

JOSHUA A. POTOSEK, MBA
COUNTY MANAGER

JOHN LIDDLE
DEPUTY COUNTY MANAGER

TEL. 845-807-0450
FAX 845-807-0460



Mountains of Opportunities

COUNTY OF SULLIVAN
COUNTY MANAGER'S OFFICE
SULLIVAN COUNTY GOVERNMENT CENTER
100 NORTH STREET
PO BOX 5012
MONTICELLO, NY 12701

August 09, 2019

The Honorable Kathleen H. Burgess
Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

RE: Case 19-E-0378 (NYSEG Electricity Rates)

On behalf of the Sullivan County Legislature and the residents and businesses we serve, thank you for the opportunity to comment on NYSEG's rate case 19-E-0378 regarding electricity rates affecting Sullivan County.

Overview

Sullivan is the western-most and least-densely populated county in the Mid-Hudson Region. We are also arguably the most economically challenged county in the region, with a high poverty rate compared to our neighboring counties. Eighteen percent of households lack a computer and twenty-four percent are without broadband access. Our area is currently enjoying a hard-won period of economic expansion that is hampered by issues with the region's aging electric grid infrastructure. We are frequently hard hit by tropical and winter storms, most recently suffering widespread and prolonged power outages due to winter storms Riley and Skylar (March 2018) and the May 15, 2018 microburst event. These events highlighted long standing problems with NYSEG's maintenance of lines, poles and vegetation control, and deficiencies in emergency planning and adequate staffing.

As a Bronze-certified Climate Smart Community and designated Clean Energy Community, Sullivan County is also highly committed to energy efficiency, a swift and socially equitable transition to renewable energy, and effective resiliency planning based upon a clear and detailed understanding of the impacts of climate change on our region. Sullivan County also boasts 4 completed Community Distributed Generation projects totaling 7.8 MW of nameplate generation capacity, and another 17 projects in development, which could add another 47.8MW of nameplate capacity.

In light of the above facts and conditions, we welcome NYSEG's resolve to address longstanding issues of grid reliability and access to new technology that will enable County residents and businesses to operate with greater energy efficiency and flexibility.

We have concerns about NYSEG's stated plans and strategies for raising the revenue to accomplish its goals. These concerns center on:

1. The impact of the new **rate structure** and phase in of **AMI technology** on our most economically vulnerable populations – LMI families and the 14.9% of County residents living at or below the poverty line, the impact of peak pricing regimes for Energy Smart Communities participants; and changes to the demand charge for non-residential customers with ESCOs
2. Changes to **Customer Service**, including the proposed closure of the Customer Walk-in office in Liberty, replacing in-person service with online interaction, in a county where 18% of households lack a computer and 24% are without broadband access;
3. The plan's ability to ensure **grid reliability** and address a backlog of infrastructure weaknesses (beyond vegetation control), including aging equipment, lack of local line crews, interconnection delays for new businesses and for CDG projects, and other problems of long standing that have created significant hazards and inconvenience for County residents, barriers to business development in Sullivan County, and delays and barriers to renewable energy development in a county that has embraced and encouraged solar energy.

Our more detailed comments below address the **Impact of the Average Rate Increase; AMI Development; Changes to Customer Service; Economic Development; Reliability and Resiliency Actions; Transmission Line Hardening, Upgraded and New Lines, Voltage Conversions and Step Transformers; Vegetation Control; Emergency Preparedness; and Energy Efficiency Programs.**

Impact of the Average Rate Increase

NYSEG is proposing capital expenditures that may necessitate a financial contribution from ratepayers. However, the proposed rate increase is estimated to add \$10.20 (13.5%) per month to most residential customers' bills. This is exorbitant, and Sullivan County does not support that high an increase. High fixed rates also affect low and moderate income households and residents over the age of 65 disproportionately when considered relative to energy consumption and household income. In addition, a set increase on the fixed customer charge is a disincentive to energy conservation. Increases should be based on a cost per kWh to incentivize and reward energy conservation. **Rather than increase the fixed customer charge it should be decreased, as was the case in the neighboring utility territory of Central Hudson Gas and Electric during their most recent rate case.**

