

STATE OF TENNESSEE

Office of the Attorney General



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August 28, 2007

Chairman Eddie Roberson
c/o Sharla Dillon
Tennessee Regulatory Authority
460 Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Atmos Energy Corporation Petition for General Rate Increase
Docket No. 07-00105

Dear Chairman Roberson:

Enclosed please find an original and 4 copies of Appendix A to be filed in the above referenced docket as an attachment to the Direct Testimony of Michael Chrysler. Appendix A includes the qualification, prior testimony and publications of Michael Chrysler. This attachment has also been filed electronically.

Very truly yours,

Vance Broemel CRM

Vance Broemel
Assistant Attorney General
(615) 741-8733

enclosures

cc: All Parties of Record

110484

APPENDIX A

**MICHAEL CHRYSLER:
EXPERT WITNESS QUALIFICATIONS & PRIOR TESTIMONY AND
PUBLICATIONS**

Regulatory Analyst

Education:

Bachelor of Business Administration (Accounting)
Ft. Lauderdale University, 1970

TN AG (Consumer Advocate & Protection Division)

1998-Present

Provided analysis in Energy and Water issues, rate cases as assigned
Active in analysis related to Consumer Protection telephone issues
Testified in Docket No. 02-00383 Petition of Chattanooga Gas Company For Approval of Change in Purchased Gas Adjustment
Testified in Docket No. 03-00118 Petition of Tennessee-American Water Company To Change And Increase Certain Rates and Charges
Testified In Docket No. 03-00313 Application of Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc. for an Adjustment of its Rates and Charges, the Approval of Revised Tariffs and the Approval of Revised Service Regulations
Testified in Docket No. 04-0034 Petition of Chattanooga Gas Company for Approval of Adjustment of its Rates and Charges and Revised Tariff
Testified in Docket No. 04-00288 Petition of Tennessee American Water Company to Change and Increase Certain Rates and Charges So as to Permit it to Earn a Fair and Adequate Rate of Return on its Property Used and Useful in Furnishing Water Service to its Customers.
Testified in Docket No. 05-00258 Petition of the Consumer Advocate to Open an Investigation to Determine Whether Atmos Energy Corp. Should Be Required by the Tennessee Regulatory Authority to Appear and Show Cause That Atmos Energy Corp. Is Not Overearning in Violation of Tennessee Law and That it Is Charging Rates That Are Just and Reasonable
Testified in Docket No. 06-00175 Petition of Chattanooga Gas Company to Increase Rates, Including a Comprehensive Rate Design Proposal and Revised Tariff
Testified in Docket No. 06-00290 Petition of Tennessee American Water Company to Change and Increase Certain Rates and Charges So as to Permit it to Earn a Fair and Adequate Rate of Return on its Property Used and Useful in Furnishing Water Service to its Customers
- Internet Links to Testimony provided on following pages

Chairman of NASUCA's Consumer Protection Committee

2004-Present

NASUCA Committee Resolutions contributed to by Mike Chrysler (copies attached):

- *Energy Conservation and Decoupling Resolution*
- *High Winter Energy Costs Resolution* regarding LIHEAP funding
- *Uncollectible Accounts Resolution* regarding for State Authority's to resist expansion of definition
- *Minimum Service Quality Standards Resolution* calling for regular reporting and industry standards
- *Infrastructure Surcharge Resolution* calling for annual tracking adjustments

Principal of Electric Business Planning: Electric Business Planning Department (1990-1997)

Coordinated \$147 million Capital, \$101 million Expense, and \$789 million Margin budget development of The Electric Business, with subsequent monthly/quarterly explanation of variances reported to Senior Management.

- Provided consulting assistance to station/district planners for proper explanation of their Capital & Expense variances to Senior Management, then summarized for reporting.
- Assisted with O&M and Capital Budget ABM training (budget development and data entry in budgeting system); plus proper development of budgets for presentation and approval.
- Provided Electric Margin variance analysis by class on a monthly/quarterly basis to Senior Management.
- Developed a sophisticated computer model for the Director of Electric Production in Microsoft Excel, providing "what if" analysis along with historical data to reach a goal of \$16 per megawatt hour generation cost goal.
- Assisted the Vice President and General Manager, Electric Business in the development of written speeches as well as corresponding presentation slides.

Senior Consultant: Corporate Consulting Services (1989-1990)

Responsible for providing expertise and assistance to various departments within the company, including training of management personnel on various productivity seminars and software programs.

