National Fuel

Kenneth M. Gossel
Deputy General Counsel

(716) 857-7325

August 24, 2015

BY EMAIL FOR ELECTRONIC FILING

Honorable Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 14-M-0565 – Proceeding on Motion of the Commission To Examine Programs to Address Energy Affordability for Low Income Utility Customers

Dear Secretary Burgess:

Enclosed are the comments of National Fuel Gas Distribution Corporation in response to the *Notice Seeking Comments on Staff Low Income Report* issued by the Public Service Commission on June 1, 2015.

Please call me if you have any questions.

Very truly yours,

Kenneth M. Gossel

Deputy General Counsel

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission to Examine Programs to Address Energy Affordability for Low Income Utility Customers	**CASE 14-M-0565**

COMMENTS OF NATIONAL FUEL GAS DISTRIBUTION CORPORATION

National Fuel Gas Distribution Corporation ("National Fuel" or "Company") submits these comments in response to the Commission's June 1, 2015 *Notice Seeking Comments on Staff Low Income Report* ("Notice") addressing energy affordability for low income utility customers in New York State. Energy affordability for low income customers has been a focus of National Fuel for many years. The Company continues to administer several different programs that have been uniquely designed to assist these customers in an area of the state which experiences more extreme cold and poverty than other areas. National Fuel appreciates the opportunity to submit comments to on Staff's Straw proposal and urges that changes as a result of this proceeding do not impair the continued administration of existing successful low income programs.

BACKGROUND

The instant proceeding examines statewide programs at utilities for addressing affordability for low income utility customers. The proceeding is intended to ensure that these programs will be consistent with the Commission's statutory and policy objectives and help to streamline the regulatory process to conserve administrative resources, but will also examine how these programs are funded so that the rates to other customers does not become unduly burdensome. Great care should be taken to ensure that these vulnerable customers benefitting from existing programs, ones that have been independently developed and take into consideration significant regional differences, are not harmed as a result of any changes.

National Fuel is very customer focused and has a long history of offering innovative programs to assist its low income customers in meeting their energy burden. It was the first gas utility in New York to offer free low income weatherization services and has implemented successful payment assistance programs targeted to its low income customers. National Fuel has previously sought a surcharge to fund increased support for its low income programs, however such request was denied. Nevertheless, funding for its low income programs continues to exceed the other utilities on a percentage basis. The Company has been able to run a successful low income program offering an affordable bill in consideration of household income, while at the same time minimizing program administration expense. These types of programs should not be jeopardized in finding a statewide solution in this proceeding.

STRAW PROPOSAL

The Department of Public Service Staff ("Staff") has been given the challenging task of coming up with a simplified low income solution to satisfy many diverse interests. The solution needs to: allow financial support for the energy needs of customers with limited means; be simple in administration to limit costs of implementation and operation by the utilities; and balance the needs of non-participating customers that are being asked to fund the programs. In its report, Staff recognizes the key challenge to this effort in stating "[l]ow income programs must allocate a finite amount of dollars for assistance, and no amount of available funding is likely to meet the total needs of all eligible households" (June 1, 2015 Staff Report, p. 2).

Highlights of the Straw Proposal include:

- Automatic enrollment of all customers who receive a HEAP payment;
- A targeted energy burden of 6% at four benefit levels or tiers; and
- A 46% increase in statewide program budgets to fund the programs.

While the Straw Proposal is simple in administration, as drafted it would fail to provide benefits to the neediest customers while vastly increasing the cost to other ratepayers. National Fuel is concerned that the current proposal will actually reduce benefits to certain needy customers. Under the methodology of the Straw Proposal, several utilities, including National Fuel, will exceed the proposed cap from the beginning when the tiers are calculated using actual utility experience rather than statewide averages. Thus, not all targeted customers will be able to participate. Moreover, no funding will be available to allow for continuation of existing low income program components, such as arrearage forgiveness. Customers that are meeting their obligations and are currently receiving debt forgiveness, and who are well on their way to a fresh start, will be unable to achieve full arrearage forgiveness if the Straw Proposal is adopted and no funding is available for that purpose.

OVERALL COST UNDER STRAW PROPOSAL

As is identified in Appendix D, Staff's Straw Proposal more than doubles the overall cost of National Fuel's low income program.

- Appendix D – Page 1 of 3 – Programs at Current Budget Level – NFG $9,700,000
- Appendix D – Page 2 of 3 – Programs at 6% Energy Burden – NFG $19,973,556

The proposed increase of over 100%, compared to an overall state increase of 46%, is of great concern. Of particular concern is that Staff's proposal loses focus on the customers most in need on National Fuel's system.

Moreover, Staff's cost projection on page 2 of Appendix D is likely understated since it uses information on the mix of customers by tier based on information significantly different than that experienced by National Fuel. Exhibit A page 2 provides the estimated cost of Staff's proposed program based on a more realistic breakdown of customers by tier for National Fuel. Based on data specific to National Fuel, the Company estimates that Staff's proposed program would have an overall cost of approximately $22,415,179. This exceeds Staff's program budget limit for National Fuel of $20,478,185 found on page 3 of Appendix D in Staff's report.

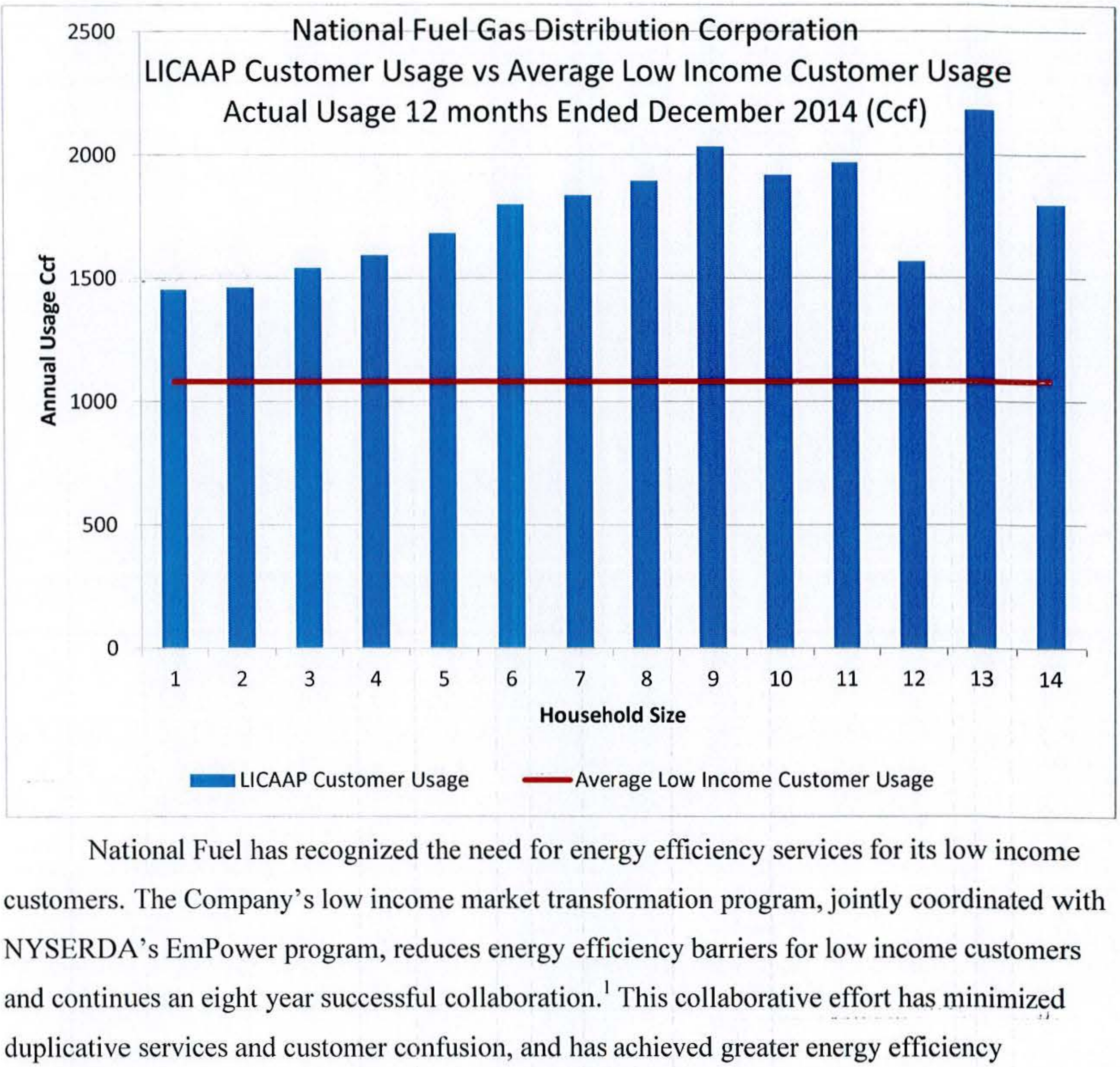
UNIVERSAL ENROLLMENT

Staff's Straw Proposal calls for universal enrollment of all HEAP recipients in the utilities' low income programs. While the goal of participation by all low income customers is laudable, it simply cannot be accomplished even with the proposed 46% average increase (or over 100% in the case of National Fuel) in funding and under the current low commodity costs. Staff's Report concedes that some utility programs would already exceed the new cap if enacted as proposed (Staff Report, at p. 43). As noted above, when using utility specific data, National Fuel would exceed the cap and therefore could not provide sufficient benefits to customers to achieve a 6% energy burden. The program should not be designed to exceed funding limits from initiation. Doing so would also eliminate other current program components, such as arrearage forgiveness, that Staff's report recognizes as providing "additional assistance to the customers that are the most payment-troubled" and which "can also encourage them to alter their payment habits" (Staff Report, at p. 45).

National Fuel has been an industry leader in public education and awareness of HEAP benefits and has been likely more successful in assisting its customers with obtaining HEAP than any other utility in New York state. Its efforts have directly assisted those customers in the greatest need. The consequence of this success, given both universal enrollment and the funding allocation methodology of the Straw Proposal, will be to impose even greater program costs on the Company's customers. Careful consideration of any additional expense on non-participating customers must be given, especially since National Fuel customers are already contributing more for low income discounts and weatherization than most other utility customers in the state.

Because universal enrollment of all HEAP recipients is not achievable, participant selection will need to be based on other factors. The simplest and least burdensome way is to require that participation be further limited to those HEAP customers that have received a disconnection notice from the utility in the 12 preceding months. An alternative determinant could be customers who have defaulted on a deferred payment agreement. Not every low income customer receiving HEAP needs additional assistance with their utility bills. Many HEAP recipients budget the annual use of the benefit and make timely payment for all of their utility bills. These customers have not demonstrated any need for additional assistance. To use the logic of Staff here, "the discount is unneeded, and its continued application is inefficient at best, and a wasteful application of scarce resources at worst" (Staff Report, fn. 28 at p. 35).

Put another way, certain low income HEAP recipients on National Fuel's system have demonstrated a need for greater assistance. It is these low income customers that are currently participating on our effective low income customer affordability assistance program ("LICAAP") rate. LICAAP customers are payment troubled and, as demonstrated in the chart below, consume natural gas in amounts well above that of the average low income customer.

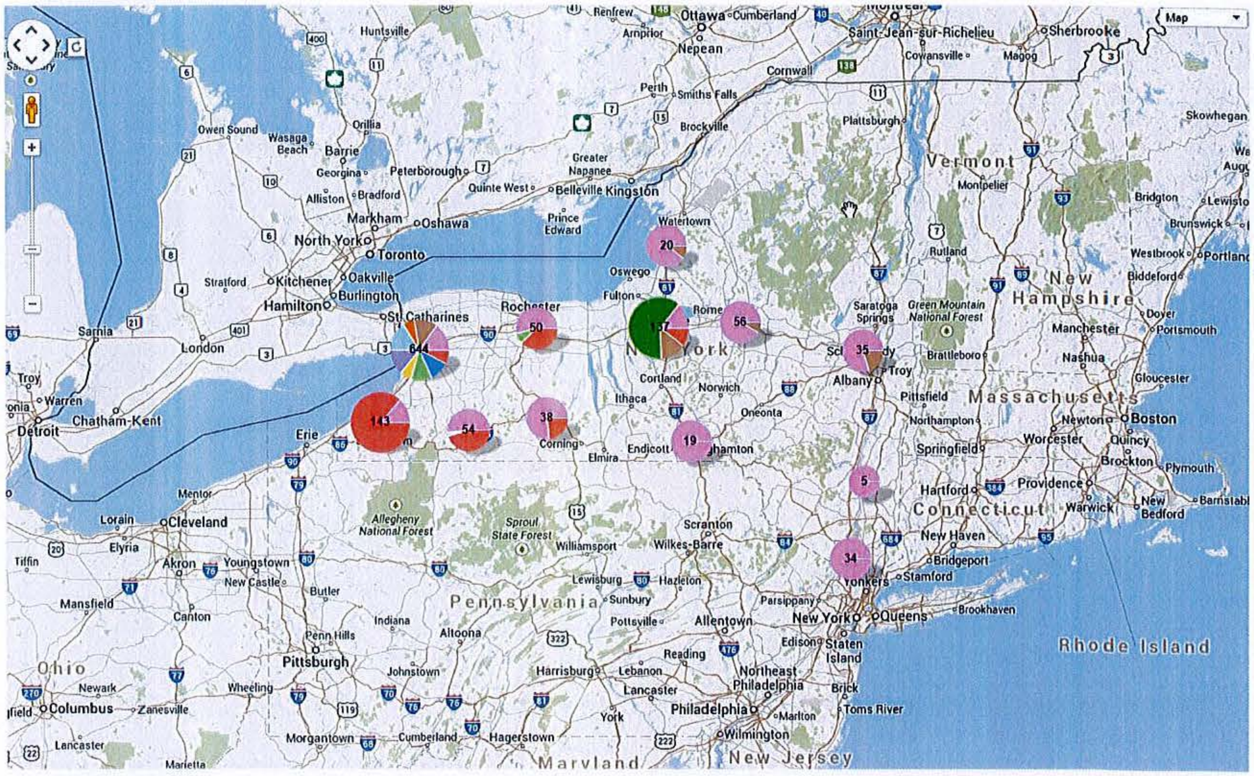


National Fuel has recognized the need for energy efficiency services for its low income customers. The Company's low income market transformation program, jointly coordinated with NYSERDA's EmPower program, reduces energy efficiency barriers for low income customers and continues an eight year successful collaboration.[1] This collaborative effort has minimized duplicative services and customer confusion, and has achieved greater energy efficiency penetration levels. This is evidenced through the low income sector results shown in Figure 1.

Figure 1 – Low Income Weatherization Results[2]

[1] This program is referred to as the Low Income Usage reduction Program ("LIURP"), which is part of National Fuel's CIP.

[2] Visual depiction of results achieved through NYSERDA's EmPower program and National Fuel's LIURP, sourced from 2014 joint evaluation work completed on these two programs. Data and map provided by Energy & Resource Solutions.



The above map shows a distribution of natural gas and electric low income weatherization jobs completed throughout New York State, from the Company and NYSERDA's 2014 joint evaluation work. The map demonstrates that National Fuel's coordinated effort with NYSERDA has been highly effective: 68% of all of New York State's low income EEPS weatherization work was completed in the Company's service territory. This is notable, as only 3% of weatherization jobs were completed in New York City. It should be noted also that varying pie slice colors in the map represent the distribution of work among contractors. Not only is National Fuel's coordinated approach working effectively, but it is resulting in an even distribution of work amongst multiple contractors.

INCOME BASED DISCOUNTS

Staff's claim that National Fuel's existing program does not provide a price signal to conserve on marginal usage is incorrect. National Fuel's program provides a discounted unit rate. Under the Company's existing low income rate, the more a customer consumes the greater his or her bill (albeit at a lower discounted rate). Therefore, the customer continues to receive an incentive to use less since it will lower his or her overall bill.

National Fuel's existing low income program provides a greater overall bill reduction for larger volume users. This is consistent with the overall goal to lower the energy burden for specific low income customers. Natural gas usage rises with the number of people in a household. By discounting the overall rate, larger low income households will receive a greater overall bill reduction. The use of household size will help to better achieve the percentage of income goal.

ARREARAGE FORGIVENESS

Staff's claim at page 46 of the Staff Report regarding the impact of arrearage forgiveness on utility uncollectibles is unsubstantiated and incorrect. It assumes that all low income arrearage would result in an uncollectible expense and are included in utility rate allowances. Utility uncollectible expenses included in rates have been generally estimated in rate cases as the forecasted write offs for the rate year net of any forecasted recoveries of previously written off balances. The arrearage balances anticipated in the rate year have never been used as the sole determinant of forecasted bad debt expense. Staff's claim that arrearage forgiveness should "only be worth funding to the extent they reduce the amount of arrears that would otherwise be written off as bad debt" completely ignores the significant incentive arrearage forgiveness can provide low income customers in remaining current on their bill payments. Arrearage forgiveness programs are an important element in reinforcing good payment practices. Since not all arrearages lead to ultimate termination and bad debt write offs, and it is impossible to determine ahead of time which low income customers would pay their arrearages and which customers would ultimately have their arrearages written off, the ultimate consequence of an arrearage forgiveness program is higher costs to the utility.

At page 49 of the Staff Report, Staff proposes that an arrearage forgiveness program include Tier 1 customers whose bills are by definition affordable. Tier 1 customers that do not qualify for a rate discount under Staff's proposal should be excluded from the program including the arrearage forgiveness component. Including Tier 1 customers in the program will add complexity and increase administrative costs, including arrearage forgiveness costs, for services to customers that are deemed to already have an affordable bill.

IMPACT OF ELECTRIC BILLS ON GAS RATES

Under Staff's proposal, the overall costs of a natural gas utility's low income program will be a function of the estimated electric non-heating rate paid by the low income customer. Such an assumption will add a contentious issue to stand alone gas utility rate cases and is inconsistent with one of the prime objectives of this proceeding (streamlining the regulatory process). Estimates of low income customer electric bills would need to be determined and such estimates will determine the overall low income program costs of the natural gas utility. This can be seen from Appendix D where Staff has calculated National Fuel program costs of $19,973,556 based on National Grid's estimated electric bill for low income non-heating electric customers. Under Staff's proposal, the electric rate design decisions in the National Grid case will impact the overall costs of providing a low income program for natural gas service on National Fuel's system. Electric rate design decisions can have a profound impact on the costs of service to low income electric customers since low income electric customers tend to use less electricity than other residential electric customers while low income natural gas customers on National Fuel's system tend to use more natural gas than other residential natural gas customers. To demonstrate the impact of electricity bills on natural gas program costs under Staff's proposal, Page 3 of Exhibit A calculates the proposed low income program costs on National Fuel from a 25% reduction in low income electricity costs. A 25% reduction in electricity costs to low income non-heating customers would reduce the costs of Staff's proposed program on National Fuel to $11,139,001 from Staff's estimate of $19,973,556. Clearly, National Fuel and its customers would have an interest in determining the appropriate rate design for electric customers in its service territory. Such an outcome would likely add to the contentiousness of rate cases.

UNEQUAL SUBSIDIZATION

Staff's Appendix D page 1 lists an average annual funding cost per customer at current budget levels of $10.57 for electric customers and $12.80 for gas customers. The Straw Proposal calculation of programs at the 6% energy burden increases the disparity in funding to be provided by electric and gas customers. At page 2 of Staff's Appendix D, electric customers are projected to incur an annual cost per customer of $13.47 and gas customers $21.90. Funding for low income customer programs should be shared ratably between electric and gas customers.

Under the Straw Proposal they are not. As an example, a low income customer in Buffalo having electric service from National Grid and natural gas from National Fuel pays an average monthly bill of $98 for each service (Staff's Appendix B). Despite the bills being the same, programs funded at the 6% energy burden would have National Grid customers paying $12.50 annually (a $5.27 increase) while National Fuel customers pay $34.14 annually (a $17.56 increase). This result is unfair and inequitable especially given the fact that the HEAP heating assistance payment is applied to the gas bill. Because the low income HEAP customer's $98 monthly gas bill is already reduced by $29 ($350 Regular Benefit / 12), there should be reduced need for low income subsidization by gas customers. At an absolute minimum, electric and gas customers should equally share the cost of funding low income programs. In the example, each should contribute no more than $23.32 toward the respective low income programs.

TIERS 2 AND 3

The Straw Proposal bases its second and third tiers on a customer's receipt of either one or two add-ons to the base benefit. Currently the add-on benefit is the same ($25) for both benefits: i) household income at or below 130% of the Federal Poverty Level; and ii) vulnerable member in the household (under the age of six, age 60 or older, or permanently disabled). A customer who receives one add-on is placed on Tier 2 and if both add-ons are provided the customer is in Tier 3. There is a vast disparity in income that exists in using this methodology. For example, a household of two adults at the federal poverty level with a monthly income of $1,328 will receive one add-on and be classified as Tier 2. So too will be the two-person senior household with a much higher monthly income of $2,935. The Straw Proposal would treat these households the same, despite the fact that their financial situations are much different. In the example, the couple at the federal poverty level has less than half of the available income that the other couple has and is likely living in inferior housing stock and facing higher heating bills.

While OTDA has previously indicated it is not in a position to send tier level information to utilities due to system limitations, it is possible to differentiate these customers with a simple change. National Fuel proposes that OTDA assign a different and unique dollar amount to the two types of add-ons. For example, the add-on for individuals with household income of up to 130% of Federal Poverty Level could be set at $40 while the add-on for a household with a minor, elderly or disabled resident could be $20 (or $26 and $24, or other unique amounts). This change can be entirely revenue neutral from OTDA's standpoint. In having a distinctly identifiable way to differentiate these two scenarios, utilities are able to subtract the base benefit from the total and be left with a simple means of identifying the different circumstances behind the HEAP benefit. Here, the customers receiving the add-on due to very low income (at or below 130% of the Federal Poverty Level), and likely having the greatest need, would be placed in Tier 3 and would receive a larger discount.

TIER 4 DIRECT VOUCHER CUSTOMERS

The Straw Proposal recommends a Tier 4 discount level to those customers who are receiving public assistance through direct voucher. This component should be rejected as it does not take into consideration that direct voucher customer bills are being paid through the state using taxpayer dollars. The direct voucher customer receives a fuel for heating allowance that is intended to pay for his or her heating needs and also has electric bills paid. Staff's analysis on an affordable bill for direct voucher participants does not take into account the utility payments that are being made pursuant to social service law and regulation. These government payments provide direct voucher customers with an affordable bill and no further financial assistance is needed. To require other utility customers to fund unneeded rate discounts to these customers is inappropriate and will further limit the funding available to assist other customers in need of assistance. For National Fuel, Staff's addition of a Tier 4 discount level in its proposal adds over $2.5 million of costs.[3]

RECONNECTION FEE WAIVERS

Termination of service for nonpayment has been existed nearly since the time that utility service was first established. By statute, the New York Legislature has allowed utilities to terminate service based on nonpayment under certain conditions. In the context of rate proceedings, the Department of Public Service has historically advised utilities that termination of service is available as a tool to control write-off expense. A utility that fails in its efforts to prudently limit uncollectible expense will be denied recovery of such excess expense. Moreover, Public Service Law §§ 65(2) and 66(12) require utilities to charge, collect and receive full

[3] $2,588,245 = $22,915,179 (from Appendix A Page 2) less $19,826,934 (from Appendix A page 4).

compensation for utility services provided (Consolidated Edison Co. v. Jet Asphalt Corp., 132 AD2d 296, 301 [1st Dept. 1987]).

In adopting HEFPA in 1981, the State Legislature created a list of proscribed charges that include fees or charges for: late payments (other than as allowed up to 1.5% per month); collection efforts; service disconnections; or deferred payment agreements -- all of which may be occasioned by a customer's failure to timely pay for gas or electric service (Public Service Law § 42). The law did not prohibit the charging of reconnection fees and many utility tariffs still require a utility to do so. These tariffs as adopted have the force and effect of law and a utility must follow them. These tariff provisions have been approved by the Public Service Commission and recognize the general proposition that those who cause or receive the benefit of a service should be the ones that pay the expense associated with it.

There is no support for Staff's suggestion that utilities are terminating low income customers in a more aggressive fashion than other customers. In fact, the opposite is true. National Fuel engages in extensive efforts on a daily basis to assist all customers in the payment of utility bills. It offers budget billing and deferred payment agreements to all customers, as well as discounts, free weatherization, and HEAP and other public assistance to its low income customers. Low income status is not even considered or used as a determinant for collections. When National Fuel uses termination of utility service, it is only as a last resort, and it is done without respect to whether the customer is low income. In fact, National Fuel first learns of the low income status of many customers only after termination of service once the customer applies for and receives HEAP or other temporary assistance.

The act of reconnecting utility service is required and the expense associated with it is both legitimate and necessary. A utility may not be deprived of the opportunity to recover legitimate business expense as such property rights are protected under the Constitution of the United States. For this reason, recovery of legitimate reconnection expense should be unabridged. Moreover, Staff's recommendation denying recovery is inconsistent with Commission policy recognizing that "[c]ontinuing to spread a utility's revenue requirement across the broadest pool of ratepayers keeps the contribution required of each individual ratepayer as low as possible" (Order Specifying Criteria for Deferral of Costs, issued and effective May 15, 2009, p. 8, in Case 08-M-1312).

