

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation for Electric and Gas Service.

Case 12-E-0201 and  
Case 12-G-0202

**DIRECT TESTIMONY  
AND EXHIBITS OF  
GREGG C. COLLAR**

**REDACTED VERSION**

Dated: August 31, 2012  
Albany, New York

UTILITY INTERVENTION UNIT  
DIVISION OF CONSUMER PROTECTION  
NYS DEPARTMENT OF STATE  
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1 Q. Please state your name, title and business address.

2 A. My name is Gregg C. Collar. I am a Utility Program Analyst with the Utility  
3 Intervention Unit (“UIU”) of the New York State Department of State’s  
4 Division of Consumer Protection (“DCP”). My business address is 99  
5 Washington Avenue, Suite 1020, Albany, New York 12231-0001.

6

7 Q. Mr. Collar, please briefly summarize your qualifications and employment  
8 background.

9 A. I received a Bachelor of Arts in Mathematics from Hartwick College in  
10 1995. From February 1998 through June 2000, I was employed by  
11 TeleTech in Denver, Colorado, holding various positions with increasing  
12 responsibilities. In my last assignment with TeleTech, I worked at the  
13 corporate office as a National Resource Analyst where I was responsible  
14 for developing call volume forecasts based upon an analysis of historical  
15 data for multiple call centers across the country; and for producing  
16 monthly reports directed to upper management. I was employed by ICG  
17 Communications, also located in Denver, Colorado, from June 2000 to  
18 May 2002, where I managed the completion of facility work and testing  
19 performed by operations personnel to ensure timely order provisioning for  
20 medium and large customers on a nationwide basis. From February 2003

1 to March 2005, I was employed as a Network Technology Analyst for the  
2 New York State Environmental Facilities Corporation.

3 Since March 2005, I have been employed as a Utility Program  
4 Analyst, originally with the New York State Consumer Protection Board  
5 and then with the New York State Department of State beginning on April  
6 1, 2011. In that position, I am responsible for analyzing utility low-income  
7 and service quality performance programs currently in place in New York  
8 State and identifying reforms that would enhance their effectiveness. I  
9 represent the UIU in collaborative proceedings, negotiations and other  
10 meetings regarding low-income programs and service quality issues and  
11 serve as the UIU's representative to the Low-Income Forum on Energy. I  
12 research and draft formal documents advocating the UIU's position in  
13 Public Service Commission ("PSC" or "Commission") proceedings; and,  
14 serve as the UIU's representative and Chairperson on the Board of  
15 Directors of the telecommunications Targeted Accessibility Fund, which  
16 oversees public benefit programs including Lifeline and E911.

17 I participated as the UIU's representative in Case 01-M-0075, which  
18 examined National Grid's low-income assistance program, as well as in a  
19 collaborative in Cases 05-E-0934 and 05-G-0935 that addressed Central  
20 Hudson Gas & Electric Corporation's ("Central Hudson") low-income  
21 program. I also conducted research and drafted documents pertinent to

1 the UIU's participation in the investigation of the electric power outage of  
2 Consolidated Edison of New York Inc's. ("Con Edison") Long Island City  
3 Electric Network (Case 06-E-0894) and the investigation of the prudence  
4 of Con Edison regarding the July 2007 steam pipe rupture (Case 08-S-  
5 0153). I have been an active participant in Case 07-M-0548, the  
6 proceeding regarding the Energy Efficiency Portfolio Standard ("EEPS"). I  
7 served as the UIU representative in the working group related to the  
8 establishment of statewide and utility-specific natural gas efficiency goals  
9 and the working group assigned to help customers overcome barriers to  
10 energy efficiency with the potential use of an on-bill financing program.  
11 Currently, I actively participate in the EEPS Evaluation Advisory Group as  
12 well as the EEPS Outreach and Education/Marketing Advisory Group. I  
13 also serve as the UIU representative on the Natural Gas Reliability  
14 Advisory Group.

