State of New Hampshire
Public Utilities Commission

DE 08-120

2009 Statewide CORE Electric Energy Efficiency Programs

Proposal Of The Way Home
For The 2010 Low Income
Home Energy Assistance Budget

Submitted by
New Hampshire Legal Assistance
Attorney for
The Way Home

May 13, 2009

I. Background.

On April 13, 2009 a subgroup of the parties to CORE Docket DE 08-120 met at the Public Utilities Commission Offices to discuss a mechanism for calculating the low income Home Energy Assistance (HEA) budget for Program Year 2010 and going forward. The goal of the meeting was to attempt to reach consensus or identify alternative proposals to present to all of the parties at the Quarterly Meeting in DE 08-120 scheduled for June 8, 2009. The ultimate goal is to enable the Electric Utilities to prepare a consensus low income HEA budget for their 2010 CORE filing.

At the April 13th meeting New Hampshire Legal Assistance presented an oral proposal on behalf of The Way Home for the 2010 HEA budget. The proposal was to set the HEA budget at 14% of the total statewide CORE budget for PY 2010.

All parties present at the meeting, with the exception of Staff, appeared to be agreeable to the proposal for PY 2010 only. Staff's position appears to be that 14% is too high. Staff's position is set forth, in part, in an email dated April 14, 2009. NHLA agreed to present a written response to Staff as well as a more detailed explanation of the April 13 Proposal of The Way Home. The following is the formal Proposal of The Way Home. The Proposal includes a response to Staff's position.

II. The Way Home Proposal and Response To Staff Position.

A. The Low Income Need for Energy Efficiency Services.

According to U.S. Census Bureau data for New Hampshire for 2007, there were over 95,000 low income households at 185% of the Federal Poverty Guidelines. (See Appendix 2 to the Low Income Needs Assessment Report attached as Attachment A, Appendix B to the Settlement Agreement filed on December 11, 2008 in DE 08-120.)

According to 2008 U.S. Census Bureau data, 17% of New Hampshire's population and over 19% of New Hampshire's households are below 200% of the Federal Poverty Guidelines. (See attached U.S. Census Bureau chart entitled "CPS Data Collected in Year 2008, Persons in Poverty Universe, Percentages by Income-to-Poverty Ratio.")

According to Appendix 1 to the above 2008 Low Income Needs Assessment Report, approximately 8,500 low income households have been served by the NH CORE HEA program and/or the DOE Weatherization program from 1998 to December 31, 2007. This leaves 87,000 low income households (at 185% of poverty) still needing energy efficiency services. (See page 2 of the above Low Income Needs Assessment Report.) It should be noted that 87,000 probably understates the need since HEA eligibility guidelines are now at 200% of the Federal Poverty Guidelines as mandated by the American Recovery And Reinvestment Act of 2009, P.L. 111-005, section 407(a).

The "Additional Opportunities for Energy Efficiency in New Hampshire Final Report, January 2009," prepared for the Commission by GDS Associates, Inc., states at page 129 that, based on testimony of PSNH in the CORE hearings in DE 08-120, there are over 16,000 households on the waiting list for the HEA program, and that "therefore there remains substantial demand for this program for the foreseeable future." Indeed, there are over 30,000 low income households who participate in the low income Electric Assistance Program (EAP) and over 6,000 low income households who are on the EAP waiting list. Many of these low income households may be eligible for energy efficiency services. (See attached EAP enrollment report dated May 11, 2009.)

In order to serve all remaining low income households (at 185% of the Federal Poverty Guidelines) total funding needed for the HEA program is estimated to be $300

Million. This is based on a job average of $3,413 for 87,000 households. (See Low Income Needs Assessment Report, page 3.)

At the maximum CAP production level it is estimated that it would take over 36 years to serve the remaining low income population (Low Income Needs Assessment Report, page 3). In light of the above, the Electric Utilities have determined that:

> No market transition strategy is recommended at this time based on the significant need for these services in this state and the relatively small number who can be served in any given year due to budget constraints. This is consistent with the recommendation of the Energy Efficiency Working Group.

See Electric Energy Efficiency 2009 CORE filing, DE 08-120, dated October 7, 2008, revised November 10, 2008, page 21. See also Final Report of the Energy Efficiency Working Group, July 6, 1999, in DR 96-150, which states:

> In light of both the significant undesirable market conditions that exist and are expected to persist for low income customers and the fact that at 2,500 participants per year only half of the estimated eligible households could be reached in a decade, the Group does not recommend that a market exit strategy be developed for the low income residential subsector at this time.

Final Report, page A 34.

B. Recent Low Income HEA Budget Allocations.

According to information provided by the Electric Utilities in data responses in the previous CORE docket, the Electric Utilities have individually budgeted between 5% and 15% of their respective statewide budgets for the low income HEA program since 2004. See Unitil Response UES IR2, Table, in DE 07-106.

For the 2009 Program Year the parties and Staff agreed that the Electric Utilities would all allocate 13.5% of their total budgets to the HEA program. (This agreement is not considered as precedent for any future program year.) See Settlement Agreement in

DE 08-120, dated December 10, 2009, Section II E, and Order No. 24,930 in DE 08-120, pages 9, 10, 19, 23.

C. <u>The Way Home Proposal For the 2010 Program Year.</u>

The Way Home recommended that 14% of the total statewide CORE budget be allocated to the 2010 HEA program. This percentage allocation would not be precedent for future budgets.

The Way Home pointed out that 14% is well below the 17% to 19% income to poverty ratio in 2007 as set forth in the U.S. Census Bureau Chart "CPS Data Collected in Year: 2008, Persons in Poverty Universe, Percentages by Income-to-Poverty Ratio" (copy attached).

The Way Home suggests that the modest step increase to 14% of total budget is a reasonable and incremental approach to providing the low income population with an equitable allocation of the total statewide budget. This equitable share is in keeping with the restructuring statute mandate that "Restructuring of the electric utility industry should be implemented in a manner that benefits all consumers equitably and does not benefit one customer class to the detriment of another." RSA 374-F:3, VI.

The Way Home also pointed out that a modest increase in the HEA budget recognizes increasing costs that significantly impacted the HEA budget in 2008 and the ability of the HEA program to address the low income need. <u>See</u> Order No. 24,930 in DE 08-120, page 10 ("The Settlement Agreement noted that, due to an increase in costs for weatherization materials, resulting in a higher job costs average, fewer homes will be able to be served in 2009 than in 2008, even with an increased budget.")

D. Funding Contribution.

Staff proposed that the HEA allocation percent should be applied to the Residential Sector budget amount, not the combined Residential Sector and C & I Sector budget amount. (See Staff email dated April 14, 2009 from Jim Cunningham to the members of the HEA budget subgroup.)

Staff's position is contrary to Commission Orders and the history of the HEA program. In discussing the funding for the newly approved low income bill assistance program, the Commission stated:

> . . .we do not find it appropriate to establish a distribution-specific systems benefit charge as some parties have suggested, nor will we limit the charge to residential customers. We do not find it appropriate to fund a low income assistance program through the application of a systems benefit charge to residential customers only. As commercial and industrial customers receive as much benefit from the positive tax impacts of a low income assistance program as other rate classes, we find it in the public good to require funding of the program across all franchises and all rate classes. All customers shall contribute at the same rate, irrespective of their distribution company or rate class. The systems benefit charge shall be established, after notice and hearing, as a flat amount per kilowatt hour used and applied equally to all customers.

Restructuring New Hampshire's Electric Utility Industry: Final Plan, DR 96-150, February 28, 1997, page 97.

The Final Report of the Energy Efficiency Working Group, July 6, 1999, in DR 96-150, stated:

> . . .equity among customer groups is one of the many important factors to consider in the context of energy policy goals. The Group also agreed to stipulate that "as set forth in the statute, all customers should pay the SBC and be eligible for participating in programs." The Group also agreed that energy efficiency program funds should be allocated to the residential and C/I sectors in approximate proportion to their contributions to the fund. However, the Group agreed that low-income programs should be funded by all customers.

Report to the New Hampshire Public Utilities Commission On Ratepayer-Funded Energy Efficiency Issues in New Hampshire, DR 96-150, From the New Hampshire Energy Efficiency Working Group, July 6, 1999, page 19.

In Order No. 23,574 dated November 1, 2000, in DR 96-150, the Commission stated:

> The Working Group has recommended that the energy efficiency charge be paid by all customers. That recommendation is consistent with RSA 374-F:3, VI, which authorizes the imposition of a non-bypassable and competitively neutral system benefits charge to fund, among other things, energy efficiency programs. Accordingly, we accept the Working Group's recommendation.

Order, page 24.

Similarly, in approving the gas energy efficiency programs of Energy North Natural Gas, Inc. and Northern Utilities, Inc. in DG 02-106 in 2002, the Commission found the Companies' respective Plans, as well as the Settlement Agreement entered into between the Staff and Parties in that case, "to be reasonable and in the public interest". Order No. 24,109, dated December 31, 2002. 87 NH PUC 892, 901 (2002) The Settlement Agreement, which was approved by the Commission, included the following, at Section G, with respect to program funding:

> The gas utilities will be entitled to cost recovery for all prudent internal and external costs incurred related to their energy efficiency programs. . . These costs will be subject to annual reconciliation and recovery as approved by the Commission. As an exception, costs associated with the residential Low Income Program will be recovered from all firm customers since benefits from the low income program can be ascribed to all customer classes. Costs associated with Residential, C & I, and multi-family program costs will be recovered on a sector-specific basis.

87 NH PUC at 896, 897.

Nowhere in any Commission Order approving either gas or electric energy efficiency programs since these programs began in 2002 has the Commission suggested that funding for the low income energy efficiency programs be limited to the Residential Sector budget amount. (See Order No. 24,930, dated January 5, 2009 in DE 08-120, at page 18, citing the Commission's Orders in all of the prior CORE dockets.) Indeed, Staff points to no statutory provision or Commission ruling that would justify such an about face in the funding (and resulting reduced capacity) of the low income energy efficiency program.

The Commission has stated unequivocally that:

> The applicable policy principles for the CORE programs remain unchanged. Given the success of these programs since their advent in 2002, it is appropriate, and consistent with the public interest, to maintain the basic approach to the use of SBC energy efficiency funds established in prior Commission orders. . .
>
> . . .The 2009 CORE Program will benefit all customers in the form of both electric load reduction and environmental pollution reduction. We therefore find the Settlement and the amended 2009 CORE Program to be in the public interest.

Order No. 24,930 dated January 5, 2009 in DE 08-120, pages 18, 19.

III. Conclusion.

The low income HEA program is a cost effective program that has enabled many low income customers "to manage and afford essential electricity requirements" pursuant to RSA 374-F:3, V (a). The need for low income energy efficiency services is substantial. The Electric Utilities, parties, and the Commission have historically been strongly supportive of the HEA program. This is not the time to take a step backwards in addressing the low income need.

Low income customers face the insurmountable market barrier of an inability to invest in energy efficiency services. Every dollar targeted to low income is an opportunity that would otherwise be lost due to this significant market barrier. Indeed, funding for the low income program should be increased, not decreased, in order to carry out the legislative mandate that

> Utility sponsored energy efficiency programs should target cost-effective opportunities that may otherwise be lost due to market barriers.

RSA 374-F:3,X.

