

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on January 8, 2015

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair
Patricia L. Acampora
Garry A. Brown
Gregg C. Sayre
Diane X. Burman, dissenting in part and concurring in part

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

ORDER INSTITUTING PROCEEDING

(Issued and Effective January 9, 2015)

BY THE COMMISSION:

INTRODUCTION AND BACKGROUND

This Commission has long recognized that the "aid, care and support of the needy are public concerns...",¹ and for decades has provided low income assistance programs for the poor through local utilities.² Because energy services are essential to the safety and well-being of all residents of the state, it is the State's and the Commission's policy that the "continued provision of gas, electric and steam service to residential customers without unreasonable qualifications or lengthy delays

¹ New York State Constitution, Art. 17, Sec. 1.

² In New York, customers who are eligible to participate in the Home Energy Assistance Program, i.e., those at or below 60% of state median income (SMI), are generally considered to be "low income."

is necessary for the preservation of the health and general welfare and is in the public interest."³

As a result, New York has a distinguished history of ensuring such protection for those who may face financial difficulties, and has approved low income affordability programs for every major gas and electric utility throughout New York. More than \$128 million has been authorized annually for ratepayer-funded low income assistance programs, and more than one million energy consumers participate in those programs. These efforts recognize, among other things, that the utility and societal cost of leaving the economically disadvantaged without access to energy supplies can be much greater than the cost of maintaining access for these customers.⁴

The low income rate assistance programs typically have been developed, evaluated and modified as appropriate, in utility rate cases. As a result, there are substantial differences among these programs (See Appendix). These differences include: the amount of the discount, in dollar and percentage terms, provided to participating customers; the extent to which participation is open to customers who do not obtain HEAP benefits; and the extent of funding for arrears forgiveness or other targeted programs.

Statewide, the dollar amount of energy utility customer arrears has trended up for several years. As of November 30, 2014, over 1.2 million residential electric and gas customers were more than 60 days in arrears, carrying more than

³ Public Service Law, §30, Home Energy Fair Practices Act (HEFPA).

⁴ The Commission is reviewing other aspects of services to low income consumers in other proceedings, including Case 14-M-0101, Reforming the Energy Vision, and Case 12-M-0476, Retail Energy Markets. These efforts will continue.

\$756 million owed to utilities, and nearly 277,000 residential electric and gas customers statewide had service disconnected for non-payment during 2014. Energy utilities also wrote off nearly \$195 million in uncollectible expense during that period. Low income customers experience a disproportionately high amount of arrears and service terminations for non-payment. Approximately 12% of utility customers participate in utility low income assistance programs, but they account for approximately 31% of the dollar value of residential arrearages, 22% of residential customers in arrears, and 21% of residential service terminations.⁵ This indicates that these customers are having difficulty paying their energy bills and maintaining utility service.

CONCLUSION

Given the importance of ensuring that utility low income assistance programs continue to be consistent with our statutory and policy objectives, reflect best practices, and effectively improve energy affordability for low income households while efficiently using ratepayer funds, a proceeding is initiated to examine these programs, evaluate the effectiveness of current program designs, and identify improvements that are warranted. The primary purposes of this proceeding are to provide the opportunity to standardize utility low-income programs to reflect best practices where appropriate, streamline the regulatory process to conserve administrative resources, and ensure that these programs continue to be consistent with our statutory and policy objectives.

⁵ Percentage figures are based on data for calendar year 2014, through August.

We expect a majority of the utilities to have rate cases pending before the Commission in 2015. While low income programs, in aggregate, account for less than 0.8% of utility revenues, a substantial amount of time is spent by the parties in rate cases litigating or negotiating settlement of low income program designs and funding levels. This proceeding is expected to assist the parties, especially low income advocates, in efficiently managing their finite resources.

