

THE NEW HAMPSHIRE RATE WATCHER *(It's Your Money)*

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Protect Your Privacy -- Controlling How Your Phone Company Uses What It Knows About You

Your telephone company knows a lot about you. It knows who you call, how often you call them, how much you pay to call, what services you subscribe to, how often you use those services, and other sensitive information about your telephone usage. It also has other personal information. This data is referred to as Customer Proprietary Network Information (CPNI), and under federal law, telephone companies have a duty to protect this information.

A phone company is permitted to share your CPNI with affiliates or third parties to market services and products to you that you do not already receive from that affiliate or third party, but it must obtain your approval to do so.

How your approval is obtained is the question.

Opt-in versus Opt-out.

In some states, customers must opt-in, that is, give their explicit permission for the telephone company to share their information.

In New Hampshire, however, the telephone company is assumed to have your permission to share information with affiliates and third party marketers unless you specifically act to opt-out.

If you want to opt-out and restrict Verizon from sharing information about you, call 1-866-483-3885. This is an automated number which requires a number of responses from you, and you must have your bill available to be able to respond to at least one of the inquiries. The process takes about 3-5 minutes.

Be aware that even after you call, Verizon will not restrict its sharing of information for 30 days.

If you are served by a different local phone company, you may make the request to protect your personal information by calling their local office. ☼

The Roles of the Office of Consumer Advocate and the Public Utilities Commission

There are big differences between the roles of the Office of Consumer Advocate (OCA) and the Public Utilities Commission (PUC). The PUC and OCA are aware of them, and so are the utility companies – but why is it important for you to know about them? Because you should know which agency has to balance interests and who has only your interests as a residential consumer at heart.

The Public Utilities Commission

The PUC regulates most telecommunications, electric, gas, and water utilities. As a regulator, the PUC's job is to balance the interests of utilities and their stockholders against those of utility consumers – both business consumers and residential consumers. But, what is the PUC?

The PUC is a state agency headed by three Commissioners who are appointed by the Governor and Council for six year terms. The utility regulation process is a legal process, and the Commissioners act much like judges in civil and criminal cases. That is, they hear evidence presented by witnesses representing the participating parties (i.e. the utilities, members of Commission Staff, the OCA, and other interested parties). The Commissioners then make a decision on the case, based on applicable law and the evidence presented in the case, and then issue an Order explaining their decision. Proceedings may cover a wide range of issues from setting your electric rates to enforcing the quality of service required to be offered by your telephone company. (Some companies, such as wireless phone companies and municipal water companies are exempt from regulation at the state level.)

The Commissioners are assisted by a staff of 70 including attorneys, accountants, analysts, economists, engineers, and other support staff. PUC Staff (Staff) review and analyze utilities' rate requests, audit utilities financial records, inspect

facilities, etc. The Staff is always a party in every case. It guides cases through the procedural process, and, if the case goes to hearing, Staff will present its own recommendation to the Commissioners, as will other participants.

Not all cases proceed to a contested hearing. Many are settled among the parties. If a case is settled, the parties prepare a Stipulation stating the terms of their agreement and present it to the Commissioners for approval. The Commissioners may fully accept the agreement, modify it, or reject it.

The PUC also handles consumer complaints about billing, quality of service, and other matters through its Consumer Affairs Division. In working with both the consumer and utility involved, this division attempts to reach a satisfactory resolution between the parties. (The telephone number of the PUC is 603-271-2431 or 800-852-3793.)

The Office of Consumer Advocate

The OCA is an ally to New Hampshire's residential utility consumers. Our job is to ensure that Granite Staters who pick up the phone, turn on the lights, or use gas and water, receive reliable, satisfactory service at reasonable rates. The OCA is independent of the PUC (except for administrative support) and represents the interests of Residential Consumers, and only Residential Consumers, in cases at the PUC. The OCA may also participate in cases at federal regulatory agencies (the Federal Communications Commission and Federal Energy Regulatory Commission), as well as in state and federal courts, if those avenues are necessary to defend consumers' interests. The OCA may appeal PUC Orders to the New Hampshire Supreme Court if it believes the PUC has made an error in its decision.

Like other parties to a case at the PUC, the OCA will present its analyses of the issues in a case, and make recommendations to the Commissioners as to the action it believes is appropriate through witnesses and cross-examination of other parties' witnesses. Unlike Staff and the utilities, OCA does not participate in every Commission case, nor does it present witnesses in every case in which it participates. With the limited resources available to it, OCA often works with other parties with similar interests to achieve a desired result.

OCA's staff consists of five people: two lawyers, two analysts, and one legal assistant. With this level of staffing, OCA prioritizes its activities and levels of participation based on the importance of cases and the number of consumers impacted. Most often, OCA is active in electric, telephone, and gas dockets, with participation in water cases limited to the larger water utilities. The OCA also provides assistance to legislators and other state agencies on issues that affect residential consumers.

Recent Cases and Decisions

OCA has been very active, in three recent dockets which ended favorably for consumers. Those dockets: 1) Set a New Cost of Capital for Verizon, 2) Reviewed Kearsarge Telephone Company's Request for Alternative Regulation, and 3) Upgraded PSNH's Schiller Electric Generating Station 5.

1) Verizon Cost of Capital

When your phone rates are set at a particular level, one of the things the PUC determines is a telephone company's allowed rate of return (i.e., the level of earnings the phone company is allowed on its investment in telecommunications equipment). In this case, Verizon had a 10.19% rate of return but asked for an increased return of 12.45% on some assets and almost 18% on others. This increase, if approved by the PUC, could have dramatically increased your phone rates.

At the hearing, OCA, Staff and competitive telephone carriers presented witnesses that opposed Verizon's requested return, and recommended that a lower cost of capital would be more appropriate. The Commissioners agreed and issued an Order that lowered Verizon's allowed rate of return from 10.19% to 8.2%.

Verizon is appealing the Commissioners' decision in Federal District Court.

2) Kearsarge Telephone Company's (KTC's) Request for Alternative Regulation

KTC petitioned the PUC to be allowed to move from being a fully regulated utility to one which was substantially deregulated insofar as rates (known as alternative regulation). As part of the procedural process for the petition, a rate case was also opened.

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In-State and State-to-state Long Distance Rates		State-to-State Rate			Monthly Service Charge	Minimum Monthly Charge	USF Percent	Minimum Call Length	Billing Increment	Reimburse Switching Fee?
Company/Plan	In-State Rate	Day	Evening	Weekend						
TouchTone 4.9	4.90¢	4.90¢	4.90¢	4.90¢			9.5%	18 Sec	6 Sec	Yes
Telrite E-longdistance	5.00¢	5.00¢	3.75¢	3.75¢			10.9%	1 Min	1 Min	No
Telcan Dialaround	5.50¢	5.50¢	5.50¢	5.50¢		\$4.00	0.0%	30 Sec	6 Sec	No
AccuDial	6.46¢	5.90¢	5.90¢	5.90¢	\$1.00		9.5%	1 Min	1 Min	No
TelCan 800 Follow Me	6.50¢	6.50¢	6.50¢	6.50¢		\$4.00	0.0%	1 Min	1 Min	No
Total Call Int'l Nations Favorite	6.90¢	4.40¢	4.40¢	4.40¢			8.7%	6 Sec	6 Sec	Yes
Total Call Int'l Global Reach	6.90¢	4.90¢	4.90¢	4.90¢			8.7%	6 Sec	6 Sec	Yes
IDT 5 Cents	7.00¢	5.00¢	5.00¢	5.00¢	\$3.95		9.1%	6 Sec	6 Sec	No
IDT 5 Cents Worldsaver	7.00¢	5.00¢	5.00¢	5.00¢	\$5.95		9.1%	6 Sec	6 Sec	No
Vartec Voice	7.00¢	7.00¢	7.00¢	7.00¢	\$1.95		9.1%	1 Min	1 Min	No
Primus Spectra A917	8.49¢	4.90¢	4.90¢	4.90¢			9.1%	6 Sec	6 Sec	Yes
Primus Spectra Q1100	9.90¢	4.90¢	4.90¢	4.90¢			9.1%	6 Sec	6 Sec	Yes
Primus Spectra A914	9.90¢	4.90¢	4.90¢	4.90¢			9.1%	6 Sec	6 Sec	Yes
GTC Telecom Residential	10.00¢	5.00¢	5.00¢	5.00¢			9.1%	1 Min	1 Min	No
Unitel 3.9	10.40¢	3.90¢	3.90¢	3.90¢		\$2.00	9.1%	18 Sec	6 Sec	Yes
Total Call Int'l Connect for Less	10.50¢	4.90¢	4.90¢	4.90¢			8.7%	6 Sec	6 Sec	Yes
Pioneer Rate Buster	11.00¢	2.90¢	2.90¢	2.90¢	\$1.49		8.7%	1 Min	1 Min	No
Pioneer Home USA	11.00¢	3.30¢	3.30¢	3.30¢			8.7%	1 Min	1 Min	No
Big Red Wire	11.00¢	4.00¢	4.00¢	4.00¢			9.1%	1 Min	1 Min	No
Enhanced Comm Group (ECG) 3.5	11.80¢	3.50¢	3.50¢	3.50¢			9.1%	1 Min	1 Min	No
Enhanced Comm Group (ECG) 3.9	11.80¢	3.90¢	3.90¢	3.90¢			9.1%	6 Sec	6 Sec	No
WorldXChange Absolute Cents	11.90¢	4.50¢	4.50¢	4.50¢			9.5%	1 Min	1 Min	Yes
3U Telecom 4.8	11.90¢	4.80¢	4.80¢	4.80¢			9.5%	1 Sec	1 Sec	No
Pioneer Talk Cents	12.50¢	3.50¢	3.50¢	3.50¢			8.7%	6 Sec	6 Sec	No

Explanation of Terms:

Rates: The rates shown are the advertised rates of the companies, and do NOT include add-on charges like the USF charge and taxes.

Monthly Service Charge: Where shown, a monthly fee is charged in addition to the per minute rate for the plan. We urge you to consider both this and other charges (Monthly Usage, USF, etc) in determining the best, least expensive plan per minute to meet your specific usage.

Minimum Monthly Usage: Where shown, this is the minimum amount you will have to pay each month, whether or not you make a toll call.

USF Percent: All companies that provide interstate service pay a set percentage of their interstate revenues into the Universal Service Fund. This fund ensures affordable access to telephone services for low income customers, and to customers who live in rural areas where the cost of providing service is high. The fund is also used to subsidize upgraded telecom services for libraries, schools, and rural health care providers. The percentage rate is changed quarterly to anticipate the amount needed in the fund. Telephone carriers are not required by the FCC to pass this charge through to customers, but most do. Others use it as an edge for competitive pricing. The current USF factor is 9.5%

Reimburse Switching Fee? Whenever a customer changes their long distance carrier, they will be charged by their local telephone provider (Verizon, for instance in NH) to make the change. Some long distance carriers will reimburse you for this charge -- But you must ask in most cases.

Disclaimer: Long distance telephone rates can, and do, change often. OCA has relied on information provided by A Bell Tolls in preparing the above chart. We make no representation or warranty regarding the currency, accuracy or comprehensive quality of the data presented nor the quality of the information which you must provide (minutes of in-state and interstate long distance usage) for a proper analysis, all of which directly affect the outcome of your research for choosing a long distance provider. For more information on plans, please visit A Bell Tolls at www.abelлтolls.com.

After a long, hard-fought battle lasting almost two years, the Commissioners agreed with OCA and Staff that the plan of alternative regulation filed by KTC was not in the public interest, and denied the utility's petition. In the rate case portion of the case, KTC was found to be earning in excess of its allowed rate of return, and a new cost of capital of 7.6% was set to more closely approximate current market investment rates. The net result is that KTC's residential consumers will continue to enjoy relatively low local rates.

Schiller Station Upgrade

PSNH filed with the Commission to upgrade one boiler of this older power generation station from coal-fired to wood-fired, at a cost of approximately \$70 million. As part of the basis for the upgrade, PSNH claimed it could cover some of the costs of the facility's construction and operation through the sale of Renewable Energy Credits (REC's) earned by the newer, environmentally friendly facility, to Connecticut and Massachusetts power companies. However, PSNH did not want to accept any risk for itself or its shareholders that either a) the REC market would work, or b) the upgraded facility would be as cost-effective as it claimed.

OCA believed, quite strongly, that the full burden of risk for the success of Schiller's upgrade should not be borne by consumers, particularly residential consumers. As such, one of the recommendations presented by the OCA was that any risk should be shared between shareholders and consumers. In its Order, the Commissioners agreed with the OCA.

The Commissioners ordered a sharing placing a higher risk on shareholders than on consumers. PSNH stated that it would not go ahead with the upgrade on that basis.

OCA, PSNH, and most other parties have since reached agreement on a more balanced (50/50) sharing process which PSNH says it will accept. A Stipulation addressing this agreement was filed with the Commission, and a hearing was held in mid-April 2004. ❀❀

Consumer Advocate's Corner

Our mission is to be a strong and effective voice for New Hampshire's residential consumers of utility services. In order to do our job we need to know what consumers want and what is most important to you about your utility services including telecom, electricity, natural gas and water.

We are involved in extensive litigation on your behalf at the New Hampshire Public Utilities Commission on cases involving your rates, the quality of your utility services and even the deregulation of many of your utility services so that those services can be provided by competitive companies.

Our advisory board provides us with some guidance on consumers' needs and wants, but we invite you to pick up the phone or send us an email and let us know your concerns. In order to work effectively for you we need to focus our efforts in areas that are important to you. This newsletter is an attempt to assist you with information on some of the issues we believe may concern you. We'll wait to hear from you.

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