

OCA Residential Ratepayers Advisory Board
May 12, 2008

Present for the Board were:

Lawrence Kelly
Richard Russman
Dwayne Wrightsman
Louis Pare
Claira Monier
Otis Perry
Ken Mailloux

Absent were:

Nathan Cass
Gloria Seldin

Present for the OCA were:

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

Mr. Kelly declared a quorum and the meeting began at 2:03 pm.

1. Minutes and Miscellaneous Administrative Matters

Mr. Kelly asked the board if any one had any changes or comments regarding the March meeting minutes. Mr. Kelly moved to approve the minutes, and Mr. Russman seconded the motion. They Board voted unanimously to approve the minutes.

Ms. Hatfield introduced Ms. Marsha Chase, the OCA's part-time office assistant. Marsha joined the office in January and works 20 hours per week assisting Ms. Martin.

Ms. Hatfield discussed the binders of information that were provided to the Board members, and asked the members to specifically look at the consumer contacts tab as it included helpful information on who to contact for consumer questions. Mr. Perry said that the binders were great and would be very helpful, and other Board members agreed. Ms. Monier said that she is a member of many clubs and organizations and asked if it would be appropriate to ask in those settings for people's thought on their utility service. Mr. Kelly said yes, and stated that she would be performing the function of the Board to keep abreast of any issues or compliments that may be of interest to our office. Upon review of the binder, Ms. Monier noted that the Utility info tab in the binder has some inaccuracies in terms of municipal utility services. Ms. Martin informed the Board that this binder only has information for those public utilities regulated by the PUC – not municipal utilities or private companies. Also,

some towns may have different parts of Town served by different utilities, so the ones listed may be the provider for the majority in the Town.

2. Case Updates

a. Highlights of Activity Updates – Ms. Hatfield asked if there were any questions regarding the case activity update. Hearing none, she provided a brief overview of the following cases.

- ✓ *DT 07-011 Verizon/FairPoint Transaction* - Ms. Monier asked whether the OCA has been receiving a lot of consumer complaints regarding FairPoint thus far. Ms. Hatfield said that most of the complaints that we are seeing reference the online bill pay issue and the recent long distance rate change. She also stated that we were aware that the online bill payment option would not be available until FairPoint “cuts over” to its own back office systems, which was expected to take place in September. The long distance rate change was under federal jurisdiction, not the PUC’s, and Verizon apparently had filed for that increase at the FCC prior to the approval of this transaction. Mr. Traum mentioned that there are alternative long distance carriers so this it considered a competitive service. Mr. Perry asked whether the success of FairPoint is largely dependent upon the hiring of all the employees needed. Ms. Hatfield stated that she could not answer that with certainty, but stated that she would imagine that staffing will have a major impact on their success. Mr. Perry asked about the other Verizon dockets that were pending or open at the time the FairPoint transaction became a docket. He asked specifically if FairPoint will pick up the dockets or whether they would be closed by the Commission. Ms. Hatfield stated that the Alternative Form of Regulation docket (AFOR) was closed by the Commission, without notice to the parties. She also reported that the major CLEC case (DT 06-067) regarding costs charged by Verizon to the competitive carriers is still ongoing. The 2004 service quality docket remains open to the OCA’s knowledge. Mr. Traum mentioned Gene Johnson’s comments at a recent NECPUC Conference in which he opined that the three Commissions’ Orders were in effect micromanaging the company. Mr. Perry asked whether FairPoint stepped into Verizon’s shoes with respect to payment of property taxes. Ms. Hatfield replied that yes they did.
- ✓ *DT 07-027 TDS Alternative Form of Regulation (AFOR)* – Ms. Hatfield discussed the order issued by the Commission in the case. The Commission approved the AFOR for Wilton and Hollis, but denied it for Kearsarge and Merrimack. She also noted that TDS unsuccessfully tried to get the legislature to change the underlying statute in order to allow the Commission to approve all four plans at the end of the legislative session. Ms. Monier asked about NHLA having The Way Home of Manchester as their client given that their location is not in the TDS territory. She questioned why they would be in this docket. Ms. Hatfield explained that this was a typographical error in the minutes, and that The Way Home is NHLA’s client is several *other* dockets but not in this TDS case. The NHLA client is a low income customer in the TDS service territory.
- ✓ Energy Efficiency (EE) dockets – Mr. Russman asked about the energy efficient dockets that remain pending. Ms. Hatfield explained that the Energy Planning

