

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: April 1, 2019
AT (OFFICE): NHPUC

FROM: Bridget Heffernan, Examiner

SUBJECT: Year 16 of the Tiered Discount Electric Assistance Program
DE 17-122 Program Year October 2017 – September 2018
FINAL Audit Report

TO: Amanda Noonan
Director Consumer Services and External Affairs, NHPUC

Introduction

The Public Utilities Commission Audit Staff (Audit) has conducted a review of the program parameters for the sixteenth program year of the Tiered Discount Electric Assistance Program (EAP), ending September 30, 2018. The audit has been conducted in accordance with Commission Order 25,570 issued 9/6/2013, 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 and Rorie Patterson from PUC Staff; Jason Belanger from the NH Treasury; Shannon Nolin from Belknap-Merrimack CAA; Janice Johnson from Eversource Energy; Sue Switaj and Karen Hanks from New Hampshire Electric Cooperative; David Simek from Liberty Utilities; and Tracy Fuller from Unitil.

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 Commission. The system benefits charge is a Commission approved nonbypassable charge that is assessed to residential 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 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 Commission 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, they are responsible for contracting with and monitoring all of the Community Action Agencies and performing an annual compliance review of the CAAs.

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 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 and External Affairs at the NH PUC, the Advisory Board members, and to each of the Community Action agencies.

Utilities

Eversource Energy (Eversource), New Hampshire Electric Cooperative (NHEC), Granite State Electric (GSE) 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 PUC

The Commission, through the Director of Consumer Services and External Affairs, is responsible for overseeing the fiscal management of the statewide EAP. The monthly reports provided by the 15th of each month (for the preceding month's activity)

by each utility are reviewed by the Director and/or Assistant Director. The Monthly Systems Benefit Charge Reconciliation of the funds to be received by Treasury, or disbursed by Treasury to the appropriate utility(s) or the Office of Strategic Initiatives (OSI), is prepared and submitted within five business days of the 15th. 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 Commission to Treasury* on page 15)

The PUC 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 month activity report by Treasury to Commission* on page 16)

The PUC 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 Commission 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, 2018 to the Legislative Oversight Committee on Electric Utility Restructuring. The report summarized the EAP for the period ended August 31, 2018 and the EERS as of June 30, 2018. 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 year ended June 30, 2018, was compiled by the NH PUC Director of Consumer Services and External Affairs. The PUC Business Office uses an electronic reporting system to file the Dedicated Funds report. Following the electronic filing, a signed hard copy was sent to the NH Bureau of Accounts on September 13, 2018.

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 Commission 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 which received more SBC revenue than was used for the month, and ACH transfers are made by the Treasury to those utilities which expended more than the SBC collected. The monthly activity is supplied by Commission 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. The Treasurer's office also moves the OSI funds as directed by the PUC for administrative expenses documented and requested by OSI in accordance with a Memorandum of Understanding.

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.

During September of the program year, Eversource was to make a payment to Treasury in the amount of \$196,419 as it collected more EAP funds than it paid out. This payment was not made by Eversource until February 6, 2019, after the Director of Consumer Services and External Affairs discovered it had not been made.

On a monthly basis the PUC provides Treasury with a listing of funds to be paid and funds to be received from the utilities. Also on a monthly basis, Treasury reconciles the Citizens Bank account that holds the EAP funds. As Treasury knows the funds to be received and completes a monthly reconciliation, Audit determined that this nonpayment should have been discovered during the preparation of the next month's reconciliation. Treasury shall bring to the attention of the PUC any payments missing. **AUDIT ISSUE #1**

Audit also notes that the PUC receives copies of the Citizen Bank bank statements and reconciliations on a monthly basis from Treasury. Upon reviewing these documents, it is also the PUC's responsibility to make sure all payments to be received and due to utilities are accounted for. The PUC also has a duty to bring to the attention of Treasury and the Utility in question any missing payments. **AUDIT ISSUE #1**

Summary of the Office of Strategic Initiatives

The role of the Office of Strategic Initiatives has been documented and approved via a Memorandum of Agreement (MOA) between the Public Utilities Commission and the Office of Energy and Planning (OEP) now known as Office of Strategic Initiatives. The MOA was signed by the OEP Director and by the Chairman of the PUC on September 18, 2015. The Assistant Attorney General signed the MOA on September 21, 2015, and the MOA was presented to the Governor and Executive Council (G&C) for review at the October 7, 2015 meeting. Finally, the Deputy Secretary of State evidenced with a signature, that the MOA was approved by the G&C on October 7, 2015. The agreement is valid through September 30, 2018.

The MOA outlines that requests for reimbursement will be submitted to the PUC on a quarterly basis within fifteen days following each quarter in which services are provided. The MOA specifically references the OEP's obligations outlined in the *EAP Monitoring and Evaluation Manual*, a copy of which was attached to the agenda item for the G&C to review.

Approval of the Program Year

The Commission issued Order 26,059 in Docket DE 17-122 on September 22, 2017, approving the utilities' and Office of Strategic Initiatives budgets submitted for the October 2017 through September 2018 program year.

Summary of the Utility and OSI Budgets

Budgets for Program Year sixteen were required to be provided to the Commission by August 1, 2017, 60 days prior to beginning of the program year as outlined in the *Utility Procedures Manual*, section 8.3.1. All budgets were submitted prior to or on August 1, 2017.

	Date Submitted	Administrative	CAA Administrative	Total '17-'18
NHEC	7/28/2017	\$ 2,000.00	\$ 182,645.97	\$ 184,645.97
UES	8/1/2017	\$ 2,700.00	\$ 187,329.20	\$ 190,029.20
GSE	7/31/2017	\$ 520.96	\$ 126,072.55	\$ 126,593.51
EVERSOURCE	8/1/2017	\$ 6,000.00	\$ 1,377,244.28	\$ 1,383,244.28
OSI	8/1/2017	\$ 7,000.00	\$ -	\$ 7,000.00
TOTAL		\$ 18,220.96	\$ 1,873,292.00	\$ 1,891,512.96

EVERSOURCE budgeted \$6,000 for brochures and marketing materials for the program year. The total incremental administrative expenses of \$6,000 were the same as last program year.

NHEC budgeted \$800 for brochures and mailings, and \$1,200 for legal. The total incremental administrative expenses of \$2,000, was an increase of \$450 in administrative expenses from the prior year.

GSE budgeted \$400 for brochures and posters, and \$121 for employee expenses (mileage and tolls) totaling \$521. The total incremental administrative expenses were increased by \$200 from the prior year.

UES budgeted \$200 for brochure printing and \$2,500 for legal expenses. The \$2,700 total of UES incremental administrative expenses remained the same as the prior year.

OSI provided a budget relating to personnel salaries, fringe benefits, phone and office supplies, rent, travel, IT, and indirect costs, which summed to \$7,000. The total expenses remained the same as the last program year.

Summary of Budgeted CAA Administrative Expenses

The utilities contract with the CAA, 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. 1/6th 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 (2016). Specifically:

	Percentage of Sales	% of CAA Administration	Rounded to Nearest Dollar
EVERSOURCE	73.52%	\$ 1,377,244.28	\$ 1,377,244
NHEC	9.75%	\$ 182,645.97	\$ 182,646
GSE	6.73%	\$ 126,072.55	\$ 126,073
UES	10.00%	\$ 187,329.20	\$ 187,329
		\$ 1,873,292.00	\$ 1,873,292

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

Actual CAA Administrative Expense Activity

Audit reviewed the actual CAA payment activity which revealed the following:

EVERSOURCE- During year sixteen, the CAA invoices received and paid totaled \$1,377,244.27, which was \$0.01 lower than the contracted amount.

NHEC- Paid a total of \$182,645.95. This amount was \$0.02 under the contracted amount.

GSE- During program year sixteen, GSE processed and paid, \$126,072.55, which was the exact amount of the contract.

UES- Processed and paid \$187,329.22 to the CAA. This amount was over the contracted amount by \$0.02.

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." During an audit of the program year beginning October 1, 2013 and ending September 30, 2014, the Program Administrator's noted that "*The CAA will process invoices on the day preceding the 15th if that day falls on a weekend.*"

During the program year, two invoices were issued after the fifteenth of the month. The October 2017 invoice was issued on Thursday, November 16, and the December 2017 invoice was issued on Tuesday, January 16. Audit does note that Monday, January 15 was a holiday. **AUDIT ISSUE #2**

During the prior program year, the CAA overbilled the four electric utilities by a total of \$113,024.35. The error was discovered by CAA staff in early November 2017. The CAA provided the utilities and the PUC Director and Assistant Director of Consumer Services and External Affairs an email stating the August 2017 billing was

incorrect and reimbursements would be sent out. Attached to the email was a spreadsheet showing the amount overbilled to each utility, which Audit was able to verify.

NHEC reflected the CAA reimbursement of \$11,325.04 on their November 2017 reconciliation while the remaining three utilities reflected the reimbursement on their December 2017 reconciliation. GSE noted a reimbursement in the amount of \$8,273.38, UES noted a \$12,602.22 reimbursement, and Eversource noted a reimbursement totaling \$80,823.72. No exceptions were noted.

Reported SBC/EAP Funding

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

	<u>kWh</u>		<u>SBC</u>		<u>Interest</u>		<u>Total Funding</u>
EVERSOURCE	7,905,112,154	\$	11,857,668	\$	7,397	\$	11,865,065
NHEC	774,349,899	\$	1,161,525	\$	630	\$	1,162,175
GSE	921,663,009	\$	1,382,495	\$	750	\$	1,383,160
UES	1,225,361,425	\$	1,838,144	\$	1,133	\$	1,839,277
TOTAL	10,826,486,487	\$	16,239,832	\$	9,910	\$	16,249,677

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.

NHEC – On their monthly reconciliations NHEC deducts kWh 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 show the delivered kWh less the exported kWh totaling the net kWh. The exported kWh on the report include "Above the Cap" net metering kWh and "Below the Cap" kWh for large industrial customers among other exported kWh.

The PUC 900 Rules (903.02(b)) established a cap for all net metering systems installed within each distribution utility's service area. NHEC reached their cap and in January 2016, "Above the Cap" rates were established. In March 2016, when the systems went online, NHEC began deducting "Above the Cap" "exported" kWh from the total "delivered" kWh sales due to NHEC not actually collecting the SBC on those kWh.

In October 2017 NHEC began adding the "Below the Cap" kWh back to the net kWh for the month. Ten out of the twelve program months had below the cap kWh added to the net total. The exported kWh report for the months of December 2017 and January 2018, the two months where the kWh were not included, shows below the cap kWh of 160 and 80, respectively. Audit discussed with NHEC, and it was noted that these kWh, totaling 240, should have been added into the net kWh for those months but were not. The total EAP SBC amount that would be have been collected on those 240 kWh totals \$0.36. Audit notes this amount as immaterial as NHEC collects approximately \$1,161,500 of EAP SBC funds during a program year.

KWh sales and SBC were verified to the "Sales Summary – The Month of October (November, etc.)" and the group net metering support for all months. Audit tied all kWh deducted for group net metering and "Above the Cap" net metering back to the member's consumption history reports.

During last program year, 155,809 Group Net Metering kWh were mistakenly added to the total kWh noted on the End of Month Sales Report instead of being subtracted. Therefore, the total kWh for the year were over stated by 311,618 or \$467.43 in EAP SBC revenue. This error was discovered by NHEC and adjustments were made to the October 2017 monthly reconciliation. Audit reviewed this adjustment in the current program year and noted no exception.

GSE – the billed kWh sales stated on the monthly reconciliations matched the kWh noted on the Bills & Volume reports from GSE's billing system, Cogsdale.

Audit was able to verify the SBC revenues on the monthly filings to the general ledger using a reconciliation provided by GSE. 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. The CCSM-MISC represents manual adjustments made to the EAP funding due to the peak and off-peak customers. As noted below in the "Sample Customer Invoices Verification" section, GSE's billing system could accommodate, until December 2018, applying the EAP discount to the first 750 kWh total and in turn applies it to the first 750kWh for each peak and off-peak. All customers who receive peak and off-peak billing have their invoices manually adjusted to represent the correct EAP discount amount. Due to the SBC total amount of \$0.00354 prior to January 2018 and \$0.00457 effective January 2018 being split between three different programs, there was slight difference between the GL and monthly filing amounts. Audit was able to verify the immaterial differences using a reconciliation provided by GSE.

For the months of October, March, April and August, the filing SBC amount tied to the bills & volume report without exception. For the remaining months of November

through February, May through June and September, they were verified to the revenue report with an immaterial difference verified to the GSE reconciliations.

Audit previously spoke with GSE 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 doesn't 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 performed for the peak and off-peak customers as noted above.

For the program year, the total difference between the general ledger SBC amount and the calculated SBC amount is approximately \$230. This is the full SBC amount and not just the EAP portion. This difference is deemed immaterial as GSE collects approximately \$4 million in SBC revenue per program year.

The SBC should be equal to the SBC charge of \$0.00354 * kWh sold for the months of October, November and December 2017. Beginning January 2018 the SBC rate for GSE changed to \$0.00457. The Cogsdale billing system's kWh times the SBC charge do 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.

UES - kWh sales were verified to the "UES Merged Cap & Sea Post Deregulation Electric Consumption and Revenue Worksheet" as were SBC revenues. No exceptions were noted.

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
GSE	\$ 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. The link used to verify the rates was:

<https://fred.stlouisfed.org/series/usd3mtd156n>

NHEC, GSE and Unitil used the correct interest rate and calculated the monthly interest without exception. Eversource calculated the September 2018 interest amount with the correct interest rate but used a 31-day month instead of 30. The interest amount booked to the GL and monthly reconciliation was \$733.36 when the correct amount should have been \$709.70. The error was discovered and, on the October 2018 monthly reconciliation, the difference of \$23.66 was deducted from the interest amount. Audit reviewed the October reconciliation, and no exception was noted.

Actual Program Year Expenses/Discounts -Year 15

Customer Discounts

EVERSOURCE	\$	10,728,135	Verified to the monthly "Credits Applied" report and General Ledger Report.
NHEC	\$	1,274,373	Verified to the NHEC "Grand Totals Cycle:ALL" report
GSE	\$	494,505	Verified to Cogsdale Bills & Volume reports and general ledger with GSE reconciliation
UES	\$	1,187,194	Verified to the "LIEAP General Ledger" and "Ledger Detail Trial Balance"
Total	\$	13,684,207	

The discount amount on Eversource's Credits Applied reports were a total of \$19,387.86 lower than the amount actually reported on the monthly reconciliations due to cancel rebills or adjustments to customer accounts. The Credits Applied report does, however, show adjustments to the discount total for these cancel and rebills. The differences were \$26.66 in December, \$17,209.78 in April, and \$2,051.42 in August. Audit inquired on the large adjustment for December 2017, and Eversource noted that their system will not allow them to go back that far to see what happened. Eversource followed-up with Audit and noted that they have analyzed the information that is given to the PUC monthly. These differences happen infrequently, and Eversource has found they correct themselves the following month.

During last program year NHEC stated the incorrect discount amount for the month of May 2017 on their reconciliation. According to the Grand Totals Cycle report the total discount amount was \$100,331.75. The May reconciliation noted the discount amount of \$100,311.75, resulting in an overpayment to the EAP fund of \$20. On the March 2018 reconciliation NHEC attempted to correct the error; however, it was noted as a program fund credit for the overpayment of discounts which actually resulted in the payment from Treasury to NHEC to be an additional \$20 too low. NHEC made a \$40

adjustment for the May 2017 and March 2018 corrections on their February 2019 filing. Audit reviewed the February PUC filing, and no exceptions were noted with the correction.

For GSE, Audit was able to tie the discounts reported on the monthly filings to the general ledger and Bills & Volume report for the months of October through April and August. For the remaining months of May through July and September audit was able to verify the discount amount from the monthly filings to the GL and revenue report through a reconciliation provided by GSE. The difference between the filing amount and the GL and the Bills & Volume report was a total of \$11 for the four months. The \$11 is noted as immaterial as GSE applied approximately \$494,500 in discounts over the program year.

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 Commission, 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	\$ 6,000	\$ 11,117	\$ (5,117)	185%
Mileage/tolls	\$ -	\$ -	\$ -	0%
Total EVERSOURCE	\$ 6,000	\$ 11,117	\$ (5,117)	185%
<u>NHEC</u>				
Brochures and Marketing	\$ 800	\$ 105	\$ 695	13%
Legal	\$ 1,200	\$ 408	\$ 792	34%
Total NHEC	\$ 2,000	\$ 513	\$ 1,487	26%
<u>GSE</u>				
Brochures and Marketing	\$ 400	\$ 210	\$ 190	53%
Mileage/tolls	\$ 121	\$ 95	\$ 26	78%
Total GSE	\$ 521	\$ 305	\$ 216	59%
<u>UES</u>				
Brochures and Marketing	\$ 200	\$ 210	\$ (10)	105%
Legal	\$ 2,500	\$ -	\$ 2,500	0%
Total UES	\$ 2,700	\$ 210	\$ 2,490	8%

OSI

Personnel Salaries	\$ 3,208	\$ 1,877	\$ 1,331	58%
Fringe Benefits	\$ 1,779	\$ 800	\$ 979	45%
Phone/Office Supplies	\$ 50	\$ -	\$ 50	0%
Rent	\$ 176	\$ 109	\$ 67	62%
Travel	\$ 50	\$ -	\$ 50	0%
Information Technology	\$ 182	\$ 77	\$ 105	42%
Indirect Costs	\$ 1,555	\$ 866	\$ 689	56%
Total OSI	\$ 7,000	\$ 3,729	\$ 3,271	53%

Statewide Total Year 16 \$ 18,221 \$ 15,874 \$ 2,347 87%

Comparison of Budgeted to Actual Utility Incremental Administrative Expenses

The amounts in the "Budget" figures column represent those provided to the Commission and approved by Order 26,059. The amounts in the "Actual" figures column are those reported monthly to the Commission 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 last program year, Eversource received two invoices from Graphic Brokerage in the amounts of \$5,951 and \$5,167. These invoices were paid by Eversource from the wrong budget and reimbursement was not sought during the program year. This was brought to Eversource's attention during the last audit and on their March 2018 reconciliation, they included the expense of \$11,117 as noted above. During the current program year, Eversource was invoiced \$5,715 from Graphic Brokerage on June 18, 2018, and invoiced \$670 from Linguistic Systems, Inc on June 14, 2018 for translation services. Neither of these expenses were booked to the EAP GL account or included on the monthly reconciliations. Audit inquired, and Eversource noted that EERS had additional funds so the expenses were paid from that account and not EAP. **AUDIT ISSUE #3**

NHEC - NHEC incurred legal expenses during the program year as they do not have an internal legal staff, and use the services of an outside legal counsel. Audit reviewed the legal invoice, and noted activity related to the EAP. Attorney Dean is paid a fixed monthly amount, and, as actual invoices are received and reviewed by NHEC, a general ledger pro-ratio is calculated, based on the monthly activity as a percentage of the fixed cost. EAP charges of \$408 reflect the pro-rated discount.

NHEC also incurred \$105 in expenses for brochures. Audit reviewed the June invoice from Graphic Brokerage without exception.

GSE – Granite State Electric reported mileage expenses of \$34 on their November 2017 reconciliation and \$31 on their March and July 2018 reconciliations. The Travel and Expense Reimbursements, for mileage to an EAP Advisory Board Meeting, was reviewed by Audit. The federal mileage reimbursement rate was reduced on January 1, 2018, which is why the November reimbursement amount was higher than the March and July amounts.

GSE also reported \$210 in brochure expenses for the month of September 2018 which was verified to the Graphic Brokerage invoice from June 2018. **AUDIT ISSUE #4**

UES – UES incurred \$210 in administrative expenses from October 1, 2017 through September 30, 2018. This amount was paid to Graphic Brokerage for the purchase of brochures. Audit reviewed the invoice from June without exception as the invoice being \$10 over the projected budget is immaterial.

OSI- A total of four invoices were submitted for the program year. Invoices were sent on a quarterly basis for On-Going Oversight expenses. Invoices were sent for the following quarters; October 1, 2017 - December 31, 2017; January 1, 2018 – March 31, 2018; and April 1, 2018 – June 30, 2018; and July 1, 2018 – September 30, 2018. All four invoices were submitted within 15 days following each quarter in which the services were provided. The total actual OSI expenses billed to the utilities were \$3,729. A total of \$7,000 was budgeted. No exceptions were noted.

Comparison of Program Year 16 to Program Year 15

Total kWh sold during the program year were 10.8M or approximately 3% more than the kWh sold in the prior program year. Likewise, the SBC also increased by \$442,323 or approximately 3% from the prior program year. Reserve interest increased by \$4,380 or 79% from the prior year. Total funding for the program year ending 9/30/2018 increased \$446,639 or approximately 3% from the prior program year ending 9/30/2017. Additionally, participant/customer discounts increased by \$232,469 or 2% from the prior year.

General Ledger

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

EVERSOURCE - utilizes account #254 to reflect the activity within the EAP and to maintain the Reserve Balance. All activity on the monthly reconciliations filed with the Commission was verified to the activity on the Low Income Electric Assistance Program Reconciliation. All of 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 October 2017 CAA invoice was billed on November 16 in the amount of \$96,384 and the February 2018 CAA invoices was billed on March 14 in the amount of

\$128,094. The October bill was booked to the monthly reconciliation in November but was not booked to the general ledger until December. The February invoice was noted on the March reconciliation but was not booked to the GL until April. This error of not booking expenses to the GL in the same month they are noted on the reconciliation was an Audit Issue two years ago and noted in the last audit report. In the audit issue from program year fourteen Eversource noted that it would "*record all expenses for the same month they are booked on the reconciliation*". **AUDIT ISSUE #4**

NHEC - utilizes account #182.50 to reflect the SBC (EAP and EERS, the SBC revenue 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 with a couple of exceptions. In December 2017, NHEC booked \$20,002.54 to the general ledger for the CAA invoice. This amount was not booked to the monthly reconciliation until February. The February reconciliation showed the CAA total of the December and January invoices without exception. **AUDIT ISSUE #4**

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 for the group net metering kWh that would reduce the SBC collected. No exceptions were noted.

GSE – utilizes account #8830-2-0000-20-2142-2542 to reflect the EAP activity. Account #8830-2-000-40-4290-4402 was added in September 2014 to hold residential sales variances. This account is no longer used; however, if corrections or adjustments are made to any invoice that was originally mapped to this account, the correction/adjustment will automatically go back to this account. There was no activity in account 4402 during the program year.

Audit received copies of the monthly general ledgers showing the full month's SBC (\$0.00354 per/kWh for October – December and \$0.00457 per/kWh for January-September) is recorded in general ledger account 2542. The EERS portion (\$0.00198 per/kWh for October – December and \$0.00275 per/kWh for January – September) and Lost Base Revenue portion of the SBC (\$0.00006 per/kWh for October – December and beginning in January \$0.00032) 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 GSE.

Customer discounts for all months tied from the monthly reconciliation to the general ledger and revenue reports using the allocation report provided by GSE without exception. To calculate the discounts using the general ledger, Audit took the sum of the monthly debit entries less the EE reclass 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 (except September), CAP payments, and all other expenditures were tied from the monthly reconciliation and supporting documentation to the general ledger without any exceptions. In September GSE calculated the interest incorrectly and subsequently overpaid Treasury \$0.22. An adjustment was made on their October 2018 filing to correct this overpayment.

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 without exception. Audit does note that the \$210 expense for Graphic Brokerage was booked to account 10-29-01-22-923-00-00 instead of 10-29-01-22-923-03-00 and was noted as such on the LI-EAP Reconciliation.

Monthly Reporting by Utilities, Commission, and Treasury

Audit noted that each of the utilities filed the monthly reports electronically, in compliance with the Puc Rule 202.05(b). One paper copy was also submitted, as required, for the docket file. 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 15th day following the month end.

UES and Eversource filed all twelve of their monthly reconciliation reports on or before the 15th of each month. GSE filed their March report on April 16, 2018 and NHEC filed two of their reports late; March was filed on April 16, 2018 and August was filed on September 17, 2018. **AUDIT ISSUE #5**

Issuance of the consolidated monthly report by the Commission 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 Commission 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 15th of the month.

Three reports were issued to Treasury late. The October 2017 report was issued on November 27, 2017, the December 2017 report was issued January 25, 2018, and the August 2018 report was issued October 3, 2018. In order to meet the five business days

following the 15th of the month, the reports should have been issued by November 22, 2017, January 22, 2018, and September 21, 2018 respectively. No other exceptions were noted. **AUDIT ISSUE #5**

Prior to the submission of the report to Treasury, the Commission reviews the monthly reconciliation made by the four utilities. During this review the Commission recalculates the SBC collected, interest, expenses, and the total due to/from Treasury.

The EAP brochures for all utilities are ordered and invoiced at the same time. Eversource did not include the brochure invoice on their monthly reconciliations, GSE recorded theirs three months later, and the other two utilities recorded them the month they were received. As all invoices are submitted to the companies at the same time, Consumer Services and External Affairs should be aware to look for these errors in the future. Discovering the error when the monthly reconciliation is submitted is timelier to correct rather than waiting for the end of the program year for the Audit to be complete. Repeat **AUDIT ISSUE #6**

Issuance of the monthly activity report by Treasury to the Commission

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 Commission 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 15th day of the following month."

