

Granite State Electric Company

Retail Restructuring: Offer of Settlement

Order Approving Interim Low Income Assistance Program

O R D E R N O. 23,102

January 11, 1999

APPEARANCES: Carlos Gavilondo, Esq., for Granite State Electric Company; Wynn E. Arnold, Esq., Asst. Attorney General, for the Governor's Office of Energy and Community Services; Alan Linder, Esq., for N.H. Legal Assistance; Kenneth Traum for the Office of Consumer Advocate; and Robert J. Frank, Esq., for the Staff of the New Hampshire Public Utilities Commission.

This Order approves an Interim Low Income Assistance Program (Interim Program) for retail customers of Granite State Electric Company (GSEC). The Interim Program will provide rate discounts of approximately 25% to eligible low income customers of GSEC and will remain in place until the Commission approves a Statewide low income assistance program.

I. PROCEDURAL HISTORY

In Order No. 23,041 (October 7, 1998), the Commission approved, with certain conditions, a settlement proposal relating to GSEC's compliance obligations under the State's electric utility restructuring law, RSA 374-F. One condition imposed by the Commission required GSEC to propose an "interim" low income assistance program to remain effective until the Commission implements a Statewide program. See, Order No. 23,041 at 63.

On November 2, 1998, GSEC filed its proposed Interim Program with supporting testimony and exhibits. The Commission Staff filed testimony on December 4, 1998. On December 7, 1998, the Commission held a hearing to address GSEC's filing and the issues raised by Staff.

II. POSITIONS OF THE PARTIES AND STAFF

A. GSEC'S Proposed Interim Program

GSEC states that the primary objective of the Interim Program is to provide low income customers with rate relief as soon as possible and with minimal administrative burden. According to GSEC, it is inappropriate to develop and implement a complex administrative infrastructure for a program that will be temporary. GSEC also contends that the Interim Program should be self-sustaining and fully reconciling; in other words, the costs of the Interim program should be paid solely from collections under the Systems Benefit Charge, and any over- or under-collections should be reflected in the Systems Benefit Charge for the subsequent period.

GSEC's original Interim Program proposal was designed to reduce the total bills for eligible customers by 25% through discounted distribution rates. However, GSEC modified its proposal during the hearing to address issues raised in Staff's testimony such that eligible customers would receive discounted customer charges (in addition to discounted distribution rates) to produce overall bill discounts at the 25% level.

GSEC asserts that a 25% overall discount "will provide [GSEC's] participating low income customers with a meaningful level of rate relief...and also appears supported by empirical data from low income programs offered by [GSEC's] affiliates in Massachusetts and Rhode Island." Exhibit 59 at 18. In addition,

GSEC notes that 25% is within the range of discounts recommended by the Low Income Working Group. In response to questions from the Commission, GSEC stated that approval of the interim program would not make implementation of the burden-based program approved in Docket No. 96-150 more difficult.

B. Staff

Prior to the hearing, Staff filed direct testimony of Tracy Guyette, Staff Economist. According to Ms. Guyette, GSEC's original proposal was deficient in several respects. She argued that GSEC should reduce customer charges as a means of discounting bills rather than relying exclusively on discounted distribution charges. GSEC's original proposal would create an incentive on the part of customers to increase electricity consumption because "the percent discount off the total bill increases with consumption." Exhibit 69 at 2.

Ms. Guyette also contended that GSEC's proposal would create a "negative charge" or credit for consumption with respect to at least one distribution rate schedule, a result which she characterized as "inappropriate rate-making." Id.

Ms. Guyette further recommended that GSEC should not discount the first 250 kWh block of Residential Rate D distribution rates because that block of usage is already discounted through lifeline rate design. Finally, Ms. Guyette recommended that GSEC should be required to file monthly reconciliation reports which track spending and recovery of the system benefit charge.

III. COMMISSION ANALYSIS

We believe that GSEC's Interim Program (as amended to address Staff's concerns) is reasonable and consistent with the public good and, accordingly, we approve the Program without condition. GSEC is authorized to reduce its systems benefit charge and make the other necessary tariff adjustments to implement the Interim Program. Consistent with Staff's recommendation, GSEC is also directed to submit monthly reports that track spending and revenues associated with the systems benefit charge.

Based upon the foregoing, it is hereby

ORDERED, that Granite State Electric Company's Interim Low Income Assistance Program is APPROVED as set forth herein.

By order of the Public Utilities Commission of New Hampshire this eleventh day of January, 1999.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary