

**BEFORE THE NEW YORK STATE  
PUBLIC SERVICE COMMISSION**

**PROCEEDING ON MOTION OF  
THE COMMISSION AS TO THE  
RATES, CHARGES, RULES AND  
REGULATIONS OF NIAGARA  
MOHAWK POWER CORPORATION  
FOR ELECTRIC AND GAS  
SERVICE**

**Case 12-E-0201  
Case 12-G-0202**

**DIRECT TESTIMONY**

**BY**

**Barbara R. Alexander  
Consumer Affairs Consultant**

**ON BEHALF OF**

**PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC.**

**August 31, 2012**

1       **I. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS**

2  
3       **Q. PLEASE STATE YOUR NAME, ADDRESS, AND IDENTIFY FOR WHOM YOU**  
4       **ARE PRESENTING TESTIMONY IN THIS PROCEEDING.**

5       A. My name is Barbara R. Alexander. I use the title of Consumer Affairs Consultant. I have  
6       an office at 83 Wedgewood Dr., Winthrop, ME 04364. I am appearing as a witness on  
7       behalf of the Public Utility Law Project of New York, Inc. (PULP). PULP is a nonprofit  
8       organization representing the interests of utility customers in matters affecting universal  
9       service, affordability, and consumer protection. Since its formation in 1981, PULP's  
10      consumer education and legal advocacy has focused primarily on the rights of low  
11      income utility consumers.

12      **Q. PLEASE PROVIDE YOUR BACKGROUND AND QUALIFICATIONS.**

13      A. I opened my consulting practice in March 1996, after nearly ten years as the Director of  
14      the Consumer Assistance Division of the Maine Public Utilities Commission. While  
15      there, I managed the resolution of informal customer complaints for electric, gas,  
16      telephone, and water utility services, and testified as an expert witness on consumer  
17      protection, customer service and low-income issues in rate cases and other investigations  
18      before the Commission.

19              My current consulting practice focuses on regulatory and statutory policies  
20      concerning consumer protection, service quality and reliability of service, customer  
21      service, and low-income issues associated with both regulated utilities and retail  
22      competition markets. I have testified in rate cases, rulemaking proceedings, and  
23      investigations before over 15 United States and Canadian federal and state regulatory

1 agencies. My recent clients include the state public advocate offices and state consumer  
2 advocates in Massachusetts, Illinois, Pennsylvania, Washington, Maryland, Maine, Ohio,  
3 Arkansas, Oregon, California, and West Virginia, as well as AARP in many states  
4 (Montana, New Jersey, Maine, Mississippi, Ohio, Virginia, Illinois, Maryland,  
5 Oklahoma, and the District of Columbia).

6 I have testified in rate cases, rulemaking hearings, proceedings to consider  
7 proposed mergers and acquisitions, and with respect to specific petitions or applications  
8 by public utilities relating to low income programs, consumer protections associated with  
9 investments in the “smart grid,” and service quality programs and policies. I have also  
10 published papers and articles on utility issues that explore and make recommendations  
11 with respect to retail competition, default service, regulation of alternative energy  
12 suppliers, and smart metering proposals and dynamic pricing programs.

13 I am a graduate of the University of Michigan (B.A. in Political Science With  
14 Honors, 1968) and I received a J.D. from the University of Maine School of Law (1976).  
15 I attach my resume with a list of my publications and testimony as Exhibit BA-1.

16 **Q. DO YOU HAVE EXHIBITS TO YOUR TESTIMONY?**

17 A. Yes. I attach three exhibits:

- 18 ➤ Exhibit BA-1 is my Resume with list of publications and testimony since 1996 when I  
19 opened my consulting practice;
- 20 ➤ Exhibit BA-2 is a compilation of selected data responses by Niagara Mohawk that I  
21 reference in my testimony and that contain support for evidence in my testimony; and
- 22 ➤ Exhibit BA-3 is a National Grid consumer pamphlet that describes the Massachusetts  
23 Arrears Management Program.

1 Q. PLEASE SUMMARIZE NIAGARA MOHAWK'S PROPOSED RATE INCREASE  
2 REQUEST.

3 A. Niagara Mohawk Power Corp. d/b/a National Grid (Niagara Mohawk) filed a one-year  
4 rate case application on April 27, 2012 for both its gas and electric service with rates to  
5 be effective April 2013 through May 2014. With regard to its electric service, Niagara  
6 Mohawk proposed to increase delivery service revenues by \$130.7 million, but due to the  
7 expiration of an electric deferral surcharge of approximately \$190 million, the requested  
8 increase would be more than offset. NIMO is proposing to reduce customer bills as a  
9 result of this offset even though delivery or distribution rates would increase. With  
10 regard to its gas service, Niagara Mohawk proposed to increase gas base rate revenues by  
11 about \$39.8 million, again proposing to offset a portion of that revenue increase by the  
12 elimination of approximately \$15.3 million of deferred recovery from base rates. In  
13 addition, the Company has proposed to amortize \$14.3 million per year of regulatory  
14 liabilities to customers for three years, resulting in a net increase in gas revenues of \$10.4  
15 million. These rates were suspended by the Public Service Commission (PSC or  
16 Commission) pending its review.

17 On July 16, 2012, Niagara Mohawk filed corrections and updates for both its gas  
18 and electric rate filings. The impact of this filing was to increase Niagara Mohawk's  
19 revenue requirement for its electric business from \$130.682 million to \$145.422 million,  
20 which still would be offset by the expiration of the deferral surcharge, resulting in a  
21 proposed electric revenue reduction of \$2,084,636 for the Rate Year.

22 With regard to its gas business, this update increases the gas revenue requirement  
23 from \$24.516 million to \$28.984 million, resulting in a net gas delivery rate increase of

1 \$14.603 million, a 40% increase from its original filing.<sup>1</sup> According to the Corrections  
2 and Updates Testimony of the Revenue Requirement Panel, these increased revenue  
3 requirements are due in part to higher uncollectible expenses than originally forecasted.<sup>2</sup>

4 **Q. WHAT IMPACT WOULD THESE RATE FILINGS HAVE ON RESIDENTIAL**  
5 **CUSTOMER BILLS IF THEY TOOK EFFECT WITHOUT MODIFICATION?**

6 A. Even though the Company has proposed that customer bills would decrease due to the  
7 operation of the deferral mechanism, Niagara Mohawk has proposed an increase in the  
8 minimum monthly customer charge for residential customers from \$16.21 to \$17.00 and  
9 a base rate delivery charge increase of 6.5% for a residential customer using 600 kWh,  
10 stating that these rate increases would be offset by the deferral mechanism. With the  
11 proposed offset, the residential customer bill for electric delivery service would decrease  
12 \$2.36%.<sup>3</sup>

13 With regard to gas service, Niagara Mohawk has proposed an increase in the  
14 monthly minimum charge from \$18.21 to \$20.77, a 14% increase and a 2.7% increase in  
15 delivery charges.<sup>4</sup>

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<sup>1</sup> For the gas business, the Company's original filing reflected a Rate Year revenue deficiency of \$39.840 million, which was partially offset by the elimination of a base rate allowance of \$15.324 million of deferral recovery, for a net base rate increase of \$24.516 million. The corrections and/or updates increase the gas revenue requirement for the Rate Year from \$24.516 million to \$28.984 million. As explained in the original filing, to partially offset the rate increase to gas customers, the Company is proposing to amortize its net gas deferral account balances over three years, outside of base rates, resulting in a \$14.104 million credit to gas customers in each of those years. Based on updated pension expense, the Company has revised the pension deferral account balance, resulting in a change in the credit. The revised credit to gas customers is \$14.381 million per year over three years. The result is a net base gas delivery rate increase of \$14.603 million.

<sup>2</sup> See, Exhibit \_\_\_E-RDP-4CU and Exhibit \_\_\_G-RDP-2CU.

<sup>3</sup> See, e.g., Exhibit \_\_\_E-RDP-6 showing bill impacts for proposed electricity rates with and without the application of the elimination of the deferred amounts.

<sup>4</sup> Exhibit \_\_\_G-RDP-4, Schedule 4 and 5.

1 **Q. DID NIAGARA MOHAWK PROPOSE ANY CHANGES TO ITS CURRENT**  
2 **LOW INCOME BILL PAYMENT ASSISTANCE PROGRAMS AS PART OF**  
3 **THIS RATE CASE?**

4 A. Yes, in part. Niagara Mohawk proposes to increase the monthly rate reduction that  
5 appears as a credit on the bill for its low income gas customers from \$7.50 to \$10.  
6 However, the Company did not propose any changes to its Electric low income programs  
7 because they had recently been reviewed in the 2010 Electric Rate Case.<sup>5</sup> I will describe  
8 Niagara Mohawk’s current low income programs below in more detail.

9 **Q. DID NIAGARA MOHAWK PROPOSE CHANGES TO ITS CUSTOMER**  
10 **SERVICE AND RELIABILITY PERFORMANCE METRICS?**

11 A. Yes. By way of background, in the Company’s last electric rate case (Case No. 10-E-  
12 0050) the Commission ordered the end of Niagara Mohawk’s multi-year rate plan (begun  
13 in 2002), but did require that the parties collaborate on a proposal to continue certain  
14 merger-related provisions, including service quality and the “incentive” or penalty  
15 mechanism. The Collaborative Report to continue these “rate plan provisions” was  
16 submitted in in January 2011 and the Commission approved those recommendations,  
17 with some changes, on July 12, 2012 . The Service Quality and Reliability Reporting  
18 provisions are basically unchanged from the merger rate plan, but any adjustments due to  
19 service quality failures are now addressed as “negative revenue adjustments.” The  
20 Collaborative recommended and the Commission approved potential negative revenue  
21 adjustments of \$37.8 M, reflecting previously ordered increases to this amount for certain  
22 metrics. However, the revised plan removed the penalty doubling feature for successive

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<sup>5</sup> PULP was not a party to that proceeding.

1 year failures because there is no longer a long term rate plan. The Plan reflects  
2 adjustments to some metrics that were discussed and adopted in 10-E-0050, Niagara  
3 Mohawk's previous electric rate case. The gas service metrics have been in place since  
4 the 2008 Gas base rate case order.

5 As a result of this July 2012 Order, the current Service Quality Assurance Plan is  
6 as follows:

7 Customer Service Measures (gas and electric):

- 8 • Annual PSC Complaint Rate: complaint rate per 100,000 customers; separate  
9 performance targets for electric and gas reflect changes in most recent electric and  
10 gas cases, but the calculation is based on the total sum of all charged complaints  
11 received regardless of whether an electric or gas complaint.
- 12 • Residential Customer Transaction Satisfaction: a monthly telephone survey of  
13 residential customers with one or more of identified transactions or interactions  
14 with the Company.
- 15 • Small/Medium Commercial and Industrial Transaction Satisfaction Survey
- 16 • Percentage of Meters Read (annual performance)
- 17 • Percentage of calls answered within 30 seconds: reflecting all inbound call  
18 centers, excluding calls answered by the automated voice menu system.
- 19 • Affordability Program: annual enrollment target that ranges from 3,402 or less to  
20 3,591 or more.

21  
22 Reliability (Electric):

- 23 • SAIFI
  - 24 • CAIDI
  - 25 • Estimating accuracy for capital projects
  - 26 • Standardized Interconnection Requirements
- 27

28 In testimony filed with the pending gas and electric rate case, the Shared Services and  
29 Customer Panel<sup>6</sup> stated that Niagara Mohawk had met all their required targets since

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<sup>6</sup> Exhibit \_\_\_\_ (SSCP-9) is a summary of the current customer service metrics and recent performance results. Exhibit \_\_\_\_ (SSCP-10) presents the proposed changes to the customer service metrics recommended in this case.

1 2009, including 2011, and made the following recommendations with respect to

2 Customer Service Performance metrics:

- 3 • Eliminate the gas service metrics associated with percent of meters read and  
4 the Low Income Customer Affordability Program enrollment target, similar to  
5 the changes made in the Electric rate case in 2010. With regard to the gas  
6 low-income program enrollment, the company states that it has met and  
7 exceeded targets for this program by a significant amount and the risk of not  
8 meeting target is not likely to occur;
- 9 • Modify annual PSC complaint rate for gas to realign the gas metric with  
10 electric complaint metric revised in 2010 rate case; and
- 11 • Modify small to medium commercial and industrial customer transaction  
12 satisfaction metric.

13  
14 The Electric Infrastructure and Operations Panel recommended the continuation  
15 of the current Electric reliability metrics without change.

16 **Q. ARE THERE DEFERRED BALANCES IN THE SERVICE QUALITY AND LOW**  
17 **INCOME PROGRAM ACCOUNTS?**

18 A. Yes. The testimony of the Revenue Requirements Panel identifies all Deferral Accounts  
19 with balances as of 12/31/11 and forecast deferral balances as of 3/31/13. With regard to  
20 the service quality plan, the following balances were identified for these two dates:

21 Electric Customer Service Penalties: \$1.999 million;

22 Gas Customer Service Penalties: \$0.084 million;

23 Electric Low Income Allowance Discount Program: \$0.396 million as of

24 12/31/2011 and forecast as \$0.028 million as of 3/31/2013;

25 Electric Affordability Program: \$0.510 million and \$1.233 million, respectively;

26 and

27 Gas Low Income Program: (\$2.602 million) and (\$4.538 million), respectively.

28



1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY ON BEHALF OF PULP?**

2 A. My testimony will address Niagara Mohawk's low income programs, their program  
3 design and benefit levels, Niagara Mohawk's credit and collection practices, and certain  
4 aspects of Niagara Mohawk's customer service performance metrics. In addition, I  
5 provide additional background information to support the recommendations of Mr.  
6 William Yates on behalf of PULP with regard to the participation of low income  
7 customers specifically and residential customers generally in the retail electric and  
8 natural gas supply markets.

9 **Q. PLEASE INTRODUCE YOUR TESTIMONY ON THESE SPECIFIC ISSUES**  
10 **WITH A SUMMARY OF THE ECONOMIC PROFILE FOR NIAGARA**  
11 **MOHAWK'S RESIDENTIAL CUSTOMERS.**

12 A. Niagara Mohawk serves 949,930 residential electric customers, 32,322 residential gas  
13 only customers, and 513,540 combined residential gas and electric customers in its  
14 upstate New York service territory.<sup>7</sup> Under current rates, a residential electric customer  
15 using 600 kWh has a delivery bill of \$52.61 and a commodity bill of \$30.19, for a total of  
16 \$82.80. This bill calculation requires the explanation of 14 separate components,  
17 surcharges, or adjustments. A residential natural gas heating customer using 83 therms  
18 pays \$43.39 for delivery charges and \$42.39 for commodity charges for a total of \$86.02.  
19 This bill calculation requires the explanation of 12 separate components, surcharges, or  
20 adjustments.<sup>8</sup> Furthermore, the formulas to determine some aspects of the bill change  
21 monthly, particularly with respect to commodity charges.

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<sup>7</sup> Niagara Mohawk Response to PULP No. 24 (GN-24).

<sup>8</sup> Niagara Mohawk Response to PULP No. 97 (GN-97).

1           These charges (which of course are higher for higher use customers) have a  
2           significant impact on affordability of essential electricity and natural gas service,  
3           particularly for those with low and fixed incomes, unemployed, and those with medical  
4           expenses that exceed available resources. In Syracuse alone, 23% of households receive  
5           Social Security benefits, 12% receive Supplemental Security Income, and 27.4% receive  
6           Food Stamps. 13% of the civilian population not in institutions has no health insurance  
7           coverage. Approximately 22% of all families have a total income of less than \$15,000  
8           and 28% of families have income in the last 12 months below 100% of the federal  
9           poverty level (a calculation that takes into account both income and family size).<sup>9</sup>

10           Onondaga County<sup>10</sup> reflects similar evidence of significant indices of poverty:

- 11           • Almost 13% households with income less than \$15,000
- 12           • 29.1% with Social Security (with a mean income of \$16,312)
- 13           • 9.9% receiving Food Stamps
- 14           • 9.6% of families living below 100% of federal poverty guidelines

15           Oswego County<sup>11</sup> reflects similar results:

- 16           • Almost 15% of households with income and benefits less than \$15,000.
- 17           • 30.8% living on Social Security
- 18           • 11.9% receiving Food Stamps
- 19           • 10.4% of families living below 100% of federal poverty guidelines

20           Schenectady County<sup>12</sup> has 20% of all families with income below the 100% of  
21           federal poverty level and 31% of households receive Social Security.

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<sup>9</sup> U.S. Census Bureau, 2010 Demographic Profile Data, Syracuse City, New York.

<sup>10</sup> U.S. Census Bureau, 2006-2010 American Community Survey 5-year Estimates, Onondaga County, New York.

<sup>11</sup> U.S. Census Bureau, 2006-2010 American Community Survey 5-year Estimates, Oswego County, New York.

1 Niagara Mohawk provides electricity to residents of Buffalo, New York.<sup>13</sup> The  
2 high level of unemployment there has contributed to the incidence of poverty and  
3 reliance on social assistance programs:

- 4 ■ 18.8% of households rely on income of less than \$10,000, with an  
5 additional 9.3% with income between \$10,000 and \$14,999
- 6 ■ 27.6% of households have Social Security income;
- 7 ■ 9.5% receive Supplemental Security Income
- 8 ■ 26.5% of households receive Food Stamps;
- 9 ■ 25.2% of families live below 100% of the federal poverty guidelines

10 Based on the average electric and gas bills currently paid by Niagara Mohawk's  
11 residential customers, a combined electric-gas customer would pay \$2,025.84 for 12  
12 months of service. This amount represents 20% of income for a household with an  
13 income of \$10,000 and 13.5% for a family with income of \$15,000. This level of  
14 household income, which a substantial portion of Niagara Mohawk's customer rely upon  
15 based on the U.S. Census data summarized above, represents 100% of 2012 HHS Federal  
16 Poverty Guidelines<sup>14</sup> for a household of 2. Even a family with income at \$20,000 (100%  
17 of HHS Federal Poverty Guidelines for a household of 3), which is slightly below the  
18 median household income in some of Niagara Mohawk's counties and towns, would have  
19 to pay 10% of their annual income to Niagara Mohawk for essential electricity and gas  
20 service and an even higher amount if their usage was higher due to the condition of their

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<sup>12</sup> U.S. Census Bureau, 2006-2010 American Community Survey 5-year Estimates, Schenectady County, New York

<sup>13</sup> U.S. Census Bureau, 2006-2010 American Community Survey, 5-year Estimates, Buffalo, New York.

<sup>14</sup> The U.S. Department of Health and Human Services publishes its HHS Poverty Guidelines annually. This calculation relies on the same poverty threshold calculations used by the U.S. Census and form the basis for eligibility criteria for HEAP and other means-tested financial assistance programs. The most recent version for 2012 was published in January 2012. See <http://aspe.hhs.gov/poverty/12poverty.shtml>

1 housing unit. This percentage of household income required to pay for essential electric  
2 and natural gas service is far in excess of what middle and upper income families pay for  
3 these services in terms of percentage of household income and is unaffordable without  
4 serious adverse implications for other necessities for these lower income families.<sup>15</sup>

5 Even those customers only taking electric service from Niagara Mohawk would be  
6 required to pay 9.9% of their annual income for electricity, which does not of course  
7 reflect the need for payments to another natural gas or fuel provider for heating.

8 For a poor family with medical expenses, food, shelter, and transportation costs,  
9 paying the Niagara Mohawk bill becomes a massive hurdle and is likely to result for a  
10 much higher potential for nonpayment of the full amount, the imposition of late fees,  
11 collection actions, terminations, and the build up of large arrears balances compared to  
12 higher income families, all of which is reflected in Niagara Mohawk's monthly collection  
13 activity reports.

14 My testimony reflects the needs of these customers and the importance of reforms to  
15 Niagara Mohawk's existing low income rates and programs, as well as the adoption of  
16 reforms to current credit and collection practices to correctly provide disclosures to  
17 customers and implement the existing consumer protections required by law.

18 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.**

19 **A.** Based on my evidence and analysis which are discussed in further detail in my testimony,

20 I recommend the following:

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<sup>15</sup> Based on the same U.S. Census data, this annual cost of gas and electric service for Niagara Mohawk's average usage residential customers would represent 3% of the median family income for Onondaga County, 3.6% for Oswego County, and 2.9% for Schenectady County.

- 1 • Niagara Mohawk’s low income customer assistance programs should be reformed as  
2 follows:

3 (1) First, Niagara Mohawk’s programs should be reflected in its tariffs so that  
4 customers who receive these benefits can rely on the implication of an explicit  
5 rate reduction program that Niagara Mohawk is obligated to implement. This  
6 approach would also allow simpler revenue allocation among customer classes  
7 and subclasses, as well as more effective regulatory oversight and better targeted  
8 consumer advocacy for referrals and program evaluation. For example, while  
9 Niagara Mohawk’s website allows residential customers to explore rate options  
10 and explains the calculation of typical monthly bill components, low income  
11 customers are not provided with any explicit description of the monthly bill  
12 reductions they may qualify for. I acknowledge that Niagara Mohawk’s website  
13 and customer materials promote the existence of low income bill payment  
14 assistance programs and explains how to qualify for these programs, but the  
15 website does not in fact identify the dollar amount of benefits that are available  
16 for either electric or gas service customers.

17 (2) With regard to the low income electric rate reductions, I recommend that if  
18 Niagara Mohawk’s proposals for an increase in the minimum monthly charge is  
19 accepted, that the \$5.00 (non-heating) and \$15.00 (heating) monthly discounts be  
20 increased by at least a commensurate amount.

21 (3) Niagara Mohawk’s proposal for an increase in the gas rate reduction from \$7.50  
22 to \$10.00 is a welcome reform, particularly in light of the proposal to increase the  
23 minimum monthly charge to over \$20.00. However, this proposal only retains the  
24 percentage discount that is available under current rates and does not provide any  
25 incremental assistance to these customers and their families. I recommend that  
26 the monthly reduction be increased to at least \$15.00 so that 75% of the minimum  
27 monthly charge is covered.

28 (4) Niagara Mohawk should implement a per therm rate reduction for low income  
29 heating customers, similar to what is provided to similar customers by National  
30 Grid in Brooklyn and Long Island. The per therm reduction should equal at least  
31 40% of the next rate block’s otherwise applicable rate. This recommendation is  
32 crucial to the assurance of affordability for essential natural gas heating service.  
33 The reduction in the monthly bill that is provided with the current credit that is  
34 related to a portion of the minimum monthly charge has a relatively minor impact  
35 on affordability. For example, the existing \$7.50 discount only reduces the  
36 overall energy burden by \$90 per year, a 4.5% reduction in the overall annual gas  
37 and electric bill for a Niagara Mohawk customer. While this credit is useful and  
38 important, it is not sufficient to make the overall energy burden affordable and

1 allow the family to obtain and retain these essential utility services without severe  
2 sacrifice.

3 (5) I recommend that Niagara Mohawk provide both a gas and an electric rate  
4 reduction to qualified customers so that a combined gas/electric customer would  
5 receive the appropriate rate reduction for each service since the combined impact  
6 of both services has a significant impact on the affordability of Niagara  
7 Mohawk's service. This is particularly important in light of Niagara Mohawk's  
8 practice (that I will discuss later in my testimony) to disconnect electric service  
9 for nonpayment of overdue natural gas charges on a unified single balance bill.

10 (6) I recommend that Niagara Mohawk widen its program eligibility to include the  
11 categorical low income programs also relied upon by National Grid's other gas  
12 utilities and use the same methodology to determine eligibility and enrollment in  
13 those programs, all of which rely on a means-tested analysis of household income.  
14 Customers who for whatever reason have not applied for HEAP but who are  
15 clearly "low income" based on their enrollment in the programs relied upon by  
16 National Grid for its other New York utilities should be solicited and enrolled in  
17 Niagara Mohawk's programs.

18 (7) With regard to the implementation of energy efficiency and weatherization  
19 services for low income customers, the existence of both NYSERDA and Niagara  
20 Mohawk sponsored efficiency programs and their different modes of delivery for  
21 these programs is likely to contribute to an efficient targeting for Niagara  
22 Mohawk's low income customers of important and needed services to help reduce  
23 the overall bill and contribute to more affordable bills for Niagara Mohawk's gas  
24 and electric service. I recommend that the Commission undertake a thorough  
25 review of the delivery of low income efficiency and weatherization programs to  
26 increase the coordination and availability of these programs for low income  
27 customers.

28 (8) With regard to the arrears management program, I recommend that Niagara  
29 Mohawk be required to consider the design and effectiveness of this program in  
30 light of a recent evaluation conducted of National Grid's On Track programs  
31 implemented in New York and Long Island, as well as the best practices  
32 concerning low income arrears management programs adopted in Massachusetts.

- 33
- 34 • With regard to certain of Niagara Mohawk's credit and collection program and  
35 policies, I recommend reforms that should be adopted to address the following  
36 concerns:

- 1 (1) Niagara Mohawk’s customer rights disclosures do not in several cases comply  
2 with their obligations under HEFPA and should be revised;
- 3 (2) Niagara Mohawk’s disconnection process for its combined gas/electric customers  
4 relies on a single balance overdue notice and, as a result, discriminates against  
5 retention of essential electric service. Customers should be able to protect their  
6 essential electric service with partial payments allocated first to that service;
- 7 (3) Niagara Mohawk’s downpayment requirements for certain applicants for service  
8 do not appear to comply with HEFPA; and
- 9 (4) Niagara Mohawk’s customer behavioral scoring methodology and its impact on  
10 collection activities for low income customers needs reform to track and take into  
11 account a customer’s low income status when implementing collection actions. I  
12 recommend that Niagara Mohawk identify low income program customers in its  
13 Customer Behavior Scoring Methodology and track and report its credit and  
14 collection activities for those customers as part of its annual Low Income Program  
15 reporting requirements.
- 16
- 17 • Niagara Mohawk’s Customer Service Performance metrics should be reformed to  
18 better reflect customer service call performance and the rate of involuntary service  
19 terminations for low income and residential customers:

20 **II. NIAGARA MOHAWK’S CURRENT LOW INCOME PROGRAMS**  
21 **NEED REFORM AND EXPANSION**

22

23 **Q. PLEASE DESCRIBE NIAGARA MOHAWK’S CURRENT ELECTRIC AND GAS**  
24 **LOW INCOME PROGRAMS.**

25 A. Niagara Mohawk provides a number of programs that provide assistance to low income  
26 customers. In all cases, Niagara Mohawk identifies “low income” customers as those  
27 that receive a regular or emergency benefit or grant from the Home Energy Assistance  
28 Program (HEAP) in the previous 14 months.

29 Once Niagara Mohawk receives a HEAP benefit, the Company automatically enrolls  
30 the customer in the low income discount program for 14 months:

- 1           • The Low Income Gas Program provides a \$7.50/month credit, equal to 42% of the  
2           current monthly minimum charge. In 2011, an average of 68,800 customers per  
3           month received this credit which totaled \$6.1 million.<sup>16</sup> There is no reduction on the  
4           otherwise applicable delivery service per therm charge.
- 5           • The Low Income Electric Program provides a \$5.00/month credit for basic electric  
6           service (16.7% of current customer charge) and \$15.00/month for electric heat  
7           customers (92.5% of current customer charge). The low income customer served on  
8           the optional Large Time of use Rate also receives this credit, but the \$15/month credit  
9           is only equal to 50% of the \$30 monthly minimum charge for this rate class.<sup>17</sup> In  
10          2011, an average of 152,100 electric customers received this credit for a total of  
11          \$10.1 million.<sup>18</sup> There is no reduction in the otherwise applicable distribution service  
12          kWh charge.
- 13          • A combined gas/electric customer only receives one credit.
- 14          Niagara Mohawk also implements a Low Income Customer Assistance Affordability  
15          Program (Affordability Program) which is a much smaller program targeted to low  
16          income customers (HEAP recipients) with high arrears balances. A customer is eligible  
17          if he/she has defaulted on a \$10 minimum payment agreement, has an arrears balance  
18          which does not exceed \$1,500 for gas only or combined gas/electric service or an arrears  
19          balance which does not exceed \$1,200 for electric-only service, and has an average  
20          monthly bill that exceeds \$72 for electric-only service or \$140 gas only or combined

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<sup>16</sup> Niagara Mohawk Response to PULP No. 45 (GN-45) provided information for both the Gas and Electric Low Income Discount programs.

<sup>17</sup> However, only approximately 4,000-4,500 residential customers have selected this rate option.

<sup>18</sup> Niagara Mohawk Response to PULP No. 45 (GN-45) provided information for both the Gas and Electric Low Income Discount programs.



1 gas/electric service. Further, there is a requirement that the customer has “demonstrated  
2 some attempt to make payments on at least one-third of the account bills in the past year  
3 or period for which the account has been opened if the account is less than one year  
4 old.”<sup>19</sup> Specifically, a customer enrolled in this program is placed on a 24-month  
5 payment agreement in which the customer must pay a percentage of their total average  
6 bill each month and in return receives a portion of their arrears forgiven. An electric  
7 customer is required to pay 95% of their average monthly bill. A customer with  
8 combined gas/electric service or gas only service must pay 92.5% of average monthly  
9 bill. The balance of the monthly bill is deferred to the customer’s arrears balance. The  
10 amount of the arrears forgiven is equal to \$30 per month and is triggered by the  
11 customer’s obligation to make regular monthly payments. At month 25 the customer is  
12 offered a deferred payment plan on any remaining arrears balance. As of June 30, 2011,  
13 there were 4,097 customers participating in the program.<sup>20</sup> However, enrollment in the  
14 Affordability program has dropped since 2010, from 5,000 as of August 2010 to 3845 as  
15 of May 2012.<sup>21</sup> There is a high default rate on the program, typically 40-45% of those  
16 enrolled. However, for those who complete the program (approximately 25-30% based  
17 on historical information), the average arrears when leaving the program, while not  
18 eliminated, is substantially reduced. In 2011, the average arrears balance at enrollment  
19 was \$474.54 and this was reduced to \$230.55 at the time of leaving the program.<sup>22</sup> As of  
20 June 2011, the total year to date arrears forgiveness was \$500,949 for 2,208 electric

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<sup>19</sup> Annual Program Evaluation Report on National Grid’s Low Income Affordability Program, page 3, provided in response to PULP No. 42 (GN-42), attachment 2.

<sup>20</sup> As of May 2012, 3,845 customers were enrolled in the program. See, Niagara Mohawk Response to PULP No. 40 (GN-40).

<sup>21</sup> Niagara Mohawk Response to PULP No. 40 (GN-40).

<sup>22</sup> Niagara Mohawk Response to PULP No. 42, attachment 2, at 8.

1 customers and 750 gas/electric customers. Finally, Niagara Mohawk reported that the  
2 expense budget for this program was \$1.263 million, almost 77% of which was the cost  
3 of the arrears forgiveness, and the balance due to administrative costs.<sup>23</sup> The annual  
4 budget for this program was set at \$1.296 million.

5 Finally, Niagara Mohawk provides a waiver for the reconnection fee for HEAP  
6 customers, which, according to its filing, resulted lost fee electric revenue during the  
7 historic test year of \$109,000, far in excess of the estimated cost of \$10,000 reflected in  
8 the 2010 Electric rate case.<sup>24</sup> Clearly, low income customers are being terminated at a  
9 faster rate than predicted.

10 None of these low income bill payment assistance programs are reflected in Niagara  
11 Mohawk's tariffs. Rather, they are a product of settlement negotiations and orders  
12 approving settlement proposals in previous base rate cases and it is, therefore, not  
13 possible to easily identify each program and the benefits that each provides to qualified  
14 customers.

15 **Q. DO ANY OF THESE PROGRAMS IMPLEMENTED BY NIAGARA MOHAWK**  
16 **INCLUDE ENERGY EFFICIENCY PROGRAMS TARGETED SPECIFICALLY**  
17 **TO LOW INCOME CUSTOMERS?**

18 A. No. Niagara Mohawk does operate a few energy efficiency programs for its residential  
19 customers, but these are primarily rebate programs associated with Energy Star  
20 appliances that require the customer to purchase the new appliance to obtain a rebate. As  
21 a result of the obvious requirement that a customer must buy a new appliance to trigger  
22 the rebate, these are not programs that most low income customers can or do participate

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<sup>23</sup> Ibid., at 9.

<sup>24</sup> Testimony of Shared Services and Customer Panel at 42.

1 in even though their rates reflect the subsidies necessary to support these programs.<sup>25</sup>  
2 Even though participation in these efficiency programs by low income customers is  
3 relatively low, it is of concern that HEAP customers, all of whom are presumably  
4 qualified for the EmPower New York and federally funded Weatherization Assistance  
5 Program for no cost efficiency measures, are participating in these programs which  
6 require a substantial customer investment to trigger the rebate or other service associated  
7 with Niagara Mohawk's residential programs. However, residential customer bills  
8 include a System Benefits Charge that is equal to 1.2% of the average bill and would be  
9 equal to 1.5% under proposed rates in this case for electric service and 2% of the average  
10 residential gas bill under current rates and 1.9% of the bill under proposed rates.<sup>26</sup> As a  
11 result, low income customers pay far more to support these programs compared to their  
12 ability to participate in them and subsidize the programs that are primarily used by higher  
13 income customers.

14 Niagara Mohawk informs all the low income customers participating in these bill  
15 discount and Affordability programs to New York State Energy Research and  
16 Development Authority's (NYSERDA) EmPower New York programs and transmits this  
17 information to NYSERDA as well. NYSERDA implements targeted weatherization and  
18 efficiency programs for low income customers through third party contractors. According  
19 to NYSERDA's EmPower New York website, this program has provided assistance to

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<sup>25</sup> Niagara Mohawk Response to PULP No. 50 (GN-50) states that 46 HEAP customers participated in the Company's Enhanced Home Sealing Incentives Programs, 372 HEAP customers participated in the Energy Star Products Program, and 302 HEAP customers participated in the Residential Heating, Water Heating and Controls Program. This participation rate by low income customers is 5% or less of all residential participants in the programs. Niagara Mohawk Response to PULP No. 85 (GN-85)

<sup>26</sup> Niagara Mohawk Response to PULP No. 49 (GN-49).

1 61,000 low income households since its inception.<sup>27</sup> A qualified customer gets a no-cost  
2 energy audit and various efficiency and weatherization services, again at no cost, based  
3 on the results of the audit.<sup>28</sup> In addition, the federally funded Weatherization Assistance  
4 Program which targets weatherization services to low income households is implemented  
5 by still a different New York state agency, the New York State Division of Housing and  
6 Community Renewal through its network of regional Community Action Program  
7 agencies. Based on the EmPower New York program participation information provided  
8 by NYSERDA, there is no question that this program serves a very small percentage of  
9 the low income customers that are being served not only by Niagara Mohawk, but other  
10 New York gas and electric utilities as well.

11 **Q. HOW DOES NIAGARA MOHAWK RECOVER THE LOSS IN REVENUES AND**  
12 **ADMINISTRATIVE COSTS OF ITS LOW INCOME BILL PAYMENT**  
13 **ASSISTANCE PROGRAMS?**

14 A. The majority of the foregone revenues for the electric and gas low income programs are  
15 recovered through base rates and a portion of the Affordability Programs is recovered  
16 through commodity related uncollectible costs included in the Merchant Function  
17 Charge. Based on the budgets established in the most recent rate cases, rates reflect the  
18 following estimated revenue impacts for these programs:

	Electric	Gas
Affordability Program	\$ 1,296,000	\$ 190,000

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<sup>27</sup> According to NYSERDA's 2010 Annual Report, "During 2010, EmPower provided electricity demand reduction and home energy performance improvements to more than 6,334 low-income households." Clearly, this program, while valuable, does not deliver its low income energy performance improvements to even a small percentage of the low income customers participating in New York's gas and electric low income bill assistance programs. Report at 23. Available at [www.nyserdera.ny.org](http://www.nyserdera.ny.org)

<sup>28</sup> <http://www.nyserdera.ny.gov/Page-Sections/Residential/Programs/Low-Income-Assistance/EmPower-for-Residents.aspx>

1	Low Income Discount Program	\$10,536,000	\$4,500,000
2	Waiver of the Reconnect Fee	\$ 8,738	---

3 All customer classes pay for these programs. The average residential electric  
4 customer pays \$0.43 per month due to the reallocate of revenues under these programs  
5 and the average residential gas customer pays \$0.68 per month. As a result, the rate  
6 impact for these programs represent a minimal impact on the monthly bill for most  
7 customers, but it should be noted that low income customers also pay for these programs  
8 in their rates.<sup>29</sup> This is a strong reason to strive for the fullest possible participation by  
9 eligible customers in low income programs.

10 **Q. HOW DOES THE PROGRAM DESIGN FOR THESE LOW INCOME BILL**  
11 **ASSISTANCE PROGRAMS COMPARE TO OTHER NATIONAL GRID LOW**  
12 **INCOME PROGRAMS IN NEW YORK?**

13 A. Niagara Mohawk is the only electric National Grid company in New York. With regard  
14 to gas programs, however, National Grid’s Brooklyn Union Gas Co. (KEDNY) and  
15 KeySpan Gas East Corp. (KEDLI) operate low income gas programs.<sup>30</sup>

- 16 • KEDNY’s Reduced Residential Rate provides a \$2.50 monthly bill reduction for  
17 residential non-heating low income customers (equal to 18 % of the minimum  
18 customer charge) and a \$9.50 monthly reduction for residential heating low income  
19 customers (equal to 57.5% of the minimum customer charge). In addition, there is a  
20 reduction of the per therm charge for residential heating service customers equal to  
21 46.9% of the “block 2 rate” for November 1 through April 30. KEDNY also operates  
22 an On Track program that targets customers with arrears balances. The reduced rates

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<sup>29</sup> Niagara Mohawk Response to PULP No. 43 (GN-43).

<sup>30</sup> Niagara Mohawk Response to PULP No. 87 (GN-87).

1 for low income customers are reflected in the Company's tariffs as identified  
2 subclasses of residential customers.

- 3 • KEDLI provides a \$4.82 monthly rate reduction for general residential service (equal  
4 to 35%3% of the current minimum charge) and a \$13.02 monthly rate reduction for  
5 residential heating service (equal to 78,2% of the current minimum charge). In  
6 addition, there is a rate reduction on the per therm charge for residential heating  
7 service customers equal to 41.4% of the "block 2 rate" for November 1 through April  
8 30. KEDLI also operates an On Track program that targets customers with arrears  
9 balances. These rate reductions are reflected in the Company's tariffs.
- 10 • Both downstate National Grid companies have expanded the availability of these  
11 programs beyond HEAP participation and include recipients of other categorical low  
12 income programs, such as Medicaid, Food Stamps, TANF, Supplemental Security  
13 Income, Veteran's Disability Pension, and Public Assistance. The application  
14 requires the customer to show a photocopy of the identification card associated with  
15 one or these programs and allows National Grid to contact the issuing agency to  
16 verify the information.<sup>31</sup>
- 17 • Both of these downstate National Grid gas utilities implement an On Track  
18 affordability program targeted to customers at risk of service termination for  
19 nonpayment and high arrears balances, similar to Niagara Mohawk's Affordability  
20 Program.

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<sup>31</sup> KEDNY's Residential Reduced Rate Application is available on its website.

1 **Q. HOW DO NIAGARA MOHAWK'S LOW INCOME BILL PAYMENT**  
2 **ASSISTANCE PROGRAMS COMPARE TO LOW INCOME PROGRAMS**  
3 **PROVIDED BY OTHER NEW YORK GAS AND ELECTRIC UTILITIES?**

4 A. There is a wide range of low income programs in effect throughout New York's gas and  
5 electric utilities, all of which appear to be the reflection of base rate orders and approved  
6 rate case settlements. These programs are similar to those operated by Niagara Mohawk  
7 and National Grid's gas utilities in New York and Long Island, but the amount of the rate  
8 reduction and whether or not a per therm or per kWh discount is also provided varies:

- 9 • Consolidated Edison reports that 372,728 electric customers are receiving a low  
10 income rate.<sup>32</sup> Gas customers also receive a reduced minimum charge discount and a  
11 per therm rate reduction. Low Income gas heating customers are served under a  
12 tariffed low income rate that provides a \$7.65 discount o the minimum monthly  
13 charge (3 therms) and a 49% reduction off the otherwise applicable per therm rate for  
14 the next 87 therms.<sup>33</sup> For program year April 2011 through May 2012, the electric  
15 rate reduction totaled \$36.1 million. For the program year ending September 2011,  
16 the low income gas reductions totaled \$6.747 million.
- 17 • Orange and Rockland provides natural gas residential heating low income customers  
18 a monthly bill reduction of \$17.40. Electric low income customers will receive a  
19 monthly bill reduction of \$7.00, \$8.00, and \$9.00 for rate years 1 through 3.<sup>34</sup>
- 20 • New York State Electric and Gas and Rochester Gas and Electric both substantially  
21 expanded their gas and electric low income programs in a settlement of a 2010 rate

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<sup>32</sup> Consolidated Edison's current low income programs were approved in Case 09-E-0428 and 09-G-0795 (multi year rate plans). The reported data is from its June 30, 2012 Low Income Report.

<sup>33</sup> See Consolidated Edison tariffs, Service Classification No. 2 and No. 3 (October 1, 2011).

<sup>34</sup> Case 11-E-0408.

1 case. According to the Commission’s Order approving a settlement on these program  
2 expansions, the “need is indisputable,” “current participant levels were inadequate,”  
3 and “increases are demonstrably reasonable and necessary.”<sup>35</sup> Based on the total  
4 participants and costs reported in the 2011 Report, the monthly bill reduction appears  
5 to average \$16.77 for NYSEG and \$11 for RG&E customers.<sup>36</sup>

6 **Q. IN LIGHT OF THIS INFORMATION AND YOUR PRIOR DESCRIPTION OF**  
7 **THE ECONOMIC INDICATORS OF POVERTY IN NIAGARA MOHAWK’S**  
8 **SERVICE TERRITORY, WHAT DO YOU RECOMMEND IN THIS**  
9 **PROCEEDING?**

10 A. I have several recommendations designed to enhance Niagara Mohawk’s low income  
11 rates and programs and participation in them.

- 12 • Niagara Mohawk’s low income bill payment assistance programs should be reflected  
13 in its tariffs so that customers who receive these benefits can rely on the implication  
14 of an explicit rate reduction program that Niagara Mohawk is obligated to implement.  
15 This approach would also allow simpler revenue allocation among customer classes  
16 and subclasses, as well as more effective regulatory oversight and better targeted  
17 consumer advocacy for referrals and program evaluation. For example, while  
18 Niagara Mohawk’s website allows residential customers to explore rate options and  
19 explain the calculation of their monthly bill components, low income customers are  
20 not provided with any explicit description of the monthly bill reductions they may  
21 qualify for. I acknowledge that Niagara Mohawk’s website and customer materials

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<sup>35</sup> Cases 09-E-0715, 09-G-0716, 09-E-0717 and 09-G-0718. The Commission issued its order approving the rate plan and expanded low income programs on September 21, 2010. See pp. 61-62.

<sup>36</sup> NYSEG’s Low Income Report for 2011.



1 promote the existence of low income bill payment assistance programs and explains  
2 how to qualify for these programs, the website does not in fact identify the dollar  
3 amount of benefits that are available for either electric or gas service customers.

- 4 • With regard to the low income electric rate reductions, I recommend that if Niagara  
5 Mohawk's proposals for an increase in the minimum monthly charge is accepted, that  
6 the \$5.00 (non-heating) and \$15.00 (heating) monthly discounts be increased by at  
7 least a commensurate amount.
- 8 • Niagara Mohawk's proposal for an increase in the gas rate reduction from \$7.50 to  
9 \$10.00 is a welcome reform, particularly in light of the proposal to increase the  
10 minimum monthly charge to over \$20.00. However, this proposal only retains the  
11 percentage discount that is available under current rates and does not provide any  
12 incremental assistance to these customers and their families. I recommend that the  
13 monthly reduction be increased to at least \$15.00 so that 75% of the minimum  
14 monthly charge is covered.
- 15 • Niagara Mohawk should implement a per therm rate reduction for low income  
16 heating customers, similar to what is provided to similar customers by National Grid  
17 in Brooklyn and Long Island. The per therm reduction should equal at least 40% of  
18 the next rate block's otherwise applicable rate. This recommendation is crucial to the  
19 assurance of affordability for essential natural gas heating service. The reduction in  
20 the monthly bill that is provided with the current credit that is related to a portion of  
21 the minimum monthly charge has a relatively minor impact on affordability. For  
22 example, the existing \$7.50 discount only reduces the overall energy burden by \$90  
23 per year, a 4.5% reduction in the overall annual gas and electric bill for a Niagara

1 Mohawk customer. While useful and important, this rate reduction it is not sufficient  
2 to make the overall energy burden affordable and allow the family to obtain and  
3 retain these essential utility services without severe sacrifice.

- 4 • I recommend that Niagara Mohawk provide both a gas and an electric rate reduction  
5 so that a qualified combined gas/electric customer would receive the appropriate rate  
6 reduction for each service since the combined impact of both services has a  
7 significant impact on the affordability of Niagara Mohawk's service. This is  
8 particularly important in light of Niagara Mohawk's practice (that I will discuss later  
9 in my testimony) to disconnect electric service for nonpayment of overdue natural gas  
10 charges on a unified single balance bill.

- 11 • I recommend that Niagara Mohawk widen its program eligibility to include the  
12 categorical low income programs also relied upon by National Grid's other gas  
13 utilities and use the same methodology to determine eligibility and enrollment in  
14 those programs, all of which rely on a means-tested analysis of household income.  
15 Customers who for whatever reason have not applied for HEAP but who are clearly  
16 "low income" based on their enrollment in the programs relied upon by National Grid  
17 for its other New York utilities should be solicited and enrolled in Niagara Mohawk's  
18 programs.

- 19 • With regard to the implementation of energy efficiency and weatherization services  
20 for low income customers, the existence of both NYSERDA and Niagara Mohawk  
21 sponsored efficiency programs and their different modes of delivery for these  
22 programs is likely to contribute to an efficient targeting for Niagara Mohawk's low  
23 income customers of important and needed services to help reduce the overall bill and

1 contribute to more affordability bills for gas and electric service. I recommend that  
2 the Commission undertake a thorough review of the delivery of low income  
3 efficiency and weatherization programs to increase the coordination and availability  
4 of these programs for low income customers.

5 **Q. HAVE YOU CALCULATED THE REVENUE IMPLICATIONS ASSOCIATED**  
6 **WITH YOUR RECOMMENDATIONS TO EXPAND NIAGARA MOHAWK’S**  
7 **LOW INCOME RATES AND PROGRAMS?**

8 A. No because such a calculation would depend on the number of customers enrolled in the  
9 program. However, just as the Company has shown how revenue implications of its rate  
10 proposals could be offset by applying deferrals in different ways or over different periods  
11 of time, the Company could accommodate the revenue reallocation shifts for a more  
12 robust low income rate and other programs with minor bill impacts to other customers.

13 **Q. DO YOU HAVE ANY RECOMMENDATIONS WITH RESPECT TO NIAGARA**  
14 **MOHAWK’S AFFORDABILITY OR ARREARS MANAGEMENT PROGRAM?**

15 A. This program is relatively small and is not the “answer” for assuring affordability of  
16 service for the large number of low income households enrolled in the current discount  
17 program. While I appreciate the intent of this and similar programs to address the  
18 situation of customers at risk of termination who have broken deferred payment  
19 agreements with minimum payment requirements, by attempting to incent regular  
20 payments in return for a reduction in the customer’s arrears balances, these more “one on  
21 one” programs would need to be significantly expanded to have the desired broader  
22 impact on affordability and, as currently structured, Niagara Mohawk’s program does not  
23 provide sufficient rate reduction or bill payment assistance to assure that result. I do not

1 have any specific proposal for changing the design or implementation of this program at  
2 this time. However, I do not recommend that it be expanded without additional  
3 evaluation and analysis of its effectiveness. Unfortunately, Niagara Mohawk does not  
4 undertake a regular review of the performance and effectiveness of this program outside  
5 of its obligations to provide annual reports.<sup>37</sup> Based on the most recent annual report, this  
6 program has a high degree of failure due to the customer's inability to make the required  
7 monthly payments. The amount of the bill reduction is relatively small and, in my  
8 opinion, is probably insufficient to trigger affordable and regular payments. However, I  
9 do recommend that Niagara Mohawk be required to consider the design and effectiveness  
10 of this program in light of a recent evaluation conducted of National Grid's On Track  
11 programs implemented in New York and Long Island. In its recent report on the Process  
12 Evaluation of National Grid's Long Island Low Income Rate Discount and On Track  
13 Programs,<sup>38</sup> Navigant Consulting concluded that the On Track program "requires more  
14 proactive management, aided by better data about participants and their progress through  
15 the program." This recommendation is primarily a reflection of the high failure rate in  
16 the current program as well as the lack of any automated data reporting or analysis about  
17 program participants by the utility's management. Further, this Report recommended  
18 more aggressive and intensive outreach to seek enrollment in the programs because of an  
19 ongoing failure to reach authorized participation levels.

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<sup>37</sup> Niagara Mohawk Response to PULP No. 39 (GN-39). Also, there is no regular reporting or obligation to consider the combined effectiveness of the gas and electric program or those programs in combination with the Affordability Program.

<sup>38</sup> This Report is dated May 2, 2012 and provided in Niagara Mohawk's Response to PULPBAINF-1, attachment 5.

1 **Q. IS THERE A MODEL FOR A LARGER SCALE ARREARS MANAGEMENT**  
2 **PROGRAM THAT SHOULD BE CONSIDERED FOR ADOPTION BY NEW**  
3 **YORK UTILITIES IN GENERAL AND NATIONAL GRID IN PARTICULAR?**

4 A. Yes. The Massachusetts gas and electric utilities, including National Grid, operate a  
5 large-scale arrears management program along with a more substantial rate reduction for  
6 their low income customers. For example, National Grid in Massachusetts offers an  
7 Arrears Management Program for low income customers already participating in the Low  
8 Income reduced rate if the customer has an arrears balance of \$300 or more that is at least  
9 60 days overdue. The customer who makes payments on their current discounted bill  
10 under a budget payment plan can get arrears forgiveness equal to 1/12<sup>th</sup> of their arrears  
11 balance over a 12 month period up to a maximum of \$1,500 (or for a longer period of  
12 time if the arrears balance is higher). Importantly, a customer who is enrolled in this  
13 program and makes their monthly budget payment is shielded from disconnection of  
14 service. I attach a description of National Grid's AMP as Exhibit BA-3. This program is  
15 implemented statewide in Massachusetts. It is simply designed and widely viewed as  
16 successful by both utilities and advocates.

17 **Q. ARE THERE OTHER BEST PRACTICES THAT ARE IMPLEMENTED IN**  
18 **MASSACHUSETTS THAT SUPPORT YOUR PROPOSED REFORMS?**

19 **Q.** Yes. In connection with my proposal to expand the categorical low income programs  
20 that would trigger a participation in Niagara Mohawk's low income discount and rate  
21 relief benefits, Massachusetts has adopted a statewide means of enrolling low income  
22 customers in their rate discount programs that should be adopted in New York and that is  
23 reflected in the excellent approach that National Grid is using in its New York and Long

1 Island gas service areas. This approach requires the customer to identify the program for  
2 which the customer or member of the household receives benefits (using the same list  
3 that National Grid uses for its New York and Long Island customers), show proof of  
4 enrollment in the program, at which point the utility enrolls the customer in the program.  
5 There is no need for further investigation or additional bureaucracy unless the utility has  
6 some reason to doubt the authenticity of the document provided by the customer and  
7 follows up with confirmation from the agency in question. This approach reduces costs,  
8 enhances the potential of enrollment for needy families, and streamlines the utility's role  
9 in determining eligibility. Finally, it is my understanding that Consolidated Edison in  
10 New York has, in addition to a manual enrollment process, implemented a method to  
11 automatically enroll qualified customers in its low income rate reduction programs based  
12 on data transfer protocols with social assistance agencies. Niagara Mohawk should also  
13 be required to explore this approach once the categorical programs are approved for  
14 enrollment in these vital programs.

15 **Q. ARE THERE OTHER CONCERNS ABOUT NIAGARA MOHAWK'S**  
16 **INTERACTIONS WITH ITS LOW INCOME CUSTOMERS THAT ARE**  
17 **SUPPORTIVE OF YOUR PROPOSALS TO EXPAND EXISTING LOW INCOME**  
18 **BILL PAYMENT ASSISTANCE PROGRAMS?**

19 A. Yes. In the next section of my testimony I identify some aspects of Niagara Mohawk's  
20 credit and collection programs that should be reformed and that, given their current  
21 structure and implementation, have an adverse impact on the ability of low income  
22 customers to obtain and retain essential electricity and natural gas service. Furthermore,  
23 my recommended reforms to the bill payment assistance programs, if adopted, may result

1 in lower uncollectible and other collection related costs since it is likely that customers  
2 with more affordable bills will not require the degree of credit and collection attention  
3 and expenses currently experienced by Niagara Mohawk and documented in its rate  
4 filing.

### 5 **III. NIAGARA MOHAWK'S CREDIT AND COLLECTION** 6 **PROGRAMS AND POLICIES SHOULD BE REFORMED**

7  
8 **Q. PLEASE IDENTIFY THE CREDIT AND COLLECTION POLICIES YOU WILL**  
9 **DISCUSS IN YOUR TESTIMONY.**

10 A. I will address the following issues in my testimony relating to Niagara Mohawk's credit  
11 and collection practices because these practices inevitably have a significant impact on  
12 low income and payment troubled customers:

- 13 • Niagara Mohawk's customer rights disclosures do not in several cases comply with  
14 their obligations under HEFPA;
- 15 • Niagara Mohawk's disconnection process for its combined gas/electric customers  
16 discriminates against retention of essential electric service in situations where  
17 customers make partial payments;
- 18 • Niagara Mohawk's downpayment requirements for certain applicants for service do  
19 not appear to comply with HEFPA; and
- 20 • Niagara Mohawk's customer behavioral scoring methodology and its impact on  
21 collection activities for low income customers needs reform.

22 **Q. PLEASE DISCUSS YOUR CONCERN WITH NIAGARA MOHAWK'S**  
23 **CUSTOMER DISCLOSURES.**

1 A. Niagara Mohawk is required to comply with the Home Energy Fair Practices Act with  
2 regard to sending written notices to customers for certain key actions associated with its  
3 credit and collection actions against residential customers. While I have not sought to  
4 engage in an “audit” of Niagara Mohawk’s practices in this regard, there are several  
5 indicators based on my review of various customer documents I have reviewed that  
6 indicate a concern that should, at a minimum, should result in revised customer  
7 disclosures:

8 • For example, the “RESIDENTIAL DEFERRED PAYMENT AGREEMENT”<sup>39</sup>  
9 appears to be a written confirmation of a deferred payment agreement once such  
10 agreement has been negotiated. The disclosure has a very narrow view of how the  
11 customer can obtain potential bill payment assistance by referring customers to  
12 “Public Assistance or Supplemental Security Income.” Inexplicably, there is no  
13 mention of HEAP or Niagara Mohawk’s own low income discount and affordability  
14 programs. Any such payment arrangement confirmation notice should include a  
15 reference to these (and perhaps other) programs to aid customers who demonstrably  
16 have payment troubles.

