

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

Staff proposes to modify the Tariff for Electric Service for miscellaneous changes to clarify net metering for non-residential fuel cells, eligibility criteria for Small General Service Classification No. 2, and the requirement for deposits from new non-residential customers; and to make housekeeping changes that eliminate redundant or outdated language.

Proposal:

Staff proposes changes to the Tariff for Electric Service as follows:

Non-Residential Fuel Cells. The Trustees approved a modification to the Tariff in June 2012 that extended certain benefits of Net Metering to Non-residential Fuel Cells. Subsequently, Staff received a comment from a potential fuel-cell developer seeking clarification that net metering customers are not subject to LIPA's Service Classification No. 12 or 15. These two Service Classifications govern back-up, maintenance and supplemental service¹ provided by LIPA to customers with self-generation. As defined today, Service Classification Nos. 12 and 15 allow "Qualifying Facilities" to purchase supplemental power under standard rates, which is the rate treatment specified under Public Service Law 66-j and 66-l for net metering. Fuel cells are the only technology authorized under the net metering laws that are not included under the definition of "Qualifying Facilities". Staff proposes to modify the tariff leaves for Service Classification Nos. 12 and 15 to further clarify the already-authorized rate treatment for net metering of fuel cells.

Service Classification No. 2. Eligibility for this service classification is defined as non-residential customers with demands of less than 7 kW or energy use of less than 2,000 kWh for two consecutive months. These smaller customers are not subject to demand charges, and pay correspondingly higher energy charges for their Delivery Service. On two tariff leaves, it is stated that larger non-residential customers will be transferred to Service Classification No. 2 if their metered demand has been less than 7 kW, but it doesn't indicate for what period the demand must have been below 7 kW. LIPA has continued to follow the PSC-approved policy for LILCO that the customer's metered demand must remain below 7 kW for 12 consecutive months before they will become eligible for Service Classification No. 2. Staff recommends that the Tariff be modified to more clearly state this long-standing policy.

Deposits from New Non-Residential Customers. New non-residential customers are generally required to provide a deposit at the time that a new account is established. This

¹ Back-up, Maintenance and Supplemental Service provides the electricity that a customer needs in excess of the electricity provided by their on-site generation, or replaces the customer's own generation when the on-site generation is out of service for repair or maintenance.

ability to require a deposit from new non-residential customers is provided for within existing State policy for non-residential customers (NYCRR16 §13.7) and is consistent with LIPA's and LILCO's previous practices. Staff requests that the policy be explicitly incorporated into the Tariff.

Housekeeping Changes. Three housekeeping items have been noted in the Tariff that Staff proposes to correct. Duplicate language was identified on leaves 230 and 231. The identical paragraph is repeated at the bottom of leaf 230 and at the top of leaf 231. Staff proposes to delete the paragraph from leaf 231. Leaf 110 contains references to balanced billing that combine electric and natural gas charges. The practice of combined billing of electric and gas charges was discontinued several years ago, and staff proposes to strike the language with regard to natural gas. Leaf 100 refers to the Ratepayer Class Action Refund. This refund was satisfied by January 2001 and other references to the Ratepayer Class Action Refund have been removed from the Tariff previously.

Financial Impacts:

There are no financial impacts associated with the Service Classification No. 2, Non-Residential Fuel Cells, Non-Residential Deposits and Housekeeping proposals. These proposals are intended to clarify the tariff and continue the existing policies.

Proposed Tariff Changes:

1. **Clarify the Treatment of Non-Residential Fuel Cells under Service Classification Nos. 12 and 15.**

Affected Tariff Leaf: Leaves 268 and 279A.

Reason for Tariff Change

To clarify existing policy.

2. **Clarify the Eligibility for Service Classification No. 2**

Affected Tariff Leaf: Leaves 208 and 216.

Reason for Tariff Change

To clarify existing policy.

3. **Clarify the Requirement for Deposits from New Non-Residential Customers.**

Affected Tariff Leaf: Leaf 55.