AMI Deployment

Sullivan County understands the importance of the deployment of AMI technology, including smart meters, communication networks and data management systems that will enable two-way communications between the utility and customer locations. AMI will allow customers to have access to information regarding pricing of electricity – Time Varying Pricing (TVP). Ideally, this will allow customers to adjust their electricity usage to avoid peak time pricing, which will in turn relieve pressure on the utility during periods of high demand. NYSEG states they will phase out 198 positions (meter readers) as AMI is implemented, and provide 24 employees at a call center. Elsewhere in the application, NYSEG cites a net loss of 174 jobs. Sullivan County submits the following comments regarding AMI deployment:

- At \$19.95 per month, the penalty for customers who choose to opt out of the AMI program is exorbitant.
 - **The requested rate appears punitive and out of line with similar charges levied by other utilities in the region.**
 - **The fee represents a special burden on renters whose landlords may opt out of deployment of smart meters at rental properties. There must be a mechanism to ensure that ratepayers will not be burdened with this fee in the event the decision to opt out of AMI is not theirs, but rather is that of the landlord.**

- **Given the cost savings to NYSEG in staff reductions and the long term and substantial cost savings from energy management opportunities through AMI, customers should not be paying for such a large share of the capital implementation.**
 - **Given the cost savings anticipated by NYSEG, a portion of these savings should be returned to the ratepayers in the form of incentive and assistance programs for upgrades and energy efficiency such as purchase of smart appliances.**
 - **In addition, many homes and small businesses in Sullivan County have only 60 Amp service. Upgrading electrical service from 60 Amps to 100 Amps may cost a property owner thousands of dollars. This represents a significant financial burden to our most vulnerable residents and small business owners. The proposed alternative is a \$20/month penalty. This penalty will create an unjustified hardship on those who cannot afford to upgrade to accommodate AMI technology. NYSEG must provide financial assistance to customers who need to upgrade their electrical service to accommodate AMI.**
- **Our understanding of TVP is that, in order for a customer to take advantage of the potential energy and cost savings, they must be technologically savvy and have the means to purchase the necessary equipment such as programmable thermostats, smart appliances and other technology that enables them to control household functions remotely. In a county where 18% of households (4,982) do not have a computer, 24% (6,642) do not have broadband, and there are still areas that do not have cell phone service, NYSEG's innovative pricing mechanisms will not be uniformly accessible and equitably applied. Those most in need of energy cost-cutting opportunities will likely experience barriers to participating.**
 - **NYSEG must develop specific strategies to ensure that low and middle income County residents, residents who lack computers (18% of households) and lack broadband service (24% of households) and may also lack cell service are able to take advantage of these technologies.**
- **NYSEG's description of TVP is based upon NYSEG being the default supplier of electricity. There is no indication in the rate case of how an ESCO would or could respond to TVP.**
 - **NYSEG should specifically describe how the TVP data will be shared with third party ESCO providing electric supply to ratepayers.**
 - **NYSEG should describe the anticipated impacts of AMI deployment on customers enrolled in CDG projects.**
- **One of the stated benefits of AMI deployment is quick notification to the utility of power outages and their precise location, which should result in faster restoration of service. Lessening the duration of power outages should reduce the utility's revenue losses from these events.**
 - **NYSEG must add enough locally-based line crews to improve response times and significantly reduce the duration of outages.**
 - **Given that these actions will improve NYSEG's revenue position by reducing lost revenue from outages, and in addition NYSEG will realize savings from staff reductions and energy management opportunities, the rate increase and penalty requested are excessive and unnecessary.**

- Residential customers will have bill plan options – Energy Smart Community pricing and standard pricing. Energy Smart Community pricing will have on-peak delivery of \$.187 per kWh (4-6 pm) and \$.03 per kWh off peak – thus incentivizing electricity conservation during hours of peak usage. Standard pricing customers and ESCO users will have a steady delivery charge of \$.055/kWh.
 - **This appears to create an uneven playing field and favor the default utility supply rate over a third party ESCO supply rate. This is not in line with the established goals and initiatives of REV, such as the recent establishment and rollout of Community Choice Aggregation.**

Changes to Customer Service

The rate case includes proposed changes to the ways in which some performance metrics are calculated for the two entities, NYSEG and RG&E; the addition of an online option for customers who cannot pay their full bills to negotiate and implement a Deferred Payment Agreement (DPA); proposed changes to the utilities' Low Income Programs, and the closure of some offices where customers can pay their bills.

