

State of New Hampshire  
Public Utilities Commission

DG 10-17

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

**Preliminary Statement Of Position And Concerns**  
**On Behalf Of Pamela Locke**

Intervenor Pamela Locke sets forth the following preliminary concerns regarding the proposed rate increase and rate design with respect to low income residential customers of Energy North Natural Gas, Inc. d/b/a National Grid NH (“the Company”). Intervenor Locke reserves the right to add to and/or modify the positions and concerns set forth below.

1. Rate Impact On Low Income Customers, Including Customers On The R-4 Low Income Discount Rate.

The Company seeks an increase in rates of approximately \$7.5 million to residential customers, including 5558 customers on the low income R-4 rate. This will result in an increase of approximately 5% in monthly bills of low income R-4 residential heating customers. This rate increase, however, does not take into account any further increases that may result from the application of various annual rate adjustment mechanisms being proposed by the Company and discussed herein.

## 2. Low Income Discount.

Notwithstanding the proposed increases in rates, the Company does not propose to increase the R-4 delivery rate discount to mitigate the impact of the proposed rate increases, rate design changes, and rate adjustment mechanisms discussed herein.

## 3. Increase to the Monthly Customer Charge.

The Company proposes to substantially increase the monthly customer charge for residential customers as follows:

- 1) An increase from \$14 to \$21 for residential heating customers on the R-3 rate.

This represents a 50% increase in the customer charge.

- 2) An increase from \$5.61 to \$8.40 for low income heating customers on the R-4 rate. This represents an increase of 50% to the customer charge.

- 3) An increase from \$9.77 to \$11.25 for non-heating customers on the R-1 rate.

This represents an increase of 15% to the customer charge.

Of the approximately \$7.5 million rate increase to the residential class the Company proposes to collect approximately 75% of that increase from the customer charge and the balance from the usage charge.

## 4. Disparity in the Rate Increase Based on Usage.

The Company's bill impact exhibits show that the percentage rate increases are disproportionately higher to low use customers. (See Normand Attachment PMN-RD-4-5, pages 1-6 of 24.) The exhibits further show that as the amount of therm usage goes up the percentage of the rate increase goes down. This bill impact on low use customers is

illustrated in the following charts with respect to R-4 customers and R-3 customers during the winter period:

R-4 Customers	
Monthly Therms Used (winter)	% rate increase
25	10%
50	6.4
75	5.0
100	4.3
125	3.0

R-3 Customers	
Monthly Therms Used (winter)	% rate increase
25	17.5%
50	11.6
75	9.0
100	7.7
125	6.7

The disparity in the percentage rate increase based on usage raises issues of the reasonableness of the rate recovery mechanism. Indeed, low income customers like Petitioner Locke are, in effect, penalized for attempting to keep their usage low in order to conserve energy and save money.

5. Declining Block Rate Structure.

The Company has designed its per therm usage charges in a “declining” block rate structure. Therms in the “tail” block are less expensive than therms in the “head” block. For example, for the R-3 heating customer during the winter period the proposed charge for the first 100 therms is 27¢ per therm while the charge for each therm used over 100 is 20¢ per therm.

The price signal being sent by a “declining” block rate structure is one that encourages consumption. This incentive for increased consumption is inconsistent with the policy of promoting energy efficiency and conservation.

6. A Full “Revenue Decoupling” Rate Adjustment Mechanism.

- 1) Potential to inappropriately shift risks away from the Company and toward the customer.
- 2) Application to and impact of the proposed revenue decoupling mechanism on low income R-4 customers.
- 3) Lack of accompanying proposal by the Company for further energy efficiency investments as set forth in Order No. 24,934, dated January 16, 2009 in DE 07-064, Energy Efficiency Rate Mechanisms.

7. Other Annual Rate Adjustment Mechanisms.

The Company proposes to institute various rate adjustment mechanisms to recover certain costs in the absence of a full rate case, including:

- 1) pension costs and post retirement benefit plan costs,
- 2) inflation,
- 3) uncollectible accounts/bad debt expenses.

Such rate adjustment mechanisms will likely have an additional rate impact, including an impact on low income customers.

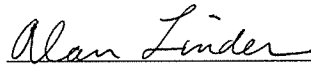
8. Enhanced Collection Activities.

The Company’s proposed enhanced collection activities are likely to result in an increased number of service shutoffs. Low income customers who are still on the R-3

heating rate will be vulnerable to termination of service notwithstanding their limited income and limited ability to pay. Transferring R-4 eligible customers from the R-3 rate to the R-4 rate may therefore also have a mitigating effect on the Company's uncollectibles.

Respectfully submitted,

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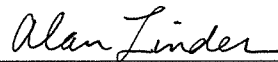
4/7/10  
Date

Certification Of Service

I certify that on this date I provided copies of the within document to the following persons:

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