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DEPARTMENT OF ENERGY  
21 S. Fruit St., Suite 10  
Concord, N.H. 03301-2429

July 18, 2023

Daniel C. Goldner, Chairman  
Public Utilities Commission  
21 S. Fruit Street  
Concord, NH 03301-2429

Re: DE 22-043 Low Income Electric Assistance Program, 2022-2023 Electric Assistance Program Budgets, *NH Dept. Energy filing Final Audit of EAP 2021-2022 Program Year*

Dear Chairman Goldner:

The Commission has asked the New Hampshire Department of Energy (“the Department”) to file the Department’s final audit report for the Low Income Electric Assistance Program (EAP) 2021-2022 program year into this docket, Docket No. DE 22-043. See Procedural Order Closing Docket (January 26, 2023) in Docket. No. DE 21-133.

Pursuant to the above request, the Department hereby provides the “**FINAL** Audit Report” (dated June 1, 2023) (emphasis in original) for “Year 20 of the Tiered Discount Electric Assistance Program DE 21-133 Program Year October 2021-September 2022.”

Consistent with the Commission’s current practice, this letter is being filed solely in electronic form.

Sincerely,

/s/ *Mary E. Schwarzer*

Mary E. Schwarzer  
Staff Attorney/Hearings Examiner

Cc: Service List  
Encl.

Docket #: 22-043

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**STATE OF NEW HAMPSHIRE**  
**Intra-Department Communication**  
**Department of Energy**

**DATE:** June 1, 2023

**FROM:** Enforcement Division Audit Staff

**SUBJECT:** Year 20 of the Tiered Discount Electric Assistance Program  
DE 21-133 Program Year October 2021 – September 2022  
**FINAL** Audit Report

**TO:** Josh Elliot - Director, Division of Policy and Programs  
Amanda Noonan - Director Consumer Services, Department of Energy

**Introduction**

The Audit Staff (Audit) of the Department of Energy (Energy) has conducted a review of the program parameters for the twentieth program year of the Tiered Discount Electric Assistance Program (EAP), ending September 30, 2022. The audit has been conducted in accordance with the Public Utilities Commission Order 26,292 issued 9/13/2019; Order 26,405 issued 9/18/2020; as well as the *Fiscal Procedures Manual*, sections 4.2, 4.3, and the *Monitoring and Evaluations Manual*, section 2.3.1.

Audit thanks Amanda Noonan from Department of Energy Staff; Linda Desmond from the NH Treasury; Valerie Provenzano and Kenny Landry from Belknap-Merrimack CAA; John Braswell from Eversource Energy; Karen Hanks and Taylor Lyford from New Hampshire Electric Cooperative; Maureen Karpf from Liberty Utilities; and Chris Goulding from Unitil Energy Systems for their assistance with the audit fieldwork.

**Brief Overview of the Electric Assistance Program (EAP) and Participants**

The goal of the EAP is to enable residential electric customers with low incomes in New Hampshire to manage and afford electricity, within the limits of available system benefits charge (SBC) funds and the program design established by the PUC. The system benefits charge is a Legislatively established, Commission approved, non-bypassable charge, that is assessed to residential, lighting, and commercial and industrial customers per each kilowatt hour on the customer's electric bill. The SBC provides funding for the EAP and the Energy Efficiency Resource Standard (EERS), including Lost Base Revenue. Eligible customers receive the EAP discount on their electric bills based on a tiered system determined by household size and income.

## **Program Guidance**

In addition to the Orders issued by the Public Utilities Commission and the applicable statutes and regulatory rules, the following procedures manuals have also been developed to provide guidance to the parties involved in the program:

- *CAA Procedures Manual*
- *EAP Monitoring & Evaluation Manual*
- *Electric Assistance Program Fiscal Procedures Manual*
- *Electric Assistance Program Utility Procedures Manual*

The manuals are updated periodically, based on PUC Orders or process changes discussed at the EAP Advisory Board quarterly meetings.

## **Community Action Programs/Agencies**

The Community Action Programs/Agencies (CAA), Community Action Program Belknap-Merrimack Counties, Inc., Southern New Hampshire Services, Inc., Tri-County Community Action Program Inc., Southwestern Community Services, Inc. and Community Action Partnership of Strafford County provide customer education, intake services, certification and re-certification of eligibility, discount tier determination and removal of ineligible customers.

## **Program Administrator**

Community Action Program Belknap-Merrimack Counties, Inc. is the Program Administrator of the Electric Assistance Program. As the Program Administrator, the agency is responsible for contracting with and monitoring all of the Community Action Agencies and performing an annual compliance review of the CAAs. The annual reviews consist of a site visit to each CAA and a review of the application procedures.

Each of the utilities contracts with the Program Administrator for the administrative costs incurred in the program application intake process and the resulting electronic communication with the utilities regarding customer enrollment, discount tier determination, removal from the program, etc.

The Program Administrator also compiles the CAA budgets, invoices the utilities for the monthly administrative expenses incurred, and allocates the administrative revenues to the respective CAAs. Additionally, enrollment reports are compiled and generated by the program administrator, on a weekly basis, and provided to the Director of Consumer Services at the Department of Energy, the Advisory Board members, and to each of the Community Action agencies.

## **Utilities**

Eversource Energy (Eversource), New Hampshire Electric Cooperative (NHEC), Liberty Utilities (Liberty) and Unitil Energy Systems, Inc. (UES) participate in the program. Participation includes: billing and collecting the SBC; applying the discounts

to the bills of eligible customers; and removing ineligible customers based on the information provided electronically to the utilities by the CAAs.

### **Summary of the Department of Energy**

The Department of Energy (DoE, Energy), through the Director of Consumer Services, is responsible for overseeing the fiscal management of the statewide EAP. The monthly reports provided by the 15<sup>th</sup> of each month (for the preceding month's activity) by each utility are reviewed by the Director. The Monthly Systems Benefit Charge Reconciliation of the funds to be received by Treasury, or disbursed by Treasury to the appropriate utility(s), is prepared by the DoE and submitted within five business days of the 15<sup>th</sup>. Audit reviewed the consolidated reports for compliance with the *Fiscal Procedures Manual*, section 3.3.2, specifically for timeliness, completeness, and evidence of review and approval. (See *Issuance of the consolidated monthly report by the Department of Energy to Treasury* section of this report.)

Energy receives and reviews the electronic report of the ongoing balance held in custody (in a checking account) by Treasury. Hardcopies of the reports that were received were noted within the monthly folders with evidence of review noted on each. (See *Issuance of the monthly activity report by Treasury to Department of Energy* of this report.)

Energy also receives and reviews customer enrollment data and invoice copies from the Program Administrator. In compliance with section 7 of the *Monitoring and Evaluations Manual*, the Department of Energy is provided with the enrollment data and compiles a fiscal projection monthly. The projection worksheet is provided to the Advisory Board prior to the quarterly meetings, at which the fiscal position and enrollment sustainability are discussed.

An annual summary of the effectiveness of the SBC overall was provided on October 1, 2022 to the House Science, Technology, and Energy Committee, the Senate Energy and Natural Resources Committee, and the New Hampshire Department of Education. The 2022 report summarized the EAP for the period ended August 31, 2022 and the EERS as of June 30, 2022. The reports have been presented each October since the programs began.

The annual financial reporting form, the Dedicated Funds Report, required by the NH Bureau of Accounts per RSA 6:12, for state fiscal years ending June 30, 2022 was compiled by the NH Department of Energy Director of Consumer Services. The Department of Energy Business Office uses an electronic reporting system to file the Dedicated Funds report.

### **Summary of the Treasury of the State of New Hampshire**

The Office of the State Treasurer acts as the custodian for the Citizens Bank checking account used to process the EAP funds. The account activity is directed by the Department of Energy Staff who receive and review the monthly reconciliations of the EAP activity from each of the participating utilities. Automatic Clearing House (ACH)

transfers into the account are made by those utilities that received more SBC revenue than was used for the month, and ACH transfers are made by the Treasury to those utilities that expended more than the SBC collected. The monthly activity is supplied by the Department of Energy Staff to the Treasurer's office to ensure they are aware of the incoming ACH, and the amount of any ACH transfer to be made to a specified utility.

Each month, the monthly statement from Citizens Bank is received and reviewed by the Treasurer's office and verified to an ongoing reconciliation of the account balance. Interest is earned on the account, and fees are not charged.

### **Approval of the Program Year**

Order 23,980 in docket DE 02-034 requires that the state's electric utilities and Community Action Agencies file an annual budget with the PUC no later than 60 days prior to the start of each program year. In July and August 2021, all four utilities and the Community Action Agencies filed their budgets in docket DE 21-133.

On September 29, 2021, for the program year beginning October 1, a joint petition for approval of the program budgets was filed with the Commission by the electric utilities. Also on September 29, a separate recommendation for budget approval was filed by the Department of Energy.

On September 30, 2021, Order 26,530, in docket DE 21-133 was issued approving an interim budget for the months of October and November 2021. The Commission approved the budgets on an interim basis as it determined that it must develop a more complete record before approving the recommended budgets.

In Order 26,530, the Commission requested Energy conduct its normal review and analysis of the budgets and any necessary discovery and file a recommendation within 40 days of the order date.

On October 4, 2021, the Department of Energy filed, in the docket, a recommendation for budget approval. On October 5, 2021, a joint utility response to Energy's recommendation was filed. The joint response agreed with Energy's recommendation and requested that no further process is needed.

On October 6, 2021, the Office of Consumer Advocate filed a response to Order 26,530 requesting the approval of the 2021-2022 program year budgets as all interested parties, including Energy, have agreed to them.

On November 24, 2021, the Department of Energy filed another request for approval as the interim budget approval for October and November was about to expire.

On November 30, 2021, the Commission issued an adjudicative proceeding announcement and scheduled a hearing be held on March 9, 2022. The notice also extended the interim budget approval until a final order is issued. Due to a scheduling conflict, the hearing was later moved to March 10, 2022.

The OCA filed a motion on December 1, 2021, to schedule a prehearing conference. On December 17, 2021, the Commission issued a procedural order scheduling a prehearing conference on January 27, 2022.

Ahead of the January 27, 2022 prehearing conference, Energy filed a joint exhibit list on January 25, 2022. The exhibit list was jointly filed by the four utilities, the Community Action Agencies, and the Department of Energy. These parties noted that the exhibits filed were sufficient to support the Commission's review and approval of the 2021-2022 budgets.

The Commission issued a Prehearing Order 26,576 on February 3, 2022 in docket DE 21-133. The Order noted that due to the passage of time, there will be no changes made to the 2021-2022 EAP program year budgets. These budgets were verbally approved during the January 27 prehearing conference. The Order also noted that any Commission recommended changes noted in the final Order will be for future year EAP budgets only.

Record requests were made by the Commission in which responses are required to be filed by February 28, 2022. Order 26,576 also noted the March 10 hearing was cancelled, and final hearings are scheduled for May 16 and May 17. These hearing dates were selected so an order could be issued before late July 2022, when the 2022-2023 EAP program year budgets are due.

A joint motion to retain a consultant, suspend the docket, and approve the proposed procedural schedule was filed in the docket on February 28, 2022 by the four utilities, CAA, OCA, Energy, and Listen Community Services (an intervener). The joint parties requested the Commission approve the EAP Advisory Board's recommendation to retain a consultant to review the efficiency and effectiveness of the EAP. The joint parties also requested the suspension of the docket pending the completion of the Consultant's work and the EAP Advisory Board's review of and recommendation regarding that work.

On March 15, 2022, following a deadline extension that was granted by the PUC, the Department of Energy filed joint responses to record requests.

On March 16, 2022, Order 26,593 was issued granting the motion to retain a consultant and suspend the docket.

On July 25, 2022, Eversource filed a motion to extend the deadline for filing the consultant's report and the EAP Advisory Board's recommendation regarding that report from August 15, 2022 to October 3, 2022. A hearing was held on August 11, 2022, to consider the motion, and the Commission granted the extension and also issued record requests with responses due by August 29, 2022. The Department of Energy filed responses on the due date.

On October 3, 2022, a 111 page report, issued by the Consultant, and the EAP Advisory Board's recommendation regarding the consultant's report were filed. See Consultant's Report section below for detail on the actual report and recommendations.

Order 26,739 was issued December 1, 2022, two months following the close of the program year, granting final approval of the 2021-2022 administrative budgets.

### **Consultant's Report**

On October 3, 2022, the Department of Energy, Joint Utilities, CAA and Listen filed the consultant's report and the EAP Advisory Board response to the recommendations noted in the report.

The Consultant's report was dated September 2022. It was prepared by Roger Colton, Fisher, Sheehan & Colton, Public Finance and General Economics. The report noted it was prepared on behalf of the EAP Advisory Board and the New Hampshire Department of Energy.

The report covers seven different categories:

1. An overview of the EAP recipient population.
2. A consideration of the ongoing impacts of COVID.
3. EAP participant payment patterns.
4. EAP program elements.
5. Lessons from other New England Low-Income Discounts.
6. EAP participant demographics.
7. Impact of 2022 electric rate increases.

The report also contains an Introduction, which covers the history of the EAP, a summary of essential findings, and a summary of recommendations.

The summary of recommendations notes the following regarding the EAP program:  
*"What is striking about the conclusions that flow from this review, however, is that the New Hampshire EAP is a fundamentally sound program. While there are recommendations advanced below to make some modifications to the EAP, none of these modifications address the fundamental design and operation of the program".*

The recommendations noted in the summary are as follows:

1. The New Hampshire EAP should retain the 750 kWh limit on usage which the EAP discount(s) are applied.
2. The New Hampshire EAP should identify participants with seasonal usage exceeding 1,000 kWh or with annual usage exceeding 9,000 kWh and refer those participants to the State's low-income energy efficiency program.
3. The discounts offered through the New Hampshire EAP's five Tiers should be modified to provide greater assistance to the two lowest income Tiers (Tier 5, Tier 6) and lesser assistance to the two highest income Tiers (Tier 3, Tier 2). The recommended modified discounts are as follows:

EAP Tier	Proposed Discount
Tier 2	5%
Tier 3	19%
Tier 4	36%
Tier 5	54%
Tier 6	86%

4. The New Hampshire EAP should retain its five existing discount Tiers.
5. The New Hampshire EAP should seek added EAP funding to incorporate an Arrearage Management Program (AMP) into its program design.
6. New Hampshire's EAP should seek the aid of the New Hampshire Department of Health and Human Services (DHHS) to enroll participants in the Supplemental Nutrition Assistance Program (SNAP) as well as the State's various Cash Assistance programs in EAP.
7. New Hampshire's EAP should seek expanded assistance in identifying and enrolling income-qualified customers into EAP. Assistance from the Department of Health and Human Services (DHHS) in identifying Medicaid recipient households, and with local Public Housing Authorities in identifying public housing residents, would be of priority importance.
8. The New Hampshire EAP should seek legislative authorization to index EAP's funding stream to the price of electricity in the State, total program participations, or other cost-driving factors.

The EAP Advisory Board noted they supported all of the recommendations put forth in the consultant's report. Specifically, it noted the following responses to the above numbered recommendations:

1. The limit on the usage to which the EAP discount applies is a long-standing component of the EAP. Mr. Colton's finding that approximately 80% of EAP households have usage below the 750 kWh cap supports this program component.
2. The Community Action Agencies regularly identify EAP households with high usage and refer those households to the low-income weatherization program.
3. The Advisory Board is fully supportive of the recommended adjustment to the EAP tiers to better align the bill burdens of each tier with the stated program objective of reducing bills, on average, to between 4% and 5% of income.
4. The Advisory Board supports the retention of the five existing tiers. The income eligibility threshold for the EAP is aligned with that of the federal Low-Income Home Energy Assistance Program. Aligning eligibility for the two programs reduces customer confusion. In addition, the potential adverse impact on the CAA administrative costs if the EAP eligibility lever were to be changed is of concern to the Advisory Board.
5. The Advisory Board recognizes that Eversource currently has an AMP for its customers. The Advisory Board supports Mr. Colton's recommendation and recommends a generic investigation be opened to consider an AMP, either as part of the EAP or a separate program for all electric utilities.
- 6 and 7. As mentioned previously, the Advisory Board supports the sharing of data between the Community Action Agencies and the state Department of Health and Human Services. The Advisory Board encourages the Community Action Agencies to explore data sharing between the two agencies to identify and enroll

these most vulnerable households. To the extent the Advisory Board and its members can assist in making introductions between the two agencies to facilitate the start of those conversations it commits to doing so.

8. The Advisory Board would be supportive of any legislation that would index the funding for the EAP to avoid future emergency actions such as the one undertaken by the NH legislature on September 15, 2022.

As the recommendations and responses were submitted two days following the close of the 2021-2022 program year, Audit will review any action taken in regard to the report and recommendation, specifically number three, in the audit of the program year 2022-2023 DE 22-043.

### **HB 2023**

On September 15, 2022, the Legislature passed HB 2023, which established a program to provide a supplemental electric benefit for the fiscal year ending June 30, 2023. This program was administered by the Department of Energy, Division of Policy and Programs.

\$10,000,000 was appropriated to the program from which eligible household would receive a single \$200 credit on their electric bill. The income guidelines allowed households with incomes above 60% of NH state median income (SMI) and at or below 75% of NH SMI to apply for and receive assistance. The customers who fall into this bracket would typically be over-income for EAP traditional assistance.

These funds were not held in the EAP bank account, and any amount not expended lapse to the general fund on June 30, 2023.

### **Commission Orders**

Order 26,485, in Docket DE 18-057, issued June 1, 2021, authorized Eversource and Liberty to recover costs incurred due to customer information system implementation changes to the EAP. The settlement approves recovery for Eversource of \$70,345 and recovery for Liberty of \$140,000. Eversource recovered \$70,345 on its June 2021 reconciliation. Liberty did not request recovery for the \$140,000 during the remaining four months of the 2020-2021 program year or the full 2021-2022 program year.

Audit requested an explanation as to why Liberty had not recovered the funds, and the company's response was as follows:

*"Upon review, the Company identified that the \$140,000 reimbursement was not applied as an offset to Liberty's plant in service and therefore was not submitted on an EAP filing. Liberty will make the adjustment, provide Audit with a copy of the journal entry, and include the reimbursement from the EAP fund in the next EAP monthly report."* **Repeat Audit Issue #1**

**Summary of the Utility Budgets**

Budgets for Program Year twenty were required to be provided to the Department of Energy by August 1, 2021, 60 days prior to beginning of the program year as outlined in the *Utility Procedures Manual*, section 8.3.1. One out of four of the budgets were submitted after the August 1 deadline. **Audit Issue #2**

	Date Submitted	Administrative	CAA Administrative	Total '21-'22
EVERSOURCE	7/30/2021	\$ 7,700	\$ 1,457,480	\$ 1,465,180
UES	7/29/2021	\$ 2,750	\$ 214,624	\$ 217,374
LIBERTY	7/30/2021	\$ 333	\$ 140,678	\$ 141,011
NHEC	8/02/2021	\$ 750	\$ 191,178	\$ 191,928
<b>TOTAL</b>		<b>\$ 11,533</b>	<b>\$ 2,003,960</b>	<b>\$ 2,015,493</b>

EVERSOURCE budgeted \$7,700 for brochures and marketing materials for 2021-2022. This is an increase of \$700 from the 2020-2021 program year.

UES budgeted \$250 for brochure printing and \$2,500 for legal expenses for the program year. This budget was the same as the previous program year.

LIBERTY budgeted \$210 for brochures and posters, and \$123 for employee expenses (mileage and tolls) totaling \$333 for the program year. The total incremental administrative expenses were the same as the 2020-2021 program year.

NHEC budgeted \$250 for brochures and mailings, and \$500 for legal for the program year. The total incremental administrative expenses of \$750, was a decrease of \$550 in administrative expenses from the 2020-2021 program year.

**Summary of Budgeted CAA Administrative Expenses**

The utilities contract with the CAAs, through the Program Administrator, to provide the intake and program management, with the administrative expenses allocated among the participating utilities. Allocations are based on each utility's prior calendar year operating revenues as a percentage of the total utilities' operating revenues. The resulting percentages are applied to the CAA budget figures. The utilities are invoiced by the CAA for the administrative expenses. 1/6<sup>th</sup> of each utility's CAA budget is initially invoiced as an advance. All subsequent invoices are based on the CAA's actual prior month expenses.

Audit requested and was provided with the signed contracts between the Program Administrator (Belknap-Merrimack Community Action) and each utility. The contracts outlined the percentage of the contract cost for which each utility was responsible, based on revenues for the prior calendar year. For program year 2021-2022, the revenues were based off of the operating revenue from 2020.

	Percentage of Sales	% of CAA Administration
EVERSOURCE	72.73%	\$ 1,457,480
NHEC	9.54%	\$ 191,178
LIBERTY	7.02%	\$ 140,678
UES	10.71%	\$ 214,624
		\$ 2,003,960

Audit recalculated the CAA budget figures for all utilities (above) without exception.

**Actual CAA Administrative Expense Activity**

Audit reviewed the actual CAA payment activity for the program year, which revealed the following:

EVERSOURCE- During year twenty, the CAA invoices received and paid totaled \$1,457,480, which was \$186,778 below the contracted amount. The March invoice, which was billed on April 13, was not recorded on the April monthly reconciliation, it was recorded on the May reconciliation. All other monthly CAA invoices were recorded on the appropriate monthly EAP reconciliation.

The November 2021 CAA Invoice, billed December 16, 2021, was included on the December monthly filing but booked to the general ledger in January. The March 2022 invoice, billed April 13, 2022, was included on the May filing but booked to the April general ledger. **Audit Issue #3**

NHEC- Was invoiced a total of \$166,678 during the 2021-2022 program year which is \$24,500 less than the budgeted amount. However, NHEC recorded a total of \$207,705 on its monthly EAP reconciliations.

The months of February 2022 and April through September 2022 were properly recorded on the monthly filings. For the months of October, December, January and March 2022, NHEC booked \$41,026.71 more than what was actually billed by the CAA. **Audit Issue #4**

The chart below that shows the amount billed by the CAA and the amount booked on the monthly filings by NHEC.

CAA Bill date	Amount	Monthly Recon	Filing Amount
10/5/2021	\$ 31,862.97	October	\$ 47,035.53
12/10/2021	\$ 12,078.78	November	\$ -
12/16/2021	\$ 15,205.88	December	\$ 27,284.66
1/21/2022	\$ 16,049.79	January	\$ 26,589.99
3/15/2022	\$ 14,777.31	March	\$ 30,091.26
	<u>\$ 89,974.73</u>		<u>\$ 131,001.44</u>

Audit reviewed the general ledger detail and notes that the correct CAA invoice amounts were booked to the GL. The December 2021 invoice, dated January 21, 2022, was booked to the general ledger on 12/31/21, 21 days before it was actually received. The January 2022 invoice, billed February 23, 2022, was booked to the general ledger March 1, 2022, but was included on the February monthly EAP filing. **Audit Issue #3**

LIBERTY- During program year twenty, Liberty received and paid, \$122,650, which was \$18,028 less the contracted amount. All of the CAA invoices were included on the correct monthly EAP filing and properly recorded in the GL.

UES- Received and paid \$187,120 to the CAA for the 2021-2022 program year. This amount was lower than the contracted amount by \$27,504. The March 2022 CAA invoice, dated April 14, 2022, was recorded on the May EAP filing and May general ledger. All other invoices were properly recorded on the monthly filings and general ledger account.

CAA- Per the *Fiscal Procedures Manual*, section 3.8.3, "The Program Administrator shall submit to the utilities an invoice for administrative costs monthly, by the fifteenth day of the month following the month for which they are billing."

A total of five monthly invoices were issued following the fifteenth of the month. The October 2021 invoices was billed a month late on 12/10/2021; the December 2021 invoice was issued 1/21/2022; the January 2022 invoice was issued 2/23/2022; the June 2022 invoice was issued 7/18/2022; and the August 2022 invoice was issued 9/20/2022. **Audit Issue #5**

Over the past three program years, the Program Administrator, Belknap-Merrimack, has incorrectly billed the utilities. For the 2019-2020 program year, the Program Administrator over-billed the utilities. Audit reviewed all of the invoices received by the utilities for that year and notes the totals in the chart below.

	<b>CAA Billed/Paid</b>	<b>Total Budget</b>	<b>Over Paid</b>
<b>Eversource</b>	\$ 1,437,611.43	\$ 1,392,604.02	\$ 45,007.41
<b>UES</b>	\$ 216,478.93	\$ 209,701.60	\$ 6,777.33
<b>NHEC</b>	\$ 199,535.36	\$ 193,288.50	\$ 6,246.86
<b>GSE</b>	\$ 139,734.56	\$ 135,359.88	\$ 4,374.68
<b>Total</b>	\$ 1,993,360.28	\$ 1,930,954.00	\$ 62,406.28

As noted in the EAP audit report issued February 25, 2022, NHEC took the \$6,247 credit for the overpayment on its March 2021 monthly filing. UES took its credit of \$6,777 on the April 2021 filing. Eversource has the credit of \$45,007 on its February 2022 filing. In response to the Audit report, Liberty noted it would take the \$4,374.68 credit on its March 2022 filing but have not yet done so. **Audit Issue #1**

During the 2020-2021 program year, it appeared that the Program Administrator under-billed the utilities based on the approved budget and actual CAA invoices billed to the utilities. However, the Program Administrator's records show that the utilities were over billed by \$94,238.42, in which the utilities took credits for.

The graph below shows the total amount billed by the CAA, per actual invoices reviewed, and the CAA budget as approved in docket DE 20-123, Order 26,405.

	<b>CAA Billed/Paid</b>	<b>Total Budget</b>	<b>Under Paid</b>
<b>Eversource</b>	\$ 1,370,000.31	\$ 1,412,987.54	\$ (42,987.23)
<b>UES</b>	\$ 208,103.73	\$ 214,633.49	\$ (6,529.76)
<b>NHEC</b>	\$ 183,108.56	\$ 188,854.04	\$ (5,745.48)
<b>GSE</b>	\$ 132,360.78	\$ 136,513.93	\$ (4,153.15)
<b>Total</b>	\$ 1,893,573.38	\$ 1,952,989.00	\$ (59,415.62)

Audit requested the Program Administrator's records regarding the amounts billed and budgets and the below chart shows a high level of the detail.

	<b>CAA Billed/Paid</b>	<b>Total Budget</b>	<b>Over Paid</b>
<b>Eversource</b>	\$ 1,367,821.66	\$ 1,299,640.16	\$ 68,181.50
<b>UES</b>	\$ 207,772.77	\$ 197,415.97	\$ 10,356.80
<b>NHEC</b>	\$ 182,817.35	\$ 173,704.50	\$ 9,112.85
<b>GSE</b>	\$ 132,150.29	\$ 125,563.02	\$ 6,587.27
<b>Total</b>	\$ 1,890,562.07	\$ 1,796,323.65	\$ 94,238.42

During Audit's review of the Program Administrator's records, it was noted that the 2020-2021 budget amount from which they were drawing down was \$1,796,323.65, and not the approved budget amount of \$1,952,989. Audit requested clarification from the Program Administrator as to why the expense amount used was not the approved budget amount.

Belknap-Merrimack responded that the \$1,796,323.65 expense amount they were using was the total that the CAPs spent during the program year. Audit reviewed the contract between Belknap-Merrimack and the utilities. The contract notes, *“monthly invoices, other than the Cash Advance, shall be based on the actual costs of the CAAs”*.

Audit requested from Belknap-Merrimack the monthly expenditure reports that the CAAs submit to them. Audit reviewed the expenditure reports and verified the CAAs did in fact bill a total of \$1,796,323.65

Audit also noted that the CAA’s records included the incorrect invoice amounts for all utilities in June 2021. The CAA records show a total of \$129,719.88 as the amount billed when the actual invoices the utilities received sum to \$132,731.17, a difference of \$3,011.29.

Per the CAA invoices billed to the utilities, a total of \$1,893,573.38 was paid by the utilities for the 2020-2021 program year. This results in a total over-payment amount of \$97,249.73 and not \$94,238.42. An additional \$3,011.31 should be refunded back to the utilities. **Audit Issue #6**

Eversource took a credit of \$68,151.50 on its February 2022 EAP filing. According to the Program Administrator’s records, the credit given to Eversource was \$68,181.50. **Audit Issue #6**

Unitil took its credit of \$10,356.80 on its April 2022 EAP filing and both NHEC and Liberty took their credits of \$9,112.86 and \$6,587.27, respectively, on the March 2022 filings.

The budget for the 2021-2022 program year was \$2,003,960. Per copies of the CAA invoices submitted to Audit by the utilities, \$1,747,150.08 was billed for the year. Audit requested the monthly expenditure reports for the program year and verified the CAAs expended \$1,869,534.32 and provided documentation to the Program Administrator for that amount. All of the monthly CAA expenditure reports tied to the monthly utility invoices except for July, August and September. **Audit Issue #6**

**Reported SBC/EAP Funding**

The total kWh sales for the 2021-2022 program year, on which the \$.0015 SBC was reported, were:

	<u>kWh</u>	<u>SBC</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Total Funding</u>
EVERSOURCE	7,843,132,889	\$ 11,764,695	\$ 4,260	\$ -	\$ 11,768,954
NHEC	805,412,334	\$ 1,208,119	\$ 364	\$ -	\$ 1,208,483
LIBERTY	902,413,963	\$ 1,353,621	\$ 433	\$ (0.16)	\$ 1,354,054
UES	1,182,062,428	\$ 1,773,731	\$ 655	\$ -	\$ 1,774,386
<b>TOTAL</b>	<b>10,733,021,614</b>	<b>\$ 16,100,165</b>	<b>\$ 5,712</b>	<b>\$ (0.16)</b>	<b>\$ 16,105,877</b>

## Verification of kWh Sales and SBC

EVERSOURCE - kWh sales were verified to the Monthly detail of Large Power Billings (LPB) and C2 billing system reports for the program year. Audit reviewed all twelve sales reports and verified them to the monthly EAP filing without issue.

Eversource uses the calculation of the SBC times the kWh as its actual billed SBC amount.

NHEC – On its monthly reconciliations, NHEC deducts kWhs for Group Net Metering from the Net kWh sales for the month as no SBC charges are collected on them.

Group net metering consists of a host, who is a renewable energy facility, and group members, who have contracts with the host to receive the power generated. The surplus electricity produced by the host goes back into the grid and is deducted from the total kWh sold on NHEC's monthly EAP reconciliation.

Law requires electric utilities to pay full retail rate to the host for all excess production. Full retail rate consists of all aspects of a customer's bill such as power, taxes, SBC, and delivery. The host's excess generation is presumed to be used by the group members. Group members receive a regular monthly utility bill that includes SBC charges. Because members pay the SBC on their monthly bill, and NHEC pays the host the SBC for excess production, no SBC is actually collected for those kWh.

The Sales Summary report shows the delivered kWh less the exported "Below the Cap Group Host" kWh totaling the net kWh. The exported kWh on the report also shows "Below the Cap Individual" in which these kWh are added to the net kWh total. These kWh are added to the total due to the net metering being handled outside of the normal billing process.

KWh sales were verified to the month end sales report and the group net metering support, for the 2021-2022 program year. The total kWh noted on the June 2022 and July 2022 EAP filings did not tie to the sales report. In June 2022, the net retail delivery was overstated on the filing by the industrial exported kWh. To correct this issue, the amount was deducted on the July filing which results in no issue being present.

The net metering kWh was tied to the supporting documentation for all months except November 2021, June 2022, and July 2022. In November, the monthly EAP filing showed a group net metering amount of 8,874 kWh; however, the support showed a total of 7,612. The difference of 1,262 was an error in the October amount reported for two group hosts. NHEC provided the kWh that should have been reported in October for these specific hosts, and Audit verified the calculation without exception.

In June 2022, NHEC's monthly filing showed a total of 42,428 kWh deducted from group net metering. The support provided to Audit shows a total of 29,527 kWh for the month. The difference of 12,901 kWh would result in \$19.35 of SBC funds collected by NHEC that was not reported on its filings. **Audit Issue #7**

On NHEC's July 2022 monthly filing, a total of 16,827 kWh were deducted for group net metering. The support provided to Audit shows that 23,347 kWh were for group net metering for the month. The difference of 6,520 kWh results in NHEC overstating the actual SBC collected by \$9.78. **Audit Issue #7**

NHEC uses the calculation of the SBC times the kWh as its actual billed SBC amount.

LIBERTY – the billed kWh sales stated on the monthly reconciliations matched the kWh noted on the Bills & Volume reports from Liberty's billing system, Cogsdale, for the 2021-2022 program year.

In September 2022, the Bills & Volume report was provided with an additional report that included estimates for cycle 19 & MV90. The kWh noted on the monthly EAP filing was the total for the month plus the estimated amounts. Audit requested and verified that on the December 2022 reconciliation, the total estimated amounts included in the September filing were reflected as a credit adjustment on the monthly filing.