17 • The “NOTICE OF SERVICE DENIAL”<sup>40</sup> is deficient and fails to properly inform  
18 customers of their rights. The reference to the right to “request assistance” from the  
19 Public Service Commission is not a proper notification of the customer’s rights.  
20 While the availability of “assistance” may be helpful to mediate a dispute, this is an  
21 insufficient disclosure of the customer’s right to dispute the utility’s actions and get

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<sup>39</sup> Niagara Mohawk Response to PULP No. 58, attachment 4.

<sup>40</sup> Ibid., Attachment 2.



1 an adjudication of their dispute by the neutral fact finder. Under HEFPA the  
2 Commission is required to adjudicate certain disputes with payment plans and, with  
3 respect to denial of service states that the written notice must:

4 Advise[s] the applicant of the right to an investigation and review of the denial by the  
5 commission or its authorized designees if the applicant considers the denial to be  
6 without justification. The distribution utility shall advise the applicant of the  
7 appropriate address and telephone number of the commission, including the  
8 commission's hot-line number and the times of its availability.

9 16 NYCRR 11.3(b) (2).<sup>41</sup>

10 • Niagara Mohawk's "FINAL DISCONNECTION NOTICE"<sup>42</sup> contains a front  
11 and back. Obviously, most customers will focus on the front of the notice. The front of  
12 Niagara Mohawk's disconnection notice is written to emphasize payment of bill in full is  
13 required to avoid disconnection. The customer is directed to a 1-800 number "to discuss  
14 the possibility of payment arrangements." But, this vague reference is followed by the  
15 statement that, "To avoid termination of service, your payment of \$\_\_\_\_\_ must reach us  
16 on or after \_\_\_\_\_." As a result, the front of the Notice does not properly state the  
17 required disclosures about a customer's right to negotiate a payment plan based on the  
18 customer's individual financial circumstances. While I recognize that a more accurate  
19 disclosure appears on the back of the Notice<sup>43</sup> that informs customers that they should  
20 contact Niagara Mohawk to negotiate a payment plan "you can afford." However, the

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<sup>41</sup> The New York Public Service Law prescribes that "[t]he commission shall maintain regulations for complaint handling procedures *including complaints with respect to the negotiation of a deferred payment agreement* which shall include, at a minimum: (a) provision for investigation and informal review and for appeal to the commission in its discretion. . . ." (*Emphasis added*).

<sup>42</sup> *Ibid.*, attachment 3.

<sup>43</sup> Niagara Mohawk Response to PULP No. 82 (GN-82), attachment.

1 failure to properly describe this basic and important customer right in a conspicuous  
2 location on the front of the Notice should be correctly promptly.

3 **Q. DO YOU HAVE ANY CONCERNS ABOUT HOW NIAGARA MOHAWK**  
4 **IMPLEMENTS ITS DISCONNECTION PROCESS FOR COMBINED GAS AND**  
5 **ELECTRIC CUSTOMERS?**

6 A. Yes. National Grid, similar to many other combined gas/electric utilities issues a single  
7 balance overdue amount on disconnection notices to combined gas/electric customers.  
8 When customers pay less than the full amount of the combined bill, payments are  
9 allocated on a prorated basis to reflect the percentage of the bill for gas and electric  
10 service.<sup>44</sup> As a result, there is no priority given to allocating partial payments to electric  
11 service which is the essential service required to operate any natural gas or other central  
12 heating system. This concern is heightened by Niagara Mohawk's practice of  
13 disconnecting the electric service for such customers because it is the easier service to  
14 connect and reconnect.<sup>45</sup> The disconnection of electric also has the impact of effectively  
15 disconnecting the natural gas heating system. Of Niagara Mohawk's 1,484,485  
16 residential customers, 513,540 are combined gas and electric service. This practice  
17 discriminates against a customer who makes partial payments under the assumption that  
18 at least the gas heating service will be protected from disconnection. Furthermore this  
19 practice means that a combined gas/electric customer has essentially fewer protections  
20 than those who take only electric service from Niagara Mohawk and natural gas service  
21 from another utility. I recommend that Niagara Mohawk allocate partial payments first to  
22 electric service to protect that vital service and prevent disconnection of that service

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<sup>44</sup> Niagara Mohawk Response to PULP No. 25 (GN-25).

<sup>45</sup> NIMIO Response to PULP No. 24 (GN-24).

1 because of its importance to retaining natural gas or other non-utility heating systems that  
2 the customer may rely upon. Alternatively, the utility should notify its combined  
3 gas/electric customers of its payment allocation practices and offer customers the option  
4 to allocate partial payment to either gas or electric service.

5 **Q. PLEASE DISCUSS NIAGARA MOHAWK’S PRACTICES WITH REGARD TO**  
6 **SEEKING PAYMENT OF A PREVIOUSLY INCURRED DEBT WHEN A**  
7 **CUSTOMER SEEKS SERVICE AT A NEW LOCATION.**

8 A. According to Niagara Mohawk, when a customer seeks service for a previously closed  
9 account with an unpaid balance, all residential applicants must pay half of their arrears or  
10 three times the average bill at the pending/new address, whichever is less, as a  
11 downpayment. The remaining balance is then transferred to the new active account and  
12 is eligible for a payment agreement based on a discussion of the customer’s financial  
13 statement.<sup>46</sup> This does not appear to comply with the HEFPA provisions relating to  
14 application for service. Specifically, 16 NYCRR 11.3 (a) states:

15 a) Extension of service. (1) Consistent with the provisions of paragraphs (2)-(4) of  
16 this subdivision, every distribution utility shall provide residential service to an  
17 applicant upon his or her oral or written request.

18 (2) A distribution utility shall not be obligated to provide service to an applicant  
19 who owes the distribution utility money for residential service provided to a prior  
20 account in his or her name unless:

21 (i) the applicant makes full payment for residential service provided to any such  
22 prior account in his or her name;

23 (ii) the applicant agrees to make payments under a deferred payment plan of any  
24 amounts due for service to a prior account in his or her name, pursuant to section  
25 11.10 of this Part;

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<sup>46</sup> Niagara Mohawk Response to PULP No. 56 (GN-56).

1 (iii) the applicant has pending a billing dispute pursuant to section 11.20 of this  
2 Part with respect to any amounts due for service to a prior account in his or her  
3 name and has paid any amounts required to be paid pursuant to those provisions;

4 (iv) the applicant is a recipient of or an applicant for public assistance,  
5 supplemental security income benefits or additional State payments pursuant to  
6 the Social Services Law, and the distribution utility receives from an official of  
7 the social services district in which the applicant resides, or is notified by such an  
8 official that it is entitled to receive, payment for services due to a prior account in  
9 the applicant's name together with a guarantee of future payments to the extent  
10 authorized by the Social Services Law; or

11 (v) the commission or its authorized designee directs the provision of service.

12 Section 11.10 of HEFPA relating to Deferred Payment Agreements specifically  
13 requires the utility to negotiate a payment plan that is “fair and equitable” and takes the  
14 customer’s “financial circumstances” into account. At no point in this regulation is a  
15 utility allowed to establish a “rule” that the customer must pay three times the average  
16 bill at the new location as a downpayment. In fact, the only reference in this section  
17 [subsection (d) (2)(ii)] to a predetermined downpayment is with regard to a downpayment  
18 up to 15% of the amount covered by the agreement or one-half of one month’s average  
19 usage, whichever is greater. Niagara Mohawk should be required to reform its practices  
20 and disclosures to conform to HEFPA.

21 **Q. PLEASE DISCUSS NIAGARA MOHAWK’S BAD DEBT MITIGATION PLAN**  
22 **AND ITS CUSTOMER BEHAVIOR BASED COLLECTION SYSTEM.**

23 A. Based on my preliminary review of this program,<sup>47</sup> I do not object to the theory of  
24 evaluating customer payment behavior and targeting collection actions based on such  
25 analysis. I understand and endorse the objective of more targeted collection actions to  
26 focus the most serious actions relating to termination of service on those who can pay,

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<sup>47</sup> A number of key documents explaining this program were provided in Niagara Mohawk Response to PULP Nos. 1, 6, and 19.

1 but do not do so. I have not, however, reviewed this program in sufficient detail to  
2 determine if the system-wide costs incurred National Grid and allocated to all its  
3 subsidiaries in the U.S. are offset by the benefits to Niagara Mohawk's customers. My  
4 concern here is how Niagara Mohawk's customer behavior program fails to take a  
5 customer's low income status into account. Niagara Mohawk does not, for example,  
6 differentiate in its collection actions based on the customer's receipt of HEAP or  
7 participation in its low income discount programs.<sup>48</sup> I am concerned that the inability of  
8 many low income customers to pay their bill in full every month will trigger even faster  
9 and more frequent disconnections compared to other customers that may have the ability  
10 to pay and choose not to do so. Therefore, in my opinion this treatment strategy fails to  
11 properly take the low income customer's circumstances into account when pursuing  
12 disconnection of service.

13 **Q. HAVE YOU REVIEWED NIAGARA MOHAWK'S DISCONNECTION**  
14 **ACTIVITY PURSUANT TO THIS BAD DEBT MITIGATION PLAN AND THE**  
15 **CUSTOMER BEHAVIOR BASED SYSTEM?**

16 A. Yes. National Grid tracks field visits, terminations, and certain payment statistics for  
17 each of its U.S. gas and electric utilities as part of its Bad Debt Initiative. According to  
18 the analysis of this program for FY 2010 compared to FY 2009 (the year prior to the  
19 implementation of the program), Niagara Mohawk reported a lower level of field visits, a  
20 higher level of terminations, and a reduced amount of payment dollars collected in FY

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<sup>48</sup> Niagara Mohawk Response to PULP No. 8 (GN-8). This Response states that while there is the possibility of creating a special collections treatment strategy for customer accounts with "low income" designation, there is no such treatment strategy current in effect and low income customers are "treated no differently than other customers..."

1 2010 compared to 2009.<sup>49</sup> This experience, whether or not all National Grid companies  
2 showed improvement or not, does not bode well for Niagara Mohawk's low income  
3 customers. In fact, Niagara Mohawk's terminations for residential gas and electric  
4 customers remain very high in recent years, totally 53,805 in 2010, 50,988 in 2011, and  
5 in the summer months of 2012, terminations are higher than in prior years.<sup>50</sup> When asked  
6 to provide terminations for known low income customers, Niagara Mohawk reported that  
7 37% of all residential terminations of service were targeted to known low income  
8 customers. Furthermore, terminations for these customers increased in 2011 compared to  
9 2010, although the termination rate for the summer months of 2012 are below those  
10 experienced in the summer of 2011.<sup>51</sup>

11 **Q. IN LIGHT OF YOUR CONCERNS ABOUT THE IMPACT OF THE BAD DEBT**  
12 **MITIGATION PLAN ON LOW INCOME CUSTOMERS AND THE INCIDENCE**  
13 **OF DISCONNECTION FOR SUCH CUSTOMERS, WHAT DO YOU**  
14 **RECOMMEND?**

15 A. First, I recommend that Niagara Mohawk identify low income program customers in its  
16 Customer Behavior Scoring Methodology and track and report its credit and collection  
17 activities for those customers as part of its annual Low Income Program reporting  
18 requirements. Second, I recommend that Niagara Mohawk include a disconnection ratio  
19 for such customers in its Service Quality Assurance Mechanism, which I will discuss in  
20 more detail in the next section of my testimony.

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<sup>49</sup> Niagara Mohawk Response to PULP No. 9, attachment.

<sup>50</sup> Niagara Mohawk Response to PULP No. 80 (GN-80), attachment.

<sup>51</sup> Niagara Mohawk Response to PULP No. 81 (GN 81), attachment. The terminations of known low income were 19,928 in 2010 and 21,082 in 2011. This is almost 40% of all terminations reported in PULP No. 80.

1 **IV. NIAGARA MOHAWK'S CUSTOMER SERVICE PERFORMANCE**  
2 **METRICS SHOULD BE REFORMED**  
3

4 **Q. PLEASE IDENTIFY THE SPECIFIC REFORMS YOU RECOMMEND WITH**  
5 **RESPECT TO NIAGARA MOHAWK'S CUSTOMER SERVICE**  
6 **PERFORMANCE METRICS.**

7 A. I recommend that the Commission approve two reforms to the current Customer Service  
8 performance metrics.

- 9 • The Call Center Performance metric is deficient because it does not include a Call  
10 Abandonment Rate or a Busy Out Rate.
- 11 • The metrics should include a new measurement of the rate of disconnection or  
12 termination for nonpayment for low income and residential customers.

13 **Q. PLEASE DISCUSS YOUR RECOMMENDATION WITH RESPECT TO THE**  
14 **CALL CENTER PERFORMANCE MEASUREMENTS.**

15 A. Niagara Mohawk reports the percentage of calls answered within 30 seconds, a  
16 measurement that I support. However, a true picture of customer call center performance  
17 should also measure the Call Abandonment Rate, which is a measure of the percentage of  
18 calls that are abandoned by the customer after entering the queue to speak to a live  
19 customer service representative. Niagara Mohawk tracks the Call Abandonment Rate  
20 and reports that the annual average was 2.89% in 2009, 4.22% in 2010, and 2.67% in  
21 2011, and 2% for 2012 through June.<sup>52</sup> In my opinion and based on my experience with  
22 the development of this type of metric in other states, the 2010 annual average is

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<sup>52</sup> Niagara Mohawk response to PULP No. 33 (GN-33).

1 unacceptable and suggests that this metric should be included in the service quality  
2 assurance plan and integrated to the “negative revenue adjustment” mechanism. Based  
3 on Niagara Mohawk’s historical performance and my experience, I recommend a target  
4 of no higher than 3%. As an example, the Pennsylvania electric and gas utilities report  
5 this Call Abandonment Rate annually. While the recent performance of the Pennsylvania  
6 electric and gas utilities has varied, the larger gas and electric utilities report an annual  
7 average of 3% or less.<sup>53</sup>

8 In addition, Niagara Mohawk should report the Busy Out Rate. Attempted  
9 contacts to a call center initially have one of two results: They are either “received” by  
10 the company, or they receive a busy signal and thus are not “received” by the company.  
11 Calls in the “busy-out rate” represent those attempted calls that received a busy signal or  
12 message; they were not “received” by the company because the company lines or trunks  
13 were at capacity. Requiring three separate measures averts the possibility of masking  
14 telephone access problems by presenting only one or two parts of the total access picture.  
15 For example, a company could report that it answers every call in 30 seconds or less. If  
16 this were the only statistic available, one might conclude that the access to the company  
17 is very good. However, if there are only a few trunk lines into this company’s call  
18 distribution system, other callers attempting to contact the company will receive a busy  
19 signal once these trunks are at capacity. The callers that get through wait 30 seconds or  
20 less for someone to answer, but a large percentage of customers cannot get through to the  
21 company; thus, telephone access is not very good at all. Therefore, it is important to look  
22 at both percent of calls answered within 30 seconds and busy-out rates to get a clearer

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<sup>53</sup> Pennsylvania PUC, 2011 Annual Customer Service Performance Report, available at:  
[http://www.puc.state.pa.us/general/publications\\_reports/pdf/Quality\\_of\\_Service\\_Rpt\\_11.pdf](http://www.puc.state.pa.us/general/publications_reports/pdf/Quality_of_Service_Rpt_11.pdf)



1 picture of the telephone access. When asked to provide this important performance  
2 metric, Niagara Mohawk responded that it does not track this indicator.<sup>54</sup> As a result, it is  
3 not known whether or when customers may receive a busy signal when trying to call the  
4 Company's call center. I recommend that the Commission require Niagara Mohawk to  
5 track and report this important indicator of call center performance. Based on my  
6 experience, I recommend that the Busy Out Rate should not exceed 1% of all calls.<sup>55</sup>

7 **Q. PLEASE DISCUSS THE PROPOSED METRIC TO MEASURE THE**  
8 **RESIDENTIAL DISCONNECTION OR TERMINATION RATE.**

9 A. Service terminations of essential gas and electric service for nonpayment carry a high risk  
10 of adverse impact of family health and welfare. This is an action by a monopoly utility  
11 that should be the last resort, not the first resort. Furthermore, involuntary termination is  
12 a regulated action by electric and natural gas utilities for exactly these reasons. Any  
13 proper measurement of "customer service" should include a measurement of the  
14 frequency that a utility makes use of this collection tool so that it is minimized. I  
15 recommend that Niagara Mohawk add a new metric to its service quality assurance plan  
16 that tracks and reports the termination rate for residential and low income customers.  
17 This metric should calculate a baseline level of terminations for residential customers and  
18 known low income customers and require Niagara Mohawk to conduct its collection  
19 activities in a manner that does not exceed that baseline level. I recommend that the  
20 baseline level should be expressed as a percentage of all residential customers, rather than  
21 a strict numerical level, to accommodate the potential for growth in the overall customer  
22 base.

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<sup>54</sup> Niagara Mohawk response to PULP No. 33 (GN-33).

<sup>55</sup> See, e.g., the Pennsylvania PUC 2011 Service Quality Performance Report.

1 As of January 2011, Niagara Mohawk served 949,930 electric only customers,  
2 32,322 gas only customers, and 513,540 combined gas/electric customers for a total of  
3 1,495,792 residential customers. Using these customer counts (which are reasonable  
4 since they reflect the early part of 2011 and should not vary significantly from 2010  
5 averages), 3.6% of these customers were terminated for nonpayment.<sup>56</sup> Viewed as a  
6 percentage of the residential customer base, 1.3% of all customers who were terminated  
7 for nonpayment were identified as low income based on receipt of assistance.<sup>57</sup> The  
8 known low income customers represent 37% of the 2010 terminations. This no doubt  
9 significantly underestimates those low income customers who were terminated, due to the  
10 narrow focus of Niagara Mohawk's definition of "low income" in its customer records.

11 I recommend that the baseline of 3.6% of residential customers be adopted to  
12 measure Niagara Mohawk's termination rate for the rate effective year and that a baseline  
13 of 1.3% of residential customers be adopted to measure the Company's termination rate  
14 for known low income customers. Any upward deviation from this termination rate  
15 should result in a negative revenue adjustment.

