

Residential Ratepayers' Advisory Board

August 2, 2010  
Meeting Minutes

Present:

Lawrence Kelly, Chair  
Claira Monier  
Tom Moses  
Louis Paré  
Rick Russman (departed at 2:50)  
Dwayne Wrightsman  
Kenneth Mailloux

Present for the OCA:

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

Mr. Kelly declared a quorum present and opened the meeting of the Residential Ratepayers Advisory Board at 2:07 pm.

1. MINUTES OF JUNE 7, 2010 MEETING

Mr. Kelly asked the Board members if there were any changes to the minutes of the June 7, 2010 meeting. Hearing none, the Board unanimously approved the minutes as drafted.

Ms. Hatfield informed the board that we had scheduled PSNH to attend our meeting to give a presentation on the Hydro/Quebec transmission project. However, they cancelled last week. They have offered to come to the October meeting, although we have not scheduled the presentation yet. Ms. Hatfield stated that she understands the timeline of the project to be such that a briefing in October should not negatively impact the OCA's opportunity to participate in any regulatory reviews of the project. Ms. Monier requested that the OCA ask PSNH to bring some maps so that the Board can understand the scope of the project.

2. CASE ACTIVITY UPDATE

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

*Electric Cases*

DE 09-224, Unitil Renewable Default Energy Service Option

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

Ms. Hatfield reminded the board that residential customers now have the option to purchase 25%, 50% or 100% of renewable energy, and can change their choice each month if they wish. PSNH's program has been up and running for a few months, and National Grid's program is also available. Unitil will also offer a similar renewable program starting in September. Ms. Hatfield encouraged the board members to utilize this option. She will email links to the programs to the Board.

### DE 10-160 PSNH Migration

Ms. Hatfield briefly explained that this docket was opened by the Commission to investigate the issue of migration, which refers to the ability of large electric customers to choose to receive their electric service from a competitive supplier. By way of background, Ms. Hatfield explained that migrating customers remain distribution customers of the utility, but purchase their energy from a registered competitive supplier (e.g. TransCanada, Constellation, etc.) rather than taking default energy service from their utility. Under current rules, migrating customers can switch between competitive suppliers and back to default energy service on a monthly basis. Under NH law, all customers have the legal right to choose a competitive supplier, but as a practical matter competitive suppliers are largely serving only large customers. As a result, nearly all residential customers stay on default energy service. Because PSNH uses both the output of its own generation and market purchases to provide default energy service, and it is difficult to predict how much migration will occur, small customers are currently seeing higher rates due to migration because they must pay PSNH's costs of ensuring that the company has sufficient resources to provide service to all customers in the event that no migration occurs. The docket has been organized in phases, with the first round of testimony due on July 30<sup>th</sup>. Ms. Hatfield stated that she would send a link to Mr. Traum's testimony to the Board so they may review it. Mr. Russman asked Ms. Hatfield if this docket would allow small customers to aggregate for a better rate just like the large customers. Ms. Hatfield explained that aggregation is currently possible, but the difficulty is that suppliers generally do not want to serve smaller customers like residences. Mr. Traum pointed out that the migration reports from the electric utilities do show that a very small number of residential customers are migrating. However, we don't know if that means individual residents, or buildings such as housing authorities or dormitories or something of that sort. Mr. Wrightsman asked how much reverse migration is occurring. Mr. Traum replied that right now migration is at an all-time high, with approximately 32% of PSNH's load taking service from competitive suppliers. Because market rates are lower than PSNH's default rate, "reverse" migration is not occurring right now. However, the risk that it could happen in any month if market rates rise is the issue that drove the Commission to open this docket. Mr. Wrightsman then asked if those customers who return to default service are getting rate decreases while the residential customers are getting an increase due to the migration. Mr. Traum replied yes, and that the customers who don't migrate potentially see higher rates when migration occurs and when migrating customers return. Mr. Russman asked if this problem would be eliminated if PSNH divested their generation. Ms. Hatfield replied that divestiture is one potential option to address this problem, as it does not exist for National Grid and Unitil, who provide all of their customers default energy service needs through RFPs to competitive suppliers. Through that approach there is no risk to those who do not migrate. Ms. Hatfield did point out that the issues are complex, and there are different philosophies about whether the markets will provide choice and low prices for all customers. Today market prices are low, and it is hard to predict when they will rise again. Mr. Paré asked if these costs are audited. Ms. Hatfield explained that each year the Commission undertakes a "reconciliation" docket that looks back at the prior year to review whether PSNH was prudent in how it operated its plants and made market purchases to provide default service. The current docket, looking back at 2009, is now underway in DE 10-121.

***Action Item – The OCA will send the link to Traum Testimony to Board.***

[Editor's Note: The testimony is at <http://www.puc.nh.gov/Regulatory/CaseFile/2010/10-160/TESTIMONY/10-160%202010-07-30%20OCA%20Testimony%20Traum.PDF>, to see the entire docket, <http://www.puc.nh.gov/Regulatory/Docketbk/2010/10-160.htm>. ]

#### Death of National Grid Electric Customer/Commission Review of Disconnection Practices

Ms. Hatfield informed the board that the PUC is treating its investigation of the death as completely confidential and as a result the OCA is not participating at this time. With respect to the review of disconnection practices, the Governor had requested that the PUC review the disconnection rules and procedures for disconnecting medical emergency customers, and issue a report by July 30. The report is now available on the PUC's website, <http://www.puc.nh.gov/Consumer/Review%20of%20Electric%20Utility%20Policies%20and%20Procedures%20Governing%20Disconnection%20of%20Service%20%20with%20attachments.pdf>. Ms. Hatfield stated that she participated in the meetings leading up to the report, and that Alan Linder from New Hampshire Legal Assistance (NHLA) was also invited to participate. Ms. Monier reported that she is on the board of The Way Home, who happens to be a client of NHLA and wondered if that is a conflict of interest for her. Ms. Hatfield replied that she did not think that it was a conflict, but thanked Ms. Monier for letting us know. She also stated that it is her understanding that the next step is for the Commission to open a rulemaking docket to consider revisions to the PUC's administrative rules governing the management of medical emergency customers. There was general discussion among Board members about the need to have a system in place to ensure that customers who need electricity for medical reasons have appropriate protections from disconnection.

#### DE 09-067 Clean Power Development Complaint regarding PSNH

Mr. Russman asked Ms. Hatfield about the status of this docket. In a related matter, Ms. Hatfield explained that PSNH has recently filed for approval of a long-term power purchase agreement (PPA) with Laidlaw to purchase the output of the plant. Mr. Kelly mentioned that he thought that there had been some activity in that case. Ms. Hatfield stated that there is a FERC proceeding which could impact CPD's ability to require PSNH to negotiate with them for a PPA, as well as a recent land use dispute between PSNH and CPD regarding a right-of-way and road access to CPD's site in Berlin. She said that she understood that PUC Staff had recently been working with the parties to resolve that dispute.

#### EESE Board

Mr. Russman asked about the EESE Board's recent activities. Ms. Hatfield discussed some of the things that the EESE Board has been working on, including helping the State to secure a \$10 million ARRA grant to do focused efficiency and renewables projects in Nashua, Plymouth and Berlin; work on the development of a communications plan for efficiency and renewables in the state; and work on a comprehensive review of efficiency and renewables programs in the state in conjunction with the PUC (pursuant to SB323). She informed the Board that the PUC has a page dedicated to the EESE Board on its website, <http://www.puc.nh.gov/EESE.htm>.

#### *Telecom Cases*

##### DT 10-025 FairPoint Reorganization

Ms. Hatfield informed the board that the NH PUC approved the reorganization plan, as did the Maine PUC. However, the VT PSB did not approve the plan. She stated that she is not sure what the next steps are in the bankruptcy court review process.

#### DT 10-xxx 603 Area Code Exhaustion

Ms. Hatfield explained a docket will soon be opened on this issue because the 603 area code is projected to be exhausted by the third quarter of 2012. The docket will focus on two options available for NH: an overlay so that the entire state has two area codes, or a geographic split which results in the state have two different area codes for different regions. Mr. Paré asked what is causing the 603 loss. Ms. Hatfield stated that she believes that the explosion in cellular phones and the use of numbers for wireless access are causing the exhaustion. As the Board may remember, there was a docket on this issue in 2000, but the state took steps to conserve numbers so that we could put off getting a new area code as long as possible. Ms. Monier asked if the PUC would decide. Mr. Eckberg said yes, and that we expect a filing to be made that recommends the overlay option, which will be supported by the industry. He said that the process of implementing a new area code is estimated to take seventeen months after approval by the PUC. Ms. Hatfield stated that our office will be focused on issues related to impact to consumers.

#### *Water Cases*

##### DW 04-048, Pennichuck Water Works Eminent Domain

Ms. Hatfield informed the board that the Company and the City are seeking an updated valuation as it has been so long since the PUC set the price for the taking.

##### DW 10-091 Pennichuck Water Works Inc. Rate Case

Ms. Hatfield informed the board that the Company plans to seek reimbursement for the expenses of the Eminent Domain case, which amount to about \$5 million. However, if the City takes the Company, the Company has said that it will not seek reimbursement of those expenses from ratepayers.

#### *Natural Gas*

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

Ms. Hatfield informed the board that we have contracted with two consultants for this case to assist us with decoupling and rate design/cost allocation issues.

### 3. OTHER TOPICS

Ms. Monier asked if there was some change in the ability of electric utilities to be able to trim trees that are close to the power lines. Mr. Traum stated that recent legislation allows the utilities the ability to trim trees without landowner consent in certain circumstances. (Editors' Note: See SB195 of 2009 at <http://www.gencourt.state.nh.us/legislation/2009/SB0195.html>).

Ms. Monier moved to adjourn the meeting at 3:09 pm. Mr. Wrightsman seconded the motion. The Board unanimously voted to adjourn the meeting.

The next meeting is Monday October 4th.