Audit questioned why the estimated kWh were included in September and Liberty provided the following response:

*In September 2022, customer billing in Great Plains (GP) concluded prior to the billing of Cycle 19 and MV90. Due to the timing of the cutover to SAP, Cycle 19 and MV90 were billed in SAP and the billing data was not included in the revenue reports derived from GP. An adjustment was recorded to the September 2022 billed data to include an estimate of the Cycle 19 and MV90 sales and revenue based on actual sales for September 2021. The adjustment was reversed in December 2022 once it was determined that the revenue reports during the period October – December 2022 has included the September Cycle 19 and MV90 data."*

The December 2022 filing included a true-up for the kWh and discounts for September.

Audit was also able to verify the filed SBC amounts to the Bills & Volume report to the monthly filings via Liberty's reconciliations for both program years. During the program year the following SBC amounts were in effect:

January 2021	\$0.00678
January 2022	\$0.00523
March 2022	\$0.00678
May 2022	\$0.00792

The full SBC amount collected by Liberty is booked to the EAP general ledger account. The Energy Efficiency (EE) and Lost Revenue Adjustment Mechanism (LRAM) amounts collected are then allocated to the EE and LRAM general ledger accounts per the billed rate on the tariff.

Audit was able to verify the SBC revenues on the monthly filings to the general ledger using a reconciliation provided by Liberty. To verify the amounts, Audit took the

general ledger Credit amount less the EAP Interest amount, less CCSM-VOID amount, less GJ and GJ-1 amount and less any CCSM-MISC credit amounts.

Audit noted immaterial differences in the revenues noted on the GL, revenue report and monthly filings. The reconciliations provide by the Company show all of these. Audit previously spoke with Liberty regarding the revenue differences and was told that there will always be a difference due to a couple factors. The first being that *“individual minimal usage does not result in a billed SBC amount, but all minimal usage combined will calculate out to an SBC amount, and the rounding of each bill to two decimals”*. The second part of the difference is due to the EAP Discount reversals which are not included in (the) revenue report.” The EAP Discount reversals are the manual adjustments noted above, performed for the peak and off-peak customers.

For the program year, the total difference between the general ledger SBC amount and the calculated SBC amount is deemed immaterial.

The Cogsdale billing system’s kWh times the SBC charge does not equal the Cogsdale billing system SBC charge for any of the twelve months reviewed. This is due to the billing system reporting actual revenues billed, which may be off from the straight calculation due to the billing of kWh on customer bills and the rounding of the SBC charge to dollar and cents.

Liberty had adjustments in the amounts of \$(0.16) on its August 2022 filing. Liberty noted, *“The \$0.16 adjustment was the EAP portion of an SBC credit of \$0.88 included on a manual customer bill adjustment totaling \$25.36. A manual credit adjustment is not processed through billing so the Bills ad Volumes report will not include the credit for the kilowatt hours or the SBC.”*

Liberty uses the calculation of the SBC times the kWh as its actual billed SBC amount on the monthly filings.

UES - kWh sales were verified to the “UES Merged Cap & Sea Post Deregulation Electric Consumption and Revenue Worksheet” and net metering support. The SBC revenues were also verified to the revenue support.

For the month of August, UES reported the total net metering kWh of 320,767 instead of just the Alt net metering kWh of 308,280. Due to UES reporting SBC revenues as the actuals per the revenue report and not a calculation of kWh times the SBC rate, misstating the kWh on its monthly reconciliation did not impact the SBC revenues and amount submitted.

All utilities excluded “company use” kWh, and “sales for resale” as appropriate. SBC was collected on gross kWh for the three utilities that have to comply with the Commission’s net metering order.

**Interest on EAP Reserve**

On May 21, 2004, the Commission issued Order 24,329 which required that interest, at the 3-Month LIBOR rate, be payable by the utilities on the balance of the reserve funds held by the utilities. The reserve interest is required to be included in the revenue portion of the monthly reconciliation.

**Total Reserve Balances:**

EVERSOURCE	\$	372,886
UES	\$	57,323
NHEC	\$	31,868
LIBERTY	\$	37,923
Total Reserve Balances:	\$	500,000

The interest is to be calculated on the monthly average balance of the EAP reserve. The rate used was verified to the LIBOR website for the three month US Dollar listed on the first business day of the month.

And the following link was used to verify the rates for the 2021-2022 program year:

<https://www.global-rates.com/en/interest-rates/libor/american-dollar/usd-libor-interest-rate-3-months.aspx>

All four utilities used the correct interest rate and booked the correct interest amount to their monthly filings and their respective general ledgers for the program year.

**Actual Program Year Expenses/Discounts -Year 20**

**Customer Discounts**

EVERSOURCE	\$	10,943,166	Verified to the monthly "Credits Applied" report and General Ledger Report.
NHEC	\$	1,245,436	Verified to the NHEC "Grand Totals Cycle:ALL" report
LIBERTY	\$	607,642	Verified to Cogsdale Bills & Volume reports
UES	\$	1,225,402	Verified to the "LIEAP General Ledger" and "Ledger Detail Trial Balance"
Total	\$	13,065,591	

The discount amount on Eversource's Credits Applied reports for the program year was verified to the monthly filings. On December 2021, Eversource reported \$597,641 of customer discounts, which does tie to the credits applied report. While the Department of Energy was reviewing the filing, Staff noticed an anomaly in the report as the discount amount was significantly lower than usual.

The revenue report, which was provided to Audit, noted the December discount amount to be \$891,290.03. The difference of \$293,649 was included on the January 2022 EAP filing to reconcile the December error.

In June 2022, Eversource reported \$853,719 on its monthly EAP filing. The revenue report shows a total of \$853,728.83. Eversource discovered this and made the correction on the July 2022 filing by increasing the discount amount by \$10.22, the amount that was understated in June.

The support to the Credits Applied report shows a total for the month for cancel-rebills and/or adjustments to customer accounts. The Credits Applied report does, however, show adjustments to the discount total for these cancel-rebills. Eversource has previously noted that these differences happen infrequently, and the company has found that they correct themselves the following month.

Audit verified NHEC's discount amounts noted on the monthly reconciliations for both program years to its "Grand Totals Cycle: All" report. On its July 2022 EAP filing, the Company noted a total of \$93,305 as the customer discount amount. The monthly grand total report shows \$93,310 as the total. Audit questioned the \$5.00 difference, and NHEC pointed out on the grand total report it included a \$5 electric water heat incentive that was deducted as it was not an EAP discount. No exceptions were noted.

For Liberty, Audit was able to tie the discounts reported on the monthly filings to the Bills & Volume report for all twelve months of the program year. As noted above in the kWh section, Liberty included an estimated discount amount in September 2022 for Cycle 19 and MV90. This estimated amount was deducted from the discount total in January 2023 as it was discovered the discount was included when the company moved billing systems to SAP. No exception was noted.

The UES discount amounts noted on the monthly Energy filings were verified to the LIEAP General Ledger and the Ledger Detail Trial Balance for the program year without exception.

The budgets provided each year by the Utilities do not include budgets for discounts for the year, therefore, the above actual figures were verified to the monthly reports submitted to the Department of Energy, and also verified to the source documents identified for each utility.

**Comparison of Budgeted to Actual Utility Incremental Administrative Expenses**

<u>Utility</u>	<u>Expenses</u>		<u>Budget-Actual</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>	<u>-% Spent</u>
<u>EVERSOURCE</u>				
Brochures and Marketing	\$ 7,700	\$ -	\$ 7,700	0%
IT Maint & Support	\$ -	\$ -	\$ -	0%
Total EVERSOURCE	\$ 7,700	\$ -	\$ 7,700	0%

<u>NHEC</u>				
Brochures and Marketing	\$ 250	\$ -	\$ 250	0%
Legal	\$ 500	\$ 9,060	\$ (8,560)	1,812%
Total NHEC	\$ 750	\$ 9,060	\$ (8,310)	1,208%
<u>LIBERTY</u>				
Brochures and Marketing	\$ 210	\$ -	\$ 210	0%
Mileage/tolls	\$ 123	\$ -	\$ 123	0%
Total LIBERTY	\$ 333	\$ -	\$ 333	0%
<u>UES</u>				
Brochures and Marketing	\$ 250	\$ -	\$ 250	0%
Legal	\$ 2,500	\$ -	\$ 2,500	0%
Total UES	\$ 2,750	\$ -	\$ 2,750	0%
<b>Statewide Total Year 20</b>	<b>\$ 11,533</b>	<b>\$ 9,060</b>	<b>\$ 2,473</b>	<b>79%</b>

**Comparison of Budgeted to Actual Utility Incremental Administrative Expenses**

The amounts in the “Budget” figures column represent those provided to the Department of Energy and approved by Orders 26, 739. The amounts in the “Actual” figures column are those reported monthly to the Department of Energy and verified as part of the audit process conducted. The amounts in the Difference column represent the Budget minus the Actual. The % column represents the Actual expenses as a percentage of the Budget.

**Verification of Utility Administrative Expenses**

EVERSOURCE – During the program year, Eversource did not seek reimbursement for any administrative expenses.

NHEC - NHEC incurred legal expenses during the 2021-2022 program year as they do not have an internal legal staff and use the services of outside legal counsel. A total of four legal invoices were included on the monthly EAP filings. Audit reviewed all four legal invoices and noted activity related to the EAP. One invoice in the amount of \$1, 515 was paid to Attorney Mark Dean. Attorney Dean is paid a fixed monthly amount, and, as actual invoices are received and reviewed by NHEC, a general ledger pro-ration is calculated, based on the monthly activity as a percentage of the fixed cost.

The remaining three invoices totaled \$7,544 and were billed from Orr & Reno. The invoices highlighted the EAP activity and included a calculation of hours billed times the hourly rate. Audit recalculated the charges without exception.

LIBERTY – During the program year, Liberty did not report any administrative expenses.

UES – UES also did not report any administrative expenses for the 2021-2022 program year.

### **Comparison of Program Year 19 to Program Year 20**

Total kWh sold during program year 20 were 105.3M or approximately 1% higher than the kWh sold in program year 19. Likewise, the SBC also increased by \$157,676 or approximately 1% from program year 19 to program year 20. Reserve interest increased by \$4,798 or 525% from year 19 to year 20. Total funding for the program year ending 9/30/2022 increased \$162,478 or approximately 1% from the prior program year ending 9/30/2021. Additionally, participant/customer discounts increased by \$956,055 or 7% from the prior year.

### **General Ledger**

Audit reviewed all EAP related activity to the general ledgers described below:

EVERSOURCE - utilizes account #254ET0 to reflect the activity within the EAP and #254ER0 to maintain the Reserve Balance. All activity on the monthly reconciliations filed with the Department of Energy was verified to the activity on the Low Income Electric Assistance Program Reconciliation. The activity from the reconciliations was verified to the general ledger; however, some of the activity was booked to the GL in different months from the reconciliation.

The CAA billed two invoices, October 2021 and November 2021, in December 2021. Eversource booked the October invoice to the December general ledger but booked the November invoice in January 2022. Also, the March and April 2022 CAA invoices were booked to the general ledger in the April and May, respectively, but were both recorded on the May EAP filing. Lastly, a \$4.68 adjustment was included on the September 2022 filing but was not booked to the general ledger until October 2022.

#### **Audit Issue #3**

The August filing noted an EAP SBC collection amount of \$1,203,150.80 while the general ledger shows \$1,203,150.38. The actual EAP SBC calculation for August was \$1,203,155.48. The difference of the SBC calculation and the amount noted on the filing was an understatement of \$4.68. In September Eversource included the \$4.68 adjustment on its monthly filing to account for the calculated SBC amount of \$1,203,155.48.

The \$4.68 adjustment was booked to the general ledger in October 2022. Due to the general ledger's original entry of \$1,203,150.38, the general ledger is still understated by \$0.42. The total booked to the GL was \$1,203,155.06 when the calculated SBC amount is \$1,203,155.48. **Audit Issue #3**

On Eversource's January 2022 filing, a \$45,007.41 credit for CAA overpayment was included. On February 2022, another CAA credit was included in the amount of \$68,151.50. The February credit was booked to the general ledger in February, but the January credit of \$45,007.41 was never booked. **Audit Issue #3**

This error of not booking expenses to the GL in the same month they are noted on the reconciliation was an Audit Issue in the last several audit reports. In the Audit issue from program years eighteen and nineteen Eversource noted "*Effective immediately, Eversource will enhance internal controls and perform a month-end cross-verification between the monthly EAP program reconciliations and the month-end general ledger reports. If there are any differences, the monthly EAP reconciliation will be adjusted to reflect the data as recorded in the general ledger prior to filing the monthly EAP report*".

NHEC - utilizes account #182.50 to reflect the SBC. Activity in the account includes EAP and EERS, the SBC revenue, which is deposited net of EAP discounts then the EERS is transferred out, and reserve activity. All activity was verified to the monthly reconciliations. Activity on the monthly reconciliations, and the transfer of EERS, were verified to the general ledger.

Although, as previously noted, the CAA invoice amounts were incorrectly noted on the monthly filings for the months of October – December 2021 including the advance payment. The correct amounts were recorded in the general ledger.

The December 2021 invoice, which was billed on January 21, 2022, was booked to NHEC's general ledger December 31, 2021. The January 2022 invoice, billed in February, was correctly included on the February filing but was not booked to the general ledger until March. **Audit Issue #3**

The GL "SBC ADJ" entry, which removes the Energy Efficiency portion of the SBC funds from the account, would not tie to the EERS amount stated on the Sales Summary report. This is due to the Sales Summary not taking into account the group net metering kWh that would reduce the SBC collected. No exceptions were noted.

LIBERTY – utilizes account #8830-2-0000-20-2142-2542 to reflect the EAP activity. Audit received copies of the monthly general ledgers showing the full month's SBC (\$0.00678 per/kWh effective January 2021; \$0.00523 effective January 2022; \$0.00678 effective March 2022; and \$0.00792 effective May 2022) is recorded in general ledger account 2542. The EERS portion (\$0.00528 per/kWh for January 2021; \$0.00373 for January 2022; and \$0.00528 for March and May 2022) and Lost Base Revenue portion of the SBC (\$0.00114 per/kWh May 2022. Prior to May there was no LRAM charge included in the SBC) is transferred to the appropriate account at the end of each month.

Audit was able to tie the SBC GL revenue amount (see Verification of kWh Sales and SBC section above for calculation) to the EAP/EERS allocation report for all months. This report is produced by the Senior Accountant using a pivot table made from the Microsoft Dynamics GP 2010 (General Ledger) data. The allocation report shows the revenue split between the EAP, EERS and LRAM based on based on kWh. The total SBC collected and the SBC allocated to the three components of the SBC were off by an

immaterial amount due to rounding and minimum usage as discussed in the Verification of kWh Sales and SBC section above. The SBC revenue noted on the monthly reconciliation was verified to the revenue reports using the allocation report provide by Liberty.

Customer discounts for all months tied from the monthly reconciliation to the general ledger and revenue reports using the allocation report provided by Liberty without exception. To calculate the discounts using the general ledger, Audit took the sum of the monthly debit entries less the EE reclassification amount, less payments to the CAA, state or Graphic Brokerage, less CCSM-MISC amount, and less CCSM-VOID debits and credits.

The EAP payments to Treasury, interest earned on the reserve, CAA payments, and all other expenditures were tied from the monthly reconciliation and supporting documentation to the general ledger without exception.

On the original general ledger provided to Audit for the EAP program year, an \$11,878.11 entry from 9/14/2022 showed a description of “Belknap-Merrimack Counties, Inc”. This description is noted when a payment to the CAA is made for the monthly invoices. Audit questioned this entry as Liberty had not provided a CAA invoice in that amount. The Company responded that it was a CIS billing batch and not a payment to Belknap-Merrimack. In its response, the Company provided a screen shot with the entry showing a description of “CCSM-Bill”. The reference portion of the entry on both the original GL provided and the screen shot show detail that the entry was from the billing system. Audit requested an explanation as to how this could happen. The Company noted it could not “*explain or speculate how one transaction out of 12,238 transactions in the GL detail filed provided had an incorrect description*”. The Company also noted it reviewed the file and did not note any other discrepancies.

UES – utilizes accounts #10-29-01-22-923-00-00 to reflect the Administrative Costs and account #10-29-01-22-923-03-00 for printing and marketing expenses. Account #10-20-01-22-431-00-00 is utilized for Interest Expense and account #10-20-00-00-253-02-00 to maintain the Reserve Balance. Revenues and EAP credits are noted within revenue general ledger accounts #10-29-01-22-440-xx through 445. All EAP activity was verified to the Monthly Reconciliation reports without exception. Activity on the Low Income Electric Assistance Program (LI-EAP) Reconciliation was verified to the general ledger with one exception.

During this audit, it was discovered that UES posts the reserve interest to account 10-20-01-22-431-00-00 and the monthly ACH to/from Treasury to account 10-29-01-22-449-00-00. The interest amount is booked to the account for the correct amount. The ACH amount booked to the general ledger is the actual ACH amount less the interest. Audit notes that the ACH amount paid to/from Treasury should be booked at the full amount. The interest on the reserve should also be booked at the full amount. These are two separate transactions and amounts and should be booked as such. **Audit Issue # 3**

Audit also notes that beginning in July 2022, UES began billing an EV TOU rate. The EAP SBC collected on these rates are properly included on the general ledger and the monthly EAP filings.

### **Monthly Reporting by Utilities, Department of Energy, and Treasury**

Audit noted that each of the utilities filed the monthly reports electronically, in compliance with the Puc Rule 202.05(b). Audit also reviewed the reconciliation filings for compliance with the *Fiscal Procedures Manual* (sections 3.3 and 3.4) requirement that the monthly reconciliation be provided on or before the 15<sup>th</sup> day following the month end.

For the program year, UES, Eversource and NHEC filed all twelve of their monthly reconciliation reports on or before the 15<sup>th</sup> of each month. Liberty filed one of its reconciliation reports late. The March 2022 report was filed on April 18, 2022. **Audit Issue #8**

#### **Issuance of the consolidated monthly report by the Department of Energy to Treasury.**

Audit reviewed, as required by *Fiscal Procedures Manual*, sections 3.3.2 and 3.3.4, the “Monthly System Benefits Charge Reconciliation” filings made by the Department of Energy and submitted to Treasury. These reconciliations identify the amounts to be distributed to or received from the specific utilities. This form must be submitted to the Treasury within five business days following the 15<sup>th</sup> of the month.

All reports were issued to Treasury within five business days of the 15<sup>th</sup> of the month.

#### **Issuance of the monthly activity report by Treasury to the Department of Energy**

Per the *Fiscal Procedures Manual* section 3.5, Treasury is to provide the Commission a report showing all deposits, withdrawals, and interest earned monthly.

Treasury submitted all reconciliations and bank statements to the Department of Energy on a monthly basis.

#### **Accurate Monthly Transmission of Funds to/from Treasury**

As required by *Fiscal Procedures Manual*, section 4.2.2, Audit reviewed the ACH activity of the System Benefit account for compliance with the *Fiscal Procedures Manual*, sections 3.3 (Under-collection of the SBC), 3.4 (Over-collection of the SBC), 3.3.2 and 3.3.4.

Transmission of over-collection of EAP funds to Treasury by the utilities - “*If during a month a utility bills more SBC than it pays out in current bill discounts, approved utility administrative costs, and CAA administrative costs, the utility shall remit the balance electronically via ACH transfers to the Treasury no later than the 15<sup>th</sup> day of the following month.*”

UES submitted all twelve of its ACH transfers prior to the 15<sup>th</sup> of the month.

NHEC was only required to make one transfer to Treasury for the month of February. The transfer was made on March 14, 2022.

EVERSOURCE During the program year Eversource made five payments to Treasury. Three out of the five payments were made after the 15<sup>th</sup> of the month. The November 2021 payment was made on January 14, 2022; the December 2021 payment was made February 22, 2022; and the July 2022 payment was made on September 6, 2022. **Audit Issue #8**

LIBERTY made all twelve transfers to Treasury on or before the 15<sup>th</sup> of the month.

Transmission of under-collection of EAP funds from Treasury to the utilities – “The Department of Energy shall prepare and submit to the Treasury a Monthly Systems Benefits Charge Reconciliation within five business days of the 15<sup>th</sup>.” Within five business days of receipt of the Reconciliation, the Treasury shall electronically transfer the funds to the specific utility(s). Upon review, Treasury made transfers for all months except February 2022. Two of those transfers were not made within 5 business days of receipt of the reconciliation.

The transfer for the November 2021 reconciliation should have been made by December 28, 2021 but was not completed until December 30, 2021. The transfer for the August reconciliation should have been completed by September 28 but the transfer was made on October 4, 2022. **Audit Issue #8**

### **Tariff Compliance**

There were no changes to the EAP program during program year twenty that required the utilities to update their tariffs. Audit reviewed the tariffs for each of the four utilities, and all tariffs reflected the correct discount percentages.

### **Sample Customer Invoice Verification**

Order 25,901, issued on May 13, 2016, set the current EAP discount levels. These discount rates were effective with bills rendered on or after July 1, 2016.

Discount amounts are 8%, 22%, 36%, 58% and 76% depending on the household’s qualifying income.

Audit verified a random sample of customer invoices, for all discount tiers from each utility, to ensure compliance with Commission Orders relative to the discount rates/tiers and kWh usage cap. No exceptions were noted with the discount percentage aligning with the tier used.

Although no exceptions were noted by Audit, it was observed that four out of the five Eversource invoices reviewed, showed that the customer had a credit balance. Audit questioned this as it was an anomaly compared to previous program year reviews. Eversource noted they currently had more EAP customers with credit balances as compared to prior years due to the high default rates and low competitive supplier rates.

When a customer obtains a competitive supplier, the EAP discount amount they received is based on the default rate, and not the supply rate they are actually being charged. This application was approved in Order 26,132 on May 4, 2018.

For example, during the review period, Eversource's default rate was \$0.22566, and on one of the sample invoices reviewed the customer was charged a supplier rate of \$0.146900. The EAP discount percentage for this customer was 52%. To calculate and apply the EAP discount to the supplier portion of the invoice, Eversource based the default rate as \$0.22566 multiplied by the kWh of 302 and obtained a discount amount of \$35.44. As the customer's supply rate was only \$0.146900, the total supply charges were \$44.36. Based on the supply amount charges and the discount given on that portion, the customer actually received an 80% discount instead of the 52% for which they qualified.

