

STATE OF NEW HAMPSHIRE
Before the
PUBLIC UTILITIES COMMISSION
DG 20-013
GAS ASSISTANCE PROGRAM
Consideration of Program Design Changes

Comments of Northern Utilities, Inc. d/b/a Unutil

On September 1, 2005, the Commission issued Order No. 24,508 in Docket No. DG 05-076 approving a then-pilot program for a residential low-income assistance program (“RLIAP”) for the State’s natural gas companies, now Northern Utilities, Inc. d/b/a Unutil (“Northern” or the “Company”) and Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty (“Liberty”). In January 2020, the Staff of the Commission (now the Staff of the Department of Energy (“DOE”)) recommended that the Commission open a docket to review the RLIAP and make potential revisions to the program in light of changes in the gas supply markets and changes in the utility companies’ base rates. In response the Commission opened the instant proceeding.

On August 27, 2020 the Commission issued Order No. 26,397 in this docket approving a settlement setting out certain modifications to the RLIAP, which has now been renamed the Gas Assistance Program (“GAP”). Under the settlement, the then-existing 60 percent annual bill credit on distribution rates (exclusive of the Local Distribution Adjustment Charge (“LDAC”)) was replaced with a 45 percent bill credit on distribution and supply rates (exclusive of the LDAC) during only the winter months: November 1 to April 30. Additionally, in that Order the Commission stated that:

Because Staff testified that participation rates, or usage, and therefore costs of the program, could be higher in the coming year due to the COVID-19 pandemic, we will condition our approval on a modification of the Settlement Agreement to require the parties to review overall program costs over the coming year. If costs exceed any of the one percent benchmarks, Staff and the parties shall make a further recommendation to the Commission in this docket no later than September 25, 2021.

Order No. 26,397 at 8. The one percent “benchmarks” referenced by the Commission were based upon whether the costs of the GAP exceeded one percent of utility gross revenue, or one percent of a typical customer’s annual bill. *Id.* at 7. Accordingly, the one percent benchmarks acted as triggers for potential further Commission review.

On June 9, 2021, the DOE Staff filed a letter stating that the “condition precedent” of exceeding the one percent “seem[ed] to have occurred,” but did not elaborate further. June 9, 2021 Letter in DG 20-013 at 1. The DOE Staff requested that the Commission schedule a technical session so that it might begin gathering information for the recommendation that would have been due in September 2021. The parties held a technical session and the utilities subsequently answered multiple rounds of discovery. However, no recommendation was ever filed.

On May 23, 2022, the Commission issued a procedural order and requested a status update. Specifically, the Commission requested that by June 23, 2022 the utilities file information on the program costs over the last two winters (November 2020 through April 2022) relative to the one percent benchmarks, and that all interested parties file comments by June 30, 2022 regarding:

- (1) whether Northern and Liberty are currently administering the GAP in compliance with the requirements of Order No. 26,397; (2) the manner in which amounts spent on the GAP in excess of the one percent cap can be returned to customers; (3) whether changes to the GAP should be made to ensure that Northern and Liberty’s GAP expenditures remain within the one percent cap; and (4) whether there are any other outstanding issues concerning administration of the GAP, which require further Commission review.

May 23, 2022 Procedural Order at 2. On June 23, 2022 Northern filed the required cost information demonstrating that its costs have remained well below the one percent benchmark at all times and that the so-called “condition precedent” never occurred for Northern. On the other items, Northern’s comments follow.

With respect to the first item on the administration of the GAP, Northern is administering the program in line with the program requirements, Northern’s tariff pertaining to the GAP, and the relevant Commission orders, including Order No. 26,397. Eligible residential customers are enrolled into the GAP when they meet the program requirements by participating in one of the specified income eligible programs. Once enrolled, all participants are provided the required 45 percent discount on the distribution and supply charges during the winter period. Accordingly, Northern has been, and remains, in compliance with the requirements of the program.

Regarding the Commission’s second item, Northern notes that the one percent amount is not – and to Northern’s knowledge never has been – a cap. Rather, since the inception of the program as the RLIAP, the one percent levels were established as benchmarks or thresholds for triggering further examination and potential program revision. *See* Order No. 24,508 at 11. Exceeding the one percent levels did not, and does not, dictate any redistribution of funds or other specific outcome, but it does create circumstances for Commission review of the program parameters. Therefore, in Northern’s view there was not, is not, and should not be, any manner or method for returning funds over the one percent to customers. Instead, the one percent thresholds should continue to act as they always have – as the trigger for evaluating the operation of the program and the propriety of any changes to the program on a prospective basis.

Relatedly, and as to the Commission's third item on whether changes are necessary to assure that Northern stays under the one percent level, Northern reiterates that to-date it has not exceeded the one percent level and, therefore, does not believe that changes to the GAP are required at this time. Irrespective of Northern not having exceeded the one percent, Northern does note that Liberty has, and that there are potential scenarios where exceeding one percent is theoretically possible for Northern due to changes in enrollment, though such scenarios are largely outside the Company's control.

Presently, enrollment in the GAP is relatively consistent from month-to-month and across years. Presuming enrollment remains consistent, Northern would anticipate its costs remaining consistent as well. If, however, enrollment were to substantially increase, then the costs would likewise increase. The level of enrollment in the program could shift substantially due to one or more of a number of factors, including: weather; the costs of the underlying gas supply (which Northern passes through to its customers without profit as part of its cost of gas ("COG") rate); larger economic issues, such as a recession and/or pandemic; or the level of marketing of the GAP by the Community Action Programs. In other words, enrollment in the program will rise or fall based on broader factors substantially unrelated to Northern's administration of the program.

Nevertheless, if there are circumstances where enrollment rises and the costs exceed the one percent benchmarks, Northern would recommend that the matter be handled in much the same way that it has been. When the relevant threshold(s) are, or may be, exceeded, that would trigger a review of the program to determine whether adjustments are reasonable under the circumstances. Potential adjustments to consider could include changes to the level of credit, limiting the number of customers who could participate, or otherwise limiting program participation. Another potential adjustment could be moving the one percent threshold as the trigger for review. In the end, any potential adjustments would come with their own burdens and benefits and should be evaluated in light of the facts and circumstances at the time they are proposed. In Northern's view, the GAP provides substantial value to low income gas customers and Northern cautions against reducing the monthly benefit and/or the number of customers who can participate and receive this helpful benefit.

With respect to the Commission's final inquiry regarding the need for other changes, in Northern's assessment there are no other issues for review at present. Northern notes that the DOE Staff shared its proposed comments prior to filing and Northern generally agrees with the proposals and views expressed in those comments.

Northern views the GAP as vital to financial hardship gas customers in New Hampshire and will continue to monitor the GAP data, which it reports to the Commission quarterly. If it appears that enrollments are increasing, Northern would be open to discussing potential changes to the GAP with the Commission and other parties.