

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: September 14, 2018

AT (OFFICE): NHPUC

FROM: Rorie Patterson *REP*

SUBJECT: DE 18-118 Electric Assistance Program

TO: Commissioners
Executive Director

NHPUC 14SEP'18AM11:53

CC: Paul Dexter
Amanda O. Noonan

Summary:

The Electric Assistance Program Advisory Board, comprised of representatives from the four electric utilities, the Office of Strategic Initiatives, the Office of the Consumer Advocate, the Community Action Agencies, The Way Home, the NH Municipal Welfare Directors 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, 2018, as submitted.

Background:

In accordance with Commission Order 23, 980 (May 20, 2002), Eversource Energy (Eversource) filed its budget and sales forecast for the upcoming EAP year on July 31, 2018. The Office of Strategic Initiatives (OSI) also filed its budget for the upcoming EAP year on July 31, 2018. On August 1, 2018, Liberty Utilities (Granite State Electric) Corp. dba Liberty Utilities (Liberty) and Unitil Energy Systems, Inc. (Unitil) filed their budgets and sales forecasts. New Hampshire Electric Cooperative (NHEC) filed its budget and sales forecast on August 2, 2018, and on August 3, 2018, the Community Action Agencies (CAA) provided the Commission with a copy of its budget. On August 23, 2018, OSI filed a revised budget, and UES filed a revised budget on August 28, 2018.

There are three components to the EAP budget: CAA administrative costs, utility administrative costs, and OSI administrative costs. Costs associated with the Commission's administration of the EAP are not recovered from the EAP fund.

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. The CAA administrative costs cover 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 those costs represent those expenses that would be reasonably incurred as part of the utility's administration of the EAP but would not be incurred absent the EAP. Expenses included in the OSI budget relate to OSI's participation in the EAP

Advisory Board meetings and other EAP-related discussions. During this program year, OSI will be conducting the fourth triennial process evaluation as required by Commission Order 24,820. Costs related to conducting the process evaluation are included in the OSI budget for the 2018-2019 program year.

As of September 5, 2018, 28,428 electric utility customers were enrolled in the EAP. There is no waiting list for the program. The program, as currently designed, is projected to be able to provide benefits to approximately 31,800 customers. This represents a reduction to the design enrollment level of prior years, which stems from a change to the EAP design. On May 4, 2018, Commission Order 26,132 approved the application of the EAP discount to the energy portion of bills of enrolled customers who procure energy from a competitive supplier. The additional discounts anticipated as a result of this change is reflected in the decrease to the sustainable enrollment level, from 33,500 customers to 31,800 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 from its current level to a level closer to the program design level of 31,800.

Analysis and Recommendation:

The proposed budget for the 2018-2019 EAP year is shown below. Overall, the 2018-2019 budget is 0.74% lower than the budget for the 2017-2018 program year.

	CAA Costs	Utility Costs	OSI Costs	Total Budget
2018-2019	\$1,839,005	\$11,573	\$27,000	\$1,877,578
2017-2018	\$1,873,292	\$11,221	\$7,000	\$1,891,513
Change over 2017-2018 PY	(1.83%)	3.14%	286%	(0.74 %)

Budgets submitted by the utilities changed very little, increasing \$352 over the 2017-2018 budget submissions. The CAA budget for the 2018-2019 program year decreased over the budget for the prior program year. The decrease in the CAA budgets in the 2018-2019 program year more than offset the increase in the OSI budget, which is due entirely to additional costs for the triennial process evaluation to be conducted by OSI during the upcoming program year.

Budgets for the 2018-2019 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 undertaken to ensure all members had an opportunity to ask questions regarding the budgets. The Advisory Board expressed no concerns with the budgets as submitted.

Staff has reviewed the budgets and concludes that the expenses which comprise the 2018-2019 EAP budgets are those which would be reasonably incurred in the administration of the EAP.

Accordingly, Staff recommends the Commission approve the 2018-2019 EAP budgets as filed.

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Executive.Director@puc.nh.gov
amanda.noonan@puc.nh.gov
asbury@unitil.com
donald.kreis@oca.nh.gov
hansks@nhec.com
karen.palmieri@eversource.com
leszek.stachow@puc.nh.gov
ocalitigation@oca.nh.gov
paul.dexter@puc.nh.gov
pradip.chattopadhyay@oca.nh.gov
steven.mullen@libertyutilities.com
tom.frantz@puc.nh.gov
Tracy.desmarais@osi.nh.gov

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