- Researched "under-billing" of NIPSCO gas customers due to the variable of "Supercompressibility." Quantified over \$200,000 of annual under-billing for the gas metering department.
- Interviewed NIPSCO management personnel to ensure compliance with "Automatic Time Reporting" program for Human Resources Department.

Senior Strategic Planning Analyst: Corporate Strategic Planning Department (1985-1989)

Responsible for providing top-down, bottom-up communication of the Corporate Strategic Plan to all management levels.

- Assisted in the development, coordination of data and reporting of meaningful performance measures to Senior Management for each business unit.
- Assisted management employees with the training classes "Business Strategies" and "Operations Strategies." This assistance included ensuring appropriate workbase study, drafting of the company strategic plan, involvement and understanding of principles and strategies in making business decisions to be entered in case studies and computer simulations.

Senior Rate Analyst: Rate and Contract Department (1978-1985)

Responsible for supporting rate case development, and associated work papers and supporting materials for Case-In-Chief. Provided tracking updates, reflecting modification to rate filings until subsequent filing.

- Prepared filing and exhibits for purchase gas adjustment, fuel cost adjustment, purchase power tracking adjustments with the Indiana PSC/IURC
- Audited large gas and electric industrial bills prior to release on a monthly basis
- Billed large industrial gas and electric customers during union contract negotiations (approximately 60% of company revenue). Customers included U.S. Steel, Inland and Bethlehem Steel.

- Assisted in the preparation of testimony and exhibits for regulatory hearings.

Junior Accountant: Customer Accounting Department (1973-1978)

Responsible for communicating corporate billing and office procedures to district commercial offices.

Provided special data analysis regarding billing to corporate accounting.

- Provided vacation relief for district office managers. These responsibilities included supervision of meter readers, application credit, billing and cash representatives.
- Calculated source reports and reported to Accounting Department including gas cost, fuel cost,
- purchase power adjustment and other revenue amounts on a monthly basis.

Internet Links to Expert Testimony of Michael D. Chrysler on behalf of CAPD

TRA Docket 06-00290

IN RE: PETITION OF TENNESSEE AMERICAN WATER COMPANY TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES SO AS TO PERMIT IT TO EARN A FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY USED AND USEFUL IN FURNISHING WATER SERVICE TO ITS CUSTOMERS

Direct Testimony Filed 3/5/07: <http://www.state.tn.us/tra/orders/2006/0600290ca.pdf>

TRA Docket No. 05-00258

IN RE: PETITION TO OPEN AN INVESTIGATION TO DETERMINE WHETHER ATMOS ENERGY CORPORATION SHOULD BE REQUIRED BY THE TRA TO APPEAR AND SHOW CAUSE THAT ATMOS ENERGY CORPORATION IS NOT OVEREARNING IN VIOLATION OF TENNESSEE LAW AND THAT IT IS CHARGING RATES THAT ARE JUST AND REASONABLE

Direct Testimony filed 7/17/06: <http://www.state.tn.us/tra/orders/2005/05258by.pdf>

TRA Docket 04-00034

IN RE: PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF ADJUSTMENT OF ITS RATES AND CHARGES AND REVISED TARIFF.

Direct Testimony filed 7/26/04: <http://www.state.tn.us/tra/orders/2004/0400034dn.pdf>

TRA Docket 04-00288

IN RE: PETITION OF TENNESSEE AMERICAN WATER COMPANY TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES SO AS TO PERMIT IT TO EARN A FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY USED AND USEFUL IN FURNISHING WATER SERVICE TO ITS CUSTOMERS.

Direct Testimony filed 12/3/04: <http://www.state.tn.us/tra/orders/2004/0400288bl.pdf>

TRA Docket 03-00313

IN RE: APPLICATION OF NASHVILLE GAS COMPANY, A DIVISION OF PIEDMONT NATURAL GAS COMPANY, INC. FOR AN ADJUSTMENT OF ITS RATES AND CHARGES, FOR APPROVAL OF REVISED TARIFFS AND APPROVAL OF REVISED SERVICE REGULATIONS.

Direct Testimony filed 8/18/03: <http://www.state.tn.us/tra/orders/2003/0300313x.pdf>

TRA Docket 03-00118

IN RE: PETITION OF TENNESSEE AMERICAN WATER COMPANY TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES SO AS TO PERMIT IT TO EARN A FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY USED AND USEFUL IN FURNISHING WATER SERVICE TO ITS CUSTOMERS.

