


STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: August 29, 2013**AT (OFFICE):** NHPUC**FROM:** Amanda O. Noonan **SUBJECT:** DE 13-212 Electric Assistance Program

NHPUC 29AUG'13AM11:28

TO: Commissioners
Executive Director**CC:** Michael Sheehan

In accordance with Commission Order 23,980, Public Service of New Hampshire, Granite State Electric Company d/b/a Liberty Utilities, New Hampshire Electric Cooperative, Unitil Energy Systems and the Office of Energy and Planning filed their budgets and sales forecasts for the upcoming electric assistance program (EAP) 60 days or more in advance of October 1, 2013, the start of the 2013-2014 program year. The Community Action Agencies provided the Commission with a copy of their budget on July 19, 2013 and filed an amended budget on July 31, 2013.

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

As program administrator, the CAA performs activities such as client outreach and intake, application processing, enrollment of participants, and periodic review of ongoing program eligibility. The CAA also conducts compliance monitoring to ensure program guidelines are being adhered to. Utility incremental costs generally include expenses for the production and printing of educational materials such as posters and brochures, customer service, legal services and IT support and represent those expenses that would be reasonably incurred as part of the utility's administration of the EAP but would not be incurred absent EAP. Expenses included in the OEP budget relate to OEP's participation in the EAP advisory board meetings and other EAP related discussions.

The EAP is currently serving approximately 32,000 customers with no waiting list for the program. The program as currently designed is projected to be able to provide benefits to approximately 33,500 customers. As income eligible residents in the state begin to plan for the winter heating season and apply for the federally funded low-income home energy assistance program, EAP enrollment is expected to increase.

The proposed budget for the 2013-2014 EAP program year is shown below. Overall the 2013-2014 program year budget is 2.84% lower than the 2012-2013 program year budget.

**2013 - 2014 EAP Program Year
Overall Budget**

| | CAA Costs | Utility Costs | OEP Costs | Total |
|-----------------------------|--------------------|-----------------|----------------|--------------------|
| 2013-2014 | \$1,802,946 | \$14,044 | \$7,000 | \$1,823,990 |
| 2012-2013 | \$1,780,694 | \$61,944 | \$34,707 | \$1,877,345 |
| Change over 2012-2013 PY | 1.25% | (77.33%) | (79.83%) | (2.84%) |

The decrease in the EAP budget for the 2013 – 2014 program year is the result of a budgeted decrease in the OEP costs and a budgeted decrease in utility costs. During the 2012-2013 program year, OEP performed its second triennial process evaluation as required by Commission Order 24,820. Costs related to conducting the process evaluation were included in the OEP budget for the 2012-2103 program year while the OEP budget for this program year properly reflects only those costs associated with its participation in the EAP advisory board meetings and other EAP related discussions. The overall budget for the utilities has decreased due, in large part, to organizational changes at PSNH resulting from its merger with NStar. As a result of those changes, PSNH's incremental labor costs have decreased significantly, leading to a decrease of approximately 88% in PSNH's 2013-2014 program year budget.

The budgets for the 2013-2014 EAP program year were provided to all members of the EAP Advisory Board. The Advisory Board has reviewed the budgets, and an informal discovery process was used to ensure all members had an opportunity to ask questions and discuss the budgets.

Following its review, the Advisory Board concluded that the expenses included in the budgets submitted for the 2013-2014 EAP program year are those which would be reasonably incurred in the administration of the electric assistance program. Accordingly, Staff recommends the Commission approve the 2013-2014 EAP program year budgets as filed.