

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 09-135

STATE-WIDE LOW INCOME ELECTRIC ASSISTANCE PROGRAM

2009-2010 Program Budgets

Order *Nisi* Approving 2009-2010 Program Budgets

ORDER NO. 25,015

September 22, 2009

I. BACKGROUND

The purpose of this docket is to review the budgets related to the statewide low income electric assistance program (EAP). *See, e.g., Statewide Low-Income Electric Assistance Program*, Order No. 23,980 (May 30, 2002), *Statewide Low-Income Electric Assistance Program*, Order No. 24,903 (Sept. 30, 2008). The EAP is operated by Granite State Electric Company d/b/a National Grid (GSEC), New Hampshire Electric Cooperative, Inc. (NHEC), Public Service Company of New Hampshire (PSNH), and Unitil Energy Systems, Inc. (UES) (together, the Utilities) in conjunction with the Community Action Agencies (CAAs), the Office of Energy and Planning (OEP) and the New Hampshire Public Utilities Commission Staff (Staff). Between July 28 and August 3, 2009, the Utilities, CAAs, and OEP submitted their estimated on-going administrative costs to provide services associated with the EAP for the program year beginning October 1, 2009, and ending September 30, 2010. On September 16, 2009, Staff filed a memorandum recommending approval of the proposed budgets.

The budgets submitted by the Utilities identify the incremental costs projected for the administration of the EAP. The budgets show each utility's ongoing administrative costs separately from the utility's allocation of the CAAs' ongoing administrative costs. Utility

administrative costs include information technology (maintenance and support), customer service (administration as well as maintenance and support), and marketing support (which includes costs related to brochures and posters, as well as some employee expenses).

For each utility, the bulk of the incremental costs are the CAAs' ongoing administrative costs, paid for through contracts between each utility and the CAAs and recovered from the EAP Fund by the Utilities. The proposed budgets for 2009-2010 are as follows:

| | Utility and OEP Administrative Costs | CAA Administrative Costs | Total |
|--------|---|-----------------------------|-----------------|
| PSNH | \$ 53,700.00 | \$ 1,238,393.00 | \$ 1,292,093.00 |
| NHEC | \$ 3,500.00 | \$ 149,154.00 | \$ 152,654.00 |
| NGRID | \$ 2,949.00 | \$ 109,491.00 | \$ 112,440.00 |
| UNITIL | \$ 5,250.00 | \$ 169,485.00 | \$ 174,735.00 |
| OEP | \$ 41,317.00 | \$ - | \$ 41,317.00 |
| TOTAL | \$ 106,716.00 | \$ 1,666,523.00 | \$ 1,773,239.00 |

The budget submitted by OEP includes expenses related to its triennial EAP process evaluation, which is to be completed during the 2009-2010 program year. In addition, its budget includes expenses relating to the EAP advisory board meetings and similar EAP matters. The CAAs' costs, in turn, are related to administration of the EAP, including client outreach and intake, application processing, and monitoring compliance with EAP guidelines.

The EAP advisory board consists of representatives from PSNH, NHEC, Unitil, National Grid, New Hampshire Legal Assistance, the Municipal Welfare Directors Association, the Community Action Agencies, the Office of Consumer Advocate, the Office of Energy and Planning and Staff. The board meets regularly, and the proposed budget was provided to the advisory board coincident with the submission of the budget to the Commission. As noted in Staff's September 16, 2009 memorandum, no objections to the budgets were raised by the advisory board.

II. COMMISSION ANALYSIS

In its September 16, 2009 recommendation, Staff compared the proposed budgets for the coming year with those of the program year now concluded. The results of that comparison are set out below:

Comparison of 2008/2009 and 2009/2010 program years

| | Utility and OEP Administrative Costs | Change over 2008-2009 Program Year | CAA Administrative Costs | Change over 2008-2009 Program Year | Total 2009 – 2010 | Change over 2008-2009 Program Year |
|---------------|--|--|-----------------------------|--|---------------------|--|
| PSNH | \$ 53,700.00 | 50.00% | \$ 1,238,393.00 | 4.48% | \$ 1,292,093.00 | 5.82% |
| NHEC | \$ 3,500.00 | 0.00% | \$ 149,154.00 | 3.90% | \$ 152,654.00 | 3.81% |
| National Grid | \$ 2,949.00 | -6.35% | \$ 109,491.00 | 7.81% | \$ 112,440.00 | 7.39% |
| Unitil | \$ 5,250.00 | 0.96% | \$ 169,485.00 | 1.86% | \$ 174,735.00 | 1.84% |
| OEP | <u>\$ 41,317.00</u> | <u>101.45%</u> | <u>\$ -</u> | <u>0.00%</u> | <u>\$ 41,317.00</u> | <u>101.45%</u> |
| Total | \$ 106,716.00 | 56.57% | \$ 1,666,523.00 | 4.37% | \$ 1,773,239.61 | 6.51% |

As noted by Staff, the 2009-2010 budgets are about 6.5% higher than those for 2008-2009. The increase is attributable, in part, to the OEP's increased costs in completing its triennial EAP process review. Additionally, the increase is also caused by the rise in wages and benefits, increased program activity between PSNH and the CAAs, and software upgrades planned for the 2009-2010 program year.

Based upon our analysis of the proposed 2009-2010 budgets in comparison to the budgets proposed for the prior period, we find that the proposed budgets are a reasonable projection of anticipated expenses and we will therefore approve them. OEP's budget, while higher this year than in the recent past, is driven by the need to complete its review of the EAP and is not an indication of general spending increases. Moreover, while the budgets are generally higher, we do not find that they are unreasonable given the general rise in wages and benefits, as well as the

increased program activity of PSNH and the CAAs. Commission Staff will conduct a review of actual expenses incurred following the completion of the 2009-2010 program year and report the results back to the Commission. As noted in Order No. 23,945 (April 5, 2002), we will review legal expenses in particular to assure that they are properly allocated and not being recovered in base rates as well as through this program.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that the proposed EAP budgets for the 2009-2010 program year (from October 1, 2009 through September 30, 2010) are hereby APPROVED; and it is

FURTHER ORDERED, that the Commission Staff will conduct a review of the EAP's actual incurred expenses following the completion of the 2009-2010 program year and report the results back to the Commission; and it is

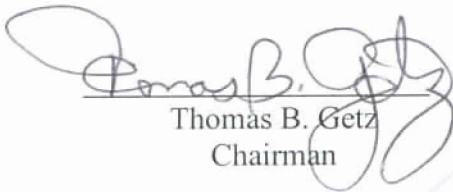
FURTHER ORDERED, that the Executive Director shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation, such publication to be no later than October 1, 2009 and to be documented by affidavit filed with this office on or before October 17, 2009; and it is


FURTHER ORDERED, that all persons interested in responding to this matter be notified that they may submit their comments or file a written request for a hearing that states the reason and basis for a hearing no later than October 10, 2009 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than October 17, 2009; and it is,


FURTHER ORDERED, that this Order *Nisi* shall be effective October 24, 2009, unless the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of September, 2009.


Thomas B. Getz
Chairman


Clifton C. Below
Commissioner

Attested by:


Debra A. Howland
Executive Director