16 **Q. HAVE YOU CALCULATED AND PRESENTED A FORMULA FOR THE**  
17 **OPERATION OF A NEGATIVE REVENUE ADJUSTMENTS FOR THE**  
18 **ADDITIONAL CUSTOMER SERVICE PERFORMANCE METRICS YOU**  
19 **RECOMMEND BE ADOPTED?**

20 A. No. Rather, I recommend that if these additional metrics are ordered to be included that  
21 the Commission then order the parties to consult and present a compliance filing to

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<sup>56</sup> Calculated based on the termination information provided in response to PULP No. 80.

<sup>57</sup> Calculated based on the low income termination information provided in response to PULP No. 81.

1 reflect a methodology for measuring and calculating a negative revenue adjustment if the  
2 Company fails to comply with the recommended new metric baseline performance levels.

3 **V. NIAGARA MOHAWK SHOULD DO MORE TO ALLOW**  
4 **CUSTOMERS TO COMPARE THEIR MONTHLY COMMODITY**  
5 **COSTS WITH ESCO OFFERS**

6  
7 **Q. DO YOU HAVE ANY ADDITIONAL INFORMATION TO SUPPORT THE**  
8 **TESTIMONY OF WILLIAM YATES ON BEHALF OF PULP?**

9 A. Yes. I have participated in a number of state proceedings and published widely on  
10 consumer protection policies and programs that should accompany the move to retail  
11 electric and gas competition for residential customers.<sup>58</sup> One of the key consumer  
12 protections that I have recommended be adopted is to ensure that customers are presented  
13 with disclosures and information resources that allow a comparison between their  
14 utility's gas or electric supply rates and prices with those being quoted and offered by  
15 alternative energy suppliers (known as ESCOs in New York). It is an axiom of consumer  
16 protection policy in competitive markets that consumers must be given the factual  
17 information that will allow a comparison of prices and other material terms for a rational  
18 market to develop. One needs to only look at uniform supermarket pricing disclosures,  
19 the annual percentage rate for all credit transactions, and new and used car price  
20 disclosures to understand that many competitive markets operate with a regulatory  
21 oversight of price and material terms disclosure obligations.

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<sup>58</sup> See, e.g., Alexander, Barbara, Retail Electric Competition: A Blueprint for Consumer Protection, U.S. Department of Energy, Office of Energy and Renewable Energy, Washington, D.C., October, 1998; Oppenheim, Gerald (NCLC) and Alexander, Barbara, Model Electricity Consumer Protection Disclosures, A Report to the National Council on Competition and the Electric Industry, April, 1998.

1 In fact, a number of states in the early years of retail competition adopted  
2 regulations that require alternative energy suppliers to present a standardized disclosure  
3 of their price expressed in a format that would allow easy and comparable comparisons  
4 with other supplier prices.<sup>59</sup> In addition, many states have now adopted directives to their  
5 gas and electric utilities to state the “price to compare” on their bills so that customers  
6 have a reference point to compare their current default service prices with those offered  
7 by various suppliers.<sup>60</sup> Typically, such an approach requires the regulatory commission  
8 to define and state exactly what is included and not included in “price to compare” or  
9 “standard offer” so that there is a fair and publicly known methodology that utilities must  
10 use to calculate and present this information. The lack of this information means that  
11 customers cannot make a rational choice and they are then subject to the potential of  
12 relying on marketing ploys and assumptions about prices that may not be accurate.

13 I understand that the New York Commission has not adopted uniform disclosure  
14 requirements that would establish a methodology to provide a “price to compare” or  
15 “standard offer” on electric and gas customer bills. I understand as well that such a  
16 reform cannot be adopted in this rate case proceeding. However, as a minimal and  
17 important first step, the recommendation by Mr. Yates that Niagara Mohawk provide a  
18 bill calculator on its website should be adopted. Such a tool should then be widely  
19 promoted by Niagara Mohawk and the Commission as a means to compare ESCO and  
20 utility prices and bills.

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<sup>59</sup> See, e.g., the Maine PUC’s Chapter 306, Uniform Information Disclosure and Filing Requirements, applicable to competitive electric suppliers licensed by the Commission.

<sup>60</sup> For example,, the Pennsylvania PUC has adopted regulations that require electric and natural gas utilities to state the Price to Compare on customer bills. See, e.g, Order, National Gas Distribution Companies and Promotion of Competitive Retail Markets, Docket No. L-2008-2069114 (Order Entered June 23, 2011) and 66 Pa. Code Section 62.223.

1

2 **Q. DOES THIS COMPLETE YOUR TESTIMONY AT THIS TIME?**

3 **A. Yes**

**BEFORE THE NEW YORK STATE  
PUBLIC SERVICE COMMISSION**

**PROCEEDING ON MOTION OF  
THE COMMISSION AS TO THE  
RATES, CHARGES, RULES AND  
REGULATIONS OF NIAGARA  
MOHAWK POWER CORPORATION  
FOR ELECTRIC AND GAS  
SERVICE**

**Case 12-E-0201  
Case 12-G-0202**

**EXHIBITS TO DIRECT TESTIMONY  
OF  
Barbara R. Alexander  
Consumer Affairs Consultant  
On Behalf Of  
Public Utility Law Project Of New York, Inc.**

**Exhibit BA - 1 Curriculum Vitae**

**Exhibit BA - 2 Responses to Information Requests in order mentioned in testimony**

**PULP No. 97 (bill calculations)  
PULP No. 40 (enrollment in affordability program)  
PULP No. 50 (participation in efficiency programs)  
PULP No. 87 (other National Grid low income programs)  
PULP No. 58 (all attachments)  
PULP No. 25 (disconnecting electric for combined gas/electric customer)  
PULP No. 56 (payment of arrears balance requirements)  
PULP No. 80 (disconnections residential)  
PULP No. 81 (disconnections, low income)  
PULP No. 33 (call performance info)**

**Exhibit BA - 3 National Grid Arrears Management Program Brochure**

**BARBARA R. ALEXANDER**  
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**Recent Clients:**

AARP (Montana, Maine, New Jersey, California, Vermont, District of Columbia, Maryland, Ohio)  
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Maryland Office of People's Counsel  
Citizens' Utility Board (Illinois)  
UWUA (Michigan)  
UWUA (California)  
New Jersey Division of Ratepayer Advocate  
Maine Office of Public Advocate  
Ohio Consumers' Counsel  
Colorado Office of Consumer Counsel  
Vermont Department of Public Service  
Delaware Division of the Public Advocate  
The Utility Reform Network (TURN) (California)  
Oak Ridge National Laboratory, DOE  
Regulatory Assistance Project  
Citizens' Utility Board (Wisconsin)

**Areas of Expertise:**

- Default Service, Consumer Protection, Service Quality, and Universal Service policies and programs associated with the move to competition in the electric, natural gas, and telecommunications industries;
- Consumer Protection and Service Quality policies and programs associated with the regulation of competitive energy and telecommunications providers;
- The regulatory policies associated with the regulation of Credit, Collection, Consumer Protection, Low Income, and Service Quality programs and policies for public utilities;
- Rate design and pricing policies applicable to residential customers; and

- Advanced Metering Infrastructure costs and benefits and associated time-based pricing proposals.

## Prior Employment

### DIRECTOR

1986-  
96

*Consumer Assistance Division  
Maine Public Utilities Commission*

*Augusta, Maine*

One of five division directors appointed by a three-member regulatory commission and part of commission management team. Direct supervision of 10 employees, oversight of public utility consumer complaint function, appearance as an expert witness on customer services, consumer protection, service quality and low income policy issues before the PUC. Chair, NARUC Staff Subcommittee on Consumer Affairs.

### SUPERINTENDENT

1979-  
83

*Bureau of Consumer Credit Protection  
Department of Professional and Financial Regulation*

*Augusta, Maine*

Director of an independent regulatory agency charged with the implementation of Maine Consumer Credit Code and Truth in Lending Act. Investigations and audits of financial institutions and retail creditors, enforcement activities, testimony before Maine Legislature and U.S. Congress.

## Education

### JURIS DOCTOR

1973-  
76

*University of Maine School of Law*

*Maine*

*Portland,*

Admitted to the Bar of the State of Maine, September 1976. Currently registered as “inactive.”

B.A. (WITH DISTINCTION) IN POLITICAL SCIENCE  
*University of Michigan*

1964-68  
*Arbor, Michigan*

*Ann*



## Publications and Testimony

“How to Construct a Service Quality Index in Performance-Based Ratemaking”, The Electricity Journal, April, 1996

“The Consumer Protection Agenda in the Electric Restructuring Debate”, William A. Spratley & Associates, May, 1996

Direct Testimony on behalf of the Telecommunications Workers Union, Telecom Public Notice 96-8, Price Cap Regulation and Related Issues, Canadian Radio-Television and Telecommunications Commission, September, 1996. [Analysis of and recommendations concerning the need to regulate service quality in move to price cap regulation]

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Direct Testimony on behalf of the Maryland Office of People’s Counsel, Universal Service Issues, Case No. 8745, before the Maryland Public Service Commission, November 20, 1998.

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Testimony on Proposed Interim Rules (Consumer Protection, Customer Enrollment, Code of Conduct, Supplier Licensing) on behalf of the New Jersey Division of Ratepayer Advocate before the New Jersey BPU, May, 1999.

Direct Testimony on behalf of AARP, West Virginia PUC Investigation into Retail Electric Competition (consumer protection, universal service, Code of Conduct), June 15, 1999.

Direct and Surrebuttal Testimony on behalf of the Pennsylvania OCA, Natural Gas Restructuring proceedings (8 natural gas utilities): consumer protection; consumer education; code of conduct, before the Pennsylvania PUC, October, 1999-April, 2000.

Comments on Draft Rules addressing Slamming and Cramming (Docket No. RMU-99-7) on behalf of the Iowa Office of Consumer Advocate, before the Iowa Utilities Board, October, 1999.

Alexander, Barbara, "Door to Door Sales of Competitive Energy Services," LEAP Letter, January-February, 2000 [Wm. A. Spratley & Associates, Columbus, OH]

Direct Testimony on behalf of the Maine Office of Public Advocate, Central Maine Power Company Alternative Regulation Plan [Docket 99-666] on service quality issues, before the Maine PUC, May, 2000.

Direct Testimony on behalf of AARP, Universal Service Programs and Funding of low-income programs for electric and natural gas service, before the New Jersey Board of Public Utilities, Docket No. EX000200091, July, 2000.

Comments (on behalf of NASUCA and AARP) on Uniform Business Practices Reports, May and September, 2000.

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Direct Testimony on behalf of the Pennsylvania Office of Consumer Advocate, before the Pennsylvania PUC, Petition of T.W. Phillips Gas and Oil Co. for Approval of Purchase of Receivables Program, Docket No. P-2009-2099192 (August 2010) [Purchase of Receivables Program Conditions]

Direct Testimony on behalf of AARP, before the Maryland PSC, Application of Baltimore Gas and Electric Company for Authorization to Deploy a Smart Grid Initiative and to Establish a Tracker Mechanism and For the Recovery of Costs, [Petition for Rehearing] Case No. 9208 (August 2010) [Smart Meter Costs and Benefits; Consumer Protections]

Alexander, Barbara, Who Owns And Can Monetize The Greenhouse Gas Emission Reductions That Result From the DOE Low-Income Weatherization Assistance Program? Prepared under contract with Oak Ridge National Laboratory UT-Battelle, LLC, Purchase Order No. 4000091296 (September 2010)

Direct Testimony on behalf of Consumer Advocate Division before the Public Service Commission of West Virginia, Monongahela Power Co. and the Potomac Edison Co., both doing business as Allegheny Power Co., and FirstEnergy Corp. and Trans-Allegheny Interstate Line, Case No. 10-0713-E-PC (October 14, 2010) [Merger: Service Quality, Customer Service, and Universal Service Program Conditions]

Rebuttal Testimony on behalf of the Office of People's Counsel, before the Maryland Public Service Commission, In the Matter of the Merger of FirstEnergy Corp. and Allegheny Energy, Case No. 9233 (October 22, 2010) [Default Service Policies]

Direct Testimony on behalf of Consumer Advocate Division before the Public Service Commission of West Virginia, Appalachian Power Co. and Wheeling Power Co., Case No. 10-0699-E-42T (November 10, 2010) [Base Rate Case: reforms to ameliorate rate impacts on low income customers; remote disconnection tariff proposal]

Direct and Rebuttal Testimony on behalf of AARP, before the Illinois Commerce Commission, Commonwealth Edison Co. Petition for Approval of an Alternative Rate Regulation Plan, Docket No. 10-0257 (November and December 2010) [Analysis of consumer protections and risks in alternative rate plan]

Rebuttal Testimony on behalf of the Office of Consumer Advocate before the Pennsylvania Public Utility Commission, Pennsylvania PUC v. Peoples Natural Gas Co., LLC 2010 Base Rate Proceeding, Docket No. R-20102201702 (February 23, 2011) [Purchase of Receivables program]

Expert Report of Barbara Alexander on Behalf of Plaintiffs, Benjamin Berger, individually and on behalf of all other similarly situated and the general public, vs. The Home Depot USA, Inc, U.S. District Court, Central District of California, Western Division, Case SACV 10-678 SJO (PLAX), March 1, 2011 (Negative Option Sales Method for "tool rental protection")

Direct Testimony on behalf of the Office of Consumer Advocate before the Pennsylvania Public Utility Commission, Joint Application for all the Authority and the Necessary Certificates of Public Convenience to Transfer All of the Issued and Outstanding Shares of Capital Stock of T.W. Phillips Gas and Oil Co., currently owned by TWP, Inc., to LDC Holdings II LLC, an indirect Subsidiary of SteelRiver Infrastructure Fund North America LP, and to Approve the Resulting Change in Control of T.W. Phillips Gas and Oil Co., Docket No. A-2010-2210326 (March 31, 2011) [Service Quality, Customer Service, and Universal Service Program Conditions]

Comments on behalf of AARP before the Public Service Commission of the District of Columbia, Pepco's Proposed AMI Consumer Education Plan, Formal Case No. 1056 (March 30, 2011)

Comments on behalf of AARP before the Public Service Commission of the District of Columbia, Notice of Proposed Rulemaking, Reliability of Service, Formal Case No. 766, 982, 991, and 1002 (April 11, 2011) [Restoration of Service for Major Outage Events]

Direct and Rebuttal testimony on behalf of the Attorney General of Arkansas before the Arkansas Public Service Commission, In The Matter Of The Application Of Oklahoma Gas And Electric Company For Approval Of The Deployment Of Smart Grid Technology In Arkansas And Authorization Of A Recovery Rider And Regulatory Asset, Docket No. 10-109-U (May and June 2011) (Smart Grid costs and benefits; cost recovery; conditions)

Alexander, Barbara, "Retail Electric Competition: Default Service Policies and Residential Customer Migration," Report to AARP (May 2011).

Direct Testimony on behalf of AARP before the Maryland Public Service Commission, In the Matter of Potomac Electric Power Co and Delmarva Power and Light Co. Request for the Deployment of Advanced Meter Infrastructure, Case No. 9207 (June 16, 2011) (Analysis of amended AMI business case; costs and benefits; conditions)

Direct and Reply Comments on behalf of Citizens Utility Board of Oregon before the Public Utility Commission of Oregon, Docket No. UM 1415 (September and October 2011) (Rate Design; time-varying rates)

Alexander Barbara, "The Status of AMI and Dynamic Pricing Programs In Georgia, Alabama, Arkansas, Florida, Louisiana, And Mississippi," Report for AARP (October 2011).

Direct Testimony on behalf of AARP before the Oklahoma Corporation Commission, In The Matter Of The Application of Oklahoma Gas And Electric Company, For An Order Of The Commission Authorizing Applicant To Modify Its Rates, Charges, And Tariffs For Retail Electric Service In Oklahoma, Cause No. PUD 201100087 (November 9, 2011 and November 16, 2011) (revenue requirement and rate design)

Comments on behalf of AARP before the Maryland Public Service Commission, Proposed Revisions to Reliability and Customer Service Regulations, RM 43 (November 16, 2011) (reliability performance standards and customer call center standards)

Direct Testimony on behalf of AARP before the Public Service Commission of the District of Columbia, In the Matter of The Application for Potomac Electric Power Co. for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service, Formal Case No. 1087 (December 14, 2011) (AMI cost recovery, Reliability Infrastructure Mechanism surcharge, customer care costs)

Direct Testimony on behalf of AARP and the People of the State of Illinois before the Illinois Commerce Commission, Commonwealth Edison Company, Approval of Multi-Year Performance Metrics Pursuant to Section 16-108(f) and (f-5) of the Public Utilities Act, Docket No. 11-0772 (January 30, 2012) (Performance Metrics relating to AMI deployment; remote disconnection of service)

Direct Testimony on behalf of Pennsylvania Office of Consumer Advocate before the Pennsylvania Public Utility Commission, Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, West Penn Power Company, Approval of Default Service Programs, Docket Nos. P-2011-2273650, et al. (February 17, 2012) (Retail Opt-in Auction, Customer Referral Programs)

Direct Testimony on behalf of the Massachusetts Office of the Attorney General before the Massachusetts Department of Public Utilities, Western Massachusetts Electric Co. 2011 Winter Storm Investigation, Docket No. D.P.U. 11-119-C (March 9, 2012) (Analysis of communications with customers and state and local officials in storm restoration)

Direct Testimony on behalf of AARP and the People of the State of Illinois before the Illinois Commerce Commission, Ameren Utilities, Approval of Multi-Year Performance Metrics Pursuant to Section 16-108(f) and (f-5) of the Public Utilities Act, Docket No. 12-0089 (March 19, 2012) (Performance Metrics for AMI Deployment; remote disconnection of service)

Direct and Rebuttal Testimony on behalf of the Massachusetts Office of the Attorney General before the Massachusetts Department of Public Utilities, National Grid 2012 Smart Grid Pilot Proposal, Docket No. D.P.U. 11-129 (April and May 2012) [Analysis of proposed smart meter and dynamic pricing pilot proposal]

## Presentations and Training Programs:

- Presentation, Smart Grid Future, Brookings Institute, Washington, DC [July 2010]
- Participant, Fair Pricing Conference, Rutgers Business School, New Jersey [April 2010]
- Presentation on Smart Metering, National Regulatory Conference, Williamsburg, VA [May 2010]
- Presentation on Smart Metering, Energy Bar Association Annual Meeting, Washington, DC [November 2009]
- Presentation at Workshop on Smart Grid policies, California PUC [July 2009]
- National Energy Affordability and Energy Conference (NEAUC) Annual Conference
- NARUC
- NASUCA
- National Community Action Foundation's Annual Energy and Community Economic Development Partnerships Conference
- Testimony and Presentations to State Legislatures: Virginia, New Jersey, Texas, Kentucky, Illinois, and Maine
- Training Programs for State Regulatory Commissions: Pennsylvania, Georgia, Kentucky, Illinois, New Jersey
- DOE-NARUC National Electricity Forum
- AIC Conference on Reliability of Electric Service
- Institute of Public Utilities, MSU (Camp NARUC) [Instructor 1996-2006]
- Training Programs on customer service and service quality regulation for international regulators (India and Brazil) on behalf of Regulatory Assistance Project
- Georgia Natural Gas Deregulation Task Force [December 2001]
- Mid Atlantic Assoc. of Regulatory Utility Commissioners [July 2003]
- Illinois Commerce Commission's Post 2006 Initiative [April 2004]
- Delaware Public Service Commission's Workshop on Standard Offer Service [August 2004]

Date of Request: August 6, 2012  
Due Date: August 16, 2012

NYPULP No. 97 (GN-97)  
NMPC Req. No. 735

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

22. Provide an excel spreadsheet containing residential bill calculation formulas for each factor affecting the amount of a residential bill for full electric service and for full gas service (including commodity and delivery service) under the current rate plan, with a key describing each factor and the formula for its determination.

