

DE 22-043
Low Income Electric Assistance Program
2022-2023 Electric Assistance Program Budgets

New Hampshire Department of Energy
Responses to the Public Utilities Commission's April 18, 2024, Record Requests
Amanda O. Noonan, Director Consumer Services and Karen J. Moran, Director Audit

May 23, 2024

Introduction

On April 18, 2024, the Commission held a hearing in Docket No. DE 22-043. At the conclusion of the hearing, the Commission summarized its record requests and further stated that the record requests would only be provided orally. See Transcript of April 18, 2024, Hearing (hereinafter Trans. 04-18-24) at 183-184. The Department of Energy's responses to those requests directed to the Department, as understood by the Department, are below.

1. Please explain the reference to the \$10,000,000 appropriation to the Department provide a supplemental electric benefit created by HB 2023 (Laws 2022 346:2) in the Department's Exhibit 6, the Electric Assistance Program DE 21-133 Program Year October 2021-September 2022 Final Audit Report dated June 1, 2023, and filed July 18, 2023, in DE 22-043. Final Audit Report Bates Page 000012, natural page 8 of report. See Trans 04-18-24 at 184-185
2. Please provide a status update for each of the issues identified in the Department's Exhibit 6. See Trans 04-18-24 at 186-87.
3. Please provide the current SBC EAP Fund balance. See Trans 04-18-24 at 187-189.
4. Please provide the projected SBC EAP Fund revenues and expenses through September 30, 2024, and September 30, 2025 . See Trans 04-18-24 at 186-89.
5. Please provide an accounting for the \$7 million appropriated to the Department for the EAP in HB 2023 (Laws 2022 346:4). Please include funds spent as well as projected expenditures. See Trans 04-18-24 at 189-90.
6. Please provide the Department's position relative to two approaches described by Mr. Colton at the April 18, 2024, hearing that other states have taken to address concerns regarding customer choice for competitive energy supply and the impact of that choice on participants in bill assistance programs. See Trans 04-18-24 at 127, 190 (Commission making record request on Mr. Colton's two options) *but see id.* at 124-125 (Colton states he described options other states had taken).

NH DOE RESPONSES TO RECORD REQUESTS

- 1) Please explain the reference to the \$10,000,000 appropriation to the Department to provide a supplemental electric benefit created by HB 2023 (2022 Laws 346:2) in the Department's Exhibit 6, the *Electric Assistance Program DE 21-133 Program Year October 2021-September 2022 Final Audit Report* dated June 1, 2023, and filed July 18, 2023, in DE 22-043. **Final** Audit Report Bates Page 000012, natural page 8 of report.

Response: Karen J. Moran, Amanda O. Noonan

Reference to HB 2023 and the \$10,000,000 appropriated to the Department by the NH Legislature for an emergency supplemental electric benefit was included in the EAP PY 21-22 audit report as a point of information to enable the reader to understand the extent of the high energy prices seen in 2022. The \$10,000,000 was not part of the SBC EAP Fund. As stated in HB 2023, the emergency program provided a one-time credit on electric bills for households with incomes greater than 60% of NH state median income and less than 75% of NH state median income, households that would be ineligible for EAP and otherwise ineligible for assistance. The appropriation was not related to the low-income Electric Assistance Program that is the subject of Docket No. DE 22-043 or the SBC EAP Fund. Rather, the appropriation to the Department signifies the importance the NH Legislature placed on providing emergency assistance to residential consumers who were not eligible for the EAP.

NH DOE RESPONSES TO RECORD REQUESTS

- 2) Please provide a status update for each of the issues identified in the Department's Exhibit 6.

Response: Karen J. Moran

The Department's Audit staff does not typically "re-audit," that is revisit and review a prior **Final** Audit Report, to ensure issues identified in the report have been resolved. Rather, as part of subsequent audits, issues previously identified are reviewed to ensure they have been adequately addressed or that remedial efforts are underway. As part of the EAP PY 2022-2023 audit, the Department's Audit staff reviewed the eleven Audit Issues identified in the EAP PY 21-22 audit report and has provided updates to each of the eleven issues. See Attachment RR-2.

This is Attachment RR-2 to the Department of Energy's Response to PUC Record Request #2. See Transcript for April 16, 2024 Hearing at 186-87.

For ease of the Commission's review, the Department has included Audit Issues #1 through #11 in the following pages, exactly as those issues appear in Exhibit 6 in this docket, unless otherwise modified as described below.

The Department has added a section heading at the end of each audit issue, "PUC 4/18/24- has issue been cleared?" The new section appears in **bolded blue text** to distinguish it from the original text, as does the Department's response.

The heading for each audit issue has also been altered to reference the page numbers in Exhibit 6 on which the audit issue appears. The original issue headings reference the pages on which each issue is discussed in more detail in the audit report text, however that information may have been confusing in this context. It remains available in the original Exhibit 6.

The updates for each audit issue are provided by Karen J. Moran, the Department's Director of Audit.

Repeat Audit Issue #1 (Exhibit 6, Bates Page 000040)
Liberty EAP Credits

Background

Order 26,485 issued June 1, 2021 approved Liberty to recover \$140,000 for costs incurred due to implement changes to the EAP.

During the 2019-2020 program year, the Program Administrator overbilled the utilities for CAA expenses. Liberty overpaid \$4,374.68.

Issue

During the program year Liberty did not seek recovery of the \$140,000 or the \$4,375.

Recommendation

Audit recommends that Liberty seek recovery for \$140,000 per Order 26,485 and the overpayment amount of \$4,375 on its next monthly filing.

Liberty's Response

Liberty included the \$140,000 for cost incurred to implement changes to the EAP in the February EAP reconciliation dated March 15, 2023.

Liberty will include an adjustment to the total EAP costs in its next monthly EAP reconciliation to account for the \$4,375 over payment.

Program Administrator's Response

Check #148238 was sent to Liberty Utilities in February 2023 for the overpayment of \$4375. The check has not been cashed. The check will be voided and reissued to Liberty Utilities during the week of 5/22/23 – 5/26/23.

Audit Conclusion

Audit verified the \$140,000 was included on the February EAP filing without exception.

Audit noted that the reimbursement from the Program Administrator to Liberty will make both parties whole. Liberty shall include the reimbursement on their next monthly EAP reconciliation in order to credit back the funds to the EAP account.

PUC 4/18/2024-has issue been cleared?

Department of Energy Audit Staff:

As noted in the Audit Conclusion, Audit verified that they \$140,000 was included on the February EAP filing. Audit has also confirmed that the \$4,375 was included on the June 2023 EAP filing, indicating that the Utility received the money due from the Community Action Program Administrator. This issue has been resolved.

**Audit Issue #2 (Exhibit 6, Bates Page 000041)
Late Budget Submittal**

Background

Budgets for Program Year Twenty were required to be provided to the Department of Energy by August 1, 2021.

Issue

The NHEC submitted its program year twenty budget to the Department of Energy on August 2, 2021.

Recommendation

Audit recommends that all budgets are submitted by the required date.

NHEC's Response

NHEC will submit its budget for the Program Year as required by August 1, going forward.

Audit Conclusion

Audit concurs with NHEC's response.

PUC 4/18/2024-has issue been cleared?

Department of Energy Audit Staff:

All budgets were submitted by the required date for the 2022-2023 program year. This issue has been resolved for the 2022-2023 program year.

Audit Issue #3 (Exhibit 6 Bates Page 000042)
General Ledger**Background**

During the yearly EAP audit, the general ledger for each utility is reviewed to make sure it is properly stated.

Issue

During the program year Eversource, NHEC and UES booked EAP expenses to the monthly reconciliation but did not book them to the proper general ledger account in a timely manner.

Eversource

Eversource booked the November CAA invoice to the general ledger in January but included it on the December EAP filing and also booked the March CAA invoice to the GL in April but the expenses was included in the May filing. Lastly, a \$4.68 adjustment was included on the September 2022 filing but was not booked to the general ledger until October 2022.

Eversource booked the SBC collection about for August to the general ledger as \$1,203,150.38. An \$4.68 adjustment was booked to the general ledger in October 2022, totaling \$1,203,155.06. The general ledger is still understated by \$0.42 as the calculated SBC amount is \$1,203,155.48.

On its January 2022 filing, Eversource included a \$45,007.41 credit for CAA overpayment. This credit was not booked to the general ledger.

NHEC

NHEC booked the CAA invoice for December 2021, dated January 21, 2022, was booked to the general ledger on 12/31/21; 21 days before it was actually received. The January 2022 CAA invoice, billed February 23, 2022, was booked to the general ledger March 1, 2022 but was included on the February monthly EAP filing.

UES

UES posts the reserve interest to account 10-20-01-22-431-00-00 and the monthly ACH to/from Treasury to account 10-29-01-22-449-00-00. The interest amount is booked to the account for the correct amount. The ACH amount booked to the general ledger is the actual ACH amount less the interest. Audit notes that the ACH amount paid to/from Treasury should be booked at the full amount. The interest on the reserve should also be booked at the full amount. These are two separate transactions and amounts and should be booked as such.

Recommendation

The monthly reconciliations should reflect actual expenditures as noted on the general ledgers of the utilities. If actual expenses have not been paid, they should not be noted on the monthly filings with the PUC until having been paid. All monthly filing expenses should correspond to the monthly expense journal entries.

Eversource should make a journal entry for \$0.42 as the general ledger is understood by that SBC collection amount. No correction needs to be done on the monthly EAP filing.

Eversource shall also book the \$45,007.41 CAA credit taken on the January 2022 filing to the general ledger.

UES shall book reserve interest and ACH amount in full as they are two separate transactions. Adjusting entries should be performed to correct previously booked ACH amounts that were not in full.

Eversource Response

The credit for CAA overpayment was included in the August 2021 Journal Entry 418292 in the general ledger by Eversource.

Eversource made a correcting debit Journal Entry 463329 for the amount of \$5.10. This fixed the \$0.42 cent difference.

NHEC Response

NHEC will book the EAP activity in the appropriate month.

UES Response

UES calculates interest on the reserve balance each month based on the LIBOR interest rate. As noted by the Audit Staff, the reserve interest amount is properly calculated and recorded in the #431 account.

The ACH amount payable to, or from, the NH Treasury is calculated in UES' LIEAP model as "Total Costs and Revenue Offsets" less "Net Revenues" less the calculated reserve interest. The resulting amount is recorded in the #232 account, not the #449 account, and remitted to the NH Treasury as shown on the monthly invoice provided by UES. UES believes no action is necessary as the interest and amounts remitted to the NH Treasury are accurately calculated and recorded in the LIEAP model and accurately presented on the monthly invoice.

Audit Conclusion

Audit verified Eversource's August 2021 journal entry 418292 and the October 2022 journal entry 463329 without exception.

Audit concurs with NHEC's response.

Audit notes that UES Income Statement is impacted by the EAP interest activity and it should not be. All activity should be included within the monthly activity offset to 10-29-01-22-449-00-00, the Accrued Revenue on LIEAP Offset account.

As an example, below is the January 2022 UES accounting model information to demonstrate where and how the various components of the EAP are posted in the general ledger:

Updates to audit issues in the
EAP PY 21-22 Final Audit report, Exhibit 6 in Dkt. No 22-043

10-20-00-00-232-06-00 A/P LI-EAP Overcollected Funds	Jan 2022 \$ (16,041.95)	Balance Sheet Liability account balance from 12/2021 This amount was debited to the account 1/14/2022, offset to cash
Administrative Expenses		
10-29-01-22-923-00-00 NH LIEAP Costs	\$ 18,018.16	income statement expense accounts
LIEAP Discount - Expense		
10-29-01-22-440-00-01	\$ 134,879.14	income statement debit to revenue accounts
LI_EAP Revenue		
10-29-01-22-44X-0X-0X Revenue by rate class	\$ (161,784.63)	income statement credits to revenue accounts
NET Activity offset to		
10-29-01-22-449-00-00 Acc Rev on LIEAP Offset	\$ (8,887.33)	debit noted to income statement revenue account, thus zeroing the income statement impact
Interest on Reserve		
10-20-01-22-431-00-00 Interest Exp-LIEAP Reserve	\$ 10.52	income statement expense, but revenue to the EAP fund offset to the 232 balance sheet account and included in the 1/31/2022 balance
Rolling Activity Balance at month end Jan 2022	\$ (8,897.85)	Total credit posted to 232-06-00 at 1/31/2022 is the sum of the activity for the month plus interest.
10-20-00-00-232-06-00 A/P LI-EAP Overcollected Funds		The total was paid to Treasury 2/16/2022 with a debit to this liability account and a credit to Cash

Based on a review, the Audit issue for UES is restated. The debits posted to the interest expense account are not part of the accrued revenue offset, and thus impact the income statement each year. Audit acknowledges that the overall expense is minimal.

PUC 4/18/2024-has issue been cleared?

Department of Energy Audit Staff:

As noted in the Audit Conclusion, Eversource provided journal entries resolving the issue. During the 2022-2023 audit, the accounting for the UES interest issue was reviewed and Audit concurs with the manner in which UES is posting the EAP related interest.

**Audit Issue #4 (Exhibit 6 Bates Page 000045)
NHEC's Monthly EAP Filings****Background**

All four electric utilities file monthly EAP reports with the Commission. These reports include the kWh sold for the month, the SBC charge collected, EAP discounts given, expenses for the month and interest earned on the reserve.

Issue

On NHEC's monthly filings for October through January and March they included \$41,026.71 of CAA expenses that were not actually billed. Payments made to the CAA were for the correct amount.

CAA Bill date	Amount	Monthly Recon	Filing Amount
10/5/2021	\$ 31,862.97	October	\$ 47,035.53
12/10/2021	\$ 12,078.78	November	\$ -
12/16/2021	\$ 15,205.88	December	\$ 27,284.66
1/21/2022	\$ 16,049.79	January	\$ 26,589.99
3/15/2022	\$ 14,777.31	March	\$ 30,091.26
	<u>\$ 89,974.73</u>		<u>\$ 131,001.44</u>

Recommendation

On its next monthly filing, NHEC should include a credit for the overstated amount to reimburse the EAP fund.

NHEC's Response

NHEC will include a credit for the overstated amount to reimburse the EAP fund on its next monthly filing.

Audit Conclusion

Audit concurs with NHEC's response.

PUC 4/18/2024-has issue been cleared?**Department of Energy Audit Staff:**

Audit verified that NHEC included a credit for the overstated amount of \$41,026.71 on their May 2023 EAP filing. The issue has been resolved.

Audit Issue #5 (Exhibit 6 Bates Page 000047)
Lack of Compliance with *Fiscal Procedures Manual* Section 3.8

Background

The *Fiscal Procedures Manual*, section 3.8 (Reimbursement for Ongoing Administrative Costs) requires that the Program Administrator submit an invoice for administrative costs to the utilities on a monthly basis. Invoices are to be provided by the 15th day of the month, following the month for which the billing is issued.

Issue

During the 2021-2022 program year, five invoices were issued after the fifteenth of the month.

Recommendation

The CAA is reminded to provide invoices to the utilities by the 15th of the following month as required by the *Fiscal Procedures Manual*.

Program Administrator's Response

The CAA Program Administrator will make every effort to adhere to this timeframe as required by the Fiscal Procedures Manual.

Audit Conclusion

Audit concurs with the Program Administrator's response.

[PUC 4/18/2024-has issue been cleared?](#)

Department of Energy Audit Staff:

In 2021-2022 Audit stressed the importance of timely invoicing. The Community Action Agency issued three invoices after the 15th of the month during the 2022-2023 program year. The issue is ongoing.

Audit Issue #6 (Exhibit 6 Bates Page 000047)
CAA Billing

Background

The Program Administrator issues monthly invoices to the utilities for charges incurred by the Community Action Agencies for administration of the EAP program.

Issue

Over the past few program years there has been issues with the amounts the CAA is billing the utilities.

For program year 2020-2021, the Program Administrator noted they overbilled the utilities a total of \$94,238.42. Credits totaling that amount were given back to the utilities. Audit reviewed the supporting documentation for the total and noted that the invoice amounts for June did not match the actual bills. Due to this, an additional \$3,011.31 should be refunded back to the utilities.

Eversource took a credit of \$68,151.50 for the 2020-2021 program year on its February 2022 EAP filing. The amount on the filing was incorrectly stated as the credit due to them was \$68,181.50. Due to this, Eversource should take an additional credit in the amount of \$30 on its next monthly filing.

For program year 2021-2022, the Program Administrator invoices the utilities a total of \$1,747,150.08. Audit reviewed the CAA's expenditure forms and noted they incurred and submitted to the Program Administrator a total of \$1,869,534.32. As the amount expended by the CAAs was less than the approved budget amount, the Program Administrator should issue additional invoices to the utilities for the difference of \$122,384.24.

Recommendation

The Program Administrator shall issue an additional \$3,011.31 credit to the utilities for the 2020-2021 program year. For the 2021-2022 program year the Program Administrator shall invoice the utilities a total of \$122,384.24

Eversource shall take a \$30 credit for the 2020-2021 overpayment on its next monthly EAP filing.

Program Administrator's Response

An additional credit of \$3,011.31 will be refunded back to the utilities, as well as the \$30 credit to Eversource. Checks will be mailed the week of 5/22/23 – 5/26/23.

The Program Administrator will submit copies of all the PY21/22 invoices sent to the utilities to show that \$1,869,534.32 was billed out.

Eversource's Response

Eversource will add a \$30 credit to the May 2023 EAP filing for the 2020-2021 overpayment.

Audit Conclusion

Audit reviewed the invoices sent to the utilities and notes that the full \$1,869,534 was billed. The September 2022 expenses were not billed until November 2, 2022, which falls into program year 2022-2023. Audit reiterates Audit Issue #5 and notes that invoices are to be sent to the utilities by the 15th of month.

PUC 4/18/2024-has issue been cleared?

Department of Energy Audit Staff:

The Program Administrator issued the additional credits to the utilities and Eversource included the \$30 credit on their June 2023 EAP filing. This issue was resolved.

**Audit Issue #7 (Exhibit 6 Bates Page 000049)
NHEC kWh**

Background

During the yearly EAP audit, NHEC provided documentation supporting the kWh sold for the month and the group net metering kWh.

Issue

In June 2022, NHEC's monthly filing showed a total of 42,428 kWh deducted from group net metering. The support provided to Audit, shows a total of 29,527 kWh for the month. The difference of 12,901 kWh would result in \$19.35 of SBC funds collected by NHEC that was not reported on its filings.

On NHEC's July 2022 monthly filing a total of 16,827 kWh were deducted for group net metering. The support provided to Audit shows that 23,347 kWh were for group net metering for the month. The difference of 6,520 kWh results in NHEC overstating the actual SBC collected by \$9.78.

Recommendation

NHEC should credit the excess SBC funds received of \$19.35 less the \$9.78 overstated amount, totaling \$9.57 on its next monthly filing.

NHEC's Response

NHEC will credit the excess SBC funds received of \$9.57 on our next monthly filing.

Audit Conclusion

Audit concurs with NHEC's response.

PUC 4/18/2024-has issue been cleared?

Department of Energy Audit Staff:

NHEC included the \$9.57 in their May 2023 EAP filing. The issue has been resolved.

Audit Issue #8 (Exhibit 6 Bates Page 000050)
Lack of Compliance with *Fiscal Procedures Manual* Submission Requirements

Background

The *Fiscal Procedures Manual*, sections 3.3 and 3.4, note that the utility shall submit a reconciliation report to the Department of Energy by the 15th of the following month.

The *Fiscal Procedures Manual*, sections 3.3 (Under-collection of the SBC) notes that Treasury shall electronically transfer funds to the utility within five business days of received of the monthly reconciliation.

The *Fiscal Procedures Manual*, section 3.4 (Over-collection of the SBC), requires that in the event a Utility bills more SBC than it pays out in current bill discounts, approved utility administrative costs, and CAA administrative costs, the utility shall remit the balance electronically via ACH transfer to the Treasury no later than the 15th of the following month.

Issue

Liberty filed its March 2022 report on April 18, 2022.

Treasury did not submit its November 2021 payment until December 30, 2021; the August 2022 payment was not made until October 4, 2022.

Eversource was to submit five payments over the program year. Three of those payments were submitted late. The November 2021 payment was made on January 14, 2022; the December 2021 payment was made February 22, 2022; and the July 2022 payment was made on September 6, 2022.

Recommendation

All utilities need to make sure that all required reconciliation reports are submitted to the Department of Energy and ACH payments are transferred to Treasury by the 15th of the month.

Treasury needs to make sure that all transfers are made within five business days of receipt of the month reconciliation.

Liberty's Response

Liberty understands the importance of making timely filings, and it is in the process of implementing controls to ensure subsequent deadlines are met.

Treasury's Response

The November reconciliation report was initially sent to the wrong email address on Dec 20th. The reconciliation was resent on Saturday December 25 and paid on Tuesday, December 28th. Payment was issued on Monday December 27th which was the first business day after receiving the invoice. The payment was staged on the 27th with a pay date of the next day December 28th.

Due to staffing shortages the August invoice was not approved to be processed until 10/03/22. The payment was immediately staged on the 3rd with a pay date of the next business day of October 4th.

Eversource's Response

Eversource will ensure that all required reconciliation reports are submitted to the Department of Energy and that ACH payments are transferred to Treasury by the 15th of the month.

Audit Conclusion

Audit concurs with the responses provided by Liberty, Treasury and Eversource. Audit did review the emails for the November reconciliation and did note it previously went to the wrong email address and was resent on December 25. As payment was issued within 5 days of receiving the reconciliation, no issue is present for November.

PUC 4/18/2024-has issue been cleared?

Department of Energy Audit Staff:

Compliance with the terms of the Fiscal Manual was reiterated within the above Audit Issue. During the program year 2022-2023 audit, it was noted that the Eversource payments were timely made. Treasury submitted one payment late, and Liberty made two late payments.

**Audit Issue #9 (Exhibit 6 Bates Page 000052)
Competitive Supplier Customers**

Background

During the yearly EAP audit, sample customer invoices are reviewed by audit. Each utility provides a sample bill from each of the discount tiers.

Issue

During Audit's review of the customer bills, it was noted that several customers had credit balances. This is an anomaly from past years as very few EAP customers had credit balances on their account.

Audit reached out to Eversource as its customers seemed to have the largest credit balances. Eversource noted that this was due to high default rates and low supply rates.

Per Order 26,132 issued in docket DE 18-057 if a customer has a competitive supplier, the default service is used as a proxy.

As noted on page 25 of the report, during the review period, Eversource's default rate was \$0.22566, and on one of the sample invoices reviewed the customer was charged a supplier rate of \$0.146900. The EAP discount percentage for this customer was 52%. To calculate and apply the EAP discount to the supplier portion of the invoice, Eversource based the default rate as \$0.22566 multiplied by the kWh of 302 and obtained a discount amount of \$35.44. As the customers supply rate was only \$0.146900, the total supply charges were \$44.36. Based on the supply amount charges and the discount given on that portion, the customer actually received an 80% discount instead of the 52% for which they qualified.

Audit 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.

Recommendation

Audit recommends further review by the Advisory Board into this matter to determine if there is a more accurate way to apply EAP discounts to the supply portion of the customer bill.

Advisory Board's Response

On April 5, 2018, the Advisory Board submitted a recommendation to the NHPUC for changes to the EAP design so that EAP participants who had chosen to purchase energy supply from a third-party supplier would receive the EAP discount on the energy supply portion of the electric bill. As it was designed at that time, 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 the electric bill, the discount was only applied to the delivery portion of the bill. In its recommendation, the Board noted that it spent the last year working collaboratively on possible solutions to the billing and IT challenges presented by applying the discount to the competitive energy supply portion of an EAP participant's bill, and the recommendation was the culmination of those efforts. The Board's recommendation after more than a year of study and collaboration was to use the default service rate as a proxy when calculating the discount on the energy supply portion of the bill. On May 4, 2018, the NHPUC approved the Board's recommendation for a change in the EAP design that allowed for the application of the EAP discount to the energy supply portion of the bill for EAP participants who had chosen to purchase energy supply from a third-party supplier.

The Advisory Board recognizes that using default service as a proxy for the supplier rate is not a perfect match and results in an EAP participant receiving a lower or higher discount on the bill overall than the EAP participant would receive but for the selection of a third-party supplier. Given the complexities and costs associated with building and maintaining rate tables for the dozens if not hundreds of prices billed by the utilities on behalf of third-party suppliers, the Advisory Board concluded then and continues to support today the use of a proxy as it is more administratively efficient and enables EAP participants with third-party suppliers to receive the EAP discount on both the delivery and supply portion of the bill.

Audit Conclusion

Audit concurs with the Advisory Board's response.

PUC 4/18/2024-has issue been cleared?**Department of Energy Audit Staff:**

There was no specific remediation required for this Audit Issue. Audit does note that the EAP program is under review following the issuance of the Colton Report.

**Audit Issue #10 (Exhibit 6 Bates 000054)
CAA Compliance Review**

Background

Per the EAP *Monitoring and Evaluation Manual*, the Program Administrator is required to conduct a compliance review and site visit to each of the community action agencies.

Issue

During the program year and new EAP Program Administrator can on board. Due to time constraints, on site visits were not make to all of the CAAs. The completed compliance review was distributed to the Advisory Board members but was not discussed at one of the quarterly meetings.

Recommendation

Audit understands the staffing issues around the state have become an issue. Audit also notes that although these issues arise, the requirements of the EAP manuals still need to be complied with.

Program Administrator's Response

The Program Administrator will make every effort to comply with the requirements of the EAP manual. Monitoring is ongoing. The complete PY22/23 compliance review will be distributed and discussed at the following Advisory Board meeting.

Audit Conclusion

Audit concurs with the Program Administrator's response.

PUC 4/18/2024-has issue been cleared?

Department of Energy Audit Staff:

The PY22/23 compliance review was distributed to the Advisory Board and discussed by the Advisory Board on April 26, 2024.

Audit Issue #11 (Exhibit 6 Bates page 000055)
Cash on Hand

Background

As part of the annual audit, the Citizen Banks monthly statements are reviewed for accuracy.

Issue

During the review it was noted that the EAP account has a surplus of \$4,177,922 in it at program year end. A net increase of \$391,983 was incurred over the year.

Statutory obligations that an excess of \$1,000,000 that likely will not be reduced over the next 12 months should result in suspension of the collection of some or all of the SBC for a period of time. The RSA also notes that the suspension of the SBC cannot happen before June 30, 2024.

Recommendation

As June 30, 2024 is only a year away, Audit recommends the Advisory Board take immediate action to remediate the surplus over \$1,000,000 in the EAP fund.

Advisory Board's Response

Following payment of the utilities' EAP expenses [from October 2022 through] April 2023, the balance in the EAP Fund is \$548,514.02.

Audit Conclusion

Audit reviewed the April 2023 bank statement and verified an ending balance of \$1,015,289.88. This figure does not take into account the \$464,377.60 the utilities submitted for reimbursement that was processed through Treasury on May 23, 2023.

The April 2023 ending balance less the May payments totals \$550,912.28. The difference between the \$550,912.28 and the \$548,514.02, as noted in the Board's response, is the interest earned on the account of \$2,398.26. The interest amount was unknown when the Advisory Board submitted their response.

Audit notes that each utility holds an EAP reserve amount on their books. The total for all four utilities is \$500,000. This amount is not included in the Citizen's Bank total.

PUC 4/18/2024-has issue been cleared?

Department of Energy Audit Staff:

This issue was resolved, as the EAP account balance at the end of April 2023 had dropped to \$1,015,289.88, and by the end of September 2023 had dropped to \$294,971, after the combined infusion of \$900,000 from the \$7 million non-lapsing amount allocated to the Department of Energy by HB2023 (of the 2022 legislative session).

NH DOE RESPONSES TO RECORD REQUESTS

- 3) Please provide the current SBC EAP Fund balance.

Response: Amanda O. Noonan

As of May 15, 2024, the balance in the EAP Fund established by RSA 6:12-b is \$680,473.

- 4) Please provide the projected SBC EAP Fund revenues and expenses through September 30, 2024, and September 30, 2025.

Response: Amanda O. Noonan

Projections for the EAP Fund established by RSA 6:12-b for the EAP program year beginning October 1, 2023, and ending September 30, 2024, and the program year beginning October 1, 2024, and ending September 30, 2025, are provided in Attachment RR-4. The Department has also provided the EAP Fund balance sheet for the program year October 1, 2022, through September 30, 2023, to show the transfers that occurred during the 2022-2023 EAP program year from the \$7 million appropriated to the Department by the NH Legislature. The projections for the EAP Fund established by RSA 6:12-b have been provided in PDF and in Live Excel Format.

PROGRAM YEAR 2022 - 2023

	ACTUAL												
	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Total
EAP ENROLLMENT													
Customers Enrolled	27,329	27,885	28,619	29,604	30,246	31,393	31,992	32,654	32,528	31,957	31,916	31,741	
Avg. Monthly EAP Discount per customer	\$ 47.34	\$ 57.57	\$ 65.32	\$ 58.61	\$ 65.82	\$ 61.71	\$ 59.37	\$ 54.54	\$ 54.95	\$ 63.11	\$ 57.56	\$ 47.67	\$ 694
REVENUE													
Retail Delivery KWH	740,428,748	740,846,653	875,554,233	949,323,580	880,423,622	858,323,711	824,119,578	736,449,596	815,546,645	952,751,639	1,009,633,624	935,304,022	10,318,705,651
LI-SBC Rate	\$ 0.0015	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150
LI-SBC Billed	\$ 1,110,778.26	\$ 1,111,521.42	\$ 1,313,605.60	\$ 1,424,238.53	\$ 1,321,018.25	\$ 1,287,955.31	\$ 1,236,290.52	\$ 1,104,511.52	\$ 1,223,063.24	\$ 1,429,466.14	\$ 1,514,916.26	\$ 1,403,397.55	\$ 15,480,762.60
Reserve Interest earned	\$ 1,591.75	\$ 1,832.76	\$ 2,023.50	\$ 2,030.65	\$ 1,839.67	\$ 2,115.29	\$ 1,846.26	\$ 2,266.10	\$ 2,259.68	\$ 2,348.50	\$ 2,389.95	\$ 2,327.63	\$ 24,871.74
Adjustments to Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,336.28	\$ -	\$ -	\$ -	\$ -	\$ 41,336.28
Net Revenue	\$ 1,112,370.01	\$ 1,113,354.18	\$ 1,315,629.10	\$ 1,426,269.18	\$ 1,322,857.92	\$ 1,290,070.60	\$ 1,238,136.78	\$ 1,148,113.90	\$ 1,225,322.92	\$ 1,431,814.64	\$ 1,517,306.21	\$ 1,405,725.18	\$ 15,546,970.62
EXPENSES													
Benefits paid to customers	\$ 1,293,764.32	\$ 1,352,335.16	\$ 1,557,552.13	\$ 1,734,942.64	\$ 1,611,356.34	\$ 1,572,041.71	\$ 1,552,024.57	\$ 1,453,590.82	\$ 1,468,461.67	\$ 1,643,955.90	\$ 1,509,013.53	\$ 1,232,304.89	\$ 17,981,343.68
CAA Administrative Expenses Paid	\$ 89,010.06	\$ 546,014.44	\$ 197,024.97	\$ 222,572.90	\$ 160,723.01	\$ 139,799.56	\$ 150,489.81	\$ 113,781.33	\$ 110,883.52	\$ 128,838.79	\$ 57,755.63	\$ 157,688.51	\$ 2,074,582.53
Utility Admin	\$ 36,000.00	\$ -	\$ 162.50	\$ -	\$ 140,000.00	\$ 39.50	\$ -	\$ -	\$ 474.00	\$ -	\$ 1,066.50	\$ 3,261.87	\$ 181,004.37
Total Expenses	\$ 1,418,774.38	\$ 1,898,349.60	\$ 1,754,739.60	\$ 1,957,515.54	\$ 1,912,079.35	\$ 1,711,880.77	\$ 1,702,514.38	\$ 1,567,372.15	\$ 1,579,819.19	\$ 1,772,794.69	\$ 1,567,835.66	\$ 1,393,255.27	\$ 20,236,930.58
BALANCE, THIS MONTH	\$ (306,404.37)	\$ (784,995.42)	\$ (439,110.50)	\$ (531,246.36)	\$ (589,221.43)	\$ (421,810.17)	\$ (464,377.60)	\$ (419,258.25)	\$ (354,496.27)	\$ (340,980.05)	\$ (50,529.45)	\$ 12,469.91	\$ (4,689,959.96)
ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,555.18	\$ -	\$ -	\$ -	\$ 4,555.18
Net Balance for Month	\$ (306,404.37)	\$ (784,995.42)	\$ (439,110.50)	\$ (531,246.36)	\$ (589,221.43)	\$ (421,810.17)	\$ (464,377.60)	\$ (419,258.25)	\$ (349,941.09)	\$ (340,980.05)	\$ (50,529.45)	\$ 12,469.91	\$ (4,685,404.78)
BALANCE FORWARD	\$ 4,061,197.46	\$ 3,756,207.73	\$ 2,976,283.25	\$ 2,542,558.85	\$ 2,016,564.45	\$ 1,431,363.16	\$ 1,012,891.62	\$ 550,912.28	\$ 133,512.90	\$ 334,465.90	\$ 343,877.30	\$ 294,182.79	\$ 307,441.36
INTEREST ON EAP FUND	\$ 1,414.64	\$ 5,070.94	\$ 5,386.10	\$ 5,251.96	\$ 4,020.14	\$ 3,338.63	\$ 2,398.26	\$ 1,858.87	\$ 894.09	\$ 391.45	\$ 834.94	\$ 788.66	\$ 31,648.68
Transfers from \$7M DOE Appropriation to the EAP Fund (Chaptered Law 0346, HB 2023, 09/15/22)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000.00	\$ 350,000.00	\$ -	\$ -	\$ 900,000.00
EAP FUND BALANCE	\$ 3,756,207.73	\$ 2,976,283.25	\$ 2,542,558.85	\$ 2,016,564.45	\$ 1,431,363.16	\$ 1,012,891.62	\$ 550,912.28	\$ 133,512.90	\$ 334,465.90	\$ 343,877.30	\$ 294,182.79	\$ 307,441.36	\$ 307,441.36

