

Massachusetts Electric Company  
Nantucket Electric Company  
each d/b/a National Grid  
D.P.U 15-155

**PRE-FILED DIRECT TESTIMONY  
OF  
JOHN HOWAT  
ON BEHALF OF  
LOW-INCOME WEATHERIZATION AND  
FUEL ASSISTANCE PROGRAM NETWORK**

Date: March 18, 2016

**TESTIMONY OF JOHN HOWAT**

1 **Q. Please state your name, job title, employer and business address.**

2 A. My name is John Howat. I am a Senior Policy Analyst at the National Consumer Law  
3 Center (“NCLC”), 7 Winthrop Square, Boston, MA 02110.

4 **Q. Please describe your professional background and experience.**

5 A. At NCLC over the past seventeen years I have managed a range of regulatory, legislative  
6 and advocacy projects across the country in support of low-income consumers’ access to  
7 utility and energy related services. I have been involved with the design and  
8 implementation of energy affordability and efficiency programs, regulatory consumer  
9 protections, rate design, issues related to metering and billing, credit scoring and  
10 reporting, and energy burden and demographic analysis. I have worked on behalf of  
11 community-based organizations or their associations in Arkansas, Arizona, California,  
12 Illinois, Idaho, Indiana, Kansas, Louisiana, Massachusetts, Mississippi, Nevada, New  
13 Jersey, New Mexico, Pennsylvania, Rhode Island, Texas, Utah, Vermont, Washington and  
14 Wisconsin. I have worked under contract on low-income energy and utility issues with  
15 the U.S. Department of Health and Human Services, Oak Ridge National Laboratory,  
16 Lawrence Berkeley National Laboratory, the National Energy Assistance Directors’  
17 Association, the Office of the Attorney General in Nevada, the Ohio Consumers’ Counsel,  
18 and AARP. I have presented testimony or comments before utility regulatory commissions

1 in California, Idaho, Illinois, Indiana, Louisiana, Massachusetts, Missouri, Nevada, New  
2 Jersey, New Mexico, Pennsylvania, Rhode Island, Texas, Washington State, and Vermont.  
3 In addition, I am a presenter at conferences of National Community Action Foundation,  
4 National Low Income Energy Consortium, National Energy Assistance Directors  
5 Association, National Association of Regulatory Utility Commissions and National  
6 Association of State Utility Consumer Advocates. I am co-author of Access to Utility  
7 Service, a law and policy manual published by National Consumer Law Center; and  
8 primary author of “Home Energy Costs: The New Threat to Independent Living for the  
9 Nation’s Low-Income Elderly,” published in Clearinghouse Review, Vol. 9 - 10, Jan - Feb  
10 2008; “Tracking the Home Energy Needs of Low-Income Households through Trend Data  
11 on Arrearages and Disconnections,” National Energy Assistance Directors Association,  
12 2004, [http://www.neada.org/publications/Tracking\\_the\\_Need.pdf](http://www.neada.org/publications/Tracking_the_Need.pdf); and “Public Service  
13 Commission Consumer Protection Rules and Regulations: A Resource Guide,” National  
14 Energy Assistance Directors Association, 2006,  
15 [http://www.neada.org/publications/Consumer\\_Protection\\_Guide.pdf](http://www.neada.org/publications/Consumer_Protection_Guide.pdf).

16 I have been professionally involved with energy program and policy issues since 1981.  
17 Prior to joining the Advocacy Staff at National Consumer Law Center, I consulted with a  
18 broad range of public and private entities on issues related to utility industry restructuring.  
19 Previously, I worked as Research Director of the Massachusetts Joint Legislative  
20 Committee on Energy, responsible for the development of new energy efficiency  
21 programs and low-income energy assistance budgetary matters; economist with the  
22 Electric Power Division of the Massachusetts Department of Public Utilities, responsible  
23 for analysis of electric industry restructuring proposals; and Director of the Association of

1 Massachusetts Local Energy Officials. I have a Master's Degree from Tufts University's  
2 Graduate Department of Urban and Environmental Policy and a Bachelor of Arts Degree  
3 from The Evergreen State College.

4 **Q. Have you testified previously before the Massachusetts Department of Public**  
5 **Utilities (“Department”)?**

6 **A.** No. I have submitted written comments in numerous proceedings but have not submitted  
7 formal testimony before the Department.

8 **Q. On whose behalf are you testifying?**

9 **A.** I am testifying on behalf of the Massachusetts Low-Income Weatherization and Fuel  
10 Assistance Program Network (“Low Income Network”).

11 **Q. What are the purposes of your testimony?**

12 The purposes of my testimony are to (1) provide evidence of severe payment difficulties  
13 among many of National Grid’s low-income residential customers, (2) comment on  
14 National Grid’s proposed fixed customer charge increases as they relate to R-2  
15 customers, and (3) comment on costs associated with net metering and solar renewable  
16 energy credits.

