual review by Staff to gauge program effectiveness. Energy for All supports recommendations to ban reconnection fees for low income customers.
- 4) There is significant potential for energy efficiency savings in the low-to-moderate income sector, potentially for over \$3 billion in net energy efficiency benefits over the next twenty years.
- 5) It is important that the Commission ensure that DER and its associated benefits be made available to low income communities.

#### Energy Efficiency for All – Reply

- Stakeholder Alignment on the Importance of an Integrated Strategy to Harness the Benefits of Energy Efficiency for Low-Income Customers and New York as a Whole -- We wish to emphasize the importance of recognizing the following two points: that the consideration of efficiency and DER within low income assistance programs is ultimately the best way to leverage customer funds to the benefit of all New Yorkers and to meet

this Proceeding's goals and directives. In order to do so, current low-income assistance programs should be deployed as efficiently as possible, with existing budgets preserved or (ideally) expanded. In furtherance of these goals, and others, areas of consensus among various stakeholders include:

- 1) The need to develop an integrated, comprehensive approach to low-income assistance across REV and related proceedings.
- 2) The importance of prioritizing low-income affordability and reduction in overall energy burdens. In order to best serve low income communities efficiently, the Commission should include a focus on promoting energy efficiency and DER. Indeed, energy efficiency within the multifamily sector (which is predominantly low income) is a largely unaddressed area of need, and has the potential to realize over \$3 billion in energy savings over the next 20 years.
- 3) Banning reconnection fees for low-income customers.
- 4) Consider the use of a multi-pronged approach, as recommended by UIU and others. Several parties showed support for the UIU recommendations.<sup>6</sup> CEC, New York City, and UIU all showed support for extending eligibility criteria beyond receipt of HEAP benefits. CEC specifically recommended using Lifeline criteria to determine support eligibility, which we agree with. Energy Efficiency for All agrees with these commenters that these UIU recommendations have promise for protecting and serving low-income customers, and urges the Commission to consider these approaches.
- Capture the Co-Benefits of Supporting Good Jobs for Low to Moderate Income New Yorkers Through Energy Efficiency and Income Assistance Programs -- As part of a more holistic approach to alleviating the New York energy burden, Efficiency for All urges the Commission to develop an intentional strategy around the development of training opportunities and jobs for low to moderate income New Yorkers in the context of low income assistance and REV participation.
- Better Engagement of Low Income Voices in the Development of Recommendations -- We urge the Commission to adopt strategies of partnering with local community-based organizations to deepen the engagement of targeted low income communities.
- Energy Efficiency for All believes that REV should power solutions to New York's energy burden, particularly for the most vulnerable. In order to do so, we urge the

Commission to take practical near term steps, like banning reconnection fees for low income customers and utilizing the Lifetime eligibility criteria. We also ask that the commission seek to streamline and enhance processes between agencies when possible. Ultimately, an intentional, holistic and multi-pronged approach to reducing energy burdens should be a result of this proceeding, and a result of REV.

Laundry, Distribution and Food Service Joint Board, Workers United

- HEAP is an inadequate criteria for eligibility.
- The discount should be a percentage of the bill.
- Eligibility should be expanded to up to 175% federal poverty guidelines, and receipt of Lifeline, HEAP, Medicaid, SSI, TANF, and Safety Net Assistance.
- Ideally, the program should have automatic enrollment.

Multiple Intervenors -- Initial

- MI believes the residential low income budgets recommended by Staff are excessive and that it did not consider the order instituting this proceeding, or the proceeding itself to be an invitation to significantly increase the existing budgets for low income programs. MI recommends that the Commission's efforts focus on maximizing the benefits of the existing low income programs (utilizing the existing budgets) rather than increasing the financial burdens that such programs impose on other customers. MI believes that the impacts of increases to residential low income programs should not be evaluated in a vacuum. MI goes on to further state that customers are already funding ( or soon will be) numerous other programs and initiatives, such as: System Benefit Charge market transformation programs; Energy Efficiency Portfolio Standard programs and subsidies (including programs and subsidies targeted directly at residential low-income customers that MI states were seemingly were disregarded when calculating the level of assistance provided currently to such customers); Renewable Portfolio Standard programs and subsidies; the capitalization of the New York Green Bank; assessments under Public Service Law section 18-a for the benefit of the State's general fund (which are scheduled to be phased-out in the coming years); certain Reliability Support Services Agreements and at least one refueling contract that previously was approved; plans to increase

materially the replacement of leak-prone gas pipe; retail demand response and/or dynamic load programs; and various technology investments and demonstration projects in furtherance of the Reforming the Energy Vision (REV) initiative .

- MI supports Staff’s recommended inter-cost allocation method and further states it supports Staff’s recommendation that the cost of the residential low income programs be allocated among the classes on a uniform per-customer basis. MI states that, “under no circumstances should residential low income program costs be allocated among the service classes on a per kWh or per therm basis” as “ the cost of residential low income programs bears no relationship whatsoever to the amount of electricity and gas delivered to serve all types of customers, including commercial, industrial and municipal customers. Indeed, use of any type of volumetric allocator in this situation not only would violate basic cost-of-service principles, it would grossly over-allocate costs to large non-residential customers that obviously are ineligible to participate in, and receive no direct (as opposed to general, societal) benefits from, residential low-income programs.”
- Staff’s recommended cost recovery methodology should either be rejected or it should be modified. MI feels that customers already pay too many surcharges, and that there is no justification for the recovery of residential low income program costs from non-residential electric customers through either a per kWh charge or a surcharge. MI further states that in regards to gas customers, recovering of residential low income programs costs from large non-residential customers through per therm charge or surcharges is inconsistent with the manner in which such costs are incurred. MI believes that residential low income program costs allocated to each service class pursuant to Staff’s recommended interclass allocation methodology should be recovered through existing rate design structures.

#### Multiple Intervenors – Reply

- MI objects to the low income program budgets proposed by CEC and PULP, as it finds them to be excessive, and would place an unfair burden on other customers. MI believes the budgets proposed by CEC and PULP (\$600 million and \$1.15 billion respectively) bear no relation whatsoever to existing funding levels and are not supported by the record. MI believes the Commission first should concentrate on what MI believes to be

the main focus of this proceeding- the identification of best practices and the standardization of these practices across the State. MI believes that the potential benefits from existing programs should be maximized before the Commission considers seeking greater funding from customers.

- MI believes that the volumetric cost allocation methodology proposed by AARP and PULP would be highly punitive to large, energy-intensive non residential customers, whom MI believes to be among the State's most price – elastic and energy –efficient customers. MI states that the adoption of Staff's recommended per-customer cost allocation methodology is equitable in this proceeding, and should be adopted.

#### National Fuel Gas

- NFG administers several different programs that have been uniquely designed to assist these customers in an area of the state which experiences more extreme cold and poverty than other areas. The Company contends that it has been able to run a successful low income program offering an affordable bill in consideration of household income, while at the same time minimizing program administration expense. These types of programs should not be jeopardized in finding a statewide solution in this proceeding.
- The Straw Proposal would fail to provide benefits to the neediest customers while vastly increasing the cost to other ratepayers. The Company is concerned that the current proposal will actually reduce benefits to certain needy customers, and that under the methodology of the Straw Proposal, several utilities, including National Fuel, will exceed the proposed cap from the beginning when the tiers are calculated using actual utility experience rather than the statewide averages. Thus, not all customers will be able to participate.
- Moreover, no funding will be available to allow for continuation of existing low income program components, such as arrearage forgiveness. Customers who are meeting their obligations and are currently receiving debt forgiveness, and almost on their way to a fresh start, will be unable to achieve full arrearage forgiveness if the Straw proposal is adopted and no funding is available for that purpose.
- The overall cost under Straw Proposal as identified in Staff's Appendix D more than doubles the overall cost of National Fuel's low income program. The Company's

programs at current budget level as reflected on Page 1 of 3 of Appendix D is \$9,700,000 compared with the Company's Staff proposed programs at 6% Energy burden at the cost of \$19,973,556 as reflected on page 2 of 3 of Appendix D. The Company expressed great concern over the proposed increase of over 100%, compared to an overall state increase of 46%.

- The Company further contends that Staff's cost projection on page 2 of Appendix D is likely understated since it uses information on the mix of customers by tier based on information significantly different than that experienced by National Fuel. Based on data specific to the Company, it estimates that Staff's proposed program would have an overall cost of approximately \$22,415,179 which exceeds Staff's program budget limit for National Fuel of \$20,478,185 found on page 3 of Appendix D in Staff's report.
- NFG contends that while the goal of participation by all low income customers is laudable, it simply cannot be accomplished even with the proposed 46% average increase (or over 100% in the case of National Fuel) in funding and under the current low commodity costs. The Company points out that Staff's report concedes that some utility programs would already exceed the new cap if enacted as proposed on page 43 of Staff's report. The Company states that it would exceed the cap and therefore could not provide sufficient benefits to customers to achieve a 6% energy burden. The company therefore cautions that the program should not be designed to exceed funding limits from initiation; since doing so, would eliminate other current program components, such as arrearage forgiveness, that Staff's report recognizes as providing "additional assistance to the customers that are the most payment-troubled" and which can also encourage them to alter their payment habits.
- The Company states that it has been an industry leader in public education and awareness of HEAP benefits and has been likely more successful in assisting its customers with obtaining HEAP than any other utility in New York State. It states that its efforts have directly assisted those customers in the greatest need. The Company contends that the consequence of this success, given both universal enrollment and the funding allocation methodology of the Straw Proposal, will be to impose even greater costs on the Company's customers. It urges that careful consideration of any additional expense on non-participating customers must be given, especially since National Fuel customers are

already contributing more for low income discounts and weatherization than most other utility customers in the state. The Company contends that because universal enrollment of all HEAP recipients is not achievable, participant selection will need to be based on other factors. The simplest and the least burdensome way it suggests is to require that participation be further limited to those HEAP customers that have received a disconnection notice from the utility in the 12 proceeding months, with an alternative determinant to be customers who have defaulted on a deferred payment agreement.

- NFG argues that not every low income customer receiving HEAP needs additional assistance with their utility bills. Many HEAP recipients budget the annual use of the benefit and make timely payment for all of their utility bills. These customers have not demonstrated any need for additional assistance, so to use Staff's logic here, "the discount is unneeded, and its continued application is inefficient at best and a wasteful application of scarce resources at worst" (Staff Report, fn. 28 at pg.35). In other words, certain low income HEAP recipients on National Fuel's system have demonstrated a need for greater assistance. It is these low income customers that are currently participating on the Company's effective low income customer affordability assistance program (LICAAP) rate. LICAAP customers are payment troubled and consume natural gas in amounts well above that of the average low income customer.
- NFG disagrees with Staff's claim that its existing program does not provide a price signal to conserve on marginal usage. The Company states that its program provides a discounted unit rate. Under the Company's existing low income rate, the more a customer consumes, the greater his or her bill (albeit at a lower discounted rate). Therefore, the customer continues to receive an incentive to use less since it will lower his or her overall bill. The Company contends that its existing low income program provides a greater overall bill reduction for larger volume users, and is consistent with the overall goal to lower the energy burden for specific low income customers. Natural gas usage rises with the number of people in a household. So, by discounting the overall rate, larger low income households will receive a greater overall bill reduction. This use of household size will help to better achieve the percentage of income goal.
- NFG disagrees with Staff's unsubstantiated claim at page 46 of the report regarding the impact of arrearage forgiveness on utility uncollectible. Staff claim assumes that all low

income arrearage would result in an uncollectible expense and are included in utility rate allowances. The Company states that utility uncollectible expenses included in rates have been generally estimated in rate cases as the forecasted write-offs for the rate year net of any forecasted recoveries of previously written off balances. The arrearage balances anticipated in the rate year have never been used as the sole determinant of forecasted bad debt expense. Further, the Company states that Staff's claim that arrearage forgiveness should "only be worth funding to the extent they reduce the amount of arrears that would otherwise be written off as bad debt" completely ignores the significant incentive arrearage forgiveness can provide low income customers in remaining current on their bill payments. The Company opines that arrearage forgiveness programs are an important element in reinforcing good payment practices. Since not all arrearages lead to ultimate termination and bad debt write-offs, and it is impossible to determine ahead of time which low income customers would pay their arrearages and which customers would ultimately have their arrearages written off, the ultimate consequence of an arrearage forgiveness program is higher costs to the utility.

