

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 12-262

2013-2014 CORE NH ELECTRIC AND GAS ENERGY EFFICIENCY PROGRAMS

Energy Efficiency Programs

Order Approving Amendments to The Home Energy Assistance Program

ORDER NO. 25,554

July 26, 2013

I. BACKGROUND

On October 15, 2012, the Commission opened this docket to review energy efficiency programs filed by the regulated electric and gas utilities (Core Utilities). The Commission ultimately approved energy efficiency programs for the 2013-2014 program years in Order No. 25,462 issued February 1, 2013.¹ One of the programs approved was the Home Energy Assistance (HEA) program, an income-qualified weatherization program. The Core Utilities allocate 15% of their budgets to the HEA program. The HEA program is monitored by the Commission; a summary of program highlights is reported in the quarterly reports filed by the Core Utilities. The issue of whether federal funds would continue to be available to leverage Core HEA funds was raised at hearing. Hearing Transcript of December 21, 2012 at 170. To address this evolving issue, the parties to a settlement of most but not all issues in the docket², stated that they would discuss in their quarterly meetings the HEA program needs as well as the possibility of adjusting rebate levels in response to reduced federal funding. Upon learning that

¹ A detailed procedural history and summary of the Core Utilities' 2013-2014 Energy Efficiency Programs can be found in Order No. 25,462 dated February 1, 2013 which can be found, together with all public documents filed in Docket No. DE 12-262, on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-262.html>.

² Settling parties were the Utilities, The Way Home, The Jordan Institute, New Hampshire Community Action Association, New Hampshire Community Loan Fund and Staff.

federal funding will in fact be delayed, the Core Electric Utilities³, on June 24, 2013, filed a request to modify the HEA program. The gas utilities did not seek to modify their HEA programs. The Electric Utilities request was supported by the Community Action Agencies (CAA), Office of Energy and Planning, Office of the Consumer Advocate, The Way Home, Department of Environmental Services, and The Jordan Institute. On July 17, 2013, Staff recommended the Commission approve the request.

The Core Electric Utilities³ propose the following changes to the HEA program:

1. Increase the 2013 and 2014 HEA Program per-customer spending cap from \$5,000 to \$8,000.
2. Allow for expenditures above the \$8,000 cap for the replacement of space heating equipment and combined space/water heating equipment. The equipment installed will be ENERGY STAR certified whenever possible. In cases where ENERGY STAR certified equipment is unavailable or a cost effective substitution is unavailable (as in the case of manufactured homes), the equipment must meet the ENERGY STAR annual fuel utilization efficiency (AFUE) minimum requirements. *See* March 21, 2013 Assented-to Request to Amend Electric Utilities' Home Energy Assistance Program in Docket No. DE 10-188. Space heating equipment replacements will only be allowed if a home has also been weatherized.
3. Strive to limit the amount of funds spent on space and combined space/water heating equipment to 25% of each utility's HEA Program annual budget to ensure that most of the funds are used for weatherization services.

In support of the requested changes, the Core Electric Utilities stated that federal funding levels continue to be uncertain and that the amount of funding through the Department of Energy's Weatherization Assistance Program (WAP) would not be clear until late 2013. Because federal funding has not been finalized, initially, only the Core funds will be available to support the HEA program. In the absence of federal WAP funds, the HEA program would be

³ Granite State Electric Company d/b/a Liberty Utilities (GSEC); the New Hampshire Electric Cooperative, Inc. (NHEC); Public Service Company of New Hampshire (PSNH); and Unitil Energy Systems, Inc. (UES).

able to serve far fewer homes than it did in 2012. According to the Core Electric Utilities, 83% of homes served in 2012 had expenditures up to the \$8,000 spending cap.⁴ Unless the \$5,000 cap is increased, some of the homes to be served with Core HEA funds alone would receive fewer measures, because the expenditures needed to fully respond to audit findings would bring some households over the \$5,000 Core spending cap. The Core Electric Utilities conclude this would not be an efficient use of CAA resources. In the alternative, if the program cap were increased to \$8,000 per customer, the HEA program would be able to provide meaningful weatherization measures in most of the homes it serves. Increasing the cap would also reduce disruption to the skilled weatherization workforce that would otherwise occur as it awaits receipt of federal funds.

The Core Electric Utilities' requested changes are similar to those approved by the Commission for 2012 RGGI funds. *See* Secretarial Letter dated April 5, 2013, in Docket No. DE 10-188.

II. COMMISSION ANALYSIS

The Commission has found the HEA program to be a reasonable use of System Benefit Charge (SBC), Forward Capacity Market, and Regional Greenhouse Gas Initiative funds in the past. In Order No. 25,425, dated October 17, 2012, the Commission approved spending additional RGGI funds on the HEA and other programs. As noted by the Core Electric Utilities, on April 5, 2013, the Commission approved the above changes to the HEA program but only as to 2012 RGGI funding. The Core Electric Utilities now seek to apply those changes to the HEA program, regardless of funding source, through the end of the program year 2014.

Having reviewed the request and supporting arguments, we find the changes to be reasonable in light of the funding circumstance. The legislature has supported having an effective weatherization program for low-income residents and allocating a portion of the SBC to

⁴ The 2012 expenditures were funded by both Core HEA funds and federal WAP funds.

low-income programs. *See*, RSA 374-F:3, VI and RSA 374-F:4, VIII, (c). The impact of increasing the per-customer spending cap from \$5,000 to \$8,000 will allow the program to better serve low-income residents.

While we support the change, we will approve it on a temporary basis. We direct interested parties to consult to develop a recommendation regarding the appropriate per household spending cap once federal funding levels are finalized and monies received. The filing should accompany the quarterly report following OEP's receipt of federal WAP funds.

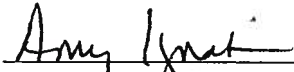
When federal funds do become available, we expect that such funds will be used in collaboration with 2013-2014 Core funds. Such leveraging has the potential for nearly doubling the number of homes served and vastly increasing the level of services provided.

Accordingly, we will approve the Core Electric Utilities' request to modify the HEA program as described above.

Based upon the foregoing, it is hereby

ORDERED, that the CORE Electric Utilities' request to modify the HEA program to, among other things, increase the per-customer spending cap from \$5,000 to \$8,000 and to utilize funds for space heating and combined space/water heating equipment, as described above, is hereby APPROVED.

By order of the Public Utilities Commission of New Hampshire this twenty-sixth day of
July, 2013.



Amy D. Ignatius
Chairman

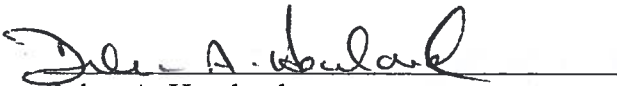


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director