17 **Q. Is there an electricity service affordability problem faced by the Company’s low-**  
18 **income customers receiving the residential low-income discount (“R-2”) rate?**

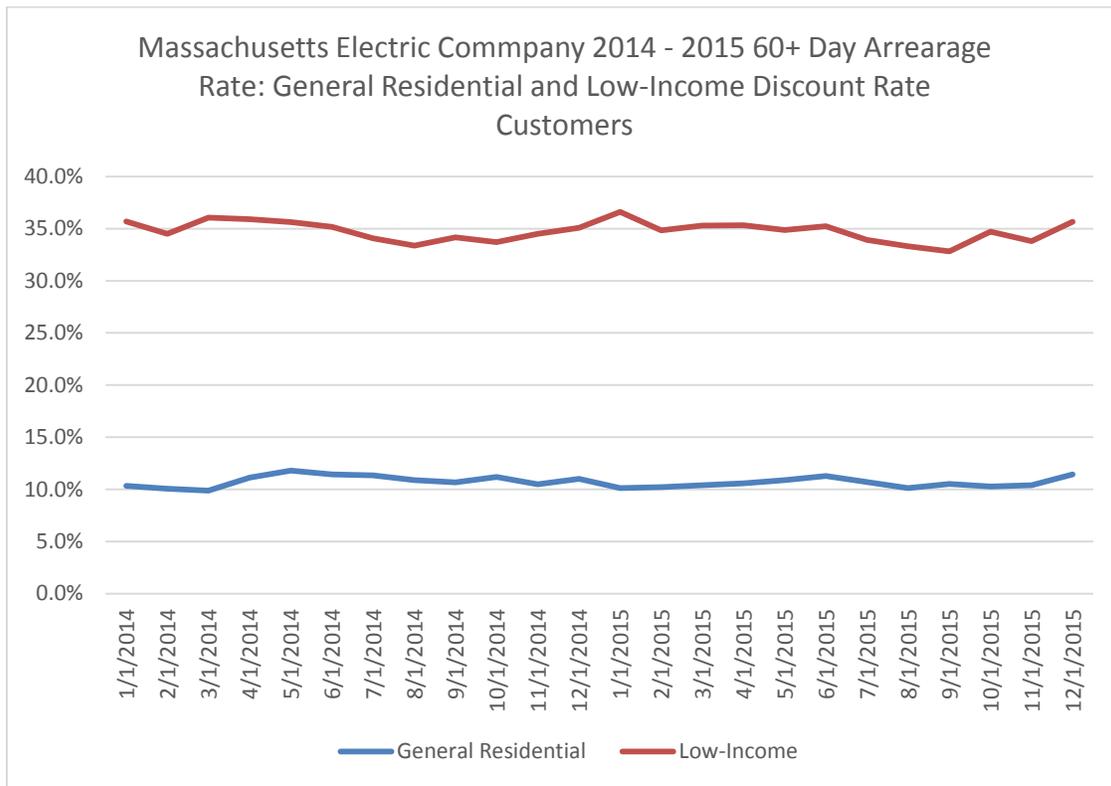
19 **A.** Yes. Observing recent trends in seriously past due accounts, the average dollar value of  
20 arrearages, and disconnections for non-payment among the Company’s general  
21 residential customers and those participating in the low-income discount rate<sup>1</sup> clearly  
22 demonstrates payment difficulties and affordability problems faced by low-income

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<sup>1</sup> Income eligibility for participation in the Company’s R-2 rate is capped at 60 percent of State Median Income, as estimated by the U.S. Department of Health and Human Services.

1 customers.<sup>2</sup> The rate of serious arrearages among low-income discount rate customers is  
 2 over three times that of general residential customers. During the calendar years of 2014  
 3 – 2015, the 60+ day monthly arrearage rate among R-2 customers averaged about 35  
 4 percent. In contrast, the 60+ day arrearage rate among general residential customers was  
 5 about 10 percent. This contrast is illustrated in the chart below.

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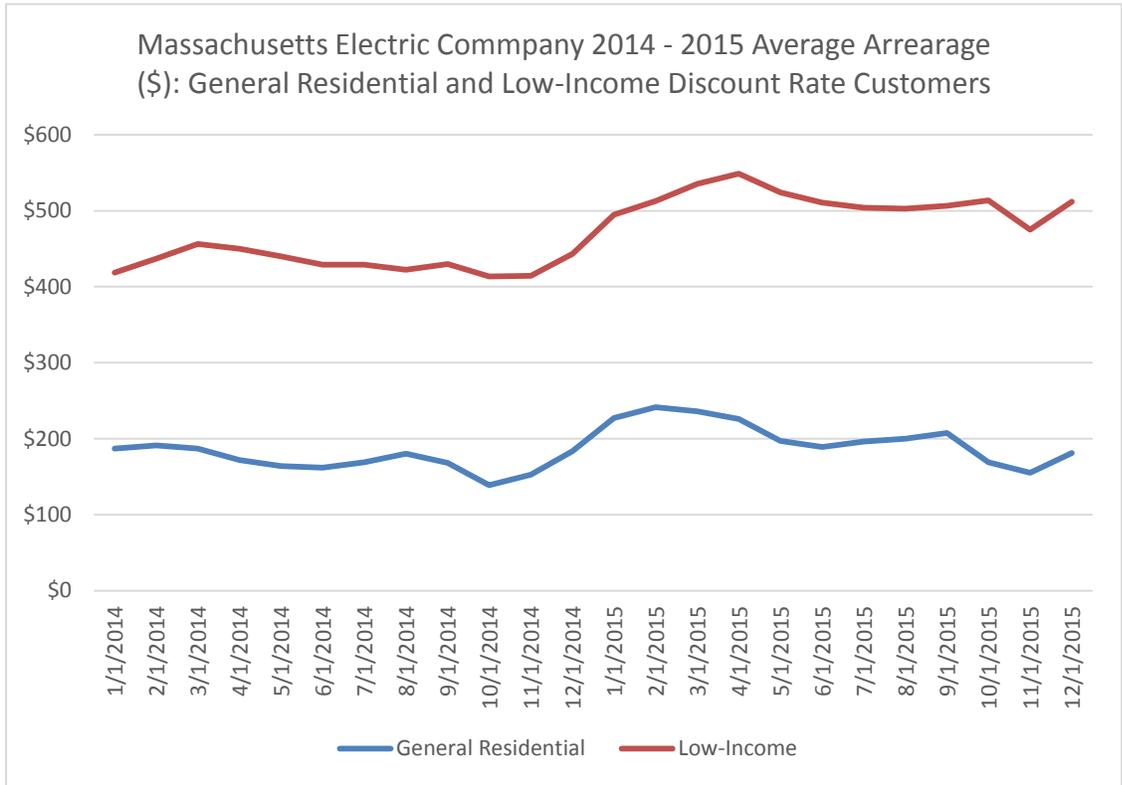
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9 In addition to higher arrearage rates, the average dollar value of low-income arrearages in  
 10 most months is about twice as high as that of general residential customers. This relationship is

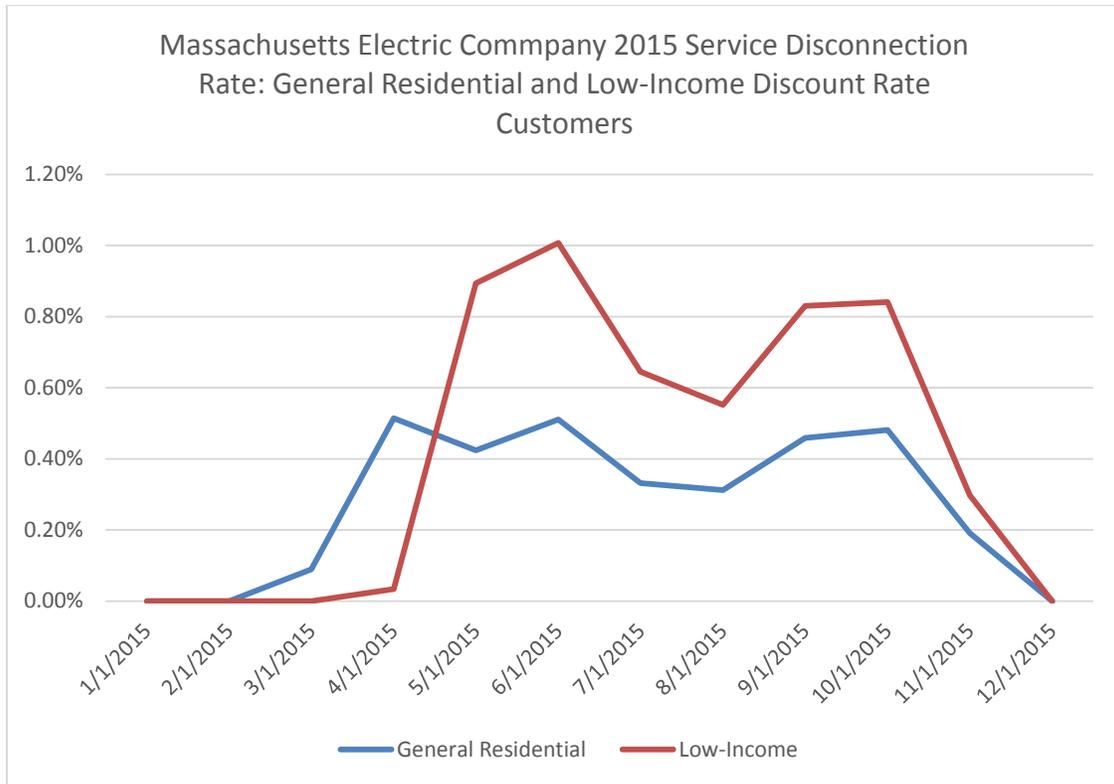
<sup>2</sup> Arrearage and service disconnection data reflected in this testimony are provided by National Grid in monthly credit and collection reports.

