

Justice Center et al. Late-Filed Exhibit No. 2
Examples of Commission-Approved Utility Affordability Programs
Docket Nos. E-7, Sub 1214 & E-2, Sub 1219

Request: At the August 31, 2020 consolidated hearing, Commissioner McKissick asked Mr. Howat for examples of jurisdictions where low-income payment programs have been implemented without prior legislative enactments.¹

Response: Below are some examples of low-income payment programs that were implemented without prior legislative enactments:

Example #1: Colorado

In 2000, before the passage of S.B. 07-022 that created specific authorization for a low-income discount rate, the Colorado Commission approved the extension of a ratepayer-funded Affordable Payment Pilot Program (“APPP”) as part of a merger proceeding. The program provided a discounted rate and arrearage forgiveness.² In that instance, the Commission distinguished the 1979 *Mountain States* ruling as prohibiting the Commission from effecting social policy through preferential ratemaking in favor of a narrow group of customers. The Commission concluded that a program or rate that has *an economic justification* is lawful.³

The APPP was not developed in the name of social policy. Instead the goal of the APPP is to reduce the balance of Public Service's lost and uncollectible accounts, thereby effecting a net reduction to all customers' bills. This economic justification for the APPP prevents Public Service from running afoul of the prohibition against preferential rates found at § 40-3-106(1)(a), C.R.S. Furthermore, nothing in *Mountain States* prevented Public Service from engaging in research and development with the hope of designing a program used and useful to the rendering of its service at a cost to ratepayers that was just and reasonable.⁴

Examples #2 and 3: Massachusetts and California

Both Massachusetts and California have large-scale flat discount rates for low-income customers. Participants enrolled in Massachusetts' Residential Assistance R-2 rate are entitled to a fixed percentage discount. I have attached rate schedules from two Massachusetts electricity providers showing their R-2 rate. In California, the California Alternate Rates for Energy (“CARE”) program provides eligible customers with a 30-35 percent discount on their electric bill. In both states, program eligibility is based on enrollment in various public assistance programs or household income level. To my knowledge, neither of these states had previously passed authorizing legislation before enacting these programs.

¹ *Transcript of Consolidated Hearing Held via Videoconference on August 31, 2020 – Volume 10*, Docket Nos. E-7, Sub 1214, E-2, Sub 1219, E-7, Sub 1213 at pp. 146-49 (Sept. 9, 2020).

² 2000 WL 575936 (Colo. P.U.C.)

³ *Id.*

⁴ *Id.*

Example #4: Ohio

While the Ohio electric Percentage of Income Payment Plan (PIPP) is now authorized by statute, it was originally instituted in 1983 under the general regulatory authority of the Public Utility Commission of Ohio in response to an emergency arising from the inability of low-income residents to maintain their home energy service.⁵ The Commission found that the disconnection of utility service for nonpayment by those who are financially unable to pay constituted an “emergency” as described by Ohio statute:

The Commission has adopted this year-round percentage of income payment plan for very practical reasons. We are not willing to stand by while others, too poor to pay for utility service during the winter, freeze. At the same time, we are ever mindful of protecting the vast majority of customers of utilities under our jurisdiction who pay their bills in full from responsibility for greatly increasing uncollectibles. We have in this proceeding looked at such alternatives to the percentage of income plan as maintaining the status quo, extending payment plans from six months to twelve or more months, and having another moratorium. All things considered, the percentage of income plan adopted by the Commission today will do the most to assist those in need to maintain utility service while protecting the companies' remaining rate payers.⁶

As originally adopted, the Ohio PIPP was a payment plan that did not include debt forgiveness. Electric utilities were banned from disconnecting service to customers who made their percentage of income payment. “The Commission is just foreclosing one method by which a utility may exercise its rights to collect the debt. The utility still has available to it all of its other remedies at law.”⁷

⁵ Opinion and Order of the Public Utilities Commission of Ohio, *In the Matter of the Investigation into Long-Term Solutions Concerning Disconnection of Gas and Electric Service in Winter Emergencies*, Docket No. 83-303-GE-COI (Nov. 23, 1983) (<https://dis.puc.state.oh.us/TiffToPdf/A1001001A15F09B15148B63761.pdf>).

