

DE 03-195

STATE-WIDE LOW INCOME ELECTRIC ASSISTANCE PROGRAM

2004 Program

Prehearing Conference Order

O R D E R N O. 24,246

December 5, 2003

APPEARANCES: Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; Robert E. Dunn, Esq., of Devine, Millimet and Branch, for New Hampshire Electric Cooperative; Seth L. Shortlidge, Esq., of Gallagher, Callahan and Gartrell, for Granite State Electric Company; Kenneth Picton, Esq. for Connecticut Valley Electric Company; Meabh Purcell, Esq., of LeBoeuf, Lamb, Greene and MacRae, for Unutil Energy Systems, Inc.; Alan Linder, Esq., of New Hampshire Legal Assistance, for Save Our Homes Organization; Wynn Arnold, Esq., of the Office of the Attorney General of the State of New Hampshire, for the Office of State Planning and Energy Programs; Ralph Littlefield, Executive Director of the Community Action Program Belknap-Merrimack Counties, Inc., for the New Hampshire Community Action Association; F. Anne Ross, Esq. for the Office of Consumer Advocate; and Edward N. Damon, Esq. for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On October 21, 2003, following receipt of certain cost and budget filings by the New Hampshire electric utilities and the Office of State Planning and Energy Programs (OSPE) in connection with the state-wide low income electric assistance program (EAP) established in 2002, the New Hampshire Public Utilities Commission (Commission) issued an Order of Notice initiating this docket. The Order of Notice stated that the cost and budget filings raise, *inter alia*, issues related to the

appropriateness of the costs included in utility and OSPE budgets, the reasonableness and prudence of the costs, and the timing of recovery of the second year program costs. The Order of Notice also provided for the Commission to undertake a review of the first program year's costs envisioned in Order No. 23,980 and that, for administrative efficiency, the review of the second year EAP program budgets would be performed as part of this docket and based on the determination of the first year's costs. In addition, the Order of Notice noted that the end of the first program year was also an appropriate time to review the EAP program design and identify any program enhancements or modifications. Pursuant to the Order of Notice, a Prehearing Conference and technical session were scheduled to be held at the Commission offices on November 20, 2003.

On October 23, 2003, the Office of Consumer Advocate (OCA) filed notice of its participation in this docket on behalf of residential utility consumers pursuant to the powers and duties granted to the OCA under RSA 363:28,II. On November 17, 2003, Save Our Homes Organization (SOHO) filed with the Commission a Petition to Intervene. Also on November 17, 2003, OSPE filed with the Commission a Petition to Intervene. On November 19, 2003, the New Hampshire Community Action Association (CAA), an organization comprised of six non-profit

community action agencies that provide social and health services in New Hampshire, filed a Petition to Intervene.

On November 20, 2003, a Prehearing Conference was held at the offices of the Commission. Thereafter, the parties and Commission Staff met in a technical session to discuss, inter alia, what procedural schedule to propose for the remainder of the docket. On November 24, 2003, Commission Staff filed a letter with the Commission which reported the results of the technical session and included a proposed procedural schedule.

II. PRELIMINARY POSITIONS OF THE PARTIES AND STAFF

A. Public Service Company of New Hampshire

Public Service Company of New Hampshire (PSNH) stated it is seeking approval of its incremental and start-up costs attributable to the EAP, as well as its budget for the second program year. PSNH also said it expects to comment on proposed program enhancements.

B. Unitil Energy Systems, Inc.

Unitil Energy Systems, Inc. (UES) joined in PSNH's remarks.

C. Connecticut Valley Electric Company

Connecticut Valley Electric Company (CVEC) said it had not proposed a budget for the second program year in view of the upcoming sale of the company to PSNH effective January 1, 2004. CVEC said that, like the other utilities, it has un-reimbursed

administrative and start-up expenses for the first program year. Pursuant to the sale documents filed in DE 03-030, approval of the transfer of program balances to PSNH would be effective as of the sale date, with a true up to occur as of January 31, 2004.

D. OSPE

OSPE noted that the EAP serves approximately 22,000 ratepayers. Further, OSPE indicated it understands the EAP Advisory Board is developing recommended program modifications for the Commission's consideration in this proceeding. Regarding program costs and budgets, OSPE said in this docket the Commission would have the opportunity to resolve issues regarding the administrative costs of the Community Action agencies, utilities and OSPE. According to OSPE, these issues need to be carefully scrutinized in terms of prudence; the Commission Audit Staff's review and findings are particularly important in this regard. OSPE said it had received a number of inquiries from legislators about the program. Although OSPE is responsible under the EAP for reporting to the Commission the status of progress toward achievement of the EAP program goals, OSPE said that software complications continue to prevent it from presenting a comprehensive analysis of the program. OSPE commended the hard work and cooperation of all those involved in getting the EAP underway last year.

E. Granite State Electric Company

Granite State Electric Company (GSEC) said it has been a strong supporter of the EAP. GSEC joined PSNH and the other utilities in support of administrative cost recovery. GSEC said that the issue of GSEC's under-recovery of its interim low income electric assistance program still needs to be resolved.

