

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 14-337

STATEWIDE LOW-INCOME ELECTRIC ASSISTANCE PROGRAM

**Order Approving Use of Low-Income SBC Funds to
Provide Assistance Outside Existing Utility Program**

ORDER NO. 25,749

January 8, 2015

In this Order, we approve the recommendations of the Electric Assistance Program Advisory Board to provide one-time financial assistance to New Hampshire electric utility customers who meet income-eligibility and other criteria. This order and prior docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-337.html>.

I. BACKGROUND AND PROCEDURAL HISTORY

The Commission supervises the electric utilities' administration of the Electric Assistance Program (EAP), a financial assistance program providing bill assistance to income-eligible electric customers of Liberty Utilities, the New Hampshire Electric Cooperative, Public Service Company of New Hampshire, and Unitil Energy Systems (Electric Utilities). The EAP Advisory Board, a group including the Commission Staff, the Electric Utilities, social service agencies, and others, meets and provides policy guidance to the Commission on a regular basis.

The EAP is funded by the low-income portion of the system benefits charge (SBC). RSA 374-F:3, VI, Electric Utility Restructuring. The statute limits the maximum charge to 1.5 mills per kilowatt hour. RSA 374-F:4, VIII (c). Currently, there are five EAP discount tiers, ranging from 9% to 77%; the discounts are designed to reduce customers' electric bills, on

average, to between 4% and 5% of their income. A customer's eligibility for the EAP depends on the customer's income in relation to the federal poverty guidelines (FPG), based on gross household income and household size. At this time, the maximum income-eligibility threshold for the EAP corresponds to 200% of FPG.¹

On November 24, 2014, the Commission opened this proceeding to receive public input on the use of the low-income portion of SBC Funds to provide financial assistance to electric utility customers outside of the EAP. Specifically, the Commission sought written comments on the eligibility, funding, and cost issues related to using these low-income funds to provide financial assistance to electric customers who are "marginally above the income eligibility level established for the EAP."

On November 25, 2014, the Office of the Consumer Advocate filed a notice of participation pursuant to RSA 363:28. On December 10, 2014, the Commission received written comments from the Staff on behalf of the EAP Advisory Board (EAP Advisory Board Comments) and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty Comments).

The Commission presided over a public comment hearing on December 22, 2014. During the hearing, the Commission received comments from the Staff, Liberty, the OCA, the Office of Energy and Planning (OEP), The Way Home (TWH), and Unitil Energy Systems, Inc. ("UES"). A representative for Public Service Company of New Hampshire (PSNH) was also present at the hearing but did not make comments.

¹ EAP Advisory Board letter to Commission dated December 10, 2014 ("EAP Advisory Board Comments"), at 1. *See* Order No. 25,643 (March 2014) (adopting EAP Advisory Board's recommendations to increase benefit levels to EAP participants on a temporary basis).

II. POSITION OF PARTIES

a. EAP Advisory Board

In its written comments, the EAP Advisory Board recommended that the Commission use SBC funds to provide one-time financial assistance to the Electric Utilities' customers through a grant to two existing, income-eligible assistance programs: Neighbor Helping Neighbor (NHN)² and Project Care.³ The EAP Advisory Board recommended an eligibility threshold for these grant funds of "at or below 60% of the state median income for New Hampshire" or "as determined by a social service agency." That maximum threshold, which exceeds the existing EAP threshold, is consistent with the maximum income-eligibility threshold for federally-funded, low-income fuel assistance (LIHEAP).

The EAP Advisory Board recommended authorization of grants totaling \$100,000 from the EAP Account held by the State Treasury to both NHN and Project Care, to provide \$200 to each customer who applies for assistance and meets all existing eligibility criteria associated with the programs, as well as additional Commission-mandated criteria, with one exception. The existing NHN eligibility guidelines restrict eligibility to those customers who have not received assistance from NHN in the past 24 months. For the purposes of this grant, receipt of assistance from NHN in the prior 24 months would not restrict a customer's eligibility for assistance. In addition to the income-eligibility threshold, the EAP Advisory Board recommended that the Commission require customers to demonstrate evidence of financial hardship (*i.e.*, facing electric utility disconnection). In contrast to the existing eligibility criteria

² NHN is funded by utility and voluntary customer contributions and provides bill assistance to customers of Liberty, PSNH and UES. The local Community Action Agencies administer the program. EAP Advisory Board Comments at 2.

³ Project Care is funded through voluntary contributions from the members of the New Hampshire Electric Co-op ("NHEC") and provides bill assistance to NHEC customers. A volunteer board administers Project Care. EAP Advisory Board Comments at 2.

for NHN of one benefit per 24 months, the EAP Board specifically recommended that customers not be excluded from the one-time assistance program due to receiving NHN within the last 24 months. The existing exclusion from NHN eligibility, current receipt of LIHEAP assistance, will remain applicable for customers applying for the \$200 benefit recommended by the EAP Advisory Board.

The EAP Advisory Board recommended NHN and Project Care because those programs are already providing financial assistance to the Electric Utilities' income-eligible customers. The economy of using these existing administrative structures will result in low – if any – additional administrative costs.

The EAP Advisory Board recommended that the Commission allocate the total grant funds between NHN and Project Care based on, for NHN, the total number of residential customers of the three participating electric utilities calculated as a percentage of the total number of residential customers of the Electric Utilities; and, for Project Care, the total number of residential customers for NHEC calculated as a percentage of the total number of residential customers of the Electric Utilities. The EAP Advisory Board recommended that the one-time assistance funded by these grants be available to customers through July 31, 2015.

b. Liberty

In its written comments, Liberty recommended three features for the one-time assistance program. Liberty's first and third recommendations are consistent with the EAP Advisory Board Comments that the one-time assistance be made available to customers whose income exceeds

the existing EAP income-eligibility threshold⁴ and that the benefit be used only to pay eligible customers' electricity bills.⁵

Liberty's second recommendation – that the one-time assistance be used by each utility only for the benefit of that utility's customers – was not consistent with the EAP Advisory Board Comments. By implication, the EAP Advisory Board recommended that the allocation structure of the one-time assistance be consistent with the existing, state-wide allocation structure of the EAP. Liberty disagreed with the statewide allocation methodology because “many of its customers do not qualify for EAP” and “[h]istorically, the Company's customers have contributed more to the [EAP] than they have received in benefits from the Program.” To give its customers greater access to the one-time assistance, Liberty asked the Commission to “allow any SBC generated funds for low-income customers to remain within the Company's service territory.” At the hearing, Liberty reiterated this request to change EAP allocation policy. Liberty agreed that its proposed, utility-specific allocation methodology is “fundamentally different” from the existing EAP allocation methodology.

c. Staff, OCA, OEP, TWH and UES

At the hearing, representatives of the Staff, the OCA, OEP, TWH and UES provided comments to the Commission in support of the EAP Advisory Board Comments. Also, the Staff, the OCA, OEP and UES unanimously opposed Liberty's recommendation to allocate the one-time assistance by utility.

⁴ Compare Liberty Comments, Recommendation at 1, para. 1 (Liberty recommends that the eligible customers for one-time program be “customers who qualify for any of the social services that the Community Action Agencies provide”) with EAP Advisory Board Comments at 1, para. 2 (recommending use of “an income threshold of 60% of state median income” or “as determined by a social service agency” ... “consistent with the maximum eligibility threshold for the federally funded low-income home energy assistance program”).

⁵ Compare Liberty Comments at 3, Recommendation at 3 (Liberty recommends that the Commission restrict the one-time benefits to payment of electric costs) with EAP Advisory Board Comments at 1, para. 3 (referring to a “lump sum benefit of \$200 to be credited to the customer's bill for electric service).

In supplement to the EAP Advisory Board Comments, the Staff requested that the Commission require NHN and Project Care, as a condition of receiving funding, to keep separate books and records, and to report to the Commission at the conclusion of the one-time program.

III. COMMISSION ANALYSIS

When it restructured the electric industry, the Legislature authorized the Commission to oversee the creation, management, and delivery of low-income electric assistance programs funded through the SBC. *See* RSA 374-F:3, VI (electric restructuring policy authorizes electric utilities' collection of a "nonbypassable and competitively neutral system benefits charge" (SBC) used to fund low-income financial assistance); RSA 374-F:3, V(a) (requiring the existence of "programs and mechanisms that enable residential customers with low incomes to manage and afford essential electricity requirements"). The SBC is collected by the Electric Utilities as a component of customer rates. Currently, the SBC related to low-income assistance is limited to a maximum charge of 1.5 mills per kilowatt hour. RSA 374-F:4, VIII (c).

Historically, the Commission has delivered low-income-SBC-funded assistance to electric customers through the EAP. In this proceeding, however, the Commission solicited comments on providing one-time electric-bill assistance outside the EAP. The Commission noted the recent and significant electric rate increases, and invited written comments on specific issues related to providing a one-time, financial benefit to low-income electric customers who are "marginally above the income eligibility level established for the EAP."