UES submitted eleven of their twelve ACH transfers on or prior to the 15th of the month. The March payment was submitted on the 24th of the following month. **AUDIT ISSUE #5**

NHEC only made two transfers to Treasury during the program year. Both of the transfers were made after the 15th of the month. The payment for the month of January was submitted February 27, 2018 and the September payment was made on October 22, 2018. **AUDIT ISSUE #5**

EVERSOURCE made five ACH transfers during the program year. Four out of the five payments were made after the 15th of the month. The June payment should have been made by July 15 but was made on August 24. The July payment was also paid on August 24 when it should have been made by the 15th. The August payment was two days late and submitted on September 17th and the September payment was not made until intervention of the PUC. In January 2019, the Director of Consumer Services and External Affairs discovered that the September payment in the amount of \$196,419 had not been made. Eversource agreed that payment was not issued to Treasury and processed the payment. Treasury reported to the PUC that the funds were received on February 6, 2019. **AUDIT ISSUE #5**

GSE made twelve transfers to Treasury during the program year. All of the transfers were completed on or before the 15th of the month.

Transmission of under-collection of EAP funds from Treasury to the utilities - The Commission shall prepare and submit to the Treasury a Monthly Systems Benefits Charge Reconciliation within five business days of the 15th. Within five business days of receipt of the Reconciliation, the Treasury shall electronically transfer the funds to the specific utility(s). Upon review, all ACH transfers were completed by Treasury within five business days of receiving the reconciliation from the Commission.

Tariff Compliance

There were no changes to the EAP program during program year sixteen that required the utilities to update their tariff. 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.

<u>Tier</u>	<u>Poverty Level</u>	<u>Discount</u>
2	151%-200%	8%
3	126%-150%	22%
4	101%-125%	36%
5	76%-100%	52%
6	<=75%	76%

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 tiers used.

Audit reviewed GSE sample invoices and discovered a calculation error with a customer who received Peak and Off-Peak rates with the first 250 kWh being at a lower rate. As GSE previously had an issue with applying the EAP discount to customers who receive Peak and Off-Peak rates, all invoices are manually adjusted for the EAP discount

on a monthly basis. After discussions with GSE it was noted that there was a formula error that had not been discovered prior to this audit. GSE corrected the formula and identified the D05 customers who receive EAP discounts and ran their invoices from 2016 through 2018 with the recalculated formula. A total of 15 customers, with a total of 166 invoices, received EAP discounts totaling \$585.92 over what should have been given. The calculation error resulted in the customers receiving a higher discount than they should have. This manual calculation of EAP discounts was retired in December 2018 as the billing system was updated to accommodate this type of discount.

GSE provided Audit with supporting documentation of the \$585.92 and noted they would not adjust the customer's bills to reflect the discount overage, but they would pay the EAP fund back. On their February 2019 monthly filing with the PUC, GSE noted a line item for the overage and paid the funds back to Treasury.

During the prior compliance year, the UES invoices that were sampled all had display issues on either the delivery charge and/or SBC rate. The rates noted on the invoices did not match the tariff rates. UES noted that customers were being charged the correct amount and it was just a display issue on the invoices, which was corrected in October 2017. At the time Audit was able to verify the correct amount was being charged to customers. Audit notes that invoices reviewed during this current audit for the time period of August through September all displayed the correct tariff amounts. No exceptions were noted.

Procedure Manuals

All four procedure manuals were updated during the 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.

Fiscal Procedures Manual During the 2016-2017 program review, audit issue #6 noted that The *Fiscal Procedures Manual*, sections 3.3 and 3.4, note that the utility shall submit a reconciliation report to the Commission by the 15th of the following month.

In GSE's response to the audit issue they noted the following,

"GSE filed its March report on April 17, 2017, as the report is due April 15 and April 15, 2017, fell on a Saturday. GSE filed its September report on October 16, 2017 as the report is due October 15 and October 15, 2017 fell on a Sunday. In accordance with NH Puc 202.03(b), the Company filed these reports on time:

The last day of the period so computed shall be included unless it is a day on which the office of the commission is closed, in which event the period shall run until the end of the next following business day."

The Fiscal Procedures Manual was not updated to reflect this change because the Puc rule is for computing time in reference to commission rules. The EAP procedure manuals are not administrative rules; the procedure manuals are a product of the EAP Advisory Board. If GSE still recommends these changes to the Fiscal Procedure Manual, changes should be brought to the attention of the Advisory Board to be vetted.

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 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 Commission's original schedule, and the rolling on-going schedule column provides the subsequent audit schedule.

<u>Agency</u>	<u>Commission Original Schedule</u>	<u>Rolling on-going Schedule</u>
Community Action Program Belknap-Merrimack Counties, Inc.	FY 07/08	FY 2020
Tri-County Community Action Program, Inc.	FY 08/09	FY 2018
Southwestern Community Services, Inc.	FY 09/10	FY 2020
Strafford County Community Action Committee, Inc.	FY 09/10	FY 2018
Southern New Hampshire Services, Inc.	FY 07/08	FY 2020

Community Action Program Belknap-Merrimack Counties, Inc. The fiscal year ending February 28, 2018 financial audit report was issued on January 8, 2019 with an unmodified opinion. The EAP was specifically identified within the A-133 section of the 2017 report and was not required for this fiscal year. The next A-133 should be included in the audit report for the period ending 2/29/2020.

Tri-County Community Action Program Inc. Audit was provided with the fiscal year ending June 30, 2017 financial audit. This audit report was issued on November 10, 2017 with an unmodified opinion. The A-133 review was last completed for the fiscal year ending 2015 and therefore was not required for the 2017 audit. The next A-133 should be included in the audit report for the fiscal year ending 6/30/2018.

Southwestern Community Services, Inc. Audit was provided with the fiscal year ending May 31, 2017 financial audit report issued on October 11, 2017 with an unmodified opinion. The A-133 review was required to be completed during fiscal year ending 2017 and was included in the audit report. The next A-133 should be included in the audit report for the period ending 5/31/2020.

Community Action Partnership of Strafford County Audit was provided with the financial audit for the year ending December 31, 2017. The report was issued with an unmodified opinion on June 21, 2018. The A-133 review was last performed in 2015 and not required for fiscal year ending 2017. The next A-133 audit should be completed for the period ending 12/31/18.

Southern New Hampshire Services, Inc. Audit was provided with the financial audit for the fiscal year ending July 31, 2017. The audit report was issued on January 19, 2018 with unmodified opinions. The EAP was specifically identified within the A-133 section of the report even though it was not required until fiscal year ending 2019. The next scheduled A-133 review should be completed for fiscal year ending 7/31/2020.

CAA Compliance Review

The Program Administrator complied with the EAP *Monitoring and Evaluation Manual* by conducting a compliance review and site visits at each of the community action agencies. The annual compliance report was presented to members of the EAP Advisory Board and Commission in compliance with section 6 of the *Monitoring and Evaluation Manual*. The results of the review were discussed during the July 27, 2018, Advisory Board meeting.

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 are to be submitted by April 1, every third year. The third process evaluation was submitted to the Commission on April 29, 2016, and on July 13, 2016, a revised report was submitted.

The next OSI Process Evaluation is due April 1, 2019.

EAP Advisory Board

The EAP Advisory Board Meeting Minutes are posted to the PUC website at the following link:

<http://www.puc.nh.gov/Consumer/electricassistanceprogram.htm>

Audit reviewed the minutes for the quarterly meetings held on October 27, 2017, January 26, 2018, April 27, 2018, and July 27, 2018. Also reviewed were minutes from additional meetings held on February 23, 2018, and March 30, 2018.

During the October 2017 quarterly meeting, the July 2017 meeting minutes were approved with a spelling correction. The application of EAP discounts to competitive supplier's energy portion of the bill was also discussed. The Office of Consumer Advocate offered to draft the proposal to submit to the Commission which would include timeframes for implementation as discussed by the Board. The Board decided that the

EAP benefit should not be applied to outdoor lighting. The Utility Procedures Manual was to be updated to reflect this outdoor lighting change.

Also decided during the October meeting was that the CAA Procedures Manual was also going to be updated to remove Supplemental Security Income received by minor children as countable income. This change will make EAP consistent with the federally funded fuel assistance program. The utilities were to verify that all net metered customers are billed the SBC on the gross kWh usage and not the net usage. The next meeting was scheduled for January 26, 2018.

During the January quarterly meeting, the October meeting minutes were approved subject to minor corrections. The draft memo for EAP participants who chose to use competitive suppliers was discussed. Further editorial changes to the memo were to be completed by February 2, 2018, and a meeting was scheduled at the end of February to discuss further. During the meeting, it was noted that electric vehicle charging stations will not qualify for EAP as it is a secondary meter.

A February 23, 2018, meeting was scheduled to discuss the impact to the EAP fund if competitive supplier's portion of the bill received the EAP discount. Discussions included the Utilities' IT costs to implement the change and who would decide if the charges were prudent and reasonable.

A meeting was held on March 30, 2018, to discuss revisions to the CAA, Utilities, Fiscal Management and the Monitoring and Evaluation Procedure Manuals. The revisions were approved unanimously. Also unanimously approved was the draft recommendation to discount the competitive energy supply costs on EAP customer bills.

The April quarterly meeting approved the February and March meeting minutes. There were edits to be made to the January minutes, and Unitil was to make the changes and re-circulate to the Board. The utilities reported on their methods of collecting SBC with regards to net metering. Eversource, Liberty and Unitil noted they apply the EAP discount to the gross amount since September 1, 2017. NHEC did not respond as they do not have to comply with the Commission's net metering requirement. Commission Staff discussed the need to update the Utility Procedure Manual to reflect the changes ordered in the Commission Docket DE 16-576 regarding the collection of the SBC and application of the EAP discount.

Also discussed was the need for an updated average residential kWh usage study for EAP participants. The new study will help determine if the cap of 750 kWh is still a relevant cap. The EAP brochure language regarding retail choice was discussed. It was decided to update the income guidelines and wait for the next printing to address the retail choice issue as by then the Commission would have ruled on Docket DE 18-057. The next quarterly meeting was scheduled for July 27, 2018.

The quarterly meeting held in July approved the April minutes without revisions. During the July meeting, the 2018-2019 budgets and schedules were discussed. The deadline to file budgets was noted along with the reiteration that the costs of complying with the Commission's order regarding the EAP discount to be applied to competitive

supplier costs shall not be included in the budget. These will be reviewed by the Commission before any recovery occurs. Also discussed was the CAA Compliance Review report and the separation of outdoor lighting and customer's domestic use. The EAP fund balance as of June 30, 2018, was discussed as well as the three and five year projections including the impact of applying the EAP discount to the competitive supply costs. All utilities noted they were on track to implement Commission Order 26,132 by the October 1, 2018 deadline. The next quarterly meeting was scheduled for October 26, 2018.

Cash On Hand

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

Cash Balance 10/01/2017	\$1,901,991
Cash Balance 9/30/2018	<u>\$2,465,031</u>
Net Increase	\$ 563,040

During the July 27, 2018, quarterly meeting, it was discussed how there was a decline in enrollment in EAP and also the federally funded Fuel Assistance Program (FAP). One of the board members attended a national conference, and the enrollment in FAP is down nationwide. Board Members discussed how to increase enrollment such as collaborating with other assistance programs, using mail in applications, making forms available online and extending CAP office hours to stay open later at night and on the weekends.

On October 1, 2018, the utilities will be required to apply the EAP discount to competitive supply costs on the customers' bills who have elected to use such suppliers. This additional discount will also help decrease the account surplus, though at this time it is unknown by how much. The Board noted during the July meeting they would discuss increasing the EAP eligibility threshold, if a surplus still exists, in the spring of 2019 once the impact to the fund is better known.

The following seven pages relate to the Agencies' A-133 reviews.

COMMUNITY ACTION PROGRAM BELKNAP-MERRIMACK COUNTIES, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2018**

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, Low Income Home Energy Assistance Program 93.568, Head Start 93.600, Corporation for National and Community Service, Senior Companion Program, 94.016
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Community Action Program Belknap-Merrimack Counties, Inc. was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

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 in Accordance with 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 – CFDA #93.568
 - U.S. Dept. of Health & Human Services, Aging Cluster – CFDA #93.044, 93.045 and 93.053
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

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MAY 31, 2017**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Southwestern Community Services, Inc. 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. 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, and Head Start, 93.600.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Southwestern Community Services, Inc. was determined to not be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE ELECTRIC ASSISTANCE PROGRAM
FOR THE YEAR ENDED MAY 31, 2017**

Revenues	<u>\$ 216,348</u>
Expenditures	
Salaries	\$ 91,467
Fringe benefits	59,391
Travel	1,938
Other	<u>62,508</u>
	<u>\$ 215,304</u>

Note:

For the year ended May 31, 2017, the Electric Assistance Program, which is funded through the New Hampshire Public Utilities Commission with funds from the utility companies operating in the State of New Hampshire, was tested for compliance with the requirements of laws and regulations applicable to the contract with the Public Utilities Commission. In our opinion, Southwestern Community Services, Inc. complied, in all material respects, with the requirements outlined in the contract for the year ended May 31, 2017.

See Independent Auditors' Report

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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. One significant deficiency disclosed during the audit of the financial statements is 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, Low-Income Home Energy Assistance Program, CFDA 93.568, and Community Services Block Grant, CFDA 93.569.
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

2017-001 General Ledger Close and Adjusting Journal Entries

Condition: A significant quantity of adjusting journal entries were provided by the Organization during the audit. Significant adjusting entries related to the following areas: accrued payroll, pledges receivable and pledge contributions. The adjusting entries were provided by management and in certain cases identified by the auditor.

Criteria: Internal controls should be in place to ensure that the activity of the Organization is being recorded in a timely and accurate manner.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2017

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>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Temporary Assistance for Needy Families	93.558
Low-Income Home Energy Assistance	93.568

Dollar threshold used to distinguish between Type A and Type B programs: \$853.992

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.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2017

Electric Energy Assistance

For the Period

August 1, 2016 to July 31, 2017

Fund # 665

REVENUES

Other revenue	\$ 786,345
Allocated corporate unrestricted revenue	-
Total revenue	<u>786,345</u>

EXPENSES

Payroll	433,601
Payroll taxes	40,880
Fringe benefits	90,072
Workers comp. insurance	1,427
Retirement benefits	20,840
Consultant and contractual	23,570
Travel and transportation	4,384
Occupancy	53,786
Supplies	26,540
Equip. rentals and maintenance	3,220
Insurance	1,215
Telephone	9,222
Postage	11,874
Printing and publications	170
Depreciation	422
Other direct expense	374
Miscellaneous	395
Administrative costs	<u>64,353</u>
Total expenses	<u>786,345</u>
Excess of expenses over revenue	<u>\$ -</u>

See independent auditor's report on supplementary information

Audit Issue #1 (Page 4) Missing Payments to Treasury

Background

On a monthly basis utilities make payments to the Treasury department if they received more SBC than they pay out.

Issue

In September 2018, Eversource was to make a \$194,419 payment to Treasury. Payment was not made by the utility and it was not discovered missing until January 2019 by the Director of Consumer Services and External Affairs.

On a monthly basis Treasury receives from the PUC a listing of payments to be received and payments to be made to the utilities. Also on a monthly basis Treasury reviews and reconciles the Citizens Bank account that holds to EAP funds. As monthly reconciliations are being completed, the missing funds should have been discovered the month following their required deposit.

Also, the PUC receives copies of the monthly bank statements and reconciliations from Treasury. The PUC reviews these on monthly basis and should have also discovered the missing funds in the month following the required deposit.

Recommendation

Audit recommends that complete reconciliations be completed by both Treasury and the PUC on a monthly basis in order to maintain an accurate account balance. Any missing funds should be brought to the other party's attention in the subsequent month in order to remediate the error.

Treasury's Response

Treasury has added an additional step in its reconciliation process to reduce the risk that non-payments go undetected/uncorrected.

Consumer Services and External Affairs' Response

Procedures have been developed and implemented to ensure all deposits and transfers are reviewed monthly.

Audit Conclusion

Audit concurs with both responses and will review the additional procedures during the October 2018 – September 2019 fiscal year audit.

Audit Issue #2 (Page 6)
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 15th day of the month, following the month for which the billing is issued.

Issue

The invoice for October 2017 was issued on Thursday, November 16 and the December 2017 invoice was issued Tuesday, January 16th as Monday, January 15th was a holiday. The October invoice should have been issued by November 15 as that fell on a Wednesday.

Recommendation

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

CAA's Response

The CAA will work to meet the deadline outlined in the *Fiscal Procedures Manual*.

Audit Conclusion

Audit agrees with the CAA response.

Audit Issue #3 (Page 12)
Eversource's Brochure Expenses

Background

On June 18, 2018 Graphic Brokerage invoiced all four utilities for the printing of the EAP brochures. Eversource also received a one-time invoice for translation services of the EAP brochure.

Issue

Eversource received an invoice in the amount of \$5,715 from Graphic Brokerage and an invoice from Linguistic Systems, Inc. in the amount of \$670 for translation of the EAP brochure. Printing expenses of \$6,385 were not booked to the EAP general ledger account nor were they noted on any of the monthly filings made with the PUC. Audit questioned if the invoices had been paid and Eversource noted the invoices were paid by Energy Efficiency as they had additional funds.

Recommendation

Audit notes that Eversource needs to pay for all EAP expenses from the EAP funds. Using funds from other sources to pay for EAP expenses is not allowed.

Eversource's Response

Eversource will ensure for any future brochures that the vendor use the correct invoice number.

Audit Conclusion

Audit understands that the NHSaves 2018 expenses are overstated by \$6,385. Audit also understands that any EAP expenses must be paid through the EAP fund, and not as Efficiency funds appear to be available.

Audit Issue #4 (Page 13 & 14)
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 and NHEC booked EAP expenses to the monthly reconciliation but did not book them to the general ledger until subsequent months. GSE received the Graphic Brokerage invoice in June but did not book it until September.

Eversource booked the October 2017 CAA invoice to the November reconciliation but did not book it to the GL until December. The February 2018 CAA invoice was noted on the March reconciliation but not booked to the GL until April.

NHEC booked the December CAA invoice to the GL in December but did not note the expense until the February reconciliation.

GSE received the brochure invoice in June 2018 but did not book the Graphic Brokerage expense of \$210 to their general ledger or monthly reconciliation until September.

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.

GSE needs to pay invoices and book them to the monthly reconciliation in a timely manner.

Eversource's Response

Eversource invoice does not hit the GL until they are paid through Accounts Payable system. We need to make sure the invoice is approved in a timely manner.

NHEC's Response

NHEC will make certain that invoices booked to the general ledger are properly recorded to the corresponding monthly reconciliation.

GSE's Response

GSE agrees with the recommendation and will pay all future invoices and book them to the monthly reconciliation in a timely manner.

Audit Conclusion

Audit concurs with each utility's response.

Audit Issue #5 (Page 15, 16 & 17)

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 Commission by the 15th of the following month.

The *Fiscal Procedures Manual*, sections 3.3.2 and 3.3.4, states the "Monthly System Benefits Charge Reconciliation" filings made by the Commission to the Treasury require them to be submitted within five days following the 15th of the month.

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 15th of the following month.

Issue

Two utilities, GSE and NHEC submitted monthly reconciliation following the 15th of the month. GSE and NHEC both submitted their March reports on April 16 and NHEC filed their August report on September 17.

Three reports were submitted to Treasury by the Commission late during the program year. The October report was issued November 27, the December report was issued January 25 and the August report was issued October 3. In order to meet the five-day deadline, they should have been submitted by November 22, January 22 and September 21, respectively.

UES, Eversource and NHEC all submitted payments to Treasury after the 15th of the month. UES submitted one late payment on April 24; NHEC submitted two late payments on February 27 and October 22; and NHEC submitted the June, July, August and September payments all following the 15th of the month.

Recommendation

The Commission needs to make sure that all reports are submitted to Treasury within five business days following the 15th of the month.

All utilities need to make sure that all required reconciliation reports are submitted to the Commission and ACH payments are transferred to Treasury by the 15th of the month.

Consumer Services and External Affairs' Response

Procedures have been developed and implemented to ensure the monthly reconciliation reports are submitted to Treasury no later than 5 business days following the 15th of the month.

NHEC's Response

NHEC will make certain that monthly reconciliations are reported to the PUC by the 15th of the month and payments submitted to Treasury will be made by the 15th of the month.

Eversource's Response

Eversource had some issue with payments getting approved in a timely manner. We will ensure going forward that payments are approved and paid by the 15th of the month.

UES's Response

The Company has researched the exception and determined that the payment was initiated timely, however it was not completed timely due to an inadvertent administrative error. The payment process has been reviewed to ensure the error does not recur.

Audit Conclusion

While Audit concurs with each response, all participants are encouraged to ensure that this ongoing program functions in the manner established through years of Commission approvals and the Fiscal Procedures Manual.

Audit Issue #6 (Page 16)
Commission's Internal Review of Reconciliations

Background

The Consumer Services and External Affairs reviews the monthly reconciliations submitted by the utilities prior to Treasury distributing funds.

Issue

During the review, the Commission makes sure that the calculation determining the amount to be paid by the utility or owed to the utility is correct.

During the audit of the program year, there were instances where Eversource did not include the brochure invoices as expenses on the reconciliations and GSE included the expense three months after being invoiced. The Eversource issue was not discovered until this audit.

Recommendation

Audit recommends that the Consumer Services and External Affairs look for outliers such as the brochure exclusion during their review of the reconciliations. If instances like these are identified during the monthly review, corrections can be made immediately and will result in less confusion than if the correction is made months after the error occurred.

Consumer Services and External Affairs' Response

Procedures have been changed to ensure this monthly review and comparison occurs.

Audit Conclusion

Audit concurs with the response from the Consumer Services and External Affairs division.

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: February 18, 2022

FROM: Bridget Heffernan, Examiner, Department of Energy

SUBJECT: Year 17 of the Tiered Discount Electric Assistance Program
DE 18-118 Program Year October 2018 – September 2019
FINAL Audit Report

TO: Amanda Noonan
Director Consumer Services, Department of Energy

Introduction

The Audit Staff (Audit) of the Department of Energy has conducted a review of the program parameters for the seventeenth program year of the Tiered Discount Electric Assistance Program (EAP), ending September 30, 2019. The audit has been conducted in accordance with Commission Order 26,176 issued 9/26/2018, 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 and Rorie Patterson from Department of Energy Staff; Linda Desmond from the NH Treasury; Kristen LaPanne from Belknap-Merrimack CAA; Janice Johnson from Eversource Energy; Autumn Doan from New Hampshire Electric Cooperative; Adam Hall from Liberty Utilities; and Christopher Goulding from Unitil Energy Systems.

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 Commission. The system benefits charge is a 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 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 Commission 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, they are responsible for contracting with and monitoring all of the Community Action Agencies and performing an annual compliance review of the CAAs. The annual review consist of a site visit to the CAAs 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 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 and External Affairs 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), Granite State Electric (GSE) 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 PUC (Department of Energy as of 7/1/2021)

The Commission, through the Director of Consumer Services and External Affairs, is responsible for overseeing the fiscal management of the statewide EAP. The monthly reports provided by the 15th of each month (for the preceding month's activity) by each utility are reviewed by the Director and/or Assistant Director. The Monthly Systems Benefit Charge Reconciliation of the funds to be received by Treasury, or disbursed by Treasury to the appropriate utility(s) or the Office of Strategic Initiatives (OSI), is prepared and submitted within five business days of the 15th. 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 Commission to Treasury* on page 15.)

The PUC 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 Commission* on page 15.)

The PUC 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 Commission 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, 2019 to the Legislative Oversight Committee to Monitor the Transformation of Delivery of Electric Services. The report summarized the EAP for the period ended August 31, 2019 and the EERS as of June 30, 2019. 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 year ended June 30, 2019, was compiled by the NH PUC Director of Consumer Services and External Affairs. The PUC 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 Commission 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 which received more SBC revenue than was used for the month, and ACH transfers are made by the Treasury to those utilities which expended more than the SBC collected. The monthly activity is supplied by Commission 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. The Treasurer's office also moves the OSI funds as directed by the PUC for administrative expenses documented and requested by OSI in accordance with a Memorandum of Agreement.

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.

Summary of the Office of Strategic Initiatives

The role of the Office of Strategic Initiatives has been documented and approved via a Memorandum of Agreement (MoA) between the Public Utilities Commission and the Office of Strategic Initiatives (OSI). The MoA was signed by the OSI Director and by the Chairman of the PUC on August 14, 2018. The Assistant Attorney General signed the MoA on August 28, 2018, and the MoA was presented to the Governor and Executive Council (G&C) for review and approved at the September 20, 2018 meeting. The agreement is valid through September 30, 2021.

The MoA outlines that requests for reimbursement will be submitted to the PUC on a quarterly basis within fifteen days following each quarter in which services are provided. The MoA specifically references the OSI's obligations outlined in the *EAP Monitoring and Evaluation Manual*, a copy of which was attached to the agenda item for the G&C to review.

Approval of the Program Year

The Commission issued Order 26,176 in Docket DE 18-118 on September 26, 2018, approving the utilities' and Office of Strategic Initiatives budgets submitted for the October 2018 through September 2019 program year.

Summary of the Utility and OSI Budgets

Budgets for Program Year seventeen were required to be provided to the Commission by August 1, 2018, 60 days prior to beginning of the program year as outlined in the *Utility Procedures Manual*, section 8.3.1. Four of the budgets were submitted prior to or on August 1, 2018 and one was filed on August 2, 2018. **Audit Issue #1**

	Date Submitted	Administrative	CAA Administrative	Total '18-'19
EVERSOURCE	7/31/2018	\$ 6,000.00	\$ 1,332,359.12	\$ 1,338,359.12
UES	8/1/2018	\$ 2,950.00	\$ 191,808.22	\$ 194,758.22
GSE	8/1/2018	\$ 523.00	\$ 127,994.75	\$ 128,517.75
NHEC	8/2/2018	\$ 2,100.00	\$ 186,842.91	\$ 188,942.91
OSI	7/31/2018	\$ 27,000.00	\$ -	\$ 27,000.00
TOTAL		\$ 38,573.00	\$ 1,839,005.00	\$ 1,877,578.00

EVERSOURCE budgeted \$6,000 for brochures and marketing materials for the program year. The total incremental administrative expenses of \$6,000 were the same as the last program year.

UES budgeted \$450 for brochure printing and \$2,500 for legal expenses; which totals \$250 more than last program year. UES also included incremental programming costs of \$2,900 to implement discount changes mandated by Order 26,132 in Docket DE 18-057. On August 28, 2018 UES submitted a revised budget to the PUC removing the \$2,900 for the changes to the discount. The graph above represents the revised budget.

GSE budgeted \$400 for brochures and posters, and \$122 for employee expenses (mileage and tolls) totaling \$523 (rounded). The total incremental administrative expenses were increased by \$2 from the prior year.

NHEC budgeted \$1,500 for brochures and mailings, and \$600 for legal. The total incremental administrative expenses of \$2,100, was an increase of \$100 in administrative expenses from the prior year.

OSI provided an original budget relating to personnel salaries, fringe benefits, phone and office supplies, rent, travel, IT, and indirect costs, which summed to \$7,000. The total expenses remained the same as the last program year. A revised budget was submitted to the PUC on August 23, 2018 to include \$20,000 for the triennial process evaluation. The graph above represents the revised budget.

Summary of Budgeted CAA Administrative Expenses

The utilities contract with the CAA, 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. 1/6th 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 (2017). Specifically:

	Percentage of Sales	% of CAA Administration	Rounded to Nearest Dollar
EVERSOURCE	72.45%	\$ 1,332,359.12	\$ 1,332,359
NHEC	10.16%	\$ 186,842.91	\$ 186,843
GSE	6.96%	\$ 127,994.75	\$ 127,995
UES	10.43%	\$ 191,808.22	\$ 191,808
		\$ 1,839,005.00	\$ 1,839,005

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

Actual CAA Administrative Expense Activity

Audit reviewed the actual CAA payment activity which revealed the following:

EVERSOURCE- During year seventeen, the CAA invoices received and paid totaled \$1,332,359.13, which was \$0.01 above the contracted amount.

NHEC- Paid a total of \$186,842.92. This amount was \$0.01 over the contracted amount.

GSE- During program year seventeen, GSE processed and paid, \$127,994.76, which was \$0.01 over the contracted amount.

UES- Processed and paid \$191,808.20 to the CAA. This amount was lower than the contracted amount by \$0.02.

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." During an audit of the program year beginning October 1, 2013 and ending September 30, 2014, the Program Administrator noted that "*The CAA will process invoices on the day preceding the 15th if that day falls on a weekend.*"

During the program year, two invoices were issued after the fifteenth of the month. The October 2018 invoice was issued on Thursday, November 29, and the July 2019 invoice was issued on Tuesday, August, 20. **Audit Issue #2**

Reported SBC/EAP Funding

The total kWh sales for the 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	7,745,128,468	\$ 11,617,693	\$ 9,375	\$ -	\$ 11,627,069
NHEC	775,687,095	\$ 1,163,531	\$ 803	\$ (13.82)	\$ 1,164,320
GSE	905,499,481	\$ 1,358,249	\$ 956	\$ (18.15)	\$ 1,359,187
UES	1,174,007,140	\$ 1,761,409	\$ 1,445	\$ -	\$ 1,762,854
TOTAL	10,600,322,184	\$ 15,900,882	\$ 12,579	\$ (31.97)	\$ 15,913,428

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.

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

NHEC – On their monthly reconciliations NHEC deducts kWh 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 without exception.

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

Adjustments in the amount of \$(13.82) were made to previous months' reconciliations due to previously posted errors. In October an adjustment of \$26.18 was made for the September reserve interest. In February a \$(40) adjustment was made to correct an error discovered on the March 2018 reconciliation during the previous EAP audit.

GSE – the billed kWh sales stated on the monthly reconciliations matched the kWh noted on the Bills & Volume reports from GSE's billing system, Cogsdale.

Audit was able to verify the SBC revenues on the monthly filings to the general ledger using a reconciliation provided by GSE. 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. The CCSM-MISC represents manual adjustments made to the EAP funding due to the peak and off-peak customers. GSE's billing system could not accommodate, until December 2018, applying the EAP discount to the first 750 kWh total and in turn applies it to the first 750kWh for each peak and off-peak. All customers who receive peak and off-peak billing have their invoices manually adjusted to represent the correct EAP discount amount. Due to the

SBC total amount of \$0.00457 prior to January 2019 and \$0.00535 effective January 2019 being split between three different programs, there was a slight difference between the GL and monthly filing amounts. Audit was able to verify the immaterial differences using a reconciliation provided by GSE.

Audit was able to verify the filed SBC amounts to the bills & volume report via GSE's reconciliations.

Audit previously spoke with GSE 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 doesn't 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 performed for the peak and off-peak customers as noted above.

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 do 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.

GSE had \$(18.15) in adjustments made to their monthly reconciliations during the program year. In April 2019 a \$(16.71) adjustment was made and in May a \$(1.44) adjustment was made. Both of these adjustments were for manual adjustments done to customer invoices.

GSE uses the calculation of the SBC times the kWh as their actual billed SBC amount.

UES - kWh sales were verified to the "UES Merged Cap & Sea Post Deregulation Electric Consumption and Revenue Worksheet" as were SBC revenues. No exceptions were noted.

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
GSE	\$	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. The link used to verify the rates was:

<https://fred.stlouisfed.org/series/usd3mtd156n>

NHEC, GSE and Unitil used the correct interest rate and calculated the monthly interest without exception. Eversource calculated the September 2018 interest amount with the correct interest rate but used a 31-day month instead of 30. The interest amount booked to the GL and monthly reconciliation was \$733.36 when the correct amount should have been \$709.70. The error was discovered and, on the October 2018 monthly reconciliation, the difference of \$23.66 was deducted from the interest amount. Audit reviewed the October reconciliation, and no exception was noted.

Actual Program Year Expenses/Discounts -Year 17

Customer Discounts

EVERSOURCE	\$	11,131,670	Verified to the monthly "Credits Applied" report and General Ledger Report.
NHEC	\$	1,228,826	Verified to the NHEC "Grand Totals Cycle:ALL" report
GSE	\$	477,376	Verified to Cogsdale Bills & Volume reports and general ledger with GSE reconciliation
UES	\$	1,121,143	Verified to the "LIEAP General Ledger" and "Ledger Detail Trial Balance"
Total	\$	13,959,015	

The discount amount on Eversource's Credits Applied reports were a total of \$7,511.17 lower than the amount actually reported on the monthly reconciliations due to cancel rebills or adjustments to customer accounts. The Credits Applied report does, however, show adjustments to the discount total for these cancel rebills. The differences were \$7,384.53 in December, \$(1.23) in January, \$73.33 in June and \$54.54 in September. Eversource has previously noted that these differences happen infrequently, and they have found that they correct themselves the following month.

In August 2019 it was discovered that an Eversource customer was awarded EAP benefits of 76% last fall but their bills were never adjusted to reflect the discount. The PUC discovered this error while trying to help this customer. The PUC reached out to Eversource and it was noted that it was an error on their end. Their billing department

found a transmission from 8/14/18 with approximately 12 customers on the account. Eversource fixed all of those customer's accounts and gave them the appropriate EAP discount back to 8/14/18.

The PUC's Audit Department was made aware of the error and followed up with Eversource. Audit requested an overview of their procedures for enrolling EAP eligible customers as provided by the CAAs. Eversource noted their current procedures and noted that going forward another step was added; a review by a second representative. Eversource also noted they get two reconciliations yearly of the EAP customers supplied by the Director of the CAP.

Audit questioned why these 12 customers were not discovered during the two reconciliations provided by the CAP. Eversource noted that they cross-referenced the reconciliations but there customers were not included.

Audit followed up with the Director of the CAP and meet with them on-site. Audit reviewed the CAP's procedures for enrolling customers on a daily, weekly, monthly and yearly basis. The CAP also mentioned that they are in process of having IT develop a report that shows EAP customers that have not been enrolled in the program. Going forward this would help mitigation and issue like this arising again. The CAP did provide Audit with a report dated 11/26/2018 which included the EAP customer in question. **Audit Issue #3**

During a previous program year NHEC stated the incorrect discount amount for the month of May 2017 on their reconciliation resulting in an overpayment to the EAP fund of \$20. On the March 2018 reconciliation NHEC attempted to correct the error; however, it was noted as a program fund credit for the overpayment of discounts which actually resulted in the payment from Treasury to NHEC to be an additional \$20 too low. NHEC made a \$40 adjustment for the May 2017 and March 2018 corrections on their February 2019 filing. Audit reviewed the February PUC filing, and no exceptions were noted with the correction.

For GSE, Audit was able to tie the discounts reported on the monthly filings to the general ledger and Bills & Volume report for the months of January through September. For the remaining months of October through December Audit was able to verify the discount amount from the monthly filings to the GL and revenue report through a reconciliation provided by GSE.

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 Commission, 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	\$ 6,000	\$ -	\$ 6,000	0%
Mileage/tolls	\$ -	\$ -	\$ -	0%
Total EVERSOURCE	\$ 6,000	\$ -	\$ 6,000	0%
<u>NHEC</u>				
Brochures and Marketing	\$ 1,500	\$ -	\$ 1,500	0%
Legal	\$ 600	\$ 1,579	\$ (979)	263%
Total NHEC	\$ 2,100	\$ 1,579	\$ 521	75%
<u>GSE</u>				
Brochures and Marketing	\$ 400	\$ 103	\$ 297	26%
Mileage/tolls	\$ 123	\$ 0	\$ 123	0%
Total GSE	\$ 523	\$ 103	\$ 420	20%
<u>UES</u>				
Brochures and Marketing	\$ 450	\$ 235	\$ 215	52%
Legal	\$ 2,500	\$ -	\$ 2,500	0%
Total UES	\$ 2,950	\$ 235	\$ 2,715	8%
<u>OSI</u>				
Personnel Salaries	\$ 8,320	\$ 2,985	\$ 5,335	36%
Fringe Benefits	\$ 6,944	\$ 1,923	\$ 5,021	28%
Phone/Office Supplies	\$ 136	\$ -	\$ 136	0%
Rent	\$ 372	\$ 159	\$ 213	43%
Travel	\$ 120	\$ -	\$ 120	0%
Information Technology	\$ 442	\$ 127	\$ 315	29%
Indirect Costs	\$ 10,666	\$ 1,735	\$ 8,931	16%
Total OSI	\$ 27,000	\$ 6,929	\$ 20,071	26%
Statewide Total Year 17	\$ 38,573	\$ 8,846	\$ 29,727	23%

Comparison of Budgeted to Actual Utility Incremental Administrative Expenses

The amounts in the "Budget" figures column represent those provided to the Commission and approved by Order 26,059. The amounts in the "Actual" figures

column are those reported monthly to the Commission 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 last program year, Eversource was invoiced \$5,715 from Graphic Brokerage on June 18, 2018, and invoiced \$670 from Linguistic Systems, Inc. on June 14, 2018 for translation services. Neither of these expenses were booked to the EAP GL account or included on the monthly reconciliations. Audit inquired, and Eversource noted that EERS had additional funds so the expenses were paid from that account and not EAP.

During the current program year, Eversource received an invoice from Graphic Brokerage in the amount of \$5,612.87 on June 19, 2019. This expense was not included on any of the monthly reconciliations. **Audit Issue #4**

NHEC - NHEC incurred legal expenses during the program year as they do not have an internal legal staff, and use the services of an outside legal counsel. Audit reviewed the legal invoice, and noted activity related to the EAP. 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. EAP charges of \$1,579 reflect the pro-rated discount.

NHEC did not include expenses for brochures on any of the monthly reconciliations during the program year. Their general ledger does show \$124.89 booked on June 19, 2019 for brochure expenses. **Audit Issue #4**

GSE – Granite State Electric reported \$103 in brochure expenses for the month of July 2019. The Graphic Brokerage invoice was dated June 19, 2019 and the expense was booked to GSE's general ledger in July. No exception was noted.

UES – UES incurred \$235 in administrative expenses from October 1, 2018 through September 30, 2019. This amount was paid to Graphic Brokerage for the purchase of brochures.

OSI- A total of eight invoices were submitted for the program year. Two invoices were sent on a quarterly basis, one for On-going Oversight expenses and one for the Triennial Process Evaluation. Invoices were sent for the following quarters; October 1, 2018 - December 31, 2018; January 1, 2019 – March 31, 2019; and April 1, 2019 – June 30, 2019; plus a revised invoice for that same period. All six of the quarterly invoices were submitted within 15 days following each quarter in which the services were provided. The revised invoice was submitted on September 19, 2019.

Comparison of Program Year 17 to Program Year 16

Total kWh sold during the program year were 226.1M or approximately 2% less than the kWh sold in the prior program year. Likewise, the SBC also decreased by

\$338,950 or approximately 2% from the prior program year. Reserve interest increased by \$2,669 or 21% from the prior year. Total funding for the program year ending 9/30/2019 decreased \$336,248 or approximately 2% from the prior program year ending 9/30/2018. Additionally, participant/customer discounts increased by \$274,809 or 2% from the prior year.

General Ledger

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

EVERSOURCE - utilizes account #254 to reflect the activity within the EAP and to maintain the Reserve Balance. All activity on the monthly reconciliations filed with the Commission was verified to the activity on the Low Income Electric Assistance Program Reconciliation. All of 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 October 2018 CAA invoice was billed on November 29 in the amount of \$85,626. The invoice is noted on the November monthly reconciliation but was not booked to Eversource's general ledger until December.

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 three audit reports. In the audit issue from program year fourteen Eversource noted that it would "*record all expenses for the same month they are booked on the reconciliation*". **Audit Issue #5**

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 with two exceptions. In October 2018, NHEC booked \$31,140.48 to the general ledger for the CAA advance invoice. This amount was not booked to any of the monthly reconciliations. The December CAA invoice, which was billed on January 15, 2019, was booked to the general ledger in December and reflected on the February monthly reconciliation. **Audit Issue #5**

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 for the group net metering kWh that would reduce the SBC collected. No exceptions were noted.

GSE - 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 (\$0.00457 per/kWh for October - December and \$0.00535 per/kWh for January-September) is recorded in general ledger account 2542. The EERS portion (\$0.00275 per/kWh for October - December and \$0.00373 per/kWh for January - September) and Lost Base Revenue portion of the SBC (\$0.00032 per/kWh for October - December and beginning in January \$0.00012) 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 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 provided by GSE.

Customer discounts for all months tied from the monthly reconciliation to the general ledger and revenue reports using the allocation report provided by GSE 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 any exceptions. In September 2017 GSE calculated the interest incorrectly and subsequently overpaid Treasury \$0.22. An adjustment was made on their October 2018 filing to correct this overpayment.

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 without exception.

Monthly Reporting by Utilities, Commission, and Treasury

Audit noted that each of the utilities filed the monthly reports electronically, in compliance with the Puc Rule 202.05(b). One paper copy was also submitted, as required, for the docket file. 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 15th day following the month end.

UES, Eversource and GSE filed all twelve of their monthly reconciliation reports on or before the 15th of each month. NHEC filed two of their reports late; July was filed on August 16, 2019 and August was filed on September 16, 2019. **Audit Issue #6**

Issuance of the consolidated monthly report by the Commission 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

Commission 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 15th of the month.

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

Prior to the submission of the report to Treasury, the Commission reviews the monthly reconciliation made by the four utilities. During this review the Commission recalculates the SBC collected, interest, expenses, and the total due to/from Treasury.

The EAP brochures for all utilities are ordered and invoiced at the same time. Eversource and NHEC did not include the brochure invoice on their monthly reconciliations, GSE recorded theirs one month later, and UES recorded the invoice the month it was received. As all invoices are submitted to the companies at the same time, Consumer Services and External Affairs should be aware to look for these errors in the future. Discovering the error when the monthly reconciliation is submitted is more timely to correct rather than waiting for the end of the program year for the Audit to be complete. **Audit Issue #7**

Issuance of the monthly activity report by Treasury to the Commission

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 Commission 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 15th day of the following month."

UES submitted all twelve of their ACH transfers prior to the 15th of the month.

NHEC only made one transfer to Treasury during the program year. The one transfer was completed on the 12th of the month it was due.

EVERSOURCE made two ACH transfers during the program year. Both of the payments were made after the 15th of the month. The August payment should have been

made by September 15 but was made on October 18. The September payment was made on November 18 which it should have been made by October 15. The September 2018 payment, from the previous program year, was not made until intervention of the PUC. In January 2019, the Director of Consumer Services and External Affairs discovered that the September payment in the amount of \$196,419 had not been made. Eversource agreed that payment was not issued to Treasury and processed the payment. Treasury reported to the PUC that the funds were received on February 6, 2019. **Audit Issue #6**

GSE made twelve transfers to Treasury during the program year. All of the transfers were completed on or before the 15th of the month.

Transmission of under-collection of EAP funds from Treasury to the utilities – “The Commission shall prepare and submit to the Treasury a Monthly Systems Benefits Charge Reconciliation within five business days of the 15th.” Within five business days of receipt of the Reconciliation, the Treasury shall electronically transfer the funds to the specific utility(s). Upon review, all ACH transfers were completed by Treasury within five business days of receiving the reconciliation from the Commission.

Treasury erroneously made a double payment to OSI in October and December. In October the PUC provided Treasury with the September System Benefits Charge Reconciliation in which the EAP fund owed OSI \$971.23. In December the PUC sent Treasury a revised September reconciliation as the deposit amount to be made by Liberty was corrected. This revised reconciliation was only provided to Treasury so they could track the funds that were being deposited in Treasury. Treasury erroneously made the \$971.23 payment to OSI when they received the revised report.

The PUC reviewed the monthly bank statements sent by Treasury, and during that review is when this error was discovered. The PUC reached out to Treasury and OSI to rectify the situation. OSI never did a cash receipt for the duplicate payment and was therefore never actually deposited into their account. Treasury transferred the money back to the EAP account in January and Audit was able to verify the deposit into the EAP fund.

Tariff Compliance

There were no changes to the EAP program during program year seventeen that required the utilities to update their tariff. 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.

<u>Tier</u>	<u>Poverty Level</u>	<u>Discount</u>
2	151%-200%	8%
3	126%-150%	22%
4	101%-125%	36%
5	76%-100%	52%
6	<=75%	76%

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.

During the previous program year, GSE noted there was a formula error calculating the EAP discount for customers who receive Peak and Off-Peak rates. GSE corrected the formula and identified 15 customers, with a total of 166 invoices, received EAP discounts totaling \$585.92 over what should have been given. GSE provided Audit with supporting documentation of the \$585.92 and noted they would not adjust the customers' bills to reflect the discount overage, but they would pay the EAP fund back. On their February 2019 monthly filing with the PUC, GSE noted a line item for the overage and paid the funds back to Treasury. No exception was noted.

During the recalculation of one of the customer invoices provided by Liberty, Audit was unable to verify the EAP discount amount given. Audit requested additional information from Liberty. They noted that there was a distribution charge rate change during the billing period. As the customer used 823 kWh, the first 750 kWh had to be prorated between the two rates. Liberty provided Audit with the calculation used to determine the EAP discount and no exception was noted.

Audit notes there was a calculation error on one of the Until customer invoices reviewed. The customer used 804 kWh during the month, which is over the 750 kWh on which the EAP discount can be applied. For the supplier portion of the invoice, the EAP discount was properly applied to only 750 kWh; however, the EAP discount was given on the full 804 kWh on the delivery portion of the invoice. The error resulted in a discount amount of \$1.27 to be given in error. **Audit Issue #8**

Procedure Manuals

All four procedure manuals were updated during the 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 2018-2019 program year. No exception was noted with the review of the manuals.

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 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 Commission's original schedule, and the rolling on-going schedule column provides the subsequent audit schedule.

<u>Agency</u>	<u>Commission Original Schedule</u>	<u>Rolling on-going Schedule</u>
Community Action Program Belknap-Merrimack Counties, Inc.	FY 07/08	FY 2020
Tri-County Community Action Program, Inc.	FY 08/09	FY 2018
Southwestern Community Services, Inc.	FY 09/10	FY 2020
Strafford County Community Action Committee, Inc.	FY 09/10	FY 2018
Southern New Hampshire Services, Inc.	FY 07/08	FY 2020

Community Action Program Belknap-Merrimack Counties, Inc. The fiscal year ending February 28, 2019 financial audit report was issued on January 16, 2020 with an unmodified opinion. The EAP was specifically identified within the A-133 section of the 2017 report and was not required for this fiscal year. The next A-133 should be included in the audit report for the period ending 2/29/2020.

Tri-County Community Action Program Inc. Audit was provided with the fiscal year ending June 30, 2018 financial audit. This audit report was issued on October 19, 2018 with an unmodified opinion. The A-133 review was last completed for the fiscal year ending 2015 and therefore was required for the 2018 audit. Audit reviewed the financial audit for the period ending 2018 and noted the A-133 review was not included in the report. **Audit Issue #9**

Southwestern Community Services, Inc. Audit was provided with the fiscal year ending May 31, 2018 financial audit report issued on September 17, 2018 with an unmodified opinion. The A-133 review was last completed during fiscal year ending 2017. The next A-133 should be included in the audit report for the period ending 5/31/2020.

Community Action Partnership of Strafford County Audit was provided with the financial audit for the year ending December 31, 2018. The report was issued with an unmodified opinion on September 11, 2019. The A-133 review was last performed in 2015 and was therefore required for the period ending 12/31/18. Audit notes that the

required A-133 review was not included in the financial report for the period ending 2018. **Audit Issue #9**

Southern New Hampshire Services, Inc. Audit was provided with the financial audit for the fiscal year ending July 31, 2018. The audit report was issued on January 17, 2019 with an unmodified opinions. The EAP was specifically identified within the A-133 section of the 2017 financial audit report. The next scheduled A-133 review should be completed for fiscal year ending 7/31/2020.

CAA Compliance Review

The Program Administrator complied with the EAP *Monitoring and Evaluation Manual* by conducting a compliance review and site visits at each of the community action agencies. The annual compliance report was presented to members of the EAP Advisory Board, in compliance with section 6 of the *Monitoring and Evaluation Manual*, on July 1, 2019.

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 fourth process evaluation was to be due on April 1, 2019. The report was submitted by OSI on April 1, 2019 with a revised report issued June 3, 2019. **Audit Issue #9**

OSI conducted the process evaluation during the 2016-2018 program year focusing on the following three areas:

- Whether EAP has met the level of need, within the limits of the available System Benefits Charge funds
- Whether the EAP conforms to program design guidelines
- Whether the EAP operated efficiently

The audit report concluded that EAP has met the level of need within the limits of the available funds over the three years reviewed. Three main objectives of the program are to provide benefits to approximately 30,000 customers, target the greatest benefit to consumers in the lowest poverty brackets, and minimize the number of customers on the waitlist. The average number of households served during the triennial period was 31,250 with the number of households declining over the three years. The lowest enrollment was in September 2018 of 29,042 enrollees. EAP was noted to be meeting the objective to provide the greatest benefit to the lowest poverty brackets, as evidenced by the fact that 78% of all participants fell into the 150% or lower FPG over the course of the triennium. EAP has not had a waitlist since May 27, 2012. Th report also notes that low-income assistance programs across the United States have reported declining enrollment over the past several years.

Also concluded in the report was that EAP largely conforms to program design guidelines. Program administrators noted they believed that the current manuals covered all aspects, and the day-to-day operations of the program conforms to all guidelines stated in the procedure manuals. All manuals were last updated on August 10, 2018. OSI recommends that all four procedure manuals be reviewed and updated as necessary prior to their next Triennial Process Evaluation in 2022. OSI will perform their review in 2022 for the three year period of 2019-2021.

The third area of focus during the audit, whether the EAP operated efficiently, noted that the EAP is a complex system. All stakeholders reviewed believed the program ran efficiently and for relatively low cost. OSI noted that their *"process evaluation indicates that the fiscal oversight and fiscal management aspects of the EAP, including the monthly utilities reconciliation process and disbursement of EAP benefits, operate efficiently with the exception of a few cases where a utility was late in paying back the surplus amount of EAP SBC funds collected to the State Treasury as noted in the PUC EAP audits"*.

EAP Advisory Board

The EAP Advisory Board Meeting Minutes are posted to the PUC website at the following link:

<http://www.puc.nh.gov/Consumer/electricassistanceprogram.htm>

Audit reviewed the minutes for the quarterly meetings held on October 27, 2018, January 25, 2019, April 26, 2019, and August 9, 2019. Also reviewed were minutes from additional meetings held on May 9, 2019, May 21, 2019 and June 13, 2019.

During the October 2018 quarterly meeting, the July 2018 meeting minutes were approved as edited. The utilities provided an update on applying discounts on competitive energy supply. OSI noted they will be hiring a consultant to develop an RFP for the new FAP/EAP software. New Hampshire Legal Assistance (NHLA) noted that the monthly reconciliation reports the utilities provide are not in a standard format. The PUC noted the intent was to have the same information but reports were to be submitted based on the utilities' billing system. Utilities were going to look into updating their spreadsheets to have them all formatted the same.

Also discussed during the October meeting were the types of customer outreach performed by the utilities. Reporting requirements, specifically the arrearage report, was discussed. NHLA and the utilities would like to establish an arrearage management program. The discussion was tabled until the January meeting. It was noted that the Triennial Performance Evaluation was set to begin with a final report scheduled for April 1, 2019.

It was noted that the CAAs require stock of brochures. Changes need to be made to include competitive supply, poverty levels and the poster needs to be updated to match. The Belknap-Merrimack CAA noted they have extended their business hours through February. Also discussed was that the utilities should file jointly for recovery of the

expenses incurred for the implementation of the EAP discount to the competitive supplier portions of the bill.

The last item discussed during the October meeting was the EAP fund balance. Discussions included raising eligibility level to match FAP, an arrears Management Program, and raising the 750 kWh usage cap. Action items were given to some board participants and further discussion was tabled until January. The January meeting was scheduled for January 25, 2019.

During the January quarterly meeting, the October meeting minutes were approved subject to minor edits. Monthly reconciliation reports that the utilities and NHLA provide were discussed and if active and inactive EAP customers are on the aging reports. The CAA reviewed the monitoring and evaluation reporting with the group and NHLA requested additional information regarding denied applications. An arrearage Forgiveness Program was discussed. NHLA was to take the lead on a sub-committee to develop a program outline for a possible NH program. The possibility of increasing the EAP eligibility to match that of the Fuel Assistance Program (FAP) was also discussed. Lastly, the utilities' recovery cost for competitive supply benefit was also discussed. Eversource and Liberty were the only two utilities that were going to file for recovery of costs. The next meeting was scheduled for April 26, 2019.

The April quarterly meeting approved the January meeting minutes as presented. Discussed during the meeting was the low/moderate include solar proposal, radio public service announcements that would be at no cost to EAP, the EAP funds not being sufficient to support a long-term arrearage management program, and the purchase of program brochures.

The Triennial Process Evaluation (TPE) summary was presented by OSI. The report was filed and presented to the Board on April 1, 2019. In general, OSI concluded that the EAP is functioning efficiently and effectively and its recommendations were only to make the program better. OSI did ask the Board to consider moving the deadline for the TPE to one month following the completion of the annual financial audit of the EAP.

The final item discussed at the April meeting was increasing the eligibility threshold of 200% of the Federal Poverty Guidelines (FPG) to 60% of the State Median Income (SMI). The FAP uses 60% of SMI and during the 2018-2019 program year, 3,000 households that qualified for FAP did not meet eligibility requirements for EAP. A conference call was scheduled for May 9, 2019 to discuss the projected impact on the EAP fund. The next regularly scheduled quarterly meeting was for July 29, 2019.

The May 9, 2019 Advisory Board Meeting was held to discuss possible programmatic changes to the EAP. Projections of the impact of the EAP fund regarding the income eligibility level being increased from 200% FPG to 60% SMI were distributed prior to the meeting. It was noted that changing the eligibility threshold for EAP would not significantly affect the balance of the EAP, but would provide uniformity to the eligibility threshold the FAP uses. It was also noted that there is no guarantee that the FAP will continue to use the 60% SMI as it is a federally funded program and it depends on the level of federal funding which is unknown until October.

Other possible programmatic changes discussed were increasing the kWh threshold and/or increasing the discount percentages. As there is not much room to increase the 76% discount tier and maintain proportionality with the other tiers, the discussion focused on increasing kWh threshold. It was noted that a study performed in 2010 by Eversource and the CAA Administrator showed the average monthly usage of EAP customers to be 588 kWh and 70% of the participants using below 700 kWh. The Board discussed updating the study and agreed for the utilities to provide average monthly usage for all residential customers and an average for EAP customers. Another call was scheduled for May 21, 2019 to further discuss program changes and update customer usage information.

During the May 21, 2019 meeting it was noted that the customer averages the utilities provided prior to the meeting were averages and did not show the true number of customers that use above 750 kWh. It was believed that there are a significant number of EAP customers who would benefit from an increase in the kWh threshold. One board member suggested providing the number of consumers who exceeded the 750 kWh limit and what the maximum kWh used per month. The utilities were to provide additional data prior to the next conference call scheduled for June 13, 2019.

The June 13, 2019 meeting was set to discuss programmatic changes to the EAP. The group discussed the average use data the utilities previously provided. Further discussed was the increase to the kWh threshold and the increase in assistance to high usage due to medical conditions or electric heat. The group thought it would be helpful to see the percentage to customers who fell under the 750 kWh cap when it was originally recommended and the percentage that would fall under an 850 kWh cap.

Also discussed, which was previously noted in a previous meeting, was shifting EAP funds to the energy efficiency program for low-income customers; however, it was noted that there are not sufficient vendors to serve the program which would make shifting the funds not effective. Another previously mentioned idea that was discussed was shifting funds to the Neighbor Helping Neighbor Fund and Project Care. EAP had done this previously. The final note of the meeting was that only one change at a time should be implemented in order to see the effect on the fund. It was agreed to proceed with recommending the change from 200% FPG to 60% SMI. The next board meeting was scheduled for July 26, 2019.

The quarterly meeting to be held in July was rescheduled for August 9, 2019. During that meeting the April, May and June meeting minutes were approved without revisions. During the August meeting, the 2018-2019 budgets and schedules were discussed. The kWh threshold increase and eligibility levels were discussed again during this meeting. Also discussed was the revised Triennial Process Evaluation. Items noted from the report were that the EAP manuals were to be updated by the next review, denial standardized, make sure enrollment data is consistent with CAA to utilities, and an anonymous survey for recertifications by CAA. The next quarterly meeting was scheduled for October.

Cash On Hand

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

Cash Balance 10/01/2018	\$2,465,031
Cash Balance 9/30/2019	<u>\$2,751,356</u>
Net Increase	\$ 286,325

The Board noted during the July 2018 meeting they would discuss increasing the EAP eligibility threshold, if a surplus still exists, in the spring of 2019 once the impact to the fund is better known following the implementation of including the competitive supplier portion of customer invoices in the EAP discount.

As the surplus still existed, the Board held several meetings over the course of the program year discussing programmatic changes to the EAP. It was decided by the Board, during their June 13, 2019 meeting, they would proceed with recommending the change of increasing the eligibility threshold from 200% of federal poverty guidelines to 60% of state median income.

The following five pages relate to the Agencies' A-133 reviews.

COMMUNITY ACTION PROGRAM BELKNAP-MERRIMACK COUNTIES, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2019**

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. One material weakness relating to the audit of the financial statements is 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 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, Low Income Home Energy Assistance Program 93.568, Aging Cluster, 93.044, 93.045 and 93.053, Social Services Block Grant 93.667, U.S. Department of Agriculture, Women, Infants and Children 10.557, U.S. Department of Transportation, Formula Grants for Rural Areas 20.509, Enhanced Mobility of Seniors and Individuals with Disabilities 20.513.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Community Action Program Belknap-Merrimack Counties, Inc. was determined to not be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2018

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 <u> √ </u> No	
Significant deficiency(ies) identified?	_____ Yes <u> √ </u> None reported	
Noncompliance material to financial statements noted?	_____ Yes <u> √ </u> No	

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes <u> √ </u> No	
Significant deficiency(ies) identified?	_____ Yes <u> √ </u> 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 <u> √ </u> No	

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
CCDF Cluster	93.575/93.596
WIOA Cluster	17.258/17.278
Child and Adult Care Food Program	10.558
Low-Income Home Energy Assistance	93.568
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$970,534</u>
Auditee qualified as low-risk auditee?	<u> √ </u> 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. AND RELATED COMPANIES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MAY 31, 2018**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Southwestern Community Services, Inc. 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. 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, and Head Start, 93.600, and U.S. Department of Agriculture; Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), 10.557.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Southwestern Community Services, Inc. was determined to not 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, 2018

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. Two significant deficiencies disclosed during 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, Low-Income Home Energy Assistance Program, CFDA 93.568, and Head Start, CFDA 93.600.
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

2018-001 General Ledger Close and Adjusting Journal Entries

Condition: A significant quantity of adjusting journal entries were provided by the Organization during the audit. Significant adjusting entries related to the following areas: cash, accrued payroll, pledges receivable and property. The adjusting entries were provided by management, and in certain cases, identified by the auditor.

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 in Accordance with 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 – CFDA #93.568
 - U.S. Dept. of Health & Human Services, TANF Cluster – CFDA #93.558
 - Electrical Assistance Program (Non-Federal) – NH Public Utilities Company
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

Audit Issue #1 (Page 4)
Late Budget Submittal

Background

Budgets for Program Year seventeen were required to be provided to the Commission by August 1, 2018.

Issue

The New Hampshire Electric Co-op submitted their program year seventeen budget to the Commission on August 2, 2018.

Recommendation

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

NHEC's Response

NHEC will submit all future budgets by the required date.

Audit Conclusion

Audit concurs with NHEC's Response.

Audit Issue #2 (Page 6)
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 15th day of the month, following the month for which the billing is issued.

Issue

The invoice for October 2018 was issued on Thursday, November 29, 2018 and the July 2019 invoice was issued Tuesday, August 20, 2019.

Recommendation

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

CAA's Response

We are aware that the invoices are to be provided to the utilities by the 15th of the following month. There are sometimes issues with CAA staffing that prevent the timely processing of these invoices. We send reminders on the 10th of each month to the CAA's to ensure we also have time to process and submit.

Audit Conclusion

Audit concurs with the CAA's response.

Audit Issue #3 (Page 10)
Eversource's Enrollment Issue

Background

In August 2019, the Commission discovered a customer was not awarded the EAP benefit of 76%. The PUC followed up with Eversource and the CAA to rectify the issue.

Issue

Eversource's billing department found a transmission from 8/14/18 that contained 12 customers who were never enrolled. Eversource fixed the customers' accounts and gave the appropriate EAP discount back to 8/14/18.

Audit followed up with both Eversource and the CAA to review their procedures for enrolling EAP customers. Eversource noted they have since added a second review when enrolling EAP customers. The CAA noted they are in the process of developing a report that shows EAP customers who have not been enrolled.

Recommendation

Audit recommends that both Eversource and the CAA review their enrollment procedures in detail. Eversource should evaluate the updated procedures after they have been in effect to determine if they are effective in catching any potentially missed customers. The CAA should continue working on the unenrolled report and determine if any additional precautions can be added to the enrollment process.

Eversource's Response

The Community Action Agencies (CAAs) securely transmit electronic files daily of customers who are eligible to be enrolled on the discount rate. The CAAs will receive a confirmation email when Eversource has received and successfully accessed the transmitted file. If the transmitted file was not successfully received by Eversource, the CAAs have the email as confirmation and immediate awareness to research for potential issues. Additionally, the enrollment process is fully automated and accounts that are eligible to be enrolled on the discount rate that the automation process could not complete, are worked manually by representatives.

CAA's Response

To our knowledge, we have not encountered this issue since putting in place the additional enrollment review procedures. We continue to research any cases that may be delayed to ensure proper enrollment.

Audit Conclusion

Audit concurs with the CAA's response.

Audit Issue #4 (Page 12)

Brochure Expenses

Background

On June 19, 2019 Graphic Brokerage invoiced all four utilities for the printing of the EAP brochures.

Issue

Eversource received an invoice in the amount of \$5,613 from Graphic Brokerage. This invoice was not recorded on the EAP general ledger account nor was it included on the monthly reconciliations.

NHEC received a Graphic Brokerage invoice for \$125. This invoice was noted on their general ledger but was not included on their monthly reconciliations.

Recommendation

Audit notes that Eversource needs to pay for all EAP expenses from the EAP funds. Using funds from other sources to pay for EAP expenses is not allowed.

NHEC needs to make sure all EAP expenses booked to their general ledger be recorded on their monthly reconciliations.

Eversource's Response

Effective immediately, Eversource will establish specific work order and accounting instructions so that all EAP expenses will be paid from the EAP Funds.

NHEC's Response

NHEC will ensure all future EAP expenditures are recorded on the monthly reconciliations.

Audit Conclusion

Audit concurs with NHEC's response.

Audit Issue #5 (Page 13) 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 and NHEC booked EAP expenses to the monthly reconciliation but did not book them to the general ledger until subsequent months.

Eversource booked the October 2018 CAA invoice to the November reconciliation but did not book it to the GL until December.

NHEC booked the October CAA Advance to the GL but it was not included on any monthly reconciliations. The December CAA invoice was posted to the GL in December but did not note the expense until the February reconciliation.

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's Response

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's Response

NHEC will ensure all future activity between the GL and reconciliation reports are recorded on a timely basis.

Audit Conclusion

Audit concurs with the Utilities' responses.

Audit Issue #6 (Page 14 & 16)

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 Commission by the 15th of the following month.

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 15th of the following month.

Issue

NHEC filed two of their reports late; July was filed on August 16, 2019 and August was filed on September 16, 2019.

Eversource submitted two payments late. The August payment should have been made by September 15 but was made on October 18 and the September payment was made on November 18 and should have been paid on October 15.

Recommendation

All utilities need to make sure that all required reconciliation reports are submitted to the Commission and ACH payments are transferred to Treasury by the 15th of the month.

NHEC's Response

NHEC will ensure all future EAP reconciliation reports are submitted and the corresponding ACH payments are transferred to Treasury by the 15th of the month.

Eversource's Response

The procurement process for vendor payments is limited by the dollar thresholds set within the purchase orders (PO) for a particular vendor. In this case, the NHPUC PO had reached the maximum amount allowed and required an authorized increase to the PO threshold before any payments could be made against the PO. Such system controls are developed for Sarbanes-Oxley purposes and can result in late payments to our vendors at times but establish critical key controls to ensure proper segregation of duties and responsibilities for authorization, PO threshold increases, and payment processing. Eversource will enhance their process to ensure the PO for the EAP program payments will at all times maintain a reasonable unused and request authorization to increase the PO long before the dollar threshold is met. This will mitigate the risk of future delays in payments.

Audit Conclusion

Audit concurs with the Utilities' responses.

Audit Issue #7 (Page 15)
Commission's Internal Review of Reconciliations

Background

The Commission reviews the monthly reconciliations submitted by the utilities prior to Treasury distributing funds.

Issue

During the review, the Commission makes sure that the calculation determining the amount to be paid by the utility or owed to the utility is correct.

During the audit of the program year, there were instances where Eversource and NHEC did not include the brochure invoices as expenses on the reconciliations and GSE included the expense one month after being invoiced. The Eversource issue was not discovered until this audit.

Recommendation

Audit recommends that the Consumer Services and External Affairs Division look for outliers such as the brochure exclusion during their review of the reconciliations. If instances like these are identified during the monthly review, corrections can be made immediately and will result in less confusion than if the correction is made months after the error occurred.

Consumer Services and External Affairs Response

The Consumer Services and External Affairs Division does not receive notice when invoices are issued for brochures. However, when recovery of costs associated with brochures are included on one utility's monthly reconciliation report, the Division will monitor the monthly reports filed by the other utilities in an effort to ensure costs are recovered in a timelier way.

Audit Conclusion

Audit concurs with Consumer Services and External Affairs' response.

Audit Issue #8 (Page 17)
Unitil's Customer EAP Calculation

Background

Audit reviewed a random sample of customer invoices, for all discount tiers, to ensure compliance with the Commission Orders relative to the discount rates/tiers.

Issue

Audit reviewed the sample invoice from Unitil and noted that one EAP customer used 804kWh, which is over the 750 kWh EAP cap. The EAP discount for the supplier portion of the invoice was correctly calculated using 750 kWh but the EAP discount on the delivery portion was calculated on the full 804 kWh.

The difference in the EAP discount was \$1.27. As a single instance, this is an immaterial difference, but if the EAP discount is calculated incorrectly on the delivery portion for customers using over 750 kWh, this could result in a significant difference.

Recommendation

Audit recommends that Unitil look at the calculation used for the EAP discount of the delivery portion of their invoices. Any updates that need to be made to correct any error should be made immediately.

UES' Response

Unitil is reviewing the calculation variance identified by Audit and will make the necessary adjustments.

Audit Conclusion

Audit concurs with UES' response.

Audit Issue #9 (Page 18 & 19)
Compliance with Commission Order 24,820

Background

Commission Order 24,820, issued January 30, 2008 outlined the fiscal years for which an A-133 single audit must be conducted by the external auditors of the community action agencies.

Also noted within the Order was the requirement for OSI to perform a process evaluation every three years, with the reports due by April 1.

Issue

Tri-County Community Action Program included an EAP program break out on the A-133 for fiscal year ending June 30, 2015. The next three year cycle should have been for the fiscal year ending June 30, 2018. An EAP break out was not performed for fiscal year 2018

Community Action Partnership of Strafford County had their last review conducted for their fiscal year ending December 31, 2015 which would make their next review due for their fiscal year ending July 31, 2018. The A-133 for fiscal years ending 2018 did not include a break out of the EAP section.

OSI submitted the draft evaluation review on April 1, 2019 with the final being issued on June 3, 2019

Recommendation

Each of the participating Community Action agencies must comply with the Commission Order.

Please make sure that the A-133 review is completed during the next financial audit.

OSI needs to ensure their final reports are issued by April 1 of the year due. If an extension is needed a request should be submitted to the Commission.

Program Administrator's Response

We acknowledge the Recommendation by the Commission and will work with OSI (NH DOE) to ensure the participating Community Action Agencies comply with the commission order to provide a break out of the EAP section during the next financial audit.

Audit Conclusion

Audit concurs with the Program Administrator's response.

Audit notes that House Bill 2 from 2021 established the Department of Energy and re-organized OSI. As of the date of the Audit Report, OSI, in the capacity as noted in this report, is no longer in existence.

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: February 25, 2022

FROM: Bridget Heffernan, Examiner, Department of Energy

SUBJECT: Years 18 and 19 of the Tiered Discount Electric Assistance Program
DE 19-132 Program Year October 2019 – September 2020
DE 20-123 Program Year October 2020 – September 2021
FINAL Audit Report

TO: 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 eighteenth and nineteenth program years of the Tiered Discount Electric Assistance Program (EAP), ending September 30, 2020 and September 30, 2021, respectively. 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; Christopher Vought, Jill Lesmerises and Kenny Landry from Belknap-Merrimack CAA; John Braswell from Eversource Energy; Kelley Achenbach from New Hampshire Electric Cooperative; Adam Hall from Liberty Utilities; and Elena Demeris from Unitil Energy Systems.

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 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, they are 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 the CAAs 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 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), Granite State Electric (GSE) 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 (Previously the Public Utilities Commission)

The Department of Energy, through the Director of Consumer Services, is responsible for overseeing the fiscal management of the statewide EAP. The monthly reports provided by the 15th 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) or the Office of Strategic Initiatives (OSI), is prepared and submitted within five business days of the 15th. 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, 2020 and October 1, 2021 to the Legislative Oversight Committee to Monitor the Transformation of Delivery of Electric Services. The 2020 report summarized the EAP for the period ended August 31, 2020 and the EERS as of June 30, 2020. The 2021 report summarized the EAP for the period ended August 31, 2021 and the EERS as of June 30, 2021. 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, 2020 and June 30, 2021, 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 which received more SBC revenue than was used for the month, and ACH transfers are made by the Treasury to those utilities which 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. The Treasurer's office also moves the OSI funds as directed by Energy for administrative expenses documented and requested by OSI in accordance with a Memorandum of Agreement.

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.

Summary of the Office of Strategic Initiatives

The role of the Office of Strategic Initiatives has been documented and approved via a Memorandum of Agreement (MoA) between the Public Utilities Commission and the Office of Strategic Initiatives (OSI). The MoA was signed by the OSI Director and by the Chairman of the PUC on August 14, 2018. The Assistant Attorney General signed the MoA on August 28, 2018, and the MoA was presented to the Governor and Executive Council (G&C) for review and approved at the September 20, 2018 meeting. The agreement is valid through September 30, 2021.

The MoA outlines that requests for reimbursement will be submitted to the PUC, now Energy, on a quarterly basis within fifteen days following each quarter in which services are provided. The MoA specifically references the OSI's obligations outlined in the *EAP Monitoring and Evaluation Manual*, a copy of which was attached to the agenda item for the G&C to review.

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.

Approval of the Program Year

The Commission issued Order 26,292 in Docket DE 19-132 on September 13, 2019, approving the utilities', CAA and Office of Strategic Initiatives budgets submitted for the October 2019 through September 2020 program year.

Order 26,405 in Docket 20-123, issued by the Commission on September 18, 2020, approving the utilities', CAA and Office of Strategic Initiatives budgets submitted for the October 2020 through September 2021 program year.

Orders Issued

On December 26, 2019 Order 26,321 was issued in Docket DE 19-192 increasing the income eligibility threshold from 200 percent of the Federal Poverty Guidelines to 60 percent of the New Hampshire state median income.

In the Advisory Board's proposed design change dated December 4, 2019, it noted that approximately 3,000 additional households will be served with the increase in threshold. The proposal estimated the EAP fund would be reduced by \$241,000 in the first twelve months of implementation and going forward annually \$303,000.

Order 26,485, in Docket DE 18-057, issued June 1, 2021 approved Eversource and Liberty (GSE) to recover costs incurred due to implement changes to the EAP. The settlement approves Eversource to recover \$70,345 and GSE to recover \$140,000. Eversource recovered \$70,345 on the June 2021 reconciliation. GSE did not seek recovery for the \$140,000 during the remaining four months of the program year. **Audit Issue #1**

Summary of the Utility and OSI Budgets

Budgets for Program Year eighteen were required to be provided to the Department of Energy by August 1, 2019, 60 days prior to beginning of the program year as outlined in the *Utility Procedures Manual*, section 8.3.1. All of the budgets were submitted prior to the August 1 deadline.

	Date Submitted	Administrative	CAA Administrative	Total '19-'20
EVERSOURCE	7/30/2019	\$ 6,000	\$ 1,392,604	\$ 1,398,604
UES	7/31/2019	\$ 2,750	\$ 209,702	\$ 212,452
GSE	7/29/2019	\$ 333	\$ 135,360	\$ 135,693
NHEC	7/23/2019	\$ 1,300	\$ 193,289	\$ 194,589
OSI	7/24/2019	\$ 7,000	\$ -	\$ 7,000
TOTAL		\$ 17,383	\$ 1,930,954	\$ 1,948,337

Budgets for Program Year nineteen were required to be provided to the Department of Energy by August 1, 2020. Two of the budgets were submitted after the August 1 deadline. **Audit Issue #2**

	Date Submitted	Administrative	CAA Administrative	Total '20-'21
EVERSOURCE	7/30/2020	\$ 13,000	\$ 1,412,988	\$ 1,425,988
UES	8/3/2020	\$ 2,750	\$ 214,634	\$ 217,384
GSE	7/31/2020	\$ 333	\$ 136,514	\$ 136,847
NHEC	7/30/2020	\$ 1,300	\$ 188,854	\$ 190,154
OSI	8/10/2020	\$ 7,000	\$ -	\$ 7,000
TOTAL		\$ 24,383	\$ 1,952,989	\$ 1,977,372

EVERSOURCE budgeted \$6,000 for brochures and marketing materials for 2019-2020. In 2020-2021 they increased the brochure and marketing budget to \$7,000 and included \$6,000 for IT Maintenance & Support.

UES budgeted \$250 for brochure printing and \$2,500 for legal expenses for both program years. The 2019-2020 budget for brochures was \$250 less than the previous year.

GSE budgeted \$210 for brochures and posters, and \$123 for employee expenses (mileage and tolls) totaling \$333 for both program years. The total incremental administrative expenses were decreased by \$190 from the 2018-2019 program year.

NHEC budgeted \$500 for brochures and mailings, and \$800 for legal for both program years. The total incremental administrative expenses of \$1,300, was a decrease of \$300 in administrative expenses from the 2018-2019 program year.