1 reflected in the chart below.



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Finally, during months when the winter disconnection moratorium is not in effect, the rate of service disconnection for non-payment among low-income customers is much higher than that of general residential customers. Relative disconnection rates from calendar year 2015 are reflected below.



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High rates of seriously past due accounts, high dollar value of past due accounts, and elevated rates of service disconnection for non-payment are reliable indicators of bill payment and affordability problems. Recent data provided by the Company clearly portray such problems in the Massachusetts Electric service area.

**Q. Why are low-income utility customers sometimes late in paying their utility bills?**

A. For many family and household types, there is a lack of sufficient income to pay for the most basic necessities – housing, utilities, child care, food, health care, transportation, taxes, and personal care. Paying for expenses of a no-frills household budget is an arithmetic impossibility for many Massachusetts residents. According to the results of a recent report prepared for Crittenton Women’s Union, “Massachusetts Economic Independence Index 2013”, a single person living in Worcester County needed \$22,464

1 just to pay for the most basic necessities. This required income level was equal to 196  
 2 percent of the federal poverty guidelines.<sup>3</sup> For a family living in Essex County consisting  
 3 of one adult, one preschooler and one school-aged child, income required to make ends  
 4 meet was \$68,364, or 350 percent of the federal poverty guidelines. For a family living  
 5 in Middlesex County consisting of two adults, a preschooler and one school-aged child,  
 6 the basic necessity budget was \$81,576, or 346 percent of the federal poverty guidelines.  
 7 The basic budget, along with the corresponding ratio of income to poverty for various  
 8 family types living in different counties served by the Company is illustrated below.

Massachusetts Economic Independence Index

Household Type	One Adult <i>Worcester County</i>	One Adult One Preschooler One School-age <i>Essex County</i>	Two Adults One Preschooler One School-age <i>Middlesex County</i>
Income Required for No-frills Budget	\$22,464	\$68,364	\$81,576
2013 - 2014 Federal Poverty Guideline	\$11,490	19,530	23,550
Ratio of Self Sufficiency Income to the 2013 - 2014 Federal Poverty Guideline	195.5%	350.0%	346.4%

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 10 According to results of the U.S. Census Bureau’s American Community Survey, in 2014  
 11 40% of the Massachusetts population lived below 300% of the federal poverty guidelines.  
 12 Twenty-eight percent lived below 200% of the poverty guidelines. Based on the basic  
 13 needs budgets described above, and data from the U.S. Census Bureau, it can be seen that  
 14 for many Massachusetts households, income is insufficient to make ends meet, providing  
 15 an explanation for utility late payments, and demonstrating that increases in the cost of

<sup>3</sup> Ames, et al., Crittenton Women’s Union, “Massachusetts Economic Independence Index 2013,” p. i, 2013; Federal Register, Vol. 78, No. 16, January 24, 2013, pp. 5182-5183. It should be emphasized that the budgets referenced in the referenced report include \$0 for restaurant expenditure, entertainment, vacations, or other non-essential goods and services.

1 essential home electricity service exacerbate pre-existing affordability problems.  
 2 Massachusetts poverty data are presented in the table below.

State: MA	Totals	Income-to-Poverty Ratio in 2014					
		Below 100%	100% to Below 150%	150% to Below 200%	200% to Below 250%	250% to Below 300%	300% and above
<b>Family Size</b>							
<b>1</b>	1,442,495	333,533	164,609	117,289	124,470	73,437	629,158
<b>2</b>	1,428,160	130,607	138,916	79,870	80,647	94,063	904,057
<b>3</b>	1,264,496	162,247	118,922	54,905	67,334	66,955	794,134
<b>4</b>	1,334,222	147,722	82,791	54,309	93,804	58,176	897,422
<b>5</b>	719,446	80,483	34,185	35,951	40,922	21,062	506,843
<b>6</b>	342,841	47,115	16,127	55,938	14,571	14,335	194,756
<b>7</b>	121,625	0	14,558	15,295	18,312	7,360	66,100
<b>Totals</b>	6,653,287	901,707	570,108	413,557	440,059	335,387	3,992,470
<b>Cumulative % of Total</b>		13.6%	22.1%	28.3%	35.0%	40.0%	100.0%

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2015

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 4 **Q. Please describe the home electricity burdens of households with varying income**  
 5 **levels.**

6 A. In addition to lacking sufficient income to make ends meet each month, low-income  
 7 households must devote a higher proportion of total household income to basic home  
 8 electricity service than their higher-income counterparts. Home electricity burden is  
 9 calculated by dividing the home electricity expenditure by household income. Based on  
 10 the Massachusetts Electric Company R-2 residential customer electricity expenditure of  
 11 \$943 for consumption at 500 kWh per month,<sup>4</sup> the energy burden of a two-person

<sup>4</sup> Exhibit NG-PP-18, p. 2.

