

**Electric Assistance Program
Fiscal Procedures Manual
04/24/2014
Table of Contents**

1.	<u>Program Funding and Collections</u>	2
1.1.	Amount Collected	2
2.	<u>Application of Benefits</u>	2
2.1.	Discount Determination	2
3.	<u>Management of Funds</u>	2
3.1.	The EAP Fund.....	2
3.2.	Fund Tracking Reports	3
3.3.	Under-collection of SBC.....	3
3.4.	Over-collection of SBC.....	4
3.5.	Financial Tracking	5
3.6.	Obligation of EAP benefits.....	5
3.7.	Impact of Cancel/Rebills.....	5
3.8.	Reimbursement for Ongoing Administrative Costs.....	5
4.	<u>Audits</u>	6
4.1.	Audits of the CAAs.....	6
4.2.	Audits of the Utilities.....	6
4.3.	Audits of the Office of Energy and Planning.....	6
5.	<u>Reserve Fund</u>	7
5.1	Establishment of a Reserve.....	7
5.2	Interest on the Reserve.....	7

1. Program Funding and Collections

1.1. Amount Collected

1.1.1 Funds for the EAP shall be collected by the four electric delivery companies (National Grid, NHEC, PSNH, and Unitil) through a system benefits charge (SBC) that shall be assessed uniformly on all retail kilowatt-hours sold.

1.1.2 The portion of the SBC directed to fund the EAP is set by the NH Public Utilities Commission (Commission) and shall not exceed the legislated maximum in effect at the time.

1.1.3 In Order No. 24,903, the Commission set the portion of the SBC for the EAP at \$0.0015 per kilowatt-hour.

1.1.4 All utilities began collecting a SBC equal to \$0.0015 per kilowatt-hour on October 1, 2008

1.1.4.1 From January 15, 2010 through June 30, 2011, utilities shall collect a SBC equal to \$0.0018 per kWh in accordance with SB 300.

2. Application of Benefits

2.1. Discount Determination

2.1.1 The EAP discount is based on the customer's total household income and household size.

2.1.2 After the Community Action Agency (CAA) certifies a customer as eligible and determines the appropriate discount level, the CAA shall notify the customer's utility of the customer's eligibility and their discount amount.

2.1.3 On a monthly basis, the utilities shall provide the Commission with the number of active participants within each discount tier. See EAP Utility Operations Manual for additional reporting requirements.

3. Management of Funds

3.1. The EAP Fund

3.1.1 The utilities shall collect the SBC, add the interest paid on the reserve, deduct the discounts applied, the approved utility administrative costs and CAA administrative costs, and submit the net to the NH State Treasurer (Treasurer). These net EAP funds shall be held and managed by the Treasurer. The EAP funds shall be held by the NH State Treasury (Treasury) in a separate, interest-bearing account and shall not be a part of the state's General Fund. Any interest earned from the investment of

the funds by the Treasury shall be returned to the EAP fund. Bank account service charges shall be offset with interest earned on the account.

3.1.1.1 In the event that the interest on the account is not sufficient to offset any bank account service charges, such service charges shall be deducted from the fund balance.

3.1.2 The Commission is responsible for the fiscal management of the EAP funds. As the SBC is statewide rather than distribution-company specific, it is unlikely that each utility will collect the exact amount each month that is to be credited. The Commission shall review each utility's SBC collection and expenses each month and authorize the Treasury to make payments to those utilities that have not collected sufficient SBC to cover their approved expenses. The financial reconciliation described above shall occur on a monthly basis, and the last day of each revenue month shall be the closing date for monthly financial reconciliation.

3.1.3 Utilities shall not remit over-collected SBC funds with interest, and the SBC repaid to utilities in the event of under-collection shall not include interest.

3.2. Fund Tracking Reports

3.2.1 The Commission shall issue one consolidated monthly report on the EAP Fund to the Treasury. This report shall identify:

- All cash receipts from the prior program month by utility;
- All cash payments required by entity (utility or OEP).

3.2.2 The Treasury shall issue a monthly report to the Commission. This report shall identify:

- All cash receipts from the prior program month;
- All cash payments from the prior program month; and
- Interest earned on the EAP Fund during the prior program month.

3.3. Under-collection of the SBC

3.3.1 If during a month a utility bills less SBC than it pays out in current bill discounts, approved utility administrative costs, and CAA administrative costs, the utility shall submit a reconciliation report to the Commission no later than the 15th day of the following month. The report must include:

- total kWhs billed;
- total SBC billed;
- interest paid on the portion of the reserve fund held by the utility;
- current bill discounts paid;
- approved utility administrative costs identified by expense category;
- CAA administrative costs identified by month billed and, where the amount represents multiple months, the amount paid for each month;

- balance owed to utility; and
- reserve held by the utility.

3.3.2 The Commission shall then prepare and submit to the Treasury a consolidated payment and request form, titled “Monthly System Benefits Charge Reconciliation,” identifying the amounts to be distributed to specific utilities (see 3.2.1 above). This form shall be submitted to the Treasury within five business days following the 15th of the month and shall authorize the Treasury to make the identified electronic payments to the specific utilities.

3.3.3 If the Commission determines that adjustments are necessary to a utility’s requested payment, such adjustment shall be communicated to the utility prior to submitting the Monthly Systems Benefits Charge Reconciliation to the Treasury.

3.3.4 Within five business days of receipt of the Monthly Systems Benefits Charge Reconciliation, the Treasury shall electronically transfer the funds to the utility or utilities via ACH.

