

**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. 25,901

May 13, 2016

I. SUMMARY

The Electric Assistance Program provides bill assistance to low-income customers through a discount on their electric bills. Funding for the EAP is provided by a portion of the system benefits charge assessed on the bills of all electric utility customers. On April 7, 2016, the EAP Advisory Board provided the Commission with recommended programmatic changes to better align EAP funding with EAP expenses. The Commission approves the Advisory Board's recommendation to maintain the income eligibility level at 200% of the federal poverty guidelines and to reduce the EAP discount levels by 1%.

II. BACKGROUND

The Commission opened this docket to consider the Electric Assistance Program (EAP) Advisory Board's (Advisory Board) 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), and, Order No. 25,643 (March 28, 2014), the Commission approved changes to the EAP income eligibility level and the discount levels of the tiers. These changes were implemented on a temporary basis and were effective through April 30, 2016. The Commission also changed the usage eligibility cap, the kilowatt hours of electricity in a given

billing period to which the discount will apply, from 700 kilowatt hours to 750 kilowatt hours. The change in the usage eligibility cap did not have an expiration date.

The EAP helps low-income customers through discounts on their electric bills. There are five discount tiers currently ranging from 9% to 77% and eligibility depends on a customer's income in relation to the federal poverty guidelines. The discounts are designed to reduce eligible customers' electric bills, on average, to between 4% and 5% of their income. *Electric Assistance Program*, Order No. 25,200, at 2 (March 4, 2011).

III. PROPOSED CHANGES

On March 15, 2016, the Commission granted by Secretarial Letter the Advisory Board's request for an extension of the temporary discount and eligibility levels through June 30, and extended the deadline for the filing of a recommendation to May 1, 2016. By letter filed on April 7, 2016, the Advisory Board recommended that the income threshold for program eligibility remain at 200% of the federal poverty guidelines¹ and that the discount levels be reduced by 1% across all five discount levels effective July 1, 2016. The new discount levels are shown in the table below.

Proposed Changes to EAP Discount Levels					
Household Poverty Level	<=75%	75% - 100%	101% - 125%	126% – 150%	151% – 200%
EAP Discount	76%	52%	36%	22%	8%

In support of its recommendation, the Advisory Board noted it had reviewed thirteen scenarios for program modifications, evaluating each for its ability to support program sustainability while continuing to provide meaningful benefits to EAP participants. The

¹ The 2016 Federal Poverty Guidelines are available at <https://aspe.hhs.gov/poverty-guidelines>. The 2016 EAP eligibility guidelines are available at <http://www.puc.nh.gov/Consumer/electricassistanceprogram.htm>.

recommended modifications leave the EAP income eligibility at 200% of the federal poverty guidelines, keeping the EAP income eligibility level consistent with that of the federal Low Income Home Energy Assistance Program, known as the Fuel Assistance Program (FAP). According to the Advisory Board, because the community action agencies that administer the EAP also administer the FAP, consistency between the two programs streamlines the application processes and eliminates customer confusion. The Advisory Board characterized its decreases to the discount tiers as “modest” and asserted that they would allow the EAP to continue to provide meaningful discounts to program participants in a manner that would be sustainable for the near-term based on the existing balance in the EAP fund and the Advisory Board’s projections for the next 12 months.

On April 28, 2016, the New Hampshire Electric Cooperative, Inc. (NHEC) filed a letter asking the Commission to recognize that NHEC may implement the EAP program changes on a bills rendered basis rather than a service rendered basis. In its filing, NHEC noted that N.H. Code of Admin. Rules Puc 1203.05, which requires rate changes be implemented on a service rendered basis, is not applicable to NHEC. *See* Puc 1201.02. NHEC further stated that its billing process is not capable of implementing rate changes on a service rendered basis.

IV. COMMISSION ANALYSIS

The EAP results from, and fulfills, a public-benefit requirement of electric restructuring. *See* RSA 374-F:3, VI. The Legislature’s overriding directive for the EAP is 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.” RSA 369-B-1, XIII. In considering the changes proposed by the Advisory Board, the Commission must review the recommendations and evaluate whether assistance continues to be appropriately

targeted to participants and whether the efficiency of EAP operations will be negatively impacted by the proposed changes.

The Advisory Board was created to assist the Commission in the day to day review and monitoring of the EAP. The members of the Board include low-income advocates and service providers, as well as representatives of the New Hampshire electric utilities, the Office of Consumer Advocate, and the Commission Staff. The diverse nature of the Advisory Board ensures that all interests are well represented when programmatic changes are proposed. The Advisory Board carefully considered several scenarios for program changes and, based on that review, recommended a modest, across-the-board decrease in discount levels, ensuring that assistance continues to be targeted. Citing reduced customer confusion and increased program efficiency, the Advisory Board also recommended the 200% of the federal poverty guidelines income eligibility threshold approved in March 2014 remain in place. *See* Order No. 25,643.

The Commission finds the Advisory Board's recommendations appropriately consider the statutory obligations set out by the Legislature for the EAP. The reduction in the discount levels assists the EAP to operate in a fiscally responsible manner while maximizing the benefits provided to program participants. Continuing with an income eligibility threshold consistent with the FAP will streamline the common application process for the EAP and the FAP, resulting in administrative efficiency.

The Commission also finds NHEC's request for bills-rendered implementation reasonable and consistent with the public interest. Implementing the recommended discount changes on a bills-rendered basis will not disrupt the orderly and efficient resolution of pending matters, and, given the circumstances, requiring service-rendered implementation for NHEC would be onerous. For consistency among program participants the Commission directs that all

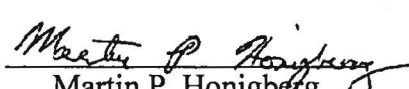
utilities implement these changes on a bills rendered basis, and grants a waiver of Puc 1203.05 for that purpose to the other participating utilities. The Commission thus approves the Advisory Board's recommendations and directs the electric utilities to implement the changes in the EAP discounts levels for bills rendered on or after July 1, 2016.

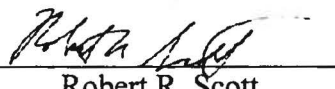
Based upon the foregoing, it is hereby

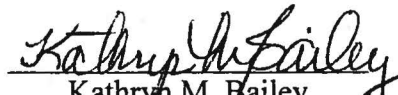
ORDERED, that the income eligibility threshold for the Electric Assistance Program shall remain at 200% of the federal poverty guidelines; and it is

FURTHER ORDERED, that the discount rates of the different Tiers shall be decreased by 1% effective with bills rendered on or after July 1, 2016.


By order of the Public Utilities Commission of New Hampshire this thirteenth day of May, 2016.


Martin P. Honigberg
Chairman


Robert R. Scott
Commissioner


Kathryn M. Bailey
Commissioner

Attested by:


Debra A. Howland
Executive Director