

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 14-078

Statewide Low-Income Electric Assistance Program

Order Approving Changes to EAP Discounts and Income Eligibility Level

ORDER NO. 25,643

March 28, 2014

I. BACKGROUND

The Commission opened this docket to consider the Electric Assistance Program (EAP) Advisory Board's recommendation to make three program changes in light of a continued surplus in the EAP fund. In *Statewide Low-Income Electric Assistance Program*, Order No. 25,544 (July 15, 2013), the Commission approved two changes to the EAP in an attempt to reduce the then \$2.46 million surplus. Despite these changes, the EAP Advisory Board (Advisory Board) noted in its recommendation that the surplus has grown to \$3.27 million.

The EAP helps low-income customers through a discount on their electric bills. There are five discount tiers currently ranging from 8% to 77% depending on customers' income in relation to the federal poverty guidelines. The discounts are designed to reduce customers' electric bills, on average, to between 4% and 5% of their income. *Electric Assistance Program*, Order No. 25,200, at 2 (Mar. 4, 2011). One change approved in the Commission's most recent order was to temporarily increase the discount levels in each tier by 10%, which increases are set to expire August 14, 2015, 24 months from the implementation date of August 14, 2013.

By letter dated March 18, 2014, the Advisory Board notified the Commission that the EAP fund has grown to \$3.27 million as of January 31, 2014, mostly due to continued fluctuation in the EAP enrollment levels. Given the statutory obligation to act when the balance

exceeds \$1 million, the Advisory Board recommended three changes to reduce the surplus and to help prevent its recurrence: (1) raise the maximum income eligibility level from 175% to 200% of the federal poverty guidelines; (2) further increase three of the program's discount tiers; and (3) restart the two year period for the temporary increases approved in Order No. 25,544.

In support of these recommendations, the Advisory Board stated that increasing the income eligibility limit to 200% of the federal poverty guidelines would make the EAP eligibility level consistent with that of the federal Low Income Home Energy Assistance Program, known as the Fuel Assistance Program. Since the community action agencies that administer the EAP also administer the Fuel Assistance Program, the increase in income eligibility will streamline the application processes and eliminate customer confusion. The proposed increase will also return EAP eligibility to those customers earning between 176% and 185% of the poverty guidelines, customers who were eliminated from the program in 2011. *See Electric Assistance Program, Order 25,200 at 5-6* (due to reduced funding and an increase in demand the Commission approved a reduction in benefits and a decrease in the number of income eligible customers by lowering the income eligibility standards).

The Advisory Board calculated that an increase to three of the discount tiers will keep all eligible customers' bills, on average, at or below 4.5% of income, which is within the range that the EAP targets. The Advisory Board thus recommended that the Commission approve those changes. Last, the Advisory Board noted that these changes would result in increased bill assistance to low income households and should significantly reduce the surplus within the next 12 months.

The proposed changes would result in an increase in the income eligibility limit for customers in tier 2 and in the following temporary EAP discount levels:

Proposed Changes to EAP Discount Levels					
Household Poverty Level	<=75%	75% - 100%	101% - 125%	126% – 150%	151% – 200%
Discount Tier	6	5	4	3	2
Current Discount Level	77%	53%	36%	20%	8%
Proposed Discount Level	77%	53%	37%	23%	9%

The Advisory Board projected that these modifications should help deplete the surplus that has accumulated in the EAP fund. The Advisory Board offered to monitor the effect of these changes, if approved, and submit recommendations to the Commission in advance of the expiration of the 24 month period to propose any necessary adjustments to ensure meaningful assistance to low income customers and financial sustainability of the EAP fund. Finally, the Advisory Board represented that its utility members have reviewed these recommended changes and have not identified any problems with implementation, indicating that thirty days would be sufficient.

II. COMMISSION ANALYSIS

The Advisory Board's notification that the EAP fund balance is \$3,270,000 triggers two statutes. The first is RSA 374-F:4, VIII (c), which provides:

If the commission determines that the low-income program fund has accumulated an excess of \$1,000,000 and that excess is not likely to be substantially reduced over the next 12 months, it shall suspend collection of some or all of this portion of the [SBC] for a period of time it deems reasonable.

The second is a more general directive:

In the event that the commission finds that a significant amount of unencumbered dollars have accumulated in either program [EAP or energy efficiency programs], and are not needed for program purposes, the commission shall refund such unencumbered dollars to ratepayers in a timely manner.

RSA 369-B:3, IV(b)(6).

These statutes mandate reduction of the surplus and give the Commission two methods for doing so, depending on the circumstances. The Commission can direct the EAP to spend the surplus to serve low-income households, or eliminate the surplus by suspending collection of some or all the low-income portion of the SBC or by refunding the surplus. The Advisory Board's recommendations reflect its considered judgment that using the surplus for EAP customers is the better option in this situation. The Commission agrees.

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 the surplus to increase benefits and increase the number of participants furthers the primary goal of that statute, and the two laws governing the surplus allow the Commission to reduce the surplus by spending it for the benefit of the EAP's low-income customers. The law requires suspension of collecting SBC funds only if the "excess is not likely to be substantially reduced over the next 12 months," RSA 374-F:4, VIII (c), and mandates a refund only if the surplus is "not needed for program purposes," RSA 369-B:3, IV(b)(6).

The Advisory Board's recommended changes comply with both statutes. The increases in discount levels and income eligibility satisfy RSA 374-F:4, VIII (c) because they will "substantially reduce" the surplus "over the next 12 months," and the increases comply with RSA 369-B:3, IV(b)(6) because they will provide more money that is "needed for program purposes."

The Commission thus approves the Advisory Board's recommendations.

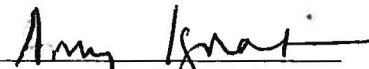
Based upon the foregoing, it is hereby

ORDERED, that the income limit for Tier 2 of the Electric Assistance Program is increased from 175% to 200% of the federal poverty guidelines; and it is

FURTHER ORDERED, that the discount rates of Tiers 2, 3, 4, 5 and 6 shall be 9%, 23%, 37%, 53% and 77%, respectively, for a period of 24 months beginning thirty days from the date of this order; and it is

FURTHER ORDERED, that the Advisory Board shall monitor the effect of these changes and shall submit a recommendation to the Commission proposing any necessary adjustment to the EAP to accomplish the program's goals, which proposal shall be submitted sufficiently in advance of the expiration of the 24 month period to allow the Commission to review and approve if appropriate.


By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of March, 2014.



Amy L. Ignatius
Chairman




Robert R. Scott (KNS)
Commissioner



Martin P. Honigberg
Commissioner

Attested by:



Debra A. Howland
Executive Director