3.4. Over-collection of the SBC

3.4.1 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 15th day of the following month.

3.4.1 1. On or before the date of this transmission, the utility shall also provide the Commission with a reconciliation report containing the following information for that month:

- total kWh billed;
- total SBC billed;
- paid on the portion of the reserve fund held by interest the utility;
- current bill discounts paid;
- approved utility administrative costs identified by expense category;
- CAA administrative costs identified by month billed and, where the amount represents multiple months, the amount paid for each month;
- balance owed to the EAP fund; and
- reserve held by the utility.

3.4.2 The Commission shall notify the Treasury via the Monthly Systems Benefits Charge Reconciliation of the amount of the electronic deposit from that utility.

3.4.3 If the Commission determines that adjustments are necessary to a utility's transfer of funds, such adjustment shall be reflected in the following month's report from the utility.

3.5. Financial Tracking

3.5.1 Each month, the Treasury shall prepare for the Commission a report showing all deposits, withdrawals, and interest earned. The Commission shall use this monthly reconciliation in conjunction with the monthly utility reports and weekly enrollment reports to determine the enrollment level.

3.5.2 The Commission is responsible for the reconciliation of funds, which shall include tracking current and projected benefits and administrative expenses against current and projected revenues.

3.6. Obligation of the EAP benefits

3.6.1 The Commission shall take into account projected revenues, actual revenues, and current and projected expenditures in order to inform the Program Administrator of the amount of funds remaining to obligate to new EAP participants each month.

3.7. Impact of Cancel/Rebills

3.7.1 Most of the small number of cancelled and re-billed accounts occur within the same billing cycle and as such will not affect the overall reconciliation. The amount of SBC billed that is reported shall be the net of SBC billed each month after bill adjustments have been made.

3.8. Reimbursement for Ongoing Administrative Costs

3.8.1 The utilities shall submit monthly reports to the Commission itemizing their actual administrative costs. Such itemization shall identify the utility administrative costs by expense category.

3.8.2 At the end of the program year, the Commission shall review the filings and determine the prudence of the costs incurred. Any adjustments for costs found to be imprudent shall be made in the utility's next monthly reconciliation report.

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. Copies of the invoices shall be provided to the Commission as well.

3.8.4 The Office of Energy and Planning (OEP) shall submit an annual administrative budget to the Commission in advance of each program year. OEP shall submit to the Commission an invoice for administrative costs monthly, by the fifteenth day of the month following the quarter for which it is billing. The Commission shall review and approve costs incurred in accordance with the MOA between the Commission and OEP. The Commission shall direct the Treasury via the monthly system benefits

charge reconciliation form to pay the authorized amount out of the Fund. All such authorizations shall be sent to Treasury within five business days of the fifteenth of the month coinciding with receipt of a timely request from OEP.

4. Audits

4.1 Audits of the CAAs

4.1.1 All six CAAs shall be audited annually for compliance with program parameters. The external auditor of the CAA shall perform the detailed review, following the Policy Recommendations and Business Rules approved by the Commission. The external auditor, following auditing standards, shall perform a random sample of all applications, to include approved, denied, and re-certified applicants. The external auditor shall also conduct a program compliance review consistent with the procedures and timing set forth in OMB Circular A-133 regardless of the level of EAP funds received by the agency being audited. The A-133 review shall be conducted periodically as part of the audit. This review will be conducted on a three year schedule in accordance with the timeframe established in Commission Order 24,820.

4.1.2 The Audit Reports shall break out the EAP separated from other programs so that it is clearly identified in the audit. The portion of the Audit Reports relevant to the review of the EAP shall be presented to the Commission, Advisory Board, and the OEP and shall be considered a public document.

4.2 Audits of the Utilities

4.2.1 The four electric delivery companies shall be audited annually by the Commission's Audit Staff for compliance with program parameters.

4.2.2 Site audits shall comply with auditing standards and shall, among other things, include verification of the SBC as ordered by the Commission, timely and accurate collection of the SBC and application of participant credits, reconciliation of the net SBC and transmission of that information to the Commission, and accurate transmission of funds to/from the Treasury. The Audit Staff shall review administrative costs for compliance with program parameters at the time of the annual audit.

4.2.3 Commission Audit reports shall be provided to the appropriate utility, the Advisory Board and the Commission.

4.3 Audits of the OEP

4.3.1 The annual audit of the OEP portion of the EAP shall be performed by the Commission Audit Staff, as outlined in the Memo of Understanding.

4.3.2 The report of the audit shall be provided to OEP, the Commission and the Advisory Board.

5. Reserve Fund

5.1 Establishment of a Reserve

5.1.1 Each utility shall be the custodian of its respective reserve fund. However, no expenditures shall be made without express approval from the Commission via either a secretarial letter or order.

5.2 Interest on the Reserve

5.2.1 Each utility shall pay interest on a monthly basis on the portion of the reserve fund which it is holding. For each month, that month's interest rate on the reserve balance shall be determined on the first business day of the month and shall be based upon the three month London Interbank Offered Rates (LIBOR) as published on the website identified periodically by the EAP Advisory Board as providing free access to current and historical LIBOR information. Interest shall accrue on the average monthly balance of the reserve for each month. The average monthly balance shall be calculated by taking the simple average of the beginning and ending balances of each month.

5.2.2 The interest accrued each month shall be available to the utilities for monthly program expenses.