1 household with income at 75 percent of the federal poverty guideline<sup>5</sup> is 7.8 percent. The  
 2 burden for a 2-person household at 100% of the federal poverty guidelines is 5.9 percent.  
 3 A single, full-time minimum wage earner taking no time off for vacation or illness carries  
 4 an electricity burden of 4.5 percent. The burden for a 2-person household living at 150%  
 5 of the 2015 federal poverty guideline was 3.9 percent. By contrast, the electric burden  
 6 for a household at the state median income was 1.8 percent and 1.3 percent for a higher-  
 7 income household with annual income of \$100,000. Thus, as illustrated below, a two-  
 8 person household at 75 percent of the federal poverty guideline, despite a lower  
 9 expenditure level, must devote about 6 times the percentage of total income for home  
 10 electric service as a higher-income household. Similarly, a minimum wage worker taking  
 11 no time off for vacation or illness carries a burden over 3 times higher than a higher-  
 12 income household with annual income of \$100,000. These disparities raise equity  
 13 concerns in light of the fact that electricity service is a basic necessity of life, while  
 14 highlighting the home electricity service affordability problems faced by low-income  
 15 households. Disparate home electricity burdens of households at various income levels  
 16 are illustrated in the table and chart below.

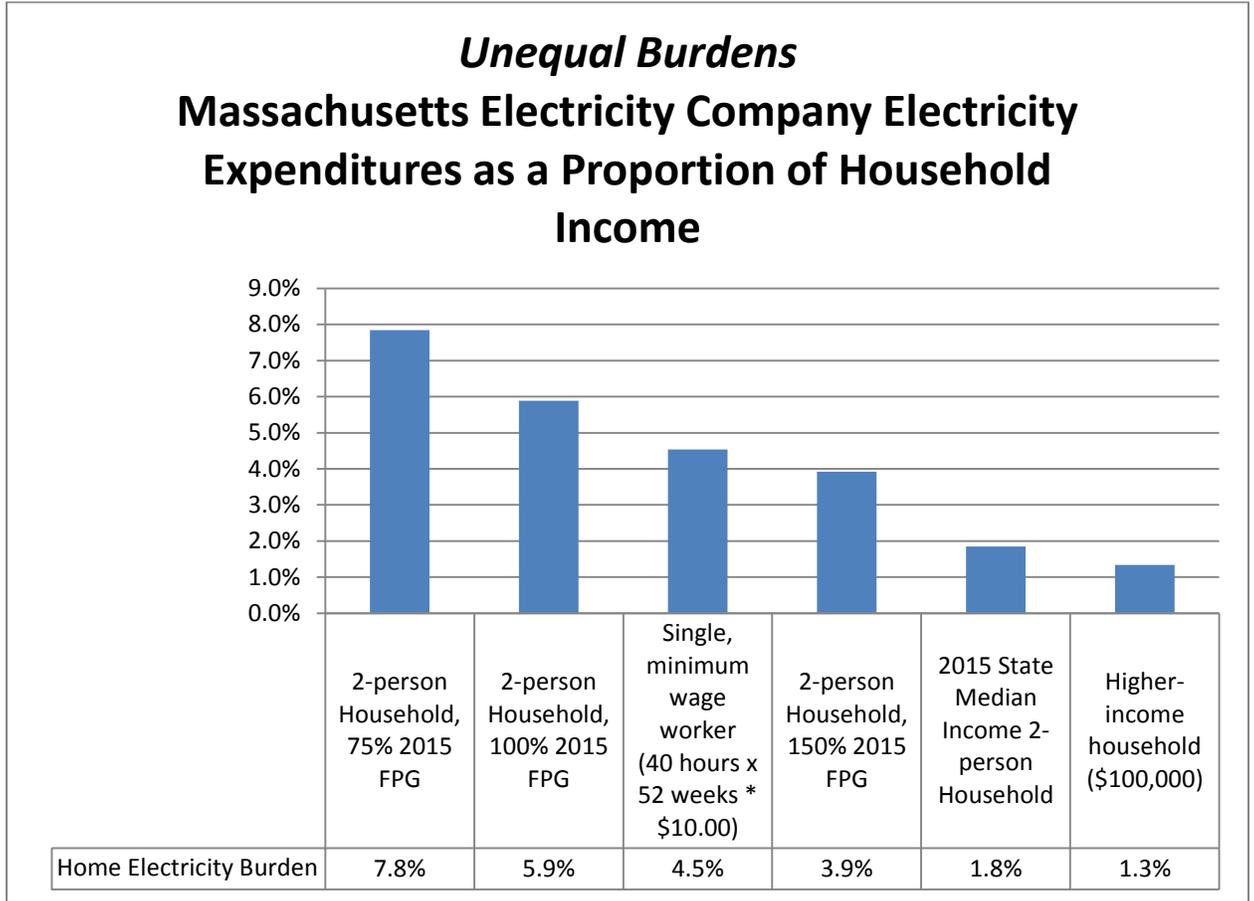
	2-person Household, 75% 2015 FPG	2-person Household, 100% 2015 FPG	Single, minimum wage worker (40 hours x 52 weeks * \$10.00)	2-person Household, 150% 2015 FPG	2015 State Median Income 2- person Household	Higher- income household (\$100,000)
Household Income	\$12,015	\$16,020	\$20,800	\$24,030	\$72,198	\$100,000
Electricity Expenditure (500 kWh/Mo)	\$943	\$943	\$943	\$943	\$1,333	\$1,333
Electricity Burden	7.8%	5.9%	4.5%	3.9%	1.8%	1.3%

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<sup>5</sup> U.S. Department of Health and Human Services, <https://aspe.hhs.gov/2015-poverty-guidelines>.



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4 **Q. Please summarize your findings with respect to electricity affordability and bill**  
 5 **payment difficulties.**

6 A. To summarize, examination of National Grid data reveals that the Company’s low-  
 7 income residential customers carry arrearages and disconnection at rates that are much  
 8 higher than those of general residential customers. Further, many lower-income  
 9 households in the Company’s service areas lack sufficient income to make ends meet, yet  
 10 must devote an inordinate proportion of these inadequate incomes to retain access to  
 11 basic, necessary electric utility service. The affordability problems outlined above  
 12 constitute a threat to the home energy security of the Company’s low-income customers

1 and justify robust program and policy interventions to mitigate that threat. In addition,  
2 the evidence presented justifies rejection of any proposed increase to the rates of the  
3 Company's R-2 customers.

4 **Q. Please describe the Company's two-phased rate design proposal as it relates to low-**  
5 **income electric customers receiving the R-2 rate.**

6 A. The Company has proposed substantial increases to the fixed, monthly customer charges  
7 paid by all residential electric service customers, including those participating in the R-2  
8 low-income discount rate. Currently, customers receiving the R-2 rate, after application  
9 of the 25 percent discount mandated by statute,<sup>6</sup> pay a monthly customer charge of \$3.00  
10 plus an inclining volumetric distribution charge, transmission charge, transition charge,  
11 energy efficiency charge and renewables charge totaling \$0.05513/kWh for customers  
12 using less than 600 kWh or less month and \$0.06009/kWh for customers using in excess  
13 of 600 kWh during a monthly billing period.<sup>7,8</sup> In Phase 1 of its proposed rate design  
14 change, the Company proposes to increase the fixed, customer charge by 37.5 percent to  
15 \$4.13 and implement flat (i.e., non-inclining) volumetric charges totaling \$0.06250/kWh,  
16 an increase from current rates of 13.4 percent for usage up to 600 kWh and 4.0 percent  
17 for usage in excess of 600 kWh.<sup>9</sup>

18 In Phase 2 of its rate design modification, proposed to take effect at least 6 months after  
19 implementation of Phase 1, the Company proposes a tiered fixed charge structure that  
20 would increase current low-income customer fixed charges by 50 percent, 125 percent,  
21 275 percent or 400 percent, depending on the customer's maximum kWh usage over the

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<sup>6</sup> M.G.L. c. 164 § 1F(4)(i).

<sup>7</sup> M.D.P.U. No. 1149

<sup>8</sup> Not inclusive of electricity supply charges.

<sup>9</sup> Calculated from Exhibit NG-PP-21.

1 previous 12 monthly billing periods. Along with the steep customer charge increases, the  
 2 Company proposes in Phase 2 a concomitant reduction in volumetric charges of 4.3  
 3 percent for customers using up to 600kWh during a monthly billing period and 12.2  
 4 percent for customers using in excess of 600kWh. The total volumetric charge for all R-2  
 5 customers in Phase 2 would be \$0.05278/kWh.<sup>10</sup> Current and proposed rates for R-2  
 6 customers are reflected in the table below.  
 7

	<u>Current</u>	<u>Proposed Phase 1</u>		<u>Current and Proposed R-2 Rates</u>		
	<i>Rates</i>	<i>Rates</i>	<i>% Change from Current Rates</i>	<i>Tier</i>	<i>Rates</i>	<i>% Change from Current Rates</i>
<i>Customer Charge</i>	\$3.00	\$4.13	37.5%	1	\$4.50	50.0%
				2	\$6.75	125.0%
				3	\$11.25	275.0%
				4	\$15.00	400.0%
Distribution Charge						
First 600 kWh	\$0.03113	\$0.04109	32.0%		\$0.03137	0.7%
Excess of 600 kWh	\$0.03610		13.8%			-13.1%
Transmission Charge	\$0.02122	\$0.01961	-7.6%		\$0.01961	-7.6%
Transition Charge	-\$0.00026	-\$0.00123	368.6%		-\$0.00123	368.6%
Energy Efficiency Charge	\$0.00266	\$0.00266	0.0%		\$0.00266	0.0%
Renewables Charge	\$0.00038	\$0.00038	0.0%		\$0.00038	0.0%
Low Income Discount	-25%	-25%	0.0%		-25%	0.0%
<i>Total Volumetric Charges (First 600 kWh)</i>	\$0.05513	\$0.06250	13.4%		\$0.05278	-4.3%
<i>Total Volumetric Charges (Excess of 600 kWh)</i>	\$0.06009	\$0.06250	4.0%		\$0.05278	-12.2%

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 9 It can be seen in the table below that National Grid’s low-income customers with a wide  
 10 range of average and maximum usage will experience significant rate increases under the

<sup>10</sup> Id.

1 Company's proposal. Median December 2014 – November 2015 monthly usage among  
 2 National Grid R-2 customers was about 460 kWh.<sup>11</sup> For a low-income customer with  
 3 median average usage and maximum monthly usage of 610 kWh monthly bills would  
 4 increase by about 16 percent in Phase 1 and by about 25 percent in Phase 2. These  
 5 increases are simply not affordable for these low-income customers who already struggle  
 6 to make ends meet each month.  
 7

R-2 Bill Impacts - Selected Maximum and Average Usage Levels

Maximum Monthly Usage (kWh)	260	610	1000	1250
Average Monthly Usage (kWh)	250	460	760	1000
Current Average Monthly Bill	\$16.78	\$28.36	\$44.90	\$58.13
Phase 1 Monthly Bill	\$19.75	\$32.87	\$51.62	\$66.62
\$ Increase vs. Current	\$2.97	\$4.52	\$6.73	\$8.50
% Increase vs. Current	17.7%	15.9%	15.0%	14.6%
Phase 2 Monthly Bill	\$19.94	\$35.53	\$51.36	\$67.78
\$ Increase vs. Current	\$3.16	\$7.17	\$6.47	\$9.65
% Increase vs. Current	18.8%	25.3%	14.4%	16.6%

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 9  
 10 **Q. Please comment on the ramifications of the Company's proposal with respect to**  
 11 **energy efficiency and customer control over electric bills.**

12 A. Increasing fixed charges undermines the price incentive for consumers to reduce usage  
 13 through energy efficiency or conservation. Holding revenue requirement constant,  
 14 increasing the fixed charge reduces volumetric charges and reduces the value of a  
 15 kilowatt-hour saved. Customers considering efficiency improvement program

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<sup>11</sup> IR LI-2-10-2.

1 participation or investments will be faced with longer payback periods. Devaluation of  
2 the energy efficiency incentive inherent in volumetric pricing presents the real threats of  
3 increasing systemwide usage, expanding investment in more expensive generation  
4 resources, increasing greenhouse gas emissions and undermining the viability of  
5 programs and policies intended to promote efficiency. On a very basic level, increased  
6 fixed charges – even ones that are tiered – diminish the ability of consumers to assert  
7 control over utility bills. This undermining of energy efficiency control over electricity  
8 expenditures is a critical problem for low-income consumers, for whom the cash savings  
9 from effective efficiency measure and programs is a cornerstone of home energy security.  
10 In short, even though they are tiered, the proposed fixed charge increases, combined with  
11 concomitant reductions in volumetric charges, will infringe on customers’ ability to  
12 control their bills, and, absent knowledge and ability to shift consumption during high-  
13 use periods, will have the most adverse impacts on customers with average usage close to  
14 the borderline of the next fixed charge tier, but a slightly higher maximum usage. The  
15 rate design suffers from some of the same defects as high, flat fixed charges, but will be  
16 more difficult for customers to understand.

17  
18 **Q. Please comment on the Company’s proposal as it relates to prospective demand**  
19 **charges for residential customers.**

20 A. The Company’s Pricing Panel witnesses are clear that National Grid would prefer to  
21 collect a substantial portion of its revenue requirement through implementation of  
22 demand charges, but that in the absence of advanced metering the tiered customer charge

1 will serve as an adequate transitional mechanism.<sup>12</sup> Large commercial and industrial  
2 customers have long been subject to paying a demand charge in addition to a fixed,  
3 customer charge and volumetric charges. Demand charges are variable, based on a  
4 customer's peak usage during a specified period. Recently, some utilities that have  
5 deployed advanced meters have proposed demand charges on residential customer bills.  
6 In theory, demand charges send consumers a price signal to reduce peak consumption.  
7 However, there is little evidence indicating that large numbers of residential consumers –  
8 particularly low-income customers – have the wherewithal to respond to demand charge  
9 price signals. It is also reasonable to expect that considerable time and effort will be  
10 required to build a broad understanding of demand charges among residential customers  
11 who have not dealt with the concept in the past. The Company's tiered fixed charge  
12 proposal suffers from many of the same consumer pitfalls as non-coincident peak  
13 residential demand charges.

14 **Q. What are your recommendations with respect to the Company's tiered fixed charge**  
15 **proposal?**

16 A. Based on the foregoing, including the evidence of severe low-income affordability  
17 challenges and the bill impacts associated with the Company's proposal, I recommend  
18 that the Department reject the changes to the fixed and volumetric charges that would  
19 apply to the Company's R-2 customers in Phase 1 and Phase 2.

20 **Q: Has the Company provided information about the impact of the Commonwealth's**  
21 **solar policies, including the renewable portfolio standard and net metering and on**  
22 **residential ratepayers, particularly low-income ratepayers on the company's low-**  
23 **income discount rate?**

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<sup>12</sup> Exhibit NG-PP-1, pp. 32 – 35.

1 A: Yes, the response to information request LI 1-5-2 Supplemental contains information  
2 regarding those impacts. Page 2 of 3 in attachment 2 to LI 1-5-2 Supplemental shows  
3 that low-income customers on the R-2 rate using 500 kWh per month are being charged,  
4 respectively, \$47.09 , \$25.56, and \$5.34 annually for the solar carveout from the  
5 Renewable Portfolio Standard ("RPS"), the RPS excluding the solar carveout, and for net  
6 metering. The total for those three cost items is \$77.99, or just under 8.8 percent of the  
7 total annual bill for a 500 Kwh/month R-2 customer.

8 The company additionally provided information in page 3 of attachment 2 to LI 1-5-2  
9 Supplemental showing that the current monthly discount for a 500 kWh/month R-2  
10 customer of \$30.04 would be \$36.57, if those bills did not include charges for the six cost  
11 items listed on page 2 of that same exhibit ("solar carve out, Renewable Portfolio  
12 Standard except solar carve out, net metering, utility owned solar, smart grid pilots,  
13 renewable energy charge"). Mathematically, the value of the low-income discount would  
14 increase by almost 22% (from the \$30.04 just noted to \$36.57) if low-income customers  
15 did not have to pay for the six cost items I just listed.

16 As noted above, the added cost to a typical R-2 customer using 500 kWh per month from  
17 the solar carve out, renewable portfolio standard except solar carve out, and net metering  
18 totaled \$77.99 in 2015. The Company's response to LI-1-5-2 Supplemental, p. 3  
19 indicates that the total bill, including these costs was \$74.29 per month in 2015, or  
20 \$891.48 for the year. Based on these cost and expenditure data, it can be seen that the  
21 subsidies noted above have significant impact on low-income home electricity burdens,  
22 raising expenditures and burdens by nearly 9 percent. Selected low-income household  
23 electricity expenditure and burden impacts are reflected in the table below.

Low-Income Electricity Expenditure And Burden Impacts of DG Subsidies

	2-person Household, 75% 2015 FPG	2-person Household, 100% 2015 FPG	Single, minimum wage worker (40 hours x 52 weeks * \$10.00)	2-person Household, 150% 2015 FPG
Household Income	\$12,015	\$16,020	\$20,800	\$24,030
Electricity Expenditure Including DG Subsidies (500 kWh/Mo)	\$891	\$891	\$891	\$891
DG Subsidies	\$78	\$78	\$78	\$78
Electricity Expenditure Excluding DG Subsidies (500 kWh/Mo)	\$813	\$813	\$813	\$813
Electricity Burden Including DG Subsidies	7.4%	5.6%	4.3%	3.7%
Electricity Burden Excluding DG Subsidies	6.8%	5.1%	3.9%	3.4%

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2 The Low Income Network contends that subsidies for distributed generation should not be borne

3 by those least able to afford basic electricity service, and that low-income ratepayers should be

4 held financially harmless from the impacts of these subsidies. To fully compensate for the impact

5 on low-income affordability I recommend that the Department increase low-income for National

6 Grid R-2 customers to from the current 28.8 percent to 35 percent.

7 **Q. Please summarize your findings and recommendations.**

8 A. Findings and recommendations are presented below.

- 9 • Examination of National Grid data reveals that the Company’s low-income residential
- 10 customers carry arrearages and disconnection at rates that are much higher than those of
- 11 general residential customers. Further, many lower-income households in the Company’s
- 12 service areas lack sufficient income to make ends meet, yet must devote an inordinate
- 13 proportion of these inadequate incomes to retain access to basic, necessary electric utility
- 14 service. The affordability problems outlined above constitute a threat to the home energy
- 15 security of the Company’s low-income customers and justify robust program and policy
- 16 interventions to mitigate that threat.

- 1       • With respect to the Company’s rate design proposal, the bill of a low-income customer  
2       with median average usage and maximum monthly usage of 610 kWh monthly bills  
3       would increase by about 16 percent in Phase 1 and by about 25 percent in Phase 2. These  
4       increases are simply not affordable for these low-income customers who already struggle  
5       to make ends meet each month. I recommend that the Department reject the proposed  
6       Phase 1 and Phase 2 increases for R-2 customers.
- 7       • Distributed generation subsidies raise low-income electricity bills and expenditures by  
8       nearly 9 percent. The Low Income Network contends that subsidies for distributed  
9       generation should not be borne disproportionately by those least able to afford basic  
10      electricity service, and that low-income ratepayers should be held financially harmless  
11      from the impacts of these subsidies. To fully compensate for the impact on low-income  
12      affordability I recommend that the Department increase low-income for National Grid R-  
13      2 customers to from the current 28.8 percent to 35 percent.

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

15   A. Yes.