Response:

Please see Attachment 1 for the calculation of a typical full service electric residential bill. Please see Attachment 2 for the calculation of a typical full service gas residential heating bill.

Name of Respondent:

Pamela Dise/ Melissa Nairn

Date of Reply:

August 9, 2012

**Typical SC 1 Electric Residential Full Service Customer  
Average Monthly Bill Under Current Rate Plan**

**Average Monthly Usage (kWh): 600  
Typical Residential Electric Bill:**

<u>Line Item</u>		<u>600</u>
	<b><u>Delivery</u></b>	
1	Basic Service Charge	\$16.21 \$16.21
2	T&D Energy Charge	\$0.04206 \$25.24
3	Deferral Recovery Surcharge	\$0.01057 \$6.34
4	LTC	\$0.002102 \$1.26
5	NYPA Hydro Benefit	-\$0.003787 -\$2.27
6	SBC/RPS	\$0.005511 \$3.31
7	TRAC	0 \$0.00
8	ISAS	\$0.00307 \$1.84
9	RDM	-\$0.00149 <u>-\$0.89</u>
		\$51.03
10	Delivery GRT (assuming 1% municipality adder)	3.09278% <u>\$1.58</u>
<b>Total Delivery</b>		<b>\$52.61</b>
	<b><u>Commodity</u></b>	
11	Electricity Supply Charges	\$0.04730 \$28.38
12	<b><u>Merchant Function Charge:</u></b>	
	a) Uncollectible Expense Factor	1.96% \$0.56
	b) Working Capital on Purchased Power Factor	0.344% \$0.10
	c) Supply Procurement Charge	0.00017 \$0.10
	d) Credit and Collection Charge	0.00076 \$0.46
13	ESRM	\$0.00049 <u>\$0.29</u>
		\$29.89
14	Commodity GRT (assuming 1% municipality adder)	1.01010% <u>\$0.30</u>
<b>Total Commodity</b>		<b>\$30.19</b>
<b>TOTAL BILL</b>		<b>\$82.80</b>

**NOTE: Please See KEY to the above on Attachment 1, Page 2 of 2**



**Key**

- 1 Basic Service Charge - Leaf No. 349 of PSC No. 220 Electricity.
- 2 T&D Energy Charge-Leaf No. 349 of PSC No. 220 Electricity. Current T&D rates approved in Case 10-E-0050. (Rate \* kWh)
- 3 Deferral Recovery Surcharge - Rule No. 59 as approved in Case No. 10-E-0050 recovers \$240.9 M in Deferral Recoveries. (Rate \* kWh)
- 4 Legacy Transition Charge ("LTC") - Rule No. 46.2 of PSC No. 220 collects the costs and benefits associated with the net market value of purchased power contracts executed prior to June 1, 2001. Rate changes monthly and is filed on statements three days before the effective date. Assessed on all delivery customers and appears on delivery side of bill. (Rate \* kWh)
- 5 NYPA Hydro Benefit is included in the LTC and includes the benefits of NYPA Rural and Domestic power and the benefit of the monthly Residential Consumer Discount Program payment ("RCD" payment). This factor changes on a monthly basis on Statements filed with the PSC. (Rate \* kWh)
- 6 System Benefits Charge (SBC) per Rule No. 41 of PSC No. 220. Recovers costs associated with public policy programs. (Rate \* kWh) (Case Nos. 05-M-0090 and 07-M-0548)  
Renewable Portfolio Surcharge (RPS) per Rule No. 49 of PSC No. 220 Electricity and provides financial incentives for the development of renewable resources in NYS. (Rate \* kWh) (Case No. 03-E-0188)
- 7 Transmission Revenue Adjustment (TRA)(assumed to be zero) - Rule No. 43 of PSC No. 220 compares the actual monthly transmission revenue with the monthly forecast transmission revenue that is reflected in base rates, changes monthly. (Rate \* kWh)
- 8 Incremental State Assessment Surcharge ("ISAS") per Rule No. 56 of PSC No. 220 Electricity recovers the Temporary State Energy and Utility Service Conservation Assessment. (Rate \* kWh) (Case No. 09-M-0311)
- 9 Revenue Decoupling Mechanism per Rule No. 57 of PSC No. 220. Reconciles actual billed delivery service revenues for the RDM reconciliation period to annual target revenues for delivery service as approved in the Company's most recent rate case (10-E-0050) for each Reconciliation Group. (Rate \* kWh)
- 10 Gross Revenue Taxes (GRT) - Rule No. 32 of PSC No. 220 Electricity. Delivery multiplied by respective rate. Factor assumes 1% municipality adder.
- 11 Electricity Supply Charges per Rule No. 46.1 of PSC No. 220. Electricity Supply Costs are forecasted on a monthly basis and statements filed with the PSC. (Rate \* kWh)
- 12 Merchant Function Charge - Rule No. 42 of PSC No. 220 permits the Company to recover from customers receiving electric commodity service from the Company costs associated with Electricity Supply Procurement (Rate \* kWh), Electricity Supply Credit and Collections (Rate \* kWh), Electricity Supply Uncollectible Expense (percentage \* Electricity Supply Cost), and Working Capital on Purchased Power Costs (percentage \* Electricity Supply Cost)
- 13 Electricity Supply Reconciliation Mechanism (ESRM) - Rule No. 46.3 of PSC No. 220 Electricity. Applies to all customers receiving supply services from the Company and filed with the PSC on a monthly basis. (Rate \* kWh)
- 14 Gross Revenue Taxes (GRT) - Rule No. 32 of PSC No. 220 Electricity. Total Commodity charges \* respective rate. Factor assumes 1% municipality adder.

**Typical SC 1 Gas Residential Heating Sales Customer  
Average Monthly Bill Under Current Rate Plan**

**Average Monthly Usage (Therms): 83.0**

Line Item	Charge Type	Block Limits	Max Block Usage (therms)	Rates	Monthly Charge
<b>Delivery</b>					
1	Delivery Rates				
	First Block	3	3	\$17.85	\$17.85
	Second Block	50	47	\$0.41890	\$19.69
	Third Block	N/A	N/A	\$0.06385	\$2.11
	Total Delivery Rates				<u>\$39.65</u>
	Delivery Service Adjustments			\$/therm	
2	Net Revenue Sharing Surcharge			\$0.000010	\$0.00
3	Research & Development Surcharge			\$0.000471	\$0.04
4	Late Payment Reconciliation Charge			\$0.001246	\$0.10
5	Revenue Decoupling Mechanism Credit			(\$0.006474)	(\$0.54)
6	Tennessee Gas Pipeline Refund			(\$0.001490)	(\$0.12)
7	Incremental State Assessment Surcharge			\$0.025640	\$2.13
8	System Benefits Charge			\$0.015308	<u>\$1.27</u>
	Total Delivery Service Adjustments				\$2.88
9	Delivery Gross Receipts Tax			2.04082%	<u>\$0.87</u>
	<b>Total Delivery Charges</b>				<b>\$43.39</b>
<b>Commodity</b>					
10	Monthly Cost of Gas			\$0.487950	\$40.50
11	Merchant Function Charge				
	Commodity Related Uncollectible Expenses			2.30%	\$0.93
	Gas Supply Procurement Expenses			\$0.002630	\$0.22
	Commodity Related Credit and Collection Expenses			\$0.004190	\$0.35
	Return Requirement on Gas Storage Inventory			\$0.007600	<u>\$0.63</u>
	Total Merchant Function Charge				\$2.13
12	Commodity Gross Receipts Tax			0.00%	<u>\$0.00</u>
	<b>Total Commodity Charges</b>				<b>\$42.63</b>
	<b>Total Monthly Bill</b>				<b>\$86.02</b>

**Key**

- 1 Basic Service Charge - Leaf No. 124 of PSC No. 219 Gas
- 2 Estimated annual reconciliation surcharge under the Net Revenue Sharing Mechanism - Leaf No. 111.2 of PSC No. 219 Gas
- 3 Estimated surcharge to fund Research and Development Programs per Commission Order in Case 99-G-1369  
- Leaf No. 122 of PSC No. 219 Gas
- 4 Estimated late payment charge reconciliation to true up for the difference between late payment charge revenues in delivery  
and estimated late payment charge revenues - Leaf No. 122.7 of PSC No. 219 Gas
- 5 Estimated annual reconciliation surcharge under the Revenue Decoupling Mechanism - Leaf No. 122.2 of PSC No. 219 Gas
- 6 Refund from Tennessee Pipeline Company per Commission Order in Case 10-G-0251
- 7 Estimated surcharge to recover the Temporary State Energy And Utility Service Conservation Assessment  
per Commission Order in Case 09-M-0311- Leaf No. 95 of PSC No. 219 Gas
- 8 Estimated System Benefits Charge to recover the cost of energy efficiency programs per Commission Order in  
Cases 07-M-0548 and 09-G-0363 - Leaf No. 122.1 of PSC No. 219 Gas
- 9 The aggregate percentage rate for taxes imposed on the Company's delivery revenues for other municipalities - Statement of  
Revenue Tax Surcharges, PSC No. 219 Gas, Statement No. 4 , Page 2 of 6, Delivery Surcharge Factor for All Other Municipalities
- 10 Estimated monthly cost of gas as filed in the Monthly Cost of Gas Statement including gas commodity  
and demand charges - Leaf No. 90 of PSC No. 219 Gas
- 11 Estimated Merchant Function Charge consisting of: commodity related uncollectible charge, gas supply procurement charge,  
commodity related credit and collections charge and return requirement on gas storage inventory - Leaf No. 122.4 of PSC No. 219 Gas
- 12 The aggregate percentage rate for taxes imposed on the Company's delivery revenues for other municipalities - Statement of  
Revenue Tax Surcharges, PSC No. 219 Gas, Statement No. 4 , Page 2 of 6, Commodity Surcharge Factor for All Other Municipalities

Date of Request: July 2, 2012  
Due Date: July 12, 2012

NYPULP No. 40 (GN-40)  
NMPC Req. No. 420

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

Provide a copy of the qualifications for the Affordability Program as issued internally to Company employees and identify the number of customers enrolled in the program by month for 2010, 2011 and 2012 to date.

Response:

Attachment 1 to NYPULP-40 (GN-40) is a copy of the qualifications for the Affordability Program issued internally to company employees. Please note that this document is not actively used by the Company for training purposes, however, and is currently being updated (ex: Customer Arrears, HEAP qualifications etc.). Employees that administer and discuss the program with customers are trained separately with the most recent eligibility criteria.

The number of customers enrolled in the program are as follows:

<b>2010</b>	<b>Numbers of Participants</b>
Jan-10	4083
Feb-10	3892
Mar-10	3773
Apr-10	4065
May-10	4469
Jun-10	4578
Jul-10	4863
Aug-10	5053
Sep-10	5224
Oct-10	5090
Nov-10	4610
Dec-10	4186

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<b>2011</b>	<b><u>Numbers of Participants</u></b>
Jan-11	3817
Feb-11	3582
Mar-11	3697
Apr-11	3708
May-11	4221
Jun-11	4097
Jul-11	4436
Aug-11	4619
Sep-11	4712
Oct-11	4698
Nov-11	4482
Dec-11	4258

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<b>2012</b>	<b><u>Numbers of Participants</u></b>
Jan-12	3786
Feb-12	3736
Mar-12	3772
Apr-12	3836
May-12	3845

Name of Respondent:  
Rudolph L. Wynter Jr

Date of Reply:  
July 5, 2012

## LICAP (Afford/Ability)

### **Purpose:**

A program that enables qualified customers to make more affordable monthly payments based on a percentage of their monthly budget amount on the condition that they fulfill certain requirements.

### **Scope:**

This policy applies to all Contact Center representatives/Collection-NCI/Account Processing.

### **General:**

#### **The program consists of:**

- Special affordable payment agreement based on a percentage of the budget.
- Customers must receive HEAP every heating season.
- Energy Use offerings are supplied by NYSERDA thru Empower, NY program.
  - Weatherization measures for some of the participants' homes
  - Energy-efficient appliance replacement program (e.g., refrigerators, lighting) for some of the participants

#### **Questions from non-participants:**

- Customers should not be advised of the LICAP program if they become eligible they will be contacted.

#### **Questions from LICAP participants:**

- For payments, defaults or any other Collection issues Refer caller to Collections at 1-800-443-1837 (NCI).
- Questions concerning appliances from customers enrolled before 02/09/09 should be referred to the LICAP enrollment extension. A senior will investigate and have the customer provided with the correct phone number to call.
- Honeywell (aka EmPower) is the managing contractor for NYSERDA's energy (weatherization) services and is a requirement of any newly enrolled Afford/Ability (LICAP) customer. When a new LICAP enrollment takes place, NYSERDA is notified by us and they, in turn, will contact the customer to discuss free energy services to assist in decreasing usage.
  - If a customer calls to discuss their concerns or displeasure of energy services that have not been completed or addressed, you may direct our customer's to contact Honeywell at 1-800-263-0960. This **ONLY** pertains to a customer who were previously enrolled and contacted by NYSERDA before.
  - If a customer was newly enrolled in the past few weeks and states NYSERDA (Honeywell) has not contacted them as of yet, please advise caller "*we have notified NYSERDA of your enrollment and someone from the energy services program will contact you.*"

The 1-800-263-0960 number is not to be provided under any other circumstances other than what is outlined above. Any issues brought up to you by the customer referring to any appliances provided by Honeywell, MUST be directed to contact the manufacturer/ warranty of this product. (e.g. refrigerators)

**Policy:**

### Eligibility Requirements:

- Customers cannot be enrolled based on referral or request.
- If customers become eligible, they will be contacted by the Syracuse Contact Center.
- Eligibility and availability for program candidates will be established by LICAP management.

### LICAP Enrollment Criteria

- Customer must have defaulted from a \$10.00 Minimum Payment Agreement (Last DPA)
- Customer must **NOT** have previously been on LICAP (at same address).
- Customer of Record cannot be on Direct Voucher or Guarantee (DV or GU) they may receive other Cash Public Assistance such as food stamps or Aid to Dependent Children as an example.
- Customers also agree to apply for and receive regular HEAP on their heating account.
  - If they are not eligible for Regular HEAP on their National Grid account they must provide yearly proof of receiving HEAP.
- The customer's arrears must be:
  - Less than \$750 if an Electric only account
  - Less than \$1000 if a Electric & Gas account
- The customer's budget amount must be:
  - Equal or greater than \$72 for Electric Only account
  - Equal or greater than \$140 if Electric & Gas account
- The customer must have made monthly payments equal or greater than 33%.
  - This is determined based on how many months they were billed on their defaulted Minimum Agreement.

**For Example:** Customer set up on a Minimum DPA 3/1/04. Customer was billed 11 times since the start of the \$10 plan. Customer or EAF payments made during that time equal 5 payments (The amounts paid are NOT relevant any longer).  $11 \text{ bills} \times 33\% = 3.63$  or 4 payment (always round up the payments).

The 33% = 4 customer or EAF Payments made since start of Minimum DPA. In this scenario above, the customer made 5 payments and, therefore, meets **THIS** criteria for new enrollment.

**Note:** If two or more of the payments were returned due to NSF using the above scenario, then this customer is NOT eligible for the program.

### Affordability & HEAP:

#### Enrolling a "New Affordability" Customer:

- A new Affordability customer **must** have a current season HEAP award to be eligible for the Affordability program. The HEAP on the customer's account can be Emergency HEAP, Regular HEAP or both
- Electric-only customers may be eligible for a small regular HEAP grant even if they are not electric-heat

customers if they can regulate the temperature in their home

- Ask the customer if they are eligible for HEAP; if not, they will tell you
- If they do not know, advise them to go to the local HEAP office and apply
- If they are not eligible for HEAP they are **not** eligible to participate in the Affordability program

**Note:** Customers on this program cannot be enrolled on the Bill Extender.

**Enrolled/Current Affordability customer:**

- Are not eligible for EMERGENCY HEAP
- Once enrolled on the Affordability program, new customers are only eligible for REGULAR HEAP and they **must** apply and receive this benefit each year to retain their eligibility for the Affordability program
- Do **not** advise the customer to default their Affordability agreement to get a disconnect notice and apply for EMERGENCY HEAP
- A \$30 forgiveness credit will be applied to the account every month that the agreed upon payment amount has been **paid in full and on time**.

**Note:** If you receive a call from a current Affordability customer in the WEST advising that they have written confirmation of the Regular HEAP benefit applied to their National Fuel Gas account or NYSEG account, they can remain on the program. Have the customer fax a copy of their HEAP guarantee letter to:

**Attention: LICAP**  
**Fax # 315-460-7008**

**Note:** Customers on this program cannot be enrolled on the Bill Extender.



Date of Request: July 2, 2012  
Due Date: July 12, 2012

NYPULP No. 50 (GN-50)  
NMPC Req. No. 430

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

Is the Company aware of any information concerning the enrollment or participation of its low income customers in the Company's Energy Efficiency Programs? If so, provide this information at least with regard to HEAP customers.

