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A Northeast Utilities Company

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Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429



RE: DE 12-262 CORE Energy Efficiency Programs
Request to Amend HEA Program

Dear Director Howland:

On April 5, 2013 the Commission issued a secretarial letter in Docket No. DE 10-188 approving the electric utilities' request in relation to both Docket No. DE 10-188 and DE 12-262 to implement the following changes to the Home Energy Assistance Program (HEA Program) funded through the 2012 Regional Greenhouse Gas Initiative (RGGI): (1) to increase the per customer spending cap from \$5,000 to \$8,000; (2) to allow for expenditures above the \$8,000 cap for the replacement of space and water heating equipment; and (3) to limit the funds spent on the space and water heating equipment to no more than 25% of each utility's HEA Program budget funded through the 2012 RGGI auction proceeds. The increase in the per customer spending cap to \$8,000 was necessary because most of the federal funds available through the Department of Energy's (DOE's) Weatherization Assistance Program (WAP) for program year 2012 – which was initially scheduled to end on March 31, 2013, but was extended to June 30, 2013 – had been committed and no additional federal funds were expected until later in 2013. The HEA Program design relies on the ability to co-invest WAP funds with CORE funds to efficiently serve low income households in New Hampshire. With little to no WAP funding available, this left only CORE funding to support the HEA Program operations. In order to continue weatherizing low income households in New Hampshire without a major change in program design, the electric utilities had proposed to increase the per customer spending cap to \$8,000 for the 2012 RGGI-funded portion of the HEA Program and indicated that a separate request would be submitted to the Commission should the utilities intend to implement these changes for the 2013 CORE-funded portion of the HEA Program.

In the course of recent discussions with the Community Action Agencies (CAAs) and the Office of Energy and Planning, and as further discussed at the Quarterly CORE Team meeting

held on June 10, 2013, the utilities were informed that funding for the WAP Year 2013 has not yet been finalized at the federal level. The DOE is expected to announce the overall WAP funding amount that will be made available to the States on June 20, 2013, after which the Office of Energy and Planning will apply for funds on behalf of the State of New Hampshire. Although the application process is likely to begin this month, the level of funding that may become available to New Hampshire, as well as when funding may become available, are both highly uncertain. This information, coupled with the fact that the CAAs, in partnership with the electric utilities, have fully expended the 2012 RGGI HEA Program funds, has led the NH electric utilities to seek Commission approval of the following changes to the CORE HEA Program through the end of the CORE program year 2014:

1. Increase the 2013 and 2014 CORE HEA Program per customer spending cap from \$5,000 to \$8,000;
2. Allow for expenditures above the \$8,000 cap for the replacement of space heating equipment and combined space/water heating equipment. The equipment installed will be ENERGY STAR certified whenever possible. However, in cases where ENERGY STAR certified equipment is unavailable or a cost-effective substitution is unavailable (as in the case of manufactured homes), the equipment must meet the ENERGY STAR annual fuel utilization efficiency (AFUE) minimum requirements. *See* March 20, 2012 Assented-to Request to Amend Electric Utilities' Home Energy Assistance Program in Docket No. DE 10-188. Space heating equipment replacements will only be allowed if a home has also been weatherized.
3. Strive to limit the amount of funds spent on space and combined space/water heating equipment to 25% of each utility's CORE HEA Program annual budget to ensure most of the funds are used for weatherization services.

These changes are consistent with the changes authorized by the Commission's April 5, 2013 secretarial letter relating to the use of 2012 RGGI funds. As more fully described in the NH Electric Utilities' Home Energy Assistance Informational Filing per Order No. 24,425 dated February 11, 2013 in Docket Nos. DE 10-188 and DE 12-262, in the absence of federal WAP funds and with a program cap of \$8,000 per customer, the HEA Program would be able to serve approximately 83% of the homes that were served under the HEA Program in 2012, which would help to maintain the same level of weatherization services available to low income households in New Hampshire in 2013 and 2014. Under a \$5,000 cap, the HEA Program would only be able to serve approximately 47% of the homes that were served under the HEA Program in 2012. With no WAP funds available to co-invest with CORE funds, reverting back to a \$5,000 per customer spending cap for CORE funds will very likely result in a large number of homes being audited, but not weatherized, which is an inefficient use of existing CAA resources. In addition, customer satisfaction with the program would be negatively impacted as customers are informed that their homes would be placed on a waiting list until WAP funds become available. Finally, maintaining a trained CAA workforce to assist with the implementation of the HEA Program becomes increasingly difficult when the level of program funds fluctuate widely. Increasing the spending cap for CORE funds will help to maintain this workforce until federal WAP funding becomes more stable and predictable. Although the increase in the per customer spending cap to \$8,000 may lead to fewer homes being served overall, those homes that are served under the HEA program will receive more comprehensive services.

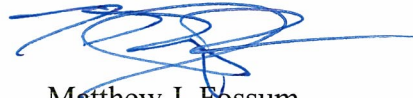
Revisions to the 2014 participation, savings and cost benefit goals for the HEA Program and the performance incentive calculation for the residential sector will be included in the utilities' 2014 CORE Update filing due on August 31, 2013. If the utilities find that revisions are necessary for the 2013 participation, savings or cost benefit goals or the performance incentive calculation for the residential sector, each utility will file revisions by July 12, 2013.

The CAAs, the Office of Energy and Planning, the Office of the Consumer Advocate, The Way Home, the Department of Environmental Services and the Jordan Institute are in support of this proposal.

The utilities continue to weatherize homes for which expenditures fall within the currently approved CORE HEA Program per customer spending cap; however, homes which require expenditures exceeding the spending cap of \$5,000 are not being served pending Commission approval of the program changes sought by this filing. As a result, the utilities seek Commission review and approval of this filing as expeditiously as possible.

Please let me know if there are any questions concerning this request.

Very truly yours,



Matthew J. Fossum

cc: DE 12-262 Service List (by electronic mail only)