

DG 05-076

NEW HAMPSHIRE NATURAL GAS UTILITIES

**Investigation of the Benefits of a
Low Income Assistance Program for Natural Gas Customers**

**Prehearing Conference Order with Supplemental Notice and
Opportunity to Intervene Regarding Possible Rate Increase
Arising from Implementation of a Low Income Assistance Program**

ORDER NO. 24,477

June 24, 2005

APPEARANCES: McLane, Graf, Raulerson & Middleton by Steven V. Camerino, Esq. for EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England; Gallagher, Callahan & Gartrell by Seth L. Shortlidge, Esq., for Northern Utilities, Inc.; Ralph Littlefield, Executive Director of the Community Action Program/Belknap-Merrimack Counties, Inc., for the New Hampshire Community Action Association; Alan Linder, Esq., of New Hampshire Legal Assistance, for Pamela Locke; Jack K. Ruderman, Esq., of the New Hampshire Office of Energy & Planning, for the New Hampshire Office of Energy & Planning; Rorie E.P. Hollenberg, Esq., of the New Hampshire Office of Consumer Advocate, on behalf of residential ratepayers; and Edward N. Damon, Esq., of the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On May 12, 2005, the New Hampshire Public Utilities Commission (Commission) issued an Order of Notice to investigate whether a low income customer assistance program for natural gas customers should be established. This investigation followed the Commission's orders in *EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England*, Order No. 24,323 (May 7, 2004), where the Commission approved a settlement agreement recommending the opening of a docket to consider such a program, and *EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England*, Order No. 24,388 (October 29, 2004), where the Commission found it was reasonable to investigate the benefits of such a program. The Order of Notice made EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy

Delivery New England (KeySpan) and Northern Utilities, Inc. (Northern) parties to the docket and provided for a Prehearing Conference and Technical Session to be held at the Commission on June 7, 2005.

On May 16, 2005, the Office of Consumer Advocate (OCA) filed notice of intent to participate in this docket on behalf of residential ratepayers consistent with RSA 363:28. On May 27, 2005, New Hampshire Legal Assistance (NHLA) filed with the Commission a motion to intervene on behalf of Pamela Locke. On June 1, 2005, New Hampshire Community Action Association (NHCAA) filed with the Commission a petition to intervene, as did the New Hampshire Office of Energy & Planning (NHOEP). There were no objections to these intervention requests. The Prehearing Conference and Technical Session were held as scheduled on June 7, 2005. On June 15, 2005, Commission Staff (Staff) filed a letter with the Commission recommending a procedural schedule.

II. PRELIMINARY POSITIONS OF THE PARTIES AND STAFF

A. KeySpan

KeySpan believes that the need for a low income assistance program has increased significantly in recent years due to the increase in gas commodity costs, and states that it welcomes the opportunity to work toward developing a program to aid its low income customers. KeySpan would like to develop the program expeditiously, in time for the 2005-2006 winter heating season, and design a program that keeps administrative costs to a minimum so that maximum benefits flow to customers. KeySpan initially proposes a program that would consist of a uniform discount for low income customers against base rates; a simple qualification process that minimizes the need for administrative costs; and participation available to all

customers who meet the financial qualifications. KeySpan suggests establishing a first year estimate of the program cost, including administrative start-up costs, recoverable through the Local Distribution Adjustment Charge that could be reconciled in future years based on actual costs of the program. KeySpan operates a similar low income assistance program in the Massachusetts.

B. Northern

Northern believes the rising cost of gas has made a low income assistance program important and looks forward to working on the development of such a program for its customers in New Hampshire. Northern also operates a similar program in Massachusetts. Northern states that four principles should guide the program: 1) the program should maximize administrative efficiency to ensure that the benefits flow to the intended customers; 2) meaningful bill assistance should be balanced with the impact of the program on all customers; 3) the cost of the program should be equitably distributed among all customers, and the bill impacts for all customers should be consistent with the bill impacts associated with the Electric Assistance Program, *i.e.*, approximately 1% of an average customer's bill; and 4) customer privacy should be protected. Northern believes such a program could commence in time for the upcoming winter heating season.

C. NHCAA

NHCAA believes there may not be anything more important than addressing the needs of low income utility users in New Hampshire. NHCAA states that as gas prices rise, it becomes more important to address the needs of low income customers who heat their homes

with gas. NHCAA looks forward to working with the utilities to develop a program that will provide a meaningful benefit and help meet the heating needs of low income families.

D. NHOEP

The NHOEP is concerned about low income residents grappling with increasing energy bills. The NHOEP states that for some utility consumers, the ability to pay for the cost of heating is moving beyond their reach. The NHOEP believes that a low income assistance program that is in place by this winter heating season would be a significant development for New Hampshire, and it looks forward to working with the utilities to design a program that will be administratively prudent and cost-efficient.