Approved administrative costs (PY22-23):	Annually	Monthly
1) CAA	\$ 2,068,761.00	\$ 172,396.75
2) Utility	\$ 11,533.00	\$ 961.08

Monthly average reserve interest 2021 - 2022 \$ 475.97

Monthly average EAP fund interest 2021 - 2022 \$ 164.43

ASSMPTIONS:
1) projected enrollment based on PY 22-23 enrollment
2) projected benefit is the 5 year average benefit for each month
3) projected kWh based on PY 22-23 actual sales
4) Projected reserve interest and Interest on EAP Fund equals PY 22-23 average

PROGRAM YEAR 2023 - 2024

	ACTUAL								PROJECTED					
	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Total	
EAP ENROLLMENT														
Customers Enrolled	31,846	31,961	31,931	32,090	32,430	32,645	32,217	32,654	32,528	31,957	31,916	31,741		
Avg. Monthly EAP Discount per customer	\$ 34.80	\$ 36.58	\$ 40.23	\$ 41.55	\$ 38.62	\$ 36.31	\$ 36.20	\$ 39.22	\$ 39.43	\$ 43.57	\$ 43.74	\$ 42.90	\$ 473	
REVENUE														
Retail Delivery KWH	781,227,540	777,593,837	880,164,539	947,526,055	942,508,821	868,109,661	827,272,937	736,449,596	815,546,645	952,751,639	1,009,633,624	935,304,022	10,474,088,916	
LI-SBC Rate	\$ 0.0015	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	
LI-SBC Billed	\$ 1,172,350.83	\$ 1,166,982.22	\$ 1,320,774.53	\$ 1,421,720.17	\$ 1,414,417.75	\$ 1,302,949.84	\$ 1,241,563.12	\$ 1,104,674.39	\$ 1,223,319.97	\$ 1,429,127.46	\$ 1,514,450.44	\$ 1,402,956.03	\$ 15,715,286.75	
Reserve Interest earned	\$ 2,399.21	\$ 2,323.36	\$ 2,393.73	\$ 2,367.38	\$ 2,192.51	\$ 2,368.51	\$ 2,282.68	\$ 2,072.65	\$ 2,072.65	\$ 2,072.65	\$ 2,072.65	\$ 2,072.65	\$ 26,690.61	
Adjustments to Revenue	\$ -	\$ -	\$ -	\$ -	\$ (0.49)	\$ -	\$ 4,601.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,601.26	
Net Revenue	\$ 1,174,750.04	\$ 1,169,305.58	\$ 1,323,168.26	\$ 1,424,087.55	\$ 1,416,609.77	\$ 1,305,318.35	\$ 1,248,447.55	\$ 1,106,747.04	\$ 1,225,392.61	\$ 1,431,200.10	\$ 1,516,523.08	\$ 1,405,028.68	\$ 15,746,578.61	
EXPENSES														
Benefits paid to customers	\$ 1,108,253.91	\$ 1,169,159.61	\$ 1,284,543.86	\$ 1,333,259.24	\$ 1,252,344.00	\$ 1,129,123.87	\$ 1,110,751.18	\$ 1,280,812.80	\$ 1,282,545.90	\$ 1,392,269.55	\$ 1,396,109.22	\$ 1,361,600.20	\$ 15,100,773.34	
CAA Administrative Expenses Paid	\$ 312,215.71	\$ 180,484.39	\$ 191,740.75	\$ 223,797.37	\$ 176,662.61	\$ 98,862.28	\$ 113,024.71	\$ 158,975.24	\$ 158,975.24	\$ 158,975.24	\$ 158,975.24	\$ 158,975.24	\$ 2,091,664.00	
Utility Admin	\$ 5,372.00	\$ 1,722.87	\$ -	\$ -	\$ 948.00	\$ 908.50	\$ 474.00	\$ 1,532.53	\$ 1,532.53	\$ 1,532.53	\$ 1,532.53	\$ 1,532.53	\$ 17,088.00	
Total Expenses	\$ 1,425,841.62	\$ 1,351,366.87	\$ 1,476,284.61	\$ 1,557,056.61	\$ 1,429,954.61	\$ 1,228,894.65	\$ 1,224,249.89	\$ 1,441,320.56	\$ 1,443,053.66	\$ 1,552,777.32	\$ 1,556,616.98	\$ 1,522,107.96	\$ 17,209,525.34	
SUMMARY														
BALANCE, THIS MONTH	\$ (251,091.58)	\$ (182,061.29)	\$ (153,116.35)	\$ (132,969.06)	\$ (13,344.84)	\$ 76,423.70	\$ 24,197.66	\$ (334,573.52)	\$ (217,661.05)	\$ (121,577.21)	\$ (40,093.90)	\$ (117,079.28)	\$ (1,462,946.73)	
ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Balance for Month	\$ (251,091.58)	\$ (182,061.29)	\$ (153,116.35)	\$ (132,969.06)	\$ (13,344.84)	\$ 76,423.70	\$ 24,197.66	\$ (334,573.52)	\$ (217,661.05)	\$ (121,577.21)	\$ (40,093.90)	\$ (117,079.28)	\$ (1,462,946.73)	
BALANCE FORWARD	\$ 307,441.36	\$ 557,077.82	\$ 376,014.24	\$ 224,209.96	\$ 92,145.57	\$ 579,222.89	\$ 656,275.07	\$ 680,472.73	\$ 348,536.59	\$ 133,512.93	\$ 514,573.11	\$ 477,116.60	\$ 362,674.71	
INTEREST ON EAP FUND	\$ 728.04	\$ 997.71	\$ 1,312.07	\$ 904.67	\$ 422.16	\$ 628.48	\$ -	\$ 2,637.39	\$ 2,637.39	\$ 2,637.39	\$ 2,637.39	\$ 2,637.39	\$ 18,180.08	
Transfers from \$7M DOE Appropriation to the EAP Fund (Chaptered Law 0346, HB 2023, 09/15/22)	\$ 500,000.00	\$ -	\$ -	\$ -	\$ 500,000.00	\$ -	\$ -	\$ -	\$ -	\$ 500,000.00	\$ -	\$ -	\$ 1,500,000.00	
EAP FUND BALANCE	\$ 557,077.82	\$ 376,014.24	\$ 224,209.96	\$ 92,145.57	\$ 579,222.89	\$ 656,275.07	\$ 680,472.73	\$ 348,536.59	\$ 133,512.93	\$ 514,573.11	\$ 477,116.60	\$ 362,674.71	\$ 362,674.71	

Approved administrative costs	Annually	Monthly	Projected monthly expenses based on remaining budget
1) CAA	\$ 2,091,664	\$ 174,305	\$ 158,975.24
2) Utility	\$ 17,088	\$ 1,424	\$ 1,532.53

Monthly average reserve interest 2022 - 2023	\$ 2,072.65
Monthly average EAP fund interest 2022 - 2023	\$ 2,637.39

ASSUMPTIONS:
1) Projected enrollment for October 2024 through April 2025 based on PY 23-24 enrollment for those months and projected enrollment for May 2025 through September 2025 based on PY 22-23 enrollment for those months
2) Projected benefit is the 5 year average benefit for each month
3) Projected retail delivery kWh based on PY 23-24 actual kWh sales for October 2024 through April 2025 projection and PY 22-23 actual kWh sales for May 2025 through September 2025 projection
4) Reserve interest and Interest on EAP Fund - projections based on PY 23-24 actual monthly interest for October 2024 through April 2025 and PY 22-23 actual monthly interest for May 2025 through September 2025
5) Projected CAA and utility admin costs based on approved PY 2023-2024 costs

PROGRAM YEAR 2024 - 2025

	PROJECTED												
	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Total
EAP ENROLLMENT													
Customers Enrolled	31,846	31,961	31,931	32,090	32,430	32,645	32,217	32,654	32,528	31,957	31,916	31,741	
Avg. Monthly EAP Discount per customer	\$ 36.20	\$ 39.41	\$ 43.49	\$ 43.71	\$ 44.13	\$ 42.07	\$ 41.26	\$ 39.22	\$ 39.43	\$ 43.57	\$ 43.74	\$ 42.90	\$ 499
REVENUE													
Retail Delivery KWH	781,227,540	777,593,837	880,164,539	947,526,055	942,508,821	868,109,661	827,272,937	736,449,596	815,546,645	952,751,639	1,009,633,624	935,304,022	10,474,088,916
LI-SBC Rate	\$ 0.0015	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150	\$ 0.00150
LI-SBC Billed	\$ 1,171,841.31	\$ 1,166,390.76	\$ 1,320,246.81	\$ 1,421,289.08	\$ 1,413,763.23	\$ 1,302,164.49	\$ 1,240,909.41	\$ 1,104,674.39	\$ 1,223,319.97	\$ 1,429,127.46	\$ 1,514,450.44	\$ 1,402,956.03	\$ 15,711,133.37
Reserve Interest earned	\$ 2,399.21	\$ 2,323.36	\$ 2,393.73	\$ 2,367.38	\$ 2,192.51	\$ 2,368.51	\$ 2,282.68	\$ 2,266.10	\$ 2,259.68	\$ 2,348.50	\$ 2,389.95	\$ 2,327.63	\$ 27,919.24
Adjustments to Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 1,174,240.52	\$ 1,168,714.12	\$ 1,322,640.54	\$ 1,423,656.46	\$ 1,415,955.74	\$ 1,304,533.00	\$ 1,243,192.09	\$ 1,106,940.49	\$ 1,225,579.65	\$ 1,431,475.96	\$ 1,516,840.39	\$ 1,405,283.66	\$ 15,739,052.61
EXPENSES													
Benefits paid to customers	\$ 1,152,825.57	\$ 1,259,495.54	\$ 1,388,671.65	\$ 1,402,785.18	\$ 1,431,284.07	\$ 1,373,302.84	\$ 1,329,209.67	\$ 1,280,812.80	\$ 1,282,545.90	\$ 1,392,269.55	\$ 1,396,109.22	\$ 1,361,600.20	\$ 16,050,912.19
CAA Administrative Expenses Paid	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 174,305.33	\$ 2,091,664.00
Utility Admin	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 1,424.00	\$ 17,088.00
Total Expenses	\$ 1,328,554.90	\$ 1,435,224.87	\$ 1,564,400.98	\$ 1,578,514.52	\$ 1,607,013.40	\$ 1,549,032.17	\$ 1,504,939.00	\$ 1,456,542.13	\$ 1,458,275.24	\$ 1,567,998.89	\$ 1,571,838.55	\$ 1,537,329.53	\$ 18,159,664.19
SUMMARY													
BALANCE, THIS MONTH	\$ (154,314.38)	\$ (266,510.76)	\$ (241,760.44)	\$ (154,858.05)	\$ (191,057.66)	\$ (244,499.17)	\$ (261,746.92)	\$ (349,601.64)	\$ (232,695.59)	\$ (136,522.93)	\$ (54,998.16)	\$ (132,045.87)	\$ (2,420,611.58)
ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Balance for Month	\$ (154,314.38)	\$ (266,510.76)	\$ (241,760.44)	\$ (154,858.05)	\$ (191,057.66)	\$ (244,499.17)	\$ (261,746.92)	\$ (349,601.64)	\$ (232,695.59)	\$ (136,522.93)	\$ (54,998.16)	\$ (132,045.87)	\$ (2,420,611.58)
BALANCE FORWARD	\$ 307,441.36	\$ 153,855.01	\$ 388,341.97	\$ 147,893.59	\$ 493,035.54	\$ 301,977.88	\$ 58,107.19	\$ 548,997.66	\$ 202,033.41	\$ 471,975.21	\$ 338,089.67	\$ 285,728.90	\$ 156,320.42
INTEREST ON EAP FUND	\$ 728.04	\$ 997.71	\$ 1,312.07	\$ -	\$ -	\$ 628.48	\$ 2,637.39	\$ 2,637.39	\$ 2,637.39	\$ 2,637.39	\$ 2,637.39	\$ 2,637.39	\$ 19,490.64
Transfers from \$7M DOE Appropriation to the EAP Fund (Chaptered Law 0346, HB 2023, 09/15/22)	\$ -	\$ 500,000.00	\$ -	\$ 500,000.00	\$ -	\$ -	\$ 750,000.00	\$ -	\$ 500,000.00	\$ -	\$ -	\$ -	\$ 2,250,000.00
EAP FUND BALANCE	\$ 153,855.01	\$ 388,341.97	\$ 147,893.59	\$ 493,035.54	\$ 301,977.88	\$ 58,107.19	\$ 548,997.66	\$ 202,033.41	\$ 471,975.21	\$ 338,089.67	\$ 285,728.90	\$ 156,320.42	\$ 156,320.42

Approved administrative costs (PY23-24):	Annually	Monthly
1) CAA	\$ 2,091,664.00	\$ 174,305.33
2) Utility	\$ 17,088.00	\$ 1,424.00

NH DOE RESPONSES TO RECORD REQUESTS

- 5) Please provide an accounting for the \$7 million appropriated to the Department for the Electric Assistance Program in HB 2023 (Laws 2022 346:4). Please include funds spent as well as projected expenditures.

Response: Amanda O. Noonan

A summary of the transfers from the \$7 million appropriated to the Department by the NH Legislature in HB 2023, including the projected transfers and the anticipated software expenditure, are provided in Attachment RR-5. The projected transfers are based on the projections provided in response to RR-4.

\$7M appropriation to the Department of Energy

ACTUAL		<u>Transactions</u>	<u>Balance</u>
	Oct-22	7,000,000	7,000,000
	Jun-23	-550,000	6,450,000
	Jul-23	-350,000	6,100,000
	Oct-23	-500,000	5,600,000
	Feb-24	-500,000	5,100,000

PROJECTED*		<u>Transactions</u>	<u>Balance</u>
	Jul-24	-500,000	4,600,000
	Nov-24	-500,000	4,100,000
	Jan-25	-500,000	3,600,000
	Apr-25	-750,000	2,850,000
	Jun-25	-500,000	2,350,000

*As the software RFP review and contract award process is still underway, the timing and amount of expenditures for new software during the 2024-2025 EAP program year is not yet known. It is the Department's expectation that all, or substantially all, of the \$450,000 allocation for new software will be expended during the 2024-2025 EAP program year.

- 6) Please provide the Department's position relative to two approaches described by Mr. Colton at the April 18, 2024, hearing that other states have taken to address concerns regarding customer choice for competitive energy supply and the impact of that choice on participants in bill assistance programs.

Response: Amanda O. Noonan

For the reasons explained below, the Department does not support either of what the Commission described as two options identified by Mr. Colton. The Department supports continuing to provide EAP participants with the opportunity to choose a competitive energy supplier or participate in a community power aggregation program without reducing or eliminating the much-needed EAP benefit.

At the April 18, 2024, hearing, Mr. Colton presented the results of his report, a report that did not comment on or otherwise address EAP participants and competitive supply. In response to questions from the Commission unrelated to his report, Mr. Colton recalled discussions in Pennsylvania regarding the complexity of accounting for the numerous prices offered by competitive suppliers when considering bill assistance program design and the concern that the cost of the remedy would be more than the cost of the program. Trans 4-18-24 at 47. At the April hearing, Mr. Colton shared that Pennsylvania had addressed this issue by saying that customers participating in the CAP, the Pennsylvania equivalent of EAP, had to purchase energy supply from the utility and forego retail choice in order to participate in the CAP. Trans. 4-18-24 at 48, 67-68. Mr. Colton also alluded to an ultimately unsuccessful initiative in Pennsylvania to procure competitive energy supply offers for CAP participants. Mr. Colton went on to say that he would have a "lack of knowledge more than a knowledge of what people [in other states] do or don't do." Trans 4-18-24 at 48-49.

Following the April 18 hearing, the Department independently reviewed the CAP competitive supply choice program adopted in Pennsylvania, which was ultimately determined to be unsuccessful by the Pennsylvania Public Utility Commission. In 2018, the Pennsylvania Public Utility Commission directed its electric distribution companies to address how participants in the CAP could shop for competitive energy supply. The Pennsylvania Commission approved a program for PPL Electric's CAP customers, giving CAP customers the ability to choose a competitive energy supplier. Under that program, competitive energy suppliers could provide energy supply service to CAP customers so long as the shopping rate provided CAP customers with a discount of 7% off the price to compare at the time the CAP customer enrolled with the supplier. The program was implemented in June 2017. In May 2020, PPL Electric filed a petition with the Pennsylvania Commission for its default service program. As part of that filing, PPL Electric asked the Commission to end the competitive supply choice option for CAP customers, citing the minimal participation by competitive energy suppliers.¹ In December

¹ As noted in the Pennsylvania Public Utility Commission December 17, 2020, opinion and order 3019356 in Docket P-2020-3019356, two suppliers participated from June 2017 through November 2018, one from December 2017 through May 2018 and none from June 2018 through February 2020.

2020, the Pennsylvania Commission approved PPL Electric's request to end the competitive supply choice option for CAP customers.

There is no reason to believe that a request for proposals to procure competitive energy supply offers to serve New Hampshire's EAP participants at a rate comparable to if not lower than the utility default energy supply rate would be any more successful than the effort in Pennsylvania. Consequently, the Department does not support pursuing such an option.

The Department also does not endorse the action taken in Pennsylvania that precludes participants in Pennsylvania's CAP from choosing any supply option other than the utility supply option. Taking such action would be discriminatory as an EAP participant would not have the same ability to choose a competitive energy supplier as a non-EAP participant and would also be unable to join a community power aggregation program.

RSA 374-F:3, II, "Restructuring Policy Principles" states:

Customer Choice. Allowing customers to choose among electricity suppliers will help ensure fully competitive and innovative markets. Customers should be able to choose among options such as levels of service reliability, real time pricing, and generation sources, including interconnected self generation. Customers should expect to be responsible for the consequences of their choices. The department should ensure that customer confusion will be minimized and customers will be well informed about changes resulting from restructuring and increased customer choice.

In the opinion of the Department, residential customers may, at times, pay more for energy supply from a competitive electric supplier than they would pay if energy supply had been purchased from the utility provider. Nonetheless, New Hampshire law provides for customer choice.

During the period August 2022 through August 2023, when utility energy supply rates in New Hampshire were, as in many other states, extraordinarily high, many consumers, including some EAP participants, were able to reduce their energy costs through the purchase of energy supply from a competitive supplier, enabling low-income and non-low-income households to better manage and afford essential electricity requirements. As shown in the analysis comparing competitive energy supply rates to utility energy supply rates, provided in the *Technical Statement of Amanda O. Noonan* (filed March 6, 2024, in this docket), while utility energy supply rates in the latter half of 2022 and into the first half of 2023 were higher than competitive electric supplier rates, that was an anomaly.

The Department continues to support the current program design where the utility energy supply rate serves as a proxy when calculating the EAP discount for an EAP participant that has selected a competitive electric supplier.