

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
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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

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PUBLIC UTILITIES COMMISSION

21 S. Fruit St., Suite 10
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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

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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

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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

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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.

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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.