⁶ *Id.* at p. 14.

⁷ *Id.*

**2020 Summary of Eastern Massachusetts Electric Rates
for South Shore Service Area**
Rates Effective: August 1, 2020

The following rates are available to our customers and have been approved by the Massachusetts Department of Public Utilities. In addition to the Delivery Service Charges, to calculate your total bill you will also need to include the Supplier Services charge from your bill (Basic Service or a third-party competitive power supplier).

30, 37, 38 – Residential Assistance (R-2 – M.D.P.U. No. 8)

This rate is available to all domestic uses in a single private dwelling, in an individual apartment or in a residential condominium in which the principal means of heating the premises is not provided by permanently installed electric space heating equipment. A Customer will be eligible for this rate upon verification of a Customer's eligibility for the low-income home energy assistance program, or its successor program, or verification of a Customer's receipt of any means-tested public benefit, for which eligibility does not exceed 200 percent of the federal poverty level based on a household's gross income, or other criteria approved by the Department. A 36 percent discount will be applied to the total bill amount.

• Customer Charge (per month):	\$7.00
• Distribution Energy Charge (per kWh):	\$0.06501
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Charge (per kWh):	\$0.02730
• Revenue Decoupling Charge (per kWh):	\$0.00089
• Distributed Solar Charge (credit per kWh):	\$0.00020
• Energy Efficiency Charge (per kWh):	\$0.00626
• Renewable Energy Charge (per kWh):	\$0.00050

32, 39, 57, 58, 66, 68 – Residential (R-1 – M.D.P.U. No. 7)

This rate is available to all domestic uses in a single private dwelling, in an individual apartment or in a residential condominium in which the principal means of heating the premises is not provided by permanently installed electric space heating equipment.

• Customer Charge (per month):	\$7.00
• Distribution Energy Charge (per kWh):	\$0.06501
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Charge (per kWh):	\$0.02730
• Revenue Decoupling Charge (per kWh):	\$0.00089
• Distributed Solar Charge (credit per kWh):	\$0.00020
• Energy Efficiency Charge (per kWh):	\$0.01929
• Renewable Energy Charge (per kWh):	\$0.00050

42 – Residential Space Heating Assistance (R-4 – M.D.P.U. No. 10)

This rate is available to all domestic uses in a single private dwelling, in an individual apartment or in a residential condominium in which the principal means of heating the premises is provided by permanently installed electric space heating equipment. A Customer will be eligible for this rate upon verification of a Customer's eligibility for the low-income home energy assistance program, or its successor program, or verification of a Customer's receipt of any means-tested public benefit, for which eligibility does not exceed 200 percent of the federal poverty level based on a household's gross income, or other criteria approved by the Department. A 36 percent discount will be applied to the total bill amount.

• Customer Charge (per month):	\$7.00
• Distribution Energy Charge (per kWh):	\$0.05592
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Charge (per kWh):	\$0.02544
• Revenue Decoupling Charge (per kWh):	\$0.00071
• Distributed Solar Charge (credit per kWh):	\$0.00019
• Energy Efficiency Charge (per kWh):	\$0.00626
• Renewable Energy Charge (per kWh):	\$0.00050

86 – Residential Space Heating (R-3 – M.D.P.U. No. 9)

This rate is available to all domestic uses in a single private dwelling, in an individual apartment or in a residential condominium in which the principal means of heating the premises is provided by permanently installed electric space heating equipment.

• Customer Charge (per month):	\$7.00
• Distribution Energy Charge (per kWh):	\$0.05592
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Charge (per kWh):	\$0.02544
• Revenue Decoupling Charge (per kWh):	\$0.00071
• Distributed Solar Charge (credit per kWh):	\$0.00019
• Energy Efficiency Charge (per kWh):	\$0.01929
• Renewable Energy Charge (per kWh):	\$0.00050

23 – General Optional Seasonal (G-1 – M.D.P.U. No. 29)

This optional seasonal use rate is for non-residential customers with a load that does not exceed 100 kW in each of 12 consecutive billing months and who agree to pay a minimum of 50 kW of demand each month. Seasonal use means that your total electricity use in the four billing months ending between June 1 and September 30 is greater than your total use for the other eight billing months of the calendar year.

• Customer Charge (per month):	\$6.00
• Distribution Demand Charge – First 10 kW (per kW):	No Charge
• Distribution Demand Charge – Over 10 kW (per kW):	\$5.22
• Distribution Energy Charge – First 2,300 kWh (per kWh):	\$0.05545
• Distribution Energy Charge – Over 2,300 kWh (per kWh):	\$0.02358
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Energy Charge (per kWh):	\$0.02436
• Revenue Decoupling Charge (per kWh):	\$0.00058
• Distributed Solar Charge (credit per kWh):	\$0.00012
• Energy Efficiency Charge (per kWh):	\$0.00893
• Renewable Energy Charge (per kWh):	\$0.00050

24 – Large General Time of Use (G-3 – M.D.P.U. No. 31)

This rate is for customers with a load that is greater than 500 kW for at least 12 consecutive billing months. This rate has peak and off-peak periods. During Eastern Daylight Time, Peak Load is from 9 a.m. to 6 p.m., Monday through Friday. During Eastern Standard Time, Peak Load is from 4 p.m. to 9 p.m., Monday through Friday. For both eastern daylight savings time and eastern standard time, Low Load B begins at 10 p.m. and ends at 7 a.m. Monday through Friday, and all hours on Saturday and Sunday. Low Load A includes all hours not included in Peak Load and Low Load B.

• Customer Charge (per month):	\$930.00
• Distribution Demand Charge (per kVa):	\$0.94
• Distribution Peak Load Energy Charge (per kWh):	\$0.01845
• Distribution Low Load A Energy Charge (per kWh):	\$0.01738
• Distribution Low Load B Energy Charge (per kWh):	\$0.01358
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Demand Charge (per kVa):	\$7.76
• Revenue Decoupling Charge (per kWh):	\$0.00023
• Distributed Solar Charge (credit per kWh):	\$0.00005
• Energy Efficiency Charge (per kWh):	\$0.00893
• Renewable Energy Charge (per kWh):	\$0.00050

31 – Optional General Seasonal Time of Use (G-7 – M.D.P.U. No. 35)

This rate is for customers with load less than 100 kW with seasonal use. Seasonal use means that your total electricity use in the four billing months ending between June 1 and September 30 is greater than your total use for the other eight billing months of the calendar year. This rate has peak and off-peak periods. During Eastern Daylight Time, Peak Load is from 9 a.m. to 6 p.m., Monday through Friday. During Eastern Standard Time, Peak Load is from 4:00 p.m. to 9:00 p.m., Monday through Friday. Low Load is all other times.

• Customer Charge (per month):	\$10.00
• Distribution Demand Charge (per kW):	\$3.61
• Distribution Peak Load Energy Charge (per kWh):	\$0.05953
• Distribution Low Load Energy Charge (per kWh):	\$0.05193
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Demand Charge (per kW):	\$3.76
• Revenue Decoupling Charge (per kWh):	\$0.00058
• Distributed Solar Charge (credit per kWh):	\$0.00012
• Energy Efficiency Charge (per kWh):	\$0.00893
• Renewable Energy Charge (per kWh):	\$0.00050

33 – General Annual (G-1 – M.D.P.U. No. 29)

This general use rate is for non-residential customers with a load that does not exceed 100 kW in each of 12 consecutive billing months. Usage must be annual, meaning that your total electricity use in the four billing months ending between June 1 and September 30 must be less than your total use for the other eight billing months of the calendar year.