Direct Testimony filed 5/30/03: <http://www.state.tn.us/tra/orders/2003/0300118bo.pdf>

TRA Docket 02-00383

IN RE: PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF CHANGE IN PURCHASE GAS ADJUSTMENT

Direct Testimony filed 5/21/03: <http://www.state.tn.us/tra/orders/2002/0200383m.pdf>

NASUCA Committee Resolutions contributed to by Mike Chrysler

(copies attached)

**THE NATIONAL ASSOCIATION OF
STATE UTILITY CONSUMER ADVOCATES
RESOLUTION 2007-01**

NASUCA ENERGY CONSERVATION AND DECOUPLING RESOLUTION

Whereas, the provision and promotion of energy efficiency measures are increasingly viewed by state commissions as a necessary component of utility service;

Whereas, many states are now encouraging rate-regulated utilities to adopt energy efficiency programs and other demand-side measures to decrease the number of units of energy each utility's customers purchase from the utility;

Whereas NASUCA has long supported the adoption of effective energy efficiency programs;

Whereas recent proposals by rate-regulated public utilities for the initiation or expansion of energy efficiency measures have featured utility rate incentives or revenue "decoupling" mechanisms that guarantee utilities a predetermined amount of revenues regardless of the number of units of energy sold;

Whereas, the utilities proposing decoupling measures seek guarantees from public utilities commissions that they will receive their allowed level of revenues;

Whereas, these utilities justify this departure from traditional rate-making principles on the theory they are being asked to help their customers purchase fewer energy units from them by promoting energy efficiency measures and other demand-side measures, thereby reducing their revenues and, consequently, their returns to their shareholders, and that decoupling mechanisms compensate utilities for revenues lost due to conservation;

Whereas, these utilities contend that because these measures reduce their revenues, they have a disincentive to encourage programs that aid their customers in purchasing fewer units of energy;

Whereas, historically, rates have been set in periodic rate cases by matching test-year revenues with test-year expenses, adding pro forma adjustments and allowing the utilities an opportunity to earn a reasonable rate of return on their investments in exchange for a state-protected monopoly;

Whereas revenue guarantee mechanisms allow rate adjustments to occur based upon one element that affects a utility's revenue requirement, without supervision or review of other factors that may offset the need for such a rate change;

Whereas, historically, rate-regulated utilities were not guaranteed they would earn the allowed return; rather, earnings depended on capable management operating the utilities in an efficient manner;

Whereas, many utilities proposing revenue decoupling request compensation for revenue lost per customer, implying that sales volumes are declining, when in fact these utilities' total energy sales revenues are stable or increasing;

Whereas, there are a number of factors that may cause a utility to sell fewer units of energy over a period of time, including weather, changing economic conditions, shifts in population, loss of large customers and switches to other types of energy, as well as energy efficiency and other demand-side measures;

Whereas many utilities have been offering cost-effective energy efficiency programs and actively marketing these programs for years without proposing or implementing rate incentives or revenue guarantee mechanisms such as decoupling, and have continued to enjoy financial health;

Whereas past experience has shown that revenue guarantee mechanisms such as decoupling may result in significant rate increases to customers;

Whereas some utilities have referenced the benefit of encouraging energy efficiency programs as a justification for revenue guarantee mechanisms without in fact offering any energy efficiency programs, indicating that the revenue guarantee mechanisms are attractive to utilities for reasons other than their interest in promoting energy conservation;

Whereas past experience has shown that rate increases prompted by revenue guarantee mechanisms such as decoupling are often driven not so much by reduced consumption caused by utility energy efficiency programs, as by reduced consumption due to normal business risks such as changes in weather, price sensitivity, or changes in the state of the economy;

Whereas utilities are better situated than are consumers or state regulators to anticipate, plan for, and respond to changes in revenue prompted by normal business risks, and the shifting of normal business risks away from utilities insulates them from business changes and reduces their incentive to operate efficiently and effectively;

Whereas the traditional ratemaking process has historically compensated utilities for experiencing revenue variations associated with normal business risks;

NOW THEREFORE NASUCA RESOLVES:

To continue its long tradition of support for the adoption of effective energy efficiency programs;

And to oppose decoupling mechanisms that would guarantee utilities the recovery of a predetermined level of revenue without regard to the number of energy units sold and the cause of lost revenue between rate cases;

BE IT FURTHER RESOLVED:

NASUCA urges Public Utilities Commissions to disallow revenue true-ups between rate cases that violate the matching principle, the prohibition against retroactive ratemaking, the prohibition against single-issue ratemaking, or that diminish the incentives to control costs that would otherwise apply between rate cases;

NASUCA urges State legislatures and Public Utilities Commissions to, prior to using decoupling as a means to blunt utility opposition to energy efficiency and other demand-side measures, (1) consider alternative measures that more efficiently promote energy efficiency and other demand side measures; (2) evaluate whether a utility proposing the adoption of a revenue decoupling mechanism has demonstrated a commitment to energy efficiency programs in the recent past; and (3) examine whether a utility proposing the adoption of a revenue decoupling mechanism has a history of prudently and reasonably utilizing alternative ratemaking tools;

If decoupling is allowed by any state commission, NASUCA recommends that the mechanism be structured to (1) prevent over-earning and provide a significant downward adjustment to the utilities' ROE in recognition of the significant reduction in risk associated with the use of a decoupling mechanism, (2) ensure the utility engages in incremental conservation efforts, such as including conservation targets and reduced or withheld recovery should the utility fail to meet those targets, and (3) require utilities to demonstrate that the reduced usage reflected in monthly revenue decoupling adjustments are specifically linked to the utility's promotion of energy efficiency programs.

NASUCA authorizes its Standing Committees to develop specific positions and to take appropriate actions consistent with the terms of this resolution to secure its implementation, with the approval of the Executive Committee of NASUCA. The Standing Committees or the Executive Committee shall notify the membership of any action taken pursuant to this resolution.

Approved by NASUCA:
Denver, Colorado

Submitted by:
NASUCA Consumer Protection Committee

June 12, 2007

June 11, 2007

Opposed:
Ohio
Indiana
Colorado
Wyoming

Abstained:
Massachusetts
California



**The National Association of State Utility Consumer Advocates
Resolution 2005-03**

INFRASTRUCTURE SURCHARGE RESOLUTION

Calling upon state regulatory authorities and legislatures to refuse to allow, or to consider revoking, annual tracking adjustments to rates resulting from additional non-traditional gas, water, sewer or electric infrastructure replacement programs;

Whereas, traditional ratemaking methodologies have allowed investor shareholders to earn a return on new and upgraded mains and electric plant through general rate case reviews allowing the ratepayers being charged for the prudent and necessary system upgrades to be represented in traditional contested rate proceedings in which all items of expense and capital investments are considered; and

Whereas, depreciation provides a "funding" mechanism for natural gas, water, sewer, and electric plant replacement because it reduces net operating income and increases the revenue required from rate payers for an acceptable rate of return during the formal rate proceeding; and

Whereas, traditional ratemaking processes have withstood the test of time, so that all parties represented have an opportunity to have their interests fairly represented; and

Whereas, parties representing the interests of shareholders and company managements may propose "short-circuit" methods focused on single categories of increased expense, in order to "speed up" the recovery of costs outside the normal regulatory process, and to provide regulators ways to avoid the rate review process; and

Whereas, utilities in several states have proposed, either in rate cases or as state legislation, various "tracking methodologies" which, if allowed, would enable them to increase rates through non-traditional ratemaking processes sometimes called DSIC (Distribution System Improvement Charge), DSR (Distribution System Replacement), AMRP (Accelerated Main Replacement Program) PRP (Pipeline Replacement Program) which would allow immediate rate recovery of capital investment for new projects on a year-by-year basis in order to replace certain rate base infrastructure through a surcharge; and

Whereas, if such tracking methodologies were allowed, regulatory authorities may not be able to review such capital investments for prudence, and may not be able to review possible offsetting contemporaneous cost reductions or revenue increases from other utility activities; and

Whereas, if such tracking methodologies are allowed ratepayers will become involuntary investors paying for unreviewed investments that will increase rates;

Whereas, at a time of rising commodity costs, regulators need to understand the potential significant new burden upon consumers caused by a tracking surcharge for plant additions;

THEREFORE BE IT RESOLVED, that NASUCA calls upon state regulatory authorities and legislators to refuse to impose on consumers, or to consider revoking, non-traditional infrastructure surcharges that would increase natural gas, water, sewer or electric utility bills without traditional opportunity for consideration of countervailing cost decreases and revenue increases, and review by all parties including appropriate consumer advocacy offices prior to implementation and to remain committed to traditional ratemaking principles fairly representing the interests of both consumers and stockholders.

