

State of New Hampshire
Public Utilities Commission

DG 08-009

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

Preliminary Statement of Position
of Pamela Locke

Intervenor Pamela Locke sets forth the following concerns with respect to the impact of the proposed rate increase and rate design on low income residential customers of Energy North (“the Company”):

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

The Company seeks an increase in rates to the approximately 4530 low income customers on the R-4 rate of approximately \$40 per customer. This increase will make it more difficult for Intervenor Locke to afford her gas bill.

2. Low Income Discount Rate.

The Company does not propose to increase the low income delivery rate discount to offset or mitigate the impact of the rate increase on low income customers.

3. The Customer Charge.

The Company proposes to double the customer charge for residential customers. This means:

- 1) an increase from \$9.88 to \$19.75 for residential heating customers on the R-3 rate

2) an increase from \$6.94 to \$13.75 for non-heating customers on the R-1 rate,
and

3) an increase from \$3.95 to \$7.90 for low income heating customers on the R-4
rate.

The Company's proposal for a 100% increase in the customer charge or
minimum bill is significant. This raises concerns regarding issues of rate continuity as
well as rate impact.

4. Disparity in the Rate Increase Based on Usage.

The Company's typical bill impact analysis shows that the highest percentage
rate increases are to low use customers. As the amount of therm usage goes up the
percentage of the rate increase for that level of usage goes down. For example, in the
low income R-4 class during the winter period:

- 1) a customer who uses 25 therms will have a rate increase of 10%
- 2) a customer who uses 50 therms will have a rate increase of 5%
- 3) a customer who uses 100 therms will have a rate increase of 2%.

For customers in the R-3 class during the winter period:

- 1) a customer who uses 25 therms will have a rate increase of 19%.
- 2) a customer who uses 50 therms will have a rate increase of 9%, and
- 3) a customer who uses 100 therms will have a rate increase of 3%.

This disparity in the percentage increase based on usage raises issues of fairness
and reasonableness of the rate recovery mechanism.

5. Per Therm Usage Charge.

The Company proposes to reduce the per therm usage charges. For example, for the winter period for residential heating customers on the R-3 rate:

- 1) The per therm charge for the first 100 therms used is currently 29¢ per therm, while the per therm charge for all therms used over 100 therms is 17¢ per therm.
- 2) The Company is proposing to reduce these per therm charges to 23¢ and 13¢, respectively.

The result of reducing the usage charge and doubling the customer charge is to shift a significant portion of the recovery of revenue to the customer charge. Thus, a customer's attempt to reduce her usage in order to conserve or reduce her bill is made more difficult by the increase in the customer charge.

6. 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 23¢ while the charge for each therm used over 100 is 13¢.

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 goal of conservation. In contrast, an "inclining" block rate design would remove this incentive to consume more.

7. Cost Allocation.

The percentage rate increases to the commercial and industrial classes are lower than the percentage rate increase to the three residential classes. See the Company's Report of Proposed Rate Changes – Permanent Rates.

8. Temporary Rates.

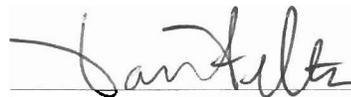
The Company has requested that temporary rates be put into effect in August of this year to recover revenues of \$6.6 million. The Company also seeks to put the above rate design changes into effect along with the temporary rates. These rate design changes will significantly impact low income customers before the Commission has had an opportunity to determine whether these changes are just and reasonable.

Respectfully submitted,

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4/7/08
Date

Certification Of Service

I certify that on this date I sent copies of the within document by email to the following persons:

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New Hampshire Legal Assistance

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