**Audit Issue #9**

Audit does note that if an EAP customer has a competitive supply rate that is higher than the default rate, the customer would receive a discount less than their qualifying discount percentage. For example, in May Eversource's default rate was \$0.10669 and a 6 month fixed price from third party supplier was \$0.173. A customer using 750 kWh with a 52% discount rate would only be receiving a 32% discount on the supply portion of their bill.

### **Procedure Manuals**

All four procedure manuals were updated during a prior program year. Audit was provided with the most current program procedure manuals. Specifically:

- *CAA Procedures Manual* dated August 10, 2018,
- *Fiscal Procedures Manual* dated August 10, 2018,
- *Utility Procedures Manual* dated August 10, 2018, and
- *Monitoring and Evaluation Manual* dated August 10, 2018.

No updates were performed during the 2021-2022 program year. No exception was noted with the review of the manuals.

The Director of Consumer Services noted that the manuals do need to be updated to reflect the reorganization and creation of the Department of Energy that took place on July 1, 2021. Updates were waiting to be made following the final legislation. During the January 2022 Board meeting, it was discussed that the manuals needed to be updated to reflect the changes made by the legislation. As of the date of this audit report, no updates to the manuals were made.

### **CAA Audit Report Summary**

All CAAs shall be audited annually for compliance with program parameters (*Fiscal Procedures Manual*, section 4.1.1 and 4.1.2). By Order 24,820, issued on

January 30, 2008, the Commission approved a rolling schedule for the A-133 audit to be performed in at least one (of the five) CAAs per year, beginning with fiscal year 07/08 at Belknap Merrimack and Southern NH Services. Following the initial review, A-133 reviews should continue on a three-year schedule. To meet the A-133 audit report requirement, the A-133 external audit report shall break out the EAP separately from other programs so that it is clearly identified in the audit. The following table indicates the most recent audit and the fiscal year in which the next audit is due. The OMB Circular A-133 audit is now known as Single Audit.

<u>Agency</u>	<u>Last Audit Performed</u>	<u>Next Audit Due</u>
Community Action Program Belknap-Merrimack Counties, Inc.	FY 2020	FY 2023
Tri-County Community Action Program, Inc.	FY 2021	FY 2024
Southwestern Community Services, Inc.	FY 2020	FY 2023
Strafford County Community Action Committee, Inc.	FY 2021	FY 2024
Southern New Hampshire Services, Inc.	FY 2020	FY 2023

Community Action Program Belknap-Merrimack Counties, Inc. The fiscal year ending February 29, 2022 financial audit report was issued on September 8, 2022 with an unmodified opinion. The EAP was specifically identified within the Single Audit section of the 2020 report. The next Single Audit should be included in the audit report for the period ending 2/28/2023.

Tri-County Community Action Program Inc. Audit was provided with the fiscal year ending June 30, 2021 financial audit. This audit report was issued on November 19, 2021 with an unmodified opinion. The Single Audit review of the EAP was noted in the 2021 audit report. The next Single Audit should be included in the report for the fiscal year ending June 30, 2024.

Southwestern Community Services, Inc. Audit was provided with the fiscal year ending May 31, 2021 financial audit report issued on October 22, 2021 with an unmodified opinion. The Single Audit review was last completed during fiscal year ending 2020 requiring the next Single Audit of EAP to be performed for the fiscal year ending May 31, 2023.

Community Action Partnership of Strafford County Audit was provided with the financial audit for the year ending December 31, 2021 issued January 20, 2023. The report shows an unmodified opinion. The Single Audit review was last performed in 2018 and was due during this financial audit. The financial audit did contain the EAP program and therefore will not be due until the fiscal year ending December 31, 2024.

Southern New Hampshire Services, Inc. Audit was provided with the financial audit for the fiscal year ending July 31, 2021. The audit report was issued on March 3, 2022, with an unmodified opinion. The EAP was specifically identified within the Single Audit sections of the 2020 financial audit report. The next scheduled Single Audit review should be completed for fiscal year ending 7/31/2023.

### **CAA Compliance Review**

Per the EAP *Monitoring and Evaluation Manual*, the Program Administrator is required to conduct a compliance review and site visit at each of the community action agencies. Section 6 of the *Monitoring and Evaluation Manual* notes the annual compliance reports are to be presented to members of the EAP Advisory Board.

During the program year, in February 2022, a new EAP Program Director was brought on. Due to time constraints, the Program Director was not able to make site visits to all Community Action Agencies; however, desk reviews were completed for each agency. The Compliance Review was not discussed during one of the Board Meetings but was distributed to them via email on August 17, 2022. **Audit Issue #10**

### **OSI Process Evaluation**

Per Commission Order 24,820, a process evaluation of the EAP is to be conducted every three years by the Office of Strategic Initiatives. The first report was due April 1, 2010 and subsequent evaluations were to be submitted by April 1, every third year. The next OSI Process Evaluation was due April 1, 2022 for the three year period of 2019-2021.

Audit notes that House Bill 2, from the 2021 session, established the Department of Energy and re-organized OSI. As of July 1, 2021, OSI, in the capacity as noted in this audit report, is no longer in existence. Therefore, a Process Evaluation was not submitted on April 1, 2022.

It is currently being determined how the process evaluation will be completed, and by whom.

### **EAP Advisory Board**

The EAP Advisory Board Meeting Minutes are posted to the Department of Energy's website at the following link:

<https://www.energy.nh.gov/consumers/help-energy-and-utility-bills/electric-assistance-program/board-meetings>

Audit reviewed the minutes for the four quarterly meetings held in October, January, April, and August of the program year.

During the October 22, 2021 meeting, it was noted that the EAP draft brochures were currently being reviewed by UES communications staff and will be circulated to the Board. The 2021-2022 EAP budgets were discussed as to possibly needing legislation to resolve who, Energy or the PUC, has authority to approve the EAP budgets. There was also discussion to clarify the interim budgets that were approved through November 2021. The Emergency Rental Assistance Program (ERAP) was discussed and how customers are being disconnected while waiting for ERAP approval.

The January 28, 2022 meeting provided an update on an online application for EAP. The CAA noted it had a meeting scheduled for 1/31/2022 to discuss the online application and how to implement it and an estimated timeline. Talk of creating a new RFP for the development of new EAP and Fuel Assistance software was noted. Updating the EAP manuals was noted to exclude the reference to OSI. There was also discussion regarding ways to reduce the EAP fund surplus.

The April 22, 2022 meeting noted there was one bidder for the consultant RFP. The bid had not yet been reviewed. The online application was discussed, and it was noted that as the system ages, issues could arise when adding integration. A standalone application was discussed and the possibility to overhaul the whole EAP software system at a later date.

The July 29, 2022 meeting provided an update from Roger Colton, the consultant reviewing the EAP program, on his preliminary observations and report deadlines. It was noted during the meeting that budgets for program year 2022-2023 were due by August 1. EAP projections were noted, and a discussion ensued around the decline in enrollment.

Additional Advisory Board meetings were held on February 17, 2022 and August 5, 2022. During the February meeting, the new EAP Director from Belknap-Merrimack was introduced. The meeting was held to discuss the scope of the work of the consultant for the RFP but noted that things had changed given the NHPUC Order 26,576 recently issued in docket DE 21-133. It was noted that going forward Energy would speak on behalf of the Board only after discussion with the Board. Discussion of the questions from the PUC Order were held.

The August 5, 2022 meeting discussed the Roger Colton consultant report.

### **Cash On Hand**

Audit reviewed the Citizens Bank statements throughout the program year and noted the following:

Cash Balance 10/01/2021	\$3,785,939
<b>Cash Balance 9/30/2022</b>	<b><u>\$4,177,922</u></b>
Net Increase	\$ 391,983

Discussion of reducing the fund surplus is an ongoing conversation at the Advisory Board meetings. Suggestions on how this could be accomplished were noted to be: hire a consultant to evaluate the program; obtain new EAP software; and outreach programs to obtain new enrollees. During the program year, Roger Colton was hired to review the Electric Assistance Program's performance and provide recommendations on

the future direction of the program. Updating the EAP software and how to obtain new enrollees remain ongoing conversations.

There are statutory obligations that mandate the Advisory Board reduce the surplus:

RSA 374-F:4, VIII (c)

*“If the commission determines that the low-income program fund has accumulated an excess of \$1,000,000 and that the 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 system benefits charge for a period of time it deems reasonable. The commission shall take no action to determine the accumulation of any excess in the low-income program fund or otherwise suspend the collection of some or all of the system benefits charge related to the low-income program fund before June 30, 2024.”*

RSA 369-B:3, IV (b)

*“In the event that the commission finds that a significant amount of unencumbered dollars have accumulated in either program [low-income assistance and energy efficiency/conservation programs], and are not needed for program purposes, the commission shall refund such unencumbered dollars to ratepayers in a timely manner.”*

**Audit Issue #11**

The following five pages relate to the Agencies' Single Audit reviews.

**COMMUNITY ACTION PROGRAM BELKNAP-MERRIMACK COUNTIES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 28, 2022**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Community Action Program Belknap-Merrimack Counties, Inc. were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Community Action Program Belknap-Merrimack Counties, Inc., which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Community Action Program Belknap-Merrimack Counties, Inc. expresses an unmodified opinion on all major programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs include:  
U.S. Department of Health and Human Services, Aging Cluster 93.044, 93.045 and 93.053; U.S. Department of Transportation, Formula Grants for Rural Areas, 20.509; U.S. Department of the Treasury, Emergency Rental Assistance Program, 21.023.
8. The threshold for distinguishing Type A and B programs was \$1,223,554.
9. Community Action Program Belknap-Merrimack Counties, Inc. was determined to not be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT**

None

**SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JULY 31, 2021**

**Section I Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ Yes   √   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes   √   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   √   No

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified? \_\_\_\_\_ Yes   √   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes   √   None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR Section 200.156(a) of the Uniform Guidance? \_\_\_\_\_ Yes   √   No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Coronavirus Relief Fund	21.019
Emergency Rental Assistance Program	21.023
WIOA Cluster	17.258 / 17.278
CCDF Cluster	93.575 / 93.596

Dollar threshold used to distinguish between Type A and Type B programs: \$1,588,881

Auditee qualified as low-risk auditee?   √   Yes \_\_\_\_\_ No

**Section II Financial Statement Findings**

No matters are reportable.

**Section III Federal Award Findings and Questioned Costs**

No matters are reportable.

**SOUTHWESTERN COMMUNITY SERVICES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MAY 31, 2021**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Southwestern Community Services, Inc. and related companies were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the consolidated financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the consolidated financial statements of Southwestern Community Services, Inc. and related companies, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Southwestern Community Services, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were: U.S. Department of Health and Human Services; Low-Income Home Energy Assistance, 93.568, Community Services Block Grant, 93.569, and Head Start, 93.600; and U.S. Department of Treasury; Coronavirus Relief Fund, 21.019, and Emergency Rental Assistance Program, 21.023;
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Southwestern Community Services, Inc. was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Community Action Partnership of Strafford County were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Community Action Partnership of Strafford County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Community Action Partnership of Strafford County expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major were: U.S. Department of Health and Human Services, Head Start, ALN 93.600, Maternal, Infant & Early Childhood Home Visiting Grant Program, ALN 93.870 and U.S. Department of the Treasury, Emergency Rental Assistance Program, ALN 21.023, New Hampshire Public Utilities Company, Electrical Assistance Program (NON-FEDERAL).
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Community Action Partnership of Strafford County was determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**TRI-COUNTY COMMUNITY ACTION PROGRAM, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

1. The auditors' report expresses an unmodified opinion on the financial statements of Tri-County Community Action Program, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Tri-County Community Action Program, Inc. which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs during the audit are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award programs for Tri-County Community Action Program, Inc. expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with 2 CFR 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included:
  - U.S. Dept. of Health & Human Services, LIHEAP – ALN 93.568
  - U.S. Dept. of the Treasury, Coronavirus Relief Fund – ALN 21.019
  - U.S. Dept. of the Treasury, ERAP – ALN 21.023
  - U.S. Dept. of Housing and Urban Development, CoC – ALN 14.267
  - New Hampshire Public Utilities Company, Electrical Assistance Program (non-Federal)
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Tri-County Community Action Program, Inc. was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**Repeat Audit Issue #1 (Pages 8 & 12)  
Liberty EAP Credits**

**Background**

Order 26,485 issued June 1, 2021 approved Liberty to recover \$140,000 for costs incurred due to implement changes to the EAP.

During the 2019-2020 program year, the Program Administrator overbilled the utilities for CAA expenses. Liberty overpaid \$4,374.68.

**Issue**

During the program year Liberty did not seek recovery of the \$140,000 or the \$4,375.

**Recommendation**

Audit recommends that Liberty seek recovery for \$140,000 per Order 26,485 and the overpayment amount of \$4,375 on its next monthly filing.

**Liberty's Response**

Liberty included the \$140,000 for cost incurred to implement changes to the EAP in the February EAP reconciliation dated March 15, 2023.

Liberty will include an adjustment to the total EAP costs in its next monthly EAP reconciliation to account for the \$4,375 over payment.

**Program Administrator's Response**

Check #148238 was sent to Liberty Utilities in February 2023 for the overpayment of \$4375. The check has not been cashed. The check will be voided and reissued to Liberty Utilities during the week of 5/22/23 – 5/26/23.

**Audit Conclusion**

Audit verified the \$140,00 was included on the February EAP filing without exception.

Audit noted that the reimbursement from the Program Administrator to Liberty will make both parties whole. Liberty shall include the reimbursement on their next monthly EAP reconciliation in order to credit back the funds to the EAP account.

**Audit Issue #2 (Page 9)  
Late Budget Submittal**

**Background**

Budgets for Program Year Twenty were required to be provided to the Department of Energy by August 1, 2021.

**Issue**

The NHEC submitted its program year twenty budget to the Department of Energy on August 2, 2021.

**Recommendation**

Audit recommends that all budgets are submitted by the required date.

**NHEC's Response**

NHEC will submit its budget for the Program Year as required by August 1, going forward.

**Audit Conclusion**

Audit concurs with NHEC's response.

**Audit Issue #3 (Pages 10, 11, 20, 21 and 22)  
General Ledger**

**Background**

During the yearly EAP audit, the general ledger for each utility is reviewed to make sure it is properly stated.

**Issue**

During the program year Eversource, NHEC and UES booked EAP expenses to the monthly reconciliation but did not book them to the proper general ledger account in a timely manner.

**Eversource**

Eversource booked the November CAA invoice to the general ledger in January but included it on the December EAP filing and also booked the March CAA invoice to the GL in April but the expenses was included in the May filing. Lastly, a \$4.68 adjustment was included on the September 2022 filing but was not booked to the general ledger until October 2022.

Eversource booked the SBC collection about for August to the general ledger as as \$1,203,150.38. An \$4.68 adjustment was booked to the general ledger in October 2022, totaling \$1,203,155.06. The general ledger is still understated by \$0.42 as the calculated SBC amount is \$1,203,155.48.

On its January 2022 filing, Eversource included a \$45,007.41 credit for CAA overpayment. This credit was not booked to the general ledger.

**NHEC**

NHEC booked the CAA invoice for December 2021, dated January 21, 2022, was booked to the general ledger on 12/31/21; 21 days before it was actually received. The January 2022 CAA invoice, billed February 23, 2022, was booked to the general ledger March 1, 2022 but was included on the February monthly EAP filing.

**UES**

UES posts the reserve interest to account 10-20-01-22-431-00-00 and the monthly ACH to/from Treasury to account 10-29-01-22-449-00-00. The interest amount is booked to the account for the correct amount. The ACH amount booked to the general ledger is the actual ACH amount less the interest. Audit notes that the ACH amount paid to/from Treasury should be booked at the full amount. The interest on the reserve should also be booked at the full amount. These are two separate transactions and amounts and should be booked as such.

**Recommendation**

The monthly reconciliations should reflect actual expenditures as noted on the general ledgers of the utilities. If actual expenses have not been paid, they should not be noted on the monthly filings with the PUC until having been paid. All monthly filing expenses should correspond to the monthly expense journal entries.

Eversource should make a journal entry for \$0.42 as the general ledger is understand by that SBC collection amount. No correction needs to be done on the monthly EAP filing.

Eversource shall also book the \$45,007.41 CAA credit taken on the January 2022 filing to the general ledger.

UES shall book reserve interest and ACH amount in full as they are two separate transactions. Adjusting entries should be performed to correct previously booked ACH amounts that were not in full.

**Eversource Response**

The credit for CAA overpayment was included in the August 2021 Journal Entry 418292 in the general ledger by Eversource.

Eversource made a correcting debit Journal Entry 463329 for the amount of \$5.10. This fixed the \$0.42 cent difference.

**NHEC Response**

NHEC will book the EAP activity in the appropriate month.

**UES Response**

UES calculates interest on the reserve balance each month based on the LIBOR interest rate. As noted by the Audit Staff, the reserve interest amount is properly calculated and recorded in the #431 account.

The ACH amount payable to, or from, the NH Treasury is calculated in UES' LIEAP model as "Total Costs and Revenue Offsets" less "Net Revenues" less the calculated reserve interest. The resulting amount is recorded in the #232 account, not the #449 account, and remitted to the NH Treasury as shown on the monthly invoice provided by UES. UES believes no action is necessary as the interest and amounts remitted to the NH Treasury are accurately calculated and recorded in the LIEAP model and accurately presented on the monthly invoice.

**Audit Conclusion**

Audit verified Eversource's August 2021 journal entry 418292 and the October 2022 journal entry 463329 without exception.

Audit concurs with NHEC's response.

Audit notes that UES Income Statement is impacted by the EAP interest activity and it should not be. All activity should be included within the monthly activity offset to 10-29-01-22-449-00-00, the Accrued Revenue on LIEAP Offset account.

As an example, below is the January 2022 UES accounting model information to demonstrate where and how the various components of the EAP are posted in the general ledger:

	Jan 2022	Balance Sheet Liability account balance from 12/2021
10-20-00-00-232-06-00 A/P LI-EAP Overcollected Funds	\$ (16,041.95)	This amount was debited to the account 1/14/2022, offset to cash
Administrative Expenses		
10-29-01-22-923-00-00 NH LIEAP Costs	\$ 18,018.16	income statement expense accounts
LIEAP Discount - Expense		
10-29-01-22-440-00-01	\$ 134,879.14	income statement debit to revenue accounts
LI_EAP Revenue		
10-29-01-22-44X-0X-0X Revenue by rate class	\$ (161,784.63)	income statement credits to revenue accounts
NET Activity offset to		
10-29-01-22-449-00-00 Acc Rev on LIEAP Offset	\$ (8,887.33)	debit noted to income statement revenue account, thus zeroing the income statement impact
Interest on Reserve		
10-20-01-22-431-00-00 Interest Exp-LIEAP Reserve	\$ 10.52	income statement expense, but revenue to the EAP fund offset to the 232 balance sheet account and included in the 1/31/2022 balance
Rolling Activity Balance at month end Jan 2022	\$ (8,897.85)	Total credit posted to 232-06-00 at 1/31/2022 is the sum of the activity for the month plus interest. The total was paid to Treasury 2/16/2022 with a debit to this liability account and a credit to Cash
10-20-00-00-232-06-00 A/P LI-EAP Overcollected Funds		

Based on a review, the Audit issue for UES is restated. The debits posted to the interest expense account are not part of the accrued revenue offset, and thus impact the income statement each year. Audit acknowledges that the overall expense is minimal.

**Audit Issue #4 (Page 10)**  
**NHEC's Monthly EAP Filings**

**Background**

All four electric utilities file monthly EAP reports with the Commission. These reports include the kWh sold for the month, the SBC charge collected, EAP discounts given, expenses for the month and interest earned on the reserve.

**Issue**

On NHEC's monthly filings for October through January and March they included \$41,026.71 of CAA expenses that were not actually billed. Payments made to the CAA were for the correct amount.

<b>CAA Bill date</b>	<b>Amount</b>	<b>Monthly Recon</b>	<b>Filing Amount</b>
10/5/2021	\$ 31,862.97	October	\$ 47,035.53
12/10/2021	\$ 12,078.78	November	\$ -
12/16/2021	\$ 15,205.88	December	\$ 27,284.66
1/21/2022	\$ 16,049.79	January	\$ 26,589.99
3/15/2022	\$ 14,777.31	March	\$ 30,091.26
	\$ 89,974.73		\$ 131,001.44

**Recommendation**

On its next monthly filing, NHEC should include a credit for the overstated amount to reimburse the EAP fund.

**NHEC's Response**

NHEC will include a credit for the overstated amount to reimburse the EAP fund on its next monthly filing.

**Audit Conclusion**

Audit concurs with NHEC's response.

**Audit Issue #5 (Page 11)**  
**Lack of Compliance with *Fiscal Procedures Manual* Section 3.8**

**Background**

The *Fiscal Procedures Manual*, section 3.8 (Reimbursement for Ongoing Administrative Costs) requires that the Program Administrator submit an invoice for administrative costs to the utilities on a monthly basis. Invoices are to be provided by the 15<sup>th</sup> day of the month, following the month for which the billing is issued.

**Issue**

During the 2021-2022 program year, five invoices were issued after the fifteenth of the month.

**Recommendation**

The CAA is reminded to provide invoices to the utilities by the 15<sup>th</sup> of the following month as required by the *Fiscal Procedures Manual*.

**Program Administrator's Response**

The CAA Program Administrator will make every effort to adhere to this timeframe as required by the *Fiscal Procedures Manual*.

**Audit Conclusion**

Audit concurs with the Program Administrator's response.

**Audit Issue #6 (Page 13)**  
**CAA Billing**

**Background**

The Program Administrator issues monthly invoices to the utilities for charges incurred by the Community Action Agencies for administration of the EAP program.

**Issue**

Over the past few program years there has been issues with the amounts the CAA is billing the utilities.

For program year 2020-2021, the Program Administrator noted they overbilled the utilities a total of \$94,238.42. Credits totaling that amount were given back to the utilities. Audit reviewed the supporting documentation for the total and noted that the invoice amounts for June did not match the actual bills. Due to this, an additional \$3,011.31 should be refunded back to the utilities.

Eversource took a credit of \$68,151.50 for the 2020-2021 program year on its February 2022 EAP filing. The amount on the filing was incorrectly stated as the credit due to them was \$68,181.50. Due to this, Eversource should take an additional credit in the amount of \$30 on its next monthly filing.

For program year 2021-2022, the Program Administrator invoices the utilities a total of \$1,747,150.08. Audit reviewed the CAA's expenditure forms and noted they incurred and submitted to the Program Administrator a total of \$1,869,534.32. As the amount expended by the CAAs was less than the approved budget amount, the Program Administrator should issue additional invoices to the utilities for the difference of \$122,384.24.

**Recommendation**

The Program Administrator shall issue an additional \$3,011.31 credit to the utilities for the 2020-2021 program year. For the 2021-2022 program year the Program Administrator shall invoice the utilities a total of \$122,384.24

Eversource shall take a \$30 credit for the 2020-2021 overpayment on its next monthly EAP filing.

**Program Administrator's Response**

An additional credit of \$3,011.31 will be refunded back to the utilities, as well as the \$30 credit to Eversource. Checks will be mailed the week of 5/22/23 – 5/26/23.

The Program Administrator will submit copies of all the PY21/22 invoices sent to the utilities to show that \$1,869,534.32 was billed out.

**Eversource's Response**

Eversource will add a \$30 credit to the May 2023 EAP filing for the 2020-2021 overpayment.

**Audit Conclusion**

Audit reviewed the invoices sent to the utilities and notes that the full \$1,869,534 was billed. The September 2022 expenses were not billed until November 2, 2022, which falls into program year 2022-2023. Audit reiterates Audit Issue #5 and notes that invoices are to be sent to the utilities by the 15<sup>th</sup> of month.

**Audit Issue #7 (Pages 14 & 15)  
NHEC kWh**

**Background**

During the yearly EAP audit, NHEC provided documentation supporting the kWh sold for the month and the group net metering kWh.

**Issue**

In June 2022, NHEC's monthly filing showed a total of 42,428 kWh deducted from group net metering. The support provided to Audit, shows a total of 29,527 kWh for the month. The difference of 12,901 kWh would result in \$19.35 of SBC funds collected by NHEC that was not reported on its filings.

On NHEC's July 2022 monthly filing a total of 16,827 kWh were deducted for group net metering. The support provided to Audit shows that 23,347 kWh were for group net metering for the month. The difference of 6,520 kWh results in NHEC overstating the actual SBC collected by \$9.78.

**Recommendation**

NHEC should credit the excess SBC funds received of \$19.35 less the \$9.78 overstated amount, totaling \$9.57 on its next monthly filing.

**NHEC's Response**

NHEC will credit the excess SBC funds received of \$9.57 on our next monthly filing.

**Audit Conclusion**

Audit concurs with NHEC's response.

**Audit Issue #8 (Pages 23 & 24)**  
**Lack of Compliance with *Fiscal Procedures Manual* Submission Requirements**

**Background**

The *Fiscal Procedures Manual*, sections 3.3 and 3.4, note that the utility shall submit a reconciliation report to the Department of Energy by the 15<sup>th</sup> of the following month.

The *Fiscal Procedures Manual*, sections 3.3 (Under-collection of the SBC) notes that Treasury shall electronically transfer funds to the utility within five business days of received of the monthly reconciliation.

The *Fiscal Procedures Manual*, section 3.4 (Over-collection of the SBC), requires that in the event a Utility bills more SBC than it pays out in current bill discounts, approved utility administrative costs, and CAA administrative costs, the utility shall remit the balance electronically via ACH transfer to the Treasury no later than the 15<sup>th</sup> of the following month.

**Issue**

Liberty filed its March 2022 report on April 18, 2022.

Treasury did not submit its November 2021 payment until December 30, 2021; the August 2022 payment was not made until October 4, 2022.

Eversource was to submit five payments over the program year. Three of those payments were submitted late. The November 2021 payment was made on January 14, 2022; the December 2021 payment was made February 22, 2022; and the July 2022 payment was made on September 6, 2022.

**Recommendation**

All utilities need to make sure that all required reconciliation reports are submitted to the Department of Energy and ACH payments are transferred to Treasury by the 15<sup>th</sup> of the month.

Treasury needs to make sure that all transfers are made within five business days of receipt of the month reconciliation.

**Liberty's Response**

Liberty understands the importance of making timely filings, and it is in the process of implementing controls to ensure subsequent deadlines are met.

**Treasury's Response**

The November reconciliation report was initially sent to the wrong email address on Dec 20<sup>th</sup>. The reconciliation was resent on Saturday December 25 and paid on Tuesday, December 28<sup>th</sup>. Payment was issued on Monday December 27<sup>th</sup> which was the first business day after receiving the invoice. The payment was staged on the 27<sup>th</sup> with a pay date of the next day December 28<sup>th</sup>.

Due to staffing shortages the August invoice was not approved to be processed until 10/03/22. The payment was immediately staged on the 3<sup>rd</sup> with a pay date of the next business day of October 4<sup>th</sup>.

**Eversource's Response**

Eversource will ensure that all required reconciliation reports are submitted to the Department of Energy and that ACH payments are transferred to Treasury by the 15th of the month.

**Audit Conclusion**

Audit concurs with the responses provided by Liberty, Treasury and Eversource.

Audit did review the emails for the November reconciliation and did note it previously went to the wrong email address and was resent on December 25. As payment was issued within 5 days of receiving the reconciliation, no issue is present for November.

**Audit Issue #9 (Page 25)**  
**Competitive Supplier Customers**

**Background**

During the yearly EAP audit, sample customer invoices are reviewed by audit. Each utility provides a sample bill from each of the discount tiers.

**Issue**

During Audit's review of the customer bills, it was noted that several customers had credit balances. This is an anomaly from past years as very few EAP customers had credit balances on their account.

Audit reached out to Eversource as its customers seemed to have the largest credit balances. Eversource noted that this was due to high default rates and low supply rates.

Per Order 26,132 issued in docket DE 18-057 if a customer has a competitive supplier, the default service is used as a proxy.

As noted on page 25 of the report, during the review period, Eversource's default rate was \$0.22566, and on one of the sample invoices reviewed the customer was charged a supplier rate of \$0.146900. The EAP discount percentage for this customer was 52%. To calculate and apply the EAP discount to the supplier portion of the invoice, Eversource based the default rate as \$0.22566 multiplied by the kWh of 302 and obtained a discount amount of \$35.44. As the customer's supply rate was only \$0.146900, the total supply charges were \$44.36. Based on the supply amount charges and the discount given on that portion, the customer actually received an 80% discount instead of the 52% for which they qualified.

Audit additionally noted that if an EAP customer has a competitive supply rate that is higher than the default rate, the customer would receive a discount less than their qualifying discount percentage.

**Recommendation**

Audit recommends further review by the Advisory Board into this matter to determine if there is a more accurate way to apply EAP discounts to the supply portion of the customer bill.

**Advisory Board's Response**

On April 5, 2018, the Advisory Board submitted a recommendation to the NHPUC for changes to the EAP design so that EAP participants who had chosen to purchase energy supply from a third-party supplier would receive the EAP discount on the energy supply portion of the electric bill. As it was designed at that time, EAP participants who had chosen to purchase energy supply from a third-party supplier did not receive the EAP discount on the energy supply portion of the electric bill, the

discount was only applied to the delivery portion of the bill. In its recommendation, the Board noted that it spent the last year working collaboratively on possible solutions to the billing and IT challenges presented by applying the discount to the competitive energy supply portion of an EAP participant's bill, and the recommendation was the culmination of those efforts. The Board's recommendation after more than a year of study and collaboration was to use the default service rate as a proxy when calculating the discount on the energy supply portion of the bill. On May 4, 2018, the NHPUC approved the Board's recommendation for a change in the EAP design that allowed for the application of the EAP discount to the energy supply portion of the bill for EAP participants who had chosen to purchase energy supply from a third-party supplier.

The Advisory Board recognizes that using default service as a proxy for the supplier rate is not a perfect match and results in an EAP participant receiving a lower or higher discount on the bill overall than the EAP participant would receive but for the selection of a third-party supplier. Given the complexities and costs associated with building and maintaining rate tables for the dozens if not hundreds of prices billed by the utilities on behalf of third-party suppliers, the Advisory Board concluded then and continues to support today the use of a proxy as it is more administratively efficient and enables EAP participants with third-party suppliers to receive the EAP discount on both the delivery and supply portion of the bill.

**Audit Conclusion**

Audit concurs with the Advisory Board's response.

**Audit Issue #10 (Page 27)  
CAA Compliance Review**

**Background**

Per the *EAP Monitoring and Evaluation Manual*, the Program Administrator is required to conduct a compliance review and site visit to each of the community action agencies.

**Issue**

During the program year and new EAP Program Administrator can on board. Due to time constraints, on site visits were not make to all of the CAAs. The completed compliance review was distributed to the Advisory Board members but was not discussed at one of the quarterly meetings.

**Recommendation**

Audit understands the staffing issues around the state have become an issue. Audit also notes that although these issues arise, the requirements of the EAP manuals still need to be complied with.

**Program Administrator's Response**

The Program Administrator will make every effort to comply with the requirements of the EAP manual. Monitoring is ongoing. The complete PY22/23 compliance review will be distributed and discussed at the following Advisory Board meeting.

**Audit Conclusion**

Audit concurs with the Program Administrator's response.

**Audit Issue #11 (Page 29)**  
**Cash on Hand**

**Background**

As part of the annual audit, the Citizen Banks monthly statements are reviewed for accuracy.

**Issue**

During the review it was noted that the EAP account has a surplus of \$4,177,922 in it as program year end. A net increase of \$391,983 was incurred over the year.

Statutory obligations that an excess of \$1,000,000 that likely wont be reduced over the next 12 months should result in suspension of the collection of some or all of the SBC for a period of time. The RSA also notes that the suspension of the SBC can not happen before June 30, 2024.

**Recommendation**

As June 30, 2024 is only a year away, Audit recommends the Advisory Board take immediate action to remediate the surplus over \$1,000,000 in the EAP fund.

**Advisory Board's Response**

Following payment of the utilities' EAP expenses for April 2023, the balance in the EAP Fund is \$548,514.02.

**Audit Conclusion**

Audit reviewed the April bank statement and verified an ending balance of \$1,015,289.88. This figure does not take into account the \$464,377.60 the utilities submitted for reimbursement that was processed through Treasury on May 23, 2023.

The April ending balance less the May payments totals \$550,912.28. The difference between the \$550,912.28 and the \$548,514.02, as noted in the Board's response, is the interest earned on the account of \$2,398.26. The interest amount was unknown when the Advisory Board submitted their response.

Audit notes that each utility holds an EAP reserve amount on their books. The total for all four utilities is \$500,000. This amount is not included in the Citizen's Bank total.