

**New Hampshire
Electric Assistance Program
Process Evaluation**

for

Program Years 2013-2015

**Prepared for:
New Hampshire Public Utilities Commission**

**Prepared by:
New Hampshire Office of Energy and Planning
107 Pleasant Street ~ Johnson Hall
Concord, NH 03301
(603) 271-2155**

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1. Making Electricity More Affordable

New Hampshire’s Electric Assistance Program provides about 33,000 low-income households with discounts on their electric bills. Managed by the NH Public Utilities Commission and administered by the state’s five Community Action Agencies in cooperation with the electric utilities, the Electric Assistance Program (EAP):

- Distributes approximately \$19 million per year to reduce the electricity bills of low-income households; the funds are generated by the low-income portion of the Systems Benefit Charge, a fee that all electricity consumers pay on their bills, and are used by the utilities each month to cover the EAP discounts included in participants’ bills;
- Provides higher discounts to lower-income households; for example, an enrolled family of four with an income of \$18,225 per year would pay approximately \$318 per year for its electricity while a family of four with an income of \$36,450 would pay approximately \$1,077 per year. The average undiscounted bill for a family of four would be about \$1,340.
- Costs nearly \$1.9 million per year to administer through the Community Action Agencies (CAAs) which help households enroll and document their income and other qualifications.

The Public Utilities Commission established the EAP in 2002 after the passage of RSA 374-F to provide targeted benefits to make the bills of low-income electric customers more affordable. Due to the importance of the program to low-income household, the Public Utilities Commission requires the NH Office of Energy and Planning to evaluate the EAP’s performance every three years. This year’s evaluation includes the following findings:

- Approximately 96,000 households in New Hampshire have incomes below 200% of the federal poverty guideline (FPG) and could be eligible for EAP benefits, but only 33,000 have enrolled in the program.¹ Approximately two-thirds of the potentially eligible households in the state are *not* enrolled in the program. More than 72% of the individuals in New Hampshire living at or below 200 percent of the FPG received *no* EAP benefits during the triennium.
- The five Community Action Agencies use a variety of methods to enroll households (home visits, mail-in forms, in-office interviews) and the program would benefit from a review of the relative effectiveness of these approaches in order to improve program administration statewide.

¹ The 2014 American Community Survey published by the US Census estimates that there are 289,341 individuals in New Hampshire living at or below 200 percent of poverty. If those households had an average of three people per home (a high estimate), there would be 96,447 households meeting the income test the Electric Assistance Program. EAP enrollment data in the 2015-2016 Enrollment Report show an average of 2.26 residents per EAP household. At its maximum enrollment during the triennium, in July 2014, EAP households would have been home to approximately 80,741 people or 27.9 percent of the individuals in New Hampshire at or below 200 percent of poverty. Some of these households are not eligible for the program, however, because their electric bills are included in their rent.

- The Public Utilities Commission relies on an EAP Advisory Board to monitor the program and recommend changes in benefit levels when necessary, but the Advisory Board operates in a loose, ad-hoc manner that should be more organized and transparent.
- An independent third party that is not a member of the EAP Advisory Board should conduct future evaluations.

2. Background: About This Process Evaluation

The NH Office of Energy and Planning (OEP) conducted the evaluation as required by the NH Public Utilities Commission (PUC) in Order No. 24,820.² This process evaluation focuses on the three program years beginning October 1, 2012 and ending September 30, 2015.

The PUC asked OEP to focus on the following three areas:

- 1) Whether the EAP has met the level of need, within the limits of the available Systems Benefits Charge (SBC) funds;
- 2) Whether the EAP conforms to program design guidelines; and
- 3) Whether the EAP operates efficiently.

To answer these questions, this report describes how the EAP currently functions and recommends several structural and operational changes.

OEP bases this report on:

- Interviews with the members of the EAP Advisory Board and others involved in the implementation and administration of the program;
- Written survey responses from people working on EAP;
- PUC orders setting policy for EAP;
- The procedural and other manuals that spell out how EAP is supposed to run;
- Other reports and program materials relating to EAP including the agendas and minutes of the EAP Advisory Board;
- Enrolment data and budgets reported to the PUC;
- Community Action Agency (CAA) compliance review reports,
- PUC audit reports;
- Past EAP Triennial Process Evaluations (EAP TPEs), and the *EAP Process Evaluation Workbook* prepared by OEP during the 2013 EAP Triennial Process Evaluation.

In addition, the lead evaluator from OEP attended several EAP Advisory Board meetings in the current and previous program years.

² The PUC issued Order No. 24,820 on January 30, 2008, establishing a three-year cycle for “triennial process reviews.” OEP completed reports in 2010 and 2013 prior to this one. All three reports are available on OEP’s website at <http://www.nh.gov/oep/energy/programs/electric-assistance/index.htm>.

OEP would like to thank the following individuals for their cooperation and assistance: Amanda Noonan (PUC), Shannon Nolin (Community Action Program Belknap-Merrimack Counties), Christina Martin (formerly with the Office of the Consumer Advocate), Tracy Desmarais (Southern New Hampshire Services), and Terra Rogers (Southwestern Community Services).

3. How EAP Works

Beginning in 1996 with the passage of RSA 374-F, New Hampshire started the process of deregulating the electric market, requiring that electric distribution utilities sell off their generating capacity and long term contracts, and allowing the competitive ownership of electric generators who charge market rates for the electricity they sell into the grid. As a part of this transition to a competitive marketplace, the New Hampshire Legislature created the System Benefits Charge (SBC), which is paid by all customers of regulated electric utilities, and funds a low-income assistance program and a suite of energy efficiency programs available to all customers. To implement the low-income assistance requirements of RSA 374-F, the PUC created the Electric Assistance Program with the involvement of a wide range of stakeholders. Every month, the EAP helps pay the electricity bills of thousands of low-income households.

All New Hampshire electricity customers provide assistance to the lowest-income households through the SBC. The SBC is currently set at 3.3 mills (\$0.0033) per kWh consumed, with a maximum of 1.5 mills dedicated to low-income assistance by statute.³ The remaining SBC funds finance a range of efficiency programs administered by the electric utilities, including rebates for businesses installing energy efficient equipment, households purchasing “Energy Star” appliances and making their building envelopes efficient, and a range of other programs. The Public Utilities Commission is responsible for overseeing the management of the SBC funds and the programs, and approves budgets for the programs every year.

The EAP is by most measures “progressive.” That is, households with lower incomes receive deeper discounts on their bills. The program divides the eligible population into five income “tiers” determined by the household’s income as a percentage of the federal poverty rate for a household of its size, as shown in Table 1, which uses households with four people as an example of costs and benefits.⁴

Managing the EAP requires controlling eligibility rules and adjusting the discount levels to balance households’ needs within the funds available which are capped by statute. The PUC has that responsibility and uses a formal process to review and approve proposed changes. The EAP Advisory Board typically proposes these changes. The Advisory Board has members representing the various stakeholders in the program: the Community Action Agencies, the electric utilities, New Hampshire Legal Assistance, the Office of the Consumer Advocate (OCA)

³ RSA 374-F:4 VIII: (c) The portion of the system benefits charge due to programs for low-income customers shall not exceed 1.5 mills per kilowatt hour. If the commission determines that the low-income program fund has accumulated an excess of \$1,000,000 and that the 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 system benefits charge for a period of time it deems reasonable.

⁴ The PUC eliminated “Tier 1” several years ago after deciding that the discount applied to that group was too small to merit the administrative expense.

which represents residential customers at the PUC, OEP, and others.⁵ The Board’s responsibilities include ongoing review of the EAP’s finances and operations, drafting policy recommendations, and providing clarification and guidance to the parties responsible for administering the program. The Board meets at least quarterly.

Table 1: EAP’s five benefit tiers are tied to income

	Maximum Income family of 4	Income as % of Federal Poverty Guideline	Avg Electric Usage kwh/month	Avg Electric bill/month	Fixed Discount Rate	Avg. Customer Discount \$	Annual Discounted Electric Bill	Discounted Bill as % of Income
Tier 6	\$ 18,225	75%	600	\$ 111.67	77%	\$ 85.19	\$ 317.76	1.7%
Tier 5	\$ 24,300	100%	600	\$ 111.67	53%	\$ 50.36	\$ 735.72	3.0%
Tier 4	\$ 30,375	125%	600	\$ 111.67	37%	\$ 35.20	\$ 917.64	3.0%
Tier 3	\$ 36,450	150%	600	\$ 111.67	23%	\$ 21.89	\$ 1,077.36	3.0%
Tier 2	\$ 48,600	200%	600	\$ 111.67	9%	\$ 8.71	\$ 1,235.52	2.5%
NH Median	\$ 66,532	273%	600	\$ 111.67	0%	\$ -	\$ 1,340.04	2.0%
Example	\$ 100,000	412%	600	\$ 111.67	0%	\$ -	\$ 1,340.04	1.3%
Notes:	The avg monthly bill of \$111.67 is what Eversource reported for all of its customers for Feb. 2016							
	Income limits for each tier vary for households of different sizes; a family of 4 is one example							
	Actual discounts depend on a household’s actual electric usage; the EAP Advisory Board assumes 600 kWh/month.							
	Electric rates vary across providers.							
	The Discount Rate was that in effect February 2016.							

The various roles of the parties involved in program administration are outlined in four manuals: Fiscal Procedures Manual, CAA Procedures Manual, Utility Procedures Manual, and a Monitoring and Evaluation Manual. Each of these manuals describes procedural guidelines and requirements as they apply specifically to the various administrative aspects of the program. These manuals, in addition to Commission Orders, document the guidelines for the program.

The CAAs are the primary liaison between potential clients and the program. The CAAs manage numerous programs to help New Hampshire’s vulnerable populations, including Head Start, food pantries, Meals on Wheels, transportation programs, the Weatherization Assistance Program (WAP), and the Fuel Assistance Program (FAP).⁶ With their offices across the state and trained staff, the CAAs are well prepared to work with low-income households and assess their needs in a hands-on way that the utilities cannot.

Individuals connect with their Community Action Agency in many different ways, but at some point a CAA staff member will determine their eligibility for the EAP, including which tier of the program they qualify for, along with their eligibility for FAP and WAP. When an applicant visits a CAA intake site for an appointment, an intake staff member begins an application on the FAP/EAP system. Intake staff walk through the electronic application as the system prompts

⁵ A list of the organizations represented on the Advisory Board is attached as Appendix A.

⁶ The Fuel Assistance Program is New Hampshire’s implementation of the federal Low Income Home Energy Assistance Program (LIHEAP) block grant.

them to enter required information. This information is gathered from the documentation that applicants are asked to bring with them to the intake appointment or through direct questioning. Applicants lacking required documentation are sent home with a list of the information missing for their application and a date by which they must provide it to continue with the process.

The CAAs also determine when an enrolled participant should be removed from the program.

The specific criteria for determining eligibility or termination are detailed in the CAA Procedures Manual. The EAP enrolls households throughout the year on a continual basis. (The Fuel Assistance Program, in contrast, enrolls households once a year before and during the heating season.) EAP recipients are eligible to receive their approved discount for 12 months (or 24 months if all members of the household are over age 65) from the date that their utility company first applies the discount. Customers can be removed from the program if they have not applied for recertification prior to their annual renewal date, if they are determined ineligible during recertification, or if they move without notifying the CAA.

Once a household is in the EAP system and assigned to a discount tier, computers take care of the rest. The CAAs send their enrollment and termination data via a secure connection to the appropriate utility which then adjusts its billing accordingly, charging less to the household on its monthly bill and utilizing SBC funds to cover the costs of the EAP discounts.

The utilities are responsible for applying discounts to enrolled customers' bills and for collecting the SBC from all ratepayers as established by the Commission. The program is designed so that individual utilities reconcile the difference between the SBC they receive and the EAP benefits they provide in any given month. Any net surplus in a given month, less administrative expenses approved by the Commission, is transferred to the EAP Fund held by the New Hampshire State Treasury. In the case where utilities pay out more benefits in any given month than they collect, the utility submits an invoice to the Commission, and Treasury reimburses them out of the fund.