While we understand NYSEG's desire to provide online options that may streamline operations and provide added convenience for some customers, some of the proposed changes in customer service – especially taken in combination – raise questions concerning how Sullivan County's LMI residents will access the customer services they need and whether low income residents will have fewer options to help them catch up with payments and avoid termination of service.

- Proposed changes to **the Energy Assistance Program (EAP)**. NYSEG proposes to retain the Low Income Bill Credits (LIBC), which provides low income rate payers with bill reductions tied to the level of HEAP assistance the customer is receiving; and to eliminate the Low Income Arrears Forgiveness program (LIAF), which enables customers with up to \$1,500 in arrears to reduce the arrears amount by 1/24 of the total for each month the customer pays the current bill on time. NYSEG and RG&E cite a low success rate and high cost of managing the program in proportion to the value delivered to low income customers, and state that NYSEG and RG&E are the only NYS utilities that currently offer LIAF.
 - **NYSEG must provide specific safeguards for those experiencing genuine financial hardship, who might need the LIAF program as a last resort. The utility should consider ways to improve the effectiveness of the program rather than discontinuing it altogether.**

We have considered the following 3 proposed changes in tandem:

- **DPAs.** Currently and by law, customers who are unable to pay the full amount of their utility bills can negotiate an affordable payment arrangement (Deferred Payment Agreement or DPA) with the utility, which requires a signed document, and may require a down payment. The utilities propose to add an e-DPA option that will enable customers to set up the arrangement, document their need and sign the agreement documents online, which will help customers unable to travel and expedite the time involved. If this plan is approved in concept, NYSEG proposes to have a detailed plan in place within 6 months of the PSC's decision.
- **Fees for 3rd Party Pay Agents.** Currently, customers can pay their electric bills at Western Union and Wal-Mart, which act as 3rd party agents and pay NYSEG on behalf of the customer. The 3rd party arrangement serves customers who need to pay cash or don't have a bank account. The 3rd party entities charge a \$1.50 per transaction fee to utility customers for this service. NYSEG proposes to pay these

fees directly to the 3rd party agents, effectively folding this cost into the “cost of doing business” as they do for the cost of mailing bills and setting up auto-pay arrangements for other customers.

- **Closure of walk-in offices.** NYSEG proposes to close a number of walk-in customer offices, including the one in Liberty NY, over a 3 year period commencing in 2020. The utility’s rationale includes documentation of a significant decrease in customers paying bills at these offices over the past 4 years, including a 63.14% decrease at the Liberty office (from 16,047 in 2015 to 5,915 in 2018. They note that other bill payment methods include direct debit, payment by check, DSS payments, credit cards, and 3rd party agents (Western Union and Wal-Mart). NYSEG and RG&E note that there are 370 3rd party locations within 20 miles of a current walk-in office. Their analysis also shows that more than 75% of transactions at walk-in offices are self-serve transactions at the computer kiosks provided, which they believe demonstrates awareness of and willingness to process transactions electronically. Walk-in offices will be maintained in Rochester and Binghamton due to high volume of traffic at these locations. The Rate Case does not estimate operational savings for NYSEG territory from these closures, but does state that customer service staff currently at these facilities will not be laid off but will be deployed elsewhere as customer service staff.
 - **Considered together, these 3 proposed changes represent a significant shift to “remote” or automated customer service, online assistance, and the use of 3rd party pay agents. While NYSEG documents a significant reduction in customers using the walk in offices, closure of NYSEG’s Liberty office will undoubtedly pose a hardship for Sullivan County customers who do not have home computers or access to secure computers. These customers may be using the kiosk computers because they have no other option, and they may be using the walk-in office because they have other questions about their service that cannot be addressed by a 3rd party pay agent. Switching to online regimes for customer contact should take into account the digital divide, which is likely to affect the most vulnerable customers (elderly and low income) disproportionately. As cited earlier in these comments, a significant number of our residents lack computers (18% or 4,982 households) and lack broadband service (24% or 6,642 households). NYSEG must identify alternative strategies for customers to have access to face-to face customer service with utility employees.**

Economic Development

In this section NYSEG addresses recommendations for rate-based and non-rate economic development programs. Sullivan County welcomes efforts to make it easier for our small businesses to improve the energy efficiency of their facilities and operations, and to transition to renewable energy. We are also eager to attract innovative energy technology businesses to the County.

