

## **Proposal Concerning Modifications to LIPA's Tariff for Electric Service**

### **Requested Action:**

The Long Island Power Authority ("LIPA") staff ("Staff") proposes to modify LIPA's Tariff for Electric Service (the "Tariff"), effective June 2024, to: (1) clarify that the 12-month Time of Day Bill Protection Guarantee (the "TOD Bill Protection Guarantee") is applicable only to existing Rate 180 accounts that voluntarily enroll in rates 194 and 195 as well as Rate 180 accounts that are migrated to the TOD rate code 194; and (2) extend the TOD Bill Protection Guarantee to new residential non-heating accounts that are assigned to or request enrollment in Rate Code 194 or 195 by the last scheduled customer migration.

### **Background:**

On March 29, 2023, the LIPA Board of Trustees ("the Board") approved a Tariff modification to: (1) introduce a TOD rate that would become the standard rate for residential, non-heating service beginning in 2024; and (2) implement a 12-month bill protection guarantee to provide eligible customers with a risk-free transition to the new TOD rates (*i.e.*, the TOD Bill Protection Guarantee). This Tariff modification became effective on April 1, 2023.

On September 29, 2023, the Board was briefed by LIPA Staff that the majority of the migration to the TOD rate will occur in 2025. Approximately 5,000 new residential accounts are established each month that would not be eligible for TOD Bill Protection as currently authorized, so given the anticipated 24-month duration for the migration schedule, approximately 120,000 accounts would not receive the TOD Bill Protection over that 2-year period.

### **Proposal:**

LIPA Staff proposes to modify the Tariff to expand the TOD Bill Protection Guarantee to new customer accounts<sup>1</sup> that would have otherwise been assigned to Rate Code 180.<sup>2</sup> The proposed Tariff modification also clarifies that the TOD Bill Protection Guarantee will be provided only to existing Rate 180 customers who request enrollment in Rate Code 194 or Rate Code 195, as well as those Rate 180 accounts that are migrated to the TOD rate code 194 by the last scheduled date of migration. Staff also notes that Customers currently enrolled in rate codes 480, 481, 580, 181, 182, 184, 188, 190, 191, 192 and 193 would not be eligible for TOD Bill Protection under this proposal.

The TOD Bill Protection Guarantee is intended to facilitate a smooth transition for residential non-heating customers from a traditional flat rate (*i.e.*, Rate Code 180) to a standard time differentiated rate program by providing them with an opportunity to test the new TOD rate structure and learn how to time and modify their consumption. The proposed expansion of the categories of customers

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<sup>1</sup> A new customer account is established when, for example, (1) a customer moves into LIPA's service territory or (2) when a customer moves to a new location within LIPA's service territory. Under the Tariff, service area has the same meaning as service territory.

<sup>2</sup> Customers moving into premises that qualify for residential heating rates will default to Rate Code 580, rather than the new TOD Rate Codes, because Rate Code 580 is a discounted rate compared to rate 180.

eligible for the TOD Bill Protection Guarantee will incentivize more customers to try the new TOD rates.

**Financial Impacts:**

Under this proposal, the TOD Bill Protection Guarantee will be available to approximately 60,000 additional customers per year during the migration period. LIPA Staff estimates that the TOD Bill Protection Guarantee will provide on average approximately a \$13.00 benefit per customer over a 12-month period (i.e. an average of \$1.08 per month per customer); and therefore, the total financial impact is estimated to be a reduction of approximately \$780,000 in total revenue per year during the migration period.<sup>3</sup>

**Affected Tariff Leaves:** Leaf 187

**Summary of Proposed Changes:**

LIPA Staff proposes to modify the Tariff to expand the TOD Bill Protection Guarantee to new residential accounts that do not qualify for Rate Code 580 and are assigned or request enrollment in Rate Code 194 or 195 through the last scheduled customer migration and clarify that the TOD Bill Protection Guarantee will be provided to existing Rate 180 customers who request enrollment in Rate Code 194 or Rate Code 195 as well as Rate 180 accounts that are migrated to the TOD rate code 194 by the last scheduled migration.

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<sup>3</sup> The estimated customer benefit and the total financial impact are based on an assumption that the 60,000 additional customers per year will be enrolled in Rate Code 194.

**VIII. SERVICE CLASSIFICATIONS: (continued):**

**A. SERVICE CLASSIFICATION NO. 1 - Residential Service (continued):  
(Rate Codes: 180, 194, 195, 480, 481, 580)**

4. Special Provisions

a) Non-Time-of-Day Rate Option

Beginning in January 2024, Residential customers will be assigned to Rate Code 194 at the time their account is established or, if previously established, according to a migration schedule determined by LIPA. All Residential customers will retain the option of receiving service under Rate Code 180 or another eligible Rate Code. Existing customers scheduled for transfer to Rate Code 194 will be reminded, prior to their scheduled transfer, of their option to remain on Rate Code 180 or another eligible Rate Code.

- (1) Customers that do not have an AMI-equipped Smart Meter are not eligible for rate code 194 or 195.
- (2) Customers participating in Long Island Choice, Green Choice, or Rate Code 580 (space heating) will remain on their previously applicable rate at the discretion of the CEO or delegee, until LIPA is able to complete all necessary billing system enhancements and rate alternatives.
- (3) Customers enrolled in Rate Code 194 or 195 may transfer to another eligible rate code at any time.
- (4) Customers that choose to transfer out of Rate Code 194 and 195 to a flat rate (such as Rate Code-180) are not eligible to return to Rate Code 194 or 195 for a period of 12 months from their date of transfer.
- (5) A bill protection guarantee for up to 12 billing months will be provided to only those customers who: (i) were billed under Rate Code 180 at their current service address prior to December 31, 2023 and who are migrated to or request enrollment in Rate Code 194 or 195 by through the last scheduled customer migration will receive a bill protection guarantee for up to 12 billing months or (ii) are new residential accounts that do not qualify for Rate Code 580 and are assigned or request enrollment in Rate Code 194 or 195 through the last scheduled customer migration.
  - (a) At the end of the first 12 billing months following their transition to Rate Code 194 or 195, LIPA will calculate what the customer's bills would have been under Rate Code 180 for the same energy usage and, if lower, credit the difference on the next monthly bill.
  - (b) Customers that terminate their service or transfer to a Rate Code other than 194 or 195 before the first 12 months of billing have occurred will have their bill protection guarantee calculated up to that date of termination or transfer and receive the applicable credit in their next bill.
  - (c) Customers that transfer to another eligible Rate Code will see the rate change effective as of the date of their last issued bill.

b) Space Heating

The Space Heating Energy Charge in A.3. above will apply for the following heating applications, provided:

- (1) The size and design of the Customer's heating and heat pump equipment meets the Authority's specifications, and
- (2) The Customer submits a signed Application for this provision and a signed Certificate of insulation compliance, if it applies, and

- (3) The electric resistance heater or heat pump (fireplaces, coal and wood stoves are excluded) supplies all of the heating requirements of the building and is permanently connected.