

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: September 19, 2008

AT (OFFICE): NHPUC

FROM: Amanda O. Noonan
SUBJECT: 08-097 Electric Assistance Program
TO: Commissioners
Executive Director
CC: Ed Damon



In accordance with Commission Order 23,980, Public Service of New Hampshire (PSNH), New Hampshire Electric Cooperative (NHEC), Unitil Energy Systems (UES), National Grid (NG), the Office of Energy and Planning (OEP), and the Community Action Agencies (CAA) filed their budgets for the upcoming Electric Assistance Program (EAP) program year on or before August 1, 2008. The EAP budget consists of the utilities' incremental costs to administer the EAP, the CAA administrative costs and OEP costs for program evaluation.

Utility incremental costs generally include expenses for the production and printing of educational materials such as posters and brochures, customer service, legal services and IT support and represent expenses that would be reasonably incurred as part of the utility's administration of the EAP and that would not be incurred absent EAP. OEP's responsibility for conducting a process evaluation every three years to determine whether the EAP has met the level of need within the limits of the available system benefits charge funds, whether the EAP conforms to the program design guidelines, and whether the program operates efficiently requires the continued involvement of that agency in the EAP advisory board meetings and other EAP related discussions. Expenses included in their budget relate to that ongoing involvement. CAA costs are directly related to the administration of the EAP and include activities such as client outreach and intake, application processing, and monitoring compliance with program guidelines.

The proposed budget for the 2008-2009 EAP program year is shown below. Overall the 2008-2009 program year budget is 1.57% lower than the 2007-2008 program year budget. When the one-time software development costs that were a part of the 2007-2008 EAP budget are removed, the ongoing administrative costs for the 2008-2009 program year are 1.64% higher than the ongoing administrative costs for the prior program year.

**Proposed EAP Utility Budgets
2008-2009 Program Year**

	Utility and OEP Administrative Costs	CAA Administrative Costs	Total
PSNH	\$35,800	\$1,185,285	\$1,221,085
NHEC	\$3,500	\$143,550	\$147,050
NG	\$3,149	\$101,555	\$104,704
UES	\$5,200	\$166,384	\$171,584
OEP	<u>\$20,510</u>	<u>\$0</u>	<u>\$20,510</u>
Total	\$68,159	\$1,596,774	\$1,664,933

**Proposed EAP Utility Budgets
2008-2009 Program Year as Compared to 2007-2008 Program Year**

	Utility and OEP Administrative Costs 07-08	CAA Administrative Costs 07-08	Total 07-08	Utility and OEP Administrative Costs 08-09	CAA Administrative Costs 08-09	Total 08-09	Percentage Change
PSNH	\$35,450	\$1,207,911	\$1,243,361	\$35,800	\$1,185,285	\$1,221,085	-1.79%
NHEC	\$6,000	\$103,477	\$109,477	\$3,500	\$143,550	\$147,050	34.32%
NG	\$5,372	\$92,362	\$97,734	\$3,149	\$101,555	\$104,704	7.13%
UES	\$5,200	\$161,713	\$166,913	\$5,200	\$166,384	\$171,584	2.80%
OEP	<u>\$20,510</u>	<u>\$0</u>	<u>\$20,510</u>	<u>\$20,510</u>	<u>\$0</u>	<u>\$20,510</u>	0.00%
Total	\$72,532	\$1,565,463	\$1,637,995	\$68,159	\$1,596,774	\$1,664,933	1.64%

On August 21, 2008, the EAP advisory board met to review and discuss the budgets. The discussion focused primarily on the CAA portion of the budget. The proposed CAA budget for the 2008-2009 program year represents an increase of 2% over the 2007-2008 program year. The increase is driven primarily by increased travel costs, the need to replace aging computer equipment used to take EAP applications, an increase in the cost of providing health care benefits to employees, and increases in heating and rent. No objections to the budgets were raised at the advisory board meeting.

Based upon my review and analysis, I recommend the Commission approve the 2008-2009 EAP program year budgets as filed.