



March 6, 2024

**BY E-MAIL**

Daniel Goldner, Chair  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429

**Re: Docket No. DE 22-043, Joint Technical Statement**

Dear Chair Goldner,

On August 22, 2023, the New Hampshire Public Utilities Commission (the “Commission”), issued a Prehearing Order describing the Commission’s review of the Low-Income Electric Assistance Program (“EAP”) and identifying seven scoping areas of focus (the “Scoping Areas”) for this proceeding. On September 22, 2023, the Department of Energy filed a letter (the “September 22nd Letter”) on behalf of itself and the Joint Utilities,<sup>1</sup> the Community Action Agencies (through their lead agency by Jeanne Agri), the Office of the Consumer Advocate, and LISTEN, represented by New Hampshire Legal Assistance (Steve Tower and Ray Burke) (together the “Parties”). In the September 22nd Letter, the Parties provided joint comments on the Scoping Areas, and indicated that the Joint Utilities would submit technical statements or testimony on Scoping Area 6, which concerns discounts provided to EAP participants who purchase energy supply from a third-party supplier.

On February 6, 2024, the Commission issued a procedural order approving an assented-to procedural schedule, which set March 6, 2024 as the due date for the Joint Utilities to submit technical statements or testimony on Scoping Area 6. Enclosed with this letter is the Joint Technical Statement of the Joint Utilities.

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<sup>1</sup> The Joint Utilities are Unitil Energy Systems, Inc.; Public Service Company of New Hampshire d/b/a Eversource Energy, the New Hampshire Electric Cooperative, Inc.; and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty.

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The Joint Utilities appreciate the opportunity to provide additional information to the Commission regarding Scoping Area 6, as well as information on other Scoping Areas.

Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in black ink that reads "Matthew Campbell". The signature is written in a cursive, flowing style.

Matthew C. Campbell  
Senior Counsel  
Unitil Service Corp  
6 Liberty Lane West  
Hampton, NH 03842-1704  
campbellm@unitil.com  
(603) 773-6543

**THE STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DE 22-043**

Low Income Electric Assistance Program  
2022-2023 Electric Assistance Program Budgets

**Joint Technical Statement of Unitil Energy Systems, Inc.; Public Service Company of New Hampshire d/b/a Eversource Energy; the New Hampshire Electric Co-operative; and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty**

**I. INTRODUCTION**

On August 22, 2023, the New Hampshire Public Utilities Commission (the “Commission”), issued a Prehearing Order describing the Commission’s review of the Low-Income Electric Assistance Program (“EAP”) and identifying seven scoping areas of focus (the “Scoping Areas”) for this proceeding. On September 22, 2023, the Department of Energy (the “Department”) filed a letter (the “September 22<sup>nd</sup> Letter”) on behalf of itself and the Joint Utilities,<sup>1</sup> the Community Action Agencies (through their lead agency by Jeanne Agri), the Office of the Consumer Advocate, and LISTEN, represented by New Hampshire Legal Assistance (Steve Tower and Ray Burke) (together the “Parties”). In the September 22<sup>nd</sup> Letter, the Parties provided joint comments on the Scoping Areas, and indicated that the Joint Utilities would submit technical statements or testimony on Scoping Area 6, which deals with discounts provided to EAP participants who purchase energy supply from a third-party supplier. The Joint Utilities appreciate the opportunity to provide additional information to the Commission regarding

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<sup>1</sup> The Joint Utilities are Unitil Energy Systems, Inc. (“Unitil”); Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource”); the New Hampshire Electric Cooperative, Inc. (“NHEC”); and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (“Liberty”).

Scoping Area 6, as well as information on the other Scoping Areas.

## II. RESPONSES TO SCOPING AREAS

### A. Scoping Area 6

#### i. *Background and Context*

In the initial design of the EAP, participants who had chosen to purchase energy supply from a third-party supplier did not receive the EAP discount on the energy supply portion of their electric bill. The discount was applied to only the delivery portion of the bill. In Docket No. DE 18-057, the Electric Assistance Advisory Board (the “Board”) proposed a design change recommending that the EAP discount apply to the energy component of the bill for participants who choose to buy energy from competitive energy suppliers in addition to those participants who purchase energy through default service. *Statewide Low-Income Electric Assistance Program*, DE 18-057, Order No. 26,132 (May 4, 2018) at 1-2. To implement this change, the Board recommended that the discount for customers taking competitive energy supply be calculated using the default service rate as a proxy. *Id.* at 2-3. The Board stated three reasons for this approach: (1) it would reward the successful use of retail choice; (2) it would limit EAP fund exposure when a customer pays an unusually high competitive rate; and (3) it would avoid the billing complexity of calculating the discount for various suppliers and rates. *Id.* at 3. The Commission approved the Board’s recommendation and directed the electric utilities to implement the EAP design changes for bills rendered on or after October 1, 2018. *Id.* at 6.

Later, in 2023, the Audit Staff of the Department conducted a review of the program parameters for the 2021-2022 EAP and issued a final Audit Report dated June 1, 2023. *Department’s Final Audit Report* (June 1, 2023) (Docket Book Tab 63). Among other things, Audit Staff noted that several EAP customers had credit balances on their accounts. *Id.* at 24-25

and 43-44. Audit Staff determined that these credit balances occur when a utility's default rate (which is used as a proxy to calculate the EAP discount) is greater than the price being charged for competitive supply. Audit Staff additionally noted that if an EAP customer has a competitive supply rate that is higher than the default rate, the customer would receive a discount less than their qualifying discount percentage. *Id.* at 43. Despite the fact that using default service rates as a proxy is an imperfect solution and results in these anomalies, the Board concluded that it was still more efficient than building and maintaining rate tables for the dozens if not hundreds of prices billed by the utilities on behalf of third-party suppliers. *Id.* The Department's Audit Staff concurred with this conclusion. *Id.*

*ii. Additional Investigation into Scoping Area 6*

The Commission posed the following question to the Parties regarding Scoping Area 6: What safeguards can be implemented to ensure that EAP beneficiaries (customers on both default service offered by the NH Electric Utilities and competitive suppliers, including Community Aggregators) do not receive more monthly credit than the actual monthly expenditure on energy supply? *Prehearing Order* at 2-3. The Joint Utilities have examined their internal processes and systems, and jointly conferred on Scoping Area 6. The results of that examination are as follows:

- Unitil: Unitil's billing system is currently set up to calculate the EAP discount using the default service rate as a proxy, which is consistent with the methodology approved by the Commission in Order No. Order No. 26,132. In order to address the anomalies identified by Audit Staff, Unitil would need to change the architecture of its billing system to: (1) first differentiate between customers participating in EAP and taking third-party supply from customers participating in EAP and taking default service; and (2) then apply the appropriate EAP discount (by tier) to the default service rate or to

- the competitive supply rate, as applicable. Regarding the second step, Unitil would need to incur incremental costs and engage its billing system vendor to program logic to account for all the different prices billed by Unitil on behalf of third-party suppliers. This IT solution would require the implementation of new and complex algorithms that will need to be fully tested to ensure there are no adverse impacts on the existing billing system. Furthermore, even if an IT solution can be implemented, Unitil expects that some level of manual intervention would still be required to verify the accuracy of the discounts each month especially following any changes in supply elections (e.g., from default service to a competitive supply option and vice versa). For these reasons, Unitil supports continuation of the status quo use of the default service proxy for EAP customers receiving electric supply service from a competitive supplier.
- Eversource: Eversource has recently revisited the question of whether it would be beneficial to implement supplier-specific EAP supply discounts rather than crediting all EAP customers, including those on competitive supply, at a discount based on the company's default service rate, as has been done since 2018. The Company conducted only a high-level review of such a potential change rather than a full analysis of necessary system modifications or a detailed estimate of related costs. Based on that limited review, Eversource has concluded that the complexities and costs associated with building and maintaining rate tables for many different prices billed by the utilities on behalf of third party-suppliers are significant. That fact continues to make the use of the default service rate as a proxy a far more administratively efficient approach that enables EAP participants on competitive supply to receive the EAP discount on both the delivery and supply portion of their bills in a cost-efficient manner. Accordingly,

Eversource supports continuation of the status quo use of the default service proxy for EAP customers receiving electric supply service from a competitive supplier.

- Liberty: Changing Liberty's billing system to allow it to calculate supplier-specific EAP discounts for those EAP customers on competitive supply would be a substantial undertaking. Liberty has not obtained a high-level estimate from IBM (the Company's partner in implementing the transition to the SAP based billing system) but the work would require IBM to create the many new rates and the mechanism to track those rates as they changed, which would also take substantial time. The change also would likely require many hours of manual updates by Liberty's local team to implement the changes and set up the new flags, update the individual customer accounts, etc. Given the small number of EAP customers on competitive supply (less than 50), the costs would far outweigh any benefits.
- NHEC: Currently, NHEC has no members participating in the EAP who purchase energy supply from a third-party supplier with a rate that is lower than NHEC's default rate. While this situation could change in the future, implementing a program to monitor hundreds of rate tables (to determine if an EAP participant's competitive supply rate is lower than NHEC's rate) would be costly for NHEC's members with no appreciable benefit.

B. Other Scoping Areas

*i. Scoping Area 1*

Scoping Area 1 concerns whether the Commission should approve and implement the Board's Recommendations Nos. 5, 6, and 7, which are based on the analysis and

recommendations in the *Colton Report*.<sup>2</sup> *Prehearing Order* at 2-3.

Regarding Recommendation 5, the Joint Utilities support the creation of Arrearage Management Programs (“AMP”) because those programs provide critical assistance to customers who may be facing financial challenges and difficulty paying their energy bills. The Massachusetts affiliates of Unitil, Eversource, and Liberty offer successful AMP programs and the Commission approved Eversource’s New Start Arrearage AMP program in Docket DE 19-057. In that docket, Commission Staff provided support for the New Start AMP program, and identified several benefits including:

[T]he enhancement of communications between customers, social service agencies and the utility and other non-utility benefits that are difficult to measure such as the impact on customers’ safety, health, and nutrition. The program should also reduce the utility’s costs for collections, field visits, disconnections, reconnections, lead lag, carrying costs and uncollectables.

Docket No. DE 19-057, Direct Testimony of Amanda Noonan (Dec. 20, 2019), Bates Page 6 (Tab 70).

Regarding Recommendations 6 and 7, the Joint Utilities’ position is unchanged from the September 22<sup>nd</sup> Letter. Specifically, these recommendations are best addressed at hearing where Mr. Colton can address any specific Commission questions about the findings in the *Colton Report*.

*ii. Scoping Areas 2, 3, 4, and 5*

On June 16, 2021, the Board filed a recommendation with the Commission to issue an RFP for a consultant to undertake a review, analysis, and evaluation of the EAP program design. *Statewide Low-Income Electric Assistance Program*, DE 21-133, Order No. 26,576 (Feb. 3,

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<sup>2</sup> The *Colton Report* was filed on October 3, 2022 in this docket at Tab 15 with the then-support of all parties, and of the Board as summarized in the Department’s cover letter filed that date with the *Colton Report*.



2022) at 4. The Board noted that the results of the program review would aid in the development of recommendations for improving the effectiveness and efficiency of the EAP in fulfilling program goals and for prudently spending down a portion of the EAP fund in compliance with applicable law. *Id.*

On February 8, 2022, the Parties filed a joint motion requesting, among other things, that the Commission approve the Board's recommendation to hire a consultant to examine the effectiveness and efficiency of the EAP. *Statewide Low-Income Electric Assistance Program*, DE 21-133, Order No. 26,593 (Mar. 16, 2022) at 1. On March 16, 2022, the Commission issued an order granting the joint motion to retain a consultant. *Id.* Pursuant to that order, Mr. Roger Colton of Fisher, Sheehan & Colton was retained by the Board to conduct the EAP assessment, and he submitted his final report in September 2022 (referred to herein as the *Colton Report*).

Scoping Areas 2, 3, 4, and 5 concern possible refinements to the discount tiers, application processing, re-enrollment procedures, and program cost structure. *Prehearing Order* at 2-3. The *Colton Report* is less than two years old, was procured pursuant to a Commission order for the purpose of identifying and analyzing potential refinements to the EAP, and examined issues germane to Scoping Areas 2, 3, 4, and 5. *Colton Report* at 45-55, 57-59, 60-63 (Scoping Area 2), 12-16 (Scoping Area 3), 12-16, 65-79 (Scoping Area 4), 84-102 i.e., Report Summary of Essential Findings and Summary of Recommendations (Scoping Area 5). Accordingly, the *Colton Report* is the most up-to-date and relevant analysis of these Scoping Areas.

*iii. Scoping Area 7*

Scoping Area 7 concerns whether any improvements can be made to the EAP Triennial Process Evaluations. *Prehearing Order* at 3. As stated in the September 22<sup>nd</sup> Letter, the Parties agree that is an appropriate topic for the Board to consider and research. The Joint Utilities

continue to support the position set forth in the September 22<sup>nd</sup> Letter.

### III. CONCLUSION

The Joint Utilities appreciate the opportunity to provide this Technical Statement to the Commission and look forward to discussing these issues further at the upcoming hearing.

#### **New Hampshire Electric Cooperative, Inc.**

By its Attorney: /s/ Susan S. Geiger  
Susan S. Geiger  
Orr & Reno  
45 South Main Street, P.O. Box 3550  
Concord, NH 03302-3550  
603-223-9154  
sgeiger@orr-reno.com

#### **Public Service Company of New Hampshire d/b/a Eversource Energy**


By its Attorney: /s/ David K. Wiesner  
David K. Wiesner  
Senior Counsel  
Public Service Company of New  
Hampshire d/b/a Eversource Energy  
780 North Commercial Street  
Post Office Box 330  
Manchester, NH 03105-0330  
603-634-2961  
David.Wiesner@eversource.com

#### **Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty**

By its Attorney: /s/ Michael J. Sheehan  
Michael J. Sheehan, Esq. #6590  
116 North Main Street  
Concord, NH 03301  
603-724-2135  
Michael.Sheehan@libertyutilites.com

#### **Unitil Energy Systems, Inc.**

By its Attorney:



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Matthew C. Campbell  
Senior Counsel  
Unitil Service Corp.  
6 Liberty Lane West  
Hampton, NH 03842-1720  
campbellm@unitil.com

Dated: **March 6, 2024**

**Certificate of Service**

I hereby certify that on this 6th day of March, 2024, a copy of the foregoing Joint Technical was electronically delivered to the service list in this docket.

A handwritten signature in black ink that reads "Matthew Campbell". The signature is written in a cursive style with a large, stylized "M" and "C".

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Matthew C. Campbell