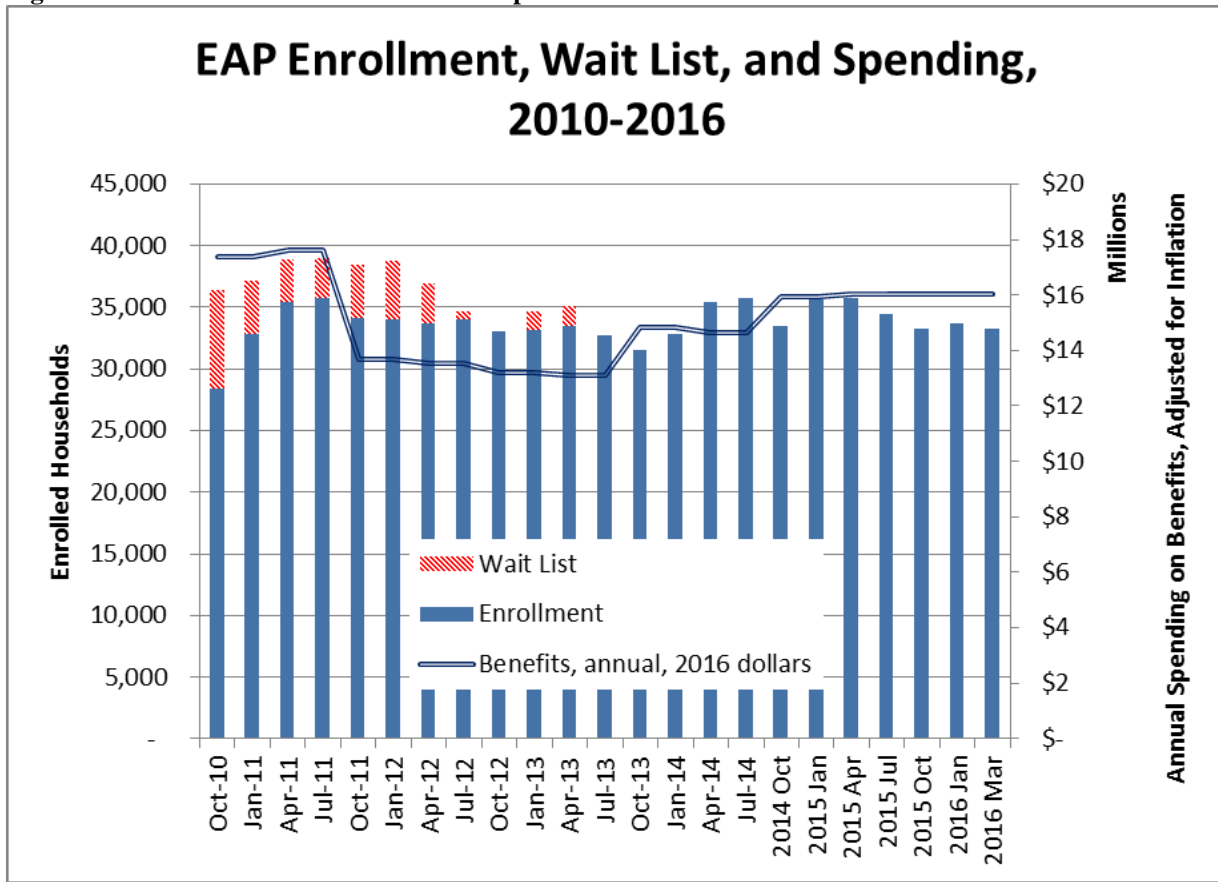
Commission staff members review monthly reconciliation information from the utilities to ensure accuracy and authorize the Treasury to make payments to the utilities if necessary. The Commission Audit Staff provides additional fiscal oversight through annual fiscal audits of the utilities and the CAAs. The utilities analyze projected and actual revenues and current and projected expenditures to track the amount of funds remaining to be obligated, and provide information related to when it may be necessary to increase or decrease the flow of benefits.

The EAP Advisory Board tries to keep a balance in the fund of just under the \$1 million cap set in state law, RSA 374-F:4, VIII(c).⁷ This balancing requires adjustments in the benefit levels (both the total amount paid out and how the benefits are allocated across income tiers) and the number of households enrolled if EAP revenues are lower than projected due to lower utility sales. To prevent enrollment from getting too high, the program can stop enrolling people, put eligible people on a wait list, or change the rules to make fewer people eligible. The program can also control spending by putting a cap on the number of kilowatt-hours to which the discount is applied.

⁷ See also RSA 369-B:3,IV(6).

Figure 1 shows changes in enrollment between October 2010 and March 2016 along with changes in the total benefits paid out. (The spending is adjusted for inflation using 2016 dollars as the standard. Benefits paid out in current dollars in 2010 totaled \$16,116,822, which adjusted for inflation is \$17,368,559, more than a million dollars more than the \$16,046,619 budgeted for the current year.) For the first three years of that period, EAP had a waiting list.

Figure 1: EAP enrollment fluctuation is independent of total benefits



When a wait list was in place, customers were certified as eligible but notified via letter that they had been placed on the list. Wait-listed customers had to be recertified as eligible every 12 to 24 months. When a spot opened up, wait-listed households with the lowest incomes were enrolled first. The practice helped target resources to people with the greatest need, although enrolled households at the higher end of the income spectrum were not removed to make room for newcomers at the bottom.

There has been no waitlist at any point during the period examined for this triennial evaluation.

During the triennium, enrollment averaged 33,305 households. The lowest weekly enrollment level was 31,190 households on November 7, 2013; the highest weekly enrollment level was 36,139 on March 3, 2015, at the end of a cold and snowy winter. The minimum enrollment was 6 percent below the average; the maximum was 9 percent above.

Implementation of the program requires continuous communication and data flow between the Community Action Agencies and the utilities. The CAAs send a daily transmission, known as a Certification Notification Transaction, to each of the individual utilities. This identifies newly enrolled customers and their discount tier as well as changes for re-certified customers. This information is accessed by the utilities by email via a security-protected hyperlink. The CAAs also send Removal Notifications that list customers who are to be removed from the program. When the utilities receive these notifications, they update their customers' information and the changes are generally reflected in their next billing cycle.

The utilities send a Utility Transmission File back to the CAAs on a monthly basis. This file provides data that is stored in the EAP database and includes customer information, the utility enrollment date, actual bill amount, bill-to-income percentage, actual benefit amount, and other details specific to each customer. The CAAs scrutinize these transmissions to identify any inconsistencies between the utility data and the CAA's data. When inconsistencies are identified by CAA staff, the CAAs work with the utilities to correct the errors. Timely correction is critical since these errors are often reflected on the customer's bill. Corrections are not verified until after submission of the next month's Utility Transmission File.

Customers may be removed from the program if they do not apply for recertification, if they are determined to be ineligible at the time of recertification by CAA staff, or if they disconnect utility service and don't reconnect at another location elsewhere within 60 days. CAA and utility staff coordinate on all potential removal cases that have been triggered by missed monthly Utility Transmissions to ensure that customers are not removed from the program in error.

4. Managing EAP

A. Adjusting Benefits

EAP operates in a dynamic environment in which various forces are constantly changing: the weather, the economy, electricity prices, and public spending on other safety net programs. The management structure of EAP is designed to be responsive to those changes.

EAP is like a sound system with four control knobs that can be adjusted independently to produce the best music given changes in the environment:

- Total spending can be turned up or down
- Income limits can be turned up or down
- Distribution of benefits can be adjusted across income tiers
- Electric consumption covered by discounts can be raised or lowered.

The Advisory Board monitors the environment and recommends the best settings. The PUC locks in the settings with formal orders. As with music, what is "best" for this program is a matter of opinion. Is it better to have more households enrolled with smaller benefits per household or fewer households receiving more benefits? When total benefits must be reduced, is it better to reduce them evenly across the board, or should higher-income groups take the bigger hit? The Advisory Board wrestles with these issues as needed, and provides recommendations to the Commission which makes the final decision on the best mix. The Community Action

Agencies have their fingers on a separate control board: the one that determines how aggressively they seek out eligible households and enroll them in EAP.

The Advisory Board recommended and the PUC approved four program adjustments during the triennium:

- July 2013: a two-year increase in EAP benefits by 10 percent across all program tiers, and an increase in the amount of electricity covered by the discount 700 kWh to 750 kWh per month.⁸
- March 2014: a temporary increase in income eligibility from 175 percent of the Federal Poverty Guideline to 200 percent of FPG for tier two (the highest-income tier with the lowest discount rate) and modest increases in the EAP discount for tiers two, three, and four (but not tiers five or six) effective for 24 months. By increasing the number of people in the program and the amount of spending per household, these two changes increased spending on benefits and also made the program slightly less progressive by focusing most of the new money at the top end of the income distribution.⁹
- July 2014: allowing EAP recertification during the FAP application process in an effort to streamline the intake process for both programs. This administrative change eliminated an enrolment hurdle for households, improving the program experience and efficiency for participants and intake staff alike.
- January 2015: the Commission authorized a one-time grant of \$100,000 from the EAP Fund to the utility-operated assistance programs Neighbor Helping Neighbor and Project Care. Eligible households had to apply to these programs and have a household income at or below 60 percent of the State Median Income to receive a benefit in the form of a \$200 credit on their electric bill account.¹⁰

These adjustments kept the EAP Fund balance at Treasury within prudent limits. The adjustments generated an increase in annual spending on benefits of 22.6%, rising by almost \$3 million from \$13,093,682 per year in July 2013 to \$16,046,619 per year by April 2015. This trend is graphed in Figure 1. The adjustments correspond to increasing enrollments from October 2013 through July 2014.

The day-to-day operations of the EAP are managed by New Hampshire’s Community Action Agencies, which are part of a national network of independent non-profit organizations established decades ago to fight poverty. Congress has given CAAs special status allowing states and federal programs to contract with them without going out to bid.

In the case of EAP, the Community Action Program of Belknap-Merrimack Counties (CAPBM) functions as the “program administrator.” This “lead agency” employs the Electric Assistance Program Director to oversee the EAP statewide, ensure the program operates according to its design, and provide regular updates to the EAP Advisory Board.

⁸ Order No. 25,544

⁹ Order No. 25,643

¹⁰ Order No. 25,749. Sixty percent of the State Median Income is \$39,919 for a family of four so anyone enrolled in Tiers 3, 4, 5, or 6 would have been eligible.

A senior staff person employed by the Public Utilities Commission also has responsibilities for overseeing EAP and chairs its Advisory Board but does not, to OEP’s knowledge, have authority over the EAP Program Director employed by CAPBM.

It is OEP’s understanding that there are no contracts between or among the PUC and the CAAs or the utilities for the administration of the EAP. (In contrast, the Fuel Assistance Program is bound by contracts between the US Department of Health and Human Services and the NH Office of Energy and Planning, and then by contracts, approved by the Executive Council, between OEP and each Community Action Agency. These agreements are renewed annually.)

From OEP’s perspective, the management of the EAP program has suffered from this disjointed chain of command. The Advisory Board often receives agendas for its quarterly meetings just a day or two in advance and minutes are not always timely or complete. Analysis that should guide the Board’s decisions tends to come from the utilities and focuses primarily on enrollment, spending, and the balance in the EAP Fund, and not the components of the \$1.9 million cost of running the program. For more than three years, the Board has debated without any resolution how to deal with low-income households that buy their electricity from one of the “competitive suppliers” rather than the four electric distribution companies involved in EAP. This is not a trivial policy question, but a clearer set of responsibilities for staffing and analysis might strengthen the Board’s ability to make decisions.

The Advisory Board does receive various reports from the utilities and Community Action Agencies from which data could be extracted and analyzed and perhaps used to better understand and manage the program. A more rigorous and thorough schedule of formal Program reporting to the Board would improve its management capabilities.

B. Enrollment Practices

Given the geographic and demographic differences across the state, the techniques used to enroll households in the North Country by Tri-County Community Action Agency could be expected to vary significantly from the more urban areas served by Southern New Hampshire Services, and they do, as shown in

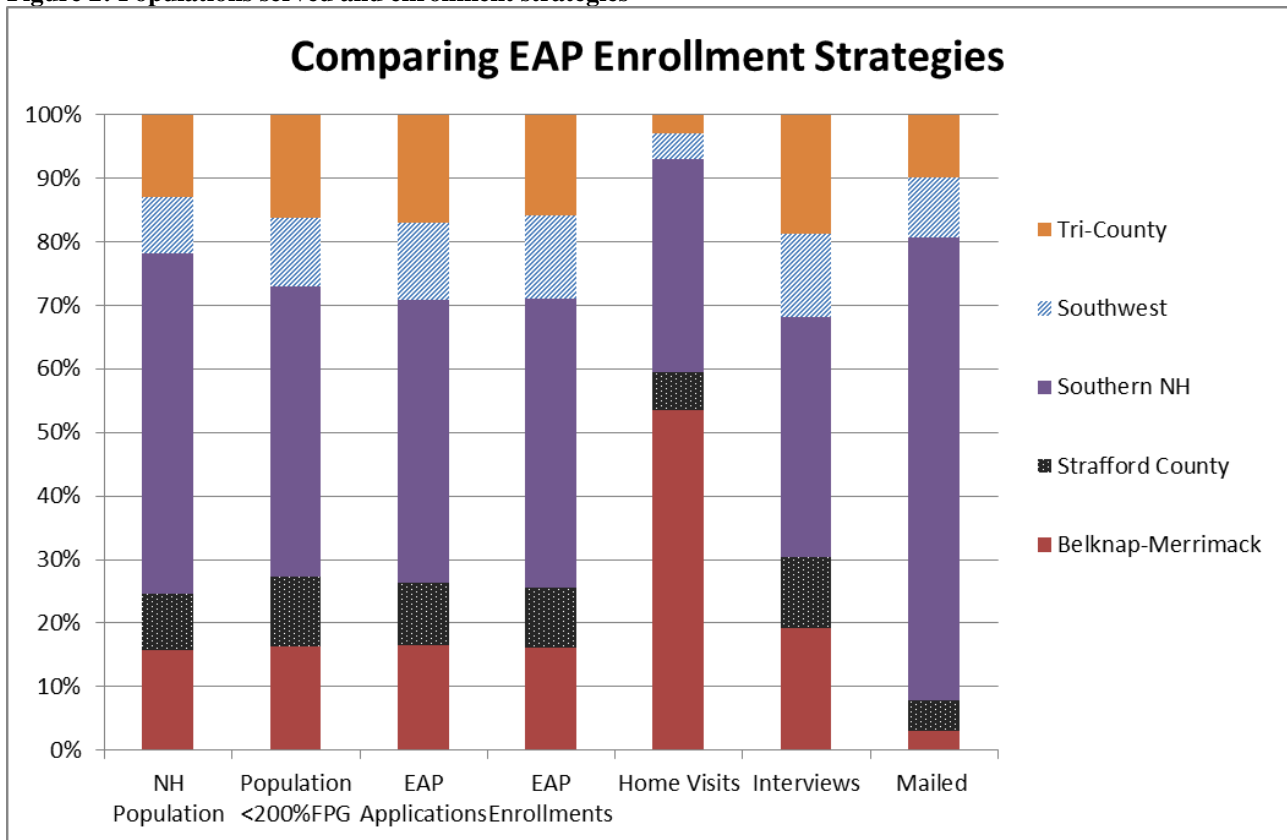
Table 2. Southern New Hampshire Services relies more heavily on mailed-in enrollment forms than any other agency, not just in total forms but as a percentage of the applications it accepts. With 45 percent of the state’s enrolled EAP households, Southern had 73 percent of the mailed-in applications. Belknap-Merrimack, in contrast, relies disproportionately on applications taken in the home. With 16 percent of the state’s enrolled households, it had 53 percent of the home visits and just 3 percent of the mailed-in applications.

The same data are presented graphically in Figure 2 where two anomalies stand out: the disproportionately large share of home visits in Belknap-Merrimack’s jurisdiction and mailed-in forms in Southern’s.

Table 2: EAP enrollment practices vary

Variations In EAP Enrollment Practices Across the Community Action Agencies (Oct 2014-Sept 2015)					
	Belknap-Merrimack	Strafford County	Southern NH	Southwest	Tri-County
NH Population	16%	9%	54%	9%	13%
Population <200%FPG	16%	11%	46%	11%	16%
EAP Applications	17%	10%	44%	12%	17%
EAP Enrollments	16%	9%	45%	13%	16%
Home Visits	53%	6%	34%	4%	3%
Interviews	19%	11%	38%	13%	19%
Mailed	3%	5%	73%	9%	10%

Figure 2: Populations served and enrollment strategies



How these variations might influence the overall quality of the program or its costs is a worthwhile topic for the Advisory Board but it is beyond the scope of this evaluation.

C. Administrative Costs

Administrative cost data presented to the Board and PUC can be analyzed in a similar way to see how costs compare after normalizing for the low-income populations or number of enrolled households in each agency’s territory.

Table 3 presents such an analysis, including the administrative costs in the approved 2015-2016 budget for each Community Action Agency and the lead agency. Not included in this analysis is the \$20,000 one-time administrative cost for this evaluation or the administrative fees charged by the utilities. The latter have dropped to almost zero.

The analysis suggests that there are economies of scale in EAP program delivery. Southern New Hampshire Services, the largest provider, delivers its program at a cost of \$49.89 per enrolled household while Stafford County, with the fewest enrolled households, requires \$57.07 per household. Southwest, with the second-smallest caseload, however, also has the lowest administrative cost per case: just \$47.67. There might be lessons worth learning there.

Table 3: Comparing administrative costs

Eligible Population Numbers Drive Variations in Budgeted Costs							
Budget 2015-2016	Lead Agency	Belknap-Merrimack	Stafford County	Southern NH	Southwest	Tri-County	Total
Personnel	\$ 68,091	\$ 193,755	\$ 118,101	\$ 433,078	\$ 95,160	\$ 173,964	\$ 1,082,149
Fringe Benefits	\$ 23,228	\$ 58,806	\$ 28,134	\$ 141,648	\$ 62,345	\$ 45,482	\$ 359,643
Travel	\$ 2,000	\$ 3,160	\$ 1,000	\$ 3,500	\$ 2,000	\$ 2,000	\$ 13,660
Equipment	\$ 500	\$ 3,260	\$ 2,500	\$ -	\$ 500	\$ 500	\$ 7,260
Supplies	\$ 300	\$ 6,970	\$ 2,500	\$ 17,000	\$ 3,494	\$ 2,545	\$ 32,809
Contractual	\$ 8,000	\$ 7,950	\$ 9,982	\$ 23,794	\$ 7,150	\$ 8,000	\$ 64,876
Other	\$ 7,103	\$ 25,589	\$ 18,929	\$ 75,000	\$ 17,474	\$ 11,974	\$ 156,069
Indirect Costs	\$ -	\$ -	\$ -	\$ 69,402	\$ 22,565	\$ 30,572	\$ 122,539
TOTAL	\$ 109,222	\$ 299,490	\$ 181,146	\$ 763,422	\$ 210,688	\$ 275,037	\$ 1,839,005
Budget as a Percentage of State Totals							
Personnel	6%	18%	11%	40%	9%	16%	100%
Fringe Benefits	6%	16%	8%	39%	17%	13%	100%
Travel	15%	23%	7%	26%	15%	15%	100%
Equipment	7%	45%	34%	0%	7%	7%	100%
Supplies	1%	21%	8%	52%	11%	8%	100%
Contractual	12%	12%	15%	37%	11%	12%	100%
Other	5%	16%	12%	48%	11%	8%	100%
Indirect Costs	0%	0%	0%	57%	18%	25%	100%
TOTAL	6%	16%	10%	42%	11%	15%	100%
Budget Normalized for Eligible Population and Enrollments on Jan 5, 2016							
Population <200%FPG		16%	11%	46%	11%	16%	100%
% of applications (2014-2015)		17%	10%	44%	12%	17%	100%
# enrolled		5,474	3,174	15,301	4,420	5,287	33,656
% of enrolled		16%	9%	45%	13%	16%	100%
Admin cost/enrolled household	\$ 3.25	\$ 54.71	\$ 57.07	\$ 49.89	\$ 47.67	\$ 52.02	\$ 54.64
% of average admin cost (\$52.27)		105%	109%	95%	91%	100%	105%
Above or (below) avg cost		\$ 2.44	\$ 4.80	\$ (2.38)	\$ (4.61)	\$ (0.25)	\$ 2.37