- The Company states that at page 49 of the Staff report, Staff proposes that an arrearage forgiveness program include Tier 1 customers whose bills are by definition affordable. The Company suggests that Tier 1 customers that do not qualify for a rate discount under Staff's proposal should be excluded from the program including the arrearage forgiveness component. Because including Tier 1 customers in the program will add complexity and increase administrative costs, including arrearage forgiveness costs, for services to customers that are deemed to already have an affordable bill.
- NFG contends that under Staff's proposal, the overall costs of a natural gas utility's low income program will be a function of the estimated electric non-heating rate paid by the low income customer. The Company argues that such an assumption will add a contentious issue to stand alone gas rates and is inconsistent with one of the prime objectives of this proceeding which is to streamline the regulatory process. For example, this can be seen from Appendix D where Staff has calculated National Fuel program costs of \$19,973,556 based on National Grid's estimated electric bill for low income non-heating electric customers. Electric rate design decisions can have a profound impact on the costs of service to low income electric customers since low income electric customers

tend to use less electricity than other residential electric customers while low income natural gas customers on National Fuel's system tend to use more natural gas than other residential natural gas customers. To demonstrate the impact of electricity bills on natural gas program costs under Staff's proposal, the Company referenced page 3 of exhibit A where Staff calculates the proposed low income program costs on National Fuel from a 25% reduction in low income electricity costs. Further, the Company states that a 25% reduction in electricity costs to low income non-heating customers would reduce the costs of Staff's proposed program on National Fuel to \$11,139,001 from Staff's estimate of \$19,973,556. The Company expressed interest in determining the appropriate rate design for electric customers in its service territory.

- NFG states that the Straw Proposal calculation of programs at the 6% energy burden increases the disparity in funding to be provided by electric and gas customers. At page 2 of Staff's Appendix D, electric customers are projected to incur an annual cost per customer of \$13.47 and gas customers \$21.90. Funding for low income customer programs should be equally shared between electric and gas customers. The Company contends that under the Straw Proposal, they are not. For example, a low income customer in Buffalo having electric service from National Grid and natural gas from National Fuel pays an average monthly bill of \$98 for each service (Staff's Appendix B). Despite the bills being the same, programs funded at the 6% energy burden would have National Grid customers paying \$12.50 annually (a \$5.27 increase) while National Fuel customers pay \$34.14 annually (a \$17.56 increase). This result is unfair and inequitable especially given the fact that the HEAP heating assistance payment is applied to the gas bill. Also, because the low income HEAP customer's \$98 monthly gas bill is already reduced by \$29 (\$350 Regular Benefit/12), there should be reduced need for low income subsidization by gas customers. At minimum, electric and gas customers should equally share the cost of funding low income programs. As described in the example, each should contribute no more than \$23.32 toward the respective low income programs.
- The Straw Proposal bases its second and third tiers on a customer's receipt of either one or two add-ons to the base benefit. The current add-on benefit is \$25 each for both benefits. i) Household income at or below 130% of the Federal Poverty level; and ii) vulnerable member in the household (under the age of six, age 60, or permanently

disabled). A customer who receives one add-on is placed on Tier 2 and if both add-ons are provided, the customer is in Tier 3. There is a vast disparity in income that exists in using this approach. For example, a household of two adults at the federal poverty level with a monthly income of \$1,328 will receive one add-on and be classified as Tier 2. So too will the two-person senior household with a much higher monthly income of \$2,935. The Straw Proposal would treat these households the same, despite the fact that their financial situations are much different. In the example, the couple at the federal poverty level has less than half of the available income that the other couple has and is likely living in inferior housing stock and facing higher heating bills.

- The Company proposes that OTDA assign a different and unique dollar amount to the two types of add-ons to differentiate these customers, so as to address OTDA's previous indication that it is not in a position to send tier level information to utilities due to system limitations. For example, the add-on for individuals with household income of up to 130% of Federal Poverty Level could be set at \$40 while the add-on for a household with a minor, elderly or disabled resident could be \$20 (or \$26 and \$24, or other unique amounts). This change can be entirely revenue neutral from OTDA's standpoint. In having a distinctly identifiable way to differentiate these two scenarios, utilities are able to subtract the base benefit from the total and be left with a simple means of identifying the different circumstances behind the HEAP benefit.
- NFG urges a rejection of the component of the Straw Proposal which recommends a Tier 4 discount level to those customers who are receiving public assistance through direct voucher. It should be rejected because the proposal does not take into consideration that direct voucher bills are being paid through the state using taxpayer dollars. The direct voucher customer receives a fuel for heating allowance that is intended to pay for his or her heating needs and also has electric bills paid. Further, Staff analysis on an affordable bill for direct voucher participants does not take into account the utility payments that are being made pursuant to social service law and regulation. NFG contends that these government payments provide direct voucher customers with an affordable bill and no further financial assistance is needed. In addition, requiring other utility customers to fund unneeded rate discounts to these customers is inappropriate and will further limit the

funding available to assist other customers in need of assistance. For National Fuel, Staff's addition of a Tier 4 discount level in its proposal adds over \$2.5 million in costs.

- In adopting HEFPA in 1981, the State Legislature created a list of proscribed charges that include fees or charges for: late payments (other than as allowed up to 1.5% per month); collection efforts, service disconnections, or deferred payment agreements occasioned by a customer's failure to timely pay for gas or electric service. However, the law did not prohibit the charging of reconnection fees and many utility tariffs still require a utility to do so. These tariff provisions have been approved by the Public Service Commission and recognize the general proposition that those who cause or receive the benefit of a service should be the ones that pay the expense associated with it. There is no support for Staff's suggestion that utilities are terminating low income customers in a more aggressive fashion than other customers; rather, the opposite is true. National Fuel states that it engages in extensive efforts on a daily basis to assist all customers in the payment of utility bills. It offers budget billing and deferred payment agreements to all customers, as well as discounts, free weatherization, and HEAP and other public assistance to its low income customers.
- The act of reconnecting utility service is required and the expense associated with it is both legitimate and necessary. A utility may not be deprived of the opportunity to recover legitimate business expense as such property rights are protected under the Constitution of the United States. For this reason, recovery of legitimate reconnection expense should be unabridged. Moreover, Staff's recommendation denying recovery is inconsistent with Commission policy recognizing that "continuing to spread a utility's revenue requirement across the broadest pool of ratepayers keeps the contribution required of each individual ratepayer as low as possible" (Order Specifying Criteria for Deferral of costs, issued and effective May 15, 2009, p. 8, in Case 08-M-1312).
- NFG states that it is necessary to dispel a misconception about program administration costs by describing how its targeted low income (LICAAP) program is cost efficiently administered. The Company uses a vendor to process application enrollments and procures relevant information on household income and number of residents. The vendor periodically verifies this information and also performs some educational services. This allows the Company to provide a targeted, variable rate discount. The administrations

costs for the program have averaged approximately \$155,000 per year over the last seven years for approximately 11,000 program participants. The administrative cost for each of the Company's customers has been just a few pennies a month when spread over the larger customer base, and has allowed the Company to run a targeted assistance program best meeting individual need. Therefore, the Company cautions that program administration expense should not be raised as a basis for eliminating a successful, targeted assistance program.

- NFG cautions that changes that are being considered to simplify and standardize the utility low income offerings should be carefully examined to ensure that effective current programs or program components may continue in the future. The Company contends that Staff's proposal, while attempting to address the requirement to streamline the regulatory process and conserve administrative resources, ignores the needs of some of the most vulnerable low income customers on National Fuel's system. In addition, there is a vast difference in not only rates but customer affluence and weather throughout the state and adopting a one-size fits all program will only serve to hurt those customers that need assistance most.

#### National Grid

- NG is concerned that there may not be a single comprehensive low income program that will suffice the varying needs of their widespread population individual programs based on the needs of each service territory would be most efficient and cost effective. NG acknowledges and agrees the program should be simple to understand, explain and administer. As NG dug into details with the possibility of a standardized approach, they concluded the challenges they would face would outweigh the benefits and approximately 80,000 current low income customers would lose benefits based on the tiered system in the Straw Proposal.
- Eligibility/Enrollment – It would be optimal for the Office of Temporary and Disability Assistance (OTDA) to administer identifying and classifying customers per the respective tier levels. NG believes the dialogue should continue where OTDA is open to exploring the creation of a file matching system that provides a list of eligible customers to utilities directly; similar to the current system between New York City Human Resources Agency

(HRA) and Consolidated Edison (Con Ed). NG believes the Straw Proposal would likely require additional information to qualify customers in the proper tier and querying internal systems to establish a customer's tier level. Utilizing only a customer's HEAP amount for tiered classification, could lead to inaccuracies. Example provided – A customer who receives regular HEAP with 2 add-on's gets a benefit of \$400, the same as a customer who receives a gas only Emergency HEAP in recent years. NG cannot determine type of benefit provided since they only know it is a \$400 benefit and both types come from OTDA. Ensuring unique benefit amounts could address this issue. Privacy concerns would also be addressed through OTDA administering the eligibility. Also, OTDA has more extensive amount of information and more mechanisms in place that could more easily perform these operations.

- Aside from HEAP eligibility, KEDNY and KEDLI have relied on other manual processes to identify low income customers who, for whatever reason, did not apply for HEAP payment. According to the National Energy Assistance Directors Association (NEADA), only 20% of eligible HEAP customers actually apply, which values other methods of achieving enrollment. NG notes that during the Technical Conference, utilities opposed the use of only HEAP and that utilities should be using the broadest methods in identifying eligibility, referencing HRA and Con Ed's mechanism as "best practice". Through a manual process of identifying customers from various assistance programs, KEDLI and KEDNY both achieve greater overall participation, 10% and 33% respectively. Of those, many are non-heating who would lose eligibility. NG agrees with Public Utility Law Project (PULP) where additional identifiable methods could be the Senior Citizens Rent Increase Exemption (SCRIE) and Disabled Rent Increase Exemption (DRIE). NG comments as a positive outcome of the discussions, they are developing interactions with HRA to create a similar file sharing mechanism as HRA has with Con Ed. There are still uncertainties and challenges to overcome, however, Con Ed's success with this mechanism suggests significant impacts could be obtained.
- NG supports the proposal to utilize HEAP payments to develop a 2nd and 3rd tier, but direct voucher customers in tier 4 ultimately have zero energy burden since the county assumes financial responsibility for these customers and any low income funds should be provided directly to customers and not a third party.

- Discount Levels – Discrepancies were found in the original data provided and included are the updated numbers to calculate the appropriate discount levels. NG states that a situation could occur where a customer changes tier level due to a change income level and suggests updated customer tier levels should be done on an annual basis.
- NG opposes required budget billing component due to level of difficulty, the required programming and time to implement. NG states that using the budget bill as a limit on the amount provided can have unforeseen impacts from different occurrences. Examples provided are swings in prices (polar vortex) or an increase in usage from medical equipment. These events can cause a lag between budget amount and actual amount of usage. Efficiency measures completed can also produce inconsistencies between budget amount and actual amount used which can lead to over collection from their historic budget bill and significantly reduced budget amounts. These events could render a customer losing benefits where otherwise eligible. NG opposes the budget bill as limit on benefits due to the difficulty in creating and administering a billing system mechanism that utilizes a variable budget cap for each customer and due to the possibility of unforeseen consequences. Also, it would not be easily communicated or understood. NG recommends a uniform discount each month regardless of customer's budget bill, but does agree with Staff Report that customers should not receive cash when benefits outweigh bill amounts and would explore alternative mechanisms for this.
- Program Budget Caps – NG is not prepared to provide an opinion on non-participating burden level since it could vary between territories and should be developed as matter of policy in rate proceedings.
- Arrears Forgiveness – NG recommends arrears forgiveness programs be eliminated due to the higher costs of administering such programs and funds should be allocated to other components of low income program. Through NG's experience few customers actually complete the program and those who do complete it, do not show an improved payment history afterwards. Although difficult or impossible to quantify the avoided uncollectible expense from an arrears forgiveness program, NG suggests it would only be a part of the total saved, thus not in line with the Straw Proposal.
- Reconnection Fee Waivers – NG opposes waivers and requests that utilities be able to recover reconnection fees due to all factors of deploying a vehicle and a service

employee. NG does acknowledge the potential impact of waivers for certain customers and supports the concept, however Commission policy suggests that recovery of costs associated to a specific customer for specific work should be recovered from that customer. Reconnect fees for NMPC are \$525K and for KEDNY \$90K which NG believes costs should be included in the overall low income program. NG is opposed to the notion that terminations are used as a collection tool since in many cases NG is not aware of the customers' circumstances until after termination occurs. Also, NG does not look at such information prior to termination in order to avoid any discriminatory actions.

