

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-192

ELECTRIC ASSISTANCE PROGRAM

Advisory Board Recommendation Regarding Income Eligibility Threshold

Order Approving Increase in Eligibility Threshold

ORDER NO. 26,321

December 26, 2019

This order approves an increase to the Electric Assistance Program's income eligibility threshold from 200 percent of the Federal Poverty Guidelines to 60 percent of the New Hampshire state median income.

I. PROCEDURAL HISTORY

The Commission oversees the electric utilities' administration of the Electric Assistance Program (EAP), a bill assistance program providing discounts to income-eligible electric customers of the four electric utilities: Liberty Utilities (Granite State Electric) Corp., d/b/a Liberty Utilities (Liberty); the New Hampshire Electric Cooperative, Inc., (NHEC); Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource); and Unitil Energy Systems, Inc., (Unitil) (collectively, the Utilities). The EAP is funded by the system benefits charge, which is paid by all ratepayers pursuant to RSA 374-F:3, VI.

The Electric Assistance Program Advisory Board (Advisory Board) includes Commission Staff (Staff), the Office of the Consumer Advocate, the Utilities, Community Action Agencies, the New Hampshire Municipal Welfare Directors, and New Hampshire Legal Assistance on behalf of The Way Home. On December 4, 2019, the Advisory Board submitted a proposed design change to the EAP. Specifically, the Advisory Board recommended that the

EAP income eligibility threshold be increased from 200 percent of the Federal Poverty Guidelines (FPG) to 60 percent of the New Hampshire state median income (NH SMI).

The recommendation and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are available at

<http://puc.nh.gov/Regulatory/Docketbk/2019/19-192.html>.

II. POSITIONS

A. ADVISORY BOARD RECOMMENDATION

The EAP provides targeted benefits to low-income customers through a discount on electric bills. There are five discount tiers ranging from 8 percent to 76 percent, with households in the lowest poverty level bracket receiving the highest discount. The goal of the EAP is to provide bill discounts that reduce, on average, participant electric bills to between 4 percent and 5 percent of the average income for the discount tier. The bill discount applies to the first 750 kWh of electricity used per month; usage above 750 kWh is billed at the non-discounted rate. This pricing structure serves as an incentive for energy efficiency and conservation. Currently, the EAP income eligibility threshold is established at a maximum income level of 200 percent of the FPG.

On December 4, 2019, the Advisory Board filed a proposed design change to the EAP for Commission review and approval. The Advisory Board recommended increasing the EAP income eligibility threshold from 200 percent of the FPG to 60 percent of the NH SMI. The Advisory Board explained that the Fuel Assistance Program, New Hampshire's arm of the federal Low Income Home Energy Assistance Program, has an income eligibility threshold of 60 percent of NH SMI. If approved by the Commission, the EAP income eligibility threshold would increase to 60 percent of the NH SMI. The EAP would rely on the New Hampshire

Office of Strategic Initiatives (OSI) for an annual determination of the household income representing 60 percent of NH SMI. Using the same income threshold for the Fuel Assistance Program and EAP will better align the two programs, create further consistency between the programs, and eliminate confusion among those customers approved for the Fuel Assistance Program but not currently eligible for EAP.

This EAP program change will also expand access to the EAP to customers with household incomes falling between 200 percent of the FPG and 60 percent of the NH SMI. The Advisory Board estimates that approximately 3,000 households qualified for the Fuel Assistance Program during the 2018-2019 program year but did not qualify for the EAP because of the EAP's lower income eligibility threshold. For ease of implementation, the Advisory Board recommended that the income limit for the Tier 2 discount be increased from 200 percent of the FPG to 60 percent of the NH SMI. The Tier 2 discount level provides an 8 percent bill discount.

The Advisory Board has evaluated the impact of the recommended change on the long-term sustainability of the EAP by reviewing the projected effects of the change on the EAP's average annual benefit level, enrollment levels, and the EAP Fund balance.¹ *See Advisory Board Recommendation* (December 4, 2019) at 2. Projections indicate that the recommended increase to the income eligibility threshold for the EAP would reduce the balance in the EAP fund by approximately \$241,000 over the first twelve months. Once re-enrollment has ramped up to include all newly eligible households, the projections reflect an annual reduction to the EAP fund of approximately \$303,000.

¹ The Advisory Board calculated the impact of the annual increase in the income eligibility threshold based on a current average monthly enrollment of 30,300 customers; a current average monthly EAP benefit of \$37.64; a current average monthly EAP benefit to Tier 2 customers of \$8.50; and the 2,973 of households who qualified for the Fuel Assistance Program but not EAP.

As of November 1, 2019, the balance in the EAP Fund is \$2.9 million. The Advisory Board stated that while the estimated \$303,000 annual increase of benefits may not qualify individually as a “substantial” reduction to the EAP fund, as required by RSA 374-F:4, VIII(c), the Commission also approved an expansion to the EAP discount in 2018, providing for the application of the EAP discount to the energy portion of the bill when energy was supplied by a competitive supplier. *See Electric Assistance Program Request for Approval to EAP Design Change*, Order 26,132 (May 4, 2018).

The Advisory Board noted that EAP software will need to be replaced in the near future. The Advisory Board asserted that its recommendation for an increase in the EAP income eligibility threshold is part of a multi-pronged solution to statutory requirements that the Commission substantially reduce the balance in the EAP fund over the next twelve months by spending funds for the benefit of EAP participants. *See* RSA 369-B:1, XIII (Supp. 2018); RSA 369-B:3, IV (b) (6) (Supp. 2018) and RSA 374-F:4, VIII(c) (Supp. 2018).

III. COMMISSION ANALYSIS

Pursuant to RSA 374-F:3, VI, the EAP fulfills a public-benefit requirement of electric restructuring. RSA 369-B:1, XIII states the EAP’s overriding directive 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.” When reviewing a change proposed by the Advisory Board, the Commission will evaluate how the change will effect program efficiency and determine whether assistance remains appropriately targeted to participants. *Statewide Low-Income Electric Assistance Program*, at 3-4 Order No. 25,901 (May 13, 2016).

The Advisory Board assists the Commission in the day-to-day review and monitoring of the EAP. Its diverse membership ensures that all interests are well-represented when programmatic changes are proposed. The Advisory Board carefully weighed the benefit of providing assistance to a larger pool of customers in need against the long-term sustainability of the EAP.

We find the Advisory Board's recommendations appropriately consider the statutory obligations. The change will benefit a broader category of low-income customers and, with close Advisory Board monitoring, will not impact the EAP's viability. We also find that increasing the EAP income eligibility threshold to 60 percent of the NH SMI will align the EAP eligibility threshold with the Fuel Assistance Program, eliminate customer confusion, and serve as a part of a multi-prong approach to the Commission's obligation to substantially reduce the balance of the EAP fund over the next twelve months.

We approve the Advisory Board's recommendation. The EAP eligibility income threshold shall be expanded from 200 percent of the FPG to 60 percent of the NH SMI, as provided by OSI, and the income limit for EAP Tier 2 benefits shall be expanded to include a maximum income of 60 percent of NH SMI effective on the date of this order.

Based upon the foregoing, it is hereby

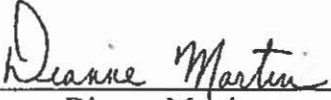
ORDERED, that the Advisory Board's recommendation that the Electric Assistance Program income eligibility threshold be increased from 200 percent of the Federal Poverty Guideline to 60 percent of New Hampshire's state median income as proposed in its letter to the Commission dated December 4, 2019, is APPROVED; and it is

FURTHER ORDERED, that the newly eligible Electric Assistance Program households shall be included in the EAP at the Tier 2 benefits level; and it is

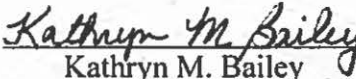
FURTHER ORDERED, that this change in eligibility criteria is effective as of the date of this order; and it is

FURTHER ORDERED, that 60 percent of the New Hampshire state median income shall be the income eligibility threshold for the Electric Assistance Program as established annually by the Office of State Initiatives, or its successor entity.

By order of the Public Utilities Commission of New Hampshire, this twenty-sixth day of December, 2019.



Dianne Martin
Chairwoman

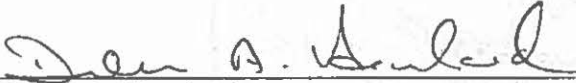


Kathryn M. Bailey
Commissioner

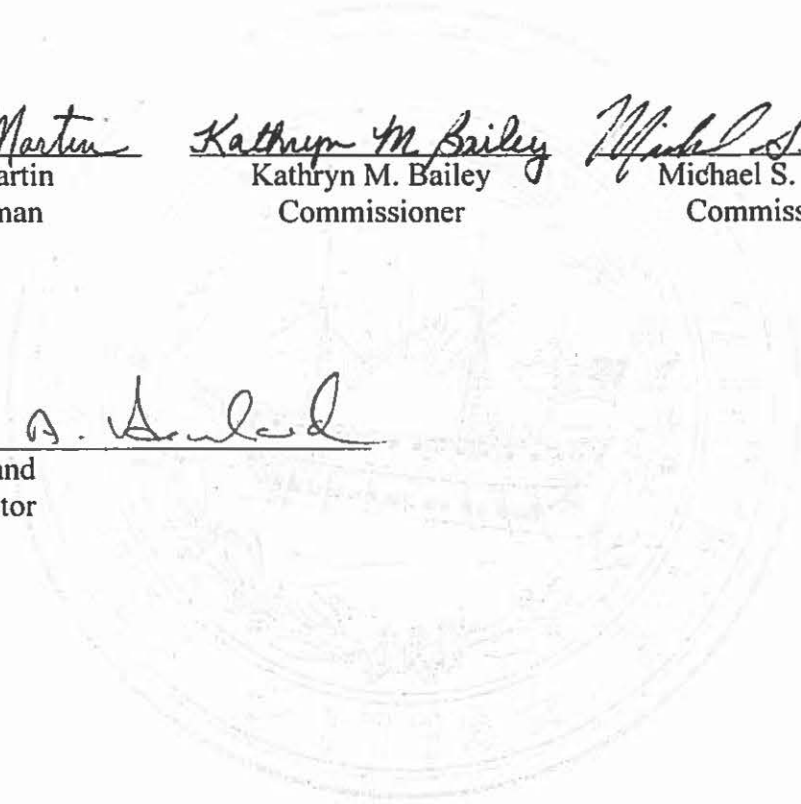


Michael S. Giaimo
Commissioner

Attested by:



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