

BOARD AGENDA SUMMARY SHEET

Committee or Board: Board	Date: March 25, 2020	Board Meeting Date: March 27, 2020
-------------------------------------	--------------------------------	--

For All Board Voting Items:

Title of Agenda Item: Approval of Temporary Emergency Tariff Changes for COVID-19 Customer Impact Mitigation

Consent Agenda: Yes No

Accompanying Presentation: Yes No

Recommendation from Committee: N/A F&A; GP&P; Oversight & REV

LIPA Presenter: Justin Bell / Bobbi O'Connor

PSEG Long Island Presenter: N/A

For Finance Approval Items Only:

Budget ; **Plan of Finance** ; **Tariff Changes** ; **Other** (describe below)

Requested Action:	The Trustees are requested to approve temporary emergency changes to LIPA's Tariff for Electric Service allowing PSEG Long Island to waive customer late payment and reconnection fees (including backbilled demand and service charges) and to suspend the expiration of low-income customer discounts.
Summary: (include proposed amendments to Board Policies, if applicable)	<p>On January 30, 2020, the World Health Organization designated the novel coronavirus, COVID-19, outbreak as a Public Health Emergency of International Concern. On March 7, 2020, the Governor of the State of New York issued Executive Order 202 declaring a State disaster emergency for the entire State of New York and authorizing all necessary State agencies to take appropriate action to assist local governments and individuals in containing, preparing for, responding to and recovering from this State disaster emergency, to protect state and local property, and to provide such other assistance as is necessary to protect public health, welfare, and safety. On March 18, 2020, the Governor issued Executive Order 202.6, ordering all businesses in the State to implement telecommuting policies to the extent possible. On March 20, 2020, the Governor issued the "New York on PAUSE" Executive Order, closing all non-essential businesses and banning all non-essential gatherings in the State.</p> <p>LIPA staff proposes emergency temporary modifications to its Tariff for Electric Service to allow PSEG Long Island (1) to suspend application of customer late payment charges, (2) to suspend application of customer reconnection charges (including backbilled demand and service charges), and (3) to extend the grace period for customers to re-enroll in the low-income customer discount program; as needed, for customers impacted by COVID-19 and the associated impact on local businesses including closures and potential layoffs.</p>

FOR CONSIDERATION

March 27, 2020

TO: The Board of Trustees
FROM: Thomas Falcone
SUBJECT: Approval of Temporary Emergency Tariff Changes for COVID-19 Customer Impact Mitigation

Requested Action

The Trustees are requested to approve temporary emergency changes to the Long Island Power Authority’s Tariff for Electric Service (“Tariff”) allowing PSEG Long Island to waive customer late payment and reconnection fees (including backbilled demand and service charges) and to suspend the expiration of low-income customer discounts.

Background

On January 30, 2020, the World Health Organization designated the novel coronavirus, COVID-19, outbreak as a Public Health Emergency of International Concern. On March 7, 2020, the Governor of the State of New York issued Executive Order 202 declaring a State disaster emergency for the entire State of New York and authorizing all necessary State agencies to take appropriate action to assist local governments and individuals in containing, preparing for, responding to and recovering from this State disaster emergency, to protect state and local property, and to provide such other assistance as is necessary to protect public health, welfare, and safety. On March 18, 2020, the Governor issued Executive Order 202.6, ordering all businesses in the State to implement telecommuting policies to the extent possible. On March 20, 2020, the Governor issued the “New York on PAUSE” Executive Order, closing all non-essential businesses and banning all non-essential gatherings in the State.

Proposed Action

LIPA staff proposes emergency temporary modifications to its Tariff for Electric Service to allow PSEG Long Island (1) to suspend application of customer late payment charges, (2) to suspend application of customer reconnection charges (including backbilled demand and service charges), and (3) to extend the grace period for customers to re-enroll in the low-income customer discount program; as needed, for customers impacted by COVID-19 and the associated impact on local businesses including closures and potential layoffs.

The proposed changes, shown in Exhibit B, are pursuant to the emergency rulemaking provisions of the State Administrative Procedures Act (“SAPA”) and, if approved, will be in effect for 90 days from April 1, 2020. LIPA staff further requests that the Trustees grant staff the discretion to extend the 90-day period if needed, in accordance with the SAPA emergency rulemaking provisions.

Financial Impact

The estimated impact of the proposal is approximately \$3 million in foregone 2020 revenues. This includes \$2.4 million due to waiving late payment charges for 90 days and \$560,000 due to waiving reconnection charges for 90 days. In addition, staff estimates that approximately \$5.9 million may be deferred for 2021 recovery in the revenue decoupling mechanism. This includes \$45,000 due to suspending the expiration of low-income discount enrollments for 90 days and \$5,833,000 due to waiving reconnection-related backbilling of demand and service charges for 90 days (assuming a 5% loss in these revenues).

Note that these estimates are based on 2019 revenues. The actual losses from waived late payment charges and reconnection fees in 2020 could be higher if the economic impact of COVID-19 or other factors cause more than usual late payments and service reconnections.

Recommendation:

For the foregoing reasons, I recommend that the Trustees approve the temporary modifications to the Tariff for Electric Service described herein and set forth in the accompanying resolutions.

Attachments

Exhibit A Resolution Approving Tariff Changes
Exhibit B Tariff Redline

**APPROVAL OF TEMPORARY EMERGENCY TARIFF CHANGES FOR COVID-19
CUSTOMER IMPACT MITIGATION**

WHEREAS, on January 30, 2020, the World Health Organization designated the novel coronavirus, COVID-19, outbreak as a Public Health Emergency of International Concern; and

WHEREAS, on March 7, 2020, the Governor of the State of New York issued Executive Order 202 declaring a State disaster emergency for the entire State of New York and authorizing all necessary State agencies to take appropriate action to assist local governments and individuals in containing, preparing for, responding to and recovering from this State disaster emergency, to protect state and local property, and to provide such other assistance as is necessary to protect public health, welfare, and safety; and

WHEREAS, on March 18, 2020, the Governor issued Executive Order 202.6, ordering all businesses in the State to implement employee telecommuting to the extent possible; and

WHEREAS, on March 20, 2020, the Governor issued the “New York on PAUSE” Executive Order, closing all non-essential businesses and banning all non-essential gatherings in the State; and

WHEREAS, the Trustees have reviewed the proposal and determined that these actions are necessary and prudent to mitigate the impact of COVID-19 on customers, and have further determined that it is necessary for the preservation of the general welfare that this amendment be adopted on an emergency basis as authorized by section 202(6) of the State Administrative Procedure Act, effective immediately upon filing with the Department of State; and

WHEREAS, a notice of emergency adoption will be filed in the State Register upon certification of this Resolution’s approval by the Chair of the LIPA’s Board of Trustees;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to LIPA’s Tariff are hereby adopted and approved to be effective April 1, 2020 for a period of 90 days, which may be extended as needed in accordance with SAPA emergency rulemaking procedures; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the temporary Tariff amendments reflected in the attached redlined Tariff leaves are approved.

Dated: March 27, 2020

I. General Information (continued):**C. General Terms and Conditions (continued):****21. Low Income Program Discount****a) Customer Requirements and Eligibility**

- (1) Customers served under Service Classifications No. 1 and Service Classification No.1 VMRP who provide documentation of enrollment in a qualifying program as listed in Section I.B (Qualifying Low Income Customer) and are eligible for a fixed discount on their bill.
- (2) Eligibility and enrollment must be renewed each year. To the extent that the Authority can automatically determine a Qualifying Low Income Customer's continued eligibility, the customer will not need to re-apply.
- (3) Qualifying Low Income Customers whose continued eligibility cannot be automatically determined will be notified by the Authority as their enrollments expire. The Authority will allow such customers four (4) months from the expiration of their enrollments (the "Grace Period") to complete the renewal process. During the Grace Period, Qualifying Low Income Customers will continue to receive discounted charges. Qualifying Low Income Customers who do not complete the renewal process within the Grace Period and whose continued eligibility cannot be automatically determined by the Authority will become ineligible for the discounted charges until the renewal process is successfully completed. The Authority may extend the Grace Period in the event a state of emergency affecting the service territory is declared.
- (4) The Authority may in its sole discretion limit participation in Long Island Choice by Qualifying Low Income Customers (defined in Section I.B above) as needed for consistency with New York State policy as set forth in Orders of the Public Service Commission.

b) Discounts

- (1) The Tier 1 discount is available to all Qualifying Low Income Customers. Customers that have received a HEAP benefit plus one (1) add-on shall receive the Tier 2 discount. Customers that have received a HEAP benefit plus two (2) add-ons shall receive the Tier 3 discount. The Tier 4 discount is reserved for customers with Direct Voucher/Guaranteed Payment. HEAP recipients receive add-ons for households with a vulnerable individual (household member who is age 60 or older, under age 6 or permanently disabled) and/or if the household's gross income meets HEAP Tier 1 income guideline.

Tier	Electric Heat (Rate 580)	Electric Non-Heat (Rates 180, 188 and M188)
1	\$.93 per day	\$.93 per day
2	\$1.53 per day	\$.93 per day
3	\$2.17 per day	\$.93 per day
4	\$1.60 per day	\$1.60 per day

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services (continued):**4. Uncollectible Payment Handling Charge

The Authority will charge the Customer a twenty dollar (\$20.00) handling charge plus applicable taxes and assessments. This handling charge 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 Department of Public Service or the 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. The Authority may suspend the imposition of Late Payment Charges in the event a state of emergency affecting the service territory is declared.

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. The Authority may suspend the imposition of Reconnection Charges in the event a state of emergency affecting the service territory is declared.

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):**F. SERVICE CLASSIFICATION NO. 2-L - General Service – Large (continued):
(Rate Codes: 281, 283, 291)**

Demand Charge per Meter per Month
Percent of Demand Charges per kW in 3.a) above.

	June to September Inclusive	Remaining Months Inclusive
Secondary Service	167%	50%
Primary Service	167%	50%

For billing purposes, the Authority will establish the monthly demand for the period ending on the date the meter is read, and it will be the recorded demand.

c) Adjustments to Rates and Charges

Each Customer's bill will be adjusted for the Power Supply Charge, Increases in Rates and Charges to Recover PILOT Payments, the Shoreham Property Tax Settlement Rider, the Distributed Energy Resources Cost Recovery Rate, the New York State Assessment Factor, Revenue Decoupling Mechanism, the Securitization Offset Charge, and the Delivery Service Adjustment.

d) Rate Code 291 - Schools

Same as 3.a) above, except only the recorded demand will apply for schools taking service under this Service Classification. Accessory school buildings that are eligible for Rate 281 and whose accounts are under the school's name and, as such, are tax exempt, would also qualify for Rate 291.

4. Minimum Charge - All Rate Codes

The Minimum Charge is the Service and Demand Charge, plus Adjustments to Rates and Charges.

5. Reconnection Charges - All Rate Codes

If the Authority reconnects service to a Customer at the same premises within twelve (12) months of termination of service to that Customer, the Authority ~~will~~may charge the Customer:

- a) The Service Charge and Demand Charge (See 3. above) the Customer would have paid if the meter had remained active with no power or energy used, and
- b) A Reconnection Charge