

DE 01-042

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**Petition for Approval of  
Interim Low Income Electric Assistance Program**

**Order Approving Petition**

**O R D E R    N O.   23,693**

**April 30, 2001**

**APPEARANCES:** Linda T. Landis, Esq. for Public Service Company of New Hampshire; Meredith Hatfield, Esq. for the Governor's Office of Energy and Community Services; New Hampshire Legal Assistance by Alan M. Linder, Esq. for the Save Our Homes Organization; Office of Consumer Advocate by Kenneth Traum on behalf of residential ratepayers; and Donald M. Kreis, Esq. for the Staff of the New Hampshire Public Utilities Commission.

**I.    PROCEDURAL HISTORY**

This proceeding is an outgrowth of Order No. 23,573 (November 1, 2000), in which the New Hampshire Public Utilities Commission (Commission) approved, with certain modifications, the recommendations of its Low Income Working Group (LIWG). The purpose of the LIWG was to advise the Commission on the development of a statewide Energy Assistance Program (EAP) to provide assistance to low-income customers once the state's electric industry is opened to retail competition pursuant to the Restructuring Act, RSA 374-F.

The service territory of Public Service Company of New Hampshire (PSNH) is being opened to retail competition on May 1, 2001 under the terms of the PSNH Restructuring

Settlement Agreement approved by the Commission in Docket No. DE 99-099. While some other areas of the state have not yet been opened to retail competition in electricity, not all areas are open and a statewide EAP has not yet been implemented. Among the Commission-approved recommendations of the LIWG was that, in these circumstances, a utility whose territory is being opened to competition be required to implement a company-specific Interim Electric Assistance Program (IEAP) to assist its low-income customers prior to the commencement of the statewide EAP. Accordingly, on February 16, 2001, PSNH filed the instant proposal for an IEAP. In its filing, PSNH noted that its system will not be able to accommodate a statewide EAP until at least the early part of 2002.

Pursuant to an Order of Notice entered on April 3, 2001, the Commission conducted a Pre-Hearing Conference on April 3, 2001 and approved intervention petitions from the Governor's Office of Energy and Community Services (GOECS), Granite State Electric Company (GSEC), the Save Our Homes Organization (SOHO) and, jointly, Concord Electric Company (CEC) and Exeter & Hampton Electric Company (E&H). See Order No. 23,677 (April 13, 2001), slip op. at 2-3. The Office of Consumer Advocate entered an appearance on behalf of

residential ratepayers.

The Commission approved a procedural schedule proposed by the parties. See *id.* at 5. Discovery proceeded according to the schedule; the intervenors and Commission Staff opted not to submit pre-filed testimony. The Commission conducted a merits hearing on April 24, 2001. At the hearing, the Commission approved a petition for limited intervention submitted by KeySpan Energy Delivery New England, and heard testimony from Gilbert E. Gelineau, Jr., PSNH's manager of marketing support services.

## II. POSITIONS OF THE PARTIES AND STAFF

### A. Public Service Company of New Hampshire

PSNH offered Mr. Gelineau's testimony in support of its request for approval of the proposed IEAP. Highlights of the proposed IEAP include: a 40 percent discount on the Delivery Service portion of participating customers' bills, which PSNH estimates will result in a 25 percent overall discount when energy charges are taken into account; eligibility for the program pegged at 150 percent of the federally established poverty level; screening of IEAP participants by the state's Community Action Agencies (CAAs); institution of the IEAP on May 1, 2001 (Competition Day under the PSNH Restructuring Settlement Agreement) and continuation through the date on which a statewide EAP is implemented and

the CAAs are prepared to recertify IEAP participants and new applicants as eligible for the statewide program; and administrative expenses plus PSNH's incremental costs to be paid out of the revenues received through the System Benefits Charge established pursuant to RSA 374-F:3, VI and RSA 369-B:3, IV(b)(6).

Mr. Gelineau estimated that 29,000 PSNH customers are eligible to participate in the IEAP and that, following a "ramp-up" period, approximately 20,000 customers would end up participating. According to PSNH, if all 29,000 eligible customers participated, program costs would amount to \$6,014,815. Of that, \$4,907,909 is comprised of PSNH's actual incremental costs, another \$75,000 amounts to PSNH's development and implementation costs, and \$1,031,905 represents the fee of \$35 per customer to compensate the CAAs for each successful enrollment.

In Order No. 23,575 (November 1, 2000), the Commission took up the question of how to allocate the \$0.002 per kilowatt-hour system benefits charge specified in RSA 369-B:3, IV(b)(6) between low income and energy efficiency programs. The Commission determined that \$0.0012 should be devoted to low income programs and \$0.0080 for energy efficiency initiatives. Mr. Gelineau pointed out that if PSNH

receives \$0.0012 per kilowatt-hour for low income programs from its customers, the Company will substantially over-collect based on its estimated budget for the IEAP proposed here.

Mr. Gelineau further noted that Governor Shaheen was expected to sign into law House Bill 489, which, *inter alia*, revises RSA 369-B:3, IV(b)(6) so that the System Benefits Charge applicable in the PSNH service territory is no longer fixed at \$0.002 for the first 33 months after Competition Day but shall be "no greater than \$0.003." Mr. Gelineau proposed, therefore, that the Commission fix the low income portion of the System Benefits Charge at \$0.0005 rather than the \$0.0012 previously approved by the Commission.

It was also Mr. Gelineau's testimony that, should the low income portion of the System Benefits charge remain at the \$0.0012 level, PSNH believed it was required to remit any overcollected balances to the state treasurer to be devoted to ramping up the full statewide EAP. According to Mr. Gelineau, this is inequitable because no other electric utility in the state is being required to fund ramping-up costs for the permanent program. On behalf of PSNH, he took the position that the Commission should require all utilities to share these costs.

**B. Save Our Homes Organization**

SOHO indicated that it was supportive of PSNH's proposal.

**C. Governor's Office of Energy and Community Services**

GOECS also indicated its support for PSNH's proposed IEAP.

**D. Office of Consumer Advocate**

OCA focused on possible customer migration from the Company's elderly discount program to the IEAP. Because the IEAP is more customer-advantageous than the elderly discount, PSNH is proposing to have the CAAs counsel eligible customers to choose the IEAP, with their right to return to the elderly discount preserved should they become ineligible for the low income program. As to these customers, PSNH is proposing to recover its full incremental costs through the System Benefits Charge. OCA's view is that PSNH should recover only the difference between its incremental costs and the elderly discount.

**E. Staff**

Staff focused on administrative expenses. According to the data responses provided by PSNH (Exhibit 3), the CAAs expect to incur personnel costs of \$25.20 per successful

application (of the \$35 they will collect for each such customer). Staff noted that this amounts to approximately \$500,000 and suggested that it might be more appropriate and cost-effective simply to have PSNH inform all customers of the program through a bill insert and then do the screening itself. Staff also expressed concern that the IEAP will provide no assistance to low income customers in curing arrearages they may have built up on their accounts with PSNH.

### **III. COMMISSION ANALYSIS**

Upon a careful review of the record in this proceeding, we conclude that PSNH's proposed Interim Energy Assistance Program is in the public interest and we will therefore approve it. As PSNH noted, the overall discount of approximately 25 percent is in line with similar programs we have approved in connection with the New Hampshire Electric Cooperative and Granite State Electric Company.

Where PSNH's proposal differs from other utilities' IEAP is in the level of outreach. In our judgment, a proactive approach to identifying and qualifying participants in low income programs is an appropriate strategy for assuring the effectiveness of the initiative. Although we agree with PSNH in principle that neither it nor its customers should be required to shoulder a disproportionate share of expenses

associated with initiating the statewide EAP, it is reasonable to expect that the experience and customer data PSNH gathers during the operation of the IEAP will be useful once the permanent program is underway, making implementation of the statewide EAP more efficient and less costly in the PSNH territory than it otherwise would have been. This is an issue we intend to address more generally when we consider the further implementation of the statewide EAP program.

We also adopt PSNH's proposal to reduce the low income portion of the System Benefits Charge from \$0.0012 to \$0.0005, consistent with the authority vested in us by House Bill 489. RSA 369-B:3, IV(b)(6) requires that, when a "significant amount of unencumbered dollars have accumulated in either [the low income or energy efficiency] program, and are not needed for program purposes, the commission shall refund such unencumbered dollars to ratepayers in a timely manner." This clearly reflects a legislative preference for not allowing significant uncollected balances to accrue in either account. PSNH's proposal is consistent with this objective.

Finally, we agree with PSNH that it is reasonable to recover its full incremental costs via the System Benefits Charge for customers migrating from the elderly discount to

the IEAP. The number of customers who will be making this switch is minimal and, therefore, the expense of requiring a different treatment for these customers than that proposed by PSNH outweighs any benefits.

**Based upon the foregoing, it is hereby**

**ORDERED,** that the Interim Electric Assistance Program proposed by Public Service Company of New Hampshire is approved, effective on May 1, 2001; and it is

**FURTHER ORDERED,** that the low income portion of the System Benefits Charge applicable in the PSNH service territory shall be fixed at \$0.0005 per kilowatt-hour, also effective on May 1, 2001.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of April, 2001.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary