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June 30, 2022

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street
Concord, NH, 03301

Re: DG 20-013 Residential Low Income Assistance Program for Natural Gas Customers
[now the "Gas Assistance Program" (GAP)] Consideration of Program Design
Change, *DOE's response to Commission's Procedural Order May 23, 2022*

Dear Chairman Goldner:

The Department of Energy (DOE) is filing the following in response to the Commission's May 23, 2022 Procedural Order. The DOE provides background, DOE recommendations, and specific responses to the questions posed by the Commission in the May 23, 2022 procedural order. The Office of the Consumer Advocate by and through Donald M. Kreis, the Consumer Advocate, and the New Hampshire Community Action Agencies, by and through Jeanne Agri, Executive Director, Community Action Program Belknap-Merrimack and NH Community Action Agency Representative, join DOE in DOE's proposed modifications and in DOE's response to the Commission's questions.

Background

On July 27, 2020, a joint proposal for modifications to the residential low-income assistance program for natural gas customers (now the Gas Assistance Program or GAP) was filed by the (then) Commission Staff on behalf of itself, the Office of the Consumer Advocate, the Way Home, by and through its counsel, New Hampshire Legal Assistance,¹ the New Hampshire Community Action Agencies, Northern Utilities, Inc., and Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (collectively the "Settling Parties"). The Settling Parties' *Joint Proposal* recommended a number of modifications to the GAP. The Commission approved those recommendations in Order No. 26,397 (August 27, 2020). In the same order, the Commission directed Staff and the parties to make further recommendations to the Commission no later than September 25, 2021, if program costs exceeded either of the one percent benchmarks. The one percent benchmarks tied program costs to utility gross revenues and a typical residential heating customer's annual bill.

¹ For reasons unrelated to this docket, the Way Home is no longer eligible for representation by New Hampshire Legal Assistance. As of the date this letter was filed, it is unclear to DOE whether The Way Home will continue to participate in this docket, as it is not represented by counsel, and has not otherwise identified a service list contact.

During June, July, and August 2021, discussions took place between DOE and the other Settling Parties to develop further recommendations for program modifications as Liberty Utilities GAP program had exceeded the 1.0 percent gross revenue benchmark. A review of the demographic information for each town in the Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) and Northern Utilities, Inc. (Northern) service areas was also conducted.

Following discussion and review, the Settling Parties considered further potential program modifications. Due to a number of factors, the Settling Parties were unable to file the recommended program modifications with the Commission in a timely way or otherwise update the Commission.

DOE Recommended Modifications

The DOE, joined by the Office of the Consumer Advocate and the New Hampshire Community Action Agencies, recommend the Commission consider the following modifications to the Gas Assistance Program beginning with the 2023 – 2024 winter season i.e., effective November 1, 2023:

- Due to demographic differences between the utilities' service areas, different gross revenue benchmark percentages should be established for Liberty and Northern. The different percentages are appropriate because thirty-eight percent of towns in Liberty's service area have median incomes below 60 percent of NH State Median Income (NH SMI) as compared to seventeen percent of towns in Northern's service area. Although eligibility for the Gas Assistance Program is based upon participation in one of 13 qualifying programs, participation in the federally funded LIHEAP, with an eligibility threshold of at or below 60 percent of NH SMI, is the program by which the majority of customers become eligible for the GAP. Thus, Liberty and Northern's customer bases have a significantly different percentage of potential GAP participants, and it is reasonable that Liberty's GAP expenditures be higher than those of Northern.
- If the Commission approves different gross revenue benchmarks, then each utility will review its Gas Assistance Program annually, and on or by August 1 notify the Commission if the actual and projected costs of the program exceed 1.0 percent of actual and projected gross revenues for Northern or 1.5 percent of gross revenues for Liberty.²
 - The timeframe for calculating actual and projected program costs and actual and projected gross revenues should be November 1 through October 31.
- If the annual review indicates that costs for the prior year exceed, or are projected to exceed revenues by more than 1.0 percent of gross revenues for Northern or 1.5 percent of gross revenues for Liberty, the Commission should consider, within the applicable winter cost of gas proceeding, whether to leave the Gas Assistance Program unchanged or to open a docket to consider further programmatic changes. This would give the Commission greater discretion to consider market conditions without making programmatic changes unnecessarily and causing disruption to and uncertainty for GAP participants. The utilities would not incur a penalty for exceeding 1.0 percent of gross

² Liberty has historically exceeded the 1.0 percent gross revenue benchmark. See Liberty response to DOE data request 1.1 and 1.1.xls-revised (attached).

revenues as it is not a cap but rather a benchmark for review. The focus would be on tracking GAP expenditures annually.

- Finally, the 1.0 percent benchmark with regard to the typical residential heating customer's annual bill, while interesting information, has not been found to be a useful measure in monitoring GAP expenditures. Therefore, it should no longer trigger a review of the Gas Assistance Program. Instead, Liberty and Northern should continue to provide that statistic annually, but for information only.

DOE Response to the Commission's May 23, 2022 Procedural Order

On May 23, 2022 the Commission issued a *Procedural Order re: Request for Status Update*, including four questions to the Settling Parties. The questions posed, and DOE's responses, follow. The Office of the Consumer Advocate and the New Hampshire Community Action Agencies join DOE in this response.

Whether Northern and Liberty are currently administering the GAP in compliance with the requirements of Order No. 26,397?

In response to the questions posed by the Commission in its May 23, 2022 procedural order requesting a status update, DOE offers the following. DOE believes Northern and Liberty to be administering the Gas Assistance Program in accordance with Order No. 26,397.

The manner in which amounts spent on the GAP in excess of the one percent can be returned to customers

DOE respectfully notes that the two current GAP benchmarks – the percent of program costs compared to gross operating revenues and the percentage of program costs compared to the average annual residential heating bill – are not caps on the program costs. Rather, the benchmarks provide a trigger for the Commission to determine if a review of the GAP is appropriate. *Compare* Order No. 26,397 at 7-8 (August 27, 2020) (“Program costs have historically exceeded one percent of Liberty’s gross revenue”) *with* Procedural Order (May 23, 2022) (describing “benchmarks” as limits, a characterization with which DOE respectfully disagrees).

DOE has reviewed Liberty and Northern's June 23, 2022 filings. The Commission requested data from November 2020 through April 2022. Northern provided actual costs and revenue for the period November 2020 through May 2022 in its filing along with projected costs and revenue for the period June 2022 through October 2022. Liberty provided actual costs and revenue for the period November 2020 through April 2022.

Annual program costs should be compared to annual operating revenues to capture billing adjustments or corrections that occur outside of the months during which the GAP discount is applied. Northern provided actual and projected costs and revenues for the periods November 2020 through October 2021 and November 2021 through October 2022, demonstrating to the satisfaction of the DOE that its GAP costs did not exceed one percent of its operating revenues in either program year (Northern also demonstrated that its GAP costs did not exceed one percent of the typical residential

customer annual bill during those periods.) See Procedural Order (May 23, 2022) at 1 (misconstruing then PUC Staff's June 9, 2021 request to schedule a technical session as suggesting Northern exceeded "the one percent [benchmark]"). In its June 23, 2022 filing, Liberty only provided actual data for the six-month period November 2021 through April 2022, and no projected data for the remaining six months. Therefore, DOE is unable to determine Liberty's performance relative to the one percent of operating revenue benchmark for the November 2021 through October 2022 period. (Similarly, DOE cannot determine Liberty's costs relative to one percent of the typical residential customer annual bill).

DOE does not recommend funds spent by Liberty in excess of one percent of revenue during the November 2020-October 2021 period or potentially spent during the November 2021-October 2022 period be returned to customers.

Whether changes to the GAP should be made to ensure that Northern and Liberty's GAP expenditures remain within the one percent cap.

Given the high natural gas prices currently in effect, and the projected high winter prices resulting from continued market volatility and uncertainty, were the Commission to limit Gas Assistance Program benefits that action would likely have a significant detrimental impact on low-income households who will be facing extraordinary heating costs. Regardless of Liberty's performance relative to the one percent of gross operating revenue benchmark, and the one percent typical residential bill benchmark, at this time DOE recommends continuing with the GAP as currently structured and designed.

Whether there are any other outstanding issues concerning administration of the GAP, which require further Commission review.

DOE respectfully requests that the Commission review and adopt DOE's proposed modifications, as described above.

Thank you for your consideration of the above.



Amanda O. Noonan
Director, Consumer Services Division

cc: Mary E. Schwarzer, Staff Attorney
Service List

REVISED

Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty

DG 20-013

Consideration of Program Design Change

Department of Energy (DOE) Data Requests - Set 1

Date Request Received: 7/7/21
Request No. DOE 1-1

Date of Response: 7/28/21
Respondent: David Simek

REQUEST:

Using actual data to date for the Gas Assistance Program (GAP) and (where applicable) the reporting format used by Northern Utilities Inc. as discussed during the June 22, 2021 technical session, please provide the following:

- a. The overall program costs of the GAP program for the November 2020-April 30, 2021 period relative to the 1% benchmarks. Those benchmarks are:
 - GAP overall program costs exceed one percent of a utility's gross (annual) revenue; and
 - GAP overall program costs exceed one percent of the typical residential heating customer's total annual bill