- Terminations – NG states low income terminations occur at a higher rates due to their inability to pay and utilities should not impose more stringent collection activities or fees on low income vs. other customers which violates Public Service Law §65 (1)-(2). NG comments there are extensive efforts put forth with all customers to avoid terminations and are committed to assisting most vulnerable customers. The Company's Consumer Advocates provide assistance with payment agreements, enrollment and education services to meet individual needs. The advocates work with other agencies towards avoiding service disruptions and restoration of services. NG notes their Customer Assistance EXPO as a one stop shop service initiative for low income customers.
- Tracking, Reporting and Metrics – NG suggests to continue dialogue with these topics on what's appropriate to measure once the programs have been finalized.
- Additional Avenues to Promote Energy Affordability – NG believes improvements to energy affordability should not only include discounts but also, energy efficiency, fuel conversion programs, and possibility of distributed generation targeted to underserved customers and neighborhoods like the approved REV Demonstration Projects.

#### NYC – Initial

- City's overarching concern is that the proposed approach could reduce the benefits presently received for hundreds of thousands and could prevent tens of thousands of others low income customers from obtaining benefits.
- Statutory Framework – Extensive discussions have been had amongst the parties in regards to access to information of low income customers, particularly financial status, income levels and identity of those participating in low income programs. The Straw

Proposal creates a discount level for a customer based on the perceived income level of that customer. The City opposes for the following reasons: 1) it could force individuals to disclose personal information to utilities that is not required by other customers and; 2) the proxies used to determine discount are not appropriate, which shows an income based approach cannot work. The City notes there is no legal exception for any social service agency to disclose any client personal information to utilities or the Commission and for a utility to gather information directly from the customer would be administratively burdensome.

- A state-wide one-size-fits-all approach for utility low income programs is not appropriate. A) The proceeding should have originated with a discussion on whether existing programs needed to be changed and the goal of identifying best practices has not been achieved. City notes that Con Ed's current program is running efficiently, capturing most of the low income population in the territory and it is applicable to statutory and policy objectives. City includes the following notable difference of Con Ed's territory to others are: 1) HRA is larger and has more resources to utilize; 2) the low income population is far greater than any other territory; 3) HEAP is a small component of City's low income benefit programs, where HEAP may be the primary component in other areas (roughly 35,000 including KEDNY customers are HEAP recipients compared to 750,000 customers receiving non-utility HEAP benefit). City states that the proposal will cause 95% of current HEAP recipients to become ineligible in Con Ed's and KEDNY's low income programs which is counterproductive. City urges the Commission to consider further development to any changes they may see needed to low income programs and not to adopt changes in the Straw Proposal.
- (B) Recommendations from the Low Income Report that need clarification or modification are as follows: 1) City wishes to clarify that the "matching process" being allowed to continue for Con Ed expressed in the report, if a similar process can be adopted for KEDNY as well. Discussions between KEDNY and HRA have developed to set up a similar "matching process" to the one of Con Ed's. 2) City disagrees with Staff that certain low income customers should be excluded or removed from the utility's program if the costs reached the proposed caps; stating it is not in public interest. 3) City disagrees with using HEAP benefit as method for determining tiered levels. 4) City

interpreted a part of the report as allowing the multiple social services programs to be used for existing utility low income program participants, but that prospective participants would be limited to recipients of HEAP utility heating benefits. This was discussed at the Technical Conference where Staff indicated that no such limitations was intended and City is requesting that it be clearly stated to avoid future disputes.

- The use of a generally applicable low income discount is preferable to multi-level discounts. City has the following concerns with use of energy burden and income level in evaluating the appropriate level of discount: 1) constant fluctuations in income levels can lead to too high or too low of a discount provided; 2) lack of customer income knowledge; 3) administratively burdensome and costly. City believes a uniform discount approach would more appropriate, easier to administer and less costly, and still provide a reasonable benefit to the low income population. Also, City states that the percentage of program participants per the HEAP-based approach is flawed and thus does not accurately reflect the proper number of participants for each tier level. City indicates the proposal on the gas side is unfair to participants in that a high usage customer's relative benefit is substantially smaller than the benefit received for a small usage customer.
- To determine a reasonable discount is subjective and is a judgment based on a the following factors: 1) the totality of the public assistance and other benefits available; 2) general income levels and living expenses; 3) program participation levels and costs; 4) utility costs; 5) impacts on other utility customers.
- The program should be reviewed periodically and adjusted based on financial conditions across the State, program size, cost, and any other important factors. To avoid any hearings or litigation, the Commission could establish guidelines (through a collaborative with interested parties) when determining the reasonableness for any discount level adjustments.
- The proposed four-tiered, HEAP- and income-based discount is not reasonable or appropriate. A) The tier levels do not accurately capture customer needs. The use of affordability blocks based on the customer usage and HEAP benefit received is inaccurate in determining income level of a customer. City states that without verifiable customer information, we cannot determine income level based on HEAP amount. City provided different scenarios where the proposed HEAP methodology would not properly

place a customer in the appropriate tier level. City states that the Adders 1 and 2 do not automatically presume that the customer is in greater financial need nor can the utilities determine which Adder the customer has received (1 or 2), since receiving the second Adder relies solely on a vulnerable individual and not the financial need. B) To accurately achieve an income-based customer energy burden, customer income must be verified and not assumed. Due to federal and state laws no social service agency is permitted to disclose any financial information on any of their customers. So for any income based program to exist, administration of the program would have to be handled by the social service agencies or OTDA. City remains open to further discussions and considerations to the current discount construct. City points out that any changes to the low income program must not: 1) harm current participants; 2) not subject customers to inappropriate disclosure of personal information; 3) provide meaningful and reasonable benefits to eligible individuals; 4) and not unduly burden other customers.

- City supports the elimination of reconnection fee waivers. While City acknowledges that the reconnection fee waivers should be in place to help low income customers from the burden of restoration of service costs, in actuality the costs of the waivers are covered by other customers and included in the total low income program budget, which leaves less funds available for the bill discount portion. City in turns supports the proposal of elimination of reconnection fees for low income customers.
- The design of the proposed arrears forgiveness programs should be modified. City supports the arrears forgiveness portion as it is an important step for many low income customers to be relieved of prior debt as they try to work their way out of poverty. City has concerns with the structure of the program as follows: 1) First, City requires more details of the proposed program. The program should be clearly stated with terms defined, nor should it be left to the discretion of the utility, but a decided structure through this proceeding. 2) City's concerns with the tiered system and the issue that the utility does not have verifiable income information on each customer, a "manageable debt" payment should not be constructed based off the customer's tiered level. 3) A customer who is already struggling to pay their bill should not incur another debt charge. 4) City states that the use of an arrears program to "incentivize" low income customers to pay their utility bills in timely and regular manner is misplaced, in that it is not a lack of

motivation, but rather a choice of what can and can't be paid. 5) City is also concerned with the statement in the proposal that over time "the need for arrearage forgiveness will decline" with the reasoning that the proposed program will make bills more affordable. City believes due to the limitations on eligibility and reduction in participation numbers, the amount of arrears could increase for low income customers. Suggestions from City are as follows for the arrears program. City agrees with a set start date to begin measuring the customer's performance and has no objection to November 1 being the start date each year. A customer should remain consistent with paying current bills to remain in the program. A reset button should be allowed each November 1 for those who do not stay current with paying their bills or an alternative method, restart the program on a rolling window once full payment is received. The "manageable debt" payment amount is a key component to making this work. City suggests that this amount should be similar to that which is required under a deferred payment agreement (minimum of \$10 which seems reasonable). City disagrees with using the tier level to determine the length of the arrears forgiveness program for each customer. Alternatively, one set length of time could be used (12 or 18 months) or it could be based on whether the customer receive one or two utility services or a third option could be to base the term on amount of arrears owed (example for every \$250 or \$500 in arrears that equates to a 12 month term added to the total length of the program). City suggest that a collaborative be set up to continue discussions for the arrears forgiveness program.

- Participation in low income programs should not be restricted because of budgetary reasons. City states that the proposed budget limitations and the method included to avoid exceeding the budget limit is against Commission's longstanding commitment to helping low income customers. To address the balancing of program costs issue and to keep it within a  $\pm 10\%$  of the budget, the utility should adjust the per customer credit by up to 50 cents to remain within the 10% band as the Commission had determined in the 2013 Con Ed rate cases. City states it would be unfair to other low income customers who previously received benefits due to growth of other low income programs. To avoid such action, the first option would be to increase funding (but that will add burden to rest of ratepayers) and second option would be to lessen the benefit levels.

NYC – Reply

- New York City’s Low Income Program is operating well and should continue. City points out the broad agreement voiced in the previous comments that the programs in Con Ed and KEDNY territories are functioning well and should continue. Also, that KEDNY is developing a similar file matching process with HRA as similar to Con Ed’s. City states there was limited support for a uniform program throughout state due to the differences in territories, differences in the cost of services, and for NYC, the reliance on HEAP is far lower than in other territories. City references a request for clarification from Con Ed’s comments in which Staff provided recommendation that Con Ed be able to continue its current low income program, but fails to identify which “tier” non-utility HEAP participants would be considered.
- Benefits provided to low income customers must be weighed and balanced against the costs to other customers. City supports a greater benefit to the low income customer population, however some of the proposed funding levels could have detrimental impacts to moderate income customers, those who struggle to pay utility bills but are just above the eligibility requirements. City provides the following factors in determining a balanced approach: consider the needs of the participants, the size of the discount level, the total cost of the program, and ensuing rate impacts on all customers. City believes the proposal does reach a balance and that a collaborative be set up for future analysis/discussions.
- Arrears Forgiveness and Reconnection Fee Waivers are meritorious proposals and should be adopted. City replies to the utilities that argued these programs do not provide meaningful benefits and are administratively burdensome. City disagrees with these views and supports their place within the overall Low Income Program design (subject to modifications previously provided). The arrears forgiveness component provides the customer an opportunity to gain some financial stability by eliminating prior debt.
- City supports the elimination of reconnection fees for low income customers stating that it will provide a better opportunity to remain as customers and to pay their bills. Also, that these customers have already shown their inability to pay their utility bill and adding another cost to what is already owed creates a larger financial barrier for the customer to overcome. In reply to the fees becoming more of burden to the rest of the customer base,

Con Ed's reconnection fee costs in 2014 were less than one percent of the total low income budget.

- HEAP recipients should not be automatically enrolled in a utility budget billing program. City agrees with OTDA's position that HEAP customers should not be automatically enrolled in budget billing and also against automatic enrollment of low income customers into budget billing. They state that the option of choice should remain consistent across all customers.

#### NY Communities for Change

- Opposes the Staff Proposal since it does not genuinely help all of those in need.
- Members of NY Communities for Change (NYCC) are primarily people of color who advocate in their neighborhoods for better living and working conditions. Many are retired on fixed income or working low-wage professions where the cost of living leaves them unable to afford their energy bills.
- Since the "Great Recession," almost a decade ago now, members continue to feel the impacts through "lost jobs, reduced wages, bankruptcy, evictions, foreclosures, shutoff threats, late charges, utility disconnections, reconnection charges, and other devastating impacts."
- NYCC acknowledges that current energy assistance programs are available, however, they are inadequate in these hard times and that income levels have not kept up with the skyrocketed costs of living for all necessities.
- The program should not restrict eligibility to HEAP. Many of those who are in desperate need of assistance may not receive HEAP grants due to the inadequate funding of the program.
- In addition, NYCC states that with such a diverse population where a number of different languages are spoken, the application process and calculation of their rate reduction would be difficult to understand and therefore, should not tie program eligibility criteria to HEAP recipients.
- NYCC provided guiding principles for program design, which are as follows: 1) percentage discount of energy bill (30% is adequate); 2) State-wide mandatory rate reduction where the Commission reserves the right to increase reductions in areas as the

Commission feels necessary; 3) eligibility should include households up to 175% of FPL and include recipients of Lifeline, HEAP, Medicaid, and other programs including SSI, TANF, and Safety Net Assistance; 4) an equitable way to spread the costs of the program to other customers and customers classes; 5) automatic enrollment of eligible customers and promote fuller participation for energy efficiency, weatherization, and other customer assistance programs.

#### NYSEG/RG&E

- 1) Some parts of the Straw Proposal are not simple to administer, explain or understand. In particular explaining and administering the program to customers without a defined benefit and difficult for a customer to understand who may lose the benefit without any changes to their financial situation.
- 2) Tier 1 and 2 customers should not lose benefits and bear the costs of providing benefits to tiers 3 and 4.
- 3) Remove tier 4 since bills are paid for by DSS.
- 4) Budget billing should be optional, however, if participating in the arrears forgiveness program budget billing should be required.
- 5) The Company finds the budget cap per customer and energy burden level reasonable, but the Company does have possible future concerns that it will undermine the simplicity and easy to understand goals.
- 6) The Company can successfully provide a bill discount to customers identified through HEAP, within the proposed cap, and will have sufficient dollars to fund the arrears forgiveness program and budget billing forgiveness program, as proposed in their pending rate cases.
- Eligibility and Enrollment – The Company agrees that HEAP be the criteria since it is the same as their current programs. However, Emergency HEAP should also be included, these customers need to be part of the low income program as well. 5,203 and 1,121 customers from NYSEG and RG&E respectively received emergency HEAP and not regular HEAP.
- Benefit Levels/Discount Levels – The Company supports the tier approach in providing benefits, with modifications. 1) Eliminate tier 4 since DSS pays the utility bills for this

customer group. 2) Guaranteed Payment Plans (GPP) should be included as equivalents of direct voucher customers. 3) OTDA should administer the eligibility since they determine the customer who receives regular, emergency, and add-ons for HEAP. OTDA has the most access to information and would most easily provide up to date tiered levels. 4) HEAP eligible customers should remain eligible for low income program regardless of income for the proposed tiered system.

- Budget Billing – The Company supports the measured use of budget billing to control administrative costs, but do not support the requirement as part of the program nor should it constitute a payment cap. Similar to NG’s concerns, the Company states that usage beyond the budget bill amount would lead to decreased benefits.
- Program Budget Caps – The Company agrees the budget caps are sufficient and would fully fund their low income programs, which would include their successful and necessary arrears forgiveness program. Also, utilities should be allowed provide a budget forgiveness program as long as it remains under budget cap.
- Arrears Forgiveness – The Company would like to continue its arrears forgiveness program and not create a uniform program due to successful rates in only certain parts of their territory. Company states roughly 70% of customers who complete arrears program are successful in maintaining service without incurring additional arrears for the next 12 months after completion and 50-60% fail to complete program. The Company has determined the primary reason for customer withdrawal is bill variability and the Company has proposed a Bill Balance Forgiveness component in current rate plan to produce levelized bills for these customers. The Company states that their mature arrears programs have long since been factored into uncollectible expense and no adjustments are necessary unless a new arrears program is introduced. The Company opposed the 10% budget cap since a successful arrears program should not warrant an arbitrary cap and could be restrictive of additional program successes. The Company also opposes the tiered level timeframe of arrears forgiveness which they believe undermines the simplicity concept of the program. Company states it would cause confusion as customers move from tier to tier and that a single timeframe of 24 months should in place.

- Reconnection Fee Waivers – The Company states they take exceptional measures to avoid shut offs and are a minimal component in their program. Terminations occur without bias and sometimes are an incentive for customers seek out resources. The Company believes they should be able to recoup the reconnect fees through the low income program.
- Tracking and Metrics – The Company comments that the low income program should be finalized before determining what efficiency tracking measures should be taken. The Company notes their current rate proceedings and changes implemented should align between both proceedings.

#### NYSERDA – Initial

- Energy efficiency reduces home energy bills -- NYSERDA recommends the Commission require continued utility referrals of low-income customers for energy efficiency services and establish a standardized referral format protocol and procedure. Energy efficiency promotes positive health impacts and a reduction in utility service costs and arrears
- Improvements in utility referral mechanisms can help accelerate the provision of efficiency services to eligible customers while also advancing the policy outcomes stated in this proceeding. NYSERDA recommends a singular approach to referring customers for NYSERDA energy efficiency services, preferably one that uses an electronic transfer of referral information, as a means to accelerate and improve the referral process and contractor work efforts. NYSERDA also recommends a standardized approach to the frequency of providing referrals for planning and project assignment purposes.
- NYSERDA indicates it is important to institute a program that prioritizes energy efficiency services whenever possible to households with the highest consumption. Also, NYSERDA believes that utility bill information for all customers referred for energy efficiency services should be provided in referrals to assist with the prioritization process. If the utilities and NYSERDA are able to better identify and prioritize energy efficiency services to customers with excessive consumption, the realization of significant reductions in both energy burden and arrearages increases may be possible. To facilitate prioritization, a standard set of utility consumption data provided with each referral is essential.

- NYSERDA recognizes the importance of feedback regarding referrals back to the utilities. NYSERDA supports DPS staff position that a stronger and more comprehensive approach to the design and delivery of low-income programs can ensure services are provided to the most vulnerable customers. NYSERDA believes that the referral of low-income customers for energy efficiency services is an integral part of a comprehensive approach to program design and delivery and will contribute to the meeting the objectives set forth in this proceeding to reduce the energy burden for low-income customers.

#### NYSERDA – Reply

- Repurposing of Clean Energy Funds to Support Low Income Rate Discounts -- In response to AARP's suggestion of the use of Clean Energy Fund or other NYSERDA funded monies: (from CEF proposal) First, NYSERDA believes an effective means of providing long term, sustained bill savings to consumers can come through participation in energy efficiency programs. Second, the implementation of energy efficiency programs provides system benefits, such as avoided distribution system costs, which can result in the moderation of costs to all consumers, regardless of participation in an energy efficiency project. Third, the CEF proposal takes into account the total ratepayer impacts realized by supporting clean energy activities.
- For low-to-moderate income consumers, multiple strategies will be needed to achieve bill relief, and should be pursued simultaneously. Rate discounts may be able to provide more immediate forms of relief, while energy efficiency activities can provide sustained bill reductions, and will reduce, and in some cases eliminate, the need for future rate discounts. NYSERDA recommends that the Commission not adopt the recommendation to repurpose funds that would otherwise support energy efficiency and other clean energy options for LMI consumers and for energy consumers generally.

#### Nobody Leaves Mid-Hudson

- NLMH expresses the concern that Staff's proposal reflects the voice of utilities and not the voices of people who are actually low income customers. The organization states that it values the comments by Public Utility Law Project (PULP) and AARP immensely, and shares a great deal of their recommendations. However; NLMH contends that it is

critical to also consult the communities that will be most impacted and are truly the experts on utility affordability. Further, it states that the best approach would have been to convene stakeholder meetings and done concerted outreach to a diverse set of low income people to gauge their needs, ideas, and vision for statewide affordability. Clearly this did not happen and this lack of front-end input is reflected in Staff's report.

- NLMH states that given this lack of input, the organization and allies in the Energy Democracy Alliance (EDA) attended the July 30th technical conference to ask questions about the proposal, and provide their technical knowledge of the real world impact of low-income programs. NLMH states that they felt that their voices were not welcomed, their knowledge and questions were treated as non- technical and experiences brushed off. NLMH feels that Staff can do better and that the PSC can be a forum for all stakeholders. Further, it contends that its participation can shape this proposal in a more positive direction and is looking forward to collaborating on this.
- NLMH suggests that a good first step is convening public statement hearings throughout the state, starting with Poughkeepsie, Syracuse, Buffalo and Albany. This will serve as an important opportunity for impacted communities to speak and make their concerns a part of the process. Also, it urges Staff to call on each utility to meet with low-income people and organizations in their respective service territories to develop solutions on a local level that take into account local conditions.
- NLMH states that it has a number of concerns with the proposal. One key concern is about the extremely limited eligibility criteria. It states that utility HEAP recipients represent a fraction of the low-income people who actually need assistance. NLMH gave an example of one of its members who did not get HEAP because enrollment had closed out. This member had been unable to leave her home due to serious medical conditions and the fact that her driveway was frozen over. She explained her circumstance, but was unable to get HEAP for the year. NLMH contends that this member would not benefit from the low-income discount as is being proposed now. If affordability is the goal, eligibility needs to be expanded, and the Lifeline criteria recommended by low-income advocates like PULP should be reconsidered.
- NLMH states that when this eligibility concern was raised during the technical conference, Staff's response was that if eligibility is expanded, it will necessarily narrow

benefits because the pool of money is fixed. NLMH notes that it is fixed at less than 1% of utilities' revenues. Moreover, while ratepayers shoulder the burden of financing low-income programs, utilities are making large profits for their investors. It further notes that the current rate structure is regressive, punishing low-income people for whom a basic service charge makes up a larger portion of their bills.

- NLMH argues that if the purpose of this proceeding is to ensure that low-income customers are not overly burdened with their energy bills, it is necessary to expand eligibility. The use of the Lifeline criteria is one way of reaching more of the low-income people, who are currently very burdened with their energy bills. NLMH points out that many in its group have been shut off, have had to choose between heating and eating or buying medicine, and have had to ask family members to make painful sacrifices just to keep the lights and heat on. It contends that more eligibility is needed, not less, and more benefits, not less.
- NLMH states that the consequences for low eligibility and low benefits are immense. Most of its members have had some experience with shutoffs. No matter how hard they try, there simply are not enough jobs and income in the Hudson Valley to pay high utility bills. Hence, shutoffs are the inevitable result. It described how one of its members lived for over a year without power. She faced the stigma of being known as “the lady without light.” She worried for her young family’s well-being because they were forced to live by candlelight. There are too many people facing this situation, because the system is broken.
- NLMH opines that if we begin with the premise that utility service is a basic necessity for low-income people, efforts will be made to find ways to increase funding. NLMH points out that the proposal flatly states that “No amount of available funding is likely to meet the total needs of all eligible households.” It contends that this is a wrong approach. Instead, it emphasizes that we must start with the vision for meeting low-income people’s needs, and then find appropriate ways to finance this effort. Further, NLMH states that it firmly believes that it is Staff’s job to be actively searching for financing mechanisms, and that it is not impossible to imagine a significant increase in funding for utility assistance, what is currently lacking is the will power and imagination.

- NLMH states that there are many alternatives that would increase available funds and more equitably distribute the burden. It contends that the proposal did not address the idea of an inclining block rate, which would reduce the burden on low-use ratepayers (including many low-income customers). Also, eliminating basic service charges that disproportionately impact low-income, low-use customers would prevent rate hikes at the expense of the most vulnerable. Another missed opportunity for increasing funding is to charge industrial customers who currently pay as much as an individual customer at an amount that reflects their higher usage and profitability. This would raise hundreds of millions of dollars. Finally, NLMH contends that it is an outrage that utilities are making huge returns for their investors while low-income people are being shut off and choosing whether to heat their homes or feed families. It argues that if utilities' return on investment was directly tied to low-income program funding, it is confident that utilities would find plenty of opportunities to invest in low-income programs.
- NLMH states that the proposal does not set a target for reduced shutoffs or reduced arrearage. It wonders how the success of the program could be measured if there no concrete goals on the most basic impacts of the lack of utility affordability. Once again, while Staff notes that this proceeding stems in part from the 277,000 terminations that took place in New York State in 2014, the proposal begins with the idea that large volume shutoffs are a fact of life. Therefore, a substantive examination and standardization of low-income programs would involve a measurable reduction in this devastating reality. It further contends that the proposal would reflect a very different set of interests if it began with the premise that we need to reduce service termination by half, and addressed this goal with eligibility expansion, financing increases, and recommendations for increased consumer protections.
- NLMH states that it found that shutoffs and utility debt disproportionately impact communities of color in Poughkeepsie and probably other parts of the State. It opines that this is likely due to bad housing stock, a history of residential segregation and disinvestment, and the racial dynamics within the utilities. It contends that it is critical to understand racism as another root cause of affordability crisis. This can be done getting utilities to track the demographics of service terminations by tracking shutoffs based on

census block. With better information, interventions can be developed to address the root causes of unaffordable utility bills and move toward great equity.

