

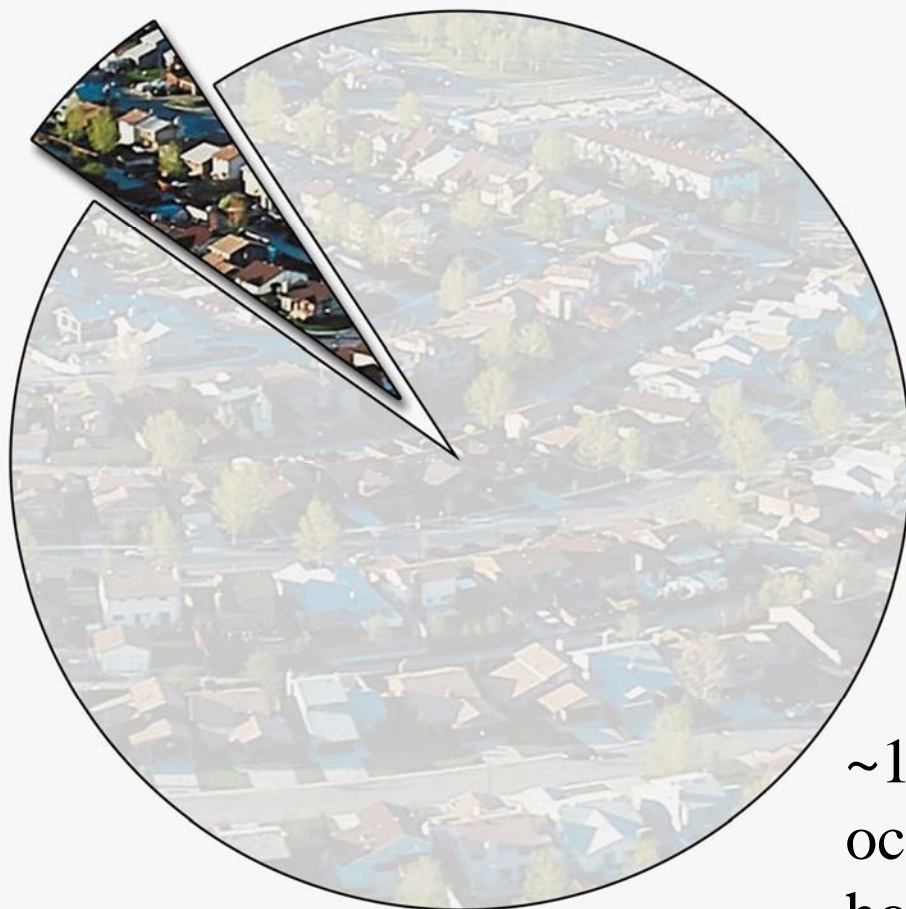
A decorative graphic at the top of the slide. It features a large, flowing red wave that curves across the top. Below the wave, there is a collage of three photographs: an elderly couple looking at a document, a man cooking in a kitchen with a child, and a man and woman looking at a document together.

## Submission to: Consultation on Issues Relating to Low Income Consumers - Funding

*Topic #8: Program Funding Mechanisms*

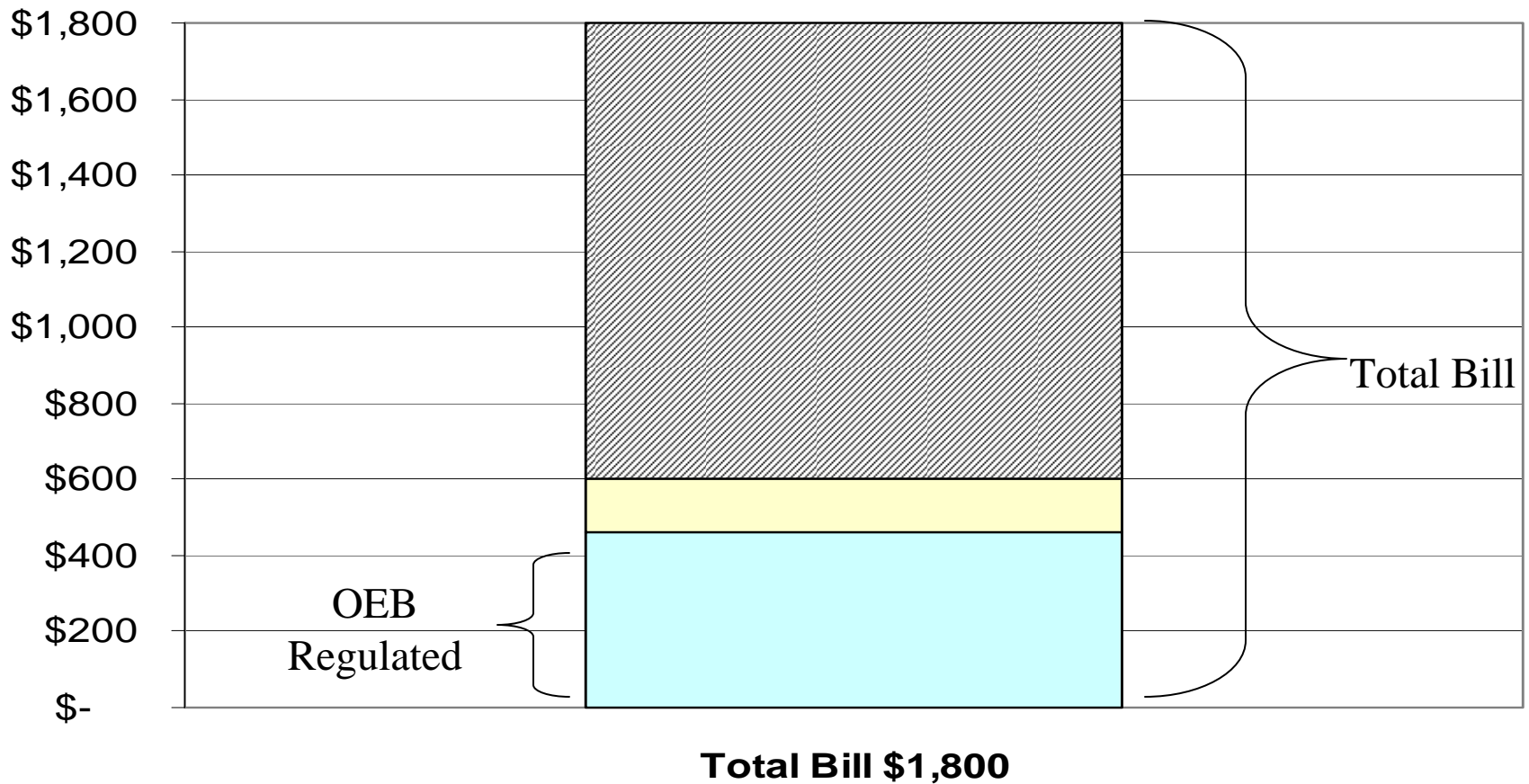
Norm Ryckman, Director Regulatory Affairs  
September 25<sup>th</sup>, 2008

Low-income households make up an estimated 6% of Enbridge residential customers



~100,000 Owner  
occupied low-income  
households with  
natural gas service

# Residential Customer Bill



□ Delivery & Load Balancing 26% □ Transportation 8% ▨ Commodity 66%

# Incremental Funding Mechanisms

- Government
- Discounts & Waivers
  - Fixed monthly charge, commodity discounts, service fees
- Rate Design
  - Life line rates, inverted block rates
- Systems Benefit Charge



# Funding In Other Jurisdictions

- Dominant funding source is government:
  - United States 61.5 % (\$3.2 billion), United Kingdom, 62.2% (£2.3 billion), Australia 99.4% (\$812.3 million) - - Concentric Report Sept. 4, 2008, Table 2, Page 49
- Rate assistance is dominant area being funded - - Concentric Report Sept. 4, 2008, Table 3, Page 50
- “However, Concentric has not found any evidence that a separate rate class has been implemented for the benefit of low-income energy consumers” - - Concentric Report Sept. 4, 2008, Table 3, Page 50

# Key Considerations

- Incentive regulation 2008-2012 agreement did not provide for specific additional low income relief and assistance
  - Additional programs not contemplated
  - Incremental administrative burden and costs are not known or accommodated in rates
- Funding is key - any proposed changes need to be evaluated carefully and should not introduce incremental costs or risks for utilities and also need to be acceptable to the ratepayers who would pay for them
- Programs need to be meaningful and accessible to the majority of low income customers
- Duplication of programs and funding should be avoided