F. CAA

The CAA said there are 4,000 people waiting to receive EAP assistance. CAA noted EAP is a new program and it looks forward to a full review of the program and a discussion of how it can be improved. CAA suggested the Commission consider expanding the eligibility requirements of the program and modifying the arrearage forgiveness component.

G. SOHO

SOHO described its three major concerns. First, SOHO said the 2004 EAP needs to have a strong educational outreach component. Second, in order to maximize benefits and meet the statutory standard for program efficiency, the Commission must look carefully at the administrative costs of the CAA and the utilities. Third, the program needs a strong monitoring and evaluation component.

SOHO also mentioned three procedural issues or concerns. First, there is a question whether the procedures manuals and business rules, either in modified form or in their

current form, would be considered and approved as part of this docket. Second, there is a question as to whether administrative notice of the entire record in DE 02-034 (Tiered Discount Program) would be taken. Third, there is a question as to whether and to what extent the EAP Advisory Board would participate in this docket.

H. New Hampshire Electric Cooperative

The New Hampshire Electric Cooperative (NHEC) joined in the comments of PSNH and other utilities regarding cost recovery. NHEC also stated that, like GSEC, it has an under-recovery issue in connection with the interim low income electric assistance program.

I. OCA

OCA agreed that the Commission should take administrative notice of the record in DE 02-034. OCA said the Commission need not treat the EAP Advisory Board as a party, but it would be simple for Advisory Board proposals to be presented to the Commission.

J. Staff

Staff indicated it is looking forward to working with the parties on the various issues involved in the docket. Staff noted that the cost recovery proposals from the utilities are based on somewhat different approaches, and they would have to be reviewed together. Staff supported taking administrative

notice of the record in DE 02-034 and recommended that the parties discuss the other two procedural issues raised by SOHO in the technical session following the Prehearing Conference.

III. PROCEDURAL SCHEDULES

Following the Prehearing Conference, the parties and Staff met in a technical session and agreed upon the following schedule, which was submitted to the Commission by letter from Staff dated November 24, 2003.

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| Data requests by parties and Staff on parties regarding any matter relevant to the docket | December 5, 2003 |
| Data responses due | December 19, 2003 |
| Technical session/settlement conference on CAA budget and contract issues and any other, agreed-to issues | January 6, 2004, 10:00 am |
| Pre-filed testimony due on CAA budget and contract issues and any other, agreed-to issues | January 16, 2004 |
| Technical session/settlement conference to consider, among other things, a further procedural schedule regarding those items necessary to complete the docket: 1) 2002/2003 program year costs; 2) 2003/2004 program year proposed utility and OSPE costs; and 3) program enhancements | January 21, 2004, 1:30 pm |
| Hearing on matters ripe for review and decision, including CAA 2003/2004 contract price | January 29, 2004 |

Pursuant to the Commission's suggestion, Staff's letter also set forth the recommendations of the participants in the technical session regarding the three procedural issues

raised by SOHO and the resolution of the question of the under-recovery by GSEC and NHEC of their interim low income electric assistance program expenses.

IV. PROCEDURAL SCHEDULES AND OTHER MATTERS

The Commission has reviewed the procedural schedule as proposed herein and determined that it is reasonable. The Commission also finds reasonable the recommendations set forth in Staff's letter dated November 24, 2003 regarding the three procedural issues raised by SOHO. The Commission will take administrative notice of the procedures manuals and business rules approved last year in DE 02-034. In the event Commission decisions regarding program enhancements or modifications require changes to the procedures manuals or business rules, approval of such changes should be deemed to be within the scope of this docket. The Commission will take administrative notice of the record in DE 02-034. Lastly, the one Advisory Board member who is not now a party to or an intervenor in the docket should be added to the service list and allowed, in its discretion, to participate as an intervenor or as a non-intervenor commenter. The opening of this docket should not preclude the Advisory Board from continuing to meet and perform its functions under the procedures manuals currently in effect. Policy recommendations by the Advisory Board for program enhancements or modifications may be considered in this docket.

As to the issue of the interim low income electric assistance program under-recoveries of GSEC and NHEC, the Commission agrees that the issue needs to be addressed. However, because it is an issue relating to the start-up of the EAP and not to the 2004 EAP program, we will take it up separately. Finally, there being no objection, the Commission will grant the pending motions to intervene.

Based upon the foregoing, it is hereby

ORDERED, that the procedural schedule as proposed herein is reasonable and is hereby adopted; and it is

FURTHER ORDERED, that the Commission will take administrative notice of (i) the procedures manuals and business rules approved last year in DE 02-034 and (ii) the record in DE 02-034; and it is

FURTHER ORDERED, that approval of any changes to the procedures manuals and business rules pursuant to Commission decisions regarding program enhancements or modifications will be deemed to be within the scope of this docket; and it is

FURTHER ORDERED, that all members of the EAP Advisory Board be added to the service list and allowed to participate in this docket; and it is

FURTHER ORDERED, that policy recommendations for program enhancements or modifications submitted to the

Commission on behalf of the EAP Advisory Board will be deemed to be within the scope of this docket;

FURTHER ORDERED, that the pending motions to intervene are granted.

By order of the Public Utilities Commission of New Hampshire this fifth day of December, 2003.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Graham J. Morrison
Commissioner

Attested by:

Michelle A. Caraway
Assistant Executive Director