

DIRECT TESTIMONY
OF
LOW INCOME PANEL

1 Q. Would each member of the Low Income Panel please state his or her
2 name and business address?

3 A. (Royce) My name is Susan M. Royce, and my business address is Central
4 Hudson Gas & Electric Corporation ("Central Hudson" or the "Company"),
5 284 South Avenue, Poughkeepsie NY 12601.

6 (Ojulo) My name is Kyro D. Ojulo. My business address is the same as
7 Ms. Royce's.

8

9 Q. In what capacity are you employed by Central Hudson?

10 A. (Royce) I am the Director of Community Relations & Consumer Outreach.

11 (Ojulo) I am the Supervisor of Low Income Programs.

12

13 Q. Ms. Royce, would you please summarize your education and experience.

14 A. I hold an AAS Degree in Business Administration from Dutchess
15 Community College, and have been employed by Central Hudson since
16 1970. I have been in management positions at the Company since 1980.

17 From 1980 until 1990, I held positions related to the administration of the

18 Company's compensation and benefits programs. In 1990, I was

19 promoted to the position of Methods & Procedures Development

20 Coordinator in the Customer Services Group. In June 1993, I was

21 promoted to Regulatory Methods & Procedures Coordinator, and in April

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1 1994 I was assigned to my current position of Director of Community
2 Relations & Consumer Outreach.

3

4 Q. Ms. Royce, would you please describe your responsibilities in your
5 present position?

6 A. As Director of Consumer Relations & Consumer Outreach, my
7 responsibilities focus on discerning and meeting the needs of the
8 Company's special-needs' customers. In concert with this, I am
9 responsible for consumer education programs, public participation and
10 training programs for Company employees in customer-contact positions.
11 It is also my responsibility to work with Public Service Commission (PSC)
12 Staff and various Company representatives on the investigation and
13 resolution of consumer complaints.

14

15 Q. Ms. Ojulo, would you please summarize your educational background and
16 work experience.

17 A. I hold an AAS Degree in Computer Information Systems from Orange
18 County Community College and a BS in Organizational Leadership and
19 Communications from Marist College, and have been employed by
20 Central Hudson since 2004. I have been in management positions since
21 2005. From May 2005 until September 2006, I was an Executive
22 Assistant in Human Resources. In 2006, I was promoted to my current
23 position, Supervisor of Low Income Programs.

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1

2 Q. Ms. Ojulo, would you please describe your responsibilities in your present
3 position?

4 A. As Supervisor of Low Income Programs, my responsibilities focus on the
5 administration of the Company's payment assistance program, the
6 Enhanced Powerful Opportunity Program.

7

8 Q. Have any of the Panel Members appeared as a witness before this
9 Commission?

10 A. (Royce) Yes. I previously submitted testimony in Cases 95-E-1034 and
11 95-G-1035 and in Cases 08-E-0887 and 08-G-0888.

12

13 Q. Please describe the purpose of the Panel's testimony.

14 A. The purpose of the Panel's testimony is to request an increase to the
15 funding for the Company's existing low-income program, Enhanced
16 Powerful Opportunity Program (EPOP).

17

18 Q. Please provide a summary of the benefits EPOP customers receive.

19 A. EPOP offers four significant benefits to assist low-income customers in
20 managing their energy costs.

21

22 1. The Program provides a discounted monthly budget bill for
future charges, while customers participate in the Program. The discount

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1 is based on family size, monthly income and energy usage. Discounts
2 range from \$50 to \$225 per month.

3 2. The Program provides an “arrears forgiveness” component.
4 When a customer is enrolled in EPOP, the amount in arrears is placed on-
5 hold, and collection activity is suspended on this amount. The arrears are
6 forgiven at the rate of 1/24th per month, when future bills are paid on time
7 and in full.

8 Customers receive the benefits outlined above only if their EPOP
9 account is kept current. In other words, if a discounted budget bill is not
10 paid on time and in full for any month while enrolled in the Program, the
11 discount is taken back and there is no arrears forgiveness for that month.

