

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

Staff proposes to modify its Tariff for Electric Service ("Tariff") to expand and clarify the eligibility criteria for Residential Service.

Background and Proposal:

Staff recommends changes to the LIPA's Tariff regarding:

- service to two and three family dwellings on a single meter;
- service to accessory buildings that are metered separately from the associated residence;
- temporary service.

These proposed changes are intended to enhance customer satisfaction by expanding eligibility for residential service and clarifying the applicable Tariff provisions.

Central to these proposed changes is the recognition that eligibility for residential service requires that the account holder must reside at the account and the account holder must be a person, not a business or not-for-profit corporation. The proposed changes are consistent with the Home Energy Fair Practices Act (HEFPA), Article 2 of the Public Service Law, which is applicable to LIPA.

Two and Three Family Dwellings on a Single Meter

The proposed change to the Tariff would extend eligibility for residential service to two-family and three-family homes (dwellings) on a single meter. Staff has encountered a large number of instances where a single family home has been converted into two or three separate dwellings, yet a single meter exists to measure the consumption of the entire building. The current Tariff, as well as that of LIPA's predecessor LILCo, has long stipulated that two and three family residences with a single meter are only eligible for commercial service, on the basis that the landlord was considered to be conducting commerce with the rental apartments. However, changing circumstances such as occupancy of the additional dwelling units by family members (and the need to rely on up-to-date information that could only be provided by the residents) limit staff's ability to fairly and accurately apply the Tariff to all similarly situated customers. The proposed change sets broader, clearer and more readily administered standards that will promote equitable enforcement prospectively.

Accessory Buildings at Residential Locations

Staff proposes that separately metered accessory buildings (such as garages or docks) that are on the same lot as a residential dwelling be eligible for residential service even if the

account is in the same name as the resident at the dwelling. Under current policy, separately metered garages, docks or other outbuildings are not entitled to residential service, even though they are associated with a residential dwelling and are not serving a commercial purpose. This seems inconsistent to some customers, because accessory buildings tied into the residential meter, receive residential service. The proposed change will reduce the need for Tariff enforcement and mitigate some negative customer satisfaction situations.

Temporary Service

Staff proposes to clarify the definition of Temporary Service as non-residential service. Temporary service is required when new homes or commercial buildings are being constructed, or when service is required for only a short period of time, such as for fairs or the sale of Christmas trees on otherwise vacant lots. As the character of service is not reflective of residential usage, staff proposes that all forms of temporary service are non-residential in nature, and subject to non-residential rates. Once construction of a residence is complete, the account would be eligible for residential service once it is transferred into the name of the person that is residing in that dwelling. As an extension of this recommendation, Staff also proposes that existing residential accounts continue to receive residential service during periods of renovation, as long as the account stays in the name of the resident.

Financial Impacts

The revenue impacts associated with these proposed Tariff changes are estimated to be less than \$500,000 at the high end. The components of the estimated revenue impacts are:

- Approximately 4,700 small commercial accounts that may have less than 4 dwellings on a single meter have been identified for further review pending approval of the proposed change. The revenue loss from transferring all of these accounts to residential rates is estimated to be approximately \$350,000 per year, although the expectation is that not all of these customers will qualify.
- Accessory buildings have been estimated to represent between 200 and 1,000 accounts that would be eligible for residential rates, at an estimated loss of revenue on the high end of \$55,000 per year.
- No measurable revenue impacts are expected from the proposed changes for temporary service.

Proposed Changes

1. **Modify existing provision to extend eligibility for residential service to allow one, two and three dwellings on a single meter and to permit certain separately metered accessory buildings to receive residential service.**

Affected Tariff Leaves: Leaf No. 30, 31 and 32

Reason for Tariff Change:

To improve customer satisfaction and simplify Tariff enforcement.

2. Define temporary service to be applicable to non-residential service only.

Affected Tariff Leaves: Leaf No. 23 and 33

Reason for Tariff Change:

To improve customer understanding and simplify Tariff enforcement

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will clarify eligibility for residential service and improve the assignment of customers to the appropriate residential or non-residential rates, terms and conditions of service.

The proposed revised Tariff Leaf Nos. 23, 30, 31, 32, and 33 are attached.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Surcharge Agreement Plan: A written agreement between a Residing Applicant and the Authority. Under the agreement, the Applicant agrees to pay the surcharges which are the Applicant's share of the Cost, with interest, for Line Extensions and Service Laterals that exceed the allowances for such facilities (See *Line Extension*), including installations, materials and, if the Applicant chose, private easements (See *Right-of-Way*) obtained by the Authority.

Surety Bond: A guarantee by a person or entity to assume any responsibilities, debts, or obligations, up to a certain amount, if another person or entity defaults on those obligations.

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Tampered Equipment: Service-related equipment that has been altered in an unauthorized way to:

1. Reduce the accuracy or eliminate the measurement of the Authority's service.
2. Reconnect after the Authority has physically disconnected service.

Tariff: A document approved by the Authority's Trustees that sets forth the rates, charges, rules, regulations, and procedures of the Authority pertaining to the provision of electric service.

Temporary Customer: (See *Customer - Short-Term Customer*)

Temporary Service: ~~(See *Customer - Short-Term Customer*)~~ – Electric service supplied to structures, other than permanent or substantial buildings, for service usually of short duration or during the construction of permanent buildings or project, or for short time service to carnivals, exhibits, decorative lighting, etc.

U

Underground-Designated Area: An area containing a Residential Subdivision (See *Residential Subdivision*), or any area where the governmental authority having jurisdiction (See *Jurisdiction*) over the area requires that the distribution facilities be underground.

V**Visually Significant Resource Area = VSR**

A geographic area designated by State or Federal legislation or jurisdictional agencies because of its special or unique scenic quality.

Volt = V

A unit of electrical pressure that, when applied to a conductor, is similar to water pressure in a pipe.

I. General Information (continued):**C. General Terms and Conditions (continued):**8. Customer's Responsibilitya) To Notify the Authority of an Interruption of Service

The Customer shall notify the Authority immediately of any interruption in the supply of electric current.

b) For Authority Property on Customer's Premises

The Customer shall be responsible for and protect the meter and other property of the Authority on the Customer's premises, and compensate the Authority for any damage to, or loss, or destruction of that property.

9. Ownership of Equipment On Customer's Premises

a) The Authority will own, maintain, and replace, if necessary, all the equipment it has installed to supply electricity, at its own expense, in or on the Customer's premises, unless otherwise agreed to in writing.

b) Equipment on the Customer's premises includes all meters, poles, wires, transformers, and other appliances needed to supply electricity.

c) The Authority will also own, maintain, and replace, if necessary, remote meter-reading devices installed by the Authority at the Applicant's or Customer's expense. (See Leaf No. 107A for identification of customer charges.)

10. Costs of Special Services on Customer's Premises

If the Authority performs work on the Customer's premises for which there is a charge to the Customer, the charge will be at the Cost to the Authority.

11. Requirements For Residential Service

a) Residential service applies to:

(1) An individual, separately-metered, single-family dwelling (including a houseboat), or

(2) An individual, separately-metered flat or apartment, ~~occupied by one family, in a two-family dwelling, apartment house, or other building where each dwelling is separately metered under an account in each occupant's name, or~~

(3) A two-family or three-family dwelling on a single meter when the customer of record resides at that account.

~~(3)~~(4) Portions of a two- or three-family dwelling used in common by all of the families (halls, stairs, cellars, oil burner, etc.), when connected to the meter of any apartment; or

I. General Information (continued):**C. General Terms and Conditions (continued):****Requirements for Residential Service (continued):**

