

***STATE OF RHODE ISLAND  
AND PROVIDENCE PLANTATIONS***

New England Gas Company      )  
  )  
  )

Docket No. 3696

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**DIRECT TESTIMONY AND EXHIBITS OF  
JOHN HOWAT**

***SUBMITTED ON BEHALF OF THE  
THE GEORGE WILEY CENTER***

October 12, 2005

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. My name is John Howat. My business address is 77 Summer Street, 10th Floor,  
3 Boston Massachusetts.

4 **Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

5 A. I am testifying on behalf of the George Wiley Center (“Wiley Center”).

6 **Q. WHAT ARE THE PURPOSES OF YOUR TESTIMONY?**

7 A. The purposes of my testimony are to (1) comment on the impacts on low-income  
8 ratepayers from the proposed increase in standard offer service rates of New  
9 England Gas Company, and (2) recommend means of mitigating those impacts.

10 **Q. PLEASE DESCRIBE YOUR QUALIFICATIONS.**

11 A. I am Senior Energy Policy Analyst at National Consumer Law Center in Boston,  
12 Massachusetts. I have been professionally involved with energy program and  
13 policy issues since 1981. At the National Consumer Law Center over the past six  
14 years, I have managed a range of regulatory, legislative and advocacy projects  
15 across the country in support of low-income consumers’ access to affordable  
16 utility and energy related services. I have been involved with the design and  
17 implementation of low-income energy affordability and efficiency programs and  
18 outreach efforts, rate design, issues related to metering and billing, development  
19 of load profiles, energy burden analysis and related demographic analysis, and  
20 low-income regulatory consumer protection. In addition to current work with the  
21 George Wiley Center, I work or have worked on behalf of community-based  
22 organizations or their associations in Massachusetts, Arkansas, Arizona,  
23 Louisiana, Mississippi, New Jersey, Pennsylvania, Texas and Washington State. I

1 also work or have worked on low-income energy matters on behalf of the  
2 National AARP and state AARP chapters in Louisiana and Kansas. I work or  
3 have worked under contract with the U.S. Department of Health and Human  
4 Services, Oak Ridge National Laboratories, the Attorney General in Nevada and  
5 the National Energy Assistance Directors' Association. I have presented  
6 testimony before utility regulatory agencies in Massachusetts, New Jersey, Rhode  
7 Island, Vermont, and Louisiana. For the past five years, I have sat on the Board  
8 of Directors of the National Low Income Energy Consortium, and am a regular  
9 presenter at conferences of National Community Action Foundation, National  
10 Low Income Energy Consortium, National Energy Assistance Directors  
11 Association, National Association of Regulatory Utility Commissions and  
12 National Association of State Utility Consumer Advocates.  
13 I served as Research Director of The Massachusetts Joint Legislative Committee  
14 on Energy, responsible for the development of new energy efficiency programs  
15 and low-income energy assistance budgetary matters. I served as Economist with  
16 the Electric Power Division of the Massachusetts Department of  
17 Telecommunications and Energy, responsible for analysis of electric industry  
18 restructuring proposals; and as Director of the Association of Massachusetts Local  
19 Energy Officials. I have a Master's Degree from Tufts University's Graduate  
20 Department of Urban and Environmental Policy and Bachelor of Arts Degree  
21 from The Evergreen State College.

22 **Q. BRIEFLY DESCRIBE THE COMPANY'S PROPOSAL.**

1 A. New England Gas Company (“the Company”) has proposed to increase its Cost of  
2 Gas Recovery (“CGR”) factor to residential and small commercial/industrial  
3 customers to \$11.3705 per dekatherm. The Company indicates that the proposed  
4 increase would raise typical residential heating customers’ bills by \$188  
5 annually.<sup>1</sup>

6 **Q. DESCRIBE THE IMPACT OF THE COMPANY’S PROPOSED**  
7 **INCREASE ON LOW INCOME CUSTOMERS.**

8 A. Increasing heating bills at this time will exacerbate what is already a  
9 severe crisis in home energy affordability faced by low income<sup>2</sup> households.  
10 Absent interventions such as a meaningful payment assistance and arrearage  
11 management, unaffordable utility bills result in increased customer arrearages and  
12 service disconnections. Loss of essential household utility service can have  
13 catastrophic effects on health and safety and the ability to participate effectively  
14 in society. Illness, homelessness, poor academic performance, and even death can  
15 result from loss of basic utility service. For those low-income households that are  
16 able to retain utility service, unaffordable utility bills too often result in the  
17 sacrifice of other necessary goods and services. Many low-income families pay  
18 about three times the fraction of their incomes on home energy as to median  
19 income families. Thus, it is not surprising that results of a recent national study  
20 conducted by the National Energy Assistance Directors Association found that a  
21 high proportion of LIHEAP recipients take drastic actions to pay their energy

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<sup>1</sup> Czekanski at 13, PCC-1, page 1.

<sup>2</sup> For purposes of this testimony, the term “low-income household” refers to a household that is income-eligible to receive benefits through the federal Low Income Home Energy Assistance Program (“LIHEAP”).

1 bills, including reduction of expenditures for other household necessities or use of  
2 their kitchen stove for heat. In addition, the study of LIHEAP recipients found  
3 that 38 percent went without medical or dental care and 30 percent went without  
4 filling a prescription or reduced a prescribed dosage of medicine in attempting to  
5 pay their energy bills.<sup>3</sup>

6 **Q. HAS FUNDING FOR LOW INCOME ENERGY PAYMENT ASSISTANCE**  
7 **INCREASED TO OFFSET RECENT PRICE INCREASES?**

8 A. No. In fact, the President has proposed to decrease funding for the primary source  
9 of energy payment assistance, LIHEAP. Rhode Island received a LIHEAP  
10 allocation of \$12.8 million in FY 2005. President Bush's budget would provide  
11 \$12.2 million for FY 2006. The House of Representatives' budget would provide  
12 an allocation of \$13.6 million for FY 2006. A final budget for FY 2006 has yet to  
13 be adopted by Congress and signed by the President.

14 **Q. WHAT ARE YOUR RECOMMENDATIONS REGARDING**  
15 **MITIGATION OF LOW INCOME IMPACTS OF THE PROPOSED**  
16 **NARAGANSETT RATE INCREASE?**

17 A. First, there is a need for low income natural gas bill payment assistance that goes  
18 beyond that which is currently offered through the Company's partial LIHEAP  
19 match. The Company's proposed rate increase, if approved, should be  
20 accompanied by approval of a targeted discount program that is designed to  
21 provide LIHEAP participants with the benefits to lower household natural gas  
22 burdens to same level paid by median income households. In addition, the

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<sup>3</sup> National Energy Assistance Directors' Association, "National Energy Assistance Survey Report," April 2004, pp. ES-1, ES-2. [www.neada.org/comm/surveys/NEADA\\_Survey\\_2004.pdf](http://www.neada.org/comm/surveys/NEADA_Survey_2004.pdf).

1           Company's low income customers should have access to an effective arrearage  
2           management program.  
3   Funding for payment assistance and arrearage management programs should come from  
4           both federal and nonfederal sources. The Wiley Center recommends that the  
5           Commission adopt a non-bypassable volumetric charge on all Company sales to  
6           end-use customers.

7   **Q.   DOES THIS CONCLUDE YOUR TESTIMONY?**

8   A.   Yes.