BE IT FURTHER RESOLVED, that NASUCA authorizes its Standing Committees to develop specific positions and to take appropriate actions consistent with the terms of this resolution to secure its implementation, with the approval of the Executive Committee of NASUCA. The Standing Committees or the Executive Committee shall notify the membership of any action taken pursuant to this resolution.

Submitted by:

Michael D. Chrysler, Chair, Consumer Protection Committee
June 12, 2005

Approved by NASUCA

Place: New Orleans, LA
Date: June 14, 2005

91974



**The National Association of State Utility Consumer Advocates
Resolution 2005-04**

MINIMUM SERVICE QUALITY STANDARDS RESOLUTION

Calling upon state regulatory authorities to establish regular reporting requirements for utilities on service quality and to establish minimum performance standards with appropriate enforcement provisions so that adequate, reliable, and safe service is achieved and maintained; and

Whereas, adequate service quality from providers of gas, electric, water, and telecommunications services is essential to everyday life and affects almost every function of our society, and service inadequacies and interruptions frustrate or disrupt normal functions; and

Whereas, adequate service quality from such providers is also vital to our Nation's economy, our position in the global economy and to national security;

Whereas, gas, electric, water, and telecommunications service providers have a duty to provide service that is adequate, reliable, and safe; and

Whereas, consumers expect and should receive service that is consistently adequate, reliable, and safe; and

Whereas, utility industry developments over the past decade such as mergers, diversification, and changing economic conditions have encouraged utilities to cut costs, reduce staffs and outsource some utility operating functions, and such efforts to economize may have led to deterioration of service quality; and

Whereas, a gradual decline in performance may not be detected for some time if regulators do not keep informed as to service quality through regular monitoring; and

Whereas, by keeping informed, regulators are better able to recognize signs of deterioration and inadequacies so that they can take corrective action to avert major service quality problems that would otherwise be frustrating and disruptive to consumers; and

Whereas, standardized reporting requirements and regular reporting are necessary for regulators to be able to monitor service quality and changes in performance; and

Whereas, reports should address performance areas such as customer relations and billing (e.g., responsiveness of customer call centers, responsiveness to consumer complaints, timeliness of installations and repairs, and accuracy and frequency of billing and meter reading) and operating performance (e.g., frequency and duration of outages, and responsiveness to safety calls); and

Whereas, reporting requirements should be carefully designed to yield accurate data that is uniform and consistent; and

Whereas, in addition to keeping informed about service quality, regulators should establish measurable performance standards that must be met for providers to achieve and maintain a minimum quality of service, to the extent that quality of service is measurable, so that expectations are clear and problems are minimized; and

Whereas, performance standards should be supported by appropriate enforcement provisions; and

Whereas, service quality data and information should be available to the public to encourage companies to achieve good performance results, to assure that regulation is open and effective and to assist consumers who must choose among competitive providers;

THEREFORE BE IT RESOLVED, that NASUCA calls upon state regulatory authorities to establish regular service quality reporting requirements applicable to gas, electric, water, and telecommunications service providers, and to establish minimum performance standards with appropriate enforcement provisions to monitor and promote improvement toward a consistently high level of service quality for their gas, electric, water, and telecommunications customers.

BE IT FURTHER RESOLVED, that NASUCA authorizes its Standing Committees to develop specific positions and to take appropriate actions consistent with the terms of this resolution to secure its implementation, with the approval of the Executive Committee of NASUCA. The Standing Committees or the Executive Committee shall notify the membership of any action taken pursuant to this resolution.

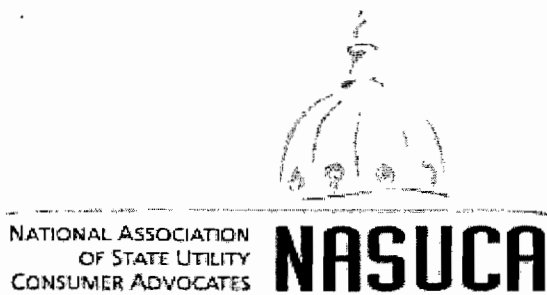
Submitted by:

Michael D. Chrysler, Chair, Consumer Protection Committee
June 12, 2005

Approved by NASUCA:

Place: New Orleans, LA
Date: June 14, 2005

91972



RESOLUTION

Calling Upon State Regulatory Authorities to resist the efforts of Local Gas Distribution Companies to expand the interpretation of gas cost to include a calculated portion of their uncollectible accounts expense or other non-gas costs in purchased gas cost recovery mechanisms.