12 3. The Program provides an incentive payment equal to the
13 customer’s discounted monthly budget amount. The incentive payment is
14 applied to the customer’s account after the customer pays four
15 consecutive discounted budgets, on time and in full.

16 4. The Program provides energy education and reduction
17 measures in collaboration with Empower NY.

18

19 Q. What customers are eligible for participation in EPOP?

20 A. Only residential customers using electricity or natural gas as their primary
21 heating source are eligible for participation. In addition, customers must
22 be HEAP-eligible and receive a HEAP benefit annually on their Central

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1 Hudson account. They must also have the ability to pay the discounted
2 budget on time and in full each month.

3

4 Q. Are you proposing any changes to EPOP, other than requesting an
5 increased rate allowance?

6 A. No.

7

8 Q. What level of expenditures are you proposing?

9 A. Exhibit__(LIP-1) shows the recommended rate year expenditures for
10 electric and gas based upon past experience in operating the program as
11 well as the improvements that were approved in Cases 08-E-0887 and 08-
12 G-0888. These expenditure levels are included in the revenue
13 requirement as shown in the Revenue Requirement Panel Exhibit__(RRP-
14 1), Schedule B for electric and Exhibit__(RRP-2), Schedule B for gas.

15

16 Q. It is noted that in the last Rate Filing, Central Hudson decreased the
17 expenditures for EPOP. What has changed that now prompts you to
18 request increased funding?

19 A. We have experienced significant growth in the number of
20 customers participating in EPOP, which exceeded our projections. The
21 expenditures proposed in the 2008 Rate Filing were based on an actual
22 participation level of 275, and at that time we projected enrollments would
23 increase by 37 each month. As of 3/31/09 (the date of the most current

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1 projection), we had an actual participation level of 748, with average
2 assumed additions of 54 new enrollments each month. We believe the
3 increased enrollments can be attributed to increased customer awareness
4 of the Program, as a result of expansive customer and community
5 outreach, as well as current economic conditions.

6

7 Q. Were other factors considered in your request for additional funding?

8 A. Yes. Effective July 1, 2009, significant improvements were made to the
9 existing Program (EPOP) that we believe will result in more participants
10 receiving the full benefits available to them under the Program.

11

12 Q. Please explain the improvements made effective July 1, 2009.

13 A. The amount of the monthly budget discounts were increased to provide a
14 more affordable current bill, so customers are now more likely to receive
15 the maximum program benefits. This was a significant expansion to the
16 program because benefits are received only when the monthly
17 [discounted] budget amount is paid in full and on time. Monthly budget
18 discounts were increased from a range of \$25 to \$150, to a new range of
19 \$50 to \$225.

20

21 Additionally, the enrollment arrears forgiveness amount was previously
22 capped at \$2,400, and customers were responsible for any amount in
23 excess of \$2,400 at the end of their participation in the Program. Effective

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1 July 1, this cap was removed and the customer's total enrollment arrears
2 may be forgiven while participating in EPOP.

3
4 Lastly, an incentive bonus was added to motivate customers to maintain
5 their EPOP accounts. This bonus is equal to the customer's discounted
6 monthly budget amount and will be applied as a credit to the customer's
7 account after the customer pays on time and in full for four consecutive
8 months.

9
10 Q. Do you recommend continuation of deferred accounting for EPOP?

11 A. Yes. Deferred accounting is recommended because of the uncertainty
12 related to the benefits that may be paid out under the Program.

13 Additionally, while the projections are based on a maximum number of
14 1,000 participants, economic factors beyond the Company's control could
15 cause a higher or lower number of customers to sign up for the program.

16 Deferred accounting protects customers and shareholders against the
17 uncertainty surrounding customer participation in EPOP.

18

19 Q. Does this conclude the Low Income Panel pre-filed direct testimony?

20 A. Yes, it does.