



Briefing on COVID-related Tariff and Rate Matters

June 24, 2020

AGENDA

- Extension of temporary COVID Tariff changes approved in March
- New York COVID-19 legislation
- Relief for customers affected by ratcheted demand charges

EXTENSION OF COVID TARIFF CHANGES

Temporary relief set to expire June 30th

- Suspension of customer late payment charges
- Suspension of customer reconnection charges (including backbilled demand and service charges)
- Extension of the grace period for customers to re-enroll in the low-income customer discount program

Staff will extend the relief by 60 days, under prior Board authorization

EXTENSION OF COVID TARIFF CHANGES

Updates to financial impact estimates

Foregone revenue	March estimate (4/1 – 6/30)	Updated estimate (4/1 – 8/29)
Late payment fees	\$2.4 million	\$4.3 million
Reconnection fees	\$0.6 million	\$0.9 million
Total	\$3 million	\$5.2 million

Deferred revenue	March estimate (4/1 – 6/30)	Updated estimate (4/1 – 8/29)
LMI discounts	\$45,000	\$0.2 million
Demand and service back-billing (applies to Rate 281 customers)	\$5.9 million*	\$0.1 million
Total	\$6 million	\$0.3 million

*March estimate assumed 5% participation; actual participation has been significantly lower

COVID-19: STATE LEGISLATION

On June 17, Governor Cuomo signed [S8113A/A10521](#) into law to:

- Prevent utility companies or municipalities from terminating utility services of New Yorkers who are unable to work during a declared State of Emergency
- Ban shut-offs for residential customers for 180 days after the end of New York's State of Emergency, which currently remains in effect until September 7, 2020
- Prohibit late-fees and penalties for residential customers who enter into deferred payment agreements

Staff will propose additional tariff modifications as needed to accommodate the new law

RATE CODE 281 RELIEF

Rate Code 281 has unique features implicated by NY Pause:

1. **Back-billing of demand and service charges:** When a customer disconnects and reconnects at the same premises within 12 months, they are billed for the demand and service charges they would have paid
2. **Demand charge ratchet:** Billed demand is the higher of recorded demand or 70% of maximum demand from prior year (increasing to 85% in Summer)

March Tariff changes were intended to address this but required customers to disconnect in order to avoid charges during NY Pause

Few customers were able to avail themselves of the intended relief

LIPA has authorized bill credits for these customers to achieve Board's intended relief

- Credits to be sized based on reduction in usage
- Estimated financial impact: \$2.5 - \$3.0 million in deferred revenue