

BEFORE THE
NEW YORK STATE
PUBLIC SERVICE COMMISSION

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Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of
Central Hudson Gas & Electric Corporation
for Electric Service

Case 17-E-_____

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Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of
Central Hudson Gas & Electric Corporation
for Gas Service

Case 17-G-_____

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**DIRECT TESTIMONY OF THE
LOW INCOME PANEL**

July 28, 2017

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I. INTRODUCTION

Q. Please state the names of the members of the Low Income Panel (“Panel”).

A. Our names are Linda M. Harrison, Paula Coppin and Beth Monaco.

Q. Ms. Harrison, please state your current employer and business address.

A. I am currently employed by Central Hudson Gas & Electric Corporation (“Central Hudson” or the “Company”) and my business address is 284 South Avenue, Poughkeepsie, New York 12601.

Q. Ms. Harrison, in what capacity are you employed by Central Hudson and what is your scope of responsibilities?

A. I am employed by Central Hudson as the Manager of Customer Account Services. I am responsible for managing Call Center, Outreach, Collections, Meter Reading and Commercial Operations.

Q. Ms. Harrison, what is your educational background and professional experience?

A. I received a Bachelor of Science Degree in Business Administration from Marist College in 1982 and a Master in Business Administration from Marist College in 1989. Since 1984, I have been employed continuously by Central Hudson in a variety of positions throughout the Company including Customer Services, Human Resources and Accounting.

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1 Q. Ms. Harrison, have you previously testified before the New York State
2 Public Service Commission (“PSC” or the “Commission”)?

3 A. Yes, I have testified before the Commission, most recently in Cases 14-E-
4 0318, 14-G-0319, 09-E-0588 and 09-G-0589.

5 Q. Ms. Coppin, please state your current employer and business address.

6 A. I am employed by Central Hudson and my business address is 284 South
7 Avenue, Poughkeepsie, New York 12601.

8 Q. Ms. Coppin, in what capacity are you employed by Central Hudson and
9 what is your scope of responsibilities?

10 A. I am employed by Central Hudson as the Operating Supervisor
11 Community Relations & Consumer Outreach. In this position, I am
12 responsible for discerning and meeting the needs of the Company’s
13 special needs customers. In concert with this, I am responsible for
14 consumer education programs, public participation and training programs
15 for Company employees in customer-contact positions. It is also my
16 responsibility to work with the New York State Department of Public
17 Service (“Staff”) and various Company representatives on the
18 investigation and resolution of consumer complaints.

19 Q. Ms. Coppin, what is your educational background and professional
20 experience?

21 A. I have been employed by Central Hudson since 1988 in a variety of
22 positions throughout the Company including Customer Services, Meter
23 Reading and Legal. In these positions, my responsibilities included

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1 Customer Service Representative and Customer Accounts Services-
2 Supervisor, Meter Reader, and Legal Assistant to the Executive Vice
3 President and General Counsel.

4 Q. Ms. Coppin, have you previously testified before the Commission?

5 A. No, I have not.

6 Q. Ms. Monaco, please state your current employer and business address.

7 A. I am employed by Central Hudson and my business address is 284 South
8 Avenue, Poughkeepsie, New York 12601.

9 Q. Ms. Monaco, in what capacity are you employed by Central Hudson and
10 what is your scope of responsibilities?

11 A. I am employed by Central Hudson as a Customer Account Services
12 Supervisor Community Relations & Consumer Outreach. I am responsible
13 for managing the Company's payment assistance programs, which include
14 the Enhanced Powerful Opportunity Program ("EPOP") and the Low-
15 Income Bill Credit, the Reconnection Waiver Program and the Good
16 Neighbor Fund. I am also responsible for overseeing and supporting
17 Outreach and Call Center representatives and handling PSC complaints.

18 Q. Ms. Monaco, what is your educational background and professional
19 experience?

20 A. I received an Associates Degree in Liberal Arts from Dutchess Community
21 College in 1989. Since 2001, I have been employed continuously by
22 Central Hudson in a variety of positions in Customer Account Services.

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1 Q. Ms. Monaco, have you previously testified before the Commission?

2 A. No, I have not.

3

4 **II. PURPOSE OF TESTIMONY**

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

6 A. The purpose of the Panel's testimony is to describe changes to phase out
7 our existing Low Income Programs, in accordance with the Orders in Case
8 14-M-0565 ("Low Income Proceeding"), and outline the New Low Income
9 Program. Specifically, we will: 1) describe the Company's new Low
10 Income Bill Discount Program; 2) outline the phase-out of the existing Low
11 Income Bill Discount Program and EPOP; 3) provide the Company's
12 position on the continuation of an Arrears Forgiveness Program; 4)
13 summarize the continuation of the Reconnection Waiver program; and 5)
14 discuss the Company's proposed deferral of Low Income Program costs.

15 Q. Is the Panel sponsoring any exhibits in support of its testimony?

16 A. Yes, we are sponsoring the following exhibits:

- 17 1. Exhibit __ (LIP-1), entitled "Low Income Program Costs" which
18 includes a projection of New and Current Low Income Bill Discount
19 Programs, Phase-Out of EPOP Expenditures, and Reconnection Fee
20 Waiver Program Expenditures.
- 21 2. Exhibit __ (LIP-2), entitled "New Low Income Bill Discount Program"
22 which includes projection details of the New Low Income Bill Discount
23 Program for the Home Energy Assistance Program ("HEAP") Seasons

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1 through November 2020. The HEAP Season begins each year in
2 November. This exhibit reflects the twelve months of credits
3 December – November which lags the HEAP Season by one month.
4 Each Exhibit was prepared by or under the supervision of the Panel
5 or one of the Panel's members.

6
7 **III. NEW LOW INCOME BILL DISCOUNT PROGRAM**

8 Q. Has the Commission taken action recently regarding utility low income
9 programs?

10 A. Yes. The Commission instituted the Low Income Proceeding on January
11 9, 2015 to address low income customer concerns. On May 20, 2016, the
12 Commission issued its Order Adopting Low Income Program Modifications
13 and Directing Utility Filings in Case 14-M-0565 ("Low Income Order"). In
14 the Low Income Order the Commission adopted a framework for low
15 income program design providing for tiered discounts and directed utilities
16 to submit implementation plans. The Low Income Order sets forth a
17 standardized low-income program intended to target an energy burden for
18 low income customers at or below 6% of household income and provides
19 for tiered discount levels. In compliance with this Order, on September
20 16, 2016, Central Hudson submitted its Implementation Plan, which
21 replaces the Company's current Low Income program as we discuss later
22 in our testimony. On February 17, 2017 the Commission issued its Order
23 Approving Implementation Plans with Modifications in Case 14-M-0565

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1 (“Implementation Order”) as well as its Order Granting in Part and Denying
2 in Part Requests for Reconsideration and Petitions for Rehearing.

3 Q. Would the Panel please provide an overview of the Company’s New Low
4 Income Bill Discount Program (“New Low Income Program” or “New
5 Program”)?

6 A. As described in the Company’s Implementation Plan approved in the
7 Implementation Order, Central Hudson will replace the current Low
8 Income Bill Discount Program (“Current Low Income Program” or “Current
9 Program”) with this New Program effective on or about November 15,
10 2017, coincident with the start of the 2017/2018 HEAP season. Low
11 income customers receiving HEAP assistance for their Central Hudson
12 electric and/or gas services, or other fuel services (e.g. oil, propane,
13 wood), will be eligible and enrolled into the New Program. Additionally,
14 the New Program will include the following components: monthly low
15 income bill discounts; automatic enrollment in Budget Billing with an opt-
16 out option; and reconnection fee waivers. The customers under this
17 program will be entitled to 12 monthly discounts once qualified, annually.
18 The Company plans to have all components of this New Program fully
19 implemented by year end 2017.

20 Q. What are the monthly low income bill discounts provided under the New
21 Program?

22 A. The new monthly low income bill discounts are shown in Table 1.

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Table 1

New Monthly Low Income Bill Discounts – Tiered Benefit Levels

Income Level	Electric Heating	Electric Non-Heat	Gas Heating	Gas Non-Heat
Tier 1	\$19	\$19	\$30	\$3
Tier 2	\$37	\$37	\$48	\$3
Tier 3	\$72	\$56	\$67	\$3
Tier 4	\$39	\$39	\$50	\$3

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Q. What is the forecasted participation level once the New Program has full enrollment?

A. The Implementation Order assumes a total participation level of 24,566 customers which we have used for our cost forecast phased in over a three-year period.

Q. What are the forecasted costs for the Low Income Bill Discount component for the New Program in accordance with the Implementation Order?

A. The Company forecasted the following costs for the bill discount component of the New Program, which assumes a 60% participation level in the first twelve months, an 80% participation level in the second twelve months and 100% participation in the third twelve-month period. The twelve-month periods shown reflect the lag of credits following customer enrollment in HEAP. These costs are shown in Table 2 and are also detailed in Exhibit __ (LIP-2). These projections were provided to the Revenue Requirements Panel.

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Table 2: Bill Discount Costs

Period	Costs (\$ million)
December 2017 – November 2018	\$7.2
December 2018 – November 2019	\$9.6
December 2019 – November 2020	\$12.0

Rate Year Ended	Costs (\$ million)
June 30, 2019	\$8.8
June 30, 2020	\$11.1
June 30, 2021	\$12.1

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Q. Why has the Company assumed lower participation rates than those identified in the Implementation Order?

A. The Company proposes to phase in the participation levels due to the uncertainty of a number of factors that may impact identifying those customers receiving HEAP for fuel types not provided by Central Hudson. As noted in the Low Income Proceeding, the Office of Temporary Disability Assistance (“OTDA”), other affected state agencies and utilities will continue working to develop processes to ensure the accuracy of this data. The expectation is that it will take a number of years to achieve the full participation level set forth in the Implementation Order.

Q. Please address how the funding limits established in the Low Income Order may impact budgets and costs associated with the New Program.

A. The Low Income Order establishes a funding limit, providing that the total program budget may not exceed 2% of total electric or gas revenues for sales to end-use customers. If the budget per the prescribed benefit calculation (i.e., total energy burden at or below 6% of household income)

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1 exceeds the funding limit, the target energy burden will be increased (and
2 as a result, discounts are decreased) until the funding limit is met. The
3 Low Income Order directed the utilities to update their implementation
4 plans annually, at which time adjustments would be made so that program
5 budgets remain within the prescribed funding levels of the Low Income
6 Order. The current total budget established in the Implementation Order
7 for Central Hudson is \$14.055 million which represents 1.41% of the
8 Company's 2014 revenues. At this time, Central Hudson does not expect
9 to exceed the funding limits established in the Low Income Proceeding
10 with the program structure described in this testimony.

11 Q. Are there any other programs or services available to low income
12 customers to assist in lowering their energy bills?

13 A. Yes. Central Hudson established a community lighting program as part of
14 its Energy Efficiency Portfolio where the Company partnered with local
15 social service agencies to provide free LED lights to low income
16 participants. Also, as described more fully in the testimony of the
17 Customer Engagement Panel, the Company's CenHub website serves all
18 customers including low income customers. Account holders who sign
19 into CenHub have access to energy savings tips through CenHub Insights
20 and rebates on energy efficient products through the CenHub store. The
21 services offered through our website to all customers including low income
22 are designed to assist customers in reducing their energy burden. In

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1 addition, Central Hudson will continue to refer customers to NYSERDA for
2 energy efficiency programs.

3
4 **IV. CURRENT LOW INCOME PROGRAM & EPOP**

5 Q. Please describe the phase-out of the Current Low Income Program.

6 A. Central Hudson's Current Low Income program was initially implemented
7 in Cases 08-E-0887 and 08-G-0888 and continued in the Order Approving
8 Rate Plan in Cases 14-E-0318 and 14-G-0319 ("2015 Rate Plan"). The
9 Current Low Income Program will be replaced with the New Low Income
10 Program described above on or about November 15, 2017.

11 Q. What costs have been included in this filing for the Current Low Income
12 Program?

13 A. No costs have been included in this filing since it is assumed that all
14 customers who qualified for the Current Low Income Program would have
15 received their full twelve months of benefits or have been enrolled in the
16 New Program.

17 Q. Please describe the phase-out of EPOP.

18 A. The Company's EPOP was initially established in Cases 05-E-0934 and
19 05-G-0935 and approved in all subsequent Central Hudson rate
20 proceedings, including the 2015 Rate Plan. Consistent with its
21 Implementation Plan approved in the Low Income Order and the
22 Implementation Order, Central Hudson stopped accepting new enrollment
23 in EPOP on April 15, 2017. All customers who were enrolled as of April

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1 15, 2017 will no longer receive the Discounted Budget Bill Credits and the
2 Incentive Credit once they qualify for, and are enrolled in, the New
3 Program on or about November 15, 2017. EPOP customers will continue
4 to receive the Arrears Forgiveness component of EPOP until they have
5 completed or exit out of EPOP. Program benefits under EPOP are
6 available for up to 36 months; therefore, the Arrears Forgiveness
7 component of this program is forecasted to expire by March 2020.

8 Q. What costs are included in this filing associated with EPOP?

9 A. The only costs remaining for this program included in this rate filing are
10 costs for the Arrears Forgiveness component, which is set forth in Exhibit
11 __ (LIP-1). The forecast for the twelve months ended June 30, 2019
12 (“Rate Year”) is \$142,498. The Arrears Forgiveness component of EPOP
13 will expire in 2020.

14

15 **V. ARREARS FORGIVENESS PROGRAM**

16 Q. Does the Low Income Order provide for a Central Hudson Arrears
17 Forgiveness Program?

18 A. The Low Income Order allowed, but did not require, an Arrears
19 Forgiveness Program. The Low Income Order imposed a limit of funding
20 for arrears forgiveness programs of no more than 10% of a company’s
21 budget. Any such allocation to arrears forgiveness must be incremental
22 to, and not reduce, the amount directed to the rate discount and must fit
23 within the 2% budget cap. The amount approved in the Implementation

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1 Order for the phase-out of this program was \$360,482 annually. It should
2 be noted that the Implementation Order erroneously reported the Arrears
3 Forgiveness amount at \$1.2 million (page 45), but the correct amount is
4 \$360,482 as shown on Exhibit 1 of the Company's September 16, 2016
5 Implementation Plan. Central Hudson discussed this matter with Staff,
6 following the issuance of the Implementation Order and prior to the
7 Company submitting its final March 2017 compliance tariff filing.

8 Q. Does Central Hudson propose to institute an Arrears Forgiveness
9 Program as part of the New Program?

10 A. No. Central Hudson will continue, and eventually phase-out, the existing
11 Arrears Forgiveness Program that is part of EPOP as we described and
12 quantified above. Upon expiration of the EPOP Arrears Forgiveness
13 Program, Central Hudson will not provide any Arrears Forgiveness
14 programs.

15 **VI. RECONNECTION FEE WAIVER PROGRAM**

16 Q. Please describe the Reconnection Fee Waiver Program offered by Central
17 Hudson.

18 A. Central Hudson offers a Reconnection Fee Waiver Program for low
19 income customers that was originally established in the June 26, 2013
20 Order Authorizing Acquisition Subject to Conditions ("Acquisition Order")
21 in Case 12-M-0192. This program allows for a one time waiver of the
22 reconnection fee (currently ranging from \$20 to \$100) for low income
23 customers (defined as customers who have received HEAP in the last

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1 twelve months) who have had their service terminated for non-payment.

2 Central Hudson will continue to provide this Reconnection Fee Waiver
3 program under the New Low Income Program. The forecasted costs for
4 this program are set forth on Exhibit __ (LIP-1). The forecasted cost for
5 the Rate Year is \$51,000 based on the currently approved reconnection
6 fees.

7
8 **VII. DEFERRAL OF LOW INCOME PROGRAM COSTS**

9 Q. Does the Company currently have deferred accounting for the EPOP, Low
10 Income Bill Discount Program and Reconnection Fee Waiver Program?

11 A. Central Hudson currently has deferred accounting for EPOP, the Low
12 Income Bill Discount Program, and the Reconnection Fee Waiver Program
13 per the 2015 Rate Plan.

14 Q. Please address how the 2015 Rate Plan handles the under-expenditures
15 and over-expenditures for the EPOP, Low Income Bill Discount Program,
16 and Reconnection Fee Waiver Program.

17 A. The Company is authorized to carry forward under-expenditures for all
18 three programs for use in subsequent years. For any over-expenditures,
19 the EPOP deferral is limited to no more than 15% of the Rate Year funding
20 level measured on a corporate basis; and 100% deferral of any over-
21 expenditures associated with the Low Income Program and Reconnection
22 Fee Waiver Program.

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1 Q. What is the Company's proposal for deferral accounting for the EPOP
2 Arrears Forgiveness component phase-out, New Low Income Program
3 and the Reconnection Fee Waiver Program?

4 A. Due to the uncertainties surrounding participation levels and the need to
5 address Commission mandated funding limits described above, Central
6 Hudson is proposing symmetrical deferred accounting for the costs
7 associated with EPOP Arrears Forgiveness component phase-out, the
8 New Low Income Program and the Reconnection Fee Waiver Program.
9 The Company is proposing symmetrical deferral for 100% of any under-
10 expenditures or over-expenditures for all of these programs. Any under-
11 expenditures would be carried forward for use in the Low Income
12 Programs in subsequent years and any over-expenditures would be
13 deferred for future rate recovery from customers.

14 Q. Does this conclude your direct testimony at this time?

15 A. Yes, it does.
16