Accordingly, we direct Staff, in consultation with interested parties, to conduct an investigation of utility low income programs, to identify best practices, and develop a set of recommendations for how best to optimize the implementation of utility low income programs, for party comment. Such recommendations shall include a proposed process for incorporating the recommendations into ongoing rate cases before the Commission in 2015. It is our expectation that this will lead to adoption of a consistent, more uniform approach to the design and implementation of these programs; that will ultimately save parties the effort and expense devoted to litigating these issues in each utility rate case. Staff should proceed with deliberate speed in order to maximize our ability to inform pending and soon to be filed rate cases. Information and instructions related to becoming a party, subscribing to the service list, or otherwise monitoring the status of this proceeding can found on the Commission's Web site at: <http://documents.dps.ny.gov/public/MatterManagement/RequestAPStatus.aspx>.

The Commission orders:

1. A proceeding is instituted to examine programs to address energy affordability for low income residential utility customers.

2. Staff is directed to conduct an investigation, in consultation with interested parties, as described in the body of this order, and within 90 days of the issuance of this order to file a report with the Secretary with recommendations concerning the design and implementation of energy utility low income rate affordability programs, for party comment and Commission consideration.

3. The Secretary may, in her sole discretion, extend the deadlines set forth in this Order. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

4. This proceeding is continued.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary

Appendix - New York Utility Low Income Programs

	Central Hudson	Con Edison	KeySpan	National Fuel	Niagara Mohawk	NYSEG	Orange and Rockland	RG&E
Eligibility	Utility HEAP recipients (auto-enrolled).	Electric: must receive HEAP, SSI, TANF, SNA, or Food Stamps Gas: same + Medicaid, CHP, (all auto-enrolled)	Must reside in 1- or 2-family home and receive HEAP, SSI, TANF, SNA, Food Stamps, Medicaid, CHP, or Veteran's benefit (HEAP auto-enrolled)	Utility HEAP recipients.	Utility HEAP recipients are auto-enrolled.	Must be HEAP eligible (utility HEAP recipients are auto-enrolled)	Utility HEAP recipients (auto-enrolled)	Must be HEAP eligible (utility HEAP recipients are auto-enrolled)
Bill Discount	\$5.50 non-heat gas or electric; \$11.00 single service non-heat gas or electric; \$17.50 gas or electric heat; \$23.00 combo gas and electric heat; \$11.00 combo gas or electric non-heat; certain customers receive additional bill discount that varies (\$50 - \$225/mo.) depending on household size and income	Electric - \$9.50/mo; Gas non-heat - \$1.50/mo.; Gas heat - \$0.4880/Th 4 to 90 block Th/mo, \$7.25 discount off bill per month	Non-heat \$3 discount, Heating \$10.50 discount. Also, winter discount of about 50% off the second rate block. LI: non-heat - \$3.66/mo.; heat - \$11.26/mo + \$0.3622/Th(44%) up to 50 Th/mo.	\$12.50/mo.; bill discount for 5 months. LICAAP varies in amount (\$170 - 40% of total bill) depending on household size and income	Electric: non-heat - \$5/mo, heat - \$15/mo; gas - \$10.50/mo	Electric: non-heat - \$9.57/mo, heat - \$18.57mo. Gas: non-heat - \$6.60/mo, heat - \$13/mo	Electric: non-heat - \$7/mo, heat - \$15/mo. Gas: \$11.63/mo.	Electric: non-heat - \$5/mo, heat - \$24/mo. Gas: non-heat - \$2/mo, heat - \$5.60/mo.
Arrears Credits (note: all are at Company's discretion)	1/24 of arrears forgiven monthly	None	Up to \$400 in four equal payments over 18 months	1/24 of arrears forgiven monthly	Matching credit up to \$30/mo	1/24 of arrears forgiven monthly (up to \$1500)	None	1/24 of arrears forgiven monthly (up to \$1500)
Other Services	Energy conservation education	One-time waiver of reconnection fees	Financial and energy management education, social service referrals and case mgmt.	Energy conservation education and referrals to other income-support programs	Weatherization deferral of 5% (electric) or 7.5% (gas or elec. and gas)	One-time waiver of reconnection fees	One-time waiver of 50% of reconnection fees	One-time waiver of reconnection fees

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Commissioner Diane X. Burman, dissenting in part and concurring
in part:

As reflected in my comments made at the public session
on January 8, 2015, I dissent in part and concur in part.