PROGRAM ADMINISTRATION

It is necessary to dispel a misconception about program administration costs. In its targeted low income (LICAAP) program, National Fuel uses a vendor to process application enrollments and procure relevant information on household income and number of residents. The vendor periodically verifies this information and also performs some educational services. This allows the Company to provide a targeted, variable rate discount. The administration costs for this have averaged approximately $155,000 per year over the last seven years for approximately 11,000 program participants. The cost of administration for each of the Company's customers has been just a few pennies a month when spread over the larger customer base, and has allowed National Fuel to run a targeted assistance program best meeting individual need. Program administration expense should not be raised as a basis for eliminating a successful, targeted assistance program.

CONCLUSION

Changes that are being considered to simplify and standardize the utility low income offerings should be carefully examined to ensure that effective current programs or program components may continue in the future. Staff's proposal, while attempting to address the requirement to streamline the regulatory process and conserve administrative resources, effectively ignores the needs of some of the most vulnerable low income customers on National Fuel's system. There is a vast difference in not only rates but customer affluence and weather throughout the state and adopting a one-size fits all program will only serve to hurt those customers that need it most.

Respectfully submitted,

NATIONAL FUEL GAS
DISTRIBUTION CORPORATION

By: /s/ Eric H. Meinl
& /s/ Kenneth M. Gossel

Eric H. Meinl
General Manager,
Rates & Regulatory Affairs
6363 Main Street
Williamsville, NY 14221
(716)857-7000

Kenneth M. Gossel
Deputy General Counsel
6363 Main Street
Williamsville, NY 14221
(716)857-7000

Dated August 24, 2015

Analysis of Staff Appendix D
Staff Proposed Low Income Rate
Low Income Energy Burden at 6%
NFG Annual Cost Estimate

Source: 6/10/2015 Email from Martin Insogna PSC Staff
Assumed Breakdown Pg 36 of Staff Whitepaper

2014 Level		Energy Burden		6.00%	HEAP Pmt.	Net E.B.
18.00%	heap	$34,428.00	$2,869.00	$172.14	$350.00	$201.31
38.00%	heap +1	$27,438.00	$2,286.50	$137.19	$375.00	$168.44
35.00%	heap+2	$20,448.00	$1,704.00	$102.24	$400.00	$135.57
9.00%	dir. Voucher	$15,930.00	$1,327.50	$79.65	$400.00	$112.98
100.00%						

Adjusted Energy Burden	**Factor of Adjustment**
6.00%	1.00

	gas	**electric**
heat	84,664	0
non-heat	169	0

		usage	**bill**	**pct**	**target bill**	**discount**	**customers**	**customers**	**cost-gas**	**cost-elec**	**gas bills**	**elec bills**
Level 1	gas ht	90	$98.00	0.00%	$98.00	$0.00	15,240		$0		$17,921,676	
$201.31	gas n/h	16	$33.00	0.00%	$33.00	$0.00	30		$0		$12,046	
	elec ht	781	$125.12	0.00%	$125.12	$0.00		0		$0		$0
	elec n/h	594	$98.33	0.00%	$98.33	$0.00		0		$0		$0
		usage	**bill**	**pct**	**target bill**	**discount**	**customers**	**customers**	**cost-gas**	**cost-elec**	**gas bills**	**elec bills**
Level 2	gas ht	90	$98.00	14.21%	$84.08	$13.92	32,172		$5,374,783		$37,834,648	
$168.44	gas n/h	16	$33.00	11.16%	$29.32	$3.68	64		$2,839		$25,431	
	elec ht	781	$125.12	11.16%	$111.15	$13.97		0		$0		$0
	elec n/h	594	$98.33	14.21%	$84.36	$13.97		0		$0		$0
		usage	**bill**	**pct**	**target bill**	**discount**	**customers**	**customers**	**cost-gas**	**cost-elec**	**gas bills**	**elec bills**
Level 3	gas ht	90	$98.00	30.95%	$67.67	$30.33	29,632		$10,784,124		$34,847,702	
$135.57	gas n/h	16	$33.00	24.32%	$24.97	$8.03	59		$5,697		$23,423	
	elec ht	781	$125.12	24.32%	$94.69	$30.43		0		$0		$0
	elec n/h	594	$98.33	30.95%	$67.90	$30.43		0		$0		$0
		usage	**bill**	**pct**	**target bill**	**discount**	**customers**	**customers**	**cost-gas**	**cost-elec**	**gas bills**	**elec bills**
Level 4	gas ht	90	$98.00	42.45%	$56.40	$41.60	7,620		$3,804,103		$8,960,838	
$112.98	gas n/h	16	$33.00	33.36%	$21.99	$11.01	15		$2,010		$6,023	
	elec ht	781	$125.12	33.36%	$83.37	$41.74		0		$0		$0
	elec n/h	594	$98.33	42.45%	$56.59	$41.74		0		$0		$0

totals	84,833	0	**$19,973,556**	**$0**	$99,631,788	$0	
Ben./cust.	$235.45	#DIV/0!		Discount	20.05%	#DIV/0!	20.05%
per mo.	$19.62	#DIV/0!					
curr budget			$9,700,000				
budget incr.			105.91%	#DIV/0!			

Exhibit A
Page 1 of 4

Analysis of Staff Appendix D
Staff Proposed Low Income Rate
Low Income Energy Burden at 6%
NFG Annual Cost Estimate

Based on 2013
NFG Breakdown

2014 Level		Energy Burden		6.00%	HEAP Pmt.	Net E.B.
7.57%	heap	$34,428.00	$2,869.00	$172.14	$350.00	$201.31
40.66%	heap +1	$27,438.00	$2,286.50	$137.19	$375.00	$168.44
45.65%	heap+2	$20,448.00	$1,704.00	$102.24	$400.00	$135.57
6.12%	dir. Voucher	$15,930.00	$1,327.50	$79.65	$400.00	$112.98
100.00%						

Adjusted Energy Burden	**Factor of Adjustment**
6.00%	1.00

	gas	**electric**
heat	84,664	0
non-heat	169	0

		usage	**bill**	**pct**	**target bill**	**discount**	**customers**	**customers**	**cost-gas**	**cost-elec**	**gas bills**	**elec bills**
Level 1	gas ht	90	$98.00	0.00%	$98.00	$0.00	6,411		$0		$7,539,232	
$201.31	gas n/h	16	$33.00	0.00%	$33.00	$0.00	13		$0		$5,068	
	elec ht	781	$125.12	0.00%	$125.12	$0.00		0		$0		$0
	elec n/h	594	$98.33	0.00%	$98.33	$0.00		0		$0		$0
		usage	**bill**	**pct**	**target bill**	**discount**	**customers**	**customers**	**cost-gas**	**cost-elec**	**gas bills**	**elec bills**
Level 2	gas ht	90	$98.00	14.21%	$84.08	$13.92	34,421		$5,750,504		$40,479,456	
$168.44	gas n/h	16	$33.00	11.16%	$29.32	$3.68	69		$3,038		$27,209	
	elec ht	781	$125.12	11.16%	$111.15	$13.97		0		$0		$0
	elec n/h	594	$98.33	14.21%	$84.36	$13.97		0		$0		$0
		usage	**bill**	**pct**	**target bill**	**discount**	**customers**	**customers**	**cost-gas**	**cost-elec**	**gas bills**	**elec bills**
Level 3	gas ht	90	$98.00	30.95%	$67.67	$30.33	38,650		$14,065,962		$45,452,596	
$135.57	gas n/h	16	$33.00	24.32%	$24.97	$8.03	77		$7,431		$30,552	
	elec ht	781	$125.12	24.32%	$94.69	$30.43		0		$0		$0
	elec n/h	594	$98.33	30.95%	$67.90	$30.43		0		$0		$0
		usage	**bill**	**pct**	**target bill**	**discount**	**customers**	**customers**	**cost-gas**	**cost-elec**	**gas bills**	**elec bills**
Level 4	gas ht	90	$98.00	42.45%	$56.40	$41.60	5,182		$2,586,879		$6,093,580	
$112.98	gas n/h	16	$33.00	33.36%	$21.99	$11.01	10		$1,367		$4,096	
	elec ht	781	$125.12	33.36%	$83.37	$41.74		0		$0		$0
	elec n/h	594	$98.33	42.45%	$56.59	$41.74		0		$0		$0

totals	84,833	0	$\boxed{\$22,415,179}$	**$0**	$99,631,788	$0	
Ben./cust.	$264.23	#DIV/0!		Discount	22.50%	#DIV/0!	22.50%
per mo.	$22.02	#DIV/0!					
curr budget			$9,700,000				
budget incr.			131.08%	#DIV/0!			

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Analysis of Staff Appendix D
Staff Proposed Low Income Rate
Low Income Energy Burden at 6%
NFG Annual Cost Estimate

Assumed
Breakdown Pg 36
of Staff
Whitepaper

2014 Level		Energy Burden		6.00%	HEAP Pmt.	Net E.B.
18.00%	heap	$34,428.00	$2,869.00	$172.14	$350.00	$201.31
38.00%	heap +1	$27,438.00	$2,286.50	$137.19	$375.00	$168.44
35.00%	heap+2	$20,448.00	$1,704.00	$102.24	$400.00	$135.57
9.00%	dir. Voucher	$15,930.00	$1,327.50	$79.65	$400.00	$112.98
100.00%						

Adjusted Energy Burden	**Factor of Adjustment**		gas	electric
6.00%	1.00	heat	84,664	0
		non-heat	169	0

			usage	bill	pct	target bill	discount	customers	customers	cost-gas	cost-elec	gas bills	elec bills	
	Level 1	gas ht	90	$98.00	0.00%	$98.00	$0.00	15,240		$0		$17,921,676		
	$201.31	gas n/h	16	$33.00	0.00%	$33.00	$0.00	30		$0		$12,046		
		elec ht	781	$125.12	0.00%	$125.12	$0.00		0		$0		$0	
25% Reduction ----->		elec n/h	594	$73.75	0.00%	$73.75	$0.00		0		$0		$0	
			usage	bill	pct	target bill	discount	customers	customers	cost-gas	cost-elec	gas bills	elec bills	
	Level 2	gas ht	90	$98.00	1.93%	$96.11	$1.89	32,172		$728,730		$37,834,648		
	$168.44	gas n/h	16	$33.00	1.14%	$32.63	$0.37	64		$289		$25,431		
		elec ht	781	$125.12	1.14%	$123.70	$1.42		0		$0		$0	
25% Reduction ----->		elec n/h	594	$73.75	1.93%	$72.33	$1.42		0		$0		$0	
			usage	bill	pct	target bill	discount	customers	customers	cost-gas	cost-elec	gas bills	elec bills	
	Level 3	gas ht	90	$98.00	21.06%	$77.36	$20.64	29,632		$7,339,851		$34,847,702		
	$135.57	gas n/h	16	$33.00	12.42%	$28.90	$4.10	59		$2,908		$23,423		
		elec ht	781	$125.12	12.42%	$109.58	$15.53		0		$0		$0	
25% Reduction ----->		elec n/h	594	$73.75	21.06%	$58.21	$15.53		0		$0		$0	
			usage	bill	pct	target bill	discount	customers	customers	cost-gas	cost-elec	gas bills	elec bills	
	Level 4	gas ht	90	$98.00	34.22%	$64.47	$33.53	7,620		$3,066,008		$8,960,838		
	$112.98	gas n/h	16	$33.00	20.17%	$26.34	$6.66	15		$1,215		$6,023		
		elec ht	781	$125.12	20.17%	$99.88	$25.23		0		$0		$0	
25% Reduction ----->		elec n/h	594	$73.75	34.22%	$48.51	$25.23		0		$0		$0	
							totals	84,833	0	$\boxed{\textbf{\$11,139,001}}$	**$0**	$99,631,788	$0	
							Ben./cust.	$131.31	#DIV/0!		Discount	11.18%	#DIV/0!	11.18%
							per mo.	$10.94	#DIV/0!					
							curr budget			$9,700,000				
							budget incr.			14.84%	#DIV/0!			

Analysis of Staff Appendix D
Staff Proposed Low Income Rate
Low Income Energy Burden at 6%
NFG Annual Cost Estimate

Based on 2013
NFG Breakdown

2014 Level		Energy Burden		6.00%	HEAP Pmt.	Net E.B.
7.57%	heap	$34,428.00	$2,869.00	$172.14	$350.00	$201.31
40.66%	heap +1	$27,438.00	$2,286.50	$137.19	$375.00	$168.44
45.65%	heap+2	$20,448.00	$1,704.00	$102.24	$400.00	$135.57
6.12%	dir. Voucher	$15,930.00	$1,327.50	$79.65	$400.00	$112.98
100.00%						

Adjusted Energy Burden	Factor of Adjustment
6.00%	1.00

	gas	electric
heat	84,664	0
non-heat	169	0

		usage	bill	pct	target bill	discount	customers	customers	cost-gas	cost-elec	gas bills	elec bills
Level 1	gas ht	90	$98.00	0.00%	$98.00	$0.00	6,411		$0		$7,539,232	
$201.31	gas n/h	16	$33.00	0.00%	$33.00	$0.00	13		$0		$5,068	
	elec ht	781	$125.12	0.00%	$125.12	$0.00		0		$0		$0
	elec n/h	594	$98.33	0.00%	$98.33	$0.00		0		$0		$0
		usage	bill	pct	target bill	discount	customers	customers	cost-gas	cost-elec	gas bills	elec bills
Level 2	gas ht	90	$98.00	14.21%	$84.08	$13.92	34,421		$5,750,504		$40,479,456	
$168.44	gas n/h	16	$33.00	11.16%	$29.32	$3.68	69		$3,038		$27,209	
	elec ht	781	$125.12	11.15%	$111.15	$13.97		0		$0		$0
	elec n/h	594	$98.33	14.21%	$84.36	$13.97		0		$0		$0
		usage	bill	pct	target bill	discount	customers	customers	cost-gas	cost-elec	gas bills	elec bills
Level 3	gas ht	90	$98.00	30.95%	$67.67	$30.33	38,650		$14,065,962		$45,452,596	
$135.57	gas n/h	16	$33.00	24.32%	$24.97	$8.03	77		$7,431		$30,552	
	elec ht	781	$125.12	24.32%	$94.69	$30.43		0		$0		$0
	elec n/h	594	$98.33	30.95%	$67.90	$30.43		0		$0		$0
		usage	bill	pct	target bill	discount	customers	customers	cost-gas	cost-elec	gas bills	elec bills
Level 4	gas ht	90	$98.00	42.45%	$56.40	$41.60	0		$0		$0	
$112.98	gas n/h	16	$33.00	33.36%	$21.99	$11.01	0		$0		$0	
	elec ht	781	$125.12	33.36%	$83.37	$41.74		0		$0		$0
	elec n/h	594	$98.33	42.45%	$56.59	$41.74		0		$0		$0

totals	79,641	0	$\boxed{\$19,826,934}$	**$0**	$93,534,113	$0	
Ben./cust.	$248.95	#DIV/0!		Discount	21.20%	#DIV/0!	21.20%
per mo.	$20.75	#DIV/0!					
curr budget			$9,700,000				
budget incr.			104.40%	#DIV/0!			

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