E. NHLA

NHLA, on behalf of its clients, expresses appreciation for the opening of a docket to address this issue, and states there is a great need for a meaningful bill assistance program for low income gas customers. Although NHLA does not have a specific program design in mind, it looks forward to working with the other parties and is sensitive to the need for a program that will have low administrative costs, high administrative efficiency and be in place by the coming heating season. NHLA believes that the rate impact issues can be balanced with the ability to design a program that will provide meaningful bill assistance to low income customers.

F. OCA

The OCA states that it has long advocated the opening of a proceeding to examine a low income assistance program for gas customers. The OCA supports such a program as long as the benefits target the most needy families and administrative costs are minimized. The OCA

believes that a properly-structured low income program benefits not only the direct recipients, but all ratepayers due to reduced debt collections and uncollectible costs, and it looks forward to participating with the parties to achieve such a program design.

G. Commission Staff

Staff states there are potential utility benefits, as well as potential customer benefits, to be gained from a low income assistance program for natural gas customers. A low income assistance program could lower costs associated with disconnection; reduce spikes in call center activities when energy prices rise; lessen utility costs associated with credit and collection activities; decrease the amount of bad debt passed on to shareholders between rate cases; reduce revenue loss by utilities attending to service terminations; and likely have a positive impact on working capital. A program could also reduce the use of unsafe heating devices; improve customer health by providing warmer living conditions; possibly reduce homelessness by helping people keep up with rent payments; reduce the amount of bad debt passed on to other ratepayers in rate cases; and reduce the impact of volatile energy prices on low income customers who are already burdened by tight budgets.

Staff notes that the NHOEP and Community Action Agencies are responsible for the administration of the Low Income Home Energy Assistance Program, also known as the Fuel Assistance Program, currently in place in New Hampshire. Also, the New Hampshire Community Action Agencies provide administrative services to the electric utilities for implementation of the EAP. Staff states that a program piggy-backed on these existing programs could save administrative costs and expedite this docket so that low income customers may be quickly identified and served during the upcoming winter heating season.

III. PROCEDURAL SCHEDULES

Following the Prehearing Conference, the parties and Staff met in a Technical Session and agreed to recommend the following schedule:

Utility information sharing, including:	June 17, 2005
<ul style="list-style-type: none"> • Initial elements of program design • Estimated number of customers that will be on LI program • Estimate of administrative costs and savings • Calculation of the impact of the LI program at a number of different base rate discount levels and including the associated LDAC impact and the associated discount on a burner tip basis • Total cost at each discount level as compared to total revenues 	
Technical Session, 9:30 a.m.	June 22, 2005
Technical Session, 9:30 a.m.	June 30, 2005
Technical Session, 9:30 a.m.	July 20, 2005
Report and Settlement (if any) filed	August 8, 2005
Hearing, 10:00 a.m.	August 10, 2005
Order Requested	September 1, 2005

IV. COMMISSION ANALYSIS

We have reviewed the procedural schedule as proposed herein and determine that it is reasonable. There were no objections to the requests to intervene. Inasmuch as the parties have demonstrated “rights, duties, privileges, immunities or other substantial interests that may be affected by the proceeding” and intervention will not impair the interests of justice or the orderly conduct of the proceedings, as required by RSA 541-A:32, I(b) and (c), we will grant the pending requests to intervene.

Finally, the Commission Staff letter noted the suggestion made at the Technical Session that more specific public notice of the possibility of a rate increase arising from implementation of a low income assistance program be given. We agree that more specific notice, while not required, would be useful. Accordingly, we will require KeySpan and Northern to publish this Order as set forth below and we will grant an extension of time for filing additional intervention requests as set forth below. Anyone wishing to participate may join the technical sessions even if not yet formally an intervenor.

Based upon the foregoing, it is hereby

ORDERED, that the procedural schedule as proposed herein is reasonable and is hereby APPROVED; and it is

FURTHER ORDERED, that the pending motions to intervene are GRANTED; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.01, KeySpan and Northern shall notify all persons desiring to be heard in this docket regarding the issue of a rate increase arising from implementation of a low income assistance program, by publishing a copy of this Order no later than June 29, 2005, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 15, 2005; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.02, any party seeking to intervene in the proceeding who has not previously requested intervention shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to the Service List for this docket on or before July 8, 2005, such Petition stating the facts

demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.02 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before July 10, 2005.

By order of the Public Utilities Commission of New Hampshire this twenty-fourth day of June, 2005.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary