

STATE OF NEW HAMPSHIRE
Before The New Hampshire Public Utilities Commission

Docket No. DE 22-043
Low Income Electric Assistance Program
2023-2023 Program Administrative Budgets

Technical Statement of Amanda O. Noonan, Director, Regulatory Division,
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October 31, 2024

I. Background and Summary

On July 9, 2024, the New Hampshire Public Utilities Commission (Commission) issued Order No. 27,031 in Docket No. DE 22-043 that, among other findings, modified the Electric Assistance Program (EAP) by reducing the income eligibility threshold for the EAP from 60% of NH State Median Income (NHSMI) to 200% of the federal poverty level (FPL) as of October 1, 2024, the start of the 2024-2024 program year. On August 8, 2024, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty; New Hampshire Electric Cooperative, Inc.; Public Service Company of New Hampshire d/b/a Eversource Energy; Unitil Energy Systems, Inc. (UES); the New Hampshire Department of Energy; the Community Action Agencies (CAA); the Office of the Consumer Advocate; and LISTEN Community Services, represented by New Hampshire Legal Assistance (altogether, the Moving Parties) filed a Motion for Rehearing and Stay of Order No. 27,031 and to Reopen the Record. In its motion, the Moving Parties argued that the Order changed the income eligibility threshold of the Electric Assistance Program (EAP) based on misinterpretation of the evidence presented about the average energy burdens of EAP recipients; mistakenly compared the accepted definition of an affordable “total home energy burden” with the average “electric burden” of EAP recipients

in Tier 2¹; failed “to maximize the benefits . . . to the intended beneficiaries” of EAP, as required by statute, see RSA 369-B:1, XIII; and would result in an unaffordable energy burden for certain Tier 2 recipients. In addition, the Moving Parties asserted that the Order made this significant change without any evidence in the record that the change would achieve savings that could benefit the EAP recipients in other tiers and address potential concerns about the future sustainability of the program, and without specific notice to the parties. On August 21, 2024, the Commission issued Order No. 27,048 granting the relief requested by the Moving Parties and scheduling a hearing on the matter for November 21, 2024.

II. Department Analysis

The New Hampshire Department of Energy (Department) is responsible for the fiscal management of the EAP Fund². In that role, the Department closely monitors the sufficiency of the EAP Fund and authorizes deposits into and transfers out of the fund. In its July 2024 order, the Commission stated that the Department, in its response to a record request made at the April 2024 hearing on this matter, “projected ongoing monthly EAP deficits (“new balances”) beginning in May 2024 and extending indefinitely through the end of September 2025, for a cumulative negative net balance of (\$2,420,612) by the end of the 2024-2025 EAP program year.” Order 27,031 at 8. The Commission’s characterization of the projection provided by the Department is misleading in that failed to reasonably account for the \$7 million appropriation made to the Department to support the EAP, and the transfers into the

¹ Tier 2 of the EAP provides bill assistance to households with income above 150% of the FPL and at or below 60% of NH SMI.

² RSA 6-12:b states, “On request of the department of energy, the state treasurer shall maintain custody over funds collected by order of the public utilities commission consisting of only that portion of the system benefits charge directly attributable to programs for low income customers as described in RSA 374-F:4, VIII(c). All funds received by the state treasurer pursuant to this section shall be kept separate from any other funds and shall be administered in accordance with terms and conditions established by the department of energy. “

fund documented in the Department's Response to Commission Record Requests 4 and 5, filed May 23, 2024, upon which the Commission appears to have relied. For the period May 2024 through September 2025, the Department's projection reflected a transfer of \$2.75 million from the \$7 million appropriation resulting in a positive balance of \$156,320 in the EAP fund at the end of September 2025. Further, in response to an additional record request, the Department provided a breakdown of the actual and projected withdrawals from the \$7 million appropriation from October 2022 through the end of the 2024-2025 program year. (Department's May 23, 2024 Response to Commission Record Requests No. 4 and 5). As evidenced by that response, the remaining balance of the \$7 million appropriation was more than adequate to supplement the EAP fund and to ensure uninterrupted benefits to EAP participants, including Tier II as currently configured, during the 2025-2026 program year.

Order No. 27,031 also directed the utilities to "...provide a report by December 15, 2024 with the EAP account balance and projection for the ending balance for the 2024-2025 program year, including any program year injections from the New Hampshire Department of Energy." As the utilities do not have access to the EAP account balance or receive statements of the monthly transactions into and out of the account, or have knowledge of the Department's plans, the Commission's directive is one with which the utilities cannot easily comply.

The Department has provided such information to the Commission when requested and, with this technical statement, is providing the Commission with the information it requested the utilities submit in December 2024. In providing this updated information, the Department has also refined its methodology. As shown in the table below, the use of a 5 year average as the basis for the projected average monthly EAP benefit is not sufficient to smooth out the

impact of the unusual and high energy prices experienced between August 2022 and August 2023. The actual average monthly EAP benefit for the months of May 2024 through September 2024 was significantly lower than the 5-year average. For example, the projected 5 year average monthly benefit for May 2024 was \$39.22 while the actual average EAP benefit for May 2024 was \$30.61, a decrease of 22 percent. To ameliorate the effect of the unusual energy prices experienced between August 2022 and August 2023, the projection provided in Attachment AON-1 uses a 5 year average benefit that excludes the 12 month period from August 2022 to August 2023.

EAP Average Monthly Benefit									
May 2024		June 2024		July 2024		August 2024		September 2024	
Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
\$39.22	\$30.61	\$39.43	\$33.10	\$43.57	\$38.43	\$43.74	\$39.41	\$42.90	\$36.86

As shown in Attachment AON-1, rather than the “projected ongoing monthly EAP deficits (“new balances”) beginning in Mary 2024 and extending indefinitely through the end of September 2025, for a cumulative negative net balance of (\$2,420,612) by the end of the 2024-2025 EAP program year” cited in the Commission’s Order No. 27,031, the revenues collected through the low-income portion of the system benefits charge (SBC) exceeded the EAP expenses, i.e., credits applied to the accounts of EAP and EAP administrative expenses, in June, July and August 2024. Further, no supplemental funds were provided during the last seven months of the 2023-2024 program year. Consequently, the ending balance in the account as of September 30, 2024, without additional transfers from the \$7 million account, is approximately \$1.1 million.

Turning to the projection for the 2024-2025 program year, while projected EAP

expenses exceeded the projected revenue collected through the low-income portion of the SBC for the months of October 2024 through June 2025 and also September 2025, the inverse is true for the months of June 2024 through August 2025. At present, the projected ending balance in the EAP Fund at the end of the 2024-2025 program year is approximately \$500,000 with no need for supplemental funding from the remainder of the \$7 million appropriated to the Department is anticipated. As such, there remains close to \$5 million available to supplement the EAP Fund as/if needed. See table below. Even when considering the original projected figures for the EAP fund balance and the projected transfers of supplemental funds provided to the Commission in May 2024, and more so in light of the updated information provided in this technical statement, the Commission’s conclusion that a reduction in the EAP income eligibility threshold, from 60% of NH SMI to 200% of FPL, is necessary for the future sustainability of the EAP remains unsupported.

	<u>TRANSFERS TO THE</u> <u>EAP FUND</u> ³	<u>BALANCE</u>
October 2022	—	\$7,000,000
June 2023	\$550,000	\$6,450,000
July 2023	\$350,000	\$6,100,000
October 2023	\$500,000	\$5,600,000
February 2024	\$500,000	\$5,100,000

As described in more detail in the technical statement of Roger Colton, also filed today

³ As noted above, based on current projections, the Department does not anticipate a need for supplemental funding during the 2024 – 2025 program year.

in this docket, the Commission has also misinterpreted the recommendations in the September 2022 Colton Report. See Exhibit 3 in this docket. As Mr. Colton notes in his technical statement, energy burden is not simply electricity costs. Energy burden instead includes total home energy costs, both heating and non-heating. Reducing the EAP income eligibility threshold to 200% of FPL does not “achieve parity” in the energy burden across the EAP tiers, and there is no evidence in the record, nor is the Department aware of any support for the position, that such a proposed change would “better align” with energy burdens across the state. See Order No. 27, 031 at 12. As discussed further in Mr. Colton’s technical statement, there is, however, considerable evidence that those households between 200% FPL and 60% of NH SMI, who remain among some of New Hampshire’s most vulnerable households, will experience considerable difficulty in paying their electric bill even if they continue to be eligible for EAP assistance, a situation that is exacerbated by the Commission’s proposed reduction in the EAP income eligibility threshold.

III. Conclusion

For the reasons discussed above and explained in Roger Colton’s Technical Statement (October 31, 2024), the Department recommends the EAP income eligibility threshold remain at 60% of NH SMI. As evidenced by the projections provided in Attachment AON-1, the Commission’s proposed reduction of the EAP income eligibility threshold and the resulting change to Tier II eligibility is unnecessary. During the 2024 -2025 program year, the projected revenues collected through the low-income portion of the SBC exceed the projected EAP expenses, and the EAP Fund maintains a positive balance without the need for supplemental funding from the Department. The Department notes that in past years when the ongoing sustainability of the EAP Fund was of concern, the matter was addressed by the EAP Advisory Board’s recommendations in the first instance, and through the Commission’s subsequent

approval of the establishment of a waiting list. Given that there are no current projected revenue or expense imbalances that would potentially cause concern regarding future sustainability for the EAP, the Department further recommends the Commission leave the EAP income eligibility threshold as 60% of the NHSMI and direct the EAP Advisory Board to consider and develop options for addressing such a concern should it arise in the future.