

| | |
|-------------------------|-----------|
| ORIGINAL | |
| N.H.P.U.C. Case No. | DG 08-009 |
| Exhibit No. | #39 |
| Witness | |
| DO NOT REMOVE FROM FILE | |

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Docket DG 08-009

EnergyNorth Natural Gas, Inc.
d/b/a
National Grid NH

Rebuttal
Testimony of Ann E. Leary

December 15, 2008

1 **Introduction and Background**

2 **Q. Please state your full name and business address.**

3 A. My name is Ann E. Leary. My business address is 201 Jones Road, Waltham,
4 Massachusetts 02451.

5 **Q. Have you previously provided testimony in this docket?**

6 A. Yes, I provided prefiled testimony on February 25, 2008. My education and
7 professional experience are described in that testimony.

8 **Q. What is the purpose of your testimony?**

9 A. The purpose of my testimony is twofold: (1) to explain the Company's position
10 regarding the expansion of the low income discount rate proposed by Roger D.
11 Colton on behalf of Pamela Locke and, (2) to respond to the Office of Consumer
12 Advocate's (OCA) proposal for changing the weather normalization method that has
13 previously been approved by the Commission and was applied by the Company in
14 this case.

15 **Low Income Program**

16 **Q. Please summarize Mr. Colton's low income proposal.**

17 A. Mr. Colton proposes to increase both the depth and breadth of the low income
18 discount and to expand the enrollment program for the low income rate. Specifically,
19 he has proposed the following modifications:

20 1) Increase the base rate discount level from 60 percent to 75 percent;

21 2) Allot \$50,000 per year for the next two years for outreach programs
22 targeting the enrollment of non-fuel assistance eligible recipients;

1 3) Implement automatic enrollment for the discount rate for those customers
2 receiving food stamps; and

3 4) Retroactively apply the discount back to November 1 of each year for all
4 customers who qualify for the discount, regardless of when they actually
5 applied for the discount.

6 **Q. Does the Company support these modifications to the low income discount rate?**

7 A. No, the Company does not support these modifications to the low income discount
8 rate.

9 **Q. Please explain why the Company does not support the increase in the base rate
10 discount.**

11 A. Over the past few years, the Company has worked with OCA, New Hampshire Legal
12 Assistance (Ms. Locke's attorneys), and the Commission Staff, as well as others, to
13 design and implement an appropriate discount rate to assist its low income customers
14 without overly burdening its remaining customers. The Company has undertaken this
15 effort on a voluntary and cooperative basis without any legislative directive of the
16 kind that exists for electric utilities. The Company has supported this effort, but has
17 been mindful of the need to limit the extent to which one group of customers should
18 be asked to pay for a program that benefits other customers where there has been no
19 clear directive to undertake such an effort.

20 In 2005, the Company implemented a low income residential heating discount rate
21 which offered a 50 percent discount off the base rate portion of the customers' bill.

22 In 2006, at the request of Ms. Locke and others, the Company agreed to increase this
23 discount to 60 percent. Although the Company is sympathetic to the concerns raised

1 by Mr. Colton on behalf of low income customers, it must balance the needs of low
2 income customers with those of its remaining customer base. With the recent
3 downturn in the economy, the Company is concerned with the impact of the
4 additional subsidy proposed by Mr. Colton on its remaining residential customers as
5 well as the effect this subsidy could have on the viability of New Hampshire
6 commercial and industrial businesses. Although on a stand-alone basis the increment
7 associated with expansion of the discount rate may appear to be small, when
8 combined with the existing subsidies being recovered from all customers, the total
9 increase could have an adverse impact on the viability of businesses during this
10 period of economic uncertainty and could pose a substantial burden on lower income
11 residential customers who do not qualify for the low income discount. While the
12 Commission obviously is charged with making the final determination as to how to
13 weigh these considerations, the Company believes that a 60% discount on base rates
14 is a significant and appropriate discount for low income customers, considering the
15 cost this imposes on the remaining customer base.

16 **Q. Please explain why the Company does not support Mr. Colton's proposal**
17 **regarding outreach programs targeted at increasing enrollment of non fuel**
18 **assistance eligible customers.**

19 A. The Company does not support Mr. Colton's proposal for spending \$50,000 a year
20 for the next two years on outreach programs targeting the enrollment of non fuel
21 assistance eligible customers and implementing an automatic matching program with
22 the Food Stamp program. Mr. Colton argues that the Company is not making an
23 adequate effort to reach out to low income individuals who are not fuel assistance

1 recipients, and he asserts that spending an additional \$50,000 per year over the next
2 two years and implementing an automatic matching program with the Food Stamp
3 Program will lead to increased enrollment on the low income discount rate.
4 Interestingly, although he is critical of the Company for not providing studies to
5 support collections practices that are common and widely accepted in the utility
6 industry, he provides no support for his argument that use of the Food Stamp Program
7 as a proxy for qualification for the low income discount is appropriate. Instead, Mr.
8 Colton relied on a potential enrollment level that the Company provided in the
9 original low income docket, DG 05-127. The Company attempted to provide a very
10 rough estimate of the number of non fuel assistance low income participants who
11 might qualify for the discounted rate by simply applying the percent of non fuel
12 assistance low income customers in Massachusetts to the Company's service territory
13 in New Hampshire. As was discussed during the technical sessions in that
14 proceeding, the figures provided in DG 05-127 were not based on any specific New
15 Hampshire data. Rather, the estimate simply took a ratio from the Massachusetts
16 territories served by the Company's affiliates and applied it to the Company's
17 territories in New Hampshire. Unless further substantial support can be provided to
18 give credibility to the concern that there is a large population of low income
19 customers who are currently not enrolled in the Company's low income discount rate,
20 National Grid believes that spending \$50,000 on outreach programs and incurring
21 substantial administrative costs to develop a matching program is not the best use of
22 funds.

1 The low income program that was begun in DG 05-127 was specifically designed to
2 keep administrative costs low. Mr. Colton was not a participant in that proceeding,
3 and his proposals would now begin to heap significant additional costs onto a
4 program that was intended to be, and has been operated as, an efficient, stream-lined
5 program that is easy and inexpensive to administer and that maximizes benefits to
6 low income customers and minimizes costs imposed on other customers.

7 **Q. Over the past three years, has the Company attempted to notify non fuel**
8 **assistance eligible customers regarding the availability of its low income discount**
9 **rate in accordance with the requirements established in DG 05-127?**

10 A. Yes, the Company notifies non fuel assistance eligible customers regarding the
11 availability of its low income discount rate, as contemplated by the program approved
12 by the Commission in DG 05-127. The following is a list of various outreach
13 measures the Company undertakes:

- 14 • Includes a description of its low income program in the customer newsletter which is
15 sent to customers twice a year.
- 16 • Includes a bill insert to all customers in annual Fuel Assistance insert during
17 November and December.
- 18 • Includes a bill insert to all residential heating customers in February.
- 19 • Includes a message on customers' bills (next to appear in January and February's
20 bills)
- 21 • Provides low income program information on the Company's website.
- 22 • Distributes financial assistance posters which include a description of the Company's
23 low income programs to NH community action agencies and other agencies
- 24 • Places newspaper advertisements in January describing various financial assistance
25 programs.

26

1 **Q. Does the Company support Mr. Colton's proposal to apply the low income**
2 **discount to all customers retroactively back to November 1 of each year?**

3 No. Under the current program design, the Company does make the discounted rate
4 retroactive back to November 1 for customers who qualify for the discount by virtue
5 of having qualified for fuel assistance. This is done due to the amount of time it takes
6 to process fuel assistance applications, and the fact that many customers are not
7 notified until sometime during the winter heating season that their fuel assistance
8 application has been approved. This occurs for many reasons, but one of them is that
9 the level of fuel assistance funding that is available often changes during the course of
10 the winter. Mr. Colton is now proposing that this retroactive treatment be applied to
11 customers who simply failed to apply for the low income discount in a timely fashion
12 and, for whatever reason, waited until later in the winter to contact the Company.
13 The Company does not believe that expanding the retroactivity provision of the
14 discount program in this way is good policy and it will substantially increase the cost
15 of the program to other customers. The Company believes that this issue was
16 considered by the parties to DG 05-127, and believes that the program was properly
17 designed at the time.

18 **Weather Normalization Calculation**

19 **Q. Does the Company support the OCA's calculation of the weather normalization**
20 **adjustment calculation?**

21 A. No, the Company does not support the weather normalization adjustment calculation
22 proposed by the OCA.

1 **Q. Please explain the weather normalization calculation proposed by the OCA and**
2 **the reasons why the Company does not support his calculation.**

3 A. In his testimony, Mr. Traum recommends calculating the weather normalization
4 adjustment using bill frequency data from the Company's billing system, rather than
5 using average incremental base rates charged to each rate group in each month.
6 Adoption of Mr. Traum's methodology would result in a revenue increase of \$37,052
7 in the Company's filing in this proceeding. The Company's filing in this case adopted
8 the weather normalization methodology approved by the Commission in DR 90-183
9 (1992), a proceeding in which the weather normalization methodology was addressed
10 in detail. The Company believes it is inappropriate to reopen this issue again, and
11 Mr. Traum has not provided a sufficient basis for doing so.

12 **Q. Does this conclude your testimony?**

13 A. Yes, this concludes my testimony.