- (4) At the Customer's option, a building used mainly for religious purposes, including a school, even if nonreligious subjects are taught at the school, and
 - (a) The electric service is only used in connection with the religious purposes, and
 - (b) If new or not now classified as religious accounts, Applicants shall identify themselves and offer credentials for a religious classification, or
- (5) Accessory buildings or usage on the same premises ~~when connected to the same meter as a dwelling,~~ apartment, or building used for religious purposes, or
- (6) A farmhouse, together with other buildings or equipment used by its occupant to operate the farm, when connected to the same meter as the dwelling, or
- (7) At the Customer's option, a supportive/supervised living facility (community -residence), as defined in Subdivisions 28, 28a or 28b of Section 1.03 of the Mental Hygiene Law:
 - (a) If the facility is operated by a not-for-profit corporation, and
 - (b) There are living accommodations for no more than fourteen (14) residents if supervisory staff is on the premises at all times, or
- (8) Part of the dwelling or building in 11.a.1-7 above when used as a business or for professional purposes other than farming, and
 - (a) Usage does not exceed one hundred (100) Kilowatt Hours per month for any two (2) consecutive months, and
 - (b) The premises is primarily a residence, and
 - (c) The business or professional use does not change the character or appearance of the premises, and
 - (d) The business or professional use, by an occupant of the premises, is limited to:
 - (i) A usual home occupation, including the sale of articles or products produced on the premises, but not including the operation of a store for the sale of other articles or products, or
 - (ii) The renting of space in an accessory building for the storage of private automobiles, but not done as a business.

I. General Information (continued):**C. General Terms and Conditions (continued):****Requirements for Residential Service (continued):**

b) Residential Service does not apply to:

- (1) Stores, offices, shops or for any non-residential use except as noted in 11.a.8 above, and
- (2) Rooming or boarding houses operated as a business (except as noted in 11.a.8 above), hotels, clubs, fraternity houses, and similar uses, and
- (3) Halls, stairs, basements, elevators, etc. in multiple-family dwellings, except in two-and three-family dwellings as noted in 11.a.3 above, and

~~(4) Accessory areas that are not supplied through the same meter as the dwelling/apartment to which they are accessory, and~~

~~(5) (4) Buildings which use machines with wide fluctuations in demand, such as X-ray machines and welders, and~~

~~(6) One dwelling in a two-family dwelling or separate residences, where each dwelling is separately metered but the meters are under the same account name. In this case:~~

- ~~(a) One dwelling will be charged residential rates, and the other dwelling(s) will be charged commercial rates, but~~
- ~~(b) The account Customer (owner/landlord) may avoid commercial rates on the additional dwelling(s) by transferring these accounts to the tenants' names, with or without the Customer's mailing address.~~

~~(7) Multi-family dwellings (four or more dwellings) on a single meter.~~

~~(8) Temporary Service in a non-residential name.~~

c) Transfer to Nonresidential Service

- (1) If a Customer does not comply with conditions in 11.a. above, the Authority will, without notice, transfer the Customer to a more suitable service classification.
- (2) That Customer shall complete a written application to obtain residential service provided that requirements for residential service, as outlined in 11. above, are met.

I. General Information (continued):**C. General Terms and Conditions (continued):****12. Requirements For Nonresidential Service**

Non-Residential service is available to:

- a) Customers engaged in a business, religious, or governmental activity, except as noted in 11.b. above.
- b) Rooming or boarding houses operated as businesses, hotels, clubs, fraternity houses, and similar uses except as noted in 11.b. above.
- c) Halls, stairs, basements, elevators, and other common areas in multiple-family dwellings, except in two- and three-family dwellings as noted in 11.c. above.
- d) Accessory areas that are not supplied through the same meter as the dwelling/apartment to which they are accessory.
- e) Buildings which use machines with wide fluctuations in demand or large instantaneous demand, such as X-ray machines and welders.
- f) One dwelling in a two-family dwelling or separate residences, where each dwelling is separately metered but the meters are under the same account name. In this case:
 - (1) One dwelling will be charged residential rates, and the other dwelling(s) will be charged commercial rates, but
 - (~~3~~)(2) The account Customer (owner/landlord) may avoid commercial rates on the additional dwelling(s) by transferring these accounts to the tenants' names, with or without the Customer's mailing address.
- g) Multi-family dwellings (four or more dwellings) on a single meter.
- h) Temporary service in a non-residential name.

13. Combined Service

When some part, but not all, of a building or premises which could be served through a single meter, is entitled to residential service under C.11. above, the Customer has the following options for service:

- a) The Customer ~~may~~ could arrange the wiring so that service ~~is~~ may be supplied, metered, and billed separately for the residential part at the residential rate and the other part at a non-residential rate, or
- b) The entire premises may be served at the suitable non-residential service rate.