The Commission received two proposals: one from the EAP Advisory Board, which includes among its membership Liberty Utilities; and another from Liberty, individually. Except for one significant difference, the two proposals are fairly similar, both recommending electric-

bill assistance to customers meeting the Commission's definition of "low-income" or income-eligible, as well as other eligibility criteria.

As for the significant difference, Liberty recommends that the Commission allocate the low-income SBC funds it collects only to its customers. Essentially, Liberty wants the Commission to authorize it to use more low-income-dedicated SBC funds on its own customers than it currently uses for them. Liberty agrees that its utility-specific allocation proposal is "fundamentally different" from the way the Commission currently allocates the low-income SBC funds, on a statewide basis, and Liberty admits that it had not discussed this proposal with the EAP Advisory Board when it participated in the process that preceded the filing of the EAP Advisory Board Comments.

As Liberty is aware from its membership on the EAP Advisory Board and its history of participation in EAP-related proceedings, the Commission relies heavily on the EAP Advisory Board for policy determinations regarding the EAP. The EAP Advisory Board represents a diverse group of interests, including all the NH electric utilities, and provides consensus recommendations on policy to the Commission. The Commission does not make changes to the program lightly, mindful of its responsibility to supervise the Electric Utilities' delivery of the most benefits possible to the greatest number of customers at the lowest costs in a way that does not undermine the long-term sustainability of the program. Liberty participated in the EAP Advisory Board process to develop a consensus based recommendation from the EAP Advisory Board. During those discussions, Liberty did not raise its utility-specific allocation proposal with the EAP Advisory Board, or its concern about the level of benefits going to its customers. As a result, the Commission declines to consider Liberty's recommendations to the extent that they differ from the EAP Advisory Board's recommendations.

The EAP Advisory Board recommendation to grant a total of \$100,000 to NHN and Project Care using a statewide allocation structure, is consistent with the Commission's authority to administer the low-income-dedicated SBC funds. RSA 374-F:3, V(a) and RSA 374-F:3, VI. The grants to NHN and Project Care are conditioned on the express requirement that financial assistance be used only for individuals who qualify under a Commission-determined threshold of low-income, which we adopt as recommended by the EAP Advisory Board: "at or below 60% of the state median income for New Hampshire" or "as determined by a social service agency." That threshold is just and reasonable given the circumstances, including the limited, one-time nature of the program and the recent spikes in electric prices.

As we directed in our Order of Notice, the income threshold recommended by the EAP Advisory Board is above the existing EAP income-eligibility threshold. The expanded limit will serve the purpose intended by the Commission, to make financial assistance available this winter to more customers who are typically excluded from other financial assistance programs. The Commission also agrees that the assistance should be available to all customers meeting the eligibility criteria, including existing EAP recipients, and that the NHN 24-Month exclusion should not apply to the SBC-funded grants administered by NHN. In all other respects, to the extent not specifically mentioned, the Commission approves the structure and design proposed by the EAP Advisory Board.

The Commission appreciates the EAP Advisory Board's use of the proven structures of existing assistance programs, NHN, Project Care, and the EAP, in an effort to maximize the benefits resulting from the grants. Every dollar not spent to administer the assistance will go to help a customer of one of the Electric Utilities.

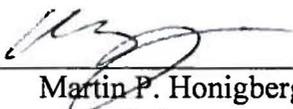
In conclusion, the Commission approves the EAP Advisory Board recommendations as filed and further defined in this order. The EAP Advisory Board represents a diverse group of interests, including all the NH electric utilities, and its recommendations for this one-time program appear to have been the result of a fair and inclusive deliberative process, concluding in a well-supported, consensus recommendation. All the individual comments at the hearing, including Liberty's, supported the EAP Advisory Board's recommendations.

In closing, we grant the Staff's requests that the Commission require the grant recipients, NHN and Project Care, (1) to keep separate records related to their receipt and use of the grant funds; and (2) to report to the Commission within 30 days following the closing of the program the number of customers who received a benefit from the grant, in total and by utility, and the administrative costs incurred, if any. As recommended by the EAP Advisory Board, the program will close on the exhaustion of funds or July 31, 2015, whichever is earlier.

Based upon the foregoing, it is hereby

ORDERED, that EAP Advisory Board's recommendation for one-time electric-bill assistance to the eligible, Electric Utilities' customers as proposed by the EAP Advisory Board in its letter to the Commission dated December 10, 2014, is APPROVED.

By order of the Public Utilities Commission of New Hampshire this eighth day of January, 2015.

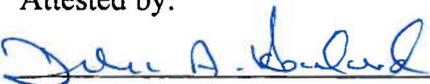


Martin P. Honigberg
Chairman



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director