15

16 Q. Mr. Collar, have you previously testified in PSC proceedings?

17 A. Yes, I have submitted testimony in rate proceedings involving Con Edison  
18 (Cases 08-E-0539, 09-G-0795, and 09-E-0428), Orange and Rockland  
19 Utilities, Inc. ("O&R") (Case 08-G-1398, and Case 10-E-0362), Central  
20 Hudson (Cases 09-E-0588 and 09-G-0589), New York State Electric and  
21 Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation

1 (“RG&E”) (Cases 09-E-0715 et. al), National Grid (Case 10-E-0050) and  
2 Corning Natural Gas Corporation (Case 11-G-0280). Most recently, I  
3 submitted testimony in O&R’s electric rate case proceeding (Case 11-E-  
4 0408). In addition to these electric and gas rate case proceedings, I also  
5 submitted direct and rebuttal testimony in Case 09-M-0527, a proceeding  
6 that established a State Universal Service Fund which is intended to  
7 ensure local telephone service remains universally available throughout  
8 New York.

9

10 Q. What is the purpose of your testimony?

11 A. In my testimony, I discuss and make recommendations with respect to the  
12 proposed modifications of Niagara Mohawk’s Shared Services and  
13 Customer Panel (“the SSCP Panel”) to the Company’s low-income  
14 programs. I also recommend and explain the need for Niagara Mohawk to  
15 implement a new tool on its website to enable existing Energy Service  
16 Company (“ESCO”) customers to compare their commodity charges with  
17 the commodity charges they would have been billed had they remained  
18 full service Niagara Mohawk customers. In addition, based on Niagara  
19 Mohawk’s responses to Public Utility Law Project (“PULP”) Information  
20 Requests (“IR”) Nos. 91 and 107, I offer a modification to the Company’s  
21 outreach and education program, especially as it relates to the Company’s

1 low-income customers. Finally, I respond to the recommendation of the  
2 Company's Gas Infrastructure and Operations Panel ("the GIOP Panel") to  
3 expand gas service within its service territory.

4

5 Q. Are you sponsoring any exhibits associated with your testimony?

6 A. Yes, I am sponsoring two exhibits. Exhibit \_\_ (GCC-1) consists of the  
7 Company's response to IRs I relied upon in preparing this testimony.  
8 Exhibit \_ (GCC-2) consists of tables containing data from the Office of  
9 Temporary and Disability Assistance's ("OTDA") website.

10

11 Low-Income Program

12 Q. Please describe the low-income program currently offered by Niagara  
13 Mohawk to its electric and gas customers.

14 A. The Company's low-income program consists of an AffordAbility Program,  
15 a low-income credit and a reconnection fee waiver. At present, the  
16 electric low-income credit program provides a \$5 (non-heating) and \$15  
17 (heating) monthly discount to qualified low-income customers. Customers  
18 enrolled in the gas low-income credit program receive a \$7.50 monthly  
19 discount on their gas bills. To participate in either credit program,  
20 customers must have received a Home Energy Assistance Program  
21 ("HEAP") benefit payment within the previous 14 months.

1           The Company provides a one-time waiver of the reconnection  
2 charge for HEAP recipients who have had their service disconnected for  
3 non-payment. Eligibility for the waiver of the reconnection fee is based on  
4 the same criteria for receiving a HEAP benefit. Currently, the  
5 reconnection fee waiver program is in place for both electric and gas  
6 customers who are eligible.

7           The AffordAbility Program provides low-income customers unable  
8 to fully pay their monthly bill assistance in better managing their energy  
9 use, costs and bill payments. Electric customers with a range of arrears  
10 between \$150-\$750 and combination (electric and gas service) customers  
11 with a range of arrears within \$150-\$1,000 are eligible to participate in the  
12 AffordAbility Program. In conjunction with the New York State Energy  
13 Research and Development Authority's ("NYSERDA") EmPower NY  
14 Program, this program combines energy efficiency efforts, education,  
15 weatherization, payment agreements and arrears forgiveness to decrease  
16 the monthly financial burden for eligible gas and electric customers.  
17 Customers eligible for the AffordAbility Program must not only have  
18 received a HEAP benefit and be in arrears, but also must have a history of  
19 broken payment arrangements. Customers may also qualify for the  
20 program if they are approved for HEAP and have a referral from a local  
21 human service agency or one of the Company's consumer advocates.

1 Q. Are there specific benefits participants in the AffordAbility Program  
2 receive?

3 A. Customers enrolled in the AffordAbility program immediately avoid  
4 termination of service and any collection activity for non-payment as long  
5 as they make their payments on time and in full. A customer's  
6 AffordAbility payment is determined by her or his status as an electric-only  
7 customer or a combination customer. Each electric customer enrolled in  
8 the program pays 95% of her or his average monthly bill whereas each  
9 combination customer pays 92.5% of her or his average monthly bill, with  
10 the remainder in both cases deferred to that customer's arrearage  
11 balance. Each month that a customer pays the discounted bill on time  
12 and in full a monthly arrears forgiveness credit of \$30 is immediately  
13 applied to the bill. The Company refers all participating customers to  
14 NYSERDA along with their consumption data, which NYSERDA uses in  
15 determining the most effective energy services for these customers  
16 including weatherization and appliance replacement.

17 The monthly arrears forgiveness component is designed to provide  
18 a benefit to all program participants, even those that may eventually leave  
19 or be removed from the program, by encouraging regular payments and  
20 sustaining participation in the program. Customers who complete the  
21 program will have virtually eliminated all outstanding balances owed. The

1 program assists participants by providing continued access to essential  
2 utility services and helps to avoid service termination. It also reduces  
3 uncollectible expense and other costs currently borne by ratepayers.

4

5 Q. What is Niagara Mohawk's proposal regarding its electric low-income  
6 program?

7 A. The Company recommends only a slight modification to its electric low-  
8 income program. The SSCP states in its testimony that the actual expense  
9 for the reconnection waiver for eligible electric customers was  
10 approximately \$109,000 for the Historic Test Year whereas the Company  
11 previously estimated the cost in its previous electric rate case proceeding,  
12 Case 10-E-0050, as less than \$10,000 per year. This is the amount the  
13 PSC authorized in rates. As a result, Niagara Mohawk proposes to  
14 increase funding "to the level of lost revenue" while continuing the  
15 reconnection waiver program without change.

16

17 Q. Please summarize Niagara Mohawk's proposal regarding its gas low-  
18 income program.

19 A. For those customers eligible to participate in the gas low-income credit  
20 program, the SSCP proposes to increase the monthly bill credit from \$7.50  
21 to \$10.00. The increase to the credit would result in an incremental

1 increase of \$3.7 million over the \$4.5 million in program costs currently  
2 allowed for in rates.

3

4 Q. What reasons does the Company give for increasing the monthly credit for  
5 gas customers?

6 A. The SSCP provides on pages 44-45 of its testimony statistics detailing the  
7 49% increase in the number of HEAP grants from the 2007-2008 heating  
8 season (the time of the Company's previous gas rate case) to the 2010-  
9 2011 heating season, and it estimates by May of this year a 32% increase  
10 in the number of bill credits provided to eligible gas customers. The  
11 annual funding for 2011 is \$1.6 million more than original projections.

12 As further support for an increase to the monthly credit, the SSCP  
13 notes that the federal government reduced HEAP funds for the 2011-2012  
14 heating season from \$5.1 billion to \$3.47 billion. This, consequently,  
15 reduced New York State's funding allotment from \$522 million to \$376  
16 million. The SSCP observes that the President's recent budget proposal  
17 further reduces HEAP funding for the upcoming heating season, resulting  
18 in New York State's funding being reduced to \$303 million. The SSCP  
19 observes that "this reduction in much needed funding will have a negative  
20 impact on the Company's low income customers who depend on such  
21 funding to heat their homes." The SSCP also notes: "Given today's

1 economy, many more people are finding themselves in need of financial  
2 assistance.”