These tables and graphs are just parts of a larger puzzle and equally important pieces are missing. The Fuel Assistance Program and the Weatherization Assistance Program also provide administrative funding for the CAAs to accept enrollment applications and verify the same income forms. How each agency allocates its administrative costs and income across these programs may be very different and lead to totally different conclusions about their relative efficiency.

Throughout the triennium, the Advisory Board discussed the need for an upgrade or replacement of the software used to administer EAP. The software currently utilized supports both EAP and FAP, enabling the EAP Advisory Board to make the July 2014 decision to more closely align the intake processes for the two programs.¹¹ Increasingly detailed federal reporting requirements for FAP, however, are pushing OEP, the FAP grantee, to recommend the purchase of new software for FAP which could also improve overall management of EAP's data. The EAP Advisory Board will need to recommend whether to move forward with software that can support both programs or continue using the current system separately from the Fuel Assistance Program.

5. Findings

OEP presents its answers to the PUC's three starting questions here among a somewhat broader set of findings.

A. EAP met some level of need, within the limits of the available Systems Benefit Charge funds

The Advisory Board and the Public Utilities Commission have thoughtfully distributed the funds raised for the Electric Assistance Program, attending to the policy choices inherent in setting benefit levels across the income tiers. Others could have made different and equally valid choices about benefit levels, wait lists, and usage caps. Those made by the Advisory Board and the Commission have been appropriate in OEP's view.

On the other hand, the fact that more than 72% of the New Hampshire residents with incomes below 200% of the federal poverty level receive no direct benefit from EAP suggests that EAP has *not* really met the level of need.

Moreover, neither OEP nor anyone else serving on the Advisory Board can definitively say what level of electric-rate subsidy would truly "meet the needs" of a family of four making less than \$18,225 per year, the top of the income bracket for Tier 6.

B. EAP largely conforms to program design guidelines.

While the program is in general compliance with the procedure manuals that the Commission has adopted to cover its operation, there are some areas that can be improved upon.

¹¹ This change is described in detail in Appendix C.

The Advisory Board lacks structure. Self-assessments and formal reports by the Program Administrator to the Advisory Board are explicitly outlined in various Commission Orders, most notably Order 24,820, yet when required program reports or monitoring occurs, there is often no presentation of material to the Board. For example, although the EAP Monitoring and Evaluation Manual, Paragraph 6.1, requires a CAA Compliance Monitoring Report be conducted and provided to the Advisory Board and PUC by July 1 of each year, there is no record in Advisory Board minutes of this ever happening.

The Advisory Board meetings are not well organized, and the meetings are not used consistently to review critical aspects of the program each year.

EAP needs to operate more transparently and make its deliberations more accessible to the public. It should be relatively easy for anyone to obtain information on the program's history, how it functions, and how it spends money. It is difficult to find basic information about the EAP on the PUC website. Advisory Board minutes are not posted for the public to review. The Public Utilities Commission should correct this to ensure the EAP Advisory Board and the program itself are in compliance with NH RSA 91-A.

How EAP applies to households purchasing their electricity through competitive suppliers remains unresolved by the Advisory Board and the PUC and that ambiguity is difficult to square with conformance to the program's guidelines. After more than three years grappling with the question, the Board has not determined whether EAP recipients can purchase their electricity from a competitive supplier and how, if at all, competitive suppliers are to be integrated into the EAP structure.

OEP concludes that too many of the roles required of participants in the management of the EAP are confused, contradictory, or conflicted. There is insufficient clarity about how the Public Utilities Commission maintains accountability of the program through its own staff and the "Lead Agency," CAPBM. OEP serves on the Advisory Board, which makes sense given the organization's role in managing the Fuel Assistance Program, but has been tasked with conducting these Triennial Program Evaluations, which should be performed by an independent third party. The electric utilities provide essential technical knowledge to the program about their billing processes and rates, but as voting members of the Advisory Board are also called upon to make policy recommendations about the distribution of benefits that might better be made by other members, including PUC Staff, OEP, NH Legal Assistance, the Office of the Consumer Advocate, and the Community Action Agencies.

C. It is not possible to determine whether the EAP operates efficiently.

OEP's analysis and experience with EAP suggests that the program operates relatively efficiently, but without knowing how each Community Action Agency allocates its costs among related programs with different funding streams, it is impossible make a determination.

One opportunity for enhancing efficiency in EAP and its related programs is through updated software or software services. This is an issue that OEP is currently exploring due to increasing federal reporting requirements for the Fuel Assistance Program, and because OEP lacks full

access to the EAP/FAP system to conduct monitoring and analysis of the FAP. In an interview, an EAP intake employee reported that an EAP application can take more than 10 minutes to open on the employee’s computer. The coordination between the EAP and FAP sides of the database often fails, requiring staff to enter data manually on each application for the same client. The current software system is partitioned into six report sites and five databases, one each for the five Community Action Agencies and one report site for the entire state. This means that to access different parts of the same system, a state administrator must navigate 11 accounts, at every juncture wasting time while the appropriate pages load and reducing the analytic flexibility of the system. The system also requires manual work to analyze outcomes of both programs.

The Public Utilities Commission’s jurisdiction does not extend to the Fuel Assistance Program, which is under OEP’s management, but maximizing the efficiency of EAP without considering how it relates to the Fuel Assistance Program or weatherization services would reduce New Hampshire’s potential to make the whole system of programs as efficient as possible.

6. Recommendations

A. Redefine the EAP Advisory Board’s membership or their roles

The PUC should change the structure of the EAP Advisory Board or the roles of its participants to make the Board better able to conduct meaningful analysis in order to offer the kind of advice the commission needs, and should provide the necessary staff to oversee the program. Technical issues should be addressed by members with technical expertise; advice on the distribution of benefits should come from those who work with and represent low-income households; issues of accountability and oversight should be in the hands of those with direct responsibility for managing public funds. The Board should also be able to access experts in these fields as needed to assist in these efforts.

Appendix B provides the 2003 EAP Advisory Board “Rules of Governance.” The Board should propose an updated version for the Commission to approve.

B. Bring more discipline and analysis to EAP Advisory Board meetings and problem-solving

Members of the EAP Advisory Board, PUC staff, and the EAP Administrator should develop and adhere to a more structured approach to their work. Agendas and materials for Advisory Board meetings and conference calls should be distributed at least five business days before each meeting so members can be thoroughly prepared. Meeting minutes should be standardized and attended to with more care. Those materials should simultaneously be posted to the PUC’s website to ensure public access and compliance with RSA 91-A. The PUC should maintain files relating to the EAP, such as Advisory Board materials, audits, reports, and other documentation in a location where they can be produced immediately upon request and accessed by the public. EAP manuals should be updated and recirculated immediately upon any change or adjustment to the program.

The Advisory Board should adopt and adhere to an annual timeline that incorporates a robust framework for program assessment. This should include formal program updates (independent audit results, budget analyses, compliance monitoring reports, etc.) to the Advisory Board by the EAP Administrator. A formal process to discuss and address problems and recommendations, whether brought by stakeholders or included in these Triennial Process Evaluations, should be in place.

Program staff should present to the Advisory Board a standard report each quarter conveying timely analysis of both the utility side of the program – spending on benefits by tier, changes in electricity costs, trends and projections for the EAP Fund balance – and the administrative side – enrollment trends and staffing, interactions with the Fuel Assistance Program, and administrative costs.

To implement these improvements, the Public Utilities Commission may need to restructure how it staffs and manages the program.

C. Increase the synergy between the Electric Assistance and Fuel Assistance programs

The Public Utilities Commission should encourage the EAP Advisory Board to build cost-effective links between the Electric Assistance Program and the Fuel Assistance Program. Because the two programs have different funding streams (one state, one federal) and accountability structures, this is challenging. But because both programs work through the Community Action Agencies and serve a virtually identical set of households,¹² progress is both possible and essential.

The two programs should adopt a single application and renewal process and eliminate the dual physical recordkeeping in place today. Harmonizing the software and data management required for the two programs should be a priority for both OEP and the Public Utilities Commission as harmonization has the potential to reduce administrative costs for both programs while increasing managers' ability to use data for analysis and program improvement. An integrated system should also improve the process the Community Action Agencies and utilities use to select homes for weatherization services.

D. Use the PUC website to improve transparency

OEP recommends that more information regarding the EAP be included on the Commission's website. Currently, basic information on the EAP is found on the consumer page of the website providing a brief outline of the program, the program's eligibility guidelines, and a link to another page discussing the five Community Action Agencies where one can apply for the Program. This information is helpful for potential applicants, but for those interested in policy or governance, more detailed information should be included here including a background on how and when EAP was created, how EAP is funded, where the money is spent, as well as references

¹² The largest category of EAP recipients who do not also qualify for and receive Fuel Assistance Program support is those whose heat is included in publicly-subsidized rent. In April, 2016, there were approximately 2,000 more households enrolled in EAP than in FAP. This difference was typical throughout the 2013-2015 period of the triennium.

to the specific PUC orders and legislation pertaining to the program. This information is very difficult to find.

EAP Advisory Board meeting materials and minutes should be posted to the EAP webpage on the Commission’s website. This would ensure that the EAP is operating transparently, in full accordance with state law, and providing public access to information on the decisions being made with public SBC funds.

E. Expand the EAP analysis in the SBC Annual Report

The System Benefits Charge Annual Report should include an expanded section on the Electric Assistance Program with some of the analysis provided in this report, including a breakdown of administrative costs amongst the five community action agencies.

F. Contract with an independent organization for the next EAP evaluation of EAP

The PUC should contract with an independent organization to conduct the future Triennial Program Evaluations. A member of the Advisory Board should no longer conduct the evaluation.

Appendix A: EAP Advisory Board Membership

- Public Utilities Commission Staff
- Office of the Consumer Advocate
- NH Office of Energy and Planning
- New Hampshire Legal Assistance
- New Hampshire Municipal Association Local Welfare Administrators Association
- Community Action Program of Belknap-Merrimack Counties (representing itself as lead Community Action Agency and as the EAP Program Administrator and representing the New Hampshire Community Action Association)
- Eversource
- Liberty Utilities
- New Hampshire Electric Cooperative
- Unitil Energy Systems

Appendix B: Rules of Governance of the New Hampshire Electric Assistance Program Advisory Board

[Adopted April 25, 2003]

- Meetings of the Advisory Board are public meetings.
- A quorum shall be required for making decisions. A quorum is defined as a majority of the membership of the Advisory Board, or six members of the eleven member Board. The membership of the Board is listed on Appendix A, attached hereto.
- Minutes shall be taken at each meeting of the Advisory Board. The Minutes shall be distributed to all Advisory Board members prior to the next Advisory Board meeting. Minutes may be distributed via e-mail. Where possible, the Minutes shall include a tentative agenda for the following meeting.
- An agenda shall be sent to all Advisory Board members prior to each meeting. The member responsible for distributing the Minutes is responsible for distributing the agenda.
- Advisory Board members shall assume responsibility for taking Minutes of meetings on a rotating basis, in a manner to be decided upon by the Advisory Board.
- The Minutes shall contain the agreed upon language of each significant decision made by the Advisory Board. The Advisory Board shall determine when a significant decision has been made for purposes of recitation of the decision in the Minutes.
- Decisions will be made by consensus; consensus shall mean that everyone is at least "willing to live with a decision."
- If unable to consent, a member will be expected to explain why and try to offer a positive alternative.
- Members are responsible for voicing their objections and concerns, and silence will be considered consent.
- Members absent from a particular meeting are assumed to consent to decisions made at that meeting (as described in the Minutes), unless they register a dissent prior to or at the following meeting.
- The member preparing the Minutes and agenda shall note in the Minutes and agenda when major decisions are expected to be made at a subsequent meeting, when known.

