

Residential Ratepayers' Advisory Board
March 4, 2013 Meeting Minutes

Present for the Board:

Claira Monier, Chair
Joe Costello, Vice Chair
Kenneth Mailloux
Thomas Moses
Amy Manzelli, Esq.
James Garrity
Deborah de Moulpied (departed at 11:30 a.m.)

Present for the OCA:

Susan Chamberlin
Stephen Eckberg
Rorie E.P. Hollenberg
Christina Martin
Kimberly Therrien

Guests:

Jan Fox, Senior Vice President & General Counsel for FairPoint Energy, a subsidiary of Crius Energy
Michael Fallquist, CEO for FairPoint Energy, a subsidiary of Crius Energy
Kevin B. Dean and Emile Clavet of ENH Power

1. Minutes of December 10, 2012 Meeting

Claira Monier called the meeting to order at 10:02 a.m. Mr. Mailloux made a motion to approve the minutes. Ms. de Moulpied seconded the motion. The minutes as presented at the meeting were unanimously approved.

2. Presentation by Kevin B. Dean and Emile Clavet of ENH Power

Mr. Dean and Mr. Clavet are owners of ENH Power (“ENH”), with their parent company being Provider Power. ENH is approved to serve all territories. However, they are currently only marketing service in PSNH, Liberty and Unitil’s service area with plans to enter NHEC at some point in the future. They have approximately 50,000 customers, most of which are residential. They receive hundreds of new customers daily. In the state of Maine, they serve about one in three homes.

Mr. Mailloux inquired how one would know which company supplies his energy. He was informed that he could check the second page of his electric bill where it lists the energy supplier.

Mr. Costello inquired about how one would know when they’d been switched. Mr. Dean explained that ENH would provide an e-mail confirmation to those who filled out their online form. Those who do not use e-mail will receive a mailed

confirmation. Mr. Costello asked how long until the change is actually seen on your bill. ENH explained that it could be as long as a couple of months before you see the new supplier noted on your bill. It depends on when your meter is read. Further clarification was provided stating that such things as an "off-cycle switch" is inefficient. [An "off-cycle switch" is a transfer to a new energy supplier that occurs at a time other than at the customers meter read date.] With system improvements and smart meters, this will improve.

Attorney Chamberlin asked for a sample of rates being offered. ENH explained they offer three rates: regular fixed, coal-free and a true green rate – all of which are lower than the comparable rates of PSNH. A follow-up question was asked about disclosure of their renewable resources. ENH responded that they do disclose their renewable resources in their customer information.

Ms. Monier inquired how long it might be before we don't send out meter readers. ENH explained that in Maine it took two years to make that change. In their opinion it would take between five and ten years before customers would receive any benefit from this.

Attorney Manzelli questioned what rate people are choosing. ENH replied that most are choosing their fixed rate price, but some are choosing coal-free. He stated that he thinks that even those wanting to be environmentally conscious are making choices to split the difference in the savings and go middle of the road.

Mr. Moses questioned their areas of outreach. ENH responded that they have the resources to take on every home in every state.

Mr. Moses questioned why the utilities can't purchase power from the market at the lowest cost. ENH explained that PSNH owns its own generation, which means it produces its own power. Doing that gives them costs associated with maintaining those power plants, and PSNH has stranded costs associated with past generation projects.

Ms. de Moupied inquired why ENH is not marketing to NHEC's territory. ENH responded that they can't beat their rates right now.

Mr. Moses inquired what would happen to customers if the competitive supplier folded. ENH explained that you'd simply go back to your default supplier. The system is designed so that nobody would be without power. Mr. Moses asked if

customers would have warning. The Commission rules do require notice. In the PNE instance, the PUC approved a waiver of that rule. No notice to customers was made prior to the change.

Attorney Manzelli inquired about what happens at the end of a customer's fixed term. ENH explained that prior to a customer's term expiring, they'd receive a renewal letter. If the customer didn't opt-out, the renewal would be automatic.

Mr. Costello questioned where their customer calls are answered. Calls are answered in New Hampshire with overflow to the Maine office. There are three people in the New Hampshire Office and 40-50 in Maine's call center.

The Board discussed electricity and forecasting loads and how complicated such calculations are. ENH said they have consultants that provide that specialty knowledge.

Ms. Monier suggested that we move forward to our next guests. Mr. Dean and Mr. Clavet departed.

Ms. Monier apologized for jumping so quickly into the meeting without introductions and self-introductions were made around the table.

3. Presentation by Michael Fallquist and Jan Fox of FairPoint Energy

Michael Fallquist is the CEO of Crius Energy. FairPoint Energy is a subsidiary of Crius Energy. The company was started in 2009 and is the most compliant in the industry. All solicitations for services offered are done inbound. When people call FairPoint Communications about a phone or internet question or concern, they will be offered energy services at that time. Their offer is that they have a money-back guarantee that customers will save at least 10% off of their electricity supply cost during the first 12 months. If you do not, FairPoint energy will write a check to the customer for the difference. They have approximately 10,000 customers overall, mostly residential, but some small commercial. They are only marketing in the PSNH area.

Mr. Fallquist offered explanation about the agreement between them and PNE regarding acquiring the 8,500 PNE customers. PNE asked FairPoint Energy to take customers due to their financial distress. FairPoint Energy entered into a contract in early February with PNE. About 1,000 people had been switched prior

to PNE being halted by the ISO. FairPoint Energy's offer was better than the one PNE had contracted with customers. Attorney Fox stated that they were working closely with PUC staff regarding notification. It was staff that required PNE to send notice to its customers. There were about 8,500 PNE customers. Mr. Fallquist suggested that the OCA consider rating suppliers. Attorney Chamberlin questioned if they were aware of a metric done by other states to point us to. Mr. Fallquist believes Illinois and Connecticut may have scorecards to use as examples.

ACTION ITEM: Attorney Chamberlin will look further into the idea of scoring energy suppliers.

Attorney Manzelli questioned why you'd make the failing company the notifying company. She thought that might not be the best idea.

Attorney Chamberlin commented on the transfer of 8,000 customers and questioned if FairPoint Energy is trying to enforce an aggregate agreement. FairPoint Energy replied that no action was contemplated as Resident Power was the aggregator.

Attorney Chamberlin asked if they would support a purchase of receivables. Mr. Fallquist answered yes, but suggested that the state could receive some unfavorable suppliers/aggregators by opening that door.

Mr. Eckberg questioned the 10% savings over 12-month period – specifically questioning the month-to-month savings. They are only guaranteeing an overall savings over the 12-month period.

4. Legislative Update

Attorney Chamberlin has been to a couple of presentations regarding RGGI where they've had straw votes approving RGGI. The House committee is tinkering with it before they send it over to the Senate.

Ms. Manzelli inquired about the OCA and PUC roles during the legislative session and wondered what positions, if any, the OCA take. She thinks it would be helpful to know the positions that OCA is taking and suggested just adding a column on the legislative update noting such. Attorney Chamberlin noted that the PUC generally attends legislative hearings with no position and the OCA occasionally

takes a position. Most recently Attorney Chamberlin testified on RPS and changing of classes.

ACTION ITEM: Attorney Chamberlin and Ms. Martin to determine the most effective way to relay the OCA's position on tracked legislation to the Board.

5. Case Update

Attorney Chamberlin noted that several PSNH cases have been suspended. The PUC opened an investigation on PSNH generation and market conditions. The PUC will produce a "white paper". The OCA's participation has been denied at this point as the PUC stated that they will seek our input when needed.

Attorney Hollenberg weighed in on the status of Lakes Region, Pennichuck and Aquarion Water Companies. Lakes Region is expected to be in soon for a full rate case even though they're before the Commission this week for emergency rates. Pennichuck and their subsidiaries are expected to have rate cases by June 30, 2013. They also have some smaller cases in process regarding financing, etc. Aquarion is asking for a 10% return on equity which is a big issue and will likely be litigated.

With regard to gas cases, Attorney Hollenberg stated we're presently overseeing and monitoring the Liberty takeover of GSEC. Attorney Hollenberg also noted that we expect to have rate cases from Liberty and Northern Utilities.

6. Any other topics or issues that the Board or OCA wishes to discuss

Mr. Eckberg informed the Board about a current issue facing the Electric Assistance Program ("EAP"). He explained that the EAP has a large balance surplus caused by fluctuation of enrollment and collections. There is a board that meets monthly to monitor and administer the EAP program and they have been actively creating ideas for changes in the program to spend down the approximate one million dollar overage. Some thoughts included suspending collection and/or increasing benefits to previous levels. The OCA was informed that there will be a special session law with the intent to use one million dollars to bail out Tri-County Community Action Program ("TCCAP") and that these funds would likely be administered by the Office of Energy Planning. If this special session law were to pass, the money would not be for EAP specifically but for TCCAP.

Attorney Hollenberg noted the statutory limit of monies to be held is one million dollars. Mr. Eckberg indicated that they're looking at trying to increase limits and he believes that at present there is approximately two million dollars held at Treasury.

Mr. Garrity commented that it would be great to see if the surplus money can be used to aggregate those EAP customers and negotiate a cheaper electricity rate. Attorney Chamberlin stated that she can look into this as a possible option.

ACTION ITEM: Mr. Eckberg to look into the option of using the overage to purchase a cheaper kilowatt hour.

Mr. Eckberg noted that it may not be beneficial for an EAP participant to switch to a competitive supplier as the discount they receive through EAP may be more than the savings through a competitor.

ACTION ITEM: Ms. Monier requested that a supplier scorecard be placed on the agenda for the next meeting.

Ms. Monier asked if there was any other business that the Board wished to discuss, to which there was none noted.

7. Opportunity for public input

There were no members of the public present at this meeting.

Mr. Garrity made a motion to adjourn the meeting which was seconded by Mr. Moses. The meeting was adjourned at 11:53 a.m.

The Board's next meeting is Monday, June 10th at 10:00 a.m.