3

4 Q. Please discuss the UIU’s reaction to the Company’s proposals regarding  
5 its low-income programs.

6 A. The UIU agrees with the Company’s proposal to increase funding to  
7 account for the increased expense in the past year associated with the  
8 reconnection fee waiver for electric customers. The UIU expects the  
9 number of reconnections going forward to remain at historical levels given  
10 the nature of the upstate economy.

11 At this time, based on the information currently available, the UIU  
12 also does not take issue with Niagara Mohawk’s recommendation not to  
13 increase the electric low-income discount from the current \$15 level for  
14 two reasons. One reason for our position is that it appears that the  
15 Company’s filing will not result in increases to residential electric bills. The  
16 second reason is that the Commission accepted the parties’ stipulation in  
17 the Company’s previous electric rate case proceeding and recently  
18 approved an increase to the credit for eligible electric low-income  
19 customers and also a \$10 increase to the arrears forgiveness component.

20 However, the UIU takes the position that the amount of the credit  
21 proposed by the Company for its customers participating in the gas low-

1 income program is too small to provide relief to low-income persons.  
2 Rather than increasing the credit from \$7.50 to \$10.00, as Niagara  
3 Mohawk recommends, the UIU recommends that the credit should be  
4 increased to at least \$12.50. This proposal takes several considerations  
5 into account. In the midst of a struggling economy, low-income  
6 consumers continue to pay an inordinately high percentage of their  
7 financial resources for gas service. Due to reductions in HEAP funding,  
8 federal government financial support of residential heating continues to  
9 decline. Moreover, the Company's proposal to increase the customer  
10 charge by \$2.50, if adopted by the Commission, would offset the  
11 Company's proposed increase in the discount. As I discuss below,  
12 adopting a credit of at least \$12.50 per customer would bring the low-  
13 income gas credit into parity with the low-income electric credit.

14

15 Q. Has the UIU estimated the cost of implementing this modification?

16 A. Allowing for an increase to the discount from \$7.50 to \$12.50 and based  
17 on 68,000 HEAP recipients, the estimated cost to implement the UIU's  
18 proposed monthly bill credit is about \$2.04 million over the amount in the  
19 Company's proposal. The impact of the UIU's proposal on individual  
20 ratepayers is not unduly burdensome. Currently, according to the  
21 Company's Gas Rate Design Panel ("GRDP") (page 56, lines 15-20),

1 Niagara Mohawk adds a "\$0.65 Low Income program surcharge to the  
2 minimum customer charge of all of the Company's customers to fund the  
3 Low Income Program." The Company's proposal would increase each  
4 customer's monthly surcharge by about \$.20 and the UIU's proposal  
5 would add about the same amount on top of that increased surcharge.

6 It is the UIU's position that, especially in these tough economic  
7 times, no eligible customer should be turned away from the discount  
8 program. The UIU recommends that all eligible participants receive the  
9 bill discount even if the number of HEAP recipients increase beyond  
10 current projections and the budget of the discount program are exceeded;  
11 additional program expenses above the budget should be deferred.

12

13 Q. Why are you proposing to increase the monthly discount when current gas  
14 commodity costs are low?

15 A. First, to state the obvious, it is entirely possible that this past winter was  
16 an aberration and subsequent winters will return to normal, colder  
17 temperatures, putting upward pressure on gas prices. Second, as the  
18 Company's GRDP noted in its testimony (page 39, lines 5-8), its proposed  
19 increase in the discount would merely "offset for low income customers  
20 the impact of the proposed \$2.50 increase in the customer charge being  
21 proposed for all SC-1 customers."

1           Third, current benefits, even with the increase proposed by the  
2           Company, fail to address the difficulties facing low-income persons and  
3           their families. For low-income customers, energy bill costs represent a  
4           disproportionately large share of their financial resources. According to  
5           the National Regulatory Research Institute (“NRRRI”):

6                     Low-income households spend a much higher share of their  
7                     incomes on home energy use than other households. Within  
8                     the low-income category, a high negative correlation exists  
9                     between income and the percentage of income spent on  
10                    energy....Another source indicates that beneficiaries of the  
11                    Low-Income Home Energy Assistance Program (LIHEAP) as  
12                    a whole spend about 20 percent of their annual income on  
13                    home energy bills, which is more than six times the  
14                    percentage that other households spend.  
15                    “How to Determine the Effectiveness of Energy Assistance,  
16                    and Why It’s Important” (December 2009)

17  
18           In addition, the New York State Department of Environmental  
19           Conservation’s Office of Environmental Justice commented during the  
20           EEPS proceeding:

21                    Low-income households are often forced to make desperate  
22                    tradeoffs between heat or electricity and other basic  
23                    necessities. Research has found that 47 percent of  
24                    households that received federal home energy assistance  
25                    over a five-year period went without medical care, 25  
26                    percent failed to fully pay their rent or mortgage and 20  
27                    percent went without food for at least one day as a result of  
28                    home energy costs. These numbers starkly illustrate the  
29                    vulnerability of these households to acute and gradual rises  
30                    in the direct and indirect costs of energy, especially within  
31                    the context of the relative energy inefficiency of their homes.  
32                    (August 19, 2011)

33

1 Q. Please continue.

2 A. The Company does not present any evidence that suggests that low-  
3 income households will face less of a burden to pay their gas heating bills  
4 in the near future. At the same time that HEAP funding has been cut, the  
5 number of people needing support has increased. Exhibit \_\_ (GCC-2)  
6 details the number of persons and households who have received Food  
7 Stamps, now called Supplemental Nutrition Assistance Program (SNAP),  
8 in the month of May for 2009 – 2012. The UIU points to the data for  
9 Albany County and Onondaga County, two of the biggest counties in  
10 Niagara Mohawk's upstate service territory, and the increase each year by  
11 the thousands for those receiving benefits.

12 As previously mentioned in my testimony, in the Company's most  
13 recent electric rate proceeding, the Commission accepted the  
14 recommendation of the parties to increase the monthly credit for eligible  
15 electric heating customers to \$15. Niagara Mohawk's response to UIU IR  
16 No. 13E shows that the \$15 credit given to participants in the electric low-  
17 income program represents about 12% of a typical January bill, one of the  
18 coldest months, for heating customers. For a gas heating customer  
19 participating in the same utility's gas low-income program, according to  
20 Niagara Mohawk's response to UIU IR No. 13G, the same (hypothetical)  
21 \$15 credit, \$5 more than the \$10 the Company proposes, represents

1 about 11% of a typical January bill (\$131.14). The Company's proposal  
2 would increase the discount to only 7.6% whereas the UIU's proposal  
3 would increase the discount to 9.5%. This is still less than the  
4 Commission-authorized discount of 11% for customers participating in  
5 Niagara Mohawk's electric low-income program.

6 For all of these reasons, increasing the gas low-income bill credit to  
7 at least \$12.50 is reasonable and appropriate.

8

9 ESCOs

10 Q. What is the UIU's recommendation for Niagara Mohawk to assist existing  
11 and prospective ESCO customers?

12 A. The data the Company provided in response to PULP IRs Nos. 91 and  
13 107 are a cause of concern. Although the UIU has not yet had the  
14 opportunity to fully analyze the response to PULP IR No. 107, it appears  
15 that over a two-year period a [REDACTED] proportion of retail access customers  
16 consistently paid [REDACTED] to an ESCO for commodity than they would have  
17 paid if they had remained full service customers of Niagara Mohawk. The  
18 UIU is aware that the Company's responses do not allow one to determine  
19 whether the ESCO prices reflected such factors as the type of service  
20 (fixed or variable, inclusion of a renewable energy subsidy or any other

1 value-added product or service). Nevertheless, the data has broad  
2 implications that raise concerns.

3 To assist consumers in better understanding the prices offered, the  
4 UIU recommends that the Company develop and launch an online bill  
5 calculator on its website to assist current ESCO customers to determine  
6 whether it was beneficial to have switched to an ESCO. The  
7 Commission's "Power to Choose" ("PTC") web service is at present the  
8 only pricing tool available for customers and, as the ESCOs' trade  
9 association asserts, is limited in scope and usefulness. The Retail Energy  
10 Supply Association explained:

11 On the PTC website, the ESCO submits the offerings that it  
12 has available for general applicability as of the first of each  
13 month. It does not cover offers and products available for the  
14 remainder of the month. Further it does not incorporate long  
15 term historical pricing analysis comparing the ESCO charges  
16 to the utility charges for all customers in a class served by  
17 the ESCO. It is thus singularly limited in scope and does not  
18 attempt to publicly disclose the ESCOs entire pricing activity  
19 for a previous material historical period.  
20 (August 27, 2012 letter at p. 3)

21  
22 Absent an online bill calculator with "real time" information, a historical  
23 price comparison tool is especially important. Without such a tool, it is  
24 extremely difficult and time-consuming for retail access consumers to  
25 figure out if they should continue with a particular ESCO.

1 Q. Are there other New York utilities that have a similar historic bill calculator  
2 on their Company website?

3 A. Yes, Central Hudson and National Fuel Gas Company have historical bill  
4 comparison tools on their websites that provide current ESCO customers  
5 the ability to compare what they paid over a period of 24 months with their  
6 ESCO and what they would have paid had they remained with their  
7 respective utility. This is just a first step towards price transparency  
8 because these “calculators” provide only a historical bill comparison for  
9 current ESCO customers to compare their ESCO bill to what they would  
10 have paid had they remained with full (bundled) utility service. This tool  
11 would not provide a current full service customer the opportunity to  
12 determine whether it would be beneficial going forward to switch to an  
13 ESCO for commodity service.

14

15 Q. Has the Company explored a similar online pricing tool?

16 A. Yes, according to Niagara Mohawk’s response to PULP IR No. 108, the  
17 Company began discussing in late 2010 the concept of an online historical  
18 bill pricing tool; in mid-2011 it estimated the cost at \$400,000-\$900,000.

19

1 Q. Does the UIU believe that such expenditure would provide value to  
2 customers?

3 A. Yes, an online bill calculator is a critical (and cost effective) tool for  
4 consumers in light of the PULP IR No. 91 data showing that [REDACTED] of  
5 [REDACTED] of customers purchasing commodity from ESCOs paid  
6 [REDACTED] of [REDACTED] per month than they would have paid had they  
7 remained full service Niagara Mohawk customers. Additionally, because  
8 use of smart phones is becoming ever more pervasive, it would also be  
9 useful for the Company to develop and launch a smart phone bill  
10 calculator application.

11

12 Q. Does the UIU have any other reaction to the data provided by Niagara  
13 Mohawk in response to PULP IRs Nos. 91 and 107?

14 A. Yes. Parties often spend a great deal of time and resources in rate  
15 proceedings discussing and litigating the appropriateness of various levels  
16 of bill discounts for customers enrolled in utility low-income programs. As  
17 noted above, Niagara Mohawk's low-income customers benefit from  
18 monthly discounts ranging from \$5 to \$15 depending on circumstances.  
19 Yet, the data provided show that many of the low-income customers who

1           paid an ESCO's supply charges paid [REDACTED] than they would have had they  
2           remained full service customers with Niagara Mohawk.

3                       According to Niagara Mohawk's response to PULP IR No. 45,  
4           73,811 of the Company's gas customers and 165,052 of the Company's  
5           electric customers were enrolled in the low-income credit program in July  
6           2011; for December 2011, the enrollment figures were 61,623 for gas and  
7           139,294 for electric. The chart accompanying PULP's August 27, 2012  
8           filing, which is based on Niagara Mohawk's response to PULP IR No. 91,  
9           indicates that approximately [REDACTED] of those gas low-income  
10          customers and approximately [REDACTED] of those electric  
11          customers received supply from an ESCO in those months. It is a concern  
12          that the [REDACTED] of low-income retail access customers pay so [REDACTED]  
13          [REDACTED] for their commodity as to [REDACTED] the amount of discount  
14          received on their delivery service.

