

Residential Ratepayers' Advisory Board

June 7, 2010

Meeting Minutes

Present:

Lawrence Kelly, Chair
Otis Perry, Vice Chair (arrived at 2:35)
Debbie de Moulpied
Claira Monier
Tom Moses
Louis Paré (departed at 3:30)
Rick Russman
Dwayne Wrightsman

Present for the OCA:

Meredith A. Hatfield
Kenneth E. Traum
Rorie E.P. Hollenberg
Stephen R. Eckberg
Christina Martin

Mr. Kelly declared a quorum present and opened the meeting of the Residential Ratepayers' Advisory Board at 2:12 pm.

1. MINUTES OF APRIL 5, 2010 MEETING

Mr. Kelly asked the Board members if there were any changes proposed for the minutes of the April 5, 2010 meeting. Ms. Monier moved to approve the minutes as drafted. Mr. Pare and Mr. Russman seconded the motion. The Board unanimously approved the minutes as drafted.

Ms. Hatfield reminded the Board of the discussion at the last meeting about topics or issues that the Board wanted to explore at future meetings. Those items are noted in the April Board minutes, and the OCA will be responding at this meeting and at future meetings. The first item, a request to provide information on the average rate increases over the last few years for electric utilities, was provided with the Board materials. Mr. Traum explained the information and invited questions. Ms. Monier asked if National Grid produces its own power. Ms. Hatfield explained that as a result of restructuring, all electric utilities except for PSNH divested their generation assets, so that today PSNH is the only distribution utility that owns generation. All other electric utilities in the state purchase all of their energy service customers' energy needs from the regional electric grid. Mr. Wrightsman asked why the rates are different for each company. Mr. Traum explained that the variations are due to different contract lengths and prices for market power, as well as different stranded costs for each utility. Mr. Wrightsman then asked if the rates within a company are different for different classes. Mr. Traum replied yes, and stated that the information provided showed

the average rates for the residential class only. The Board thanked the OCA for compiling the information.

2. CASE ACTIVITY UPDATE

OCA Staff and the Board discussed several cases in the Case Activity Update, including:

Electric Cases

DE 09-035, PSNH Distribution Rate Case – Mr. Traum summarized the settlement agreement that was reached by PSNH, the OCA and Commission Staff. It is currently under consideration by the Commission. Mr. Wrightsman asked if the ROE is book value or market value. Mr. Traum replied that it is book value. Mr. Wrightsman asked if you could buy PSNH stock. Mr. Traum explained that one can buy stock in Northeast Utilities (NU), which is PSNH’s parent company, but not in PSNH itself. Mr. Wrightsman commented that 9.67% seems like a pretty healthy return in this market. Ms. Hatfield also told the Board that the City of Manchester got involved in the case late regarding street lighting costs.

DE 09-067, Complaint of Clean Power Development – Mr. Kelly informed the Board that PSNH has appealed the decision of FERC requiring PSNH to consider purchasing power from the plant.

DE 09-179 & DE 09-180 PSNH 2010 Stranded Costs Recovery Charge & Energy Service Rate

Ms. Hatfield called the Board’s attention to the fact that these two cases, which will result in mid-year updates to PSNH’s energy service and stranded costs charges, are currently under way. PSNH is proposing a slight decrease to energy service, and a slight increase to the stranded cost charge.

DE 09-186, PSNH Renewable Default Energy Service Rate

DE 09-224, Unutil Renewable Default Energy Service Option

DE 09-225 National Grid, Renewable Default Energy Service Option

Ms. Hatfield discussed a handout from PSNH’s website titled “Introducing the EarthSmart Green Rate from PSNH.” She explained that PSNH customers are now able to purchase 25%, 50% or 100% renewable energy, and can change their choice each month if they so desire. She stated that the Commission has approved similar programs for National Grid and Unutil, so that most electric customers in the state will have this option in the next few months. The NH Electric Coop is not required to provide the option. Mr. Russman asked why the NHEC is not required by law to provide this option. Ms. Hatfield explained that NHEC has been exempted from most PUC regulation, including rates, for the last several years. Mr. Russman asked if it is simple to sign up online. He indicated that he felt the utility websites regarding energy efficiency programs are complicated and so is www.nhsaves.com. He expressed the belief that there should be one simple website where a consumer can go to find information on all energy efficiency programs in the state. Mr. Eckberg told the Board about the Clean Air Cool Planet website that received RGGI funding, www.myenergyplan.net, and said that it will be up and running soon. It is intended to be an overall portal to find efficiency information. Heidi Kroll, who attended the meeting and

represents PSNH, passed around a pamphlet from PSNH that she brought regarding the renewable option. Mr. Perry inquired if the 25%, 50% or 100% purchased would change the energy the customer receives, or the purchases made by the utility. Ms. Hatfield explained that the payment for renewable default service will be used by the utilities to procure renewable energy credits (RECs), not necessarily to purchase renewable energy. She also explained that the new law does not allow PSNH to use its owned renewable energy for the new renewable service, as the company is already required to use that energy for default energy service. Mr. Perry asked if any of the money could go to the small hydroelectric facilities in NH. Ms. Hatfield explained that under the RPS law, small hydros are eligible to receive RECs if they have fish passages. They can also seek RPS funding when the PUC issues its competitive rebate and RFP processes to distribute those funds. Ms. Hatfield stated that Ms. Kroll, who also represents the Granite State Hydro association, has offered to make a presentation to the Board about issues facing the small hydros in the state. The OCA plans to schedule a hydro discussion at a future meeting.

DE 10-055, Unitol Energy Systems, Inc. Distribution Rate Case

Ms. Hatfield reported that Unitol has filed its distribution rate case and the case is currently in the beginning phases.

DE 10-121 PSNH 2009 Reconciliation of Energy Service and Stranded Cost Recovery Charge

Ms. Hatfield reported that this case, which looks back at 2009 to consider whether PSNH prudently managed its customers' energy needs, is currently in the beginning phases.

Discussion of Reuters article dated 5-21-09 – “FERC approves Quebec-New England Power Line Plan”

Ms. Hatfield handed out the article provided by Ms. de Moulpied, and told the Board that the OCA is interested in having PSNH provide information about the project, including whether any of the power that comes down from HQ will be used to serve NH customers, and what NH approvals will be required (i.e. will the PUC be required to approve any aspect of the project?). Mr. Russman asked what the benefit is to NH in this deal as the power lines run through our state to CT. Mr. Traum stated that he expects that the communities in the line's path will collect the property taxes. Mr. Russman suggested that the OCA should consult with our counterparts in the other states that these lines will run across. Ms. Hatfield suggested that she should invite PSNH to come and discuss this project, and the Board agreed.

Action Item – The OCA should invite PSNH to the next Board meeting to discuss the project.

Article from The Wall Street Journal dated 5-10-10 – “Charging Ahead”

Ms. Hatfield handed out this article, which was provided by Ms. de Moulpied and which discusses issues related to preparing our electric grid for electric vehicles. Ms. de Moulpied discussed the need for the state to plan for developing a network of charging stations, and suggested that such a network could help the state with additional tourism. Mr. Eckberg stated that the Department of Environmental Services participates in a program called “Clean

Cities,” and he suggested that they might like this idea. Ms. Hatfield also stated that integration of electric vehicles into the electric grid is an issue for utility planning in the near future.

Telecom Cases

DT 07-027 TDS Petition for Alternative Regulation

Mrs. Hollenberg explained the recent Order to the Board, which rejected alternative regulation (price deregulation for two TDS companies, but allows TDS to provide additional information about whether Comcast is offering voice service in some exchanges in order to receive alternative regulation status. A conversation ensued about what constitutes competitive alternatives to basic local exchange service.

DT 10-025 FairPoint Reorganization

Ms. Hatfield explained that the PUCs in all three states (VT, NH, ME) have held hearings on FairPoint’s reorganization plan, which includes some changes to the approvals they received in the states back in 2008. The company has asked for an Order in this case by late June, and then must get FCC and Bankruptcy Court approvals. The company has stated that it plans to emerge from bankruptcy protection in the third quarter of 2010.

Water Cases

DW 04-048, Pennichuck Water Works Eminent Domain

Mrs. Hollenberg reported that the NH Supreme Court recently issued a decision upholding the PUC’s valuation of PWW for purposes of the taking. Now the City of Nashua must take certain steps to effectuate the taking. PWW recently issued a press release implying that the valuation amount is stale, so that PWW shareholders have the last word on whether to sell to the City. In addition, PWW has filed a rate case that includes a proposal to recover over \$7 million in expenses related to the eminent domain case from PWW ratepayers.

Natural Gas

DG 10-017 EnergyNorth Natural Gas d/b/a National Grid Rate Case

Ms. Hatfield reminded the Board that National Grid has filed for another rate increase, and she stated that the company has recently stated that it is evaluating the possibility of discontinuing its operations in the state (finding a buyer for its business here) because they believe that their authorized ROE of 9.54% is not sufficient to do business in the state. She also informed the Board that the OCA has hired a consultant for this case to assist us with the review of the company’s decoupling proposal. We also have a contract at Governor & Council for a consultant to focus on the company’s several rate design proposals.

3. REVIEW OF 2010 LEGISLATION

Ms. Hatfield discussed the following bills.

SB 323 – This bill requires the PUC & EESE Board to do a comprehensive study on the state’s energy efficiency and sustainable energy programs. The interim report due is due in November of this year with the final report due on November 1, 2011.

SB 397- This bill allows the OCA to seek additional funds for expert witnesses when needed, similar to the ability that the Commission already has to do a “special assessment.” In order to access additional funds, the OCA will need both fiscal committee approval, as well as the usual Governor and Council approval. The PUC is not required to have these approvals. Ms. Monier expressed her surprise that the PUC’s contracts do not have to receive G&C approval like all other state contracts.

SB 424 – This bill codifies the OCA’s right to receive confidential information in adjudicative proceedings, saving us the need to litigate with utilities over access to the information. Mr. Russman asked why the OCA would not get all confidential material that is filed with the Commission. Ms. Hollenberg explains that we do from most utilities, some require us to execute a confidentiality agreement with them and others just send it over to us without complaint, while other companies just simply refuse to provide it.

SB 425 – This bill repeals a special exemption to the Right to Know law (RSA 91-A) that has been available only to telecommunications utilities since 1999. As a result of the repeal, the telecommunications utilities would use the process currently available to all other utilities under 91-A to protect their confidential information. The OCA sees it as ratepayer victory to have this law repealed.

SB 492 – This bill, which would have extended the exemption from the property tax on telecommunications poles from 2010 to 2012, was indefinitely postponed. As a result, it is the OCA’s understanding that telecommunications poles can be taxed by municipalities (as are electric poles) after July 1, 2010.

4. OTHER TOPICS

Mr. Eckberg mentioned one of the action items that the Board discussed at the April 5th Board meeting related to reports of abuses of the Energy Star label. He reported that two weeks after the reports of certain products receiving the label that shouldn’t have, the DOE stopped their online approval system and went back to a manual review system. DOE also recently removed the EnergyStar label from certain products that did not qualify. Ms. Martin asked if there is a list that consumers can check to assure they know of which products were falsely labeled. Mr. Eckberg indicated that he thought the manufactures were on the list, not necessarily the individual products. He then informed the Board that in NH, the items that are included in our rebate program are closely reviewed, so that he felt confident that none of the non-EnergyStar products were installed through NH EE programs. Mr. Eckberg stated that he would provide this information to Mr. Paré, who had left the meeting, as he had initially raised it.

5. MEETING ADJOURNED

Mr. Russman moved to adjourn the meeting at 3:37 pm. Mr. Perry seconded the motion. The Board unanimously voted to adjourn the meeting.

The next meeting is Monday August 2nd.