Response:

An analysis of 2009-2011 residential participants in Niagara Mohawk's residential energy efficiency portfolio standard ("EEPS") programs receiving Home Energy Assistance Program ("HEAP") benefits identified 46 HEAP customers that participated in the Company's Enhanced Home Sealing Incentives Programs, 372 HEAP customers that participated in the ENERGY STAR® Products Programs, and 302 HEAP customers that participated in the Residential Heating, Water Heating and Controls Program.

Name of Respondent:  
Ed White

Date of Reply:  
July 10, 2012

Date of Request: August 6, 2012  
Due Date: August 16, 2012

NYPULP No. 87 (GN-87)  
NMPC Req. No. NM 725

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

Compare and contrast Niagara Mohawk's current electric and gas low income programs with others offered by National Grid companies in New York by providing the following information:

Electric Programs:

- a. Amount of monthly customer electric discount on the customer charge (calculate as percentage of current monthly charge)
- b. Amount and structure of any discount on the kWh charge for distribution service
- c. Current annual average participation level
- d. Underlying financial assistance Programs that qualify for this program
- e. Copy of most recent annual report

Gas Programs:

- a. Amount of monthly customer electric discount on the Minimum Charge (calculate as percentage of current monthly charge)
  - b. Amount and structure of any discount on the therm charge for distribution service
  - c. Current annual average participation level
- Underlying financial assistance programs that qualify customers for this program  
Copy of most recent annual report

Response:

**Electric Programs:**

a. Niagara Mohawk is the only National Grid electric company in New York. The amount of customer discount on the electric customer charge (as a percentage of currently monthly charge) is:

**Service Classification No. 1-Residential**

		<u>Percentage of Current Customer Charge</u>
Current Customer Charge:	\$16.21	
Income Eligible Basic Service Credit:	\$5.00	30.8%
Income Eligible Basic Service Credit: (Electric Heat Customers)	\$15.00	92.5%

**Service Classification No. 1C-Optional Large Time of Use Rate (Residential)**

		<u>Percentage of Current Customer Charge</u>
Current Customer Charge	\$30.00	
Income Eligible Basic Service Credit	\$5.00	16.7%
Income Eligible Basic Service Credit (Electric Heat Customers)	\$15.00	50.0%

b. There is not a discount on the kWh charge in distribution service for electric low income programs for either SC1-Residential and Farm Service or SC No. 1C-Optional Large Time of Use Rate (Residential).

c. Current annual average participation level:

<u>New York State Low Income Electric Programs</u>		
<u>Program</u>	<u>Annual Average Participation</u>	
	<u>2011</u>	<u>2012</u>
\$5 / \$15 Low Income Electric Credit Program	152,111	150,247

d. Receipt of a HEAP payment to the customer account is the only qualification for this program.

e. An annual report for this program is not filed.

**Gas Programs:**

a. The following is a summary of the gas low income programs that are offered by National Grid's gas distribution companies in New York: Niagara Mohawk, The Brooklyn Union Gas Company d/b/a National Grid NY ("KEDNY") and KeySpan Gas East Corporation d/b/a National Grid ("KEDLI").

The amount of customer discount on the gas customer charge (as a percentage of current monthly charge) for each National Grid gas distribution company is as follows:

**Niagara Mohawk**

Service Classification No 1 Residential

		<u>Percentage of Current</u>
		<u>Customer Charge</u>
Current Customer Charge:	\$17.85	
Income Eligible Customer Credit:	\$7.50	42.0%

**KEDNY**

Service Classification No 1A Residential Non-Heating Service

		<u>Percentage of Current Customer Charge</u>
Current Customer Charge:	\$13.51	
Income Eligible Customer Credit:	\$2.50	18.5%

Service Classification No 1B Residential Heating Service

		<u>Percentage of Current Customer Charge</u>
Current Customer Charge:	\$16.51	
Income Eligible Customer Credit:	\$9.50	57.5%

**KEDLI**

Service Classification No 1 General Residential Service

		<u>Percentage of Current Customer Charge</u>
Current Customer Charge:	\$13.66	
Income Eligible Customer Credit:	\$4.82	35.3%

Service Classification No 1 Residential Heating Service

		<u>Percentage of Current Customer Charge</u>
Current Customer Charge:	\$16.66	
Income Eligible Customer Credit:	\$13.02	78.2%

b. The amount and structure of any discount on the per therm usage charge for distribution service is as follows:

**Niagara Mohawk**

There are no discounts on the per therm usage charge for the income eligible customers.

**KEDNY**

**Service Classification No 1A Residential Non-Heating Service**

There are no discounts on the per therm usage charge for the SC 1A income eligible customers.

**Service Classification No 1B Residential Heating Service**

Current 2 <sup>nd</sup> Block Charge:	\$0.5644 per therm
Income Eligible Customer Credit (each Nov 1 <sup>st</sup> to Apr 30 <sup>th</sup> )	\$0.2646 per therm
Percentage of Current 2 <sup>nd</sup> Block Charge	46.9%

**KEDLI**

**Service Classification No 1 General Residential Service**

There are no discounts on the per therm usage charge for the SC 1 income eligible customers.

**Service Classification No 1 Residential Heating Service**

Current 2 <sup>nd</sup> Block Charge:	\$0.8739 per therm
Income Eligible Customer Credit (each Nov 1 <sup>st</sup> to Apr 30 <sup>th</sup> )	\$0.3622 per therm
Percentage of Current 2 <sup>nd</sup> Block Charge	41.4%

c. Current annual average participation level:

<u>New York State Low Income Gas Programs</u>		
<u>Program</u>	<u>Annual Average Participation</u>	
	<u>2011</u>	<u>2012</u>
\$7.50 Low Income Gas Credit Program	68,797	67,527
KEDNY Low Income Discount Rate	66,349	64,139
KEDLI Low Income Discount Rate	12,265	12,436
On Track - NYC	1,205	957
On Track - Long Island	358	343

d. Receipt of a HEAP payment to the customer account is the only qualification for this program.

e. Copy of the most recent annual report: Responded previously in NY PULP No. 42 (GN-42)

Name of Respondent:

Evelyn Kaye

Date of Reply:

August 13, 2012

Date of Request: July 2, 2012  
Due Date: July 12, 2012

NYPULP No. 58 (GN-58)  
NMPC Req. No. 438

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

Provide a copy of the company's customer complaint review procedures for customers who complain regarding denial of service, termination of service, terms of a proposed deferred payment plan, billing disputes, and other matters.

Response:

The complaint review procedure is contained in the Rights and Responsibilities communication that is sent to new customers at the time of service initiation and also to existing customers on an annual basis. Please see Attachment 1 GN-58. This document is also available on the company's web site which is accessible to the public. Applicants who are denied service are sent a letter containing contact information should they have any unresolved questions or concerns. Please see Attachment 2 GN-58. Appropriate contact information is also contained in disconnect notices, indicated in Attachment 3 GN-58, and in deferred payment agreement offers as shown in Attachment 4 GN-58.

Name of Respondent:

Paul S. Leo

Date of Reply:

July 11, 2012



## Residential Rights and Responsibilities for National Grid Customers in New York State

New York State Public Service Commission (PSC) rules and the Home Energy Fair Practices Act (HEFPA) provide comprehensive protection for residential customers of gas and electric utilities. HEFPA requires that consumer protections be provided by both National Grid and non-utility energy service providers (ESCOs). This brochure contains basic information about National Grid's policies and procedures and your rights as a customer billed under residential rates.

### Service or Billing Questions

To ask about your National Grid service or your bill, call 1-800-642-4272, 24 hours a day, 7 days a week. You may also access our Automated Account Services line at 1-888-832-0301 for day-to-day transactions such as account balance information, rate payment information, proposed Budget Plan payment amounts or to enroll in the Budget Plan.

You may also visit [www.nationalgrid.com](http://www.nationalgrid.com) for a number of convenient online self-service options. Choose links to access your National Grid account details and electric or gas usage history. Find out about payment options, and stop or start National Grid service. You may also reach us via email from our website at [www.nationalgrid.com](mailto:www.nationalgrid.com).

### To Report an Emergency

To report an electric or gas emergency, please call 1-800-492-2342, 24 hours a day, 7 days a week.

### Meter Access

It's important that we access our meters for readings, inspections and maintenance. In accessing service, you grant the Company the right to access your premises at reasonable times. By law, our meter read ers are permitted to enter unlocked service property at all reasonable times to access our equipment and meters.

- If we are unable to read the meter for six months or three billing periods or calculated bills, whichever is greater, we will send you a "no access" notice or contact you requesting that you either provide us with a reading or arrange access to the meter.
- If we cannot gain access, you may be subject to special charges.
- If the meter has not been read in eight consecutive months or four billing periods, whichever is greater, you or your building owner may be subject to a \$25 charge on your next bill.

For your protection, every National Grid employee carries a photo identification card. Always ask to see the card before granting entry to your home. Also, before entering, National Grid employees are required to knock and announce their presence to you.

### Estimated Readings

We use actual readings based on automated meter readings to determine your monthly bill. There may be rare occasions for using estimated readings, such as severe weather or equipment failure. We also continue to use estimates for connecting and disconnecting service.

### Billing and Payment Procedures

When to Pay - Your bill comes when you receive it. It notes the date we must receive payment by to avoid late payment charges 25 days after the bill is sent to you. Late payment charges are 1.5% of the past due amount and are assessed each month on any unpaid past due balance.

When To Pay - Most of our customers pay by mail, using the return envelope we provide. A number of customers use our DirectPay and Online Bill-Pay options, which are also mentioned in this program. You may pay in person at a local store or bank or other authorized payment agent that accepts National Grid bill payments. Please note that many payment agents charge a fee for this service.

### DirectPay Program

You can have the option to pay your National Grid bill automatically. Once you authorize automatic payment, we will debit the billed amount into your checking or savings account 15 days after your billing date. We will also mail your regular bill to help you if a payment or payment notice isn't received, your monthly use and costs, and your next scheduled maintenance date.

### Budget Billing

Our Budget Plan takes the seasonal differences out of your monthly energy bill. Under this plan, we look at your energy use over the past year and estimate your annual energy costs. We then divide that amount into 12 monthly payments. Every three months, we review your monthly payment amount and adjust it as needed, based on your usage and the price of energy. Budget Plan service is free, and you may leave the plan at any time.

### Online Bill-Pay

You can enroll in the Online Bill-Pay program to receive and pay your bill online. You will receive an email notification when your online bill is available for viewing and payment.

For more information, visit [www.nationalgrid.com/paymentsolutions](http://www.nationalgrid.com/paymentsolutions).

### Payment Arrangements

If you're having difficulty paying your National Grid bill, let us know by calling our Collection Services Department at 1-822-4423, Monday through Friday, 9 a.m. to 5 p.m., Saturday, 9 a.m. to 1 p.m. Please have your account number ready. We will determine your eligibility for a payment agreement that considers your financial circumstances.

### Disconnection of Service Procedures

Never disconnect service for nonpayment. Before we can turn off service for nonpayment, we must send you a Final Termination Notice. We do not send a Final Termination Notice until a bill is more than 25 days overdue. The Final Termination Notice provides you with 15 more days to pay the bill or make payments arrangements before service can be turned off. After termination, we will send you by mail a detailed payment agreement. If you accept the agreement, sign it and send it to us together with the down payment before the Final Termination Notice date, we will not turn off your service.

### Service Termination by an ESCO

Non-utility energy service providers (ESCOs) must also follow HEFPA procedures before terminating your supply service for nonpayment. A termination by an ESCO is the point at which your energy supply is no longer provided by that ESCO. National Grid customers will receive notice of a potential ESCO termination for nonpayment on the same Final Termination Notice described under the preceding "Disconnection of Service Procedures" section. If you purchased your supply service from an ESCO, you may want to contact your ESCO for more information.

### Cold Weather Protections

We will NOT disconnect your electric or gas service between November 1 and April 15 without first trying to contact you, or an adult member of your household or, if you're a caretaker of service terminations, if heat or service create a serious health or safety problem, we will continue service for at least 10 days and try to arrange a payment plan. However, the customer is still responsible for bills and should make reasonable efforts to pay for service.

### Reconnecting Services

We will reconnect service within 24 hours when:

- You pay the full amount due. OR
- You are eligible and sign a payment agreement and make any necessary down payment on your bill. OR
- You face a serious threat to health or safety.

## Program Enrollment Form

Name \_\_\_\_\_  
 Address \_\_\_\_\_ Apt. \_\_\_\_\_  
 Town/City \_\_\_\_\_ Zip Code \_\_\_\_\_  
 Telephone (daytime) \_\_\_\_\_ (evening) \_\_\_\_\_  
 Account number ( ) ( ) ( ) ( ) ( ) ( ) - ( ) ( ) ( ) ( ) ( ) ( )

### DirectPay Program

Please enroll me in the DirectPay program. I authorize electronic deductions from my bank account for payments of my bills. 15 days after my billing date, I have authorized a bank account, verified "VOID" if basic complete the following only if enrolling in DirectPay.)

Name exactly as it appears on bank statement \_\_\_\_\_  
 Bank Name \_\_\_\_\_  
 Bank Account Number \_\_\_\_\_  
 Bank Routing Number (the 9-digit number on the bottom of your check) \_\_\_\_\_  
 Checking  Savings  
 Your Signature \_\_\_\_\_ Date \_\_\_\_\_

### Budget Plan

To obtain your Budget Plan amount and/or to enroll in the Budget Plan, please call 1-888-832-0301. Our Advice

144-0

If you receive public assistance in the form of direct payments or written guarantee, we will turn your service back on within 24 hours after we receive a notice of payment from the social service agency helping you.

**Reconnection Fees**

We charge a fee to reconnect service. This charge is higher if we restore service outside normal working hours (8 am-6 pm, Monday-Friday, except holidays). The fee is also higher if it requires work at a pole or at the street instead of at the meter.

**Security Deposits**

If you are a short-term or seasonal customer, we may ask you for a deposit. A short-term customer is someone who has an account with us for less than one year. A seasonal customer is a person who applies for and receives utility service periodically each year, intermittently during the year, or at other irregular intervals. Deposit amounts are based on twice the average monthly bill for the heating season. Deposits are held for one year and, with a good payment record during the year, refunded with interest at a rate set by the Public Service Commission. If your payments are not current, we will hold the deposit and credit the interest to your account annually.

**Important information for Tenants and Landlords**

If electric and/or gas service is included in rent and a landlord fails to pay, a tenant may be able to maintain service if the tenant can join with other tenants to pay the current bill, which may be deducted from rent. In many tenements when a landlord fails to pay, we will shut service throughout the building. We will also send notices to each tenant to inform them if service is scheduled for shut-off. If tenants live in a two-family home or multi-unit building where heat or other utility services are part of rent, we will not shut off service without giving tenants a written 10-day notice. During that period we will determine whether any tenant has a medical or other problem that would be worsened by discontinuing service.

Shared Meter Law is enforced by all New York state utilities under the administration of the New York State Public Service Commission. Residential tenants are required to pay only for the electric and/or gas used in their dwelling or in any area with electric heat that is under their exclusive use and control. If shared metering exists in a building, tenants may be paying for electricity or gas used by others, or may receive electricity or gas through another person's meter (third party). Shared Meter Law states that the tenant billed for the shared condition must be reimbursed by the resident and/or third party and, under certain conditions, the tenant may obtain a mutually acceptable agreement with their landlord. The law also requires National Grid, under certain circumstances, to bill the landlord on

additional 12 months of arrears subject to the shared meter regulations. If the situation is corrected or not, tenants or landlords who think their arrears may be affected should call National Grid at 1-800-642-4272 and let us know what they believe is appropriate. To investigate for a shared meter condition, we will need access to the apartment, the meters and any common areas of the building. Shared Meter Law requires National Grid to provide written notification of a pending investigation and the resulting determination to all parties involved. Landlords will need to provide the shared building manager's name, address and telephone number. When shared metering is found, landlords are required to either correct the condition or, under certain conditions, provide a mutually acceptable agreement with their tenant or place the shared meter under their name. Failure to do so could be considered as not required to investigate may not result in our determination of a shared meter condition. If the shared meter fails to take any action within 120 days of a shared meter determination, the law requires that National Grid install both an account in the landlord's name for all future services measured on the shared meter and compensation with one of the remedies listed above. More information about shared meters can be obtained at [www.nationalgrid.com/landlordmeter](http://www.nationalgrid.com/landlordmeter) or by calling 1-800-642-4272.

**Complaint Handling**

If our customer service representatives did not meet your needs or expectations, ask to speak with a supervisor. If you have a question or concern that was not resolved to your satisfaction by National Grid, you can write to the New York State Public Service Commission (PSC) Office of Consumer Services at Three Empire State Plaza, Albany, NY 12223 or call the PSC hotline at 1-800-342-3531. The hotline is staffed from 8:30 am to 4 pm, on business days. PSC consumer representatives will investigate your complaint and issue a determination. The PSC also has a special emergency hotline for residential customers and non-residential customers with services provided to residential dwelling units. The hotline number is 1-800-642-3366.

**Special Protections**

National Grid provides special protections for elderly, blind and disabled persons, persons with medical emergencies and customers receiving public assistance. Supplemental Security Income benefits or additional state payments. We will work with customers to make a substitution payment arrangement and make local area services if appropriate. We will not disconnect service during a health or safety emergency. We will notify and work with persons in two family dwellings if their service is not metered separately.

**Medical Emergencies** - If you or a member of your family is faced with a medical emergency, providing a medical certificate from your doctor or local branch of Health will continue emergency service for 30 days. To renew the medical certificate after 30 days, have your doctor or the branch of Health confirm in writing who you will need the emergency service. You will be required to provide financial information to determine if you are eligible for a hardship. We will NOT shut off your service during your health emergency, as long as you have provided National Grid with the proper documentation; however, you are still responsible for paying your National Grid bill.

**Service Interruptions** - Your account will be closed and your meters will be tagged if equipment such as home dialysis (dialyzer, monitor, continuous ventilation device), suction (suction) machines, apnea monitors for infants or other life-sustaining electrically operated equipment is shut off at the residence. This tagging will alert our phone center representatives and field service workers of the household's special needs, as well as alert us to your situation during unplanned power outages.

**Third Party Notification** - In circumstances where it difficult for you to keep track of your National Grid account, you can designate a representative (friend or agency) to help you. They will receive a reminder from us if your bill is overdue or your service is going to be turned off. This person or agency is NOT responsible for paying the bill, but can work with us to avoid problems with your account.

