

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: August 31, 2012

AT (OFFICE): NHPUC

FROM: Amanda O. Noonan *an*
SUBJECT: 12-241 Electric Assistance Program
TO: Commissioners
Executive Director
CC: Alexander Speidel



In accordance with Commission Order 23,980, Public Service of New Hampshire, Granite State Electric Company d/b/a Liberty Utilities, New Hampshire Electric Cooperative, Unital Energy Systems and the Office of Energy and Planning filed their budgets and sales forecasts for the upcoming electric assistance program (EAP) 60 days or more in advance of October 1, 2012, the start of the 2012-2013 program year. The Community Action Agencies also provided the Commission with a copy of their budget on July 27, 2012. The Office of Energy and Planning filed an amended budget on August 9, 2012. The Community Action Agencies provided an updated budget to the Commission on August 30, 2012.

There are three components to the EAP budget: Community Action Agency administrative costs, utility administrative costs and Office of Energy and Planning (OEP) administrative costs. The EAP budgets submitted by the utilities consist of the utilities' incremental costs to administer the EAP and the Community Action Agency (CAA) administrative costs. The EAP budget submitted by OEP reflects costs incurred by OEP to monitor the EAP and participate in quarterly meetings of the EAP Advisory Board.

As program administrator, the CAA performs activities such as client outreach and intake, application processing, enrollment of participants, and periodic review of ongoing program eligibility. The CAA also conducts compliance monitoring to ensure program guidelines are being adhered to. Utility incremental costs generally include expenses for the production and printing of educational materials such as posters and brochures, customer service, legal services and IT support and represent those expenses that would be reasonably incurred as part of the utility's administration of the EAP but would not be incurred absent EAP. Expenses included in the OEP budget relate to OEP's participation in the EAP advisory board meetings and other EAP related discussions. During this program year, the OEP will be conducting its second triennial process evaluation as required by Commission Order 24,820. The process evaluation will look at whether the EAP has met the level of need, within the limits of the available System Benefits Charge funds, whether the EAP conforms to the program design guidelines, and whether the program operates efficiently. Costs related to conducting the process evaluation are included in the OEP budget for the 2012-2103 program year.

The EAP is currently serving approximately 32,000 customers with no waiting list for the program. The program as currently designed is projected to be able to provide benefits to approximately 34,000 customers. As income eligible residents in the state begin to plan for the winter heating season and apply for the federally funded low-income home energy assistance program, EAP enrollment is expected to increase.

The proposed budget for the 2012-2013 EAP program year is shown below. Overall the 2012-2013 program year budget is 1.78% higher than the 2011-2012 program year budget.

**2012-2013 EAP Program Year
Overall Budget**

	CAA Costs	Utility Costs	OEP Costs	Total
2011-2012	\$1,772,539	\$65,000	\$7,000	\$1,844,539
2012-2013	\$1,780,694	\$61,944	\$34,707	\$1,877,345
Change over 2011-2012 PY	.46%	(4.62%)	395.81%	1.78%

With the exception of the increase in the OEP budget this year for the process evaluation that is due April 1, 2013, there is relatively little change in the budgets for this upcoming program year as compared to the current program year.

The budgets for the 2012-2013 EAP program year were provided to all members of the EAP Advisory Board. The Advisory Board has reviewed the budgets, and an informal discovery process was used to ensure all members had an opportunity to ask questions and discuss the budgets.

Following its review, the Advisory Board concluded that the expenses included in the budgets submitted for the 2012-2013 EAP program year are those which would be reasonably incurred in the administration of the electric assistance program. Accordingly, Staff recommends the Commission approve the 2012-2013 EAP program year budgets as filed.