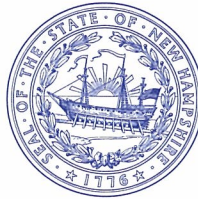


THE STATE OF NEW HAMPSHIRE

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August 13, 2008

Debra Howland
NH Public Utilities Commission
21 South Fruit Street, Suite 10
Concord NH 03301



Re: Electric Assistance Program Funding and Benefit Level

Dear Ms. Howland:

On July 17, 2008, the EAP Advisory Board held its regular quarterly meeting during which it reviewed the electric assistance program and discussed benefit and funding levels for the upcoming program year.

The Advisory Board noted that as a result of increases in electric rates and a shifting of the participation levels within the discount tiers, the EAP will only be able to provide benefits to approximately 25,000 on a forward looking basis if no changes are made to either the program discounts or the program funding. Currently the program is providing benefits to approximately 28,000 households with a wait list of approximately 3,000 households. A reduction to 25,000 would create a waiting list in excess of 6,000 households. Since October 2007, the wait list has been steadily growing from approximately 1,200 households in October 2007 to more than 3,000 households in July 2008. Given the current upward trend in heating costs, gasoline and other household items, the Board expects demand for the EAP to continue to increase in the 2008-2009 program year causing the wait list to grow beyond 6,000.

In 2006, the Commission reviewed the EAP and adjusted the discounts and tiers to enable to allow the program to serve more customers. At its July meeting, the Advisory Board reviewed the current discount structure and found that the discount and benefit levels remain appropriate and in keeping with the program objective of enabling residential electric customers with low incomes to manage and afford electricity consistent with the program design established by the Commission.¹ In light of that, the Board discussed options for increasing funding for the EAP.

¹ While keeping the discount percentages the same does change the annual percentage of electric bill to income, all of the percentages remain in the 4% to 5% of income range.

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RSA 374-F:4, VIII (c) provides for a funding level of up to 1.5 mills per kilowatt hour for the low income program. Currently the low income portion of the system benefits charge is 1.2 mills. An increase in the funding level from 1.2 mills to 1.5 mills would enable the EAP to serve close to 34,000, allowing all customers on the wait list to be enrolled and approximately 3,000 additional customers to be enrolled in the upcoming months. The exact number of customers the EAP would be able to provide benefits to would be affected by any future increases in electric rates.

Based on the above, the Advisory Board recommends that the Commission increase the low income portion of the system benefits charge to 1.5 mills per kilowatt hour effective October 1, 2008, the start of the 2008-2009 EAP program year. The impact of this increase on a 600 kWh bill is \$.18 per month or \$2.16 a year, a minimal rate impact given the benefits the EAP provides.

In concert with its discussion of the appropriate funding level for the EAP, the Advisory Board agreed to revisit the EAP system benefits charge increase in the event that additional funding becomes available.

Sincerely,



Amanda O. Noonan

Director, Consumer Affairs

On behalf of the EAP Advisory Board