STATE OF NEW HAMPSHIRE
Department of Energy
Intra-Department Communication

DATE: July 13, 2023

FROM: Enforcement Division Audit Staff

SUBJECT: Public Service Company of New Hampshire d/b/a Eversource Energy
DE 22-004 Clean Energy Fund
Final Report based on Report dated May 1, 2023

TO: Thomas Frantz, Director Regulatory, NH Department of Energy
Liz Nixon, Director Electric, Regulatory, NH Department of Energy
Jay Dudley, Analyst, Regulatory, NH Department of Energy
Paul Dexter, Attorney, NH Department of Energy

Introduction

On May 1, 2023, in compliance with PUC Order 26,720 in docket DE 22-004, Eversource filed the first required annual report related to the Clean Energy Fund. The report reflected financial details through March 31, 2023. The number of processed loans is through April 12, 2023, and the number of loan applications is through April 17, 2023.

Program	Initial Balance	Spending a/o 3/31/2023	As of 3/31/2023 Remaining Balance
Residential On-bill Financing	$ 1,100,000	$ (283,000)	$ 817,000
Residential Battery Program	$ 750,000	$ -	$ 750,000
C&I Energy Storage Program	$ 1,000,000	$ -	$ 1,000,000
C&I Financing	$ 1,600,000	$ -	$ 1,600,000
Low-to-Moderate Income	$ 750,000	$ -	$ 750,000
Total Fund Balance	$ 5,200,000	$ (283,000)	$ 4,917,000

From Order 26,577, issued February 4, 2022 in dockets DE 11-250 and DE 14-238, pages 5-6:

"*Standard of Review*

This Order implements a provision of the 2015 Settlement Agreement approved in July 2016. Specifically, the Commission has reviewed the filings to date, including the Amended Joint Proposal and stakeholder input, to assess whether the proposed programs meet the following four criteria set forth in the 2015 Settlement Agreement at page 25:

1. Support innovation in achieving clean energy benefits;

2. Leverage various sources of funds, including attracting private capital to the fund and to programs supported by the fund;

3. Expand access to clean energy technologies across customer classes in a cost-effective manner; and

4. Avoid undue costs."

Audit read the May 1, 2023 report, and requested additional information regarding each line item. Specifically, the Company was asked how the Residential On-bill Financing differs from the Energy Efficiency program On-bill financing. The Company responded:

"*The Residential On-bill Financing program within the Clean Energy Fund (CEF) is designed to not overlap with the NHSaves financing and helps customers finance their investments in measures such as heat pumps and batteries, as indicated on the Company's web page (https://www.eversource.com/content/residential/save-money-energy/clean-energy-options/new-hampshire-clean-energy-fund). The NHSaves on-bill financing is designed to help customers finance their projects containing eligible measures within the NHSaves programs. These typically include the customer portion for measures such as air sealing and weatherization within the Home Performance program. Heat Pump measure financing is currently only offered through the CEF.*"

For each of the other line items, Audit requested a more detailed explanation of why no funds have been expended. Eversource provided:

"*Residential Battery Rebate Program*

The legacy ConnectedSolutions program which Eversource offers for residential batteries across its service territory operates as a bring-your-own-device, pay-for-performance format. This means that customers who apply to participate in the program have batteries that have already been installed, are operational, and are ready to perform in demand response events. To enroll, the battery installer fills out an application on behalf of the customer and submits that form to a participating battery manufacturer. That is the only step required by the installer to get the customer's battery enrolled and set the customer up to earn ongoing performance incentives. Payments are issued to the customer by Eversource at the end of the demand response season.

The upfront rebate and limited funding pool offered through the CEF has presented a challenge to battery manufacturer interest in participating in the program. After several months of conversation, three manufacturers agreed to participate in the program in Q4 2022, which required new contracts between each manufacturer and the Company's Distributed Energy Resource Management (DERMs) provider. Other battery partners who participate in ConnectedSolutions are hesitant to invest resources in launching a new program and enrollment process with their installer network when CEF funding could potentially be exhausted in a short period of time.

To alleviate vendor and installer concerns, Eversource created an entirely new digital enrollment flow and tracking, which includes ongoing communications with installers and customers from the time of application (which typically happens six months prior to a battery being installed) through issuing payment of the upfront incentive after the battery is operational. Additionally, Eversource has committed to providing regular updates to manufacturers and installers on the amount of funds remaining based the status of projects that have reserved funds and if they are moving forward to construction.

C&I Battery Rebate Program
C&I customers who decide to install batteries for resiliency purposes often look to incentives from demand response programs as a key element in their revenue stack to make large battery projects financially viable. For example, in 2022, all C&I customers in Massachusetts enrolled in ConnectedSolutions daily dispatch with batteries 100kW or larger earned more than $10,000 for participating in demand response events in last July & August. Customers have that same ability to earn incentives year after year. By comparison, it is unlikely that a one-time upfront incentive of $10,000 offered by the NH Clean Energy Fund will motivate larger battery installations or be more economical for the customer. For that reason, Eversource is focusing marketing the C&I battery rebate to small and medium business customers, who are more likely to consider smaller, less expensive battery projects. It is possible that these customers may be accessible through the installer network participating in the residential rebate program rather than the developer network typically associated with larger C&I battery installations. Similar to the Residential offering, a lag of several months between incentive application and rebate payment after battery installation is expected.

C&I Financing
The Commission approved this program on November 10, 2022. Since then, the Company collaborated with NH DOE to issue an RFP and select a vendor, which was recently completed. Since the vendor was only recently contracted, the program has not yet been launched and so no charges have been incurred against this program yet. The Company expects this program to launch in the coming weeks.

Low-to Moderate Income
The Commission approved this program framework on November 10, 2022. As indicated in the report, it is the Company's understanding that NHCDFA is currently working with NH DOE to finalize the program details. No funds from this program will be spent until the appropriate program design is finalized by NH DOE."

Audit verified the Department of Energy's August 31, 2022 proposal included each of the five programs above. The programs were approved by Order 26,720 on November 10, 2022.

Audit understands that the legacy ConnectedSolutions refers to programs in place in the Eversource territories in Massachusetts, Connecticut, and New Hampshire. The description of the services on the Company's website aligns with the rebate proposed generally.

<u>Residential On-bill Financing Program</u>

On page 3 of the 5/1/2023 report is the detail related to the Residential On-bill Financing Program financial results as of March 31, 2023:

3rd Party Program Administration	$ 32,756.00
Customer Loan Funding	$ 250,000.00
Total Customer Loan Repayments	$ (166.66)
Marketing	$ -0-
Other	$ -0-
Total Spend as of March 31, 2023	$ 282,589.34

The report indicates that loans can be up to $10,000 with zero interest. Also noted was that in the fourth quarter of 2022, Eversource "*entered into a contract with an existing energy efficiency financing vendor, the National Energy Improvement Fund (NEIF) to help implement*" the new program.

Audit requested, and was provided with, the confidential First Amendment to the Agreement for Commercial and Industrial EE Loan Program between Eversource Energy Service Company for itself or as agent for its d/b/a Eversource Energy and National Energy Improvement Fund, LLC. The amendment was signed May 17, 2022, amending the original contract dated May 25, 2021. The amendment added NH service territory to the agreement to support the Residential Financing Clean Energy Fund Program.

Finally, the Company indicated that since October 2022, they have accepted 55 loan applications resulting in "*approximately 17 loans funded, totaling $151,596.71.*"

Audit requested the loan documentation supporting all of the loans issued during the first reporting period. There were 17 loans issued to individual customers, for a total of <u>$151,596.71</u>. Each loan package included the confidential customer level detail, when the loan funds were transferred via automatic clearing house (ACH) transaction from the Eversource Clean Energy Loan Pool account to the vendor's account performing the installation of the clean energy measure, reflection of a 0% interest rate, the loan term for each loan, the clean energy measure installed, a privacy notice, sale price (quote or invoice) from the installer, a signed NH installment loan note, a NEIF completion certificate, and the customer billing history.

Six of the seventeen measures installed were Air Source Heat pumps, with the other eleven Ductless Heat Pumps.

Costs ranged from $4,585.04 to $27,163.00 and related loans from $2,584.04 to $10,000.00.

Repayment terms ranged from:

1 customer at 36 months
1 customer at 60 months
1 customer at 84 months
14 customers at 120 months

Audit requested and was provided with the bank account statements used to process the loans. The account is in the name of National Energy Improvement Fund LLC, Eversource NH. The account was opened on January 17, 2023 with a deposit of $250,000. Audit verified each of the seventeen loans to credits on the bank statements from January 2023 through April 2023. Eleven additional ACH credits were made in April totaling $97,709.73. On April 25, 2023, an additional deposit of $250,000 was noted on the April bank statement. Over the four months, the balances were:

Month	Beginning Balance	Ending Balance
Jan	$ -0-	$212,473.33
Feb	$212,473.33	$192,473.33
Mar	$192,473.33	$139,338.33
Apr	$139,338.33	$250,693.56

Accounting for the Fund

Audit requested all of the general ledger account(s) in which the Clean Energy Fund is held, and the account(s) associated with spending. Based on the information provided, it appears that the Fund is held in general ledger account 254CEF. Audit reviewed the details provided.

Monthly detail of the 254CEF from March 2022 through March 2023 showed the following:

Line of Business	Balance
11100 Non-tracked Dist	$(5,200,000.00)
12205 Energy Efficiency-NU	$ 282,756.00
3/31/2023	$(4,917,244.00)

The specific activity noted was:

	Year 2022	
	11100	12205
TO RECLASS CLEAN ENERGY FUNDS	$ (5,200,000.00)	
RECORD ADDL C&LM FUNDING DUE TO INTEREST EXP		$ (28,686.00)
RECORD ADDL C&LM FUNDING DUE TO INTEREST EXP		$ (15,250.00)
RECORD ADDL C&LM FUNDING DUE TO INTEREST EXP		$ (17,218.00)
RECORD ADDL C&LM FUNDING DUE TO INTEREST EXP		$ (19,203.00)
RECORD ADDL C&LM FUNDING DUE TO INTEREST EXP		$ (21,313.00)
RECORD ADDL C&LM FUNDING DUE TO INTEREST EXP		$ (24,234.00)
RECORD ADDL C&LM FUNDING DUE TO INTEREST EXP		$ (25,223.00)
REVERSE ADDL C&LM FUNDING DUE TO INTEREST EXP		$ 151,127.00
	$ (5,200,000.00)	$ -
TATA CONSULTANCY SERVICES NH Clean Energy Fund O		$14,256.00
TATA CONSULTANCY SERVICES NH Clean Energy Fund O		$47,521.00
911115461823		$11,000.00
NH CEF RES -IT COST		($47,521.00)
NATIONAL ENERGY IMPROVEMENT FUND NH Residential		$250,000.00
NATIONAL ENERGY IMPROVEMENT FUND NH Residential		$0.00
911115640460		$7,500.00
NET	$ (5,200,000.00)	$282,756.00

The reclassification of the Clean Energy Fund figure $(5,200,000) was noted as a credit to account 254CEF, Clean Energy Fund in March 2022, offset with a debit to account 253000, Other Deferred Credits.

The monthly credits, adding interest to the Clean Energy Fund, account 254CEF, were offset with monthly debits to account 431400, Other Interest Expense-Other. The offsets are not one-for-one, but rather, are part of larger entries each month that include interest related to the Energy Efficiency program rolling balance. In October 2022, 100% of the calculated interest was debited to account 254CEF, thus zeroing the impact, and the credit was verified to account 431400, Other Interest Expense-Other.

Audit requested clarification regarding the interest, as the Company had been ordered to accrual interest at the prime rate. Specifically, from Order 26,577:

> "***FURTHER ORDERED,*** *that Eversource shall accrue interest at the prime rate on any monies that are not expended from the Clean Energy Fund, and shall add accrued interest quarterly to the Clean Energy Fund balance; …*"

Audit understands that the PUC subsequently approved an increase from the initial $5 million fund to $5.2 million as a resolution of the fund accruing interest and at what rate. Refer to Order 26,577 February 4, 2022 in DE 11-250 and DE 14-238; and Order 26,636 issued on June 7, 2022 in DE 22-004. As a result, $151,127 which had been initially accruing to the fund from March 2022 through September 2022 was reversed in October 2022.

<u>Other Expenses</u>

The other specific expenses seen in the general ledger follow:

<u>$14,256</u> debited 254CEF July 2022, offset with a credit to Accounts Payable. The Tata Consultancy Services Limited (TCS) supporting documentation provided to Audit reflected "*requirement documentation, analysis and design documentation dated 1st July 2022 for Project: NH Clean Energy Loan*", for services provided during the month of June 2022.

<u>$47,521</u> debited 254CEF September 2022, offset with a credit to Accounts Payable. The TCS documentation reflected work performed during July 2022, identified as "*Build and Unit testing dated 1st August 2022 for Project NH Clean Energy Loan.*"
<u>$(47,521)</u> credit 254CEF November 2022 reversed the September entry. This credit was offset with a debit to 908100, Customer Assistance Expense-Energy Efficiency. When asked to clarify the reversal, Eversource indicate that:

> "*[p]er the CEF Residential Financing program proposal, the program is anticipated to expend up to $36,000 in administration costs annually. The $47,521* (Tata Consulting) *TCS charge would place the administration amount beyond that threshold, and the Company <u>intends</u> to reverse the charge into an account that is **not recovered from customers**. These costs **currently reside in the energy efficiency IT budget but will be moved as soon as the proper accounting string is received from the accounting group**.*"
> Emphasis added by Audit.

The reader is reminded that account 908100 is offset with ratepayer SBC revenue relating to the Energy Efficiency program. The Company is reminded that expenses associated with the start-up of the program should be reflected as such, not moved to different loan programs as a method of achieving budgeted goals.

Clarification of the "accounting string" was requested. The full string was noted to be 06-310-S15-NHREG006. The adjusting June 2023 entry was also provided, showing:

06.11100.**923**000.S15.310.000.NHREG006.NHREG006.00.000	$47,521.00	
06.12205.**908**100.S17.244.000.06NHCOR0.06GENEIT.00.000		$(47,521.00)

The adjusting entry, while having no impact on the Company's 2023 income statement, is clearing an entry out of the 908100 that had posted in a <u>prior financial year.</u> In addition, as a result of the inclusion of the $47,521.00 in the 908100 account, as of year-end December 2022, the Energy Efficiency expenses as filed in docket DE 20-092 on June 1, 2023 and docket DE 22-042 on June 6, 2023 were overstated. After receiving the draft version of this report, the Company included the above journal entry impacts into a revised 2022 performance incentive report, with a cover letter to the PUC dated July 11, 2023. That cover letter noted that the revised filing reflects "*the adjusting entry made in June 2023 as part of the CEF Audit and impacting Pages 1, 5, 6, and 7 of this filing.*" Audit reviewed the original Performance Incentive Calculation – Program Year 2022 filings and the Revised, to review the referenced pages, with the following (rounded figures) noted:

Page 1	**6/1/2023 DE 20-092 and 6/6/2023 DE 22-042 Costs in $1,000**	**7/11/2023 DE 22-042 Costs in $1,000**	**net change**
Home Energy Assistance	5,876.7	5,866.9	(9.8)
Energy Star Homes	1,944.7	1,942.5	(2.2)
Home Performance with Energy Star	4,224.6	4,216.4	(8.2)
Energy Star Products	2,376.9	2,372.1	(4.8)
Residential Active Demand Response	99.5	99.3	(0.2)
Residential Customer Engagement	1.5	1.5	-
Residential ISO FCM Expenses	4.7	4.7	-
Residential Education	69.2	69.2	-
Sub-total Residential Page 1	14,597.8	14,572.6	(25.2)
Large Business Energy Solutions	10,280.2	10,270.3	(9.9)
Small Business Energy Solutions	6,939.6	6,928.9	(10.7)
Municipal Energy Solutions	1,177.7	1,176.1	(1.6)
Energy Rewards RFP Program	(5.0)	(5.0)	-
C&I Active Demand Response	586.9	586.4	(0.5)
C&I Customer Engagement	2.2	2.2	-
C&I ISO FCM Expenses	11.0	11.0	-
C&I Education	98.3	98.3	-
C&I Customer Partnerships	15.2	15.2	-
Sub-total Commercial and Industrial	19,106.1	19,083.4	(22.7)
Smart Start	19.6	19.6	-
Total 2022 Page 1	**33,723.5**	**33,675.6**	**(47.9)**

The first page is a high level summary which includes all program budgets and expenses, among other items. As a result, for ease of review, Eversource reflects the dollars rounded to the nearest $1,000. Therefore, total expenses originally filed were approximately $33,723,500, with a decrease spread among several programs, summing to $(47,900).

Page 5						
Performance Incentive-page 5 line 10	$	1,825,251	$	1,823,146	$	(2,105)
Total Utility Cost - page 5 line 11	**$**	**33,571,324**	**$**	**33,523,803**	**$**	**(47,521)**

The page 5 expense totals are less than the expense totals pages 1 and 6 due to the performance incentive calculation excluding costs associated with the Smart Start Program and the Commercial and Industrial cap on the ADR Pilot program beyond 120% of the budget (see Footnote 3 on page 5 of the report). Reported C&I ADR expenses were $586k, but the associated cap on the budget was $454,480.

Page 6-Reconciliation						
Beginning Balance-Over/(Under) Recovery	$	54,980	$	54,980	$	-
RSA 374-F:3 DoE Funding	$	290,312	$	290,312	$	-
System Benefits Charge	$	39,008,078	$	39,008,078	$	-
RGGI Funding	$	1,842,316	$	1,842,316	$	-
FCM Payments	$	4,964,274	$	4,964,274	$	-
2022 Interest	$	497,730	$	497,730	$	-
Total Funding	$	46,602,710	$	46,602,710	$	-
Energy Efficiency Expenditures	**$**	**(33,723,346)**	**$**	**(33,675,825)**	**$**	**47,521**
2022 PI and 2021 True-up	$	(1,991,771)	$	(1,991,771)	$	-
Exclude 2021 PI true-up booked in 2022	$	374,894	$	374,894	$	-
2022 PI to be booked in 2023	$	(208,374)	$	(208,374)	$	-
2022 PI to be booked in 2023	$	-	$	2,105	$	2,105
Eversource Facilities Expenses	$	(369,743)	$	(369,743)	$	-
Eversource Facilities Addition Funding	$	-	$	-	$	-
Total Program Expenses	$	(35,918,340)	$	(35,868,714)	$	49,626
Ending Balance-Over/(Under) Recovery	$	10,739,350	$	10,788,976	$	49,626

The ending balances on page 6 vary from the "General Ledger Summary" on page 7 due to the timing of the $47,521 adjusting entry in June 2023, and the performance incentive to be booked in 2023. The $2,105 2022 PI to be booked in 2023 is a result of the reduction of the expenses caused by the $47,521 adjusting entry. The $2,105 agrees with the change in incentive noted on the Page 5 comparison.

Page 7 General Ledger Summary						
Carry forward general ledger 01/01/2022	$	590,037	$	590,037	$	-
Carry forward general ledger 12/31/2022	$	11,107,888	$	11,155,409	$	47,521
2022 net general ledger activity	$	10,517,851	$	10,565,372	$	47,521

Audit requested the general ledger details that support the $10,517,851 originally filed net 2022 activity, which was provided. The $47,521 entry discussed on page 7 of this report was posted as of month-end June 2023. The reconciliation provided for the $10,517,851 was reviewed but not audited, and does agree with the information in the original June 2023 filed report:

Account #	Account Title		PI Reconciliation a/o 12/31/2022
254P90	PSNH Accrued C+LM Expenses	$	5,092,261
254DOE	Track SBC Funding for DOE	$	290,312
242RG0	Regional Greenhouse Gas Emis Reduct	$	1,842,316
908100	Customer Assistance Exp-Energ	$	(33,723,346)
908200	Customer Assistance Exp-Energ	$	(1,991,771)
440000/ 442010/ 442020/ 444000	Revenue accounts	$	39,008,078
		$	10,517,850

Audit did not perform any audit work related to the Performance Incentive report. Rather, the references herein are included solely to ensure that the $47,521 reclassification from the Energy Efficiency Programs to the Clean Energy Fund general ledger accounts could be verified to the originally filed report and the subsequently filed report.

$11,000 debited 254CEF September 2022, offset with a credit to Accounts Payable. This TCS invoice represented work performed during August 2022, identified as "*SIT Preparation dated 19th August 2022 for Project NH Clean Energy Loan.*" The TCS expenses were incurred to help integrate Eversource's billing system with the loan platform that NEIF created.

$250,000 debited 254CEF November 2022, offset with a credit to Accounts Payable. The expense represents the amount of money transferred to the NEIF to fund the projects, per the First Amendment to the Agreement discussed above. However, the NEIF bank statements show that the bank account was not funded until January 17, 2023. The delay is not an issue, as processing the request for the funds, payment via check, mailing of the check, and the deposit into the NEIF was processed as in the normal course.

$7,500 debited 254CEF December 2022, offset with a credit to Accounts Payable was paid to NEIF as the "set-up" fee, including development of materials, co-branding if necessary, initial program design and outreach, as noted in the First Amendment to the Agreement discussed previously.

The Company reported loan repayments totaling $(166.66). Audit requested where the repayments were booked, as there was no repayment activity in the 254CEF general ledger account. Generally, repayments are posted as debits to Accounts Receivable 142010, offset to 242RG0, Miscellaneous Accrued Liability. The Company noted that one entry for the repayments for the months of March, April, May and June will be booked as part of the June 2023 financial close. The credit will post to account 254CEF, with a debit posted to the 242RG0, Regional Greenhouse Gas Emissions Program miscellaneous accrued liability account.

Audit requested clarification of how the billing system identifies the loan repayment on the monthly customer invoice, and was told that the "*Company's IT department created a unique service plan account to track Residential CEF Loans. On a monthly basis, the Company runs reports to track loan repayments.*" The Company also noted that the billing system report, C2, identifies Clean Energy Fund loan repayments with service plan 3070. The Company provided summary level details of the C2 billing system reports that identified the repayment amounts billed as follows:

March 2023	$ (320.41)
April 2023	$(1,363.44)
May 2023	$(2,755.58)
	$(4,439.43) June 2023 reclassification entry

Audit understands the reclassification and the C2 billing system identifier. However, because the C2 billing detail provided to Audit was at the summary level, the $(166.66) noted in the report cannot be verified. Based on the information provided, the repayment total as of March 2023 should have been reported as $(320.41). Audit understands that the $(320.41) represents loan repayments billed to customers and the $(166.66) represents actual repayments made by customers.

Audit understands that customers cannot be disconnected for failure to pay for the loan. Refer to Puc 1203.11. A question relating to what would happen if a customer failed to pay the loan was asked of Eversource. The Company noted that after 90 days of non-payment of the loan, Eversource would remove the loan from the customer invoice, and NEIF would bill the customer directly. Terms of repayment were reviewed within each promissory note. Specifically:

LATE CHARGES FOR OVERDUE PAYMENTS. *If payments due under this Note are being collected through the Borrower(s) utility bill, then any late payment charges will be assessed based on the Eversource late payment process. See Disclosures for more details. If payments due under this Note are being collected directly by Lender, and if the Lender has not received the full amount of any monthly payment by the end of 10 calendar days after the date it is due, I will pay a late charge to the Lender. The amount of the charge will be 5.00% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.*
DEFAULT*. If I do not pay the full amount of each monthly payment on the date it is due, I will be in default. If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal that has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means. Even if, at a*

time when I am in default, the Note Holder does not require me to pay immediately in full, the Note Holder has the right to do so if I am in default at a later time. If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses, including reasonable attorneys' fees, in enforcing this Note to the extent not prohibited by state law. Late payments, missed payments, or other defaults on my loan may be reflected in my credit report…
E*. My monthly payment due under this Note will appear as a line item on the monthly Utility electric service bill. I will pay the payment due under the Note in monthly installments and may prepay the remaining loan balance in full at any time. Pre-payments of less than the remaining balance will not be allowed.*
F*. If I am unable to make a full payment of the amounts due on the Utility service bill including payments due under this Note, standard late payments charges may apply and other payment plans may be offered. Any partial utility bill payments will be applied to energy charges first before payment is made to the Note balance.*
G*. If I pay more than the balance on the monthly bill, including payments due under this Note, any overage will be applied as a general credit on my utility account…*

The NEIF agreement says that they review payments from customers daily, based on a report from Eversource. The agreement also notes that NEIF would send notification to a customer for 60 days past due, and would call customers who are 90 days past due. The agreement does state that past due loans over 90 days "will be removed from On-bill and NEIF will collect". The contract further notes that NEIF provides monthly reports to Eversource regarding re-payment status. Based on the information provided by Eversource, and a review of the NEIF agreement, it appears that both (Eversource) personnel and NEIF review customer loan re-payment. The referenced review seems duplicative. Eversource indicated that "*[w]hile the referenced reviews seem duplicative, the Company was able to review and verify NEIF's actions while simultaneously having its own standard in place and will coordinate with NEIF to ensure there are no duplicative efforts* ***moving forward****."* Emphasis added by Audit.

Conclusion

Based on a review of the PUC Orders, the first annual Clean Energy Fund report, the NEIF contract, customer loan documentation, general ledger account activity and bank statements, it appears that the Clean Energy Fund as reported on May 1, 2023 represents the efforts of Eversource to roll out the program in compliance with the PUC Orders.

Accounting controls should be strengthened to ensure that administrative costs are properly posted in the general ledger, to the accurate program.

Eversource Comment

The Company notes that many if not all accounting and administrative cost issues were due to novel program start-up issues, as this funding is sourced from shareholder dollars and there was a desire to get the programs active before new accounts were established. The Company made all good faith efforts to facilitate the launch of the programs, but not all accounting and billing processes were fully in place. The Company does not anticipate these issues moving forward, as all accounts and processes are now fully established.