

REBUTTAL TESTIMONY
OF
LOW INCOME PANEL
CASES 09-E-0588 & 09-G0589

1 Q. Are you the same Panel Members who submitted pre-filed direct testimony in
2 this proceeding?

3 A. Yes, Panel Members are Susan Royce and Kyro Ojulo.
4

5 Q. What is the purpose of your rebuttal testimony in this proceeding?

6 A. The purpose of this rebuttal testimony is to respond to certain portions of the
7 prepared testimony of Leonard Silverstein regarding the low-income bill
8 discount for HEAP customers, as well as Gregg Collar's Direct Testimony
9 regarding the Company's Enhanced Powerful Opportunity Program (EPOP), the
10 low-income bill credit and in addition waiving the reconnection fee for low-
11 income customers and modifying the EPOP reports to include certain non-EPOP
12 statistics.
13

14 Comments Re: Prepared Testimony of Leonard Silverstein, DPS

15 Q. Briefly explain Mr. Silverstein's proposal regarding the low-income bill discount
16 for HEAP customers.

17 A. The Commission's Order Adopting Recommended Decision With Modifications
18 for Case 08-E-0887 and 08-G-0889 directed Central Hudson to provide a \$5
19 monthly bill credit on customer accounts where a HEAP benefit was received
20 and applied to their Central Hudson account. Mr. Silverstein's testimony in this
21 current case is recommending the bill credit be continued but increased to
22 \$8/month.
23

24 Q. Do you agree with this increased monthly credit?

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1 A. No, the Company did not support the initial proposal made in Case 08-E-0887
2 and 08-G-0889 nor do we support the continuation and increase in this Case.
3 The Panel continues to believe that EPOP effectively addresses the needs of
4 customers with the greatest need, those that are electric or natural gas
5 heating customers. In addition, Mr. Silverstein's proposal overlooks the
6 significant customer benefits provided by Central Hudson, in the form of a
7 budget bill discount and arrears forgiveness credit for EPOP customers. The
8 Panel believes that these benefits are of far greater value in providing
9 assistance to low-income customers than a monthly \$5 (or \$8) bill credit. We
10 do not believe that the provision of a \$5 or \$8 monthly credit will relieve
11 economic distress, as stated by Mr. Silverstein.

12

13 Q. Did the Company include \$500,000 in your proposed rate allowance to continue
14 to fund the \$5 bill discount?

15 A. Yes, we did include that amount. However, it was identified as a specific line
16 item to fund the credit of \$500,000 established in the previous rate case.
17 The reason to include that amount was to ensure the funds were available,
18 should we be mandated to continue the credit. \$500,000 was specifically
19 identified for this purpose and can easily be excluded should the credit no
20 longer be given.

21

22 Q. Does the Company agree with Mr. Silverstein's calculation of the increased
23 funding allowance of \$520,000 to fund an increase of the monthly bill discount
24 to \$8 per month that he proposes?

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1 A. Mr. Silverstein calculated this rate allowance based on approximately 10,600
2 customers receiving HEAP in the 2008/2009 HEAP year, and based on this
3 rationale his calculation is arithmetically correct. However, his proposal is to
4 provide the increased credit to customers receiving HEAP in the future and that
5 number is not known. In apparent recognition of this uncertainty, Mr.
6 Silverstein responded affirmatively to the Company's IR 61A, and agreed that
7 all variances between the rate allowance and actual costs for the expanded bill
8 credit would be deferred. We understand that this deferral would be for
9 future recovery with carrying charges at the pre-tax rate of return.

10

11 Comments Re: Direct Testimony of Gregg C. Collar, CPB

12 Q. Mr. Collar also recommended the monthly bill credit be continued, but his
13 proposal is to increase the amount to \$9/month to offset the rate increase.
14 Will the Panel respond to this proposal?

15 A. For the reasons cited above in response to Mr. Silverstein's similar proposal, we
16 also do not support Mr. Collar's recommendation.

17

18 The Panel would also like to address Mr. Collar's testimony on Page 10, Lines
19 17-22, where he states "It has been Commission policy in recent rate case
20 proceedings, specifically Case 08-G-1398, Orange & Rockland's most recent gas
21 proceeding, and Case 08-E-0539, Con Edison's previous electric rate
22 proceeding, to hold low-income customers harmless from increases in customer
23 charges." It should be noted that Mr. Silverstein's response to the Company's
24 IR 62 states both Con Edison and Orange & Rockland do not have an arrears

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1 forgiveness program for low-income customers and a monthly bill credit for
2 HEAP recipients. Therefore, it appears a minimal monthly bill credit for HEAP
3 recipients is the only relief these utilities are providing to their low-income
4 customers. The Panel believes the significant customer benefits provided by
5 Central Hudson, in the form of a budget bill discount and arrears forgiveness
6 credit for EPOP customers is of far greater value in providing assistance to low-
7 income customers than a monthly \$9 bill credit.