OSI provided their budgets for program years ending 2020 and 2021, relating to personnel salaries, fringe benefits, phone and office supplies, rent, travel, IT, and indirect costs, which summed to \$7,000 per year. The total expense was a decrease of \$20,000 from the 2018-2019 budget as the prior budget included the Triennial Process Evaluation.

Summary of Budgeted CAA Administrative Expenses

The utilities contract with the CAA, 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. 1/6th 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 2019-2020 the revenues were based off of the operating revenue from 2018.

	Percentage of Sales	% of CAA Administration
EVERSOURCE	72.12%	\$ 1,392,604
NHEC	10.01%	\$ 193,289
GSE	7.01%	\$ 135,360
UES	10.86%	\$ 209,702
		<hr/>
		\$ 1,930,954

For program year 2020-2021 the utilities' revenues were based off of the operating revenue from 2019.

	Percentage of Sales	% of CAA Administration
EVERSOURCE	72.35%	\$ 1,412,988
NHEC	9.67%	\$ 188,854
GSE	6.99%	\$ 136,514
UES	10.99%	\$ 214,634
		<u>\$ 1,952,989</u>

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

Actual CAA Administrative Expense Activity

Audit reviewed the actual CAA payment activity which revealed the following:

EVERSOURCE- During year eighteen, the CAA invoices received and paid totaled \$1,437,611, which was \$45,007 above the contracted amount. During year nineteen, a total of \$1,370,000 was billed and paid to the CAA. This amount was \$42,987 lower than the contracted amount.

NHEC- Paid a total of \$167,321 during the 2019-2020 program year. The advance invoice was paid in September of the prior program year. The total amount billed by the CAA for the 2019-2020 program year was \$199,535, or \$6,246 over budget. During 2020-2021 NHEC was invoiced a total of \$183,109 for CAA invoices. This amount was \$5,745 under budget. The August invoice amount of \$15,173 was not included in the September monthly reconciliation filed with Energy.

On their March 2021 monthly filing, NHEC included a \$6,247 credit for the overpayment of program year 2019-2020.

GSE- During program year eighteen, GSE processed and paid, \$139,735, which was \$4,375 over the contracted amount.

During program year nineteen, GSE paid a total of \$132,361 in CAA invoices. This amount was \$4,153 lower than the budgeted amount.

UES- Processed and paid \$216,479 to the CAA for the 2019-2020 program year. This amount was higher than the contracted amount by \$6,777.

During the 2020-2021 program year, UES was invoiced and paid a total of \$208,104. This amount was \$6,530 under the budgeted amount for the year.

On the April 2021 monthly filing the payment UES made to the CAA's was in the amount of \$8,051. The amount was determined by the monthly billing of \$14,828 less a credit of \$6,777 for the overpayment from the 2019-2020 program year.

The following graph shows the total billed by the CAA and paid by the utilities and the budgets amount for that program year.

	2019-2020		
	CAA Billed/Paid	Total Budget	Over Paid
Eversource	\$ 1,437,611.43	\$ 1,392,604.02	\$ 45,007.41
UES	\$ 216,478.93	\$ 209,701.60	\$ 6,777.33
NHEC	\$ 199,535.36	\$ 193,288.50	\$ 6,246.86
GSE	\$ 139,734.56	\$ 135,359.88	\$ 4,374.68
Total	\$ 1,993,360.28	\$ 1,930,954.00	\$ 62,406.28

	2020-2021		
	CAA Billed/Paid	Total Budget	Under Paid
Eversource	\$ 1,370,000.31	\$ 1,412,987.54	\$ (42,987.23)
UES	\$ 208,103.73	\$ 214,633.49	\$ (6,529.76)
NHEC	\$ 183,108.56	\$ 188,854.04	\$ (5,745.48)
GSE	\$ 132,360.78	\$ 136,513.93	\$ (4,153.15)
Total	\$ 1,893,573.38	\$ 1,952,989.00	\$ (59,415.62)

NHEC took the \$6,247 credit for the overpayment on their March 2021 monthly filing. UES took their credit of \$6,777 on the April 2021 filing. Eversource has the credit of \$45,007 on their February 2022 filing and GSE has not taken theirs. **Audit Issue #1**

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."

During the 2019-2020 program year, six invoices were issued after the fifteenth of the month. The November invoice was issued on December 20; the December invoice was issued January 22; the January invoice was issued February 20; the February invoice was issued March 19; the March invoice was issued April 21; and the May invoice was issued June 16.

During the 2020-2021 program year, seven invoices were issued after the fifteenth of the month. The October invoice was issued November 20; the November invoice was issued December 21; the December invoice was issued January 20; the January invoice was issued February 16; the June invoice was issued July 19; the July invoice was issued August 19; and the August invoice was issued September 24. **Audit Issue #3**

Reported SBC/EAP Funding

The total kWh sales for the 2019-2020 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	7,668,465,476	\$ 11,502,698	\$ 4,316	\$ -	\$ 11,507,014
NHEC	771,7070,606	\$ 1,157,561	\$ 369	\$ -	\$ 1,157,930
GSE	886,932,111	\$ 1,330,398	\$ 435	\$ (0.88)	\$ 1,330,836
UES	1,173,929,707	\$ 1,761,312	\$ 633	\$ -	\$ 1,761,976
TOTAL	10,501,034,900	\$ 15,751,970	\$ 5,787	\$ (0.88)	\$ 15,757,756

The total kWh sales for the 2020-2021 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	7,756,176,713	\$ 11,634,265	\$ 681	\$ -	\$ 11,634,947
NHEC	792,875,778	\$ 1,189,314	\$ 58	\$ -	\$ 1,189,372
GSE	904,316,046	\$ 1,356,474	\$ 69	\$ (0.03)	\$ 1,356,543
UES	1,174,303,877	\$ 1,762,436	\$ 105	\$ -	\$ 1,762,541
TOTAL	10,627,672,414	\$ 15,942,489	\$ 914	\$ (0.03)	\$ 15,943,403

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 both program years. In March 2020 the revenue report was revised and the kWh sales increased by 1,000 over what was included on the monthly filing. The 1,000 kWh would have resulted in an additional \$1.50 being collected. As this amount is immaterial no issue is noted.

The April 2021 revenue report was revised by Eversource after submitting their monthly filing. An issue with the Commercial Supplier Services kWh resulted in a decrease of 58,600,000 in kWh. Audit requested additional information regarding the adjustment and Eversource noted *"The adjustment was a Large Power billing system billing error that required a manual adjustment to be recorded"*. This deduction was taken on Eversource's September 2021 filing. **Audit Issue # 4**

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

NHEC – On their monthly reconciliations NHEC deducts kWh 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 2019-2020 program year. The total kWh noted on the January 2020 monthly filing included net metering adjustments for May 2019 and June 2019. Support was provided and no exception was noted.

The kWh sales were verified to the month end sales report for the 2020-2021 program year. The net metering kWh was tied to the supporting documentation for all months except December 2020. The support shows 5,320 to be deducted but the monthly filing shows 9,356. The difference of 4,036, or \$6.05 in SBC funds, is immaterial.

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

GSE – the billed kWh sales stated on the monthly reconciliations matched the kWh noted on the Bills & Volume reports from GSE's billing system, Cogsdale, for both program years.

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

January 2019	\$0.00535
January 2020	\$0.00678
January 2021	\$0.00678

The full SBC amount collected by GSE 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 GSE. 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 GSE 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 doesn't 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 do 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.

GSE had adjustments in the amounts of \$(0.73) in November 2019 and \$(0.15) in September 2020. Both of these were billing adjustments. GSE also had \$(0.03) adjustment in January 2021 for a customer's streetlight that was out but they were still being billed for it.

GSE uses the calculation of the SBC times the kWh as their 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. No exceptions were noted for either program year reviewed.

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
GSE	\$	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. The link used to verify the rates for the 2019-2020 program year was:

<https://fred.stlouisfed.org/series/usd3mtd156n>

And the following link was used to verify the rates for the 2020-2021 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 both program years.

Actual Program Year Expenses/Discounts -Year 18

Customer Discounts

EVERSOURCE	\$	11,074,400	Verified to the monthly "Credits Applied" report and General Ledger Report.
NHEC	\$	1,162,375	Verified to the NHEC "Grand Totals Cycle:ALL" report
GSE	\$	456,652	Verified to Cogsdale Bills & Volume reports
UES	\$	1,047,980	Verified to the "LIEAP General Ledger" and "Ledger Detail Trial Balance"
Total	\$	13,741,407	

Actual Program Year Expenses/Discounts -Year 19

Customer Discounts

EVERSOURCE	\$	10,367,789	Verified to the monthly "Credits Applied" report and General Ledger Report.
NHEC	\$	1,141,647	Verified to the NHEC "Grand Totals Cycle:ALL" report
GSE	\$	480,038	Verified to Cogsdale Bills & Volume reports
UES	\$	1,076,118	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 both program years were verified to the monthly filings without exception. 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 they have found that they correct themselves the following month.

Audit verified NHEC's discount amounts noted on the monthly reconciliations for both program years to their "Grand Totals Cycle: All" report without exceptions.

For GSE, Audit was able to tie the discounts reported on the monthly filings to the Bills & Volume report for both program years, except for March 2020. The revenue report shows the discount of \$38,676 but the reconciliations spreadsheets provided by GSE show a billing adjustment for \$42. This adjustment was added to the discount and a total of \$38,718 was noted on the monthly filing provided to the Department of Energy. 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 both program years 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 -% Spent</u>	
<u>EVERSOURCE</u>				
Brochures and Marketing	\$ 6,000	\$ -	\$ 6,000	0%
Mileage/tolls	\$ -	\$ -	\$ -	0%
Total EVERSOURCE	\$ 6,000	\$ -	\$ 6,000	0%
<u>NHEC</u>				
Brochures and Marketing	\$ 500	\$ 177	\$ 323	35%
Legal	\$ 800	\$ 881	\$ (81)	110%
Total NHEC	\$ 1,300	\$ 1,058	\$ 242	81%
<u>GSE</u>				
Brochures and Marketing	\$ 210	\$ 0	\$ 210	0%
Mileage/tolls	\$ 123	\$ 0	\$ 123	0%
Total GSE	\$ 333	\$ 0	\$ 333	0%
<u>UES</u>				
Brochures and Marketing	\$ 250	\$ 106	\$ 144	42%
Legal	\$ 2,500	\$ -	\$ 2,500	0%
Total UES	\$ 2,750	\$ 106	\$ 2,644	4%
<u>OSI</u>				
Personnel Salaries	\$ 2,338	\$ 271	\$ 2,067	12%
Fringe Benefits	\$ 1,468	\$ 193	\$ 1,276	13%
Phone/Office Supplies	\$ 48	\$ -	\$ 48	0%
Rent	\$ 88	\$ 13	\$ 75	15%
Travel	\$ 50	\$ -	\$ 50	0%
Information Technology	\$ 170	\$ 19	\$ 151	11%
Indirect Costs	\$ 2,838	\$ 155	\$ 2,683	5%
Total OSI	\$ 7,000	\$ 650	\$ 6,350	9%
Statewide Total Year 18	\$ 17,573	\$ 1,814	\$ 15,759	10%

<u>Utility</u>	<u>Expenses</u>		<u>Budget-Actual</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Difference -% Spent</u>	
<u>EVERSOURCE</u>				
Brochures and Marketing	\$ 7,000	\$ -	\$ 7,000	0%
IT Maint & Support	\$ 6,000	\$ -	\$ 6,000	0%
Total EVERSOURCE	\$ 13,000	\$ -	\$ 13,000	0%
<u>NHEC</u>				
Brochures and Marketing	\$ 500	\$ 185	\$ 315	37%
Legal	\$ 800	\$ -	\$ 800	0%
Total NHEC	\$ 1,300	\$ 185	\$ 1,115	14%
<u>GSE</u>				
Brochures and Marketing	\$ 210	\$ 362	\$ (152)	172%
Mileage/tolls	\$ 123	\$ 0	\$ 123	0%
Total GSE	\$ 333	\$ 362	\$ (29)	109%
<u>UES</u>				
Brochures and Marketing	\$ 250	\$ 185	\$ 65	74%
Legal	\$ 2,500	\$ -	\$ 2,500	0%
Total UES	\$ 2,750	\$ 185	\$ 2,565	7%
<u>OSI</u>				
Personnel Salaries	\$ 2,373	\$ 372	\$ 2,001	16%
Fringe Benefits	\$ 1,504	\$ 246	\$ 1,258	16%
Phone/Office Supplies	\$ 49	\$ 101	\$ (52)	206%
Rent	\$ 45	\$ 23	\$ 22	51%
Travel	\$ 45	\$ -	\$ 45	0%
Information Technology	\$ 65	\$ 18	\$ 47	28%
Indirect Costs	\$ 2,919	\$ 195	\$ 2,724	7%
Total OSI	\$ 7,000	\$ 955	\$ 6,045	14%
Statewide Total Year 19	\$ 24,383	\$ 1,687	\$ 22,696	7%

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 26,292 and Order 26,405, respectively. 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 both program years, Eversource did not seek reimbursement for expenses incurred through Graphic Brokerage or Linguistic Systems, Inc.

During the 2019-2020 program year, Eversource was invoiced \$643.68 from Linguistic Systems on 2/5/20. This expense was not booked to their EAP general ledger account or on the monthly filings.

During the 2020-2021 program year, Eversource was invoiced \$4,390 on 10/6/20 from Graphic Brokerage and \$506.34 from Linguistic Systems on 11/24/20. Neither of these invoices were booked to the EAP GL account or on their monthly filings. **Repeat Audit Issue #5**

NHEC - NHEC incurred legal expenses during the 2019-2020 program year as they do not have an internal legal staff, and use the services of outside legal counsel. Audit reviewed the legal invoice, and noted activity related to the EAP. Attorney Dean is paid a fixed monthly amount, and, as actual invoices are received and reviewed by NHEC, a general ledger pro-ratio is calculated, based on the monthly activity as a percentage of the fixed cost. EAP charges of \$881 reflect the pro-rated discount. No legal expenses were incurred during the 2020-2021 program year.

During the 2019-2020 program year NHEC incurred a \$177 Graphic Brokerage charge in February 2020. In December of 2019 NHEC made an adjustment to their monthly filing to include expenses that were previously not filed. The total sought for reimbursement was \$31,665. This included the October 2018 CAA advance in the amount of \$31,140; a December 2018 legal invoice in the amount of \$242; a June 2019 brochure invoice of \$125; and a discount adjustment of \$157 from October 2018. Audit verified all of these expenses were not previously reported on a monthly filing.

NHEC included a Graphic Brokerage invoice in the amount of \$185 in November 2020 for the 2020-2021 program year.

GSE – During the 2019-2020 program year GSE did not report any administrative expenses even though they incurred a \$177 invoice from Graphic Brokerage dated 2/24/20. The expense was included in the December 2020 monthly report (program year 2020 – 2021).

In the 2020-2021 program year, GSE reported an additional \$185 Graphic Brokerage invoice in November 2020.

UES – UES incurred a \$106 Graphic Brokerage expense from March 2020 during the 2019-2020 program year. In the 2020-2021 program year UES incurred a \$185 Graphic Brokerage invoice as noted on their November 2020 filing. No exception was noted.

OSI- A total of eight invoices were submitted over the two program years. Four invoices per program year were sent. Invoices were sent on a quarterly basis for the following quarters: October 1 - December 31; January 1 – March 31; and April 1 – June 30. All eight of the quarterly invoices were submitted within 15 days following each quarter in which the services were provided.

Comparison of Program Year 18 to Program Year 19

Total kWh sold during program year 19 were 126.6M or approximately 1% higher than the kWh sold in program year 18. Likewise, the SBC also increased by \$190,519 or approximately 1% from program year 18 to program year 19. Reserve interest decreased by \$4,873 or 84% from year 18 to year 19. Total funding for the program year ending 9/30/2021 increased \$185,647 or approximately 1% from the prior program year ending 9/30/2020. Additionally, participant/customer discounts decreased by \$675,816 or 5% from the prior year.

General Ledger

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

EVERSOURCE - utilizes account #254 to reflect the activity within the EAP and 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. All of 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 invoices on the November and December 2019 were booked to the general ledger in January 2020. The CAA invoices noted on the June and July 2020 filings were booked to the general ledger in August 2020. The CAA advance on the October 2019 filing of \$232,101 and the CAA invoice on the August 2020 in the amount of \$105,957 were not booked to the general ledger. **Repeat Audit Issue #6**

During program year 19, the November 2020 treasury payment of \$43,177 and the CAA payment noted on the September 2021 in the amount of \$113,520 were not booked to the general ledger. **Repeat Audit Issue #6**

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 year fourteen Eversource noted that it would *“record all expenses for the same month they are booked on the reconciliation”*.

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 without exception for both program years.

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 for the group net metering kWh that would reduce the SBC collected. No exceptions were noted.

GSE – 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 (\$0.00535 per/kWh effective January 2019; \$0.00768 effective January 2020 and January 2021) is recorded in general ledger account 2542. The EERS portion (\$0.00373 per/kWh for January 2019 and \$0.00528 for January 2020 and 2021) and Lost Base Revenue portion of the SBC (\$0.00012 per/kWh January 2019 and as of January 2020 there was no longer a 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 GSE.

Customer discounts for all months tied from the monthly reconciliation to the general ledger and revenue reports using the allocation report provided by GSE 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. The July 2021 CAA invoice in the amount of \$9,391 and the August 2021 CAA invoice in the amount of \$10,968 were both booked to the GL in September and on the September 2021 filing.

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 two exceptions.

The CAA invoice booked on the January 2020 filing of \$18,137 was booked to the February general ledger and the \$19,941 CAA invoice on the February 2020 filing was booked to the March general ledger. **Audit Issue #6**

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 15th day following the month end.

For both program years, UES, Eversource and GSE filed all twelve of their monthly reconciliation reports on or before the 15th of each month. NHEC filed all of their reports for the 2019-2020 program year on or before the 15th of the month. One of NHEC's reports in the 2020-2021 program year was filed late. The March 2021 report was filed on April 22, 2021. **Audit Issue #7**

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 Commission 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 15th of the month.

All reports were issued to Treasury within five business days of the 15th 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 15th day of the following month.”

UES submitted all twelve of their ACH transfers, for both program years, prior to the 15th of the month.

NHEC was only to make one transfer to Treasury during program year 18. The one transfer was due September 15, 2020 and it was not made until November 2, 2020.

During the 2020-2021 program year, NHEC was to make five payments to Treasury. The January 2021 payment was made late on February 16, 2021 and the July 2021 payment was not made until September 28, 2021. **Audit Issue #7**

EVERSOURCE During program year 2019-2020 Eversource made three payments to Treasury. All three payments were paid late. The July 2020 payment was made 8/24, the August 2020 payment was made 9/21, and the September 2020 was made 10/26/2020. **Audit Issue #7**

During the 2020-2021 program year Eversource was to make five payments to Treasury and all five were paid late. The December 2020 payment was made 1/27/2021, the January 2021 payment was made 2/19/2021, the April 2021 was made 5/26/2021, the July 2021 payment was made 8/16/2021, and the August 2021 payment was made 9/20/2021. **Audit Issue #7**

GSE made all twelve transfers, for both program years, to Treasury on or before the 15th 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 15th.” Within five business days of receipt of the Reconciliation, the Treasury shall electronically transfer the funds to the specific utility(s). Upon review, all ACH transfers, for both program years, were completed by Treasury within five business days of receiving the reconciliation from the Department of Energy except for three.

The July 2020 payment was not made until September 9, 2020. The October 2020 payment was not made until December 1, 2020 and the June 2021 payment was made one day late on July 29. **Audit Issue #7**

Tariff Compliance

There were no changes to the EAP program during program year eighteen and nineteen that required the utilities to update their tariff. 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.

Procedure Manuals

All four procedure manuals were updated during the 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 2019-2020 or the 2020-2021 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. Any updates will be made once the pending legislation is settled. As of the date of this audit report, that has not happened.

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 original schedule, and the rolling on-going schedule column provides the subsequent audit schedule. The OMB Circular A-133 audit is now known as Single Audit.

<u>Agency</u>	<u>Original Schedule</u>	<u>Rolling on-going Schedule</u>
Community Action Program Belknap-Merrimack Counties, Inc.	FY 07/08	FY 2023
Tri-County Community Action Program, Inc.	FY 08/09	FY 2023
Southwestern Community Services, Inc.	FY 09/10	FY 2023

Strafford County Community Action Committee, Inc.	FY 09/10	FY 2021
Southern New Hampshire Services, Inc.	FY 07/08	FY 2023

Community Action Program Belknap-Merrimack Counties, Inc. The fiscal year ending February 29, 2020 financial audit report was issued on January 5, 2021 with an unmodified opinion. The February 28, 2021 financial audit report was issued February 14, 2022, also, 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 years ending June 30, 2019 and June 30, 2020 financial audit. These audit reports were issued on October 21, 2019 and October 28, 2020, respectively. Both audit reports were issued with an unmodified opinion. The Single Audit review of the EAP was noted in the 2020 audit report. The next Single Audit should be included in the report for the fiscal year ending June 30, 2023.

Southwestern Community Services, Inc. Audit was provided with the fiscal year ending May 31, 2019 financial audit report issued on November 5, 2019 with an unmodified opinion. Audit was also provided with the financial audit report for the fiscal year ending May 31, 2020 and issued on October 5, 2020 with an unmodified opinion. The Single Audit review was last completed during fiscal year ending 2017 requiring the 2020 report to also include the EAP, in which it does. The next Single Audit of EAP should be performed for the fiscal year ending May 31, 2023.

Community Action Partnership of Strafford County Audit was provided with the financial audits for the years ending December 31, 2019 and December 31, 2020. Both reports were issued with an unmodified opinion on June 24, 2020 and November 4, 2021, respectively. The Single Audit review was last performed in 2018 and was therefore not required until the period ending 12/31/21.

Southern New Hampshire Services, Inc. Audit was provided with the financial audits for the fiscal years ending July 31, 2019 and July 31, 2020. The audit reports were issued on February 12, 2020 and February 8, 2021, respectively, with unmodified opinions. The EAP was specifically identified within the Single Audit sections of the 2019 and 2020 financial audit report. The next scheduled Single Audit review should be completed for fiscal year ending 7/31/2023.

CAA Compliance Review

The Program Administrator complied with the EAP *Monitoring and Evaluation Manual* by conducting a compliance review and site visit at each of the community action agencies. The annual compliance reports, for both program years, were presented to members of the EAP Advisory Board, in compliance with section 6 of the *Monitoring and Evaluation Manual*, on July 24, 2020 and the July 23, 2021, respectively.

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 fourth process evaluation was submitted by OSI on April 1, 2019 with a revised report issued June 3, 2019.

The next OSI Process Evaluation is due April 1, 2022 for the three year period of 2019-2021

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 each program year.

During the October 25, 2019 meeting the EAP Customer Survey was discussed such as when the survey will be sent, the target number of responses, how they should be sent, etc. Also discussed were the recommendations that were noted in the Triennial Process Evaluation. Discussion continued during the October meeting to discuss the status of the recommendation to increase the income eligibility threshold. The final item discussed the program design and hiring a consultant to do an evaluation of the program.

The January 24, 2020 meeting approved the minutes of the August 9, 2019 and October 25, 2019 meetings. It was discussed during this meeting to provide a recommendation to the PUC to approve or disapprove a consultant to review the program. If approved the Commission would develop an RFP to secure a firm to do the work. The Program Administrator noted that the increased eligibility threshold, that was approved in the December 2019 order, was entered into the EAP operating software. The EAP survey was approved and available through an online survey tool for participants with an email address and hard copies for participants that come into a center.

The April 24, 2020 meeting approved the 1/24/20 meeting minutes. Customer surveys were discussed as the CAAs are not doing in-person interviews, so they have not been doing surveys. They discussed waiting to do both online and in-person at the same time or split them up. The effects of the pandemic on the EAP program, such as enrollment, additional benefits given by the government and collection activity were discussed.

The July 24, 2020 meeting approved the April 2020 meeting minutes. Discussed were the results of the 2019-2020 Compliance Review performed by the Program Administrator. EAP projections were discussed and noted that additional information

from utilities to understand kWh trends and the effect on the EAP balance at Treasury would be helpful. Data collection was reviewed and it was noted that no recent increase in new enrollments was noted since the threshold increase to 60% of the state median income.

The October 23, 2020 meeting approved the July 2020 minutes. The major discussion during the October meeting included the EAP fund balance and how to spend down the surplus. It was also noted that one CAA had a \$20,281 remaining balance from their 2019-2020 EAP budget due to Covid-19. The EAP brochures were approved and expected to be available soon and a Facebook page for EAP was created.

A November 6, 2020 meeting was held and approved the October meeting minutes. The EAP Administrator is working with the CAA and Eversource to reconcile the enrollment numbers. The EAP Administrator will work with the other utilities to reconcile next. It was discussed on how they can provide additional assistance to currently enrolled households through a one-time credit or adding discount tiers. It was recommended the Board use some of the surplus money on an RFP, funding online application software, and/or funding an upgrade to the EAP software.

The January 22, 2021 approved the November minutes. The meeting included discussions about the financial hardship re-certifications and an update from the utilities. Also discussed was a new round of housing relief with grant money needing to be used by October 31, 2021. A CAA web portal was discussed and the estimate being \$45-\$75k which does not include coding and ongoing maintenance. EAP removals were discussed and 5,882 households were pending removals. Letters were to be sent April 5 to let customers know they will be removed from EAP if they do not re-apply.

The April 23, 2021 meeting approved the January meeting minutes. The web portal was further discussed, a total of 7,064 EAP removal letters, along with applications were sent. 1,600-1,700 have already recertified or were removed from the program. A draft RFP was distributed to the Board for feedback to be provided. Discussion about the balance at Treasury being above \$3 million was discussed. It was noted this could be added to the RFP for the consultant to review.

The July 23, 2021 Advisory Board meeting approved the April 2021 minutes. NH Emergency Rental Assistance Program and the updated data was discussed. The role of NHLA as a Board member was discussed as they are no longer representing The Way Home. The EAP brochure revisions were discussed to reflect the new income threshold, the establishment of the Department of Energy, and Liberty rebranding. Enrollment levels and financial projections were discussed during the meeting along with the timing and process of the 2021-2022 budgets.

Cash On Hand

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

Cash Balance 10/01/2019	\$2,751,356
Cash Balance 9/30/2020	<u>\$2,851,235</u>
Net Increase	\$ 99,879
Cash Balance 10/01/2020	\$2,851,235
Cash Balance 9/30/2021	<u>\$3,785,939</u>
Net Increase	\$ 934,704

The Board noted during several of the board meetings that took place during the two program years that surplus funds at Treasury need to be spent down. Several options were discussed such as a one time payment and creating more discount tiers. It was agreed that an RFP to hire a consultant to evaluate the program was the best course of action.

By the end of the 2021 calendar year and RFP had still not been issued.

The following fifteen 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, 2021

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. One material weakness relating to the audit of the financial statements is 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 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, Low Income Home Energy Assistance Program 93.568, Medical Assistance Program 93.778, National Family Caregiver Support, Title III, Part E 93.052, U.S. Department of Agriculture, Food Distribution Cluster, 10.565, 10.568, 10.569, U.S. Department of the Treasury, Coronavirus Relief Fund, 21.019.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Community Action Program Belknap-Merrimack Counties, Inc. was determined to not be a low-risk auditee.

COMMUNITY ACTION PROGRAM BELKNAP-MERRIMACK COUNTIES, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

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. One material weakness relating to the audit of the financial statements is 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 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, Low Income Home Energy Assistance Program 93.568, Head Start 93.600, Community Services Block Grant 93.569, U.S. Department of Agriculture, Food Distribution Cluster, 10.565, 10.568, 10.569, Trade Mitigation 10.178, NON-FEDERAL Public Utilities Companies, Electrical Assistance Program.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Community Action Program Belknap-Merrimack Counties, Inc. was determined to not be a low-risk auditee.

				Continued	
<u>FEDERAL GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PASS THROUGH NAME</u>	<u>IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUB-RECIPIENTS</u>
FOOD DISTRIBUTION CLUSTER					
Commodity Supplemental Food Program	10.565	State of New Hampshire	15154NH814Y8005	\$ 708,847	\$ 563,870
Emergency Food Assistance Program-Administration	10.568	State of New Hampshire	81750000	204,897	24,991
Emergency Food Assistance Program	10.569	State of New Hampshire	81750000	1,297,109	1,297,109
			CLUSTER TOTAL	2,210,853	
Trade Mitigation	10.178	State of New Hampshire	NONE PROVIDED	2,530,951	2,443,445
Rural Housing Preservation Grant	10.433		NONE PROVIDED	3,609	
			USDA TOTAL	\$ 5,957,999	\$ 4,329,415
CORPORATION FOR NATIONAL & COMMUNITY SERVICES					
FOSTER GRANDPARENTS/SENIOR COMPANION CLUSTER					
Senior Companion Program	94.016		16SCANH001	\$ 401,837	
			CNCS TOTAL	\$ 401,837	
US DEPARTMENT OF TRANSPORTATION					
Formula Grants for Rural Areas-Concord Transit	20.509	State of New Hampshire-Department of Transportation	NH-18-X046	\$ 490,745	
TRANSIT SERVICES PROGRAMS CLUSTER					
Enhanced Mobility of Seniors & Ind. W/Disabilities-CAT	20.513	State of New Hampshire-Department of Transportation	NH-18-X043	43,952	
Enhanced Mobility of Seniors & Ind. W/Disabilities-Rural Transportation	20.513	State of New Hampshire-Department of Transportation	NH-18-X043	49,067	
Enhanced Mobility of Seniors & Ind. W/Disabilities-Volunteer Drivers	20.513	Merrimack County	NH-65-X001	103,205	
			CLUSTER TOTAL	196,224	
			DOT TOTAL	\$ 686,969	
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Supportive Housing Program	14.235	State of New Hampshire	05-95-42-423010-7927-102-500731	\$ 49,145	
Supportive Housing Program-Outreach	14.235	State of New Hampshire	05-95-42-423010-7927-102-500731	160,644	
				209,789	
Emergency Solutions Grant	14.231	State of New Hampshire	05-95-42-423010-7927-102-500731	45,247	
Continuum of Care Program	14.267	State of New Hampshire	05-95-42-423010-7927-102-500731	68,511	
			HUD TOTAL	\$ 323,547	
US DEPARTMENT OF ENERGY					
Weatherization Assistance for Low Income Persons	81.042	State of New Hampshire	EE0006169	\$ 238,126	
			DOE TOTAL	\$ 238,126	
US DEPARTMENT OF LABOR					
Senior Community Service Employment Program	17.235	State of New Hampshire	1044701	\$ 375,185	
WIA/WIOA CLUSTER					
WIA/WIOA - Adult Program	17.258	Southern New Hampshire Services	0510-53360000-102-500731	42,328	
WIA/WIOA - Dislocated Worker Formula Grants	17.278	Southern New Hampshire Services	0510-53360000-102-500731	28,951	
			CLUSTER TOTAL	71,279	
			DOL TOTAL	\$ 446,464	
NON-FEDERAL				TOTAL	\$ 20,161,337
New Hampshire Public Utilities Company - Electrical Assistance Program				\$ 1,916,151	\$ 4,329,415

See Notes to the Schedule of Expenditures of Federal Awards

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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 in Accordance with 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 – CFDA #93.568
 - U.S. Dept. of Health & Human Services, Head Start – CFDA #93.600
 - U.S. Dept. of Energy, Weatherization Assistance for Low Income Individuals – CFDA #81.042
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

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 in Accordance with 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 – CFDA #93.568
 - U.S. Dept. of Health & Human Services, CSBG – CFDA #93.569
 - New Hampshire Public Utilities Company, Home Energy Assistance (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

TRI-COUNTY COMMUNITY ACTION PROGRAM, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NAME	GRANTOR'S IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Labor</u>				
WIA/WIOA CLUSTER				
WIA/WIOA Adult Program	17.258	Southern New Hampshire Services, Inc.	2016-0004	\$ 38,748
WIA/WIOA Dislocated Worker Formula Grants	17.278	Southern New Hampshire Services, Inc.	2016-0004	22,212
Total U.S. Department of Labor			CLUSTER TOTAL	\$ 60,960
<u>U.S. Department of the Treasury</u>				
Coronavirus Relief Fund	21.019	State of NH Department of HHS, Division of LT Supports and Services		\$ 89,460
Coronavirus Relief Fund	21.019	Governor's Office of Emergency Relief and Recovery COVID - 19 Long Term Care Stabilization Program		35,460
Total U.S. Department of the Treasury				\$ 124,920
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 12,529,276
NON-FEDERAL				
New Hampshire Public Utilities Company - Home Energy Assistance				\$ 1,639,855

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-County Community Action Program, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Tri-County Community Action Program, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C - INDIRECT RATE

Tri-County Community Action Program Inc. has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MAY 31, 2019

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Southwestern Community Services, Inc. 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. 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, and U.S. Department of Transportation; Formula Grants for Rural Areas, 20.509.
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

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MAY 31, 2020**

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, and U.S. Department of Energy; Weatherization Assistance for Low Income Individuals, 81.042. **NON-FEDERAL:** New Hampshire Public Utilities Company, Home Energy Assistance and Electrical Assistance Program.
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

SOUTHWESTERN COMMUNITY SERVICES, INC. AND RELATED COMPANIES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2020**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NAME</u>	<u>GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURE</u>
<u>U.S. Department of Agriculture</u>				
Rural Housing Preservation Grant	10.433	Direct Funding	3403-02601-808	\$ 10,835
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	State of NH, Department of Health & Human Services	010-090-52500000-102-500734	310,988
Child and Adult Care Food Program	10.558	State of NH, Department of Education	Unknown	102,321
<u>Food Distribution Cluster</u>				
Commodity Supplemental Food Program	10.585	State of NH, Department of Health & Human Services	010-090-52500000-102-500734	2,328
Emergency Food Assistance Program (Admin)	10.588	Community Action Program Belknap-Merrimack Counties	Unknown	218
Commodity Supplemental Food Program (Food Commodities)	10.585	Community Action Program Belknap-Merrimack Counties	Unknown	80,628
Total U.S. Department of Agriculture				\$ 83,174
<u>U.S. Department of Housing and Urban Development</u>				\$ 507,328
Emergency Solutions Grant Program	14.231	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	\$ 175,563
Emergency Solutions Grant Program	14.231	State of NH, DHHS, Office of Human Services	010-042-7827-102-0731	126,201
Supportive Housing Program	14.235	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	298,182
Shelter Plus Care	14.238	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	247,809
Continuum of Care Program	14.267	State of NH, DHHS, Bureau of Homeless & Housing	05-95-95-958310-717600000-102-50731	174,902
Total U.S. Department of Housing and Urban Development				\$ 1,023,077
<u>U.S. Department of Labor</u>				
<u>WIOA Cluster</u>				
WIOA Adult Program	17.258	Southern NH Services	Unknown	\$ 43,833
WIOA Dislocated Worker Formula Grants	17.278	Southern NH Services	Unknown	31,112
Total U.S. Department of Labor/WIOA Cluster				\$ 74,945
<u>U.S. Department of Transportation Federal Transit Administration (FTA)</u>				\$ 74,945
Formula Grants for Rural Areas	20.509	State of NH, Department of Transportation	04-96-96-964010-2916	\$ 282,569
<u>Transit Services Programs Cluster</u>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	State of NH, Department of Transportation	04-96-96-964010-2916	23,043
Total U.S. Department of Transportation Federal Transit Administration (FTA)				\$ 305,712
<u>U.S. Department of Energy</u>				
Weatherization Assistance for Low-Income Persons	81.042	State of NH, Office of Energy & Planning	01-02-024010-7708-074-500587	\$ 267,894
Total U.S. Department of Energy				\$ 267,894
<u>U.S. Department of Health & Human Services</u>				
<u>Aging Cluster</u>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	State of NH, Office of Energy & Planning	01-02-024010-7706-074-500587	\$ 5,298
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	State of NH, DHHS, Bureau of Elderly & Adult Services	05-95-48-481010-7872	64,170
Grants to States to Support Oral Health Workforce Activities	93.236	State of NH, DHHS, Division of Family Assistance	Unknown	6,929
Drug-Free Communities Support Program Grants	93.276	Direct Funding	5H79SP018677-08	31,000
<u>TANF Cluster</u>				
Temporary Assistance for Needy Families	93.558	Southern NH Services	Unknown	297,962
Low Income Home Energy Assistance (Fuel Assistance)	93.568	State of NH, Office of Energy & Planning	01-02-02-024010-77050000-500587	3,988,576
Low Income Home Energy Assistance (BWP)	93.568	State of NH, Office of Energy & Planning	01-02-02-024010-77050000-500587	256,351
Community Services Block Grant	93.569	State of NH, DHHS, Div. of Family Assistance	500731	342,401
Community Services Block Grant - Discretionary	93.570	State of NH, DHHS, Div. of Family Assistance		22,306
Head Start	93.600	Direct Funding	01CH9959	2,598,280
<u>Medicaid Cluster</u>				
Medical Assistance Program	93.778	State of NH, DHHS, Office of Human Services	05-95-47-470010-52010000	2,841
Total U.S. Department of Health & Human Services				\$ 7,615,914
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter National Board Program	97.024	State of NH, DHHS, Office of Human Services	Unknown	\$ 8,670
Total U.S. Department of Homeland Security				\$ 8,670
<u>TOTAL</u>				\$ 9,803,540
<u>NON-FEDERAL</u>				
State of New Hampshire Public Utilities Company		Home Energy Assistance		\$ 525,181
State of New Hampshire Public Utilities Company		Electrical Assistance Program		\$ 240,427

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, Low-Income Home Energy Assistance Program, CFDA 93.568, and U.S. Department of Agriculture, Child Nutrition Cluster, CFDA, 10.555 (National School Lunch Program), and CFDA, 10.559 (Summer Food Service Program for Children). **NON-FEDERAL**, Eversource Energy Service Company, Home Energy Assistance Program.
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

COMMUNITY ACTION PARTNERSHIP OF STRAFFORD COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, Low-Income Home Energy Assistance Program, CFDA 93.568, Community Services Block Grant, CFDA 93.569 and U.S. Department of the Treasury, Coronavirus Relief Fund, CFDA 21.019.
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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2019

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 <u>✓</u> No	
Significant deficiency(ies) identified?	_____ Yes <u>✓</u> None reported	
Noncompliance material to financial statements noted?	_____ Yes <u>✓</u> No	

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes <u>✓</u> No	
Significant deficiency(ies) identified?	_____ Yes <u>✓</u> 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 <u>✓</u> No	

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Community Services Block Grant	93.569
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280
Head Start & Early Head Start	93.600
Low-Income Home Energy Assistance	93.568

Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$960,500</u>
Auditee qualified as low-risk auditee?	<u>✓</u> Yes _____ No	

Section II Financial Statement Findings

No matters are reportable.

Section III Federal Award Findings and Questioned Costs

No matters are reportable.

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2019

Electric Energy Assistance

For the Period

August 1, 2018 to July 31, 2019

Fund # 665

REVENUES

Other revenue	\$ 716,563
Allocated corporate unrestricted revenue	37,230
Total revenue	<u>753,793</u>

EXPENSES

Payroll	399,246
Payroll taxes	32,852
Fringe benefits	102,830
Workers comp. insurance	1,315
Retirement benefits	17,554
Consultant and contractual	24,257
Travel and transportation	4,788
Conference and meetings	333
Occupancy	54,763
Advertising	138
Supplies	23,231
Equip. rentals and maintenance	2,677
Insurance	1,606
Telephone	9,558
Postage	11,355
Subscriptions	228
Depreciation	600
Other expense	344
Miscellaneous	466
Administrative costs	65,652
Total expenses	<u>753,793</u>

Excess of expenses over revenue	<u>\$ -</u>
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2020

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:Name of Federal Program or ClusterCFDA Number

WIC Special Supplemental Nutrition Program for Women, Infants And Children	10.557
Temporary Assistance for Needy Families	93.558
Low-Income Home Energy Assistance	93.568

Dollar threshold used to distinguish between
Type A and Type B programs: \$999,169

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.

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2020

Electric Energy Assistance

For the Period

August 1, 2019 to July 31, 2020

Fund # 665

REVENUES

Other revenue	\$ 812,431
Allocated corporate unrestricted revenue	9,845
Total revenue	<u>822,276</u>

EXPENSES

Payroll	423,007
Payroll taxes	32,553
Fringe benefits	140,031
Workers comp. insurance	1,484
Retirement benefits	18,531
Consultant and contractual	23,656
Travel and transportation	3,236
Conference and meetings	42
Occupancy	51,313
Advertising	175
Supplies	30,428
Equip. rentals and maintenance	3,088
Insurance	2,033
Telephone	11,805
Postage	10,894
Subscriptions	262
Depreciation	787
Miscellaneous	443
Administrative costs	68,508
Total expenses	<u>822,276</u>
Excess of expenses over revenue	<u>\$ -</u>

Audit Issue #1 (Pages 5 & 8)
Liberty EAP Credits

Background

Order 26,485 issued June 1, 2021 approved GSE 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. GSE overpaid \$4,374.68.

Issue

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

Recommendation

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

GSE's Response

The Company agrees with the audit recommendation and the Company will address the overpayment in its March EAP filing and recovery of the EAP changes in its next rate case.

Audit Conclusion

Audit noted that within Order 26,485, **Section III. Settlement Agreement**, was the following:

"In the Settlement Agreement, the parties agreed that Eversource's costs in the amount of \$70,345 were prudently incurred and should be recovered from the EAP Fund. In addition, they agreed that Liberty had prudently incurred costs of \$140,000 to implement the changes required by Order No. 26,132. The Settlement Agreement contained a table showing that an invoice had been incorrectly charged to Liberty's project, so that the correct total was \$160,753 rather than \$195,666. It also noted that Liberty agreed to seek recovery of \$140,000 from EAP funds in this docket and to request the remaining \$20,753 in a pending rate case."

After review of the other utilities' handling of the CAA overpayment, Audit notes that NHEC recorded the overpayment as an expense on their March 2021 filing. UES netted the overpayment against the CAA invoice on the April 2021 filing and Eversource is including it on their February 2022 filing.

Audit agrees with the Company that they should note the overpayment on their next EAP filing but also adds that the \$140,000 should be recovered through the EAP fund too. The remaining \$20,753 should be petitioned for recovery in the next rate case.

Audit continues to investigate the utilities' payments to the CAA and will provide an expansive review in the audit report for the program year ending September 30, 2022.

Audit Issue #2 (Page 5)
Late Budget Submittal

Background

Budgets for Program Year nineteen were required to be provided to the Department of Energy by August 1, 2020.

Issue

The UES submitted their program year nineteen budget to the Department of Energy on August 3, 2020.

Recommendation

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

UES' Response

UES agrees with the recommendation of Audit.

Audit Conclusion

Audit concurs with the Company's response.

Audit Issue #3 (Page 8)
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 15th day of the month, following the month for which the billing is issued.

Issue

During the 2019-2020 program year, six invoices were issued after the fifteenth of the month. During the 2020-2021 program year, seven invoices were issued after the fifteenth of the month.

Recommendation

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

CAA's Response

The CAA's are aware of the invoice date deadline. Staffing issues and system issues were a factor in the late submission of the invoices. The CAA's have been working on a more effective system in processing invoices to avoid the late submissions. Reminders will be sent out by the 10th of the month for required information to allow sufficient time to collect the data and input into the appropriate documents for submission.

Audit Conclusion

Audit concurs with the CAA's response.

Audit Issue #4 (Page 9)
Eversource's April Revenue Report

Background

The April 2021 revenue report was revised by Eversource following the submission of their monthly filing.

Issue

The revised revenue report noted a decrease of 58,600,000 kWh for Commercial Supplier Services. Audit requested additional information and Eversource noted, "*The adjustment was a Large Power Billing system billing error that required a manual adjustment to be recorded*".

On the September 2021 monthly filing, Eversource deducted 58,600,000 from the monthly kWh sold to adjust for the revised revenue report.

Recommendation

Eversource needs to make sure all documentation is accurate prior to submission of their monthly EAP filing. The effect on the EAP account was \$87,900.

Eversource's Response

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.

Audit Conclusion

Audit concurs with Eversource's response.

Audit Issue #5 (Page 15)
Brochure Expenses

Background

Audit requests copies of all invoice from Graphic Brokerage and Linguistic Systems.

Issue

During program year 2019-2020 Eversource received an invoice from Linguistic Systems in the amount of \$643.68. During the 2020-2021 program year Eversource received an invoice in the amount of \$4,390 from Graphic Brokerage and a Linguistic Systems invoice in the amount of \$506. These invoices were not recorded on the EAP general ledger account nor were they included on the monthly reconciliations.

Recommendation

Audit notes that Eversource needs to pay for all EAP expenses from the EAP funds. Using funds from other sources to pay for EAP expenses is not allowed.

Eversource's Response

Effective immediately, Eversource will establish specific work order and accounting instructions so that all EAP expenses will be paid from the EAP Funds.

Audit Conclusion

Audit concurs with Eversource's response.

Audit Issue #6 (Pages 17 & 18) 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 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 did not book the following to the general ledger:

- CAA advance on the October 2019 filing in the amount of \$232,191
- CAA invoice on the August 2020 filing in the amount of \$105,957
- November 2020 Treasury payment in the amount of \$113,520
- CAA invoice on the September 2021 filing in the amount of \$113,520

UES booked the January 2020 filing CAA invoice in the amount of \$18,137 to the February GL and the February 2020 filing CAA invoice in the amount of \$19,941 to the March GL.

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's Response

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.

UES's Response

UES will follow the recommendation of Audit.

Audit Conclusion

Audit concurs with the Companies' responses.

Audit Issue #7 (Pages 18, 19 & 20)

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 15th 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 15th of the following month.

Issue

NHEC filed their March 2021 report on April 22, 2021.

Treasury did not submit their July 2020 payment until September 9, 2020; the October 2020 payment was not made until December 1, 2020; and the June 2021 payment was made one day late, on July 29.

Eversource was to submit eight payments over both program year. All eight of those payments were submitted. The July 2020 payment was made August 24; the August 2020 payment was made September 21; the September 2020 payment was made on October 26; The December 2020 payment was made January 27; the January 2021 payment was made February 19; the April 2021 payment was made May 26; the July 2021 payment was made August 16; and the August 2021 payment was made September 20.

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 15th of the month.

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

NHEC's Response

The situations surrounding the late submittal of the March 2021 report were unforeseen with a change in personnel as well as a being locked out of the electronic

filing website. NHEC will ensure future submittals are timely, absent of any unforeseen circumstances.

Treasury's Response

Treasury experienced new staff who didn't entirely understand the 5 business days to process payments. The issue has since been resolved with the new employee.

Eversource's Response

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

Audit Conclusion

Audit concurs with all of the responses.

**New Hampshire Electric Assistance Program
CAA Procedures Manual
August 10, 2018**

1. The Application Process

1.1. Eligibility

Eligibility for New Hampshire EAP is based on these requirements:

- a) Household income is less than or equal to the federal poverty guideline (FPG) eligibility level currently set by the New Hampshire Public Utilities Commission;
- b) The beneficiary must be the customer of record with the utility or a member of the customer of record's household;
- c) The application is for the customer of record's primary residence; and
- d) The customer of record's utility account must have a residential tariff or rate.

1.1.1. "Household" defined

The New Hampshire definition of "household" is derived from the Federal Low Income Home Energy Assistance Act, as amended. This definition provides two criteria, which must be met to establish the presence of a "household":

- a) Residential electricity customarily purchased in common; and
- b) An individual or group of individuals living together as one "economic unit."

1.1.2. "Categorical eligibility"

Categorical eligibility, where a person qualifies for one program simply because they are a participant in another program, shall not be utilized for the EAP. Anyone wishing to participate in the program must complete an application and document their eligibility based on household income.

1.1.3. CAA's Role in Determining Eligibility

The local CAA shall determine eligibility through the application and certification process. The local CAA shall ensure that applicants have provided adequate and accurate documentation of gross income for the entire period indicated and otherwise have attested to the truth of the information submitted on the applications. All applications must be complete, with all supporting documentation attached.

1.2 Completing the Application

All required information for the EAP application and re-certification must be recorded accurately including the number of household members, household data, income information, electric delivery company and competitive supplier, if any, account numbers, dates and signatures. It is the responsibility of the CAA to verify that this information is complete and correct.

1.3 Calculating Household Income

At the time of application, the household size and income is needed to determine the appropriate discount level under the current year **EAP Income Guidelines**. The applicant must provide written documentation of all household income for the time period specified for program eligibility.

The intake process should begin by assessing a household's eligibility for a 30-day time period. Income may also be calculated on an annual or year to date (YTD) basis if it would enable otherwise ineligible households to meet income eligibility. The income documentation would then cover a period of not more than the previous 365 days from the date of application, or the number of days since January 1 of the current calendar year (YTD).

Households with income from sources such as self-employment, rental property, contracted employees such as educators or sales commissions must have that income documented for a 365-day time period for purposes of the application process.

Income is calculated by adding all countable income from every source for each household member and listing it in the income information section of the EAP application. The income for all household members is then totaled for complete household income for the pre-determined time period. The same time period should be used for examining the income of all household members. An exception to this rule may be made in the case of households with self-employed members, whose income over a 365-day period must be examined while other household members may submit income documentation for different periods.

1.4 Documenting Income

Applicants must provide written documentation for all income reported on the application. Documentation must be provided for the entire time period as specified on the application. Written documentation may include payroll stubs, copies of checks, signed statements from the payment source, bank statements for direct deposits and interest, current eligibility letters, and other documentation as deemed appropriate by the CAA. It is the responsibility of the CAA to insure that all written income documentation is accurate, legible, and complete.

Applicants with no or very low income must provide written documentation of how the household has met the basic living expenses such as rent, energy costs, and food. Documentation may include a statement from town or city welfare, friends or family, Food Stamp notification letter, or other assistance provided during the determination period.