Reason for Tariff Change

To clarify existing policy.

4. Incorporate Housekeeping Changes

Affected Tariff Leaf: Leaves 100, 110, 231, and 316.

Reason for Tariff Change

To remove obsolete or duplicate language.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will provide greater discounts for Recharge NY service and clarify the existing tariff language in a number of discrete circumstances.

The proposed revised Tariff Leaf Nos. 55, 100, 110, 208, 216, 231, 268, 279A, and 316 are attached.

II. How to Obtain Service (continued):**D. General Obligations of the Authority and Applicants (continued):****Security Deposits and Advance Payments (continued):**b) Conditions for Requiring Security Deposits from Nonresidential Customers

(1) The Authority may require a security deposit from a Nonresidential Customer who:

(a) Is a New Non-Residential Customer as that term is defined in this Tariff.

(ab) Is Delinquent. For purposes of this section, a Delinquent Customer has made two (2) or more late payments within the last twelve (12) months.

(bc) The Authority believes may be unable to pay in the future, based on dependable information on the Customer's financial condition.

(cd) Has filed for reorganization or bankruptcy.

(de) Has been given a backbill within the last twelve (12) months for service received through tampered equipment.

(ef) Is a Short-Term or Temporary Customer.

(2) The Authority's request for a deposit or a deposit increase will be in writing and will tell the Nonresidential Customer:

(a) Why the deposit is being requested.

(b) How the amount of the deposit was computed.

(c) That the Authority may increase or decrease the deposit amount based on the Customer's future billing records.

(d) That the Customer may ask the Authority to review the size of the deposit.

(e) Conditions for refunding the deposit.

(f) That the Customer will receive an annual notice of the interest credited to the account.

(g) About alternatives to paying a deposit in cash.

(h) That an Existing Customer who is delinquent or in financial difficulties may pay the requested deposit in three (3) installments.

IV. Billing Process and Payment of Bills (continued):

B. Computing a Customer's Bill

1. Service and Rate Classifications

Customers are assigned to Service and Rate Classifications based on criteria which include, but are not necessarily limited to, usage levels, demand levels, time of year for usage/demand (Rate Periods), voltage characteristics, and purpose of use. Each Service and Rate Classification contains its own rates and rate structure to recover revenue levels approved by the Authority.

2. Adjustments to Rates

The Authority may adjust rates or bills periodically for:

- a) Changes in the cost of fuel and purchased power, payments in lieu of revenue taxes, Visual Benefits Assessment, New York State Assessment or to recover other costs as approved by the Authority, and
- b) Any credits approved by the Authority, including ~~the Ratepayer Class Action refund (RCAR) factor and~~ the Shoreham Property Tax Settlement Rider, and
- c) Discounts to promote economic development, and
- d) Charges to LIPA Green Choice Customers for environmental attributes.
- e) Any credits resulting from the Maximum Charge provision of Service Classification No. 16 Advanced Metering Initiative (AMI) Pilot Service.
- f) NYSERDA Loan Installment Charges.

3. Applying Rate Changes to Customer's Bills

If a rate change becomes effective during a billing period (and unless the Authority determines otherwise), the Authority will average the old and new rates, weighted by the number of days in the billing period before and after the effective date of the rate change.

4. Backbilling

a) Backbilling Conditions

- (1) For Residential Customers, the Authority shall send a backbill within four (4) months of learning of the circumstances or situation that caused the Authority to send a late or inaccurate bill.
- (2) For Nonresidential Customers, the Authority shall send a backbill within six (6) months of learning of the circumstances or situation that caused the Authority to send a late or inaccurate bill, unless that time is extended by a court.
- (3) The Authority shall not issue a backbill if the reason for the underbilling is clear from the Customer's Application or would have been clear, but the Authority failed to get and keep an Application

IV. Billing Process and Payment of Bills (continued):**D. Payment of Bills (continued):****Balanced Billing Payments can be Adjusted (continued):**

