

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

Staff proposes to modify the Tariff for Electric Service ("Tariff") to authorize submetering for new or existing residential purposes and adopt requirements for residential submetering that are consistent with the provisions of 16 NYCRR Part 96 that were authorized by the NY Public Service Commission in February 2013.

Proposal:

Staff proposes changes to the Tariff for Electric Service to authorize submetering of LIPA's electric service for residential purposes consistent with the New York Public Service Commission's ("PSC") regulations. In February 2013, the PSC adopted 16 NYCRR Part 96 to define how customers seeking to submeter electricity for residential purposes would meet the legislative requirements of the Home Energy Fair Practices Act ("HEFPA") which afford certain protections to consumers of electricity for residential purposes.

Submetering for residential purposes is already authorized under the LIPA Tariff for residential cooperatives and condominium that comply with relatively few conditions, including initiation notification of the intent to submeter, development of a complaint procedure to be administered by the building operator, and a rate cap not to exceed LIPA's rate for residential service. Under the existing provisions, LIPA has no role in submetering beyond these basic requirements and any submetering disputes are considered to be contractual matters between landlord and tenant.

Part 96 extends the option to submeter to all buildings occupied for residential purposes (not just cooperatives and condominiums) and extends the protections that electric utilities already provide to building operators that wish to submeter the residential occupants in their buildings. Those protections include:

- Initial notice to all residential occupants of the intent to submeter.
- Annual notification of rights to each occupant.
- Installation of "utility-grade" submeters and the right of occupants to have those meters tested for accuracy.
- Customer Complaint Procedures and Deferred Payment Agreements
- Payment options such as Balanced Billings
- Rate Caps not to exceed LIPA's residential rate for electric service

Part 96, and LIPA's proposed *Requirements for Submetering for Residential Purposes*, also provide for the occupant's right to submit complaints to the Authority regarding submetered service and the ability for LIPA to impose penalties on submeterers via a 40% reduction in the authorized rate cap. The proposed *Requirements for Submetering for Residential Purposes* are modeled directly from 16 NYCRR Part 96, even to the

extent of section and subsection numbering. The only difference is that the Authority will fulfill the roles performed by the PSC.

Financial Impacts:

There are no quantifiable financial impacts associated with the proposal. Certain customers may apply for submetering under commercial rates in lieu of individually metered residential service, resulting in a slight change in revenue prospectively, but the magnitude of the difference in rates is minor and the number of submetering requests is expected to be small. More likely, customers requesting submetering would have requested service under an existing commercial rate code anyway, and recovered their utility costs from tenants in an unmetered fashion (such as rent-inclusion), creating no impact on LIPA's revenue. LIPA will incur additional operating expense in managing and monitoring these submetered applications for residential purposes, but again the number of applications is expected to be small and staff expects to absorb this additional effort within its existing resources.

Proposed Tariff Changes:

1. Replace the existing requirements on submetering for Residential Purposes.

Affected Tariff Leaf: Leaves 35, 36, 36A, 37 and 37A.

Reason for Tariff Change

To create references to the proposed *Requirements for Submetering for Residential Purposes*.

2. Introduce Requirements on submetering for Residential Purposes.

Affected Tariff Leaf: Leaves 35, 36, 36A, 37 and 37A.

Reason for Tariff Change

To implement *Requirements for Submetering for Residential Purposes* that are consistent with current PSC regulations and implement the requirements of HEFPA.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will authorize residential submetering in a manner consistent with current law and current PSC regulations.

The proposed revised Tariff Leaf Nos. 35, 36, 36A, 37, and 37A, and the proposed *Requirements for Submetering for Residential Purposes* are attached.