8
9 Q. Does the Company have comments regarding Mr. Collar's recommendation that
10 EPOP participation be increased to include 1,500 additional customers?

11 A. Yes. It appears that this recommendation is based on a misunderstanding. The
12 Panel explained in various CPB IR responses that we estimated 1,500 more
13 customers *may* be eligible for EPOP, but that was not a fixed number and it did
14 not represent specific or identifiable accounts. The number was based on an
15 average number of customers who had met the general eligibility criteria and
16 had received outreach mailings describing the Program but it was not based on
17 any analysis as to whether all of the EPOP criteria would in fact be met. The
18 general eligibility criteria used for EPOP participant outreach consists of the
19 account being past due by at least \$100; the customer using natural gas or
20 electricity as a primary heating source and having received a HEAP benefit. In
21 addition, to the general eligibility criteria EPOP participants must agree to
22 enroll in monthly Budget Billing and also have the ability to pay a discounted
23 budget bill on time and in full each month. We are unable to determine
24 whether a customer is willing to enroll in Budget Billing and have the ability to

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1 pay until the customer contacts us and inquires about the Program. Therefore,
2 1,500 should not be used as a definite number of customers to be enrolled in
3 EPOP. In addition, Mr. Collar's proposed expansion would represent a 150%
4 increase in the level of activity for the EPOP program and would require
5 additional internal resources that were not included by the Company in its
6 labor or expense forecasts.

7

8 Q. Does the Company disagree with EPOP enrollment expansion altogether?

9 A. No, the Company is willing to expand the number of customers enrolled in
10 EPOP should adequate funding be provided to completely cover all expenses
11 incurred and resources required to administer a larger program. Based on the
12 current level of participation and costs of the Program, we had estimated an
13 additional 1,500 customers could cost at least \$2.2 million over the current
14 program funding. If the Commission wishes to expand EPOP, the Panel suggests
15 that it could administer an target growth of about 100 additional customers per
16 rate year, assuming that appropriate funding was also provided.

17

18 Q. Do you agree with Mr. Collar's proposal to waive the reconnection fee for low-
19 income customers?

20 A. No. The purpose of charging a reconnect fee is for the Company to recover
21 some of the costs associated with restoring service after termination for
22 nonpayment. Termination of service for nonpayment is a last resort action,
23 and is only executed after other acceptable means of securing customer
24 payment is exhausted. New York State utilities are required to follow stringent

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1 conditions to protect customers against service termination. Given these
2 customer protections and the fact that the Company will only disconnect after
3 providing the customer with a number of opportunities to make payment,
4 obtain payment assistance or enter into or re-instate a deferred payment
5 agreement, it has no other means from escalating uncollectibles but to lock the
6 meter.

7 The Panel understands that charging a reconnect fee adds to a low-income
8 customer's financial burden, but the Panel also believes that any customer
9 whose service is terminated for nonpayment may also be at that time in a
10 financial situation in which the reconnection fee adds to their burden as well.

11 As stated previously, many opportunities precede service termination and the
12 customer should be responsible for taking action to maintain their own service.
13 By waiving the fee for the low income population targeted by Mr. Collar, those
14 costs would be shifted to all other customers and hold them accountable for an
15 action that is entirely out of their control.

16

17 Q. Do you have any other comments regarding Mr. Collar's proposal?

18 A. Yes, Mr. Collar states that in Orange & Rockland's most recent gas proceeding,
19 the Commission granted a waiver of the reconnection fee for low-income
20 customers. However, he neglects to mention that Orange & Rockland does not
21 offer significant benefits in the form of a bill discount (other than the HEAP
22 credit) or an arrears forgiveness benefit that Central Hudson's Enhanced
23 Powerful Opportunity Program (EPOP) participants receive. Since all

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1 ratepayers fund EPOP, we believe that it is not appropriate to have them also
2 pay the cost of reconnecting service for low-income customers as well.

3 Q. Will the Panel comment on Mr. Collar's recommendation that the Company
4 record reconnect fees for low-income customers in the quarterly EPOP reports?

5 A. Yes. We disagree with this recommendation. EPOP and reconnection fees are
6 not functionally related. The Quarterly and Annual Reports provide detailed
7 EPOP statistics and narrative. The reports track EPOP referrals, enrollments,
8 departures and benefits as well as program costs, outreach and evaluations and
9 should remain solely as EPOP data so as not to distract from or confuse the
10 data.

11

12 Q. Does this conclude your rebuttal testimony?

13 A. Yes, it does.