

Testimony in opposition to Docket 3960
National Grid's Standard Offer Rate Filing
Presented to Rhode Island Public Utilities Commission
June 10, 2008

Chairman Germani, and Commissioner Bray:

My name is Darlene Magaw, and I am the Director of Family Support Services at Family Resources Community Action (FRCA) in Woonsocket. Family Resources Community Action is one of the oldest child and family support organizations in Rhode Island. Annually, we serve over 7000 low-income families in Woonsocket and throughout Northern region of this state.

In the interests of the low-income Rhode Islanders served by Family Resources Community Action, FRCA asks to be recorded in opposition to the rate increase requested by National Grid, a request that would significantly impact the ability of low income Rhode Islanders to meet their basic needs.

Well over 80% of the families and individuals served by FRCA live at or below the poverty level. The Family Support Drop-in Center at FRCA alone assists over 300 low-income households in an average week. In an effort to improve these persons quality of life, the staff at our Family Support Drop-in Center assists with meeting people's basic needs such as food, clothing, housing, utility crises and helping families with budget planning.

The Family Support Center staff report they have assisted an average 44 families a week throughout the past year in efforts to ameliorate a utility crisis. To give you a general idea of the impact of this rate increase will potentially have, one needs to look at the current state of need for a sample of families visiting our Center in the past six weeks since the moratorium on utility shut-offs ended.

☞ 54% of families assisted with utility assistance relied on employment as their primary source of income to meet the needs of their family.

☞ The average income for these working poor families is \$ 1,905.00 a month, nearly \$23,000.00 annually. For all the families in the sample, the average monthly income is \$ 1361 or \$ 16,300 annually.

☞ The average family size of those seeking utility assistance at FRCA is 4.38 persons.

- ✎ The average outstanding balance for electricity that families sought assistance with FRCA was \$1,687.00. The average bill for the working poor is approximately \$900. This represented past charges accrued though the 2007/2008 moratorium period as well as current usage.
- ✎ The average cost for rent for the working families is \$916.00 a month representing an average housing cost of 45% - This is evidence of a burden far greater than the 30 % housing standard of affordability. For all families in the sample, including those with subsidized housing the monthly rental costs are \$690. Still a significant housing burden relative to their income.
- ✎ 73% of the families represented are not receiving Section 8 assistance.
- ✎ Over 50% of the families represented in this random sample are not actively receiving food stamp assistance. Families whose income comes from employment often state their working hours prevent them from applying for food stamp assistance during DHS hours which are 8:30 – 4:30.
- ✎ Of the 135 persons represented in these 41 families seeking utility assistance, 85, over 60%, are children under the age of 18.

The families represented in this sample clearly are struggling with and are at risk of incurring substantial debt in providing the basic needs for their family. The Poverty Institute at the Rhode Island College School of Social Work reported in the most recent *State of Working Rhode Island* that wages among the bottom earners has remained stagnant. This trend in combination with the ever increasing cost of living, limited affordable or subsidized housing and the outstanding utility bills that disqualify a family from applying for such housing sets the groundwork for homelessness being a paycheck away. Further, this rate increase will clearly impact health and safety in households with vulnerable adults, the elderly and children.

If National Grid's proposed rate increase is approved not only will the financial concerns worsen but the social service network would be faced with helping fewer families in need due to limited resources. Private not-for-profits continue to do all we can but there aren't enough charitable dollars and federal assistance to address the needs. Even though Rhode Island has experienced an increase in families living in poverty, our federal allotment of LIHEAP dollars did not increase this past heating season. A percentage of income repayment plan has been proposed repeatedly in Rhode Island. This plan, supported by the RI Campaign to Eliminate

Childhood Poverty, is similar in practice to plans that National Grid participates with in other New England states. This plan would extend payments over a longer period, would help the desperate situation for these vulnerable households and help to teach the benefits of financial literacy by including payment forgiveness. Further this plan, if passed, would reduce the costs of shut-off/restorations that are currently being passed on to all rate-payers. Of the 30 thousand plus shutoffs this past year, even if just half of them could be prevented, the company could realize over 1 million in savings.

Thank you for your attention and for considering this testimony in opposition to the requested rate increase. FRCA asks your consideration and support for an affordable utility repayment plan for low-income Rhode Islanders.

Respectfully submitted,

Darlene Briggs Magaw, M.S.
Director, FRCA Family Support Division