Advisory Board has not met for some time, and that the State Energy Policy Commission must complete its work by December 1, 2008, but it also has not been meeting during the legislative session. The decoupling docket has not had activity since April when the Commission sought input from parties on several issues. In the Energy Policy Act docket we are waiting for the Commission to open new dockets for each utility to investigate implementing smart metering. The Core electric efficiency docket is now in the monitoring phase and we have quarterly meetings with the utilities to track progress. Mr. Traum also reported that the Commission has hired a consultant to conduct a study on the remaining EE potential in the state. Mr. Kelly asked when that survey and report would be complete. Mr. Eckberg stated that it was expected in September, and it includes phone surveys to electric customers. Mr. Mailloux mentioned that he put in a new hot water heater and it has brought his bill down approximately \$35/month. Mr. Traum mentioned that we are continuing to see rate increases for each electric utility, and he explained that the reason for the increases is driven by natural gas price increases nationally and even globally. Mr. Eckberg mentioned that the OCA had participated in a trip to PSNH's Merrimack coal-fired generating station in Bow. He said it was an interesting experience to visit the plant and see the work that PSNH is doing to increase its efficiency and upgrade emissions equipment.

- ✓ DW 07-136 Mountain Lakes District – Mr. Kelly asked about the status of the Mountain Lakes case. Ms. Hollenberg explained that the case dealt with customers of the system in the town of Bath who lived outside of the municipality. She explained the settlement in the case that was reached between the company and PUC Staff. Mr. Pare asked if Executive Councilor Ray Burton was involved in the case. Ms. Hollenberg replied that she was not aware that he had participated. Mr. Kelly asked if we monitored the financial aspects of the case. Ms. Hollenberg replied that the OCA only monitored the case regarding the legal aspects due to resource limitations. Mr. Pare and Mr. Kelly asked who determines whether the rates were fair. Ms. Hollenberg stated that the water team at the PUC reviewed the financial aspects of the case, and she said that a Bath customer had participated in the case and had raised issues related to the fairness of rates. She then stated that Mark Naylor, the Director of the PUC's Gas and Water Division, is the contact at the PUC for questions about the financial aspects of the case. Ms. Hollenberg said that she would provide his contact information to Mr. Kelly.

Action Item: Provide Mark Naylor's contact information to Larry Kelly.

- ✓ DW 08-052 Pittsfield Aqueduct Company (PAC) rate case –Mr. Eckberg explained that PAC requested a 278% rate increase for its 1,100 North Country customers in Conway, Barnstead, and Middleton. The increase requested for its 650 Pittsfield customers is 44%. The Company listed reasons including significant investments in water pumping, storage, distribution, and treatment equipment and facilities since their relatively recent acquisition of the North Country systems as the basis for such large increases.

- ✓ DG 08-009 National Grid/KeySpan rate case – Mr. Traum explained that National Grid, the new owner (since August '07) of KeySpan, filed a rate case in March. It is the company's first rate case since the early 1990's. Mr. Traum explained the difference between the delivery charge and gas (energy) charge, and stated that this case has to do with the delivery charge. The gas charges are determined twice each year in separate cases. This is similar for the electric utilities, which have distribution rate cases every few years at the most, but have more frequent cases dealing just with the cost of energy that they purchase on the market, or in PSNH's case the energy that is generated for customers. The OCA has retained the services of a consultant in this case to assist us on rate design changes proposed by the company.
- ✓ DG 07-129 KeySpan's Summer (2008) Cost of Gas– Mr. Traum discussed the case and issues regarding high natural gas prices. Mr. Wrightsman asked about the connection between the price of gas and the transmission of the gas. Mr. Traum explained that the cost to bring the gas from the Gulf via pipeline to the state is the transmission charge. He further discussed that the commodity cost for the gas itself is influenced by global demand and supply issues.
- ✓ DG 08-048 Unitil Acquisition of Northern Utilities – Mr. Traum explained the docket and informed the Board that the docket is currently in the very early stages. Mr. Perry asked if we will be working with our Maine counterparts on this case, and Mr. Traum replied that we would coordinate as much as possible.

Mr. Pare asked to be excused at 3:10pm and left the meeting.

3. **Legislation**

Updates on pending legislation:

- ✓ HB1434, RGGI bill – Ms. Hatfield gave a brief update on the pending legislation and the current draft. Mr. Perry asked about the cap on the EE fund and mentioned that MA couldn't spend all their money. Ms. Hatfield said the fund will be fuel blind here in NH, and that we will work hard to make sure that the funds are spent to meet the tremendous need.
- ✓ HB1561, EE Advisory Board – Ms. Hatfield explained that the Board will advise the Commission on energy efficiency and sustainable energy issues. The membership will be broad, including our office. Mr. Wrightsman asked about the Union Leader story about RGGI which stated that prices are going "Sky High." He asked what was behind that story and why it was so one-sided. Mr. Russman agreed that it only reflected one perspective. Ms. Hatfield agreed that the article did stand out as only focusing on the potential costs of RGGI and not the potential benefits.
- ✓ HB1460, PSNH ownership of generating plants – Ms. Hatfield informed the board that the legislature again rejected this type of legislation bill for the second year in a row.
- ✓ HB1628, Incentives for homeowners to install renewable energy – Ms. Hatfield explained the bill and expressed her support for the bill because it allows homeowners to access the RPS fund that we are paying into through rates. Mr. Wrightsman asked how homeowners will get educated about this process. Ms.

Hatfield stated that the NH Sustainable Energy Association does great outreach and education, and that the Advisory Board created in HB1561 will also work on education. The OCA will have information in our newsletter when this funding is available in 2009.

- ✓ SB451, Ratepayer-funded investments in distributed energy (small EE and RE) – This bill allows the utilities to propose projects located on a customer’s building that will be funded through rates. Projects can include energy efficiency and demand response as well as renewable energy technologies. All projects must be approved by the PUC, and the OCA plans to participate in those dockets.

4. Project to Review and Update Bylaws

Ms. Hatfield directed the Board’s attention to the section of their new binders that contains the Board’s bylaws. They have not been update in some time, and do not reflect changes to our enabling statute which was passed several years ago. A subcommittee was formed to work on updating the bylaws, consisting of Ms. Monier, Mr. Russman and Mr. Kelly. Ms. Monier stated that the bylaws should be simple, with Operating Policies of the Board having the detail. Ms. Hollenberg suggested speaking with the Attorney General’s office regarding a sample of bylaws or ask if someone can work with us on the project. Ms. Monier suggested that we could review bylaws of other organizations, such as the NH Housing Finance Authority, to get ideas for ours.

Action Item: Ms. Hatfield to contact the AG’s office and NHHFA to collect information on bylaws.

5. Other Discussion:

Ms. Hatfield explained that Ms. Seldin called and informed the OCA that she could not make it today. She also wanted to inform the Board that she had a billing issue with FairPoint. Ms. Hatfield referred her to the Consumer Affairs Department of the Public Utilities Commission to file an official complaint.

6. Proposed dates of remaining 2008 meetings

The July meeting will be either July 7th or 14th, and we will email the Board regarding availability. Mr. Perry noted that he cannot make either date in July. The remaining 2008 meetings will be September 8 and November 3. Please mark your calendars accordingly.

A motion to adjourn the meeting was made by Mr. Perry. The motion was seconded by Mr. Russman, and the meeting was adjourned at 3:34 pm.