



Testimony of Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company 2007/2008 Connecticut Energy Assistance Program

Good Morning Chairperson Harp, Chairperson Merrill, Chairperson Harris, Chairperson Villano, Chairperson Fonfara, and Chairperson Fontana and distinguished members of the Appropriations, Human Services and Energy and Technology Committees.

I am Jim McNally, Director of Customer Services for Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company and I thank you for this opportunity to appear before you today to comment on the 2008/2009 Connecticut Energy Assistance Program. I also serve as a member of the Low Income Energy Advisory Board.

We in the energy business know what you know, that these are tough economic times for our customers and we have seen a completely new class of customers who need energy assistance. With winter still a few months away, all forms of energy are already again this year running sharply higher in price. The Connecticut Energy Assistance Program and all other forms of energy assistance will be vital lifelines for many in Connecticut this winter.

While oil and gasoline have taken the headlines with record prices, natural gas prices have also risen. Large portions of the gas supply for winter ultimately are priced at market levels during the months (when storage is filled) preceding the actual start of winter. The current market prices and the early high cost of storage injections point to an expensive weighted average price for gas supplies during the 2008-2009 winter heating season relative to prior years.

Our companies served over 40,000 certified hardship customers last season. As a utility heated household these customers:

- can obtain a maximum basic benefit of \$675, depending on income and household composition.
- do not qualify for any additional crisis or safety net benefits.
- are eligible to participate in the legislatively created Matching Payment Plan (MPP). Where they are responsible for making six payments on their account to obtain a match from the utility.

Our experience working with customers shows that this level of assistance is not adequate and is not on par with what households that use a deliverable fuel receive. The majority of our hardship customers do not have the means to make their payments under the MPP and 70% were unsuccessful on the program last year. This results in a large balance at

the end of the heating season resulting in a possible service shut off during the summer. It also is a never-ending cycle from year to year and we see customers that after several years end up with \$ 3-4-5-6 thousand dollar bills that they will never be able to pay.

We understand this is not about utility heated households versus delivered fuel households, but to assure all households are warm and safe. What we do know is the basic benefit is not enough. We ask that as additional funds identified at the federal level and in special session that you remember that these utility heated households need additional assistance.

We are all working toward the same goal of helping the neediest citizens of Connecticut.

In conclusion, I would like to express our appreciation and support for your work on these policy issues.

Thank you for your consideration.