

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

Staff proposes to modify its Tariff for Electric Service for miscellaneous changes to permit LIPA to waive the pole attachment fee for temporary and revocable attachments where the disposition is of nominal value. Staff also proposes to extend eligibility for the residential water heating discount to solar hot water systems.

Proposal:

Staff recommends the following changes to the Tariff for Electric Service as follows:

Pole Attachment Policy – Staff proposes to add language to the tariff indicating that the pole attachment fee may be waived for temporary and revocable attachments where the disposition is of nominal value to the parties. The proposed tariff language is consistent with the Board of Trustee's resolution adopting Revised Guidelines Regarding Property Disposition dated September 22, 2011, that governs the pole attachment fees.

Solar Hot Water Program – The existing tariff for qualifying hot water heating customers (rate codes 380, 880, 881) requires that the water be totally heated by electricity, thereby excluding those legacy customers who receive the discount and install solar hot water heaters from continuing on the rate. These Solar Hot Water Heating systems are designed to utilize electricity to supplement the water heating requirements of the unit, but are more efficient than conventional electric water heaters alone. As such, the inability to keep the discounted rate acts as a deterrent to customers from utilizing this clean and renewable technology. To maintain LIPA's policy of promoting Solar Hot Water systems under our Efficiency Long Island program, Staff proposes to modify the tariff to allow these systems to operate in conjunction with electric water heaters and therefore qualify for the rate.

Financial Impacts:

There are nominal financial impacts associated with the two proposed tariff changes. The Trustees have already adopted a policy to waive the pole attachment fee under these circumstances, and the proposal does not prevent LIPA from continuing to charge fees for permanent attachments or temporary attachments that support fund-raising activities. The clarification of eligibility for the Solar Hot Water program is consistent with the economic benefits already attributed to that Efficiency Program and any incidental impacts on lost revenues and costs will be reflected in the Efficiency and Renewables Charge.

Proposed Tariff Changes:

1. Add language to Pole Attachment Policy:

Affected Tariff Leaf: Leaves 106 and 106A.

Reason for Tariff Change

To reflect the Board of Trustees recently adopted new policy within the Property Disposition Guidelines

2. Modify the Residential Water Heating Special Provision

Affected Tariff Leaf: Leaf 186.

Reason for Tariff Change

To allow the legacy customers on the water heating discounted rate to participate in the Solar Hot Water efficiency program without losing their rate benefits.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will improve the tariff by clarifying the language regarding these two recently enacted policies.

The proposed revised Tariff Leaf Nos. 106, 106A, and 186 are attached.

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services:**1. Pole Attachment

The annual charge for pole attachments to utility poles by cable television systems and other wire line communications system that occupy the same space on the pole is \$9.68 per pole per year, plus the applicable amounts for payments in lieu of revenue taxes. The charges for attachments of wireless communications facilities to utility poles and towers are subject to negotiation on a case-by-case basis of a written agreement between the party seeking the attachment(s) and the Authority. The annual charge for attachments other than wire line communications system attachments or wireless communications facilities is \$5.00 per pole per year, plus the applicable amounts for payments in lieu of revenue taxes, which may be prorated on a daily basis for attachments that are seasonal or temporary. The Authority may require that attachments be made pursuant to the terms of a written agreement with the Authority which permits attachment to utility poles and towers. Consistent with the Authority's written policy, LIPA may waive the pole attachment fee for temporary or seasonal attachments that support a patriotic, civic, or ceremonial purpose, or where the tangible value of the attachment is nominal to both parties.

2. Interest on Customer Deposits

The Authority will pay interest on Customer Deposits at the applicable annual rate specified on a Statement of Interest on Customer Deposits to be prepared and maintained on file by the Authority. The rate will be derived by subtracting a 1.75% administrative cost allowance from the current yield on "A" rated intermediate term municipal debt. The rate will be updated on January 1 of each year to reflect current market conditions.

3. No-Access Charge

The Authority's charge when it cannot gain access to the Customer's meter after attempts to do so will be \$25 per month for Residential accounts and \$50 per month for Nonresidential accounts.

4. Uncollectible Payment Handling Charge

The Authority will charge the Customer a twenty dollar (\$20.00) handling charge which includes any amount the Authority paid to its bank for handling the instrument if it receives a check or other negotiable financial instrument in payment for any bill, charge, or deposit that is not collectible, for any reason.

5. Late Payment Charge

The Authority's charge for late payment of bills for the accounts of all customers as specified in Section IV. D. 4 will be one and one-half percent (1.5%) for each monthly billing period to all amounts billed, but for which the Authority has not received payment by the "Pay by" date on the bill, which will be not less than twenty (20) days after the date payment is due. Residential customers are not responsible for late payment charges on amounts billed, if the bill is subject to a pending complaint with the Authority or its Manager pursuant to Section VI. of the Tariff, except that any such late payment charge may be imposed retroactively if the complaint is finally resolved in favor of the Authority.

6. Field Collection Charge

~~The Authority's "Field Collection Charge" will be fifty-nine dollars (\$59.00) (see Section V.B.11.d on Leaf No. 124). The "Field Collection Charge" will be applicable to Nonresidential customers.~~

7. Reconnection Charge

The Authority's "Reconnection Charge" will be eighty dollars (\$80) (see Section V.H.3 on Leaf No. 156). The "Reconnection Charge" will be applicable to both Residential and Nonresidential Customers.

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services (continued):**6. Field Collection Charge

The Authority's "Field Collection Charge" will be fifty-nine dollars (\$59.00) (see Section V.B.11.d on Leaf No. 124). The "Field Collection Charge" will be applicable to Nonresidential Customers.

7. Reconnection Charge

The Authority's "Reconnection Charge" will be eighty dollars (\$80) (See Section V.H.3 on leaf No. 156). The "Reconnection Charge" will be applicable to both Residential and Nonresidential Customers.

8. Service Initiation Charge

- a) The Service Initiation Charge will be applicable to Nonresidential Customers only. (See Section II.D.5.b on Leaf No. 49).
- b) The Authority's charges to initiate service to Nonresidential Customers are:
 - (1) \$220.00 when the Authority has to perform a new service connection or reconnection, set or re-set a meter, or unlock the service equipment to energize the connection to a customer's premise.
 - (2) \$60.00 in all cases where service or meter connections are not required.
- c) The "Service Initiation Charge" will not be applied to new customers who take service under Service Classification Nos. 5 - Traffic Signal Lighting, 7A - Outdoor Area Lighting - HPS (High Pressure Sodium) and MH (Metal Halide), 10 - Public Street and Highway Lighting Energy and Connection, Seasonal Rates (Rate Codes 283 and 293) and unmetered service under Rate Code 280.
- d) The "Service Initiation Charge" will not be applied to an account transferred to a landlord for the time period between the termination of the account by the prior tenant and the establishment of a new electric account for a new tenant in the same location. The Service Initiation Charge will not be waived to landlords if the conditions in IV.C.8.b.(1) apply.

VIII. SERVICE CLASSIFICATIONS (continued):**A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):
(Rate Codes: 180, 183, 186, 380, 480, 481, 580, 581, 880, 881, 882, 883)**3. Rates and Charges per Meter (continued):b) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Fuel and Purchased Power Cost Adjustment Rate, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the New York State Assessment Factor, and the Energy Efficiency Cost Recovery Rate.

4. Minimum Charge - All Rate Codes

The Minimum Charge is the applicable Service Charge for each meter, plus Adjustments to Rates and Charges. Late Payments shall be subject to Late Payment Charges.

5. Terms of Payment

The Customer shall pay the balance due in cash, including checks and money orders, on receiving the bill.

6. Term of Service

The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.

a) The Customer shall give the Authority five (5) days written notice when requesting termination of service.

b) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

7. Special Provisionsa) Water Heating

The Water Heating Energy Charge in A.3. above will apply, provided:

(1) The Customer's water is totally heated by an electric water heater or in combination with a solar hot water system that pre-heats water that is piped into an existing electric water heater that meets the Authority's specifications, and

(2) The Customer is recorded on the Authority's books at that service location as of January 26, 1983, and

(3) The Customer did not terminate service at that location or remove the electric water heater.