- When consensus cannot be reached, the Minutes shall include a summary of areas of consensus, areas of disagreement, a description of the proposed alternatives and identify the parties subscribing to each of the alternatives.
- When a report is submitted to the Commission by the Advisory Board, the report shall include the recommendations of the Advisory Board, areas of consensus, areas of disagreement, a description of proposed alternatives and identify the parties subscribing to each of the alternatives.
- No member shall speak on behalf of the Advisory Board or its members without prior approval of the Advisory Board. To "speak on behalf of" means advocacy, policy recommendations, or stating positions and answering questions with respect to matters on which the Advisory Board has not taken a formal position or made a decision.
- Any new member appointed to the Advisory Board must agree to accept and abide by these Rules of Governance and all prior decisions of the Advisory Board. However, a new member may reopen discussion of these Rules and prior decisions with the consent of the Advisory Board. A "new member" means either a new organization approved by the Commission or a new representative from an existing Advisory Board member organization.
- All representatives of each Advisory Board member organization may participate in Advisory Board discussions, however, only one representative of each Advisory Board member shall participate in formal Advisory Board decisions on behalf of that member.

Appendix C: Recent Program History

Overview of events relating to program years 2013-2016

- April 1, 2013 – OEP submitted the second Triennial Process Evaluation to PUC
- July 15, 2013 – Order No. 25,544 approving increases in EAP benefits and electric usage cap for EAP recipients
- September 6, 2013 – Order No. 25,145 approving 2013-2014 Program Budgets

- March 28, 2014 – Order No. 25,643 approving a temporary increase in EAP income eligibility requirements and benefit levels
- July 27, 2014 – Advisory Board decides to allow EAP recertification during the FAP application process to make it easier and more efficient for the applicant and intake staff
- August 26, 2014 – Order No. 25,707 approving 2014-2015 Program Budgets

- January 8, 2015 – Order No. 25,749 approving the EAP Advisory Board recommendation that excess SBC funds go towards a one-time benefit of \$200 to all customers of the electric utilities whose household income does not exceed 60 percent of SMI
- August 31, 2015 – Order No. 25,805 approving 2015-2016 Program Budgets

Program Year 2013

On April 1, 2013, the second Triennial Process Evaluation was submitted by OEP to the Commission pursuant to PUC Order No. 24,820. The evaluation was reviewed at the EAP Advisory Board’s April 26, 2013 meeting as noted in the minutes of that meeting.

On July 15, 2013, the Commission issued Order No. 25,544 approving a two year increase in EAP benefits by 10 percent across all program tiers and raising the usage cap from 700 kWh to 750 kWh to help take advantage of an EAP Fund surplus.

The Advisory Board made a recommendation to the Commission, by a letter dated June 10, 2013, that, largely due to a decline in EAP enrollment between June 2012 and December 2012, the EAP Fund balance grew to \$2,460,000 as of April 30, 2013. Given its statutory obligation to act when the balance of this fund exceeds \$1,000,000, the Board recommended the benefit increases and the raising of the kWh cap to reduce the surplus and provide increased benefits to EAP households¹³.

Program Year 2014:

On March 28, 2014, the Commission issued Order No. 25,643 approving a temporary increase in EAP income eligibility requirements from 175% of FPG to 200% FPG for tier two, an increase in the EAP discount for tier two from 8 to 9 percent, an increase in the EAP discount for tier three from 20 to 23 percent, and an increase in the EAP discount for tier four from 36 to 37 percent, effective for 24 months. Also orders the EAP Advisory Board to monitor the effects of

¹³ See *NH RSA 374-F:4, VIII(c)* and *NH RSA 369-B:3, IV(6)*.

these changes and submit a recommendation to the PUC based upon these effects prior to the expiration of the 24 month period. These changes were made in a continuation of previous efforts to extend EAP benefits to take advantage of the ongoing EAP Fund surplus.

The Advisory Board made a recommendation to the Commission, by a letter dated March 18, 2014, announcing that the EAP fund had grown to \$3.27 million as of January 31, 2014, due to continued fluctuation in the EAP enrollment levels. Once again, given its statutory obligation to act when the balance of this fund exceeds \$1,000,000, the Board recommended the above listed changes. The Advisory Board estimates that the increase to the three benefit tiers will keep all EAP recipients' average electric bills, on average, at or below 4.5% of household income, which is within the range that EAP targets.

On July 27, 2014, The Advisory Board voted to allow EAP recertification during the FAP application process to make it easier and more efficient for the participant and intake staff alike. Specifically, the Board agreed to update an EAP application when the EAP participant comes in to apply for FAP and allow them to re-certify for EAP for another 12 months. If the participant's discount tier changes as a result and they are now eligible for a higher discount, the adjustment should be made. However, if the participant's discount tier changes and they would now be receiving a lower discount or would no longer be eligible for EAP, the CAA should not update the EAP application but would leave the participant on EAP at the current discount percentage for the remainder of the preexisting EAP term.

Program Year 2015:

On January 8, 2015, the Commission issued Order No. 25,749 approving the EAP Advisory Board recommendation that excess SBC funds fund a one-time benefit of \$200 to electric customers whose household income does not exceed 60% of state median income (SMI) to be distributed through the Neighbor Helping Neighbor (NHN) and Project Care programs.

The recommended grant totaled \$100,000 and the \$200 benefit was to be made available to qualified applicants through July 31, 2015, or the exhaustion of funds, whichever first occurred. For qualification, a household was to apply for assistance and meet all existing eligibility criteria associated with programs with the exception that the existing NHN guideline requiring customers to have not received assistance through NHN for the last 24 months was to be waived.

The Advisory Board went on to recommend that the Commission allocate the total grant funds between NHN and Project Care based on, for NHN, the total number of residential customers of the three participating electrical utilities calculated as a percentage of the total number of residential customers of the electric utilities; and for Project Care, the total number of residential customers for NHEC calculated as a percentage of the total number of residential customers of the electric utilities. This recommendation was aimed at relieving some of the increased burden placed on low-income households in New Hampshire that winter due to dramatically increased energy costs.