Liberty™

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Via Electronic Mail Only

Daniel Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: DG 20-013; Residential Low Income Assistance Program for Natural Gas Customers Consideration of Program Design Change

Dear Chair Goldner:

The May 23, 2022, Procedural Order in this docket asked the parties to comment on the following topics:

> (1) whether Northern and Liberty are currently administering the GAP in compliance with the requirements of Order No. 26,397; (2) the manner in which amounts spent on the GAP in excess of the one percent cap can be returned to customers; (3) whether changes to the GAP should be made to ensure that Northern and Liberty's GAP expenditures remain within the one percent cap; and (4) whether there are any other outstanding issues concerning administration of the GAP, which require further Commission review.

Liberty's comments follow.

First, Liberty is currently administering the GAP in compliance with Order No. 26,397. The Company is providing the approved discounts to the appropriately qualified customers.

Second, the Company does not believe that "amounts spent on the GAP in excess of the one percent cap [should] be returned to customers." As the Company stated in its June 23, 2022, cover letter in this docket, neither the Settlement Agreement nor Order No. 26,397 imposed a "cap" on the utilities' spending on GAP. Order No. 26,397 acknowledged that "[p]rogram costs have historically exceeded one percent of Liberty's gross revenue," that the "Settlement Agreement reallocates approximately the same level of costs as currently exist" and "that participation rates, or usage, and therefore costs of the program, could be higher in the coming year due to the COVID-19 pandemic." *Id.* at 8. With this knowledge that Liberty's GAP costs already exceeded 1% of gross revenues and would likely rise, the Commission still approved the GAP as described in the Settlement Agreement with the condition that "the parties … review overall program costs over the coming year. If costs exceed any of the one percent benchmarks, Staff and the parties shall make a further recommendation to the Commission in this docket no later than September 25, 2021." *Id.*[1]

As disclosed in Liberty's quarterly reports and the accounting filed on June 23, 2022, Liberty's GAP costs have remained above 1% of total revenue (although still less than 1% of customer bills). This increase is a function of Liberty having a large, and growing, percentage of its customers being eligible for the discount.

As for potential changes to the GAP, Liberty fully supports the Department of Energy's proposals made in its letter filed this date, although Liberty proposes a 2.0% benchmark. Briefly, DOE recommends raising to 1.5% the gross revenue benchmark for Liberty's GAP costs, and recommends certain notifications and procedures related to that benchmark. Liberty agrees with the factual basis for DOE's recommendations and that raising the benchmark is reasonable and appropriate.

Liberty proposes a slightly higher benchmark due to the increased demand for the GAP in Liberty's service territory. As noted in the data Liberty filed June 23, 2022, the percentage of Liberty's customers participating in GAP increased from 6.1% during the 2020-2021 winter to 7.8% during the 2021-2022 winter. This resulted in a proportionate rise in GAP costs, to almost 1.8% of total revenues over the 2021-2022 winter. The only way to lower these costs is to restrict eligibility or to reduce the discounts, neither of which Liberty believes is appropriate at this time.

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[1] Prior to September 25, 2021, the Commission approved a new procedural schedule that provided for discovery, technical sessions, and deferred the scheduling of a hearing date. *See* July 20, 2021, Secretarial Letter.

Liberty thus asks the Commission to approve DOE's recommendations with the modification of a 2.0% benchmark for Liberty.

The third and fourth statements the Commission presented for comment have been addressed above ("whether changes to the GAP should be made to ensure that Northern and Liberty's GAP expenditures remain within the one percent cap" and "whether there are any other outstanding issues concerning administration of the GAP, which require further Commission review").

Pursuant to the Commission's March 17, 2020, secretarial letter, only an electronic version of this filing will be provided. Thank you.

Sincerely,

Michael J. Sheehan

Cc: Service List