

STATE OF NEW HAMPSHIRE

Inter-Department Communication

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DATE: August 18, 2015**AT (OFFICE): NHPUC**

FROM: Amanda O. Noonan

SUBJECT: DE 15-297 Electric Assistance Program

TO: Commissioners
Executive Director

CC: Michael Sheehan

Summary:

The Electric Assistance Program Advisory Board, comprised of representatives from the four electric utilities, the Office of Energy and Planning, the Office of Consumer Advocate, the Community Action Agencies, The Way Home, and Commission Staff, has reviewed the budgets for the upcoming electric assistance program (EAP) program year. Based upon the review and recommendation of the Advisory Board, Staff recommends that the Commission approve the EAP budgets for the program year beginning October 1, 2015 as submitted.

Background:

In accordance with Commission Order 23,980, New Hampshire Electric Cooperative and Unitil Energy Systems filed their budgets and sales forecasts for the upcoming EAP year on July 30, 2015, 60 days or more in advance of October 1, 2015, the start of the 2015-2016 program year. The Office of Energy and Planning (OEP) filed its budget for the upcoming EAP year on July 31, 2015. Liberty Utilities (Liberty) filed its budget and sales forecast on July 30, 2015. Eversource filed its budget and sales forecast on August 3, 2015. An updated budget was filed by Liberty on August 12, 2015. The Community Action Agencies (CAA) provided the Commission with a copy of their budget on July 31, 2015.

There are three components to the EAP budget: CAA administrative costs, utility administrative costs and OEP administrative costs. The EAP budgets submitted by the utilities consist of the utilities' incremental costs to administer the EAP and the CAA administrative costs allocated to each utility.

As program administrator, the CAA performs activities such as client outreach and intake, application processing, enrollment of participants, and periodic review of ongoing program eligibility. The CAA also conducts compliance monitoring to ensure program guidelines are being adhered to. Utility incremental costs generally include expenses for the production and printing of educational materials such as posters and brochures, customer service, legal services and IT support

and represent those expenses that would be reasonably incurred as part of the utility's administration of the EAP but would not be incurred absent EAP. Expenses included in the OEP budget relate to OEP's participation in the EAP advisory board meetings and other EAP related discussions. During this program year, the OEP will also be conducting the third triennial process evaluation as required by Commission Order 24,820. The process evaluation will look at whether the EAP has met the level of need, within the limits of the available System Benefits Charge funds, whether the EAP conforms to the program design guidelines, and whether the program operates efficiently. Costs related to conducting the process evaluation are included in the OEP budget for the 2015-2016 program year.

The EAP is currently serving approximately 34,000 customers with no waiting list for the program. The program as currently designed is projected to be able to provide benefits to approximately 33,500 customers. As income eligible residents in the state begin to plan for the winter heating season and apply for the federally funded low-income home energy assistance program, EAP enrollment is expected to increase. During the upcoming program year, the EAP Advisory Board will be reviewing the EAP discount levels and enrollment levels and will provide the Commission with recommendations to ensure a sustainable program.

Analysis and Recommendation:

The proposed budget for the 2015-2016 EAP year is shown below. Overall, the 2015-2016 program year budget is 1.06% higher than the 2014-2015 program year budget.

**2015 - 2016
EAP Overall Budget**

| | CAA Costs | Utility Costs | OEP Costs | Total |
|-----------------------------|--------------------|-----------------|-----------------|--------------------|
| 2015-2016 | \$1,839,005 | \$11,879 | \$27,000 | \$1,877,884 |
| 2014-2015 | \$1,839,005 | \$12,137 | \$7,000 | \$1,858,142 |
| Change over 2013-2014 PY | 0% | (2.13%) | 285.71% | 1.06% |

The increase in the EAP budget for the 2015 – 2015 program year is the result of OEP's additional costs for the triennial process evaluation to be conducted during the upcoming program year.

The budgets for the 2015-2016 EAP program year were provided to all members of the EAP Advisory Board. The Advisory Board has reviewed the budgets, and an informal discovery process was used to ensure all members had an opportunity to ask questions and discuss the budgets.

Following its review, the Advisory Board concluded that the expenses included in the budgets submitted for the 2015-2016 EAP program year are those which would be reasonably incurred in the administration of the electric assistance program. Accordingly, Staff recommends the Commission approve the 2015-2016 EAP program year budgets as filed.

DE 15-297 Electric Assistance Program
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