

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 13-180

Statewide Low-Income Electric Assistance Program

Order Addressing EAP Fund Surplus

ORDER NO. 25,544

July 15, 2013

I. BACKGROUND

The Commission opened this docket to consider the Electric Assistance Program (EAP) Advisory Board's recommendation to make two program changes in light of a surplus that has accumulated in the EAP fund.

The EAP helps low-income customers through a discount on their electric bills. There are five active discount tiers, currently ranging from 7% to 70% depending on the customer's income in relation to the federal poverty guidelines. These discounts presently apply to the first 700 kilowatt hours of electricity used per month, the "eligibility cap." EAP customers pay standard rates for electricity they use above the eligibility cap. *See Electric Assistance Program*, Order No. 25,200, 96 NH PUC 45 (2011) (setting the eligibility cap at 700 kilowatt hours (kWh) per month and reducing the number of discount tiers from six to five).

By letter dated June 10, 2013, the Advisory Board notified the Commission that, largely due to a decline in EAP enrollment between June 2012 and December 2012, the EAP fund balance has grown to \$2,460,000 as of April 30, 2013. Given the statutory obligation to act when the balance exceeds \$1,000,000, the Advisory Board recommends two increases in benefits to reduce the surplus and to help prevent its recurrence. The Advisory Board recommends an

increase in the program's eligibility cap from 700 to 750 kWh per month, and recommends a temporary two year increase of 10% in each of the program's discount tiers so that, for example, a Tier 6 customer now receiving a 70% discount will receive a 77% discount.

The Advisory Board cites several reasons supporting its recommendation to increase the eligibility cap from 700 to 750 kWh per month. The increase will provide additional help to those who use more electricity because of medical needs or large family size, but at the same time the cap will remain modest enough to reinforce the importance of conservation. The Commission was concerned with both of these issues when it first imposed the eligibility cap in *Electric Assistance Program*, Order No. 25,200, 96 NH PUC 45, *supra*. In that order the Commission acknowledged that the cap would cause some hardship, especially to those using more electricity for medical needs or because of a large family. Nonetheless, in light of a large waiting list and the need to stretch EAP funds to serve more customers, the Commission imposed the 700 kWh eligibility cap. The present surplus provides an opportunity to ease the cap and the hardship it imposes on some EAP customers.

Another reason to raise the eligibility cap is to help avoid accumulating a surplus going forward by spending a bit more on program benefits (enrollment levels also impact any future surplus). Based on careful financial analysis, the Advisory Board projects that the EAP fund can afford this increased eligibility cap into the foreseeable future.

The reasons for the Advisory Board's second recommendation that the Commission temporarily increase the program discounts by 10% are, again, to provide EAP participants a larger benefit at a time many continue to struggle with higher heating oil prices and higher unemployment rates, and, as required by statute, to reduce the EAP fund surplus.

The proposed 10% increase, for two years, would result in the following temporary EAP discount levels:

Proposed Temporary Change to EAP Discount Levels					
Household Poverty Level	<=75%	75% - 100%	101% - 125%	126% – 150%	151% – 175%
EAP Discount Tier	6	5	4	3	2
Current Discount Level	70%	48%	33%	18%	7%
Temporary Discount Level Increase of 10%	77%	53%	36%	20%	8%

The Advisory Board projects that within two years this 10% increase to the discount levels will deplete the surplus that has accumulated in the EAP fund. Based on this current projection, the Advisory Board recommends that the discount levels return to their current status in two years.

Finally, the Advisory Board represents that its utility members have reviewed these recommended changes and have not identified any problems with implementation, indicating thirty days would be sufficient to test and implement the changes.

II. COMMISSION ANALYSIS

The Advisory Board's notification that the EAP fund balance is \$2,460,000 triggers two statutes. The first is RSA 374-F:4, VIII (c), which provides:

If the commission determines that the low-income program fund has accumulated an excess of \$1,000,000 and that excess is not likely to be substantially reduced over the next 12 months, it shall suspend collection of some or all of this portion of the [SBC] for a period of time it deems reasonable.

The second is a more general directive:

In the event that the commission finds that a significant amount of unencumbered dollars have accumulated in either program [EAP or energy efficiency programs], and are not needed for program purposes, the commission shall refund such unencumbered dollars to ratepayers in a timely manner.

RSA 369-B:3, IV(b)(6).

These statutes mandate reduction of the surplus and give the Commission two methods for doing so, depending on the circumstances. The Commission can direct the EAP to spend the surplus to serve its low-income customers, or eliminate the surplus either by suspending collection from the SBC or by refunding the surplus. The Advisory Board's recommendation to increase benefits reflects its considered judgment that using the surplus for EAP customers is the better option in this situation. The Commission agrees.

The Legislature's overriding directive for the EAP is to "design low-income programs in a manner that ... maximize[s] the benefits that go to the intended beneficiaries of the low-income program." RSA 369-B:1, XIII. Using the surplus to increase benefits for low-income customers thus furthers the primary goal of the statute. And the two statutes that govern the surplus, quoted above, explicitly authorize the Commission to reduce the surplus by spending it for the benefit of EAP's low-income customers. RSA 374-F:4, VIII (c), directs a suspension of collecting SBC funds only if the "excess is not likely to be substantially reduced over the next 12 months," while RSA 369-B:3, IV(b)(6), mandates a refund only if the surplus is "not needed for program purposes."

The Advisory Board's recommended changes comply with both statutes. The 10% increase in discount levels satisfies RSA 374-F:4, VIII (c), because it will "substantially reduce" the surplus "over the next 12 months" (and likely eliminate it over 24 months), at which time the discount tiers will return to their current levels. Both recommended changes comply with RSA 369-B:3, IV(b)(6), because they will provide more money that is "needed for program purposes."

See Statewide Low-Income Electric Assistance Program, Order No. 25,414 (Sept. 19, 2012) at 3 (in approving the 2012-13 budget, the Commission noted a predicted increase in the EAP caseload from 32,000 to 34,000 customers). The increased eligibility cap may also help avoid a future surplus.

The Commission thus approves the Advisory Board's recommendations.

Based upon the foregoing, it is hereby

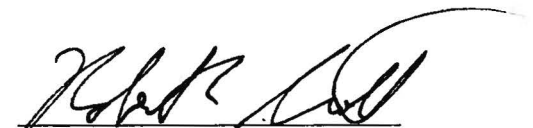
ORDERED, that the eligibility cap for the Electric Assistance Program shall be increased to 750 kWh per month; and it is

FURTHER ORDERED, that the Electric Assistance Program's five discount rates shall each be increased by 10% for a period of two years from the date of this order, at which time they will revert to the current discount rates, as illustrated in the chart above.

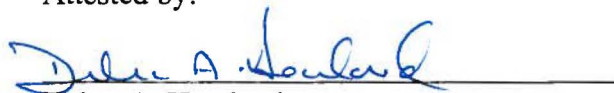
By order of the Public Utilities Commission of New Hampshire this fifteenth day of July, 2013.


Amy L. Ignatius
Chairman


Michael D. Harrington
Commissioner


Robert R. Scott
Commissioner

Attested by:


Debra A. Howland
Executive Director

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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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