• Customer Charge (per month):	\$6.00
• Distribution Demand Charge – First 10 kW (per kW):	No Charge
• Distribution Demand Charge – Over 10 kW (per kW):	\$5.22
• Distribution Energy Charge – First 2,300 kWh (per kWh):	\$0.05545
• Distribution Energy Charge – Over 2,300 kWh (per kWh):	\$0.02358
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Energy Charge (per kWh):	\$0.02436
• Revenue Decoupling Charge (per kWh):	\$0.00058
• Distributed Solar Charge (credit per kWh):	\$0.00012
• Energy Efficiency Charge (per kWh):	\$0.00893
• Renewable Energy Charge (per kWh):	\$0.00050

35 – General Seasonal (G-1 – M.D.P.U. No. 29)

This seasonal use rate is for non-residential customers with a load that does not exceed 100 kW in each of 12 consecutive billing months. Seasonal use means that your total electricity use in the four billing months ending between June 1 and September 30 is greater than your total use for the other eight billing months of the calendar year.

• Customer Charge (per month):	\$6.00
• Distribution Demand Charge – First 10 kW (per kW):	No Charge
• Distribution Demand Charge – Over 10 kW (per kW):	\$4.59
• Distribution Energy Charge – First 1,800 kWh (per kWh):	\$0.09269
• Distribution Energy Charge – Over 1,800 kWh (per kWh):	\$0.03745
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Energy Charge (per kWh):	\$0.02436
• Revenue Decoupling Charge (per kWh):	\$0.00058
• Distributed Solar Charge (credit per kWh):	\$0.00012
• Energy Efficiency Charge (per kWh):	\$0.00893
• Renewable Energy Charge (per kWh):	\$0.00050

55 – Optional General Time of Use (G-7 – M.D.P.U. No. 35)

This rate is for customers with a load that is less than 100 kW. Usage must be annual, meaning that your total electricity use in the four billing months ending between June 1 and September 30 must be less than your total use for the other eight billing months of the calendar year. This rate has peak and off-peak periods. Eastern Daylight Time, Peak Load is from 9 a.m. to 6 p.m., Monday through Friday. During Eastern Standard Time, Peak Load is from 4 p.m. to 9 p.m., Monday through Friday. Low Load is all other times.

• Customer Charge (per month):	\$10.00
• Distribution Demand Charge (per kW):	\$3.57
• Distribution Peak Load Energy Charge (per kWh):	\$0.03626
• Distribution Low Load Energy Charge (per kWh):	\$0.02892
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Demand Charge (per kW):	\$8.91
• Revenue Decoupling Charge (per kWh):	\$0.00058
• Distributed Solar Charge (credit per kWh):	\$0.00012
• Energy Efficiency Charge (per kWh):	\$0.00893
• Renewable Energy Charge (per kWh):	\$0.00050

84 – Medium General Time of Use (G-2 – M.D.P.U. No. 30)

This rate is for customers with a load that is greater than 100 kW but less than 500 kW for at least 12 consecutive billing months. This rate has peak and off-peak periods. During Eastern Daylight Time, Peak Load is from 9 a.m. to 6 p.m., Monday through Friday. During Eastern Standard Time, Peak Load is from 4 p.m. to 9 p.m., Monday through Friday. For both eastern daylight savings time and eastern standard time, Low Load B begins at 10 p.m. and ends at 7 a.m. Monday through Friday, and all hours on Saturday and Sunday. Low Load A includes all hours not included in Peak Load and Low Load B.

• Customer Charge (per month):	\$370.00
• Distribution Demand Charge (per kVa):	\$1.64
• Distribution Peak Load Energy Charge (per kWh):	\$0.02658
• Distribution Low Load A Energy Charge (per kWh):	\$0.02353
• Distribution Low Load B Energy Charge (per kWh):	\$0.01785
• Transition Energy Charge (per kWh):	\$0.00002
• Transmission Demand Charge (per kVa):	\$6.75
• Transmission Energy Charge (per kWh):	\$0.00244
• Revenue Decoupling Charge (per kWh):	\$0.00035
• Distributed Solar Charge (credit per kWh):	\$0.00008
• Energy Efficiency Charge (per kWh):	\$0.00893
• Renewable Energy Charge (per kWh):	\$0.00050

MASSACHUSETTS ELECTRIC COMPANY

RESIDENTIAL-LOW INCOME R-2
RETAIL DELIVERY SERVICE

AVAILABILITY

Electric delivery service under this rate is available upon verification of a low-income Customer's receipt of any means-tested public benefit, or verification of eligibility for the low-income home energy assistance program, or its successor program, for which eligibility does not exceed 200 percent of the federal poverty level based on a household's gross income. In a program year in which maximum eligibility for LIHEAP exceeds 200 percent of the federal poverty level, a household that is income eligible under LIHEAP shall be eligible for the low-income electric discount.

It is the responsibility of the customer to annually certify, by forms provided by the utility, the continued compliance with the foregoing qualifications.

The Company will guarantee the Customer's payment to its designated supplier up to the prices that the Company charges to Customers for Basic Service in accordance with the regulations established by the Department.

The Company may under unusual circumstances permit more than one set of living quarters to be served through one meter under this rate, but if so, the Customer Charge shall be multiplied by the number of separate living quarters so served.

Customers receiving delivery service under this rate shall be charged the applicable charges contained in the Summary of Electric Service Rates Tariff as in effect from time to time.

MONTHLY CHARGE

The Monthly Charge will be the sum of the applicable Customer and kWh Charges.

MINIMUM CHARGE

The monthly minimum charge shall be the monthly Customer Charge.

RATE ADJUSTMENT PROVISIONS

The charges for delivery service under this rate shall be subject to adjustments pursuant to the following provisions:

Attorney General Consultant Expenses Provision
Basic Service Adjustment Provision
Capital Investment Recovery Provision
Electric Vehicle Program Provision
Energy Efficiency Provision
Net Metering Provision
Pension/Post-retirement Benefits Other than Pension Mechanism Provision
Performance-Based Ratemaking Provision
Renewable Provision
Renewable Energy Recovery Provision
Residential Assistance Adjustment Provision
Revenue Decoupling Mechanism Provision

MASSACHUSETTS ELECTRIC COMPANY

RESIDENTIAL-LOW INCOME R-2
RETAIL DELIVERY SERVICE

Smart Grid Adjustment Provision
SMART Provision
Solar Cost Adjustment Provision
Storm Fund Replenishment Provision
Tax Credit Provision
Transition Cost Adjustment Provision
Vegetation Management Pilot Provision

TRANSMISSION SERVICE COST ADJUSTMENT

Transmission service is available to all retail customers taking service under this rate. For those customers, the transmission charge under this rate shall be calculated in accordance with the Company's Transmission Service Cost Adjustment Provision.

BASIC SERVICE

Any Customer who does not have a supplier other than the Company will receive and pay the Company for Basic Service in accordance with the terms and price for Basic Service established by the Department of Public Utilities.

FARM DISCOUNT

Customers who meet the eligibility requirements for being engaged in the business of agriculture or farming as defined in M.G.L. Chapter 128 Section 1a at their service location are eligible for an additional discount from their distribution service rates. The discount will be calculated as 10% of the Customer's total bill for service provided by the Company before application of this discount. Customers who meet the requirements of this section must provide the Company with appropriate documentation of their eligibility under this provision.

LOW INCOME DISCOUNT

The Customer's total bill for service as determined based upon the provisions above, in addition to charges for generation service billed under the Standard Complete Billing Service option pursuant to §8B of the Company's Terms and Conditions for Competitive Suppliers in effect from time to time, will be discounted by 32%.

TERMS AND CONDITIONS

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.