In recent years, a major barrier to economic development in Sullivan County has been the weakness of the power grid serving our area. This is primarily due to years of deferred maintenance and lack of upgrades to lines and equipment. We are also advised that NYSEG’s lack of responsiveness in effecting interconnections for major new developments has frustrated local economic development partners and hindered economic growth.

Problems experienced include:

- Delays and exorbitant costs associated with connecting new businesses in the County to the electric grid.
- Delays and high costs for NYSEG equipment upgrades relating to interconnection for CDG projects.

- Delays and unanticipated connection costs for County and other municipal (Town of Thompson) facilities and renewable energy projects.

In other sections of the rate case, NYSEG acknowledges the need for improved vegetation control and emergency management to deal with increased extreme weather events that have led to widespread and prolonged power outages in recent years. As a Climate Smart Community paying close attention to the impacts of climate change, we applaud NYSEG's acknowledgement of the need for dramatic improvements in resiliency and emergency preparedness. However, in the context of economic development, NYSEG should also acknowledge that their failure to properly maintain lines and equipment and ensure the integrity of the power grid has adversely affected economic development and job creation in Sullivan County.

- The PSC should address these ongoing problems.
 - **NYSEG must be required to establish mandatory timelines for connecting new customers to the electric grid, and held accountable when these timelines are not met. Economic development is increasingly more difficult year to year, so reasonable predictability is critical to being able to land projects in Sullivan County and New York State. Moreover, the ability for utilities to be more flexible to address sudden interest in their territory must be a priority as it is not acceptable to lock into a schedule that does not allow for unique circumstances, particularly when they can be game changing economic development projects to our area.**
 - **The PSC should examine the extent to which NYSEG has required new customers to foot the bill for a backlog of maintenance and equipment upgrades.**
- Sullivan County supports addition of a geothermal and heat pump program for non-residential customers. These programs will be very valuable to our small businesses, especially in combination with NYSERDA's incentives for energy assessments and energy efficiency measures for commercial properties.
 - **Business customers in service areas without natural gas infrastructure must be allowed to participate in the ground and air source heat pump program. Sullivan County does not have natural gas infrastructure. Customers who use propane or fuel oil for heating can benefit from the transition to geothermal or heat pump technology for heating and cooling, and deliver significant environmental benefits by making the switch.**
 - **The GSHP and ASHP program should also include equipment that has the capacity to provide hot water to existing radiant heating systems fueled by propane or oil.**

Reliability and Resiliency

NYSEG distinguishes between "reliability" and "resiliency" in its discussion of these topics.

As defined by NYSEG: "Reliability" refers to the ability of an electric distribution utility to deliver the desired quantity of quality power to all customers when needed. NYSEG maintains a database that identifies the root causes of blue-sky and weather-related outages from non-major storms. They utilize this data to identify actions that will improve reliability. These actions include replacing equipment that has failed or is nearing the end of its useful life and trimming trees around wires to prevent outages that occur by contact during strong winds.

- Sullivan County experiences a disproportionate lack of desirable quality of power to all customers. This lack of quality power delayed the completion of an HVAC retrofit at a major County facility and caused the equipment installer to supply individual transformers for each roof top unit in order to protect the units and meet their warranty requirements.

- The County has been advised that other entities in the County experience rapid degeneration of electronic equipment and systems, which they attribute to fluctuations and spikes in line voltage as well as brownouts and brief power interruptions.
- Reliability measures should include the implementation of battery storage and or micro grid development within Sullivan County.

As defined in the rate case: “Resiliency” focuses on (1) preventing and limiting the scope and impact of outages when they occur, and (2) the ability to expediently restore power after a significant outage. Thus, resiliency is both the ability of a system to withstand forces that could potentially cause damage, as well as, the ability to limit the impact of and restore service when damage is experienced.