1.5 Countable Income

Countable Income refers to the total cash receipts before taxes within the documentation period from the following sources:

- Alimony
- Annuity payments (pro-rated annually from previous year's income taxes)
- Assistantships (e.g., an appointment awarded on an annual basis to a qualified graduate student which requires part-time teaching, research, or residence hall duties and carries a stipend)
- Child support

- Commissions (net)
- Dividends
- Contracted educational wages (pro-rated annually)
- Gambling winnings (net)
- Government employee pensions (including Military Retirement Pay)
- Grants (taxable grants used for education purposes)
- Interest (over \$50 a year)
- Lottery winnings (net)
- Military family allotments
- Other *regular* support from an absent member or someone not living in the household paid directly to the household member.
- Pensions
- Periodic receipts from estates
- Periodic receipts from trusts
- Railroad retirement
- Regular insurance payments
- Regular worker's compensation payments
- Rental income (net)
- Royalties (net)
- Salaries and money wages before any deductions
- Self-Employment (net non-farm)
- Senior Community Services Employment Program (SCSEP) income
e.g. Green Thumb, AARP, State of NH subcontracts to Belknap-Merrimack CAP
- Social Security (net after Medicare deduction)
- Supplemental Security Income (SSI) except as noted below
- State welfare payments (ANB, TANF, APTD, OAA)
- Tip income (may be self-declared if no other documentation is available)
- Training stipends
- Unemployment compensation
- Veteran's payments

1.6 Non-Counted Income

Disregarded Income refers to payments made to or support received by household members that should not be added when establishing EAP eligibility:

- Aid and Attendance VA benefit for severely disabled veterans
- Assets drawn down as withdrawals from a bank
- Capital gains
- Child care assistance payments
- Child support payments paid out during the income period
- Corporation for National Service payments including:
VISTA, Americorps, Senior Companions and Foster Grandparents
- Employee fringe benefits
- Employer-paid or union-paid portion of health insurance

- Foster Care Reimbursements
- Federal work study for students
- Fellowships (e.g., a scholarship or grant awarded a graduate student in a college or university)
- Fuel Assistance Program benefits
- Gifts
- Goods or housing received in lieu of wages
- Imputed value of rent from owner-occupied non-farm or farm housing (Self-employed only is a non-cash tax shelter)
- Earned Income from full time high school students
- Interest – First \$50 of interest earned annually
- Loans
- Lump-sum inheritances
- Medicare deductions from Social Security and Railroad Retirement benefits
- Money earned as part of a SSI PASS Plan
- Non-taxable grants
- One-time compensation for injury
- One-time insurance payments
- One-time or irregular payments from a welfare agency to a family or person who is in temporary financial difficulty
- Reimbursement or money paid to an employee to pay back or compensate them for money spent as a result of their employment
- Reverse mortgages
- Sale of a car, truck, tractor (non-business assets in general)
- Sale of house
- Scholarships or other educational financial assistance funded in whole or in part by federal funds and intended for attendance costs (e.g., tuition, fees, materials, supplies, books, transportation, room and board)
- SSI payments for disabled children age 18 and under and/or a full time high school student
- Tax refunds
- Utility allowances provided to subsidized renters
- Value of food or fuel produced and consumed on farms

1.7. Eligibility of Special Cases

There are times when the CAAs must deviate from the standard application procedures to accommodate an applicant with special circumstances. The following procedures should be used to determine eligibility when applicable

1.7.1. Self-Employment

Due to the cyclical nature of some self-employment, income must be documented on an annual basis for all self-employed individuals. If an individual has not been self-employed for a full year, the total number of days from the start of the self-employment shall be used to calculate income. The following guidelines shall be used in determining income for a self-employed person.

1.7.1.1. Self-employment Income

Self-employed individuals must provide the most current Federal Tax Return (Form 1040), along with Schedule C (or C-EZ if applicable). If Form 1040 and Sch. C are not available (less

than one year of self-employment, etc.) then applicant may complete a **Self-Employment Income Statement**. It is the applicant's responsibility to provide adequate proof of income and expenses. The Schedule C can be used as documentation. Applicants applying after the last day of February of any given year must provide copies of their return from the previous year or document income back 365 days from the date of application.

Depreciation deductions are not an allowable expense and shall be added back into the net profit amount when using an applicant's tax filing, except in the case of depreciation factors included in mileage payments. Negative self-employment income is not to be subtracted from other household income but rather counted as zero (0).

Supporting documentation for the **Self Employment Income Statement**, including business records and receipts must be provided by the applicant in an orderly format. The application cannot be processed until the supporting documentation is presented. It is the CAA's responsibility to verify that all submitted documentation is accurate and complete.

Income from households that also receive income from other sources, along with self-employment income, shall be calculated in the following manner:

All household income, other than self-employment, shall be documented for a 30-day period. The annual income derived from self-employment shall be divided by 12 and then pro-rated monthly. Self-employed income shall be added to the other household income to determine eligibility.

1.7.1.2. Specific Instructions for Completing the Self Employment Income Statement

The following is a list of specific descriptions for the allowable deductions for self-employment income. Any expense category included in the Tax Return Form 1040 Schedule C that is not expressly restricted or prohibited in this manual should be included as a deduction against self-employed income.

Advertising: Costs relating to business advertising in newspapers, radio, television, leaflets, brochures, etc., are deductible, with the exception of political ads and foreign advertising.

Bad Debts: Bad business debts are deductible if there has been an actual loss of money or if the individual has reported the amount of money to be paid as income.

Car & Truck: There are two methods for determining deductions: Actual Costs and Standard Mileage Rate. If using the actual costs method deduct: gas, oil, tolls, tires, licenses, garage rent, parking fees, lease fees and rental fees. If a car is used for both business and personal use, multiply the actual costs by the percent of time car or truck is used for business (i.e., a car used 60% of the time for business with \$2,000 annual costs would have a \$1,200 deduction or $60\% \times \$2,000 = \$1,200$). If using the standard mileage rate, multiply the business-related miles by the current IRS rate for a mileage to arrive at the allowable deduction. You may also deduct: parking fees, tolls, and state and local personal property taxes. Records must be kept showing daily business mileage and a yearly business mileage figure.

Insurance: Payments for work-related insurance premiums are deductible including premiums for fire, theft, flood, casualty, merchandise, inventory, liability, public liability, malpractice, worker's compensation, state unemployment insurance, use and occupancy and business interruption. Employees' group insurance is also deductible as long as applicable nondiscrimination rules are complied with.

Interest: The interest payment on business loans, business credit cards (used to purchase strictly business items) and mortgages are deductible.

Legal and Professional Services: Legal and professional fees (i.e., accountants, lawyers, etc.) that are ordinary and necessary expenses of operating a business are deductible. Legal fees you pay to acquire business are not deductible.

Rent: Costs relating to the use of property you do not own, such as cars, tools, equipment and property are deductible.

Repairs: Minor costs relating to the repair of work-related property or equipment is deductible

Supplies: The costs of incidental supplies and materials such as office supplies, tools, books, professional instruments, and equipment are deductible as long as they are normally used up within a year.

Taxes: Taxes relating to the cost of running a business or a profession are deductible, including: sales, business profits, licenses, regulatory fees, state unemployment payments, corporate franchise taxes, user fees and property taxes.

Travel: Normal expenses are deductible when traveling for business. Deductible expenses include: airplane, bus and train tickets; operating and maintaining vehicles (refer to "Car & Truck" section above); and meals, lodging and other ordinary and necessary expenses relating to business travel. Only 50% of expenses on meals and entertainment, however, are deductible. Expenses that are lavish, extravagant or are for personal or vacation purposes cannot be deducted. Expenses for travel/commuting between home and office cannot be deducted.

Utilities: Normal costs associated with running an office or a business are deductible, such as electricity, heating fuels and telephone. If a home office is used, only the second phone line or actual long-distance, business phone calls are deductible.

Wages: Wages, salaries, bonuses and gifts paid to employees, including anyone who is not a member of the household applying for EAP, are deductible. In the case of household members on a "payroll," be sure that their income is not counted twice.

Other: Membership dues and subscriptions to professional, technical or trade journals that deal with your business are deductible. Penalties and fines resulting from the non-performance of a contract are deductible. However, fines and penalties resulting from criminal or legal action paid to any government agency are not deductible. The costs of medical insurance premiums are deductible at a 25 percent rate (i.e., \$1,000 premium x 25% = \$250 deduction).

Fuel costs relating to purchase of gasoline, diesel, gasohol, etc., used for work-related equipment are deductible (Refer to “Car & Truck” section above for transportation fuel). The costs of maintaining a business bank account, such as monthly service charges, check cashing charges; bad check charges, etc., are deductible. The cost of cleaning and janitorial services is deductible. All deductions under the “Other” heading should have a schedule attached.

When a business is operated out of a person's house or apartment, be it owned or rented, use the following method to calculate the allowable deduction for expenses such as taxes, insurance, electricity, natural gas or telephone, interest and rent: Divide the number of rooms used for the business by the total number of rooms in the house/apartment, not including bathrooms and halls to determine the percentage of the deduction. For example, a four (4) room apartment with one (1) room used for the business results in 25 percent (1/4) of the expenses as the allowable deduction. A nine (9) room house with two (2) rooms used for business results in 22 percent (2/9) of the expenses as the allowable deduction.

1.7.2. Rental Property Owners and Income

Applicants with income from rental property must provide the most current Federal Tax Return (Form 1040), along with Schedule E. If Form 1040 and Sch. E are not available (less than one year ownership in income producing property, etc.), then applicant can complete an **Income Statement for Landlords**. Applicants who apply after January 31 must provide copies of their previous year's return or document income back 365 days from the date of application.

Rental business expenses from occupied rental units are deductible. These expenses may include fuel and electric costs, property taxes, repairs, mortgage interest, advertising and general maintenance costs. The landlord's personal living space expenses cannot be deducted. In a situation where an applicant owns and resides in one apartment of a two-family house and one half (1/2) of the building is rental producing, one half (1/2) of the expenses may be deducted.

1.7.3. Subsidized Housing

Tenants residing in subsidized housing shall be eligible for benefits if they meet the following criteria:

- a) Must meet all other EAP requirements for eligibility; and
- b) Must be responsible for paying their electric bill.

1.7.4. Shared Housing

Shared housing is a situation where two or more individuals reside in the same residence, but as separate households. These households may include individuals who are boarders, students or custodial caregivers. The following descriptions should provide guidance to the CAAs for evaluating the eligibility of an applicant who lives in shared housing. All applications shall be first based on the premise that a household consists of all individuals living within a residential unit. All other living situations shall be evaluated on a case-by-case basis.

1.7.4.1. Boarder

A boarder is defined for EAP purposes as an individual who lives within a residential unit but is not a household member, pays into the household a stipulated amount for meals and/or

lodging, is not related to any household member, and has at least one room for their private use. A boarder by definition would not be the electric service primary customer of record for the residence. Boarders cannot apply for the EAP. If the applicant is the primary customer of record and lives in shared housing, refer to sections on “Roommates” or “Tenants”, below.

A boarder should not be counted as a household member when the primary customer of record within the shared household applies for the EAP, and the boarder's income should not be added to the household's income. A signed statement from the boarder must document the amount of the payment to the applicant.

1.7.4.2. Custodial Care Provider

A custodial care provider is defined for EAP purposes as an individual who lives with an elderly (65 and over) or disabled individual(s) solely for the purpose of providing essential health or supportive services to the elderly or disabled individual(s).

The custodial care provider shall not be included as a household member on the application and his/her income shall not be included in the total household income if either of the following conditions exists:

- He/she has a primary residence somewhere else.
- He/she gave up a primary residence for the sole purpose of giving care to the elderly or disabled individual(s).

The applicant must have a letter from a physician stating medical need for an in-home provider.

1.7.4.3. Group Homes

When the owner of a group home applies for the EAP, the following criteria shall be used for determining eligibility:

In owner-occupied, licensed homes, the owner shall be considered self-employed.

Owner-occupied, non-licensed homes shall be treated as one household and income from all residents shall be submitted and documented.

Occupants of group homes that apply for the EAP must meet all usual eligibility requirements as outlined in Section 1.1.

1.7.4.4. Roommates

A roommate is defined for EAP purposes as an individual who shares a residential unit with (an)other individual(s), sharing expenses.

For an EAP household with roommates, the total number of household members and total income of all roommates (household members) are used to determine eligibility.

The roommate applying for the EAP must be the electric primary customer of record.

1.7.4.5. Tenants

A tenant or renter is someone that pays rent to occupy a building owned by another. Tenants of rental properties are eligible for the EAP if they meet the eligibility requirements outlined in Section 1.1.

1.7.4.6. Medical Waivers

EAP applicants who would otherwise be over income for the EAP and who have paid medical expenses during the income determination period may be eligible for a medical waiver.

Significant medical expenses paid during the income determination period may be deducted from the household's gross income in certain circumstances.

Medical expense must be documented. The medical costs must be equal to or above the amount that the household income is over the guidelines and must match the income determination period.

Requests for a medical waiver must be submitted to the EAP Administrator by email and must include:

- Applicant name
- Case number
- Household size
- Number of household members over 60, disabled or under age 6
- Amount the household income is over the guidelines
- Amount of documented medical hardship expenses

1.7.5. Students

Any full-time college or university student eligible for the EAP under the regular program guidelines must meet the following requirements:

- The definition of a household as defined in section 2.0, above.
- Not be a dependent in any other household (students under age 25).

Any college or university student may be included as a household member on his/her parent/guardian's EAP application if the student is under age 25 and is claimed as a dependent on the parent/guardian's Federal Income Tax return.

A student can only be listed as a household member on one EAP application during any one EAP Program Year.

Documentation of a student's dependent status may be required to complete the EAP application. Acceptable documentation may include a copy of the student or parent's IRS tax or federal financial aid forms.

1.7.6. Foreign Students

Foreign students who are in the United States on a non-immigrant student VISA (Immigration and Naturalization Services, certificate I-20A) are eligible for the EAP as long as they meet all other program requirements outlined above.

1.8. Determining Electric Costs

The EAP system defaults to projections if less than 12 months usage is entered. Actual usage will be measured by the participant's utility company.

The applicant shall be required to provide the CAA with their most recent monthly bill at the time of application.

1.10. Calculating the Discount Tier

The CAA shall be responsible for determining the tiered discount rate applicable to each eligible, certified household.

The benefit shall be determined as follows:

- Total household income (See sections 2.2 above) and the number of household members shall be used to calculate the household's poverty level, expressed as a percentage, (i.e., 100%, 127%, etc.) of the most recent Federal Poverty Guidelines published by the US Dept. of Health and Human Services, as approved by the New Hampshire Public Utilities Commission.
- Using the household's FPG level, the appropriate, corresponding tier of the discount rate shall be assigned. Tiers shall be assigned a number from 2-6.

1.11. Certifying the Application

An application can be certified when all questions on the application necessary for determination of eligibility are answered; complete documentation of all household income for the appropriate time period is attached; and the application is signed and dated by the client and the intake worker.

If an application is found by the certifier to be incomplete or ineligible for the EAP it shall be sent back to the intake worker for further collection of information or for assigning a status of "Pre-Denied."

All completed applications must first have a status of "Pre-Accepted" or "Pre-Denied" marked by the intake worker, and then an "Accepted", "Enrolled", "Denied" or "Wait Listed" status set by the certifier.

Once the CAA certifies an application, the EAP software shall assign the tier of the discount appropriate for the participant's account. If the program allows for the payment of pre-program arrears, the EAP software shall determine whether the participant is eligible for this benefit. The CAA shall enroll the application in the EAP database which shall generate an Enrollment Notification transmission to the utility.

All applications must be completed and submitted by the applicant within thirty (30) calendar days of the application start date. In the event an applicant does not provide all required documentation within thirty (30) calendar days of the application start date, the application shall be denied for insufficient documentation. The CAA has thirty (30) calendar days after the application completion date to certify

the applicant to be EAP eligible or to deny the application. *The applicant must be informed in writing at the time of intake what appropriate documentation must be provided by the applicant and of the timeline for providing this documentation.* If the applicant is denied for insufficient documentation, he or she may re-apply for the program at any time. If the applicant is denied for any reason other than insufficient documentation, he or she may re-apply if circumstances affecting eligibility have changed.

Written notice of eligibility shall be sent no later than 30 days from the date the enrollment notice transaction is sent to the utility. Written notice of denial shall be sent within five business days of when the decision is made. When a household is found eligible for the EAP, an Authorization Letter is mailed to the Customer of Record (COR). When a household is denied for the EAP, a COR Denial Letter and an Appeal Process Notice are mailed to the COR.

Records of all correspondence pertaining to eligibility must be maintained and be easily accessible. CAAs shall not keep hard copies of letters. A record that a letter has been sent shall be automatically saved by the EAP system in the history section of the applicant's case. *(The "history" section of the EAP case shows that a letter has been generated and the date it was generated.)*

1.11.1. Certification & Enrollment

The CAA shall notify the Utility that a customer has been enrolled in EAP via a transmission from the EAP system. This enrollment notification shall include: the customer of record name; service address; utility account number; unique identifier; the appropriate tier discount the participant should be assigned to and whether this enrollment is a new one or a recertification. If the design of the program allows for the payment of pre-program arrears, the CAA shall also notify the Utility of whether or not the participant is eligible for this benefit, through the pre-program arrears indicator.

Each EAP case shall automatically be assigned a unique identifier for the customer of record that shall be used in all correspondence and the notification to the utilities. This unique identifier shall remain constant while the customer of record is enrolled in the program, regardless of the utility from which the customer of record is taking service.

Participants who are 65 years of age or older and in whose households all members are 65 years of age or older and live on a fixed income shall be certified for a 24-month period. For all other participants, the certification period shall be 12 months.

1.11.2.Re-certification

No later than the end of the certification period, or earlier if the household is applying for another program at a CAA and will benefit from applying at the same time,

All participants shall be assigned a new EAP case number for each 12- or 24 month period in which that participant receives benefits (known as the Participant Program Year).

At the time of re-certification, the CAAs shall re-examine the participant's income and household status to ensure continued compliance with program eligibility. To re-certify a participant's eligibility, the CAA shall require updated income-verification documents from the participant. During the re-certification process, a participant's discount tier and eligibility shall be re-examined based on changes in the participant's circumstances as well as any changes to the program criteria.

The CAA shall make adjustments to the participant's enrolled application, as necessary. Changes in eligibility or discount tier shall be communicated to the utility via transmissions from the EAP system.

The CAAs shall send out reminder letters to participants 45 days before the end of their certification period notifying them that their certification shall be expiring. The reminder letter shall provide instructions on how to re-certify and what documentation is needed for the process. The CAAs will call participants approximately 15 days before the end of the certification period.

Participants must have a scheduled appointment with the CAA or have an application in process on or before the end of their 12- or 24-month certification period. In the event that a participant fails to re-certify or is denied re-certification, the CAA must send a Customer Removal Notification transaction to the utility no more than ten business days from when the participant's certification period has expired. The CAA shall also notify the participant in writing of the removal from the program within 10 business days of the decision.

Provided that funds are available, there shall be no interruption of benefits during the re-certification process for EAP participants who continue to meet the eligibility criteria for the program. If, at time of recertification, program funds are not available, the participant may be recertified onto the Wait List. Participants who are determined to be ineligible during the re-certification period shall be removed from the program. Participants who fail to re-certify shall be removed from the EAP.

1.11.3. Non-Periodic Re-evaluation

Occasionally, there shall be situations which merit reconsideration of a participant's benefit level prior to their annual or biennial re-certification. Participants may apply for re-evaluation when there has been a significant change in household income or in the household status. Significant changes in household income or household status are defined as changes which would affect the tier of the discount rate assigned to the participant.

When information is brought to the attention of the CAA that there has been a significant change in the participant's household income or household status, the CAA shall conduct an interim re-certification. If the participant is determined to be ineligible during the interim re-certification, the participant shall be removed from the program at the time of the determination of ineligibility following notice to the participant and expiration of the appeal period set forth in Section 3.2 below.

1.12. Participant Relocation (Moves)

In order to continue receiving EAP benefits after a move or relocation, it is the client's responsibility to contact their local CAA to provide the information necessary to continue program benefits. This information may include: original address; new address; original utility account number; and new utility account number. While this responsibility lies primarily with the customer, other participating EAP agencies, utilities or parties may assist in the collection and forwarding of this "move" information insofar as that is practical.

When a participant moves from their current address, one of the following procedures shall be followed.

1.12.1 Within the Same CAA and Same Utility

If a participant moves within the same CAA territory and re-establishes service with the same utility within a 30-day period they shall automatically be placed back within the discount tier that they were originally assigned for the remainder of the certification period. The utility shall notify the CAA of the new address and new account number. The CAA shall make, and communicate to utility, appropriate changes to the enrolled application such as new address, and new utility account.

1.12.2. Within Same CAA to a Different Utility

If a participant moves within the same CAA territory and establishes service with a new utility, the participant shall notify the CAA. Upon notification, the CAA shall request a bill for the new utility account and shall make appropriate changes to the participant's enrolled application. These changes shall generate a new enrollment transmission to the new utility.

If a participant does not notify the CAA of a change in utility and the CAA receives a total of two consecutive transaction error reports on the participant from the old utility, the case shall be set to "withdrawn" by the EAP software. The CAA shall de-obligate or remove the enrolled (now "withdrawn") application and send a Removal Letter to the participant, enclosing the EAP Appeals Procedures.

1.12.3. Move From One CAA Territory to a New CAA Territory – Same or Different Utility

If a participant moves from one CAA territory to another CAA territory and either reestablishes service with the same utility or establishes service with a new utility, the participant shall notify one of the CAAs or the utility (if the utility is not changing). If the participant notifies the utility (participant must re-establish service with the utility within 30 days from the date of the move), the utility shall notify the *original* CAA of the change of address and new account number. The *original* CAA shall make the changes in the address but *NOT* account number, move the enrolled case to the *new* CAA, and notify the *new* CAA by email informing them that the case is being moved to their CAA. The *new* CAA shall complete the move transaction including changing the utility account number.

If the participant notifies the *original* CAA and informs the original CAA that the participant is moving to a town in *another* CAA's territory and has new electric account information, the *original* CAA may collect *all new* account information and communicate this information to the *new* CAA. If the participant does not have the new account information, the *original* CAA shall instruct the participant to contact the *new* CAA as soon as the participant has established electric service at their new address.

When the participant contacts the *new* CAA, the *new* CAA shall request the appropriate information from the participant and shall either continue the participant's discount at the same utility or enroll the participant with the new utility.

1.13. Withdrawal or Removal from Program

When the CAA fails to receive two consecutive utility transmission reports for a case, that case is automatically set to a "withdrawn" status, and the CAA shall remove the case from the database and

notify the utility of the removal. The CAA shall also send a Removal Notice to the participant, which shall include the Appeals Procedures.

2. Applicant Rights and Responsibilities

2.1. Confidentiality

It is of the utmost importance that applicants are guaranteed complete confidentiality regarding information disclosed to all persons involved in the administration of the EAP.

The applicant agrees to authorize the release of information when completing and signing the EAP application form. This authorization permits only the following:

- Contact of third parties and collection of information to verify household income, electric usage and or cost, and other information necessary to establish eligibility for EAP;
- Information necessary to determine amount and type of assistance;
- Information released to the Fuel Assistance Program and NH Weatherization Assistance Program for purposes of establishing eligibility;
- Information released to the utilities for purposes related to the workings of the EAP or other customer service programs within the same utility.

The CAA shall not release any other information without an additional specific release signed by the applicant.

2.2. Appeal Procedures

Any applicant or participant who has a grievance concerning denial of benefits, removal from the EAP or placement on the waiting list may file an appeal of the decision.

When an applicant is denied benefits, removed from the program or placed on a waiting list, the CAA shall provide written notification of the denial of benefits, removal from the program or the placement on the waiting list to the EAP applicant or participant. At the time of such notification, the CAA shall provide, in writing, information about the EAP Appeals Procedures to the EAP applicant or participant.

The written notification to EAP applicant or participant who has been denied benefits, removed from the program, or placed on the waiting list shall include the following information:

- a) A brief statement of the reason(s) for denial of benefits, removal from the program, or placement on the waiting list;
- b) A statement of the right to appeal the decision; and
- c) A brief explanation of the EAP appeal process including all necessary information needed to file the appeal, including that a discussion with the CAA EAP Director is required.

All appeals shall be resolved within thirty days.

Upon notification that an appeal is in process, the Program Administrator shall not remove the participant from the program (unless the participant has *already* been removed and the appeal is relative to that action), and the CAA shall not de-obligate any funds pending the outcome of the appeal.

2.2.1 *Appeal Procedures - Step One*

Step one of the appeals process shall consist of an exchange between the applicant or participant and the CAA EAP Director. The applicant or participant shall initiate the exchange by contacting the CAA EAP Director. The contact may be made either over the phone, in-person, or in writing and must occur within ten (10) business days of the applicant or participant's receipt of the written notification of their program status. During the exchange between the applicant or participant and the CAA EAP Director, the applicant or participant shall have an opportunity to express his or her concerns and issues.

