

DE 03-195

STATE-WIDE LOW INCOME ELECTRIC ASSISTANCE PROGRAM

2004 Program

Order Approving Settlement Agreement

ORDER NO. 24,329

May 21, 2004

APPEARANCES: Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; Heather Kaufman, Comptroller/Rates Manager, for New Hampshire Electric Cooperative Inc.; Meabh Purcell, Esq., of LeBoeuf, Lamb, Greene and MacRae, for Unutil Energy Systems, Inc.; Seth L. Shortlidge, Esq., of Gallagher, Callahan and Gartrell, for Granite State Electric Company; Ralph Littlefield, Executive Director of the Community Action Program Belknap-Merrimack Counties, Inc., for the New Hampshire Community Action Association; Alan Linder, Esq., of New Hampshire Legal Assistance, for Save Our Homes Organization; Wynn E. Arnold, Esq., of the State of New Hampshire Office of Attorney General, for the Office of Energy and Planning; Susan Weiss Alexant, 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 Energy and Planning (OEP) 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 to review, among other things, first year program costs, second year program budgets and any recommended enhancements or modifications.

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 its powers and duties 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, OEP 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. 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. On November 25, 2003, the Executive Director and Secretary of the Commission issued a letter notifying the parties that the Commission approved the proposed procedural schedule.

On December 3, 2003, Granite State Electric Company (GSEC) filed a letter with the Commission requesting that the current reconciliation balance associated with its Interim Program be transferred to its current statewide EAP reconciliation and be recovered through the low-income portion of the System Benefits Charge (SBC) revenue it collects. On December 30, 2003, the Executive Director and Secretary of the Commission issued a letter evidencing the approval of Granite State's request.

On December 5, 2003, the Commission issued Order No. 24,246 confirming the adoption of the proposed procedural schedule and addressing certain procedural matters. On January 16, 2004, in accordance with the procedural schedule, several parties filed direct testimony with the Commission regarding the community action agencies' budget and related contract issues and other agreed-to issues: Linda Panori on behalf of SOHO, Ralph Littlefield on behalf of the CAA, Gilbert E. Gelineau, Jr. on behalf of Public Service Company of New

Hampshire (PSNH) and Paul S. Keller on behalf of Commission Staff. Also on January 16, 2004, Unitil Energy Systems, Inc. (UES) filed a letter with the Commission waiving its right to submit prefiled testimony on such issues and OEP filed a letter with the Commission reserving an opportunity to file testimony in the near future.

On January 20, 2004, PSNH filed a letter with the Commission which concluded that, based on its analysis of the impact of the February 1, 2004 increase in transition service for its EAP customers, no change to the discount tiers are proposed at this time. However, PSNH confirmed its agreement to review its analysis again in the June-July timeframe in order to assess the impact of any likely changes to its delivery service rate as a result of decisions reached in DE 03-200.

On January 23, 2004, following a technical session on January 21, 2004, Commission Staff filed a letter with the Commission on behalf of the parties proposing a modified procedural schedule to govern the remainder of the docket. By letter dated January 26, 2004, the Executive Director and Secretary of the Commission notified the parties that the Commission approved the modified procedural schedule.

On March 19, 2004, GSEC filed a letter with the Commission accepting the findings set forth in the Staff audit report and confirming the necessity of reducing GSEC's administrative costs for which it seeks recovery by \$9,397. GSEC also committed to take appropriate steps to ensure that in the future all employees who provide services to the EAP fill out their timesheets correctly.

On March 22, 2004, Commission Staff filed a letter with the Commission and forwarded copies to the service list in this docket and in DE 03-030, Connecticut Valley Electric

Company (CVEC), Settlement of All Outstanding Restructuring Issues. The letter discussed certain outstanding issues with respect to CVEC's EAP reconciliation resulting from PSNH's acquisition of CVEC's retail electric business in New Hampshire, effective as of January 1, 2004. Among other things, the letter stated that because CVEC is no longer participating in the EAP, it is no longer entitled to retain \$18,598 in reserve funds associated with the EAP.

On March 30, 2004, Commission Staff filed a letter with the Commission requesting a one week postponement of the date for filing additional prefiled testimony and/or a settlement. The letter noted that the parties had been actively discussing settlement and expected to further explore settlement at a technical session scheduled for April 1, 2004.

On April 6, 2004, PSNH filed with the Commission a Stipulation, Settlement and Recommendation for Commission (Settlement) by and among all the parties to this docket. A copy of the Settlement is attached to this Order as Appendix A. On April 16, 2004, the Commission held a hearing on the Settlement.

II. POSITIONS OF THE PARTIES AND STAFF

A. Public Service Company of New Hampshire

PSNH witness Gilbert E Gelineau, Jr. summarized the provisions of the Settlement. Regarding the utilities' first year¹ program costs, there were a total of approximately \$314,000 in incremental² start-up and on-going administrative costs, of which approximately \$244,000 was associated with start-up and the \$70,000 remainder with on-going administrative

¹ The first year of the EAP started on October 1, 2002 and ended on September 30, 2003. The first program year is sometimes referred to as the 2002-2003 program year.

² As PSNH explained, incremental costs refer generally to costs that are directly attributable to the EAP and are not recovered in rates in any other fashion.

costs.³ These figures do not include \$1, 287,366 in first year expenses for the community action agencies' administrative services, which were previously approved by the Commission in Order No. 24,036 in DE 02-034 (August 16, 2002). The second program year utility budgets covering the period October 1, 2003 through September 30, 2004 total approximately \$1.5 million, of which approximately \$1.4 million is associated with the Community Action Agencies' administration of the EAP under contract with the utilities and the \$100,000 remainder with the utility budgets. In addition, the OEP's budget for monitoring and evaluation services provided during the second program year is \$26,504. PSNH noted that first year costs and second year budgets have been the subject of extensive discovery and discussion among all parties, including four technical sessions and a settlement conference. PSNH also explained that the continuing concern of OCA, OEP and SOHO regarding the Community Action Agencies' administrative expenses footnoted in the Settlement indicates that everyone is striving to ensure costs are kept as low as possible.

PSNH described four major program enhancements or modifications recommended by the EAP Advisory Board. First, interest at the 3-Month LIBOR rate would be payable by the utilities on the balance of the reserve funds held by the utilities at the end of the first program year, approximately \$1.2 million, and would be used for program expenses along with the low-income SBC revenues being collected from ratepayers. However, the \$1.2 million itself, which is being held in case of need and for purposes of assuring the solvency of the program fund, could not be spent without prior Commission approval. Second, the utilities

³ These figures include the adjustments recommended by Commission Audit Staff, among which are certain recommended adjustments in respect to CVEC.

would be allowed to deduct their on-going incremental administrative costs from the monthly low-income SBC revenues in the same way they now deduct the costs associated with applying discounts to customer bills and the Community Action Agencies' contract costs. However, the costs would still be subject to a prudence review and approval by the Commission.

Third, certain changes to the pre-program arrears component of the EAP would be made: (i) the unamortized balance of the pre-program arrears eligible for payment under the EAP, approximately \$200,000, would be immediately retired; and (ii) in order to promote the EAP goal of making bills affordable, the definition of "new" customer eligible for the pre-program arrears benefit on post-August 31, 2002 arrearages would be revised to include a customer with a balance that is 60 days past due at the time he or she joins the program, provided he or she has not previously been an EAP participant, has not previously received EAP benefits, including forgiveness of pre-program arrears, and is now financially eligible under EAP guidelines.⁴ Fourth, the income eligibility level would be increased from 150 percent of Federal Poverty Guidelines to 185 percent. This would make the EAP consistent with the federal Fuel Assistance Program and would result in the approval of approximately 2,300 EAP applications on file that have been denied because of the existing eligibility level.

PSNH described the Advisory Board's concern that the existing discount benefit structure, which is based on income and not directly on ability to pay, unfairly treats the family of two making \$15,000 per year the same as a family of eight making the same amount even though the ability to pay, as measured by poverty level, of the smaller family is greater than that of the larger family. Although the Advisory Board is not presenting the Commission with a

⁴ There would, however, be a maximum arrears forgiveness benefit of \$1,000.

recommendation at this time, the Board is considering alternative discount benefit models, including one that focuses on the poverty level as the determining factor for assignment to a particular discount tier.

The Settlement does not resolve cost recovery and other issues raised in the Commission Staff's audit specific to CVEC. According to PSNH, the acquisition agreements addressed the start-up and on-going costs as determined by CVEC and the unamortized amounts associated with the PPA. As part of the acquisition, PSNH provided CVEC with funds to cover these amounts;⁵ however, PSNH said the matter of the reserve funds being held by CVEC was not dealt with in the sales agreement.

B. New Hampshire Electric Cooperative, Inc., Granite State Electric Company and Unitil Energy Systems, Inc.

NHEC, GSEC and UES supported the Settlement as filed without reservation.

C. New Hampshire Community Action Association

Ralph Littlefield testified on behalf of the CAA. Under the Settlement, the budgeted amount for the second year Community Action Agencies' contract costs is \$1,421,562, compared to first year costs of \$1,287,368. CAA explained that the full twelve month operating budget submitted for the first year was actually \$1,382,779, which was later reduced to \$1,287,368 to reflect a two month ramp up period during which the Community Action Agencies would not be at full operating levels. In addition, the \$1,382,779 figure did not include certain communication costs charged to start-up funds during the first year nor the additional expense of

⁵ According to PSNH, the amounts PSNH has paid CVEC for EAP related costs are booked to stranded costs pursuant to the sales agreement and are to be recovered through PSNH's standard stranded cost charge, instead of through the SBC.

separately contracting with six utilities. According to the CAA, the second year budget was constructed by starting with the first year budget amount of \$1,382,779 at full operation and adding to that an amount to cover the communication costs and additional administrative expense for operating with multiple contracting parties. CAA thus views the second year budget as a “hold harmless” budget considering the full twelve month operating basis for the EAP.

CAA also discussed the matter of accountability for its administration of the EAP. Under federal requirements and consistent with the Commission-approved fiscal procedures for the EAP, each Community Action Agency must arrange for a complete, comprehensive audit by a certified public accountant each year of all accounts that are operated by the Community Action Agency. Copies of all such audits are provided to the Commission. Since the fiscal years of the Community Action Agencies are not the same, the audits will be provided to the Commission at different times of year. For all future audits, CAA has asked the auditors to break out the EAP separately so it is clearly identified in all future audits performed for the Community Action Agencies. In addition, for the third program year, the budgets submitted by the Community Action Agencies will be accompanied by a budget narrative explaining in detail how the costs were determined.

In terms of the evaluation and monitoring components of the EAP, CAA stated that final development of the necessary software did not begin until August 2002 and the Community Action Agencies used a paper-based application system for the first six months of the EAP. The application and eligibility determination systems for the software have now been installed. The process of bringing the utility transmissions into the application process has been largely completed. Regarding the development of the standardized reporting system, thirteen

separate reports are now able to be provided by EAP software; testing has been completed for three of the reports and these reports are now available to CAA. According to CAA, testing of the remaining ten reports should be completed by the end of May. Finally, the Community Action Agencies are in the process of incorporating a more flexible reporting tool into the software to allow for Ad Hoc reporting. The CAA anticipates the new reporting tool will be available two to three months after testing has been completed for the first set of reports.

CAA provided testimony about the federal Fuel Assistance Program and Weatherization Program which it administers on a cost sharing basis with EAP to keep the EAP costs as low as possible. Although CAA has considered the possibility of charging a uniform amount for each application, the time involved to process applications for assistance varies widely, from as little as twenty minutes to as much as four days, and in CAA's view this makes such an alternative impractical. One of the biggest surprises to CAA from its experience with the EAP program to date is how often EAP eligible customers move and how that complicates the administration of the EAP. In addition to initial intake of new applications for EAP assistance, the Community Action Agencies must perform periodic eligibility recertifications for program participants, biannually for participants over the age of 64 and living on a fixed income and annually for all others. According to CAA, the recertification process is as time consuming as initial enrollment because the process is virtually identical.

CAA reported that over 38,896 customers have applied for EAP assistance during the first nineteen months of the program. Of that group, approximately 8,481 customers have been denied assistance for various reasons. A total of 28,019 individuals have been enrolled in the program, and 22,488 customers are currently receiving assistance.

D. Save Our Homes Organization

SOHO supported the Settlement, both as to its individual elements and considered as a whole. SOHO witness Linda Panori testified that the Settlement is consistent with SOHO's belief that the EAP should provide the maximum benefits for low income families throughout the State. SOHO noted its concern about the reserve funds held by CVEC and urged that some action be taken to ensure the return of these funds for the benefit of the people of New Hampshire. Another concern relates to the Community Action Agencies' administrative costs. SOHO recommended that these costs continue to be examined closely in the future to assure that the program is operating as efficiently as practicable in order to be able to serve as many low income customers as possible. SOHO said it believes the program should continue to move forward and expressed its gratitude to the Commission, Commission Staff, OEP, OCA, all the utilities and the community action agencies and New Hampshire Legal Assistance for all the work that has been done for low income families in the State.

E. Office of Energy and Planning and Office of Consumer Advocate

OEP and OCA supported the Settlement but shared the concerns expressed by SOHO regarding community action agency administrative expenses.

F. Commission Staff

Staff witness Paul Keller and Audit Staff, Chief Stuart Hodgdon testified at the hearing. Staff supported the Settlement for several reasons. First, no evidence was presented indicating that the costs of the EAP are either unreasonable or imprudently incurred, and estimates of future costs appear to be based on reasonable assumptions about anticipated activity

levels in the future. Second, the Settlement incorporates well thought out enhancements and modifications, some of which will allow even more low income persons to participate in the EAP. Third, as originally contemplated there are already a large number of persons receiving benefits. Staff said it shares the concerns raised by SOHO, OEP and the OCA about the level of Community Action Agency administrative costs and the need to track such costs as the program continues to operate in 2004 and beyond. Staff noted that the Community Action Agencies' budget as a percentage of low-income SBC revenues collected is relatively modest, being 10.2 percent for the first program year and projected to be approximately 11 percent for the second year.

Staff testified that, at present, the amount of low-income SBC funds being collected is approximately the same amount as that being paid out in the form of program benefits and administrative costs. Staff presented a projection showing how EAP funding is expected to change over time, assuming the program is extended beyond the statutory sunset date of June 30, 2005. According to the projection, EAP funding is expected to increase over time due to projected increased kilowatt hour sales, but EAP costs are expected to increase more rapidly due to projected or assumed increases in amounts paid out as benefits and other costs. Because of an approximate \$2.7 million⁶ "ramp-up" in net funding held by the State Treasurer which was built up by low-income SBC collections before EAP costs fully took effect, there is a projected breakeven situation with respect to net fund balances by the year end of the 2007-2008 program year. The projection notes how sensitive year end fund balances are to benefit

⁶ This amount is as of the start of the second program year on October 1, 2003.

increases; for each \$1 increase in benefits per month per customer, the year end fund balance is reduced by approximately \$300,000 per year.

Audit Staff performed six separate audits in connection with the EAP, one regarding the fiscal and monitoring and evaluation processes of the program and an audit of each of the utilities participating in the program. Audit Staff agreed with the statement in the Settlement that, with the exception of CVEC's costs, all audit questions have been addressed and resolution of Staff's audit questions are reflected in the numbers in the Settlement. Regarding CVEC, Audit Staff noted in its report that the general ledger balance must be adjusted to reflect the amount of the reserve which should be available to the program, \$18,598. Audit Staff also recommended that transfer of the \$18,598 back to the statewide fund should be discussed in this docket and said that it will be discussed again in the Commission Audit Report of the post-closing "true-up" regarding the sale of CVEC to PSNH in DE 03-030. Audit Staff did not have a recommendation for how recovery of the reserve held by CVEC should be pursued.

III. COMMISSION ANALYSIS

Among other things, the Settlement provides for the approval of utility administrative costs for the 2002-2003 program year; authorization for utilities to deduct administrative costs for the 2003-2004 program year from monthly low-income SBC revenue, subject to Commission review and approval at the conclusion of the 2003-2004 program year; and implementation of enhancements to the EAP for the 2003-2004 program year and beyond. We have carefully reviewed the Settlement and we believe the recommendations contained in the Settlement result in a program that is just, reasonable and in the public interest. The program continues to target benefits so that those households with lower incomes receive a larger

discount than those households with higher incomes. The administrative costs of the utilities and the Community Action Agencies for the 2003-2004 program year, while approximately \$165,000⁷ higher than the 2002-2003 program year, represent about 12% of the total projected low-income SBC revenue for the 2003-2004 program year. While we are concerned by this slight increase in administrative costs, we recognize that comparing 2002-2003 program year costs to 2003-2004 program year budgets may not yield an accurate comparison, particularly when reviewing the Community Action Agencies' budget. As Mr. Littlefield pointed out in his testimony, the community action agencies' budget for the 2002-2003 program year did not capture the costs of operating the program for a full 12 months due to the ramp-up period at the start of the first program year. In contrast, the 2003-2004 program year budget does reflect the cost of 12 months of program operation.

As outlined in Mr. Littlefield's pre-filed testimony, the Community Action Agencies' administrative costs for the 2002-2003 program year were budgeted at \$1,287,366, reflecting a reduced expenditure level during the first two months of the program year. The 12 month budget submitted by the CAA for the EAP was \$1,382,779. Additionally, there were \$40,983 in administrative costs incurred by the Community Action Agencies during the 2002-2003 program year which were allocated to start-up costs rather than administrative costs. As the services associated with the \$40,983 were ongoing and administrative in nature, the cost was allocated to administrative cost for the 2003-2004 program year. A comparison between the 12 month budget of \$1,382,779 plus the reallocated costs of \$40,983, or total administrative costs of \$1,423,762, to the \$1,421,562 Community Action Agencies' budget for the 2003-2004 program

⁷ Total costs for 2003-2004, including CVEC costs, are \$1,522,022 as compared to 2002-2003 costs of \$1,357,323.

year supports Mr. Littlefield's testimony that the Community Action Agencies have endeavored to maintain a "hold harmless" budget for the EAP 2003-2004 program year. We will continue to closely scrutinize the administrative costs of the EAP, however, and we expect the Advisory Board and all program partners will continue to seek ways to improve the efficiency of the program, thereby reducing administrative costs.

For the 2002-2003 program year, the Settlement allows utilities to recover \$280,271.23 in administrative costs. We note that these costs represent start-up costs incurred during the 2002-2003 program year as well as administrative costs incurred during the same period. They do not include the Community Action Agencies' administrative costs as those costs were previously approved by the Commission in Order No.24,036. We also note that costs incurred by Connecticut Valley Electric Company during the 2002-2003 program year are not included in the \$280,271.23 agreed to in the Settlement.

The Settlement also recommends that we allow the utilities to deduct their 2003-2004 program year incremental administrative costs from the amount of low-income SBC revenue collected each month rather than deferring the recovery of those funds until the completion of the program year. We believe this is an appropriate change, consistent with how administrative costs are recovered for other programs, including the energy efficiency programs. We emphasize, however, that administrative costs continue to be subject to review and approval by the Commission upon completion of the program year. The Settlement recommends a total 2003-2004 program year budget of \$1,522,022, including \$2,500 for CVEC administrative costs as set forth in the table in section III of the Settlement.

Mr. Gelineau testified that, as part of the sale agreement between PSNH and

CVEC, PSNH reimbursed CVEC for those costs associated with the EAP, specifically CVEC's start-up and administrative costs and unamortized pre-program arrearage balances.

Consequently, it appears that CVEC has been made whole for its costs associated with the EAP for the 2002-2003 program year as well as the 2003-2004 program year. Accordingly, CVEC should not recover those dollars again. In addition, PSNH is not requesting recovery of those costs from EAP funds as those costs were charged against PSNH's stranded costs as provided for in the sale agreement approved by the Commission in Order No. 24,176 in DE 03-030.

Therefore, we will approve the 2002-2003 program year costs of \$280,271.23, noting that these costs do not include any CVEC costs. Further, we will approve the 2003-2004 program budgets for PSNH, NHEC, UES, and GSEC as presented in the Settlement, and we note that the overall budget for the 2003-2004 program year should be modified to reflect the \$2,500 decrease associated with the removal of CVEC costs from the 2003-2004 program year budget. Lastly, we will accept the terms of the Settlement relative to the OEP budget and approve that as well.

In his testimony, Mr. Gelineau also stated that the PSNH/CVEC sale agreement did not make any mention of the EAP reserve fund held by CVEC and that CVEC did not turn those monies over to PSNH or return them to the low-income fund. The reserve fund was established to protect the EAP fund from price driven increases in benefit levels. In Order No. 24,036, we directed the utilities to set aside 10% of the low-income portion of the SBC as a reserve, stating the establishment of the reserve was a fiscally responsible action that protected program participants from interruptions in benefits. Funds in the reserve are held by the utilities in a fiduciary capacity for the ultimate benefit of the New Hampshire ratepayers. We are troubled to learn that CVEC has to date withheld approximately \$18,000 in low-income SBC

revenue that was clearly earmarked for use by the EAP. We expect CVEC to return the EAP reserve which it still holds and to consult with the Commission Staff on how to achieve compliance.

Close to 23,000 households currently receive benefits from the EAP. Based on Mr. Littlefield's testimony, the Community Action Agencies have taken applications from 38,896 households and enrolled 28,019 households.⁸ It is clear from the testimony presented in support of the Settlement that the EAP provides a needed service to a significant number of New Hampshire households. We are pleased to see that the Settlement will allow more households to participate in the program by changing the income eligibility level from 150% of the Federal Poverty Level to 185% of the Federal Poverty Level.

When the EAP was established, there was uncertainty about the likely magnitude of pre-program arrearages, i.e. those past due balances that customers incurred prior to enrollment in the program. As described in the Settlement, actual pre-program arrearages forgiven through February 29, 2004 are approximately 32% of the original projection. The Settlement recommends the pre-program arrearages policy be revised to allow any new program participant to receive the arrears forgiveness benefit regardless of when the balance was incurred. As described by Ms. Panori in her testimony, low income households are regularly faced with choosing between paying the electric bill and buying food. Arrears forgiveness is an essential component of any electric assistance program. Lowering a family's electric bill each month going forward may not be sufficient to provide meaningful assistance to families who have been struggling for months, incurring past due balances before becoming enrolled in the

⁸ In his testimony, Mr. Littlefield indicated that the difference between the approximately 23,000 customers currently enrolled

EAP. Accordingly, we believe it is appropriate to revise the pre-program arrearage policy by removing the requirement that the customer's balance be incurred prior to August 30, 2002, revising the definition of "new customer" to mean any customer new to the EAP, and capping the forgiveness benefit at \$1,000.

The Commission's statutory authority to impose an SBC to fund programs for low-income customers terminates on June 30, 2005. *See* RSA 374-F:4,VIII(c). During his testimony, Mr. Keller indicated that, based on Staff's projections, the EAP fund would have a balance of \$2,189,229 (excluding the reserve collected during the first year of the program) as of September 30, 2004. At the end of the 2004-2005 program year, September 30, 2005, the fund is projected to have a balance of \$1,999,429. According to Mr. Keller's testimony, the funds collected during the first few months of the program before enrollment grew (i.e. the ramp-up funds) are not expected to be depleted until the 2007-2008 program year. Given the legislatively mandated sunset date of June 30, 2005 for the low-income portion of the SBC, the question of whether the ramp-up funds should be paid out in benefits to customers over the next program year is a concern.

We heard comments that, due to uncertainty surrounding the actual number of new customers who would enroll in the program once the poverty eligibility level was increased and the impact the changes to the pre-program arrearage policy would have on the EAP fund, Staff and the Parties did not recommend additional changes in this program year. However, the Settlement does contemplate the possibility of a change to the discount tiers and the benefit levels for the 2004-2005 program year. In addition, we are mindful of the large impact that

in the EAP and the 28,019 customers that the Community Action Agencies have enrolled is due to customers who have moved

small changes in benefit levels may have on EAP fund balances. We accept the reasoning of Staff and the Parties and believe it is prudent not to make further changes in this program year. We encourage the Advisory Board to review the benefit levels for the 2004 -2005 program year, however, keeping in mind the goals of the EAP and the legislatively mandated termination of the low-income portion of the SBC on June 30, 2005.

The other provisions of the Settlement, including the payment of interest on the reserve fund, the cessation of the collection of the reserve fund as of September 30, 2003, the elimination of the pre-program arrearages amortization period, and the changes to the appeal and recertification processes, all contribute to a more efficient EAP and continue to maximize benefits to customers. We believe the issues in this docket were thoroughly explored by Staff and the parties in discovery, numerous technical sessions and the audits conducted by Audit Staff, prior to all parties agreeing to the Settlement. The Settlement constitutes an efficient resolution of the issues without contentious adversarial proceedings and the terms of the Settlement are reasonable. Accordingly, we approve the Settlement as submitted in this proceeding with the clarifications made above regarding CVEC.

Based upon the foregoing, it is hereby

ORDERED, that the Settlement presented by Staff and the parties is
APPROVED; and it is

and re-enrolled in the program and customers who left the program.

FURTHER ORDERED, that Commission Staff is instructed to contact CVEC to arrange for the return of the EAP reserve funds held by CVEC as discussed above.

By order of the Public Utilities Commission of New Hampshire this twenty-first day of May, 2004.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Graham J. Morrison
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary