

# **LBA Financial Audit Report Summary:**

**Public Utilities Commission, Nine Months Ended March 31, 2003**

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## **Reporting Entity And Scope**

The reporting entity of this audit and audit report is the revenues, expenditures, fixed assets, and fiduciary funds reported by the New Hampshire Public Utilities Commission (Commission) for the nine months ended March 31, 2003. The amounts reported by the Commission include the activity and fixed assets of the Office of the Consumer Advocate, an independent agency administratively attached to the Commission.

## **Organization**

The Commission, established pursuant to RSA 363, is a regulatory State agency. The Commission operates under the direction of three commissioners, with the Chairman acting as administrative head of the agency. The commissioners are appointed by Governor and Council to six-year terms. As of March 31, 2003, the Commission employed 78 full-time employees and one part-time employee.

## **Responsibilities**

The Commission is vested with general jurisdiction over public utilities and their affiliates. The Commission may, on its own motion or by petition, initiate an investigation regarding existing or proposed rates, charges, classifications, rules and regulations, financings, and other utility matters. The Commission also has regulatory authority over safety standards and practices of all pipeline facilities for the transportation of gas within the State. In addition, the Commission responds to consumer inquiries and complaints, provides public information and education on utility matters, and administers the residential statewide energy building code.

The Office of the Consumer Advocate has the power and duty to petition for, initiate, appear or intervene in any adjudicative proceeding in which the interests of residential utility customers are involved, and to represent the interests of such residential utility consumers.

## **Funding**

The Commission is self-funded, recovering its costs through assessments on regulated utilities in accordance with RSA 363-A. Assessments are grouped into three categories based on the type of costs incurred; general regulatory costs, which are assessed among all utilities; special consultant costs, which are assessed against the utilities for which the consultant services were performed; and gas pipeline safety program costs, which are assessed on gas utilities for the State's portion of the costs associated with the federal

**Pipeline Safety grant. The fiscal year 2003 appropriations combined with supplemental warrants, balances forward, and transfers resulted in spending authority of \$6,521,348. Estimated revenue for fiscal year 2003 totaled \$5,471,081.**

**The auditor's report on the Commission's financial statements was qualified with respect to the lack of presentation of the financial position of the Commission in the government-wide and fund financial statements.**

**The audit report included auditor's reports on compliance and internal control over financial reporting and on management issues. The following is a list of the comments in the report.**

*Internal Control Comments*

- **Policies, Procedures, And Controls Over Utility Assessment Calculations Should Be Improved**
- **Equipment Inventory Procedures Should Be Improved**
- **Procedures To Account For Special Assessments Should Be Improved**
- **Reimbursement Of Federal Funds Should Be Requested When Available**
- **Revenue Collection Procedures For Dig Safe Fines Should Be Improved**

*State Compliance Comments*

- **Current Assessment Procedures Should Be Reviewed To Ensure Compliance With Statutes**
- **Deposits Should Be Made More Timely**

*Management Issues Comments*

- **Procedures And Controls Over The Electric Assistance Program Should Be Strengthened**
- **Disaster Recovery Plan Should Be Updated**