See Order No. 26,397 at 2 in Docket DG 20-013;

- b. RLIAP overall program costs and benchmarks for the 2016/2017 RLIAP program, the 2017/2018 RLIAP program, the 2018/2019 RLIAP program, and the 2019-2020 RLIAP program.
- c. GAP participation for the 2020-2021 period as compared to the prior five years (beginning in 2016/2017)
- d. GAP benefit per enrolled participant (\$\$ per month and \$\$ annually) for 2020-2021 (actual) as compared to the prior model for the past 5 years (actual);
- e. Please show what GAP benefit (\$\$) would be provided to GAP participants were costs reduced to the 1 percent benchmark for each 2020-2021 benchmark that currently exceeds that threshold.
- f. Please provide the percentage of the average residential heating customers' monthly bill that is attributable to the GAP(formerly RLIAP) program for the past five years, please include the dollar equivalent and show your formula and calculations
 - For the 2020-2021 season, please include a "per winter month, i.e. November 1 through April 30" percentage and an "annual" percentage (where costs are distributed over 12 months).

RESPONSE:

Please see Attachment DOE 1-1.xls. The first tab answers a, b, e, and f. The second tab answers c and d. The equivalent bill metric used for RLIAP/GAP participation is measured over a duration of time whose ending date may or may not be in the current month, is a continuous measurement (contains fractions), and captures the number of days service rendered under Rates R-4/7. Membership in Rates R-4/7 is volatile due to the periodic review of eligibility.

REVISED RESPONSE:

Please see Revised Attachment DOE 1-1.xls. Changes from the original response are in response to discussions during the July 22, 2021, technical session and are summarized below:

- Average use (therms) amounts for the 2020/2021 season were updated to include winter sales only on row 6 of the first tab.
- Updated participant counts were made to rows 14, 26, 39, 52, and 66 in the second tab.
- Actual program costs for May 2021 and June 2021 were updated in the second tab. Note that costs incurred during the summer months are mainly due to billing cycle timing differences and cancel/rebills.
- The 2020/2021 average participant count calculation was updated to include the six winter months only on row 66 in the second tab.

**Liberty
GAP Assessment**

The costs relative to the 1% benchmarks

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	
Avg Annual Use (therms)	763	779	778	809	667	2020/2021 is winter only
GAP (\$/therm)	\$0.0067	\$0.0096	\$0.0130	\$0.0123	\$0.0121	
Annual GAP Cost	\$5.11	\$7.48	\$10.11	\$9.95	\$8.07	
Annual typical bill*	\$1,077.85	\$1,121.00	\$1,193.64	\$1,274.03	\$1,112.29	
% of Annual Avg bill	0.47%	0.67%	0.85%	0.78%	0.73%	

2020/2021 Winter Only

	November	December	January	February	March	April	Total
Avg Monthly Use (therms)	62	110	123	148	132	92	667
GAP (\$/therm)	\$0.0121	\$0.0121	\$0.0121	\$0.0121	\$0.0121	\$0.0121	\$0.0121
Monthly GAP Cost	\$0.75	\$1.33	\$1.49	\$1.79	\$1.60	\$1.11	\$8.07
Monthly typical bill*	\$88.98	\$145.87	\$161.28	\$190.91	\$171.94	\$124.54	\$883.52
% of Monthly Avg bill	0.84%	0.91%	0.92%	0.94%	0.93%	0.89%	0.91%

*From latest COG filing

% of gross revenues (per quarterly RLIAP/GAP filings)

	Gross Revenue	Total Costs	%
Nov 2020 - Oct 2021 **	\$160,236,461	\$1,852,070	1.16%
Nov 2019 - Oct 2020	\$154,030,500	\$2,086,039	1.35%
Nov 2018 - Oct 2019	\$160,079,395	\$2,200,638	1.37%
Nov 2017 - Oct 2018	\$150,921,433	\$1,941,515	1.29%
Nov 2016 - Oct 2017	\$130,400,078	\$1,757,162	1.35%

GAP benefit if costs were reduced to 1%

	Gross Revenue	Total Costs	%
Nov 2020 - Oct 2021 **	\$160,236,461	\$1,600,000	1.00%
Nov 2019 - Oct 2020	\$154,030,500	\$1,540,000	1.00%
Nov 2018 - Oct 2019	\$160,079,395	\$1,600,000	1.00%
Nov 2017 - Oct 2018	\$150,921,433	\$1,510,000	1.00%
Nov 2016 - Oct 2017	\$130,400,078	\$1,300,000	1.00%

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