- (b) By changes in the rates, charges, or adjustments, whenever those changes take place, providing the change:
 - (i) is greater than one dollar (\$1) per month for Residential Customers, or
 - (ii) causes a 15% or more change in the Balanced Billing payment of a Nonresidential Customer.
- (c) By the change in annual projection when actual meter readings support projections of the Customer's usage:
 - (i) that is 10% higher or lower than the previous projection for a Residential Customer, or
 - (ii) that is 15% higher or lower than the previous projection for a Nonresidential Customer, but not more than three times annually.
- (d) The Authority will divide the difference or change by the number of months remaining in the Balanced Billing year, including the present month, and charge or credit that amount to the Balanced Billing payment for the remainder of the Balanced Billing year.
- (e) The minimum change for a Residential Customer is three dollars (\$3) per month.

~~(6) — Natural Gas Billing~~

~~When the Authority participates in the joint billing of electric and gas service to the Customer, the Balanced Billing Plan will apply to the total gas and electricity cost.~~

~~(76) Cancellation of the Balanced Billing Plan~~

- (a) The Authority will cancel a Customer's Balanced Billing Plan if:
 - (i) A Residential Customer does not pay the monthly payment, or
 - (ii) A Nonresidential Customer does not make the monthly payments, and the Authority has already given the Customer the opportunity to bring the account up-to-date once within a twelve-month period.
 - (iii) Service is discontinued.

VIII. SERVICE CLASSIFICATIONS (continued):**F. SERVICE CLASSIFICATION NO. 2-L - General Service - Large (continued):
(Rate Codes: 281, 283)**9. Term of Service

- a) The Authority will provide service to the Customer until service is terminated either by the Customer or the Authority.
- b) The Customer shall give the Authority five (5) days written notice when requesting termination of service.
- c) The Authority may terminate service to the Customer in accordance with the provisions of this Tariff.

10. Special Provisionsa) Corrective Equipment Requirements

When the installation includes welders, x-rays, or other apparatus having a highly fluctuating or large instantaneous demand, the Customer shall provide batteries, rotating equipment, or other corrective equipment to reduce the inrush current to an amount acceptable to the Authority.

b) Two-Phase Service

Two-phase service is no longer available. Any Customer receiving two-phase service under this Service Classification will continue to receive the service until other arrangements are made.

c) Transfer to Other Service Classifications

- (1) At their option, Customers taking service at secondary voltages may transfer to either Service Classification No. 2, General Service - Small or Service Classification No. 2-VMRP, Voluntary Small General Service with Multiple Rating Periods, when:

- (a) The metered demand of the Customer has been less than 7 KW for twelve (12) consecutive billing periods, and

- ~~(a)~~(b) The energy consumption has been less than 2,000 KWH per month for twelve (12) consecutive billing periods, and

- ~~(b)~~(c) The transfer will take place as soon as possible after the Authority certifies that the Customer qualifies for the services, but no longer than sixty (60) days.

VIII. SERVICE CLASSIFICATIONS (continued):**G. SERVICE CLASSIFICATION NO. 2L - VMRP****Voluntary Large Demand Metered Service With Multiple Rate Periods (continued):**
(Rate Codes: 282 and M282)**Special Provisions (continued):**c) Transfer to Other Service Classifications

(1) At their option, Customers taking service at secondary voltages may transfer to either Service Classification No. 2, General Service - Small or Service Classification No. 2-VMRP, Voluntary Small General Service with Multiple Rating Periods, when:

(a) The metered demand of the Customer has been less than 7 KW for twelve (12) consecutive billing periods, and

(b) The energy consumption has been less than 2000 KWH per month for twelve (12) consecutive billing periods, and

(c) The transfer will take place as soon as possible after the Authority certifies that the Customer qualifies for the services, but no longer than sixty (60) days.

(2) Customers will be transferred to Service Classification No. 2-MRP, Large General and Industrial Service with Multiple Rate Periods, when the monthly recorded demand:

(a) Was greater than 500 KW in any two (2) of the last twelve (12) months, or

(b) Was greater than 145 KW in any month from June through September, in which case the transfer will take place within sixty (60) days after the summer billing period ends.

(c) The S.C. No. 2-MRP rate will go into effect on the day the meter is installed.

VIII. SERVICE CLASSIFICATIONS (continued):**I. SERVICE CLASSIFICATION NO. 2 - MRP****Large General and Industrial Service With Multiple Rate Periods (continued):**
(Rate Codes: 284, 285, M284, M285)**Special Provisions (continued):**

~~(e) Qualifying Transmission customers with the Calverton portion of the Suffolk County Empire Zone receive a 7% discount on their Energy Charges per kWh and Period 3 Demand Charges, but only for the additional energy and demand. This discount for the additional energy also applies to \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate.~~

(3) Business Attraction/Expansion, Manufacturing Competitiveness, and Business Incubation Programs

- (a) Customers who qualify after June 29, 2012 receive a 100% discount on their Base Rate Energy Charge per kWh for Periods 1, 2, and 3, in the first year of their participation in the Program. Participants that qualified before June 29, 2012 will continue to receive a 50% discount on their Base Rate Energy Charge per kWh plus \$0.0392 per kWh of the Fuel and Purchased Power Cost Adjustment Rate, subject to pro-ration as noted in the paragraph below.
- (b) The discounts will decrease by one-fifth (1/5) each year after the first year until the Customers are billed at the rate's regular levels at the end of the fifth year.
- (c) Customers who qualify may apply for modified rate periods. The modified peak Period 2 hours are June through September, Monday through Friday, from 3 p.m. to 8 p.m., for Rate M284 and June through– September, Monday through Friday, from 3 p.m. to 10 p.m., for Rate M285. The hours June through September, Monday through Friday from 12 noon to 3 p.m., are included in the Intermediate period for Rate M284. The hours June through September, Monday through Friday, from 10 a.m. to 3 p.m. and Saturday from 10 a.m. to 10 p.m., are included in the Intermediate period for Rate M285.
- e) Choosing Rate Code 284 or Rate Code 285
- New Customers shall choose either Rate Code 284 or Rate Code 285 at the time of qualification of service.
- (1) Rate 284 Customers may choose to receive service under Rate 285.
- (2) Rate 285 Customers will have one opportunity to transfer to Rate 284.
- (3) Customers must request transfers between Rates 284 and 285 in writing, thirty (30) days before their Anniversary Date.
- (4) Customers eligible for modified rating periods under Rate Code M284 and Rate Code M285 must follow the same rules as for Rate Code 284 and Rate Code 285 respectively.

VIII. SERVICE CLASSIFICATIONS (continued):**P. SERVICE CLASSIFICATION NO. 12****Back-Up and Maintenance Service (continued):**
(Rate Codes: 680, 681)11. Special Provisionsa) Customer Service Options

- (1) The Customer's non-Authority supply may be isolated from the Authority's service by a double throw switch, or
- (2) Connected with the Authority's service for parallel operation. In this case, the Authority will provide suitable metering and charge the Customer for each additional meter.
- (3) The Customer may choose to have the Authority use its estimating procedure to determine the separation of energy and demand between the Supplemental and Back-Up/Maintenance Services.
- (4) A Customer which is a Qualifying Facility under Part 292 of Title 18 of the Code of Federal Regulations [or eligible for Net Metering under PSC 66-j or 66-l](#) may choose, once in every 12-month period, to make its purchases of energy and demand for Back-Up and Maintenance at rates either:
 - (a) Under this Service Classification, or
 - (b) Under a suitable firm Service Classification. In this case, the Customer will comply with the terms of this Service Classification, including the Interconnection Charge provision, that are in addition to and do not conflict with the requirements of the suitable firm Service Classification.

b) Customers Exceeding the 10 percent (10%) Load Factor Test

- (1) The load factor is the ratio of the average demand (KWH for Back-Up and Maintenance Service divided by the numbers of hours) to the Contract Demand during the Rate Period.
- (2) If the Customer's load factor for Back-Up and Maintenance Service during any Rate Period is greater than 10 percent (10%):
 - (a) Following that period, the Authority will bill the Customer for service under Supplemental Service , but
 - (b) The Interconnection Charge provision will still apply.
- (3) Customers transferred to Supplemental Service for exceeding the 10 percent (10%) load factor test become eligible for Back-Up and Maintenance Service if they maintain a load factor of 10 percent (10%) or less for one (1) year.

c) Submetering may be available under certain conditions, as specified in this Tariff.

VIII. SERVICE CLASSIFICATIONS (continued):**R. SERVICE CLASSIFICATION NO. 15****Supplemental Service:
(Rate Code: 273)**1. Who is Eligible

All non-residential, demand-metered Customers whose electric needs are supplied in part by the Authority and who apply in writing. Customers participating in the Long Island Choice program are not eligible. The non-Authority supply may be:

- a) Supplied from electrical generation at the Customer's location. The Customer supply may be:
 - i) Connected with the Authority's service for parallel operation, or
 - ii) Isolated from the Authority's service by a double throw switch.

2. Type of Service

- a) Supplemental Service is defined as the electricity the Customer needs that is in addition to the electricity normally provided from the non-Authority supply. Customers may choose to use Supplemental Service in lieu of their non-Authority supply, without notification.

3. Character of Service

- a) 60 hertz, single or three-phase alternating current.
- b) Service is metered at one standard delivery voltage, and the Authority will determine the site-specific characteristics and make the necessary adjustments to maintain that delivery voltage.

4. Rates and Charges for Supplemental Service

- a) Customers described below may choose to pay the rates and charges under another suitable Service Classification. In this case, the Customer will comply with the terms of this Service Classification including the interconnection provision, that are in addition to, and do not conflict with the requirements of the suitable Service Classification.
 - (1) Customers that receive their non-Authority supply from the New York Power Authority (NYPA) or
 - (2) Customers that are a Qualifying Facility under Part 292 of Title 18 of the Code of Federal Regulations, or
 - (3) Customers that are eligible for net metering pursuant to § 66 – j or § 66 – l of the Public Service Law.

X. LIPA Green Choice Program:**A. General Provisions**1. Program Description and Definitions

The LIPA Green Choice Program is a voluntary program in which the Authority's Customers may elect to purchase environmental attributes from Renewable Energy Options Providers, hereafter referred to as "Green Marketers", who meet the eligibility criteria. The purpose of this program is to stimulate the development of renewable energy generation resources through the sale of environmental attributes associated with such generation in New York State or in areas that would be specified by the New York State Public Service Commission's ("NYPSC") Renewable Portfolio Standard when it becomes effective.

2. ~~Customer Eligibility~~ Who is Eligible

a) In order to participate in the LIPA Green Choice Program a Customer must:

- (1) Take service under Service Classification Nos. 1, 1-VMRP(L), 1-VMRP(S), 2, 2-VMRP, 2L, 2L-VMRP, 2-H, or 2-MRP, 5, 7, 7A, 10, 13, 16-AMI and:
- (2) Receive metered or authorized unmetered electric service from the Authority.

b) Customers who are not eligible to participate in the LIPA Green Choice Program are:

- (1) Customers who receive service under Service Classification Nos. 2-VRTP, 11, 12, or 15. These include Customers who receive a portion of their electric requirements from self-generation or on-site generation and require supplemental, backup or maintenance service from the Authority.
- (2) Customers who receive part of their electric requirements from an Economic Development Power program through a municipal distribution agency
- (3) Customers who sell power to the Authority as Qualifying Facilities.
- (4) Customers who are in arrears for sixty or more days.