If you qualify for special protections under this section, would like to sign up for Direct Pay or would like more information, please complete the attached Program Enrollment Form. Detach and mail in a stamped envelope to:

National Grid Customer Service  
300 Erie Boulevard West  
Syracuse, NY 13202

**This is an important notice. Please have it read to you.**

Information about a new program to help you pay your utility bills is available. This program is called Direct Pay. It allows you to pay your utility bills through a government agency. This program is available to people who are on public assistance, Supplemental Security Income, or other government benefits.

For more information, call 1-800-642-4272 or visit [www.nationalgrid.com/directpay](http://www.nationalgrid.com/directpay).

**National Grid Customer Service**  
300 Erie Boulevard West  
Syracuse, NY 13202  
Phone: 1-800-642-4272  
www.nationalgrid.com

**national grid**  
The power of action.

**Special Needs**

The following equipment is in use in my household:  
Life support equipment (identify): \_\_\_\_\_

I receive Public Assistance (PA). My case number, which appears on my PA identification card, is: \_\_\_\_\_

I receive Supplemental Security Income (SSI). (Note: SSI benefits are not the same as Social Security retirement benefits.) My Social Security number is: \_\_\_\_\_

□ □ □ □ - □ □ □ - □ □ □ □ □ □

Every member of my household is age 18 or under age 62 or older, blind or permanently disabled.

**Third Party Notification**

I request that any First Termination Notice of my National Grid service for nonpayment is also mailed to the following person or agency:

Third Party Name: \_\_\_\_\_

Address: \_\_\_\_\_ Apt: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )  
Telephone (daytime) (evening)

Customer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Please let me know if this customer's bill is overdue or if the service might be turned off. I understand that I am not responsible for paying the bill.

Third Party Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\*\*- Demonstration Powered by HP Exstream 07/19/2011, Version 7.0.604 -\*\*

July 19, 2011  
Bill Account Number: [REDACTED]  
Date Service Requested: 2008-02-04  
Date Service Denied: 2008-02-04

[REDACTED]

NOTICE OF SERVICE DENIAL

Your application for service at [REDACTED] has been denied at this time because of: money owed for previous residential service provided in your name.

The total amount owed is: \$ 2,362.19

In order to resolve this matter, we require the full payment of the unpaid balance OR acceptable arrangements with National Grid.

Please direct payment to National Grid at the address listed below:

National Grid  
PO Box 11742  
Newark, NJ 07101-4742

For unpaid bill obligations or for other assistance, call 1-800-443-1837.  
Please refer to the "NOTICE OF SERVICE DENIAL". We will be happy to assist you.

If you consider this denial unjustified, you may request assistance from the New York State Public Service Commission (PSC) or direct your inquiry by mail to:

New York State Public Service Commission  
Office of Consumer Services  
3 Empire State Plaza  
Albany, NY 12223

Phone: Monday - Friday, 8:30 a.m. to 4:00 p.m.: 1-800-342-3377

If necessary, you may call their emergency number at 1-800-342-3355 from 7:30 am to 7:30 pm.



Bill Account Number: [REDACTED]  
Service Address: [REDACTED]

[REDACTED]



**THIS IS A FINAL DISCONNECT NOTICE.  
PLEASE REFER TO THIS NOTICE WHEN PAYING THIS BILL.**

Your electric and/or gas service may be shut off anytime after 02/22/2008 for non-payment of past due bills of \$ 672.66. (See itemized listing below.)

National Grid	\$ 672.66
Suspended Charges/Credits	\$ 0.00
Amount to Avoid Disconnect	\$ 672.66

If your service is shut off, please be aware that it may take up to 24 hours to turn it back on after you have paid the bill.

If you are unable to pay the past due balance in full, contact Collection Services at 1-800-443-1837 to discuss the possibility of payment arrangements.

A summary of your rights and responsibilities are listed on the reverse side of this notice. Please read this information and let us know immediately if you are covered by any of the special protections shown.

To avoid termination of service, your payment of \$ 672.66 must reach us on or before 02/22/2008

Bill Account Number	Date Due	Amount to Avoid Disconnect	Amount Due
[REDACTED]	02/22/2008	\$ 672.66	\$ 870.96

[REDACTED]

\$

ENTER AMOUNT ENCLOSED

Write amount in this column and take receipt to the office.

National Grid  
P.O. Box 11742  
Newark, NJ 07101-4742

000067866 [REDACTED]

**RESIDENTIAL DEFERRED PAYMENT AGREEMENT**  
Customer Inquiries Telephone Number 1-800-443-1837  
(IF FULL PAYMENT HAS ALREADY BEEN MADE, PLEASE DISREGARD THIS OFFER)

Name: [REDACTED] Account Number: [REDACTED]  
Service Address: [REDACTED] Date: April 23, 2012

**PAYMENT AGREEMENT RULES AND INFORMATION**  
PLEASE READ THE FOLLOWING CAREFULLY BEFORE YOU SIGN THIS AGREEMENT:

1. National Grid is required to offer you a payment agreement that you are able to pay.
2. Normally, payment agreements require that you make a downpayment, pay your current bills on time and make an installment payment each month toward your arrears balance. If you can show that your present financial circumstances will not allow you to make such payments, we are prepared (where appropriate) to offer agreements that do not require a down payment with monthly installments as low as \$10.00 above the amount of your current bill.
3. If a telephone interview takes place, we may ask questions regarding your income, expenses, and available assets. You would be required to provide such information and, if required, reasonable substantiation that the information you provide is accurate.
4. Recipients of Public Assistance or Supplemental Security Income (SSI) may wish to consider contacting their local Social Service office as they may be eligible for utility bill payment assistance.



After reviewing the specific terms of this agreement (stated below) if you feel you are not able to make the required payments, do not sign this agreement. If you have any questions or wish to discuss the terms with a National Grid representative, call 1-800-443-1837.

**HOW PAYMENTS WILL BE MADE IF YOU ACCEPT THIS AGREEMENT**

As of 04/23/2012, you owe a previous balance of \$ 68.96 and a current bill amount of \$ 50.78 for a total owing of \$ 119.74. A down payment of \$ 37.50 must be made by 05/03/2012 leaving a balance of \$ 82.24. This remaining balance is to be paid in 0002 monthly installment(s) as follows: 001 payment(s) of \$ 37.50 and a final ( 2nd) payment of \$ 44.74. All installment payments covered by this agreement and all bills you will be receiving for current charges while the agreement is in effect must be paid by the due dates shown on the bills.

To accept this agreement, sign and date the reverse side of one copy, enclose the required down payment, and mail using the envelope enclosed. To avoid termination of service, the agreement and down payment must reach us by 05/03/2012.

Bill Account Number	Date Due	Past Due Balance	Downpayment Amount
[REDACTED]	05/03/2012	\$ 68.96	\$ 37.50

ENTER AMOUNT ENCLOSED

\$

Circle amount in ink. Do not stamp or write in.  
National Grid

[REDACTED SIGNATURE]

NATIONAL GRID  
P.O. BOX 1160  
NEWARK, NJ 07101-1160

000003750 76751371042000011974114

Date of Request: July 2, 2012  
Due Date: July 12, 2012

NYPULP No. 25 GN-25  
NMPC Req. No. 405

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. - Gerald Norlander

TO: Shared Services and Customer Panel

Request:

25. Describe the collection activities undertaken for a residential customers with both gas and electric service when the electric bill is paid on time but the gas bill is overdue:
- Are partial payments allocated between gas and electric service? How?
  - What does the disconnection notice state with regard to the overdue amount? Is the electric overdue amount identified separately from the gas overdue amount or is there a single balance presented?
  - Does the Company physically disconnect electric service for nonpayment of gas service?

Response:

a. Yes. First, unpaid charges are satisfied from the oldest date billed to the most recent date billed. If arrears on an account includes charges for both gas and electric service that were billed on the same day, any partial payment received will be prorated and allocated so that each service receives a portion of the payment equivalent to its percentage of the total bill. For example, if the gas charges on a customer's May bill equaled 45% of the total bill, and the electric charges equaled 55% and the customer does not pay enough to cover the entire bill, 45% of the payment will be allocated towards the gas charges and 55% towards the electric charges.

b. The notice statement is as follows:

*Your electric and/or gas service may be shut off anytime after xx/xx/xx for non-payment of past due bills of \$00.00. (See itemized listing below.)*

*National Grid \$00.00  
Suspended Charges/Credits \$00.00  
Amount to Avoid Disconnect \$00.00*

The overdue amount includes both electric and gas charges for combination customers. The charges are not identified separately. A single balance is presented as described above.

c. Since payments are prorated and allocated between electric and gas, when an account becomes eligible for termination, the Company may terminate both electric and gas service. In most cases, the Company chooses to affect the electric service first since the reconnect process is more timely for the customer.

Name of Respondent:

Date of Reply:

Paul S. Leo

July 6, 2012

Date of Request: July 2, 2012  
Due Date: July 12, 2012

NYPULP No. 56 (GN-56)  
NMPC Req. No. 436

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

What are the down payment requirements for an applicant for service who owes money for service to a previously closed account?

Response:

Residential: All Applicants are required to pay half of their arrears or three times the average bill (at the pending address), whichever is less, as a down payment. The remaining balance will be transferred to the new active account and the customer will be set up on a payment agreement based on their financial statement.

Non-residential: Customers are expected to make full payment of any outstanding account balances that are not the subject of a billing dispute or part of an existing payment agreement that is in good standing. However, should the customer inquire about a payment agreement for a balance transfer, the Company will consider offering a payment arrangement if the customer meets the eligibility requirements in the Niagara Mohawk rate tariff, PSC No. 207, or it is reasonable and prudent to do so. In those instances, consideration will be given to the size of the transferred balance, the financial condition of the customer, and any special situations impacting the customer's ability to pay. The Company strives to limit payment agreements to no more than three months.

Name of Respondent:

Paul S. Leo

Date of Reply:

July 11, 2012





Date of Request: August 6, 2012  
Due Date: August 16, 2012

NYPULP No. 80 (GN-80)  
NMPC Req. No. 718

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

Provide the disconnection for nonpayment totals for each month in 2010, 2011 and 2012 separately for gas and electric residential customers.

Response:

Please see Attachment NYPULP GN-80.

Name of Respondent:

Paul S. Leo

Date of Reply:

August 14, 2012

**NIAGARA MOHAWK RESIDENTIAL TERMINATIONS**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Tot
<b>Electric</b>													
2010	5	9	1,876	3,825	6,884	6,449	4,767	5,532	5,446	3,249	654	43	38,740
2011	1	392	1,016	2,707	6,859	5,867	4,212	5,187	4,885	3,222	462	384	35,194
2012	391	655	2,268	2,757	6,605	4,168	3,886						20,728
<b>Gas</b>													
2010	2	4	730	1,488	2,677	2,508	1,854	2,151	2,118	1,263	254	17	15,065
2011	1	176	457	1,216	3,081	2,636	1,892	2,330	2,195	1,448	198	164	15,794
2012	168	281	972	1,181	2,831	1,786	1,665						8,884
<b>Total</b>													
2010	7	13	2,606	5,313	9,561	8,957	6,621	7,683	7,564	4,512	908	60	53,805
2011	2	568	1,473	3,923	9,940	8,503	6,104	7,517	7,080	4,669	660	548	50,988
2012	559	935	3,239	3,938	9,435	5,954	5,551						29,612

(1) The terminations are distributed between the electric and gas segments using the bad debt expense accounting allocation for those months. For the months prior to January 2011, the allocation is 72% to electric and 28% to gas. For the months January 2011 through October 2011, the allocation is 69% to electric and 31% to gas. For months subsequent to October 2011, the allocation is 70% to electric and 30% to gas.

Date of Request: August 6, 2012  
Due Date: August 16, 2012

NYPULP No. 81 (GN-81)  
NMPC Req. No. 719

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

Provide the disconnection for nonpayment totals for each month in 2010, 2011 and 2012 separately for those customers enrolled in each of NIMO's gas and electric low income programs.

Response:

Please see Attachment NYPULP GN-81. Because low income customers may not have been enrolled in one of the Company's low income programs at the time of termination, the following criteria was used in the analysis to define a low income customer: the existence of any open Regular HEAP Suspend or any open Emergency HEAP Suspend or the receipt of any HEAP payment (Regular, Emergency, or Supplemental) – all within the 14 months prior to the cut out for non-payment (CONP). This implies that a HEAP Suspend may or may not have been open at the time of the CONP.

Name of Respondent:

Paul S. Leo

Date of Reply:

August 14, 2012

**NIAGARA MOHAWK LOW INCOME TERMINATIONS**  
**(Electric and Gas Combined)**

	1	2	3	4	5	6	7	8	9	10	11	12	Tot
<b>Total</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	
2010	3	3	839	2,166	3,824	3,611	2,633	2,806	2,328	1,388	306	21	<b>19,928</b>
2011	1	237	657	1,319	4,277	4,157	2,740	3,026	2,527	1,726	229	186	<b>21,082</b>
2012	163	267	1,003	1,437	3,634	2,159	1,926						<b>10,589</b>

(1) Low income is defined as the existence of any open Regular HEAP Suspend or any open Emergency HEAP Suspend or the receipt of any HEAP payment (Regular, Emergency or Supplemental) -- all within the last 14 months prior to CONP.

Date of Request: July 2, 2012  
Due Date: July 12, 2012

NYPULP No. 33 (GN-33)  
NMPC Req. No. 413

NIAGARA MOHAWK POWER CORPORATION d/b/a National Grid

Case 12-E-0201 – Niagara Mohawk Power Corporation d/b/a National Grid

Request For Information

FROM: Public Utility Law Project of New York, Inc. – Gerald Norlander

TO: Shared Services and Customer Panel

Request:

With regard to customer call center performance, provide the monthly and annual average Call Abandonment Rate (percent of calls that enter the queue to speak to a customer service representative but are dropped prior to being answered) and the Busy Out Rate (number of calls that receive a busy signal when calling the toll free number) for 2009 through 2011 and 2012 to date. Provide this information separately for each call center used by the Company for Niagara Mohawk's customers.

Response:

Call Abandonment Rates are found in Attachment 1 to NYPULP-33(NG-33). The company does not track the Busy Out Rate.

Name of Respondent:

Date of Reply:

Rudolph Wynter, Jr.

July 5, 2012

Monthly & Annual Abandonment Rate  
01/01/2009-12/31/2009

Agent Calls

Date	Offered Calls	Abandoned Calls	Abandoned Rate
January	336,130	20,732	6.17%
February	307,563	8,404	2.73%
March	325,950	4,233	1.30%
April	319,281	3,487	1.09%
May	350,883	7,850	2.24%
June	364,788	6,536	1.79%
July	344,806	5,529	1.60%
August	350,424	11,544	3.29%
September	349,746	8,390	2.40%
October	361,538	8,077	2.23%
November	284,316	5,663	1.99%
December	304,125	5,260	1.73%
Totals	1,751,856	50,683	2.89%

Monthly & Annual Abandonment Rate  
01/01/2010-12/31/2010

<u>Agent Calls</u>			
Date	Offered Calls	Abandoned Calls	Abandoned Rate
January	301,468	7,002	2.32%
February	295,057	12,817	4.34%
March	329,205	15,387	4.67%
April	313,914	5,034	1.60%
May	329,717	6,806	2.06%
June	345,964	9,139	2.64%
July	339,052	10,847	3.20%
August	349,217	9,054	2.59%
September	338,598	7,079	2.09%
October	346,984	5,920	1.71%
November	309,784	4,961	1.60%
December	302,519	3,814	1.26%
Totals	1,645,324	69,482	4.22%



Monthly & Annual Abandonment Rate

01/01/2011-12/31/2011

Agent Calls

Date	Offered Calls	Abandoned Calls	Abandoned Rate
January	308,848	4,995	1.62%
February	289,242	5,339	1.85%
March	338,710	9,746	2.88%
April	310,621	5,137	1.65%
May	329,565	5,147	1.56%
June	355,546	5,136	1.44%
July	336,756	5,099	1.51%
August	413,613	8,694	2.10%
September	372,104	32,387	8.70%
October	363,797	17,839	4.90%
November	309,577	4,739	1.53%
December	306,804	3,488	1.14%
Totals	4,035,183	107,746	2.67%

Monthly & Annual Abandonment Rate  
01/01/2012-6/30/2012

<u>Agent Calls</u>			
Date	Offered Calls	Abandoned Calls	Abandoned Rate
January	344,178	11,905	3.46%
February	300,174	4,743	1.58%
March	315,123	5,333	1.69%
April	303,082	4,400	1.45%
May	329,993	5,735	1.74%
June	311,789	6,014	1.93%
Totals	1,904,339	38,130	2.00%

# The National Grid Arrears Management Program

The National Grid Arrears Management Program (AMP) is a program designed to help customers manage their current energy bills while resolving past-due debt.

Through AMP, customers who have a balance of at least \$300 that is more than 60-days past-due have the opportunity to eliminate the entire past-due balance over the course of 12 or more months, depending on how much they owe.

## The AMP Program:

- ▶ National Grid will review the customer's account billing history and set a monthly budget payment amount based on the average of their monthly bills. Once a payment amount is set, this amount will need to be paid on time each month in order to remain in the program.
- ▶ When an AMP monthly payment is made, a portion of your past-due balance will be eliminated, or "forgiven," thus reducing the amount owed to National Grid.
- ▶ The amount that will be forgiven each month is calculated by taking the total past-due balance and dividing it by the number of months in the agreement.

### Example:

- ▶ A budget amount of \$150 per month and a past-due balance of \$1,200. For every month that a required \$150 budget payment is made towards the current bill, National Grid will reduce your past-due balance by \$100 (calculated as  $\$1,200 \div 12 = \$100$ ).
- ▶ As long as a customer continues to make their AMP budget payment each month, 1/12th of the past-due balance will be eliminated. After 12 months on the program, your past-due balance will be reduced to zero.
- ▶ The AMP program allows forgiveness of up to a maximum of \$1,500 per year. If the arrears are greater than \$1,500, the length of the AMP agreement may be extended for more than 12 months to accommodate the full balance.
- ▶ If the customer remains actively enrolled in the program and makes monthly AMP payments on time, their service will not be shut off for non-payment.

## Eligibility:

- ▶ The customer must be a National Grid residential customer in Massachusetts with active service.
- ▶ The account balance must be \$300 or more and at least 60 days overdue.
- ▶ The account must have confirmed enrollment in our National Grid Low Income Rate (R2).
- ▶ The customer must pay their monthly budget amount each month and on time.
- ▶ The customer must not have previously participated in our AMP program.

If you believe you may be eligible for this program, please contact the Customer Service phone number on your bill for more information.

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The power of action.™