According to NYSEG: The specific actions that should be taken to enhance resiliency ultimately depend on three factors: (1) the types of storms that are expected to occur in NYSEG’s service territories with sufficient frequency and intensity to merit a planning response, (2) the expected benefit to resiliency of alternative actions, and (3) the cost of taking action.

- We note that experts on climate action warn against basing projections of extreme weather events and flooding events solely on historical data; climate adaptation must be based upon new projections such as those developed by the NYS Department of Environmental Conservation in the ClimAID study series. Sullivan County has already experienced changes to local and regional weather patterns. In particular, the County has documented unprecedented damage resulting from Tropical Storm Lee (September 2011), Hurricane Irene (August 2011) and Superstorm Sandy (October 2012) as well as winter storms Riley and Skylar (March 2018) and the May 2018 microburst event. These observations align with the ClimAID projections specifically for Sullivan County, which include changing temperatures that will result in more frequent and damaging storms. As the ClimAID studies and numerous other risk management analyses have stated, unpredictability and increasing frequency and severity are the hallmarks of the extreme weather events anticipated for our region. Nowhere in the resiliency panel discussion do the utilities reference climate change research or the weather projections contained in the ClimAID study series.
 - **NYSEG should look to these predictive studies and not rely solely upon historical data when projecting storm frequency and designing an effective response.**
 - **In addition to storm related stresses and outages, NYSEG should look at the projected increases in heat related events as a factor in higher electricity demand.**
 - **NYSEG’s analysis and decision-making should also include the “cost of inaction” that is borne by the customers whose lives and businesses are disrupted and whose safety is endangered during these events.**
 - **Sullivan County would welcome opportunities to partner with NYSEG to plan for micro-grids and battery storage to sustain essential infrastructure and services during weather emergencies. Neither of these strategies is discussed in the rate case sections on reliability and resilience.**

Among the reliability and operations proposals, NYSEG proposes to add 150 FTE line crew positions.

- Sullivan County supports the plan to increase the number of internal line workers by 150 FTE (full time equivalents) for NYSEG. How this is structured will greatly influence the effectiveness of this hiring.
 - **Sullivan County advocates for these to be full-time hires with full benefits.**

- **Sullivan County advocates for some of that increase in staff to be in the Liberty/Brewster line area. These are the worst lines in Sullivan County and in dire need of maintenance and upgrades.**
- Sullivan County supports the training program as outlined, specifically the plan to bring in new hires to train to fill positions that are scheduled to be vacated due to retirement. This plan will avoid the lag time of hiring only after a position is vacated and will allow the institutional and cultural knowledge of the NYSEG systems to be passed on to new employees.

Transmission Line Hardening

As described in Section 5, RG&E includes enhancements to four transmission lines as an integral part of its Resiliency Plan. No plans for hardening of transmission lines in NYSEG's service area are mentioned in this section. NYSEG also specifies that diesel generators may provide a local source of controllable generation when it is not cost effective or feasible to arrange a backup supply through other changes in topology.

- **Diesel generators place an environmental burden on the communities where they are located. Full life cycle cost of diesel generating equipment should be completed, including health impacts on nearby residents and associated carbon emissions.**
- **In keeping with the GHG reduction goals cited in the Climate Leadership and Community Protection Act recently passed by the NYS Legislature and signed by Governor Cuomo, NYSEG should focus on battery storage coupled with renewable energy technologies and phase out diesel generators as a local source of generation.**

NYSEG will begin addressing 40 of the worst performing circuits during the first two years of the Plan. The circuits to be addressed in 2019-2020 reflect several factors including the lead time required for engineering for substation upgrades or new substations. NYSEG also prioritized work in the Brewster division which includes several of the worst-performing circuits and has a high density of trees.

- **We applaud the inclusion of Maplewood Substation, Circuit 2402229 in Thompson, Old Falls Substation Circuit 2402583 in Fallsburg, and Yulan Substation Circuit 2403404, which are scheduled for upgrades in the 2019-2020 plan.**

Upgraded and New Lines, Voltage Conversions, and Step Transformers

An overriding objective of these investments is to strategically place additional circuit ties between adjacent substations and circuits to add backup capacity and improve network connectivity. This will be particularly effective at outlying locations that do not currently have distribution ties to adjacent circuits. By adding circuit ties, alternate sources of supply can be selected to restore customers that would otherwise be isolated.

- **The County endorses this measure as being of high priority for Sullivan County. Step transformers will help stabilize line voltage. The uncontrolled fluctuations of line voltage reportedly experienced by many NYSEG customers have created brown outs and voltage spikes that damage sensitive electronic equipment.**
- **Additional circuit ties will hopefully alleviate NYSEGs long delays in making new interconnections for new businesses in Sullivan County.**

Vegetation Control

NYSEG's current tree-trimming program and funding levels focus on the following elements: (1) A cycle length of approximately ten years; (2) Supplemental "hot-spot" pruning of faster-growing vegetation species that

would otherwise encroach upon electric facilities if not addressed until the next scheduled circuit trim; and (3) Removal of hazard trees located outside of NYSEG's right-of-way.

- A ten year cycle would fit with established forestry management plans. However, NYSEG has not kept up with this schedule despite its own stated protocol and funding levels. If NYSEG had pursued their own protocol prior to the 2018 storms, the damage caused by those storms in Sullivan County would have been greatly minimized.
 - **NYSEG must be required to establish mandatory targets and timelines for vegetation control, and they must adhere to their own policies. The PSC must hold the utility accountable when these conditions are not met.**
 - **The utility's ability to increase rates in connection with this issue should be contingent upon documented improved performance.**

Emergency Preparedness

NYSEG is proposing to remove the cap (upper limit) on the number of emergency staging events for which they can recover costs when storms of the anticipated severity do not in fact materialize.

- Given the severity of storms that have materialized in recent years, and the general expectation (supported by NYSERDA and the NYS DEC) that climate change will bring more frequent, more severe and more unpredictable weather events, this seems to be a reasonable request and the County supports this measure.

Energy Efficiency Programs

NYSEG is proposing to create energy efficiency incentives for heat pump technologies, for both residential and non-residential applications. The pilot program for the non-residential sector is discussed in the Economic Development panel.

- Sullivan County supports the Heat Pump Adoption Program as a means to decarbonize the heating and cooling sector of energy use.
 - **LMI households have the greatest need for this type of heating and cooling equipment, since they are more likely to be forced to dedicate a greater portion of their household income to energy bills. They also have the least amount of disposable income and necessary credit scores to qualify for these programs. Historically, this has severely limited the ability of these programs, based upon their funding mechanisms, to deliver to those who could most benefit, both in terms of energy savings and in terms of improved safety and comfort in the home. Given these realities, NYSEG must develop a program that welcomes and encourages participation by LMI households.**
 - **Sullivan County would welcome the opportunity to partner with NYSEG to help make sure energy efficiency programs, including the Heat Pump Adoption Program, are accessible to the County's LMI residents and small businesses, and are implemented as part of a holistic program to deliver these benefits to those most in need.**


Conclusion

Sullivan County appreciates the opportunity to review and comment on NYSEG's rate case 19-E-0378 regarding electricity rates affecting Sullivan County. Our overarching goal is to ensure fairness to our County residents and businesses, as well as to our electric utilities. Our utilities are facing a dramatic transition to more

efficient, low-carbon operations, and we acknowledge that this transition involves capital expenditures that may necessitate a financial contribution from ratepayers.

It is also true that Sullivan County's residents and businesses have been short-changed over the years through NYSEG's neglect of line and equipment maintenance, pro-active vegetation control, maintenance of adequate local crews, and attention to emergency planning. Over the past decade, these problems have been exacerbated as extreme weather events – tropical storms, winter storms, rain events and heat events – have intensified. This is the new normal. Sullivan County residents need and deserve more reliable, resilient, responsive and innovative utility service that supports the County's GHG reduction commitments, advances our ability to develop renewable energy resources, protects our health and safety, and meets the needs of our growing economy. These are New York State's priorities as well, expressed in REV and the new Climate Leadership and Community Protection Act (CLCPA).

Sincerely,



Joshua Potosek
County Manager

cc: AnnMarie Martin, Clerk to the Legislature