Whereas, many natural gas Local Distribution Companies (LDCs) are permitted by State laws or regulations to change rates from time to time to track changes in the cost of natural gas supply and transportation through gas cost adjustments without a review of general rates;

Whereas, many such gas cost adjustment mechanisms provide for the periodic adjustment of rates to true up the difference between gas costs billed to consumers and gas costs incurred;

Whereas, the gas cost adjustment mechanisms have been found justified due to characteristics of the costs associated with purchasing and transporting gas to an LDC's distribution system; i.e., that such cost may make up a sizable portion of the total rate for natural gas service, that such costs are affected by many market conditions that are not within the control of the LDC, that such gas costs are volatile and may change significantly in a short time;

Whereas, some State regulatory authorities have been petitioned by LDCs to broaden the sort of expenses that may be recovered through gas cost adjustment mechanisms to include a portion of the expenses associated with uncollectible charges experienced by the LDC;

Whereas, the characteristics of uncollectible accounts are materially different from gas costs; i.e., while they are somewhat affected by variations in rates caused by changes in gas costs, uncollectible accounts expenses do not make up a sizeable portion of the total rate for natural gas service, they are affected by factors such as staffing and procedures within the control of the LDC, and the changes in uncollectible costs do not tend to be volatile;

Whereas, an expanded definition of gas costs would shift more risk to ratepayers and may remove traditional or performance based incentives for utilities to minimize costs;

THEREFORE BE IT RESOLVED, that NASUCA encourages state regulatory authorities to limit the use of gas cost adjustment mechanisms to the cost of purchasing and transporting natural gas supply to the LDC's distribution system.

BE IT FURTHER RESOLVED, that the Gas Committee of NASUCA, with the approval of the Executive Committee of NASUCA, is authorized to take all steps consistent with this Resolution in order to secure its implementation.

Submitted by:

June, 15, 2004

Approved by NASUCA

91970



NASUCA RESOLUTION

HIGH WINTER ENERGY COSTS RESOLUTION

WHEREAS the cost of home heating energy has always burdened low income households disproportionately compared with households of all other income levels; and

WHEREAS one of the most effective means of measuring this disparity is to evaluate the energy burden of a household by dividing the cost of home energy by the gross income of the same household to determine the percentage of income needed to meet energy costs; and

WHEREAS in 2005, the National Energy Assistance Directors Association ("NEADA") determined that all low-income households used, on average, 15% of their gross household income for energy costs (6% for heat alone), while all households used, on average, only 3% of their gross household income for energy costs (1% heat alone); and

WHEREAS in 2004, elderly households in receipt of Supplemental Security Income paid nearly 19% of their income for energy, and households in receipt of Aid to Families with Dependent Children paid 26% of their income for energy; and

WHEREAS the Energy Information Administration ("EIA") has forecast dramatic increases in the cost of energy which will have an immediate and deleterious short term effect on the already disproportionate energy burden on low-income households; and

WHEREAS, based on EIA data from September 2005, the average family heating with oil could spend as much as \$1,666 during the winter of 2005-2006. This would represent an increase of \$403 over the costs for the winter of 2004-2005 and an increase of \$714 over the costs for the winter of 2003-2004; and

WHEREAS the EIA anticipates that heating fuel expenditure increases from the winter of 2004 to the winter of 2005 are likely to average 73% for natural gas in the Midwest; 19% for electricity in the South; 31% for heating oil in the Northeast; and 41% for propane in the Midwest; and

WHEREAS, the Center on Budget and Policy Priorities ("CBPP"), an independent, bipartisan research institute, calculated (<http://www.cbpp.org/10-6-05bud.htm>) that the average low income household (income below the greater of 150% of the federal poverty guidelines or 60% of the state median income) will incur an average heating bill increase of \$500 for the 2005-2006 winter; and

WHEREAS the easily predictable outcome of the combination of the extreme energy burden

currently facing low-income households and the anticipated increase in home energy costs is the creation of a "perfect storm" which will result in an unparalleled challenge to the energy safety net below low-income households; and

WHEREAS these increased costs for home energy during the winter of 2005-2006 were predicated on the foreseeable actions in the marketplace based upon historically accurate and verifiable facts, factors, formulae and information; and