The CAA EAP Director shall review and attempt to resolve the applicant or participant's dispute. The CAA EAP Director shall document the exchange between the applicant or participant and the CAA EAP Director and the resolution of the dispute. The documentation shall contain information relative to the eligibility requirements or benefit determination.

The CAA EAP Director shall notify the applicant or participant of the decision in writing within ten (10) business days of the exchange between the applicant or participant.

The CAA EAP Director shall notify the Program Administrator that an appeal has been filed and of the results of step one of the appeals process and that such appeal must be made within ten (10) business days of receipt of the decision of the CAA EAP Director.

If the applicant or participant is not satisfied with the CAA EAP Director's decision, the CAA EAP Director shall remind the applicant or participant verbally and in writing of his or her right to appeal the decision to the Public Utilities Commission's (PUC) Consumer Services Division.

2.2.2 *Appeal Procedures - Step Two*

Step 2 of the appeal process shall consist of a review by the PUC's Consumer Services Division to determine whether the CAA EAP Directors' decision is correct. Upon receipt of the written notice of decision from the CAA EAP Director, the applicant or participant may submit an appeal, either verbally or in writing, to the PUC's Consumer Services Division (1-800-852-3793 or <http://www.puc.nh.gov/Consumer/complaint.htm>). Such appeal to the Consumer Services Division must be made within ten (10) business days of receipt of the decision of the CAA EAP Director.

The Consumer Services Division's review process includes the following:

a) Upon receipt of the applicant or participant's oral or written appeal, the Consumer Services Division shall notify the Program Administrator that an appeal has been submitted. The Program Administrator shall provide the Commission and the applicant or participant with any information required to review the appeal.

- b) The Consumer Services Division shall advise the applicant or participant to review the information sent by the Program Administrator. The Consumer Services Division shall advise the applicant or participant of his or her right to provide additional information, either orally or in writing.
- c) The Consumer Services Division shall review the information provided by all parties, including the Program Administrator, and determine whether the CAA EAP Director's decision was made in accordance with the EAP rules and policies. In appeals involving allegations of fraud, the Program Administrator has the burden of demonstrating willful intent to misrepresent or defraud.
- e) The Consumer Services Division shall notify the applicant or participant, the CAA EAP Director, and the Program Administrator of the outcome of its review within ten (10) business days from the date of receipt of the appeal. Such notification may be made verbally or in writing.

2.3. Fraud or Willful and Deliberate Misrepresentation

Misrepresentation(s) may occur during the application process as a result of misunderstandings or ignorance. Third-party information to the CAA may also conflict with what the applicant or participant has stated on his or her application.

A local CAA should follow the procedures outlined in this section when information on the applicant or participant's EAP application conflicts with:

- a) Third party information;
- b) Documentation;
- c) Verbal information provided by applicant or participant; or
- d) Information provided by the utility.

Fraud differs from a misrepresentation resulting from a misunderstanding or ignorance. A perceived incidence of fraud by an EAP applicant or participant must be confirmed by evidence of deliberate and willful intent to defraud.

Any third-party information alleging fraud or misrepresentation must be in writing and signed by the alleging party. The burden of proof resides with the party alleging the fraud or willful and deliberate misrepresentation.

In cases involving fraud or willful and deliberate misrepresentation, the final determination of whether or not to deny the application shall require the approval of the Program Administrator.

In situations involving fraud or willful and deliberate misrepresentation, the local CAAs shall utilize the following process.

2.3.1. If potential fraud or willful and deliberate misrepresentation is identified during the application process:

2.3.1.1. The local CAA shall contact the applicant in writing and request his or her assistance and cooperation in providing supplementary support for or clarification of the information contained in the application. If additional documentation is required, the CAA shall request the information from the applicant.

2.3.1.2. If the applicant responds as requested the CAA EAP Director will evaluate the information provided, will determine appropriate next steps.

2.3.1.3 If the applicant does not respond within 10 business days or does not provide satisfactory information, the local CAA shall notify the CAA EAP Director of the situation in writing. The CAA EAP Director shall then conduct the review process from this point forward. The review process shall take no more than 30 business days.

2.3.1.4. The local CAA shall place the approval process in an “incomplete” status while further review by the CAA EAP Director takes place. The review process shall not exceed 30 business days. During the review process the 30-calendar day window to certify the application shall be suspended. No funds shall be obligated for the applicant during this review.

2.3.1.5. The CAA EAP Director shall obtain further information and clarification regarding the application as needed.

2.3.1.6. If the CAA EAP Director determines that no further review is necessary or that the information received has been clarified to the satisfaction of the Program Administrator, then the application approval process shall resume.

2.3.1.7. If the CAA EAP Director determines based upon information received and further review that the application cannot be approved because of sufficient proof of fraud or willful and deliberate misrepresentation, the application shall be denied.

2.3.1.8. The CAA EAP Director’s decision to deny an application shall be approved by the Program Administrator. The CAA EAP Director shall notify the applicant in writing of any decision and a copy of the letter shall be kept in the applicant's file. The written notification shall include notice of the applicant's right to request an appeal and notice of the appeal process (see section 2.2, above).

2.3.2. If potential fraud or willful and deliberate misrepresentation is identified after EAP benefits have been issued:

2.3.2.1. If an EAP participant has begun to receive benefits and the CAA receives additional information of potential fraud or willful and deliberate misrepresentation by the participant, the CAA shall contact the participant in writing and request his or her assistance and cooperation in providing supplementary support for or clarification of the information contained in the application. If additional documentation is required, the CAA shall request the information from the participant.

2.3.2.2. If the participant responds as requested the CAA EAP Director will determine if the participant should continue receiving benefits or should be terminated from the program.

2.3.2.3. If the participant does not respond within 10 business days or does not provide satisfactory information, the local CAA shall notify the CAA EAP Director of the situation in writing. The CAA EAP Director shall then conduct the review process from this point forward. The review process shall take no more than 30 business days.

2.3.2.4. The CAA EAP Director shall send a letter to the participant informing the participant that his or her eligibility is in question and that electric assistance benefits may be terminated following a review. The letter shall clearly identify the reason(s) for the review and the potential removal from the program. A copy of the letter shall be saved in the participant's file.

2.3.2.5. Unless the utility has information pertinent to the review, the CAA EAP Director shall not disclose the reason(s) why the participant's eligibility is being reviewed.

2.3.2.6. The CAA EAP Director shall not remove the participant from the program during this review period until such time as a decision adverse to the participant has been made and either the 14-calendar day appeal period has elapsed or the appeal to the PUC's Consumer Affairs Division has been unsuccessful. The CAA shall not de-obligate funds pending the outcome of the review process.

2.3.2.7. The CAA EAP Director shall review all information with respect to eligibility and possible fraud or willful and deliberate misrepresentation. The review process may include one or more requests for further information and documentation from the participant.

2.3.2.8. The CAA EAP Director, with the approval of the Program Administrator, shall make the final determination as to whether to remove the participant from the program because of sufficient proof of fraud or willful and deliberate misrepresentation. The CAA EAP Director shall notify the participant in writing of any decision and a copy of the letter shall be kept in the participant's file. The written notification shall include notice of the participant's right to request an appeal and notice of the appeal process (see section 2.2, above).

2.3.3. *Liability*

2.3.3.1. The Program Administrator shall make every effort to effect a voluntary restitution of funds (payments) expended on behalf of an ineligible participant.

2.3.3.2. The CAAs and Program Administrator shall not be liable for payments made on behalf of the ineligible participant provided that all procedures identified in the current EAP Business Rules were properly followed.

2.3.3.3. Once the period to file an appeal has expired with no appeal having been filed or, once an appeal is filed and resolved, the Program Administrator shall refer cases where there is evidence of fraud or willful and deliberate misrepresentation to the PUC, who in turn may refer the situation to the Attorney General's Office or other appropriate prosecutorial body.

2.3.3.4. If a utility suspects a participant of committing fraud or making one or more willful and deliberate misrepresentations during the application process for the program or in

obtaining service, the utility may appeal the placement of the participant on the program with the PUC's Consumer Affairs Division by following the appeals process procedures outlined in section 2.2, above.

3. Termination from the Program

A participant may be removed from the EAP for any one of the following reasons:

- The participant deliberately and willfully provided false or misleading information (as outlined in section 2.3 above);
- The participant fails to meet program eligibility criteria at the time of re-certification or interim recertification if it is determined that the household no longer qualifies.
- The program has insufficient funds to re-enroll the participant despite the participant's meeting program eligibility criteria at the time of recertification. The participant shall be placed on the Wait List in this case;
- The participant has died;
- The participant fails to re-certify their eligibility; or
- The participant fails to notify the CAA in the event of a move or account number change.

4. Program Management

4.1. Outreach

A full statewide outreach plan is the key to delivering comprehensive services to the low-income population of New Hampshire. The CAA may use various media and social service agencies in order to accomplish the objectives and goals of the outreach plan.

4.1.1. Each CAA shall submit to the Program Administrator a detailed plan of all outreach activities to be performed 90 days prior to the start of each program year. The Program Administrator shall provide the NH Office of Strategic Initiatives (OSI) and the PUC with a copy of these outreach plans for the purpose of program evaluation. OSI shall present a summary of the outreach plans to the EAP Advisory Board annually.

4.1.1.1. The outreach plan shall include, but is not limited to:

- Generation of a mailing list of participants who never re-certified for the purpose of disseminating EAP information.
- Use of mass media and related outlets such as television, radio, newspapers and community meetings to publicize the EAP.
- Distribute program information to appropriate community agencies, vendors, and other CAA programs.
- Open outreach sites and conduct home visits when necessary.
- Use of the Internet and agency websites to promote the program.

4.1.2. The Program Administrator shall ensure that the individual CAAs employ effective outreach techniques to maximize penetration rates within their region.

4.1.3. In addition to the CAAs' outreach efforts, the participating utilities shall also engage in outreach activities, including distribution of basic information about the EAP in periodic bill inserts and on disconnect notices.

4.2. Waiting List

In the event program funds become fully committed, applicants who are certified as eligible to participate in the EAP shall be placed on a waiting list held by each CAA. Individual CAAs shall be responsible for maintaining the waiting list in their region. For purposes of enrolling households from the wait list, all CAA specific Wait Lists shall be combined into a single state-wide wait list, and the lowest FPG households shall be enrolled before higher FPG households.

Applicants who are placed on the waiting list shall be notified of this status in their Authorization letter.

Applicants on a waiting list must be re-certified every 12 or 24 months, as appropriate, in order to maintain their eligibility.

4.3. Participant Education and Support

Counseling and supportive services provided by the CAAs shall be on an as-needed basis to be determined by the CAA worker and/or participant. Supportive services may include information about the other sources of assistance, energy conservation education and budget counseling.

Education information provided to participants shall include low-cost/no-cost energy conservation materials. Many of these materials are available through NH Office of Strategic Initiatives (see <https://www.nh.gov/osi/energy/saving-energy/index.htm> for a listing).

4.4. Procurement

4.4.1. General Procurement Goals and Objectives

The Program Administrator shall ensure that all procurement of materials, property or equipment with EAP funds is conducted in a manner to provide open and free competition and to avoid any appearance of impropriety.

4.4.1.1. No CAA employee, officer or agent shall solicit or accept gratuities, favors or anything of monetary value from a contractor or potential contractor.

4.4.1.2. Proposed procurement actions shall follow procedures to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement.

4.4.1.3. Some form of price or cost analysis shall be made in connection with every procurement action if required by OMB Circular A-122

4.4.1.4. No CAA may use EAP funds for the purchase of land or the purchase, construction or permanent improvement of any building or other facility.

4.4.2. Procurement Approval

The CAA or Program Administrator shall request and obtain written approval from the PUC for any agency procurement contract, agreement or bid proposal prior to its award when:

- 1) The procurement, at least a portion of which is EAP funded, is expected to exceed \$10,000;
- 2) The proposed procurement is a sole source procurement including when only one bid or proposal is received, in which the aggregated expenditure is expected to exceed \$5,000, at least a portion of which is EAP funded; or
- 3) The CAA or Program Administrator fails to comply with its own procurement procedures and with the OMB Circular A-122.

4.5. Electronic or Manual Communications

The EAP software shall normally generate all required regular electronic or manual communications to the utilities and receive all agreed upon transmissions from the utilities automatically without need for user intervention.

From: [Schwarzer, Mary](#)
To: [Schwarzer, Mary](#)
Subject: FW: EAP Advisory Board Recommendation 061621
Date: Monday, February 14, 2022 12:46:01 PM
Attachments: [EAP Advisory Board Recommendation RPF Review Program Design 061621.pdf](#)

From: Noonan, Amanda <Amanda.O.Noonan@energy.nh.gov>
Sent: Monday, February 7, 2022 2:53 PM
To: Schwarzer, Mary <Mary.E.Schwarzer@energy.nh.gov>; Shulock, David <David.J.Shulock@energy.nh.gov>
Subject: FW: EAP Advisory Board Recommendation 061621

Amanda O. Noonan

Director, Consumer Services
Department of Energy
21 South Fruit Street, Suite 10
Concord NH 03301
603.271.1164 voice
amanda.o.noonan@energy.nh.gov

From: Connelly, Bryan M. <Bryan.M.Connelly@puc.nh.gov>
Sent: Wednesday, June 16, 2021 3:58 PM
To: Beaulieu, Carole <beaulieuc@unitil.com>; Chattopadhyay, Pradip K <Pradip.K.Chattopadhyay@oca.nh.gov>; Christine Downing <christine.downing@libertyutilities.com>; Cronin, Gary <Gary.M.Cronin@puc.nh.gov>; Drew Dunagin <dunagind@nhec.com>; Janice Johnson (<janice.johnson@eversource.com>) <janice.johnson@eversource.com>; Jeanne Agri <jagri@bm-cap.org>; Jessica Arnold <jessica.arnold@libertyutilities.com>; John Braswell <john.braswell@eversource.com>; Karen Emis-Williams (<KWilliams@ConcordNH.gov>) <KWilliams@ConcordNH.gov>; Karen Hanks <hansk@nhec.com>; Kreis, Donald <Donald.M.Kreis@oca.nh.gov>; Morin, Sandra N PSNH (<sandranorma.morin@eversource.com>) <sandranorma.morin@eversource.com>; Noonan, Amanda <Amanda.O.Noonan@puc.nh.gov>; OSI: EAP-OSI <eap.oep@nh.gov>; Patterson, Rorie <Rorie.Patterson@puc.nh.gov>; PUC: OCA Litigation <OCALitigation@oca.nh.gov>; Raymond Burke <rburke@nhla.org>; Robyn Sarette <saretter@nhec.com>; Shute, Christa <Christa.B.Shute@oca.nh.gov>; Smiglowksi, Eileen <Eileen.P.Smiglowski@osi.nh.gov>; Stephen Tower <stower@nhla.org>; Sue Corson <Corson@unitil.com>; Theresa Washington <theresa.washington@eversource.com>
Subject: EAP Advisory Board Recommendation 061621

Good afternoon,

Please find the attached Staff Recommendation to develop and issue a RFP for a consultant to review the program design.

Thank you,

Bryan Connelly

Consumer Services Division
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord NH 03301
603.271.1636 Fax: 603.271.3878
bryan.connelly@puc.nh.gov

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PUBLIC UTILITIES COMMISSION

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

June 16, 2021

Debra A. Howland
Executive Director
NH Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

RE: Electric Assistance Program (EAP) – Advisory Board Recommendation to Develop
and Issue a RFP for a Consultant to Review Program Design

Dear Ms. Howland:

On behalf of the EAP Advisory Board, enclosed please find a recommendation to develop and issue a RFP to solicit proposals for review, analysis, and evaluation of the EAP program design. The Advisory Board plans to use the results of the program review to develop recommendations for improving the effectiveness and efficiency of the EAP in fulfilling program goals and for prudently spending down a portion of the EAP fund in compliance with applicable law. The Advisory Board recommends that the program review include quantification of program participants whose electric bills fall outside the targeted 4% - 5% of income range used for eligibility, exploration of the appropriateness and feasibility of expanding existing tiers or adding one or more additional tiers, ways to improve reporting to better manage the program, and other opportunities to assist more low-income electric customers consistent with applicable law.

Questions or requests for additional information may be directed to my attention for distribution to the Advisory Board.

Sincerely,

Amanda O. Noonan

Amanda O. Noonan
Director, Consumer Services and External Affairs

cc: EAP Advisory Board

EAP Advisory Board

Recommendation to Approve a Process to Issue Request for Proposals (RFP) for Consultant Review of Program Design

June 16, 2021

I. Summary

The Electric Assistance Program Advisory Board (Advisory Board) recommends the Commission approve a Request for Proposals (RFP) process to solicit competitive proposals for a review, analysis, and evaluation of existing program design of the Electric Assistance Program (EAP). The Advisory Board plans to use the results of the program review to develop recommendations for improving the effectiveness and efficiency of the EAP in fulfilling program goals and for prudently spending down a portion of the EAP fund in compliance with applicable law. The Advisory Board recommends that the program review include quantification of program participants whose electric bills fall outside the targeted 4% - 5% of income range used for eligibility, and exploration of the appropriateness and feasibility of expanding existing tiers or adding one or more additional tiers, ways to improve reporting to better manage the program, and other opportunities to assist more low-income electric customers consistent with applicable law.

II. Historical and Procedural Background

The EAP provides bill assistance to low-income electric customers through a discount on electric bills. The Commission oversees the electric utilities' administration of the EAP with the support of the Advisory Board. Members of the Advisory Board include representatives of Commission Staff, the Office of the Consumer Advocate, the Office of Strategic Initiatives (OSI), and the four electric utilities, the Community Action Agencies, the New Hampshire Municipal Welfare Directors, and New Hampshire Legal Assistance on behalf of The Way

**EAP Advisory Board Recommendation to Approve RFP for Consultant Review of Program
June 16, 2021**

Home. The diverse nature of the Advisory Board ensures that all interests are well represented when program changes are proposed.

Eligibility for the program is based on a customer's gross household income and household size in relation to the New Hampshire State Median Income as determined annually by OSI. There are five discount tiers ranging from 8% to 76% for the first 750 kWh on eligible customers' monthly electric usage. Households with the lowest poverty levels receive the largest discount. Usage above 750 kWh is billed at a non-discounted default service rate, serving as an incentive for energy efficiency and conservation. The goal of the EAP is to provide bill discounts that reduce, on average, participant electric bills to between 4% and 5% of the average income for the discount tier. Order No. 26,321 at 2 (December 26, 2019).

The EAP was first approved by the Commission in Order No. 23,573 (November 2000), pursuant to RSA 374-F, which created the system benefits charge (SBC), the funding source for both the EAP and the Core energy efficiency programs, now the Energy Efficiency Resource Standard. Specifically, RSA 374-F:3, V (a) states, ". . . Programs and mechanisms that enable residential customers with low incomes to manage and afford essential electricity requirements should be included as a part of industry restructuring." In addition, RSA 369-B:1, XIII requires the Commission to "design low-income programs in a manner that targets assistance and has high operating efficiency, so as to maximize the benefits that go to the intended beneficiaries of the low-income program." The EAP was designed with these principles in mind, and all subsequent program changes have been similarly consistent.

The SBC is a per kilowatt-hour charge collected from all electric utility customers pursuant to RSA 374-F:3, VI. Once collected, the funds are held in an account by the State Treasurer's Office (EAP fund) until they are needed to cover EAP expenses. On a monthly basis, utilities use the revenue from the low-income portion of the SBC (LI-SBC) to credit the applicable EAP discount to participant bills and reimburse the Community Action Agencies and themselves for administrative costs incurred. RSA 374-F:4, VIII, (c) requires the Commission to suspend collection of some or all of the EAP SBC for a reasonable period, if the EAP fund accumulates an excess of \$1,000,000 and that the excess is not likely to be substantially reduced over the next 12 months.

Since 2013, the Commission has made several program design changes to the EAP, to address balances in excess of the statutory limit, as well as to increase the number of, and the

**EAP Advisory Board Recommendation to Approve RFP for Consultant Review of Program
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benefits provided to, low-income households eligible to participate in the program. Specifically, the Commission has increased the program's discounts as well as the usage cap, the kilowatt hours of electricity in a given billing period to which the discount will apply, Order No. 25,544 (July 2013), and creating a one-time, financial benefit for low-income electric customers administered through the utilities Neighbor Helping Neighbor and Project Care programs. Order No. 25,749 (January 2015). In addition, the Commission has increased the income eligibility threshold used to qualify households for the EAP, Order No. 25,643 (May 2014), and has approved the use of EAP funds to provide discounts to the energy portion of bills of EAP participants who elect to procure energy from a competitive supplier. Order No. 26,132 (May 2018). Most recently, the Commission increased the eligibility threshold from 200% of the Federal Poverty Guideline to 60% of New Hampshire's State Median Income. Order No. 26,321 (December 2021). The last comprehensive review of the EAP design by an independent consultant was in 2007.

In the last two years, the Advisory Board has discussed other ways to effectively utilize unencumbered EAP funds while maintaining the sustainability of the EAP. Specifically, the Advisory Board discussed the following options:

- increasing the usage cap above 750 kWh;
- one-time grants of assistance to energy assistance programs;
- using EAP funds to provide arrearage forgiveness to program participants;
- increasing discounts or reducing the number of discount tiers;
- transferring funds from the EAP to low-income energy efficiency programs; and
- targeting EAP assistance to customers who use electric heat or who have medical certifications.

The Advisory Board also considered the possibility of significant updates to, or the replacement of, the software used by the community action agencies to store and manage program data for the EAP and the federally funded Low Income Home Energy Assistance Program (LIHEAP), which is known in New Hampshire as the Fuel Assistance Program (FAP). For several years, the Advisory Board has discussed the purchase by the Office of Strategic Initiatives (OSI) of new software for the FAP on account of new reporting requirements for that

**EAP Advisory Board Recommendation to Approve RFP for Consultant Review of Program
June 16, 2021**

program. In addition to its limited reporting capabilities, the existing software is outdated technologically, having been put into service in early 2003. Consequently, in the context of those discussions, the Advisory Board has considered whether OSI's investment in new FAP software could provide an opportunity for the EAP to replace its own software while sharing the costs with the FAP. Any replacement of the EAP software, even if the investment is shared with the FAP's software replacement, however, is likely to reduce the EAP fund significantly, so the Advisory Board must keep the potential in mind when considering changes that would also reduce the fund.

III. Sub Committee Analysis

The EAP Advisory Board convened a subcommittee to consider the possibility of hiring a consultant to review and assess current program design. The subcommittee, consisting of representatives from the New Hampshire Municipal Welfare Directors, the electric utilities, The Way Home (represented by NHLA), and the Commission Staff met several times over a two-month period, reviewed the last recommendation from 2007, discussed developments since then, and identified several areas for evaluation within the context of a comprehensive review of the program. Some of those areas are:

- The number of customers outside the targeted 4% - 5% range for the program.
- The benefit of expanding any existing, or adding one or more additional, discount tiers.
- The improvement of reporting to better manage the program.
- The incorporation of other program features to assist more eligible customers consistent with applicable law.

At the January 2020 meeting of the Advisory Board, the subcommittee reported the results of its discussions. Further action on the subcommittee's recommendation was delayed by the onset of the COVID-19 Pandemic in March of 2020. This recommendation of the Advisory Board was approved on June 11, 2021.

**EAP Advisory Board Recommendation to Approve RFP for Consultant Review of Program
June 16, 2021**

IV. Further Considerations

After the April 2021 reconciliation of the EAP fund, the balance was \$3,238,496.75. Although the costs associated with a comprehensive review of the EAP design by an independent consultant alone is unlikely to substantially resolve the excess balance of the EAP fund, the Advisory Board recommends that the Commission view this recommendation as a part of a multipronged solution to the EAP Fund surplus, including the impending replacement of the obsolete EAP software.

The Advisory Board is keenly aware of its responsibility to balance recommendations for program changes to better enable residential customers with low incomes to manage and afford essential electricity requirements with the financial sustainability of the EAP. More than 27,000 households currently rely on their EAP discounts to manage their electricity costs; however, according to census data, the number of eligible households is three times that number. EAP enrollment patterns have fluctuated over the time, and there have been periods when the EAP had a large enrollment wait list. However, sharp increases in enrollment are not typical, and are not projected at this time. In an effort to avoid a wait list situation in the future, the Advisory Board proceeds cautiously when recommending the program changes and the use of surplus program funds.

The Legislature's overriding directive for the EAP is to "design low-income programs in a manner that ... maximize[s] the benefits that go to the intended beneficiaries of the low-income program." RSA 369-B-1, XIII. Using a portion of the balance in the EAP Fund to evaluate existing program design for the first time in more than 13 years is consistent with the legislative directive of RSA 369-B-1, XIII.

V. Conclusion

Accordingly, the Advisory Board respectfully requests that the Commission approve an RFP process to accept competitive proposals for a consultant to review, analyze, and evaluate the existing program design of EAP with the aim of developing recommendations for improving the effectiveness and efficiency of the EAP in fulfilling program goals.