- NLMH states that whereas, Staff bracketed the question of energy efficiency as a means to achieve affordability, many of its members living without access to energy efficiency or weatherization, energy efficiency is a root cause of unaffordable utility bills. It states that most of its members are faced with living in houses with outdated appliances and poor insulation in Poughkeepsie because the housing stock has suffered from years of racially motivated disinvestment.
- Finally, NLMH urges Staff to adopt a different approach in the development of proposals about low-income programs. NLMH believes that as people who are directly impacted by these programs, they are the experts and have a great deal of knowledge about what these programs look like in real life. It contends that this knowledge base has not been sufficiently tapped within this proceeding. It hopes that this comment, public statement hearings, and innovative forms of consultation can begin to remedy this omission.

#### OTDA

- OTDA supports the use of a percentage rate discount rather than a multi-tiered, fixed rate approach. OTDA points out that the percentage rate discount can be uniformly applied, is easier to implement, lessens administrative costs, lessens privacy concerns associated with data exchange necessary for programs that rely on individual income analyses of eligible customers, and can be applied on a monthly basis with a computerized billing system programmed with the rate reduction.
- OTDA supports a longer winter moratorium, while at the same time acknowledging that the Staff Report says this issue is outside of the scope of this motion.
- OTDA opposes the Staff Report proposal that would reduce or eliminate low income utility discounts for emergency HEAP recipients as OTDA believes that the proposal is based on the faulty assumptions that emergency HEAP incentivizes customers to fall into crisis, and that emergency HEAP helps reduce energy burdens.
- Lastly, OTDA objects to the Staff Report's proposal to automatically enroll all HEAP clients into budget billing, and points out that automatically enrolling HEAP recipients into budget billing programs, without their consent, would be a violation of the federal

LIHEAP statute and the HEAP utility vendor agreement, which prohibit being adversely treated based upon the receipt of HEAP assistance.

#### PSEG

- PSEG commented on their low income program which is comprised of a rate discount, a weatherization component, and advocacy and outreach. Household Assistance Rate (HAR), the rate discount program provides eligibility through HEAP and through other assistance programs. HEAP, Temporary Assistance and SSI recipients are automatically enrolled in HAR. Discounts provided totaled over \$1 million in 2014.
- Residential Energy Affordability Program (REAP) is PSEG's energy efficiency program. The program provided for 2,474 households resulting in an average of 995 MWH of energy savings and \$2.69 million in expenditures. Savings averaged per household at \$95 annually. The consumer advocacy and outreach budget was over \$580,000 assisting about 2,000 customers in 2014.
- PSEG LI opposes limiting eligibility to HEAP recipients since it would exclude eligible customers who do not receive HEAP benefits for whatever reason. PSEG LI agrees with grandfathering in existing programs where benefits would decrease from the current low income customers. PSEG LI notes the Energy Affordability Proceeding overlaps with their current rate proceeding.

#### PULP – Initial

- Design of the Affordability Program -- The Commission should endorse and implement a uniform statewide "Affordability Rate" for essential electric and natural gas service for qualified residential customers. Program should emphasize a significant discount on the entire bill and simply offer a modest fixed monthly bill credit that is not related to the customer's actual bill amount. This is the simplest approach because it reflects the current "best practice" program design for some NY utilities and can be implemented directly by the utilities with relatively minor added administrative costs.
- 1) The Staff has recommended a methodology that, to our knowledge, is not being implemented in any other State and pairs artificially narrowed eligibility criteria with reductions in benefits to some existing recipients based upon a calculation that disregards

their eligibility in favor of keeping costs below an artificial ceiling in a given utility's service area. For example, benefits are not individually calculated.

- Staff's program design is not simple to understand. The utilities in the Technical Conference indicated it would be challenging to implement. The dollar amount of assistance is likely to result in questions and concerns from customers that will require the utilities to expend scarce resources to create a bill presentation that would explain.
- 2) The program design would eliminate bill payment assistance for some low income customers who are currently receiving benefits under the current electric and gas programs. Staff's justification is not reasonable since the Staff assumes that the design of the program to achieve a 6% energy burden is not a reflection of each customer's actual usage and income.
- 3) The program design provides a benefit only for the first usage block of the customer's bill and does not, ensure that the total bill is affordable or that the customer's total bill receives needed assistance.
- 4) The program design purports to create a benefit that assures that participating customers will not pay more than 6% of their household income for essential energy services, but Staff's proposal cannot accomplish this since it is based on average income and usage calculations that do not reflect the customer's actual income and usage characteristics.
- PULP recommends the Commission order electric and gas utilities to implement a total bill discount of sufficient amount to deliver significant assistance, similar to that in CA and MA. This significant rate reduction to customers whose need has been demonstrated to other agencies providing assistance is also consistent with the reference in the 2015 State Energy Plan to California's CARE plan.
- PULP does not agree with limiting the rate reduction to only a portion of the customer's bill. PULP continues to recommend a discount program similar to that of CA and MA that results in a practical rate reduction of 25-30% on the total bill.
- PULP will not endorse a program that eliminates benefits from HEAP eligible customers and is not based on an actual customer-specific analysis of affordability—it is additionally unreasonable to assert Staff's proposals are based on a 6% energy burden analysis when this is in fact demonstrably not the case.

- The objective of this reform must be to ensure that customers receive adequate and reasonable benefits that are designed to impact the affordability of the customers' actual electric and gas bill. Staff's proposal does not result in a program that achieves the intent and purposes of a PIPP program. It is not possible to implement a true PIPP type program at this time due to the lack of cooperation and integration of ODTA and other assistance agencies for implementation in the short terms.
- Eligibility for the Affordability Program -- Reduced rates should be available to those with household income at or below 200% of federal poverty level. At a minimum, programs should use the criteria of the NY telephone Lifeline program. The use of 200% of federal poverty criteria for this program as a catch-all income qualifier would mirror the discount program in MA and CA.
- PULP suggests, at a minimum, adoption of the program eligibility of the Con Ed gas affordability program, although we believe the public interest would best be served by adoption of the enhanced Lifeline criteria set forth above. Not only has Staff failed to include other means-tested financial assistance programs in its recommendations, but the proposal to rely on HEAP eligibility is significantly defective because it does not even include all electric and natural gas customers who receive HEAP benefits. Staff's proposal would only serve those HEAP customers whose benefits were directed to the natural gas or electric utility even though most of the other households that receive HEAP and who are eliminated in the Staff's proposal also have a gas or electric account. Only 25% of NY's current HEAP recipients received a direct utility benefit and that is the only group of customers that Staff recommends this program apply to. More importantly, HEAP is only available during certain months of the year and it may be difficult for a customer to apply for the plethora of programs available. Further, Staff's proposal does not properly include customers whose HEAP benefit is allocated to a utility that is not a combined gas-electric provider. Staff's focus on eligibility criteria that artificially limit enrollment would result in a program that would serve only about 21% of the NYS households truly in need of utility assistance.
- Categorical Eligibility for the Affordability Program -- The Commission should focus on a program that reaches the greatest number of qualified low income customers in the most cost effective manner. Staff's approach appears more concerned about the costs of a

specific program design than with the identification of a robust program that would actually address the need for universal service and affordability.

- While the Staff apparently relies on a proposal from National Grid with regard to using certain HEAP benefits levels to structure its proposed discount program, National Grid's comment also describe fixed discount approaches, referencing the implementation of the MA 25% discount on the total bill, stating that it is "very successful in terms of cost effectiveness and reaches a large number of low income customers."
- The Utility Project recommends that the Commission should strive to require that the mandated program reach all 1.65 million electricity and gas customers (including the separate electric and gas accounts of customers split between two utilities) that are represented by households subject to the eligibility set forth above, and with:
  - -Income less than 200% of the Federal Poverty Level, and who
  - -Spend more than 30% of their income on housing costs, and
  - -Pay at least one utility (electric and/or gas) bills.
- At the very least the Commission should require that the mandated program reach all HEAP customers with an electric or natural gas account and the Commission should seek to obtain the cooperation of other State Agencies through Gubernatorial or legislative action, if needed to develop the automated communication protocols to reach the same customers who are eligible for the Lifeline Program.
- ODTA or DSS can add a statement to their applications that allows the agency to release the customer's eligibility, at a bare minimum, this should be done for HEAP in NY.
- The Utility Project urges the Commission to communicate with the Governor and with State Agencies that implement means-tested financial assistance programs, to gain the authority and expertise to implement an efficient and effective enrollment method that captures more customers than the relatively small group of HEAP customers that is the focus of Staff's recommendations.
- Arrears Management Programs -- We recommend expenses for arrears management programs be evaluated for costs effectiveness and success in furtherance of universal and continued service objectives.
- The Staff's recommendation appears to suggest rigid payback period for a customer's arrears, but does not include any information to determine if those arrears payback

requirements would be reasonable or achievable by the affected customers. A properly designed cost-benefits analysis of such proposed programs could likely find a balance of cost effectiveness, impact upon the revenue requirements(s), impact upon a customer's financial health, and period, and should be conducted in each such rate case where a program is suggested.

- PULP recommends that the Commission follow the arrears management programs initiated by MA or NJ (described in our March comments), and which have been widely viewed as successful by stakeholders in those areas. The customer is enrolled in a robust bill payment assistance program that reduced the total bill amount either through a significant discount or a customer-specific PIPP calculation. The customer is then solicited to participate in a one-time arrears management program that offers significant relief from old arrears balance in return for a modest payment that is designed to be affordable and ensure success.
- Any arrears owed for longer than 60 days that were created by ESCOs that charged in excess of utility rates, or that “slammed” customers, failed to allow them to cancel service, or otherwise engaged in other violations of the uniform business practices or consumer protection law, the Commission could order the IOUs that forgive such debt.
- Social Services Law -- We recommend scrutiny of existing public aid programs for customers who receive shutoff notices or whose service is shut off for bill collection purposes many customers in financial distress need a “one-shot” grant of utility assistance under Social Services Law §131-s to re-stabilize household budgets. This program has become unreasonably restricted. Removing aid restriction would promote continued service, further public health and welfare, and could lessen some burdens now shifted to all utility customers through uncollectible bills and high collection costs.
- PULP strongly advocates the Commission communicate with the Governor and urge the creation of an inter-agency coordinating council whose purpose would be to identify, obtain and apply to this low-income affordability program all available federal, state and private grant monies that could potentially defray at least in part the impact of this program upon the bills of New York's energy ratepayers.
- Reallocation of Rates for the Affordability Program -- We recommended that the Commission direct utilities to file proposals for low income rate reductions meeting

standards prescribed in this case including their formulae for allocating the revenue impacts of the new program in a reasonable and equitable manner. Such proposals might include repurposing of current surcharges, instead of reducing them. Utilities should be required to file plans for affordable rates in their rate proceedings proposing options for new rate designs and reallocation of revenue so as to achieve the affordability objectives in reasonable ways. There may be different solutions proposed by the utilities that make it wiser for them to propose rate design and revenue reallocation solutions than to prescribe a single methodology at this time.

- The Staff fails to recognize or discuss the potential sources of funding other than reallocating the total costs of its proposed program to the bills of other ratepayers, particularly failing to discuss the recommendations of PULP with respect to repurposing existing Clean Energy Funds. PULP also suggests NYPA “stream” low-cost power to the utilities. PULP also suggests the Commission seek support for that program as a line item in the General Fund portion of the Executive Budget at a 2:1 match to funds raised for the ratepayers.
- PULP’s proposal to expand the bill discount and eligible customers will cost more than the Staff’s proposal. If the Commission is serious about the need to ensure universal service and affordable essential electric and gas service for low income customers, the scope and scale of the current programs must be reformed and significantly increased.
- Furthermore, if the REV initiatives actually do result in opportunities for lower income customer to experience lower electric bills this outcome will ameliorate the costs of the affordability program as well. However, if this well-intended outcome does not occur, i.e. that the costs of the REV initiatives and REV-mandated investments exceed the benefits in the form of lower electricity rate and bill for low income customers, those most likely to suffer with this result should not bear this risk.
- PULP respectfully requests the Commission’s endorsement of the program in these Comments, with immediate (if only interim) steps taken to include all HEAP recipients with a gas or electric bill in their names, until a necessary software interface can be implemented that would allow for the expansion of eligibility to include all Lifeline-conferring programs.

- PULP opposes the Staff’s proposed method of cost recovery in rates. Staff’s proposal would shield larger commercial and industrial customers from an obligation to fairly contribute to any affordability program because of the recommendation that recovery be assigned on a “per customer” basis. Multiplying the per residential customer budget (per Staff’s proposal) by each utility’s average number of residential customers, then dividing the product by the actual units of energy sold by each utility in 2014 as reported to the Commission and in this manner, without increasing the allocation to residential ratepayers beyond the budget Staff has proposed, \$524 million (45%) of the funding for our recommendation for a broad-based affordability program can be achieved (Appendix 5).
- PULP opposes Staff’s proposal to use higher prices charged by ESCOs to calculate the appropriate discount for customers enrolled in the affordability program. Such an approach would reward ESCOs for charging higher prices and adversely impact the costs of the program funded by other ratepayers. Rather, we recommend that any discount be based on the applicable default service price for generation supply service.
- We suggest the following phase-in should be considered regarding the rate reduction we have suggested in these Comments
  - In year 1, the residential customers’ allocation should be between 60% and 75% of the amount calculated by PULP in Appendix 5
  - In year 1, the commercial and industrial customers’ (C+I) allocation should be 60% of the amount calculated by PULP in Appendix 5.
  - In year 2, both the residential and C+I customers’ allocation should be at 100% of the amount calculated by PULP in Appendix 5
  - In year 3, the allocation to other funding sources should be added in at 100% of the amount calculated by PULP in Appendix 5
  - For all years of the program, the PSC should calculate the amount of rate reduction to be conferred by multiplying the total amount of rate reduction by the percentage of penetration of the actual number of enrolled eligible households versus the total number of eligible households.
  - We note this phase-in may be modified in our Reply Comments subject to our analysis of the filings of other parties.

- Terminations and Reconnection of Service -- We urge Staff to address the issue that some utilities follow vastly different policies concerning when termination take place and there is an apparent difference in the volume and timing of residential terminations.
- PULP agrees with the concerns identified by the Staff and the recommendations with respect to the need for utilities to focus on reasonable payment plans as opposed to the reliance on issuing a termination notice and threats of termination. PULP urges the Commission to focus on creating performance standards and specific investigations of this matter in future utility rate cases. PULP supports elimination of the reconnection charge for any low income customer participating in these programs.
- In conclusion, before the parties and staff continue on to the next stages of this proceeding, it is worth taking a moment to reflect upon the irony that the program regarded as the State's broadest based and most effective energy assistance program for low and fixed-income households, HEAP, does not reach all those that are eligible, and that Staff's proposed program based upon HEAP, reaches only a 25% subset of those that succeed in obtaining HEAP in some form. That is why we have advocated forcefully in this proceeding for a robust and uniform statewide program with far wider eligibility than that proposed by staff, and with a far higher benefit.
- The barriers cited by the Staff's Report can be overcome with dedicated and high level coordination, similar to the Commission's implementation of the REV proceeding in which Statewide and Gubernatorial initiatives have enabled the proceeding to move at a speed unseen in many years in the PSC's deliberations.

#### PULP – Reply

- There are three themes with a very strong consensus among the utilities and consumer organizations:
  - The program design does not meet the requirements announced by the Commission itself for such a program
  - the Staff's eligibility criteria are too narrow, resulting in the exclusion of more than 50% of low-income utility customers, which is unacceptable
  - the budget or funding targets are too low.
- Overall, PULP continues to recommend a program design that:

- Reflects a roughly 30% fixed percentage rate reduction the total bill
  - Bases the eligibility for the rate reduction on comprehensive eligibility criteria such as those reflected in NYS's Telephone Lifeline Program (as well as the criteria currently reflected in Con Edison's gas low-income program
  - Establishes a funding target to recover the revenue foregone from low-income customers that reflects a meaningful and comprehensive program funded by all customer classes in an equitable manner, including contributions from other funding sources
  - defers for future consideration certain aspects of the Staff's proposal with respect to arrears management and budget billing.
- Opposition to the Proposed Program Design -- PULP endorses the shared concerns and comments on the Staff's tiered rate-reduction approach (UIU, ODTA, CEC, the City of NY, and Alliance for a Green Economy). PULP endorses various notations made by some utilities, including National Grid, who indicated "certain tier 1 customers would see their benefit reduced to \$0," Con Edison, who indicated "electric discounts will be reduced from \$9.50 to \$7 per month. For O&R, the reduction is even greater." PULP also agrees that, "More than 85% of Con Edison's low income program participants will receive a smaller discount than they currently receive." Further, PULP supports, "The City respectfully submits that Con Edison's program is functioning well, is administratively efficient and streamlined, and reaching most of the low income population in NYC."
  - UIU and OTDA also opposed the tiered rate-reduction approach proposed by Staff. OTDA raised important issues about the absence of a relationship between the HEAP benefits level and the applicant's household income, thus rejecting the rationale of Staff's reliance of those benefit levels to assume a certain household income level used to calculate the Staff's fixed bill credit proposal. Many stakeholders supported PULP's recommendation for a broad-based percentage discount program design.
  - PULP recommends that the Commission eschew Staff's complicated multi-tiered rate-reduction approach and focus solely upon a percentage discount applied to the total bill.
  - The Need for Robust Eligibility Criteria -- There was widespread rejection by the Parties of the relatively small subset of low-income gas and electric customers who would

receive rate and bill reductions under Staff's proposal. PULP continues to recommend that any affordability program rely not only on HEAP benefits (including those who receive any HEAP benefits is the recipient has a gas or electric account and those who obtain HEAP for a non-utility fuel vendor, a "renters benefits," and "emergency" HEAP), but should also include those who are enrolled in comparable means-tested financial assistance programs, such as those reflected in Con Edison's natural gas program and the criteria used for the New York Telephone Lifeline Program. Such eligibility criteria would deepen the pool of eligible customers.

- Lack of Support for Staff's Arrears Management Program Structure -- Although some parties did not comment on the issue of arrears management, as noted above concerning other aspects of the Staff's proposal, there was little support for the Staff's arrears management program, particularly the required payback requirements. While PULP recommended Staff's proposal for arrears management not be adopted, PULP does not recommend that existing arrears management programs should be entirely eliminated at this time. PULP recommends the design of an effective arrears management program requires first the customer is able to afford and pay the "current" bill (the bill with the low-income rate reduction) prior to entering into a negotiation to establish the reasonableness of payment requirements for an arrears balance.
- Consequently, PULP recommends the Commission at this time focus completely on the priority of developing the rate reduction program, and once that has been allowed to run for some years while being studied, the Commission might consider the statewide guidance on arrears management programs.
- Lack of Support for Mandatory Budget Billing -- A number of stakeholders opposed the Staff's requirement that customers participating in the affordability program must enroll in budget billing. PULP agrees.
- Deficiencies in the Rate Design Recommended By Staff for Reallocation of Foregone Revenue from Low Income Customers -- PULP continues its opposition to the unfair cost allocation methodology proposed in the Staff Report. Consumer advocacy organization, including AARP, UIU, CEC, and Alliance for a Green Economy, rejected the Staff's recommendation for the reallocation of the revenue from low-income customer foregone due to the affordability program. Comments include: "...At least \$600 million is needed

for the low income program,” “Walmart and Chase Manhattan Bank should not pay the same surcharge as a residential customer,” “AARP recommends the Commission initially seek other sources of funding, and then if necessary, allocating and recovering any remaining low income program costs on a usage basis to all customer in all customer classes.”

- Insufficiency of the Rate Reduction Level and Funding Requirements -- There was a general opposition to the Staff’s proposed total rate reduction limit of roughly \$179 million for its proposed affordability program.
- Given REV and this proceeding, it is imperative that substantial progress be made to reform and improve the current New York programs in the near term. PULP urges the Commission to first design a robust program, such as the 30% rate-reduction reflected in its Comments. The program must also address affordability as recommended by most stakeholders to include a significant percentage bill reduction applicable to New York gas and electric customers with incomes at or proximate to 200% of poverty level and who has an electric and/or gas account in their name. The reallocation of revenue foregone from low-income customer can be phased in along with its implementation if necessary. PUKP supports seeking funding from reapportioned NYSEDA funds, the General Fund, and to explore other funding options (such as low cost power from NYPA).
- Inappropriate Use of Terminations as a Bill Collection Measure -- PULP urges the Commission to initiate audits or investigations into how utilities might be misusing the termination option for bill collection in the context of pending and future rate cases, as well as affordability burdens exacerbated by collection of higher ESCO charges and late payment charges, which greatly exceed the utilities’ allowed returns on equity and cost of debt. At the very least, utilities should be held to a performance standard to prevent over-reliance on this drastic toll that has significant health and safety impacts on residential customers and their families. Innovations that reward utilities that reduce terminations should be expanded.
- PULP agrees that the primary focus of this proceeding should be the development of a robust and well-funded percentage rate-reduction program to ensure that the resulting energy bill is affordable.

- Opposition to Reconnection Fees -- PULP reiterates its long-standing position concerning reconnection fees and the speed with which reconnections should be effected, and agrees with Staff's recommendation to eliminate the reconnection charge for any low-income customer participating in these programs
- Proposals for Increased Integration of Efficiency Measures and DER into the Proposed Low-Income Program -- PULP supports a more robust low-income affordability program and supports the need for coordination with and expansion of existing efficiency programs, including exploring DER programs for customers who are unlikely to respond to market-based incentives. PULP recommends the Commission focus first and foremost on the development of a robust rate reduction program. In a companion proceeding, or after a statewide rate reduction program has been established, then the Commission might turn its attention to the need for further integration and coordination of other programs that might affect the ability of lower-income customers to make timely payment on their gas and electric bills. PULP is concerned the Commission not rely on future undefined and unevaluated programs to "solve" the affordability gap.
- It appears the Staff program design, eligibility criteria, and funding level and methodology have been broadly rejected. There is a consensus that:
  - Staff design does not meet Commission requirements
  - Customer eligibility criteria is too narrow
  - Staff targets for total bill reductions are too low.
- PULP recommends:
  - A roughly 30% fixed percentage rate reduction on the total bill
  - A rate reduction be available based on comprehensive eligibility such as Lifeline as well as criteria in Con Edison's gas low-income program, with the addition of SCRIE and DRIE enrollment as eligibility criteria
  - Funding target reflects a meaningful and comprehensive program funded by all customer classes in an equitable manner, as well as contributions from other funding sources
  - Certain aspects of the Staff's proposal with respect to arrears management and budget billing be deferred for future consideration and not adopted at this time.

- PULP respectfully requests the Commission issue an interlocutory Order: establishing the parties' agreed-upon robust eligibility criteria as a uniform statewide criterion for low income rate reduction programs, thereby allowing New York's eligible energy consumer to begin signing up for such programs, instructing DPS Staff to begin consulting with OTDA to institute data matches similar to those used to verify eligibility for Lifeline; and seeking such additional authority as may be necessary to institute the data match coordination with OTDA necessary for this program.

Roger Colton

- 1) The costs identified in the Staff report appear to be the difference between bills that are rendered at discounted rates and bills that are rendered at the full standard rate. This difference does not necessarily represent the incremental costs of a low-income affordability program. Gross program costs are not the same as incremental program costs.
- The percentage of low-income accounts in arrears far exceeds the incidence of low-income customers in the residential population and the percentage of low-income dollars in arrears exceeds the percentage of low-income accounts in arrears (indicating that not only are disproportionately more low-income accounts in arrears, but also that they are further in arrears).
- If a utility is not collecting its revenue even if in the absence of a low-income program, to recognize that loss of revenue up-front in a discount does not represent a "cost" attributable to the program.
- 2) Staff gives short-shrift to reasons why customers do not participate in HEAP and populations (if any) who are underrepresented in HEAP.
- 3) No one should assert that low income bill affordability should be delivered "no matter the cost." Expanding income eligibility does not necessarily expand the costs of a low-income bill affordability program. Rate affordability assistance should not be provided to someone simply because they are poor, but instead be in recognition of the inability to pay because of an unaffordable burden.

- What should be considered by PSC: There should be a minimum payment, maximum ceilings on benefits, consider whether certain income-eligible customers should be excluded because they receive public benefits designed to pay their home energy bills, such as people who receive utility allowances while residing in public and assisted housing. (For the same reason HEAP benefits should be netted against a low-income customer's bill.)
- 4) Staff conclusion that ratepayer-provided assistance should not be provided to customers whose bills are included in their rent is appropriate.
- 5) Automatic enrollment cannot be limited to HEAP recipients. HEAP is primarily a heating and cooling program. ODTA should be requested to notify electric utilities of HEAP benefits to customers whose benefits do not go to the electric provider.
- 6) Much of what Staff discusses about home energy burdens is appropriate. But I recommend increasing the proposal use 120-130% of the average as “the affordability block of usage,” as there are too many legitimate reasons why a customer might consume somewhat “above average.” At minimum, the affordability block of usage should be set at the median. Adoption of a maximum benefit ceiling would aid this.
- 7) Staff appropriately recommends the “household energy cost should be adjusted to account for the HEAP payment received by the customer.”
- 8) “Automatic enrollment of participants in the utility’s budget billing program” is appropriate (to avoid a low income customer having to “make up” funds not billed during non-heating months). But, HEAP payments are not designed with budget billing in mind, and may also result in a low income customer having to “make up” funds not billed. Conclusion is not to avoid budget billing but that it may be more complicated than it would first appear.
- 9) The Staff’s proposal that a utility make an annual budget for the low income program and on an annual basis, even if the utility exceeds its annual budget, there would be no change in benefit levels and participation levels would not be capped, is appropriate. But doing this on an annual basis does not take into account various factor that can affect costs. If more people participant in lower income tiers, this will be more expensive. Staff errs in asserting that the only reason program costs would increase is because of increased participation. Certain limits should be placed on the recommendation (if

spending goes over budget) that the utility should adjust its percentage discount in the following year to reduce discounts until program costs fall within the budget limit.

- An appropriate spending point to implement this would be 10% over budget. A maximum affordability ceiling of 10% is well-founded. Yes, affordability is a range and not a point. This should only occur if the modification results in a minimum change in the % discount, (1 or 2% should be avoided, should only occur in whole percent points, and if a change would result in a modification of the discount of more than 2%, may be appropriate).
- Discount level modifications should begin with the highest income tier(s) and then go downward as necessary. Modifications should be made first to the highest income levels, then to increasingly lowest income levels only when needed.
- 10) Staff appropriately notes that an arrearage forgiveness program is an essential part of any bill affordability program. However, bad debt is not the only contribution to a utility's revenue requirement that low income arrears cause, a larger contribution involves the contribution that the level of arrears makes to a utility's working capital. The calculation made by staff that "any administration costs of a properly designed arrearage forgiveness program should produce a net savings in reduced collection costs," is somewhat more involved. The positive impact of an arrearages forgiveness program might result from an increase in the effectiveness and/or efficiency of activity rather than in a reduction in collection activity. Utility collection efforts (thus collection costs) might remain the same, but instead generate a greater return on expenditure because arrears forgiveness would put collection efforts into those who can afford to pay their bills, instead of those who cannot.
- 11. Agrees with Staff that there is not a limit on what a customer can owe to participate in the arrears forgiveness program. While it is Staff recommendation to leave each utility the authority to establish its own approach, utilities should be specifically authorized (not required) to split arrears into increments. Ex. \$4,000 in arrears could be split into two increments of \$2,000, where the second is frozen and subject to a new program once the first one has been retired. Two benefits from this approach: 1) Customers will make a corresponding larger contribution, over time, toward retiring those arrears since more

months will be required to complete forgiveness plan; 2) Prevents utility arrearage forgiveness budget from being swamped with large unpaid balances.

- 12. The 10% budget limit for an arrearage forgiveness program is likely to be insufficient to address the needs. A chart provided shows from various Pennsylvania Customer Assistance Program (CAP) budgets, a small percent in the last 5 years of 16 companies fall within the proposed 10% budget limit. Similar chart for Maryland Electric Universal Service Program would likely indicate the same result.
- 13. Staff's proposal to adopt a "sliding scale" forgiveness program has merit and should be approved (well suited to meet financial and programmatic objectives). Commenter agrees that only if customer pays bills, then should arrears be forgiven. However, a timeliness requirement in addition to requirement of current bills be paid in full should not be adopted. Arrears credits should be earned as bills are paid over time. The reasoning is that the utility has done their part in providing an affordable bill and it is now the customers turn to do their part in paying that bill. The consequence of the customer failing their part is not a loss of arrears credits, but rather they are placed into the collection cycle, the same as any other customer with an affordable bill.
- From a policy perspective, overlapping layers of "incentives" clouds the fundamental underlying proposition that in recognition of unaffordable burden posed by utility bills at standard rates, the low income customer is allowed to take service under the low-income program. It is then the customer's responsibility to make full and timely payments irrespective of any further "incentive"
- In addition not to impose timely payments for an arrearage program, it is provided from both the New Jersey and Pennsylvania programs, that it is reasonable to expect 90% of bills paid over annual basis in which an occasional bill may be missed or partially paid, however made up the following month.

Senator Kevin S. Parker, 21st District

- We respectfully request the Commission take the opportunity of this proceeding to mandate a statewide affordable energy rate that will apply to every energy utility.
- NY has some of the highest energy prices in the US.
- Existing low income programs are insufficient in light of the Great Recession.

- Affordable energy services for low/moderate/fixed income residential New Yorkers is in the critical public interest and a matter of grave concern that must be addressed without delay.
- The rate should be a percentage reduction of low-income customer's utility bill
- Rate should be mandatory and statewide, uniform percentage, provided the Commission may order areas of extreme average cold or heat conditions can receive high discounts when appropriate.
- Eligibility criteria should include households up to 175% of federal poverty guidelines and should include receipt of Lifeline, HEAP, Medicaid, and other assistance including SSI, TANF, SNAP, and Safety Net Assistance
- Cost should be equitably spread to other customers and customer classes
- To extent possible, utilities should have automatic enrollment and promote programs for energy efficiency, weatherization, and other customer assistance programs
- Commission policy should be to act to avert termination of water or heating.
- Providing a robust low income rate that will ensure that low/moderate/fixed income New Yorkers are neither excluded from the benefits of a 21st century energy grid nor forced to pay a grossly disproportionate percentage of their incomes on energy.

Senator Robert G. Ort, 62<sup>nd</sup> District

- Senator Ort supports the concept of creating a program that helps make utility rates more affordable for low income individuals, as well as, for all individuals. However, he questions the logic behinds placing additional fees on ratepayers to fund the program.
- New York needs to do more to lower energy costs overall, specifically eradicating the 18-a assessments that all ratepayers are forced to pay.
- Western New York is currently experiencing lower energy costs due to passing programs that involve renewable energy (net metering, solar power tax credits, and hopefully in near future geothermal energy tax credit programs).
- The \$20 and \$35 electric and gas customer charges are high monthly surcharges.

Sierra Club

- This program should be available to all low income citizens of NY at a reasonable threshold of family income. Current inequities based on where a family lives must be resolved. For example, automatic enrollment would ensure that all households under 60% of the state's median income are able to receive utility benefits.
- Program should be adequately funded
- Lower utility bills through winterizations, low cost renewable energy, and home repairs.
- A small fee/percentage on energy bills is fine, but larger entities should be charged more appropriately.
- There should be more research into forgiveness of arrears and proposals made to adjust to a range of circumstances including possibility of debt forgiveness.
- No terminations during cold periods
- There should be an evaluation process in place to determine how this program works, does it meet the needs of customers, are there ways to cut costs.

Solix

- Solix identifies itself as a third-party administrator of a range of complex programs, with expertise in complex regulatory program management, eligibility determination, customer care, and program compliance. Solix states it supports the PSC's and Staff's desire to 'balance the interests of participants and non-participants' and to 'maximize benefits and minimize costs'.
- Solix states that a potential approach to take in this proceeding is a centralized system that utilizes uniform eligibility criteria and to the extent possible, automated system solutions for secure eligibility processing and data management. Solix points out that following along this line of thinking, a third-party administrator may be a useful solution. Solix says that an experienced third-party administrator could serve as a partner to the NYS PSC and participating utilities; providing a common operating platform while maintaining flexible program options that can be individualized to each utility and the local community it serves. Solix states that this unified but flexible model would help to ensure that limited funding reaches those most in need while providing consistent decisions and program effectiveness

monitoring. Solix states that a third-party administrator can effectively interact with both service providers and subscribers, and is able to provide comprehensive support.

- Solix presents an examination of the LITE-UP Texas program, (referenced in the Staff Report) in order to provide additional details about a current working model. Solix has served as the Texas Low Income Discount Administrator (LIDA) since 2004. Solix discusses Texas's use of a coordinated enrollment process which utilizes a monthly data file e provide by the Texas Health and Human Services Commission. Solix postulates that coordinated enrollment at the state level drives efficiency.

#### UIU

- The DPS Straw Proposal is under-inclusive because it fails to enroll over half of NYS low income customers (limitation to HEAP recipients). The overarching issue for resolution for the low-income program is enrollment of all eligible customers. UIU recommends a two-phased approach:
  - 1) multi-faceted enrollment, Lifeline eligibility criteria, automated enrollment would expand to include Lifeline customers. The discount during this phase would be based on a uniform broad-based discount.
  - 2) Developing a more sophisticated system to achieve a targeted energy burden for all eligible customers (targeted 6% energy burden).
- Statistics from the Instituting Order indicate a number of customers not receiving a low income discount are struggling to pay the bills as well, perhaps attributable to their preclusion from receiving the discount. Expanding the program to enroll all eligible customers would decrease the amount in arrears, uncollectible accounts, and terminations.
- The initial administrative burden of identifying and including all eligible low income consumers in the utility discount program would be temporary at most. A low income discount with increased administrative costs may also produce offsetting benefits by resulting in 1) fewer terminations, 2) fewer arrears balances, 3) fewer collection and other administrative costs, 4) fewer reconnection fees, 5) less bad debt, 6) increased low-income customer revenue, and 7) increased health and social benefits resulting from energy security. However, even if a net administrative burden is anticipated, this cannot

allow qualifying New York households to receive no discount, while similarly-situated low income counterparts receive a full one.

- DPS' Straw Proposal's statement that "customers seeking a utility HEAP benefit self-select into a program that provides utility bill assistance, demonstrating a relatively stronger need for the utility low income program," is not supported. The bulk of HEAP recipients are automatically enrolled by OTDA when approved for other programs. Also some people may not be able to apply for HEAP during the application process for various reasons. Further, two-thirds of HEAP-eligible rate payers do not receive a HEAP grant due to a deficit in funding.
- Ideally, New York's utility affordability program would feature 1) Lifeline eligibility criteria applied to all gas and electric utility low income discount programs, 2) automated enrollment through matching or other computer software technique, and 3) each customer's discount based upon that customer's family income so as to achieve the targeted 6% energy burden.
- Phase 1 (steps occurring concurrently or consecutively):
  - 1) Issue an order to update tariffs to prohibit the assessment of reconnection fees on low income program participants and eligibility will be set to include Lifeline program criteria
  - 2) Continue discussions of determining the actual percentage fixed discount based upon each utility's average heat and non-heat residential bills, to be reset annually, and the other recommendation of the DPS Straw Proposal regarding arrears forgiveness and budget billing as well as UIU's interest in improving coordination among utility low income programs and New York's energy efficiency and weatherization programs to make better use of available resources so as to reduce the size of waiting lists.
  - 3) Utilities work with DPS Staff, OTDA, UIU and other interested parties to develop a standard utility low income application form (including language allowing applicants to agreeing to their utility learning or verifying their income).
  - 4) Utilities work with DPS Staff, OTDA, UIU and other interested parties to develop a statewide public outreach campaign.

- 5) Con Edison, NYC's Human Resources Agency and Westchester County's DSS continue their semi-annual matching of customer names with people receiving benefits, including criteria not currently included for electricity discount.
- 6) KEDNY and KEDLI work with NYC HRA to institute semi-annual matching. PSEG-LI works with OTDA to institute automatic enrollment of HEAP recipients and other eligible programs.
- 7) Utilities sign MOUs with OTDA/OITS to gain limited access to the state-wide database to confirm low income program applicants' eligibility, such as telephone companies with Lifeline.
- 8) OTDA/OITS make software adjustments to accommodate gas and electric utility access to the state-wide database for the limited purpose to verify eligibility for low income discounts.
- 9) State agencies complete revision of common application form used to apply for a variety of social service programs other than HEAP to include language allowing people to share their status as a recipient of a benefits such as SNAP or SSI and income with their utility.
- Phase 2:
- Develop processes for more sophisticated low income certification and discount for a targeted energy burden. Lifeline customers would be automatically enrolled in utility low income programs. Through software, utilities would learn the income of eligible customers so discounts can be fit to the customer.
- Cooperation between all state agencies that operate low income programs is key, including establishing an Energy Affordability Intergovernmental Task Force (senior management from DPS, HCR, NYSERDA, LIPA, NYPA, State Office for Aging, DOS, and other state entities addressing low income customers and affordable energy).
- With inter-governmental coordination, UIU believes New York can ensure that all ratepayers with family incomes at or below 60% of SMI have the opportunity to participate in utility low income programs designed to achieve an energy burden not greater than 6% through implementation of elements of the Con Edison low income discount program and the lifeline telephone models.

- The Commission must take concrete steps towards enhanced utility evaluation protocols, more rigorous data collection methods, and consistently monitor implementation of the low income program by utilities and all relevant data that may bear upon its success.

#### Various Individual Comments

- More than 70 public comments were received from individuals who are not affiliated with any organization or group.
- Some were opposed to low income program expansion, which they believe which unfairly adds to the burden of ratepayers who keep up with their obligations; and that there is no incentive for recipients to conserve and to meet the financial obligations.
- Most; however, were supportive of the program, and its expansion. Many were low income utility customers, who described the difficulties they have faced maintaining utility service, and the need to improve energy affordability for the poorest customers.

**BENEFIT LEVELS**

(all values rounded to nearest whole dollar)

Central Hudson								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1	\$18	\$23	\$6	\$23	\$18	\$34	\$6	\$3
Tier 2	\$18	\$39	\$6	\$39	\$18	\$50	\$6	\$3
Tier 3	\$18	\$72	\$6	\$56	\$18	\$67	\$6	\$3
Tier 4	\$18	\$0	\$6	\$0	\$18	\$0	\$6	\$0

Con Edison								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating*		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1	\$10	\$10	\$10	\$10	\$50	\$50	\$2	\$3
Tier 2	\$10	\$10	\$10	\$10	\$50	\$50	\$2	\$3
Tier 3	\$10	\$22	\$10	\$14	\$50	\$50	\$2	\$3
Tier 4	\$10	\$0	\$10	\$0	\$50	\$0	\$2	\$0

New York State Electric and Gas								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1	\$19	\$3	\$10	\$3	\$13	\$3	\$7	\$3
Tier 2	\$19	\$11	\$10	\$11	\$13	\$18	\$7	\$3
Tier 3	\$19	\$28	\$10	\$28	\$13	\$34	\$7	\$3
Tier 4	\$19	\$0	\$10	\$0	\$13	\$0	\$7	\$0

Niagara Mohawk								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1	\$15	\$11	\$5	\$11	\$11	\$3	\$11	\$3
Tier 2	\$15	\$27	\$5	\$27	\$11	\$16	\$11	\$3
Tier 3	\$15	\$44	\$5	\$44	\$11	\$33	\$11	\$3
Tier 4	\$15	\$0	\$5	\$0	\$11	\$0	\$11	\$0

Orange and Rockland								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1	\$27	\$56	\$18	\$56	\$17	\$35	\$6	\$3
Tier 2	\$27	\$72	\$18	\$72	\$17	\$51	\$6	\$3
Tier 3	\$27	\$91	\$18	\$88	\$17	\$68	\$6	\$3
Tier 4	\$27	\$0	\$18	\$0	\$17	\$0	\$6	\$0

Rochester Gas and Electric								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1	\$24	\$3	\$5	\$3	\$6	\$3	\$2	\$3
Tier 2	\$24	\$9	\$5	\$9	\$6	\$13	\$2	\$3
Tier 3	\$24	\$26	\$5	\$26	\$6	\$30	\$2	\$3
Tier 4	\$24	\$0	\$5	\$0	\$6	\$0	\$2	\$0

Keyspan Long Island								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1					\$18	\$41	\$4	\$3
Tier 2					\$18	\$57	\$4	\$3
Tier 3					\$18	\$74	\$4	\$3
Tier 4					\$18	\$0	\$4	\$0

National Grid NY Gas								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating*		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1					\$17	\$17	\$3	\$3
Tier 2					\$17	\$17	\$3	\$3
Tier 3					\$17	\$30	\$3	\$3
Tier 4					\$17	\$0	\$3	\$0

National Fuel Gas								
Income Level	Electric Heating		Electric Non-Heat		Gas Heating		Gas Non-Heat	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
Tier 1					\$5	\$3	\$5	\$3
Tier 2					\$5	\$12	\$5	\$3
Tier 3					\$5	\$31	\$5	\$3
Tier 4					\$5	\$0	\$5	\$0

**\*Note: Con Edison Gas and National Grid NY heating discounts include estimated values for volumetric component of discount.**

### Low Income Program Budget Summary

	Energy Burden		Current Budget	New Budget	Budget Increase	Percent of Total Revenues	Typical Average Res. Bill Impact	Typical Monthly Res. Bill Increase
Central Hudson	6.00%	Electric	\$2,895,000	\$8,915,946	207.98%	1.14%	0.99%	\$1.12
		Gas	\$1,345,000	\$3,209,619	138.63%	1.56%	1.36%	\$1.31
		<b>Total</b>	<b>\$4,240,000</b>	<b>\$12,125,565</b>	<b>185.98%</b>	<b>1.22%</b>		
Con Edison	6.00%	Electric	\$48,500,000	\$57,634,618	18.83%	0.52%	0.10%	\$0.17
		Gas	\$10,900,000	\$11,892,792	9.11%	0.58%	0.05%	\$0.06
		<b>Total</b>	<b>\$59,400,000</b>	<b>\$69,527,410</b>	<b>17.05%</b>	<b>0.53%</b>		
NYSEG	6.00%	Electric	\$9,368,425	\$13,292,596	41.89%	0.77%	0.28%	\$0.23
		Gas	\$2,961,097	\$6,903,243	133.13%	1.34%	1.18%	\$0.88
		<b>Total</b>	<b>\$12,329,522</b>	<b>\$20,195,839</b>	<b>63.80%</b>	<b>0.90%</b>		
NiMo	6.00%	Electric	\$11,850,000	\$53,672,258	352.93%	1.40%	1.78%	\$1.41
		Gas	\$8,345,000	\$12,569,997	50.63%	1.35%	0.80%	\$0.54
		<b>Total</b>	<b>\$20,195,000</b>	<b>\$66,242,256</b>	<b>228.01%</b>	<b>1.39%</b>		
O&R	6.00%	Electric	\$2,600,000	\$14,834,220	470.55%	1.96%	1.94%	\$2.65
		Gas	\$1,900,000	\$5,461,920	187.47%	1.84%	1.71%	\$1.78
		<b>Total</b>	<b>\$4,500,000</b>	<b>\$20,296,140</b>	<b>351.03%</b>	<b>1.93%</b>		
RG&E	6.00%	Electric	\$4,179,916	\$7,143,587	70.90%	0.86%	0.39%	\$0.34
		Gas	\$2,724,619	\$5,152,757	89.12%	1.17%	0.82%	\$0.57
		<b>Total</b>	<b>\$6,904,535</b>	<b>\$12,296,344</b>	<b>78.09%</b>	<b>0.97%</b>		
BUG	6.00%	Gas	\$10,400,000	\$23,580,580	126.74%	1.48%	0.75%	\$0.73
KEDLI	6.00%	Gas	\$4,800,000	\$7,297,920	52.04%	0.65%	0.21%	\$0.23
NFG	6.82%	Gas	\$9,700,000	\$16,165,185	66.65%	1.95%	1.17%	\$0.84
TOTAL/Average		Electric	\$79,393,341	\$155,493,224	95.85%	1.16%	0.91%	\$0.99
		Gas	\$53,075,716	\$92,234,014	73.78%	1.33%	0.89%	\$0.77
		<b>Total</b>	<b>\$132,469,057</b>	<b>\$247,727,238</b>	<b>87.01%</b>	<b>1.23%</b>		

**QUARTERLY LOW INCOME REPORT**

[Company Name]

**LOW INCOME PROGRAM**

QUARTER ENDING:

3/31/2016

ITEM DESCRIPTION	CUSTOMERS		
	Electric-only	Gas-only	Combination
<b>1a. Rate discount participants - Total</b>			
1b. Tier 1			
1b. Tier 2			
1c. Tier 3			
1d. Tier 4			
1e. New enrollments			
1f. Exited customers			
<b>2a. Arrears forgiveness participants - Total</b>			
2b. New enrollments			
2c. Exited customers			
2d. Completed			
2e. Defaulted			
2f. Cancelled (customer request)			
2g. Other			
<b>4a. Energy efficiency program participant referrals - Total</b>			
4b. EmPower-NY			
4c. Other			
<b>3. Participant reconnection fees waived - Total</b>			
	DOLLARS		
	Electric	Gas	
<b>5a. Rate discounts - Amount expended</b>			
5b. Over/undercollection			
<b>6a. Arrears forgiveness - Amount expended</b>			
6b. Over/undercollection			
<b>7a. Reconnection fee waivers - Total</b>			
7b. Remaining balance			
<b>8. Average bill - Heating</b>			
<b>9. Average bill - Non-heating</b>			
<b>10a. Total Over/Under Collection</b>			
10b. Regulatory Asset/(Liability) Balance-End of Qua			
	COLLECTION DATA		
	Customers	Dollars	
<b>11. Participant Arrears - Total</b>			
<b>12. Termination notices sent to participants</b>			
<b>13a. Participants terminated</b>			
13b. Heat-related			
<b>14a. Participants reconnected</b>			
14b. Due to HEAP/DSS			
14c. Due to DPA			
15a. Active Participant DPAs - beginning of period			
15b. DPAs made			
15c. DPAs reinstated			
15d. DPAs defaulted			
15e. DPAs satisfied			
<b>15f. Active Participant DPAs - End of Period</b>			
15g. Participant DPAs in Arrears >60 days			
<b>16. Participant Uncollectibles</b>			
<b>17. Budget Billing Participants</b>			
17a. Credit Reconciliations (overcollection)			
17b. Debit Reconciliations (undercollection)			

CASE 14-M-0565

Commissioner Diane X. Burman, dissenting:

As reflected in my comments made at the May 19, 2016 session, I dissent on this item.