15                      The chart accompanying PULP's August 27, 2012 filing indicates  
16          that almost [REDACTED] of the electric low-income retail access customers paid  
17          for commodity on average [REDACTED] the amount National Grid  
18          would have charged them. The other [REDACTED] of customers paid on average  
19          under [REDACTED] than Niagara Mohawk would have charged. On the gas  
20          side, more than [REDACTED] of low-income retail access customers paid for

1 commodity on average about [REDACTED] [REDACTED] the amount National Grid would  
2 have charged them. Less than [REDACTED] paid [REDACTED] charges, on average about  
3 [REDACTED].

4 In a letter filed on August 27, 2012, which addressed the data  
5 sought in the PULP IRs, the New York State Energy Marketers Coalition  
6 stated: “Probably the most important response which is needed at this  
7 time is additional consumer education.” The UIU agrees. We recommend  
8 that Niagara Mohawk modify its outreach and education program  
9 regarding retail access, especially insofar as it pertains to low-income  
10 customers. We recommend that the Company’s Consumer Advocates  
11 provide a summary of the PULP IR No. 107 data to each customer so that  
12 they have better quality information to understand the potential bill impacts  
13 of taking commodity service from an ESCO. Additionally, Consumer  
14 Advocates should enhance their interactions with libraries, local social  
15 service agencies, municipalities and community based organizations on  
16 this issue.

17

18 Gas Expansion Collaborative

19 Q. How does the Company define “base growth”?

1 A. The GIOP defines base growth on page 36 of its testimony as “projected  
2 customer growth resulting from the normal operation of gas markets in its  
3 service territory.”

4

5 Q. Briefly describe the Company’s proposal to increase the availability of gas  
6 service within its service territory?

7 A. To allow more customers to take advantage of current low gas commodity  
8 prices, the Company’s GIOP proposes to expand its gas infrastructure to  
9 customers beyond those in the base growth forecast conducted by a  
10 Company consultant by means of a number of initiatives. These initiatives  
11 include: 1) targeting capital investments to areas of New York where  
12 aggregate demand would economically justify expansion; 2) introducing a  
13 community-based outreach and education initiative; and, 3) establishing a  
14 collaborative to consider any issues related to the expansion of gas  
15 service.

16

17 Q. What is the UIU’s response to the Company’s proposal?

18 A. The UIU welcomes this proposal and the opportunity to participate in the  
19 collaborative along with any other interested parties. With gas prices at  
20 historic low levels, the UIU agrees with Niagara Mohawk that this is the  
21 appropriate time to explore expanding gas service so that additional

1 consumers can lower their monthly energy bills. Expansion of the gas  
2 system in a way that is consistent with smart growth principles is  
3 supported in state policy and in the deliberations of the Regional  
4 Economic Development Councils.

5 Furthermore, the UIU supports a more extensive outreach and  
6 education program in any expansion initiative that takes place as a result  
7 of the collaborative. Consumers in general, and particularly low-income  
8 consumers, would benefit from a more robust outreach and education  
9 campaign about the potential benefits of switching to gas service. The  
10 Company's response to PULP IRs Nos. 84 and 85 point to a very low  
11 percentage of Niagara Mohawk's low-income customers participating in its  
12 electric and gas EEPS programs. This may indicate a general lack of  
13 knowledge about the programs and the potential to lower their monthly  
14 energy bills. Expanding the gas system, coupled with more outreach and  
15 education focused on reaching this consumer population, may increase  
16 participation by low-income consumers in EEPS programs. The UIU  
17 recommends that the parties focus on finding better ways of reaching out  
18 to this consumer base when considering the expansion of gas service in  
19 the service territory.

20

21 Q. Does this conclude your testimony?

1 A. Yes, at this time.