

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

### **Requested Action:**

Long Island Power Authority ("LIPA" or the "Authority") staff ("Staff") proposes to modify its Tariff for Electric Service (the "Tariff"), effective January 1, 2025, to sunset temporary emergency Tariff changes put in place during the COVID-19 pandemic that allowed for eased repayment terms for commercial customers entering into deferred payment agreements. Discontinuing these temporary emergency provisions will align the Tariff with current business practices and system programming, which are consistent with that of other electric utilities in New York State.

### **Background:**

To assist customers who have fallen behind on their bills, the Authority offers payment plans or Deferred Payment Agreements ("DPAs"), which allow customers to pay down outstanding balances over time. The Authority works with customers to develop DPAs tailored to the customer's needs and financial circumstances. By entering into a DPA, the customer avoids disconnection and/or suspension of service. The proposed Tariff amendments align with the Authority's DPA business policy, are largely consistent with the Department of Public Service ("DPS") regulations<sup>1</sup> for commercial customers regarding DPAs and security deposits, and are consistent with policies implemented by other electric utilities in the State.

In May 2020, due to the significant economic impact of the COVID-19 pandemic and the State of Emergency declared by the Governor,<sup>2</sup> the Authority's Board of Trustees approved temporary emergency modifications to its Tariff impacting DPAs and security deposits. Specifically, the approved temporary emergency changes included:

1. Extended eligibility for DPAs to larger commercial customers that fell into arrears;
2. Extended the length of DPAs for commercial customers to twice the length of the current emergency, up to a maximum of 12 months;
3. Waived the late payment fees for the first 6 months for commercial customers entering a DPA;
4. Reduced the minimum requirement for a down-payment to equal the current bill plus half of average monthly bill; and
5. Allowed good credit commercial customers that requested relief to apply their security deposits against outstanding charges.

The approved DPA changes provided temporary relief to larger commercial customers that were impacted by the COVID-19 pandemic by providing a longer length of time to pay down arrears as they coped with resuming normal business operations. Additionally, by waiving the late payment fees for the first six months of their recovery, businesses were given the opportunity to satisfy their financial obligations to the Authority over a longer period of time. The approved changes to the use of security deposits allowed commercial customers with good credit to better manage their cash flow during uncertain economic times, using the money on deposit to meet current bill obligations instead of falling into arrears or otherwise hurting their financial prospects during

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<sup>1</sup> 16 NYCRR §§ 13.5; 13.7.

<sup>2</sup> Executive Order No. 202: Declaring a Disaster Emergency in the State of New York, dated March 7, 2020.

economic recovery. The amounts used from the security deposits were to be refreshed by the customers after the emergency provisions expired.

In June 2021, the Governor issued Executive Order No. 210, ending the State of Emergency.<sup>3</sup> In November 2021, after consultation and coordination with other utilities in the State, the Authority's DPA business practices returned to pre-pandemic policies, thereby ending the temporary emergency protections. This proposal seeks to align the Tariff to current business practice and sunset the temporary emergency COVID-19 support provided to commercial customers through relaxed DPA terms.

**Proposal:**

Staff proposes to modify the Tariff to sunset temporary emergency COVID-19 support provided to commercial customers through relaxed DPA terms. Specifically, the modifications include:

1. Ending the temporary practice of allowing good credit commercial customers that request relief to apply their security deposits against outstanding charges;
2. Ending DPA eligibility to larger commercial customers that fell into arrears;
3. Ending the extended length of DPAs for commercial customers to twice the length of the current emergency, up to a maximum of 12 months;
4. Ending the waiver of the late payment fees for the first 6 months for commercial customers entering a DPA; and
5. Ending reduction of the minimum requirement for a down-payment to equal the current bill plus half of average monthly bill.

**Financial Impacts:** Few direct financial impacts associated with this proposal are anticipated.

**Affected Tariff Leaves:** 60, 146, 148

**Summary of Proposed Changes:**

Staff is proposing to implement Tariff changes to sunset temporary emergency Tariff changes put in place during the COVID-19 pandemic that allow for eased repayment terms for commercial customers entering into DPAs. Discontinuing these temporary emergency provisions will align the Tariff with the Authority's current business practices and system programing, which are consistent with that of other electric utilities in New York State.

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<sup>3</sup> Executive Order No. 210: Expiration of Executive Orders 202 and 205, dated June 24, 2021.

**II. How to Obtain Service (continued):****D. General Obligations of the Authority and Applicants (continued):  
Security Deposits (continued):**

- (3) For Nonresidential Customers, the Authority shall return full or partial deposits, with interest, to the Customer within thirty (30) days after any of the following events occur:
  - (a) The account is closed,
  - (b) The issue date of the Customer's first cycle bill sent after the Customer has paid their bills on time for a three-year period, unless provisions of D.10.b of this section apply. In that case, the deposit will be updated and extended for another three (3) years.
  - ~~(c) The issue date of the Customer's first cycle bill sent after the Customer has paid their bills on time for a one-year period and the Customer has a credit rating of 5 or 6 prior to March 1, 2020.~~
  - ~~(d)~~(c) A Deposit Review shows that the deposit should be reduced.
- (4) For Nonresidential Customers, the deposit is returned by crediting:
  - (a) The account the deposit secured against outstanding charges, or
  - (b) The account the deposit secured in the amount of the next estimated cycle bill, if that applies, or
  - (c) An unsecured account of the Customer's that is in arrears.
- (5) The Authority will issue a check to the Nonresidential Customer if a balance remains after the credits in D.10.I.4. above have been made unless the deposit is being returned per D.10.I.3(c).

**11. Applicant Wiring and Equipment Obligations**

- a) The Applicant shall install and pay for the wiring, switches, and fixtures needed to receive service.
- b) The Applicant should obtain definite information from the Authority about the approved types of equipment needed for the requested service.
- c) The Applicant may request a booklet the Authority publishes, *Specifications and Requirements for Electric Installations*, which details the Authority's approved:
  - (1) Methods of electric installation.
  - (2) Types of equipment.
  - (3) Types of voltages provided.

**V. Termination of Service (continued):****G. Deferred Payment Agreements (continued):****Who is not Eligible (continued):**

~~f)~~ A Customer whose combined average monthly billed demand for all accounts was greater than 20 kW at least once during the last twelve (12) months or one (1) account had a single demand greater than 40 kW, or

~~f)g)~~ A Customer who the Authority reasonably concludes is able to pay the bill.

~~g)h)~~ The Authority will notify the Customer of the Authority's reasons for denying a Deferred Payment Agreement, and the Customer's right to challenge the Authority's decision using the complaint procedures set forth in this Tariff.

**4. Obligations of the Authority to Residential Customers**

a) The Authority will make reasonable efforts to contact eligible Residential Customers or Applicants by phone, mail, or in person to:

(1) Offer a Deferred Payment Plan, and

(2) Negotiate terms that fit the Customer's financial situation, and:

(a) May require that a Customer or Applicant complete a form showing assets, income, and expenses, and

(b) May ask for reasonable proof of the information given, and will treat that information as confidential, as permitted by law, and

(c) Will offer terms without a down payment and installments as low as ten dollars (\$10) a month, if required by the Customer's financial situation, and

(d) Will negotiate the size of the down payment, if any, and the time schedule for payment, and

(3) State the negotiated terms and conditions in the Deferred Payment Agreement to be signed by both the Customer and the Authority.

b) The Authority may postpone a scheduled termination of service up to ten (10) days after the termination date noted on the Final Termination Notice to negotiate the Deferred Payment Agreement terms, after notifying the Customer of the postponement, and

c) The Authority will make the written offer of the Deferred Payment Agreement to the Customers in 2.d-g above by providing two (2) copies of the Agreement form, signed by the Authority, stating the specific negotiated terms for payment.

**V. Termination of Service (continued):****G. Deferred Payment Agreements (continued):****Terms of the Deferred Payment Agreement (continued):**

- (4) Monthly installments, depending on the Customer's financial situation, of the cost of one-half (1/2) of one (1) month's average usage or one-tenth (1/10) of the balance, whichever is greater. The cost of one (1) month's average usage shall be based on the cost of the usage during the last twelve (12) months.
- c) For Nonresidential Customers, if termination of service has been scheduled for nonpayment, the terms of the Agreement may include:
  - (1) A down payment of the ~~lesser of 20~~ greater of 30 percent of the amount owed or ~~one half (1/2)~~ two (2) times the cost of the Customer's average monthly usage, plus the full amount of any charges billed for and owed since the Final Termination Notice was issued and the Agreement was signed, or
  - (2) If a field visit to physically terminate service was made, a down payment the greater of 50 percent of the amount owed or four (4) times the cost of the Customer's average monthly usage, plus the full amount of any charges billed for and owed since the Final Termination Notice was issued and the Agreement was signed, and
  - (3) Payment of the balance in monthly installments of ~~up to the lesser of one half (1/2) times~~ the cost of the Customer's average monthly usage, or ~~one-twelfth (1/12)~~ one-sixth (1/6) of the balance, whichever is greater, and
  - (4) Payment of late payment charges of 1.5 percent per monthly billing period ~~after the first six monthly installments~~ during the term of the Agreement, and
  - (5) Payment of a security deposit in three (3) installments: 50 percent down and two (2) monthly payments of the balance. The Authority may require a security deposit from an existing Customer who is delinquent or who the Authority believes may be unable to pay in the future, based on dependable information on the Customer's financial condition, or
- d) If the Nonresidential Customer has been backbilled for prior unbilled service, the Authority may require monthly installments of the greater of the cost of one-half (1/2) of the Customer's average monthly usage or one twenty-fourth (1/24) of the amount owed, and
- e) If agreed to by both the Authority and the Nonresidential Customer, the terms of the Agreement may be for a larger or smaller down payment, a longer or shorter period of time for payment, and payment on any schedule.