Respectfully submitted,
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Attachments

U.S. Census Bureau

CPS Data Collected in Year: 2008
Persons in Poverty Universe
Percentages by Income-to-Poverty Ratio
(Sums in Whole Numbers)

NOTE: The Current Population Survey Annual Social and Economic Supplement is an annual survey of approximately 78,000 households nationwide. Therefore, use extreme caution when making inferences when the cell sizes are small.

Some CPS questions, such as income, ask about the previous year. Others, such as age, refer to the time of the survey. The column labels indicate any subject with a reference year which differs from the survey year.

State: NH	Totals		Income-to-Poverty Ratio in 2007			
			Below 200%		200% and above	
	Persons		Persons		Persons	
	Sum	PCT	Sum	PCT	Sum	PCT
Totals	1,312,281	100.0%	222,743	17.0%	1,089,537	83.0%
Household Relationship						
Householder	513,579	100.0%	99,541	19.4%	414,038	80.6%
Spouse of Householder	293,483	100.0%	26,034	8.9%	267,449	91.1%
Related Children Under 18	290,246	100.0%	48,265	16.6%	241,981	83.4%
Own Children 18 Years and Older	107,932	100.0%	8,740	8.1%	99,192	91.9%
Other Relatives 18 Years and Older	28,957	100.0%	4,589	15.8%	24,367	84.2%
Non-Relative	78,084	100.0%	35,574	45.6%	42,510	54.4%

Source: U.S. Census Bureau
Current Population Survey, Annual Social and Economic Supplement, 2008

New Hampshire Electric Assistance Program Enrollment Report

Report Detail Effective 5/11/2009

Enrollments

	Belknap-Merrimack Comm. Action	Rockingham Comm. Action	Strafford Cnty Comm. Action	Southern NH Services	Southwestern Comm. Services	TriCounty Comm. Action	Utility Total
	EAP	EAP	EAP	EAP	EAP	EAP	
Unitil Capitol	1234	0	0	0	0	0	1234
Unitil Seacoast	0	1146	0	1	0	0	1147
National Grid (GSE)	0	368	0	112	311	365	1156
NH Electric Co-op	795	287	64	0	254	1411	2811
Public Service Of NH	3496	1954	3096	9125	3001	3269	23941
CAA Total	**5525**	**3755**	**3160**	**9238**	**3566**	**5045**	**30289**

EAP Enrollment by Utility and FPG

	<= 75	<= 100	<= 125	<= 150	<= 175	> 175	Utility Total
Unitil Concord	232	229	240	239	200	94	1234
Unitil Seacoast	203	236	219	229	194	66	1147
Ngrid (GSEC)	181	231	250	245	182	67	1156
NH Elec Coop	477	549	581	540	492	172	2811
PSNH	4948	4971	4833	4420	3618	1151	23941
FPG level Total	**6041**	**6216**	**6123**	**5673**	**4686**	**1550**	**30289**
	19.9%	20.5%	20.2%	18.7%	15.5%	5.1%	100.0%

EAP Enrollment by Utility and Discount Tier

Tier	**1**	**2**	**3**	**4**	**5**	**6**	**Total**
Unitil Concord	94	200	239	240	229	232	1234
Unitil Seacoast	66	194	229	219	236	203	1147
Ngrid (GSEC)	67	182	245	250	231	181	1156
NH Elec Coop	172	492	540	581	549	477	2811
PSNH	1151	3618	4420	4833	4971	4948	23941
Tier Level Total	**1550**	**4686**	**5673**	**6123**	**6216**	**6041**	**30289**

Wait List

BMCA	1071
RCCA	1063
SNHS	2181
SWCS	592
SCCA	508
TCCA	835
TOTAL	6250

Wait List by Utility	
Unitil Capitol	268
Unitil Seacoast	331
National Grid (GSE)	239
NH Electric Co-op	496
Public Service Of NH	4916
TOTAL	**6250**

Denials 10-1-08 thru 4-6-09	
Total Statewid	7601
Removals since 2/6/09	
	3675