WHEREAS short-term and long-term effects of Hurricanes Katrina and Rita including the damage and destruction to the production, storage, transportation and infrastructure of the natural gas and crude oil industries, and the resulting escalation of home energy costs as a result of the depletion of reserves and the inability of the industries to quickly recover from the devastation remains to be calculated; and

WHEREAS the severe constraints on state and local government budgets already strain the ability of those entities to reinforce the low income safety net; and

WHEREAS the nonprofit, faith-based, and other community-based organizations, secondarily charged with the task of assisting low-income households with problems such as the imminent energy crisis are similarly constrained by limited resources and increasing energy costs; and

WHEREAS the Low Income Home Energy Assistance Program ("LIHEAP") is a federally-funded, state-administered energy plan designed to provide funding to the states to assist low-income households in meeting the costs of home energy; and

WHEREAS since the winter of 2001-2002, the national appropriation for LIHEAP has wholly failed to match the pace of the increase in home heating costs; and

WHEREAS the anticipated funding for the 2005-2006 LIHEAP Year fails to keep pace with inflation and would fail to be even minimally adequate to compensate for the anticipated spikes in home energy and home heating energy now predicted by the EIA; and

WHEREAS in 2005, NEADA determined that LIHEAP funding between the 2001-2002 and 2004-2005 fiscal year increased by 21.4%, but the share of a low-income households' heating expenditures met by the average LIHEAP grant fell from 49.4% to 25.2% for heating oil, from 52.3% to 33.4% for natural gas, and from 35.5% to 23.1% for propane; and

WHEREAS in 2005, NEADA determined that between 2001-2002 and 2004-2005 the price of oil for heating increased by \$624, and the price of natural gas for heating increased by \$352, and the price of propane for heating increased by \$489, yet, the average LIHEAP grant increased by \$3; and

WHEREAS, according to the EIA, while the average cost of home heating fuel for the coming winter may rise precipitously: heating oil by 98%, propane by 55%, and natural gas by 58%, the national appropriation for LIHEAP, since the winter of 2001-2002, has risen by only about 20%; and

WHEREAS the proposed 2005-2006 executive federal budget appropriation called for a decrease in funding of approximately \$250 million with no emergency contingency funding; and

WHEREAS the House of Representatives Labor-HHS-Education Appropriations Committee has proposed FY 2006 LIHEAP funding at \$2.006 billion in regular funding and no emergency contingency funding; and

WHEREAS the Senate Appropriations Committee has proposed FY 2006 LIHEAP funding at \$1.8 billion in regular funding and \$300 million in emergency contingency funding; and

WHEREAS the CBPP calculates that, in order to maintain 2005-2006 LIHEAP purchasing power, taking into consideration general inflation, at the same level as 2004-2005 LIHEAP, the national appropriation should increase to \$3.025 billion; and

WHEREAS the CBPP calculates that a mere 5% increase in the number of eligible applicants for LIHEAP assistance would require additional national 2005-2006 LIHEAP funding in the amount of \$150 million; and

WHEREAS the CBPP calculates that to hold beneficiaries of LIHEAP assistance harmless in the face of the entire expected price increase would require additional 2005-2006 LIHEAP funding in the amount of \$2.033 billion; and

WHEREAS the CBPP calculates that the total minimum federal appropriation required for the 2005-2006 LIHEAP is \$5.208 billion; and

WHEREAS LIHEAP remains a targeted block grant program with the built-in flexibility and an established federal-state partnership to effectively and efficiently deliver the funding necessary to ease the crisis on increasingly unaffordable energy costs for low-income households; and

WHEREAS the current appropriations and proffered amendments clearly are insufficient to deal with the anticipated increases in home energy costs; *now therefore be it*

RESOLVED that NASUCA urges Congress to appropriate FY 2006 LIHEAP regular funding of at least \$5.208 billion, as recommended by CBPP, and to appropriate an additional \$500 million for emergency contingency funding to assist low-income households in meeting the exorbitant home energy costs anticipated for the winter of 2005-2006; and

BE IT FURTHER RESOLVED that NASUCA authorizes its Standing Committees to develop specific positions and to take appropriate actions consistent with the terms of this resolution to secure its implementation, with the approval of the Executive Committee of NASUCA. The Standing Committees or the Executive Committee shall notify the membership of any action taken to this resolution.

Submitted by:

Michael D. Chrysler, Chair, Consumer Protection Committee
November 16, 2005

Approved by NASUCA

91969