

OCA Residential Ratepayers Advisory Board

December 8, 2009

Minutes

Present:

Lawrence Kelly, Chair
Otis Perry, Vice Chair
Debbie de Moulpied
Ken Mailloux
Claira Monier
Tom Moses
Louis Paré
Dwayne Wrightsman

Present for the OCA:

Meredith A. Hatfield
Kenneth Traum
Rorie E.P. Hollenberg

Mr. Perry began the meeting at 2:08 pm.

1. REVIEW AND APPROVE MINUTES

Mr. Perry asked the board if any one had any changes or comments regarding the October meeting minutes. Ms. Monier moved to approve the minutes as drafted. Mr. Mailloux seconded. The Board voted unanimously to approve the minutes.

2. WELCOME NEW BOARD MEMBER THOMAS MOSES

Mr. Perry, on behalf of the Board, welcomed Mr. Moses. Mr. Moses was appointed by the Speaker of the House to represent the interests of the public.

3. OCA ACTIVITY UPDATE DISCUSSION

Ms. Hatfield commented about the following dockets included in the OCA Activity Update circulated before today's meeting:

- DE 09-137 Unutil Distributed Energy Resources Program
Parties are in the process of negotiating a settlement for one of the programs included in Unutil's proposal, which will recommend a pilot program to test smart metering technology on a small group of residential customers. If approved by the Commission, this program is targeted to start in the summer of 2010.
- DE 09-158 PSNH PeakSmartPlus Program Tariff Modification

The parties in this docket, including PSNH, Staff, OCA and National Grid agreed that programs to reduce peak demand of the largest industrial customers should be offered by third parties, not utilities. Mr. Perry asked whether this was similar to HeatSmart. Ms. Hatfield explained it is similar but HeatSmart is a residential program that controls a customer's electric load by means of radio-controlled signal which shuts off electricity use for baseboard heating,¹ but because HeatSmart is for only residential customers it doesn't contribute significantly to reducing peak load. Mr. Traum mentioned that ISO New England has regional programs regarding demand reduction, and the changing nature of those programs provided the impetus for this docket. Ms. Monier recommended that cluster zoning be done in conjunction with smart metering. Ms. Hatfield mentioned that the Energy Efficiency and Sustainable Energy (EESE) Board is considering how to encourage the integration of land use planning and energy issues. One example is the work on "Beacon Communities," which would include a focused geographic project to increase energy efficiency, utilize renewable energy, and consider the use of new technologies such as "smart grid" and "smart metering." The state is considering applying for a US Department of Energy grant in order to create a program that meets these goals.

- DE 09-186 PSNH Renewable Default Energy Service Rate
DE 09-224 Unutil Renewable Default Energy Service Option
DE 09-225 National Grid "Green Up" Renewable Default Energy Service Option

These three dockets are related to implementation of a statute enacted last year, requiring utilities to offer a "green" or renewable energy optional service to customers. The green option is expected to be available by May 2010. Mr. Perry asked about how the green energy is tracked, and Ms. Hatfield explained that, because of the RPS, every megawatt hour generated in New England now has a tag indicating the environmental and renewable attributes, if any, of that electricity. This system allows utilities to track the renewable attributes of the new green optional service.

- DE 09-067 Complaint of Clean Power Development (CPD), LLC against PSNH
CPD wants to construct a wood-fueled biomass-energy facility in Berlin, NH, but has stated that it requires a purchase power agreement with PSNH in order to move forward with the financing, construction and operation of their facility. CPD's complaint alleges that PSNH refused to negotiate a power purchase agreement. The process for how to move the docket forward is currently pending before the Commission.

- New Hampshire Transmission Commission

This Commission was created by the Legislature a few years ago and is now considering issues associated with transmission constraints in the North Country, including who pays for expanding transmission to enable renewable energy development. Ms. Monier asked about small decommissioned hydro plants in Southern NH. Mr. Paré asked about a report he heard on NHPR concerning Hydro-Quebec and PSNH. Ms. Hatfield stated that Northeast Utilities, PSNH's parent company, and NStar, a large utility in Massachusetts are currently seeking to enter into an agreement to purchase power from Hydro Quebec, and that a major transmission investment will be required. The OCA's understanding is that a new

¹ Participating customer must have a qualifying alternative source of heat such as woodstove, etc.

transmission line could be built in the existing right-of-way that travels through New Hampshire. Ms. Hatfield stated that the project is in the early stages, and the OCA is hoping to get an update from PSNH about the status of the project.

Action Item → Report to Board about status of the discussions between NU/NStar and Hydro Quebec after update from PSNH.

Ms. Monier asked about whether the New England Governors and Eastern Canadian Premiers are following this issue and suggested that the OCA look at the agendas for their conferences.

- DT 07-011 - Verizon NH Transfer of Assets to FairPoint Communications, Inc.
Ms. Hatfield stated that FairPoint filed for Chapter 11 bankruptcy protection in October. As a result, all pending proceedings at the Commission have been temporarily stayed.

Ms. Monier asked about a report she had heard that FairPoint customers in Maine, but not New Hampshire, were getting money back because of deficient service. Ms. Hatfield explained that, along with the merger, the Maine Commission also dealt with a pending Verizon rate case, and required a reduction in rates when it approved the FairPoint transaction. In NH, where there was not a pending rate case with Verizon, the Commission approved a five year rate freeze. More recently, the Maine Commission ordered FairPoint to further reduce its rates on account of failures to meet service quality requirements. Ms. Hollenberg stated that this recent rate reduction in Maine has been temporarily stayed by the Bankruptcy court, and that a hearing on whether the stay should be permanent will occur soon.

Mr. Perry asked about the OCA's role in the bankruptcy. Ms. Hatfield explained that the OCA has been participating with the New Hampshire State Team, represented in the bankruptcy proceedings by attorneys at the NH Attorney General's office as well as private bankruptcy counsel. The Commission has designated two members of its staff to the State's Team, general counsel, Anne Ross, and the director of the Commission's telecommunications division, Kate Bailey.

Mr. Perry asked whether the OCA could take a different position from the State Team, to the extent that the OCA disagrees with the Team's recommendations. He expressed his concern about the perception of the OCA in bankruptcy court given the OCA's opposition of the merger at the Commission. Ms. Hatfield stated that, in the PSNH bankruptcy, the OCA attempted to intervene as a party and was not permitted to do so. The present focus of the state's efforts is on enforcing, to the extent possible, the deal that was approved by the Commission. Ms. Hatfield thanked Mr. Perry for his observations and concerns about the position of the OCA in light of our objection to the underlying transaction.

Mr. Perry also asked whether the bankruptcy court will be able to eliminate some or all of the benefits that the Commission required as conditions of approval of the

merger with Verizon. Ms. Hatfield and Ms. Hollenberg agreed that this is a concern, as the focus of the bankruptcy court is to maximize the value of FairPoint's estate for the purpose of repaying creditors. Ms. Hollenberg stated that it is her understanding that, as far as setting rates is concerned, the Commission will retain its jurisdiction.

Mr. Paré recommended that the State investigate whether there were crimes committed in the underlying transaction by individuals at FairPoint and Verizon who potentially withheld or falsified information. Mr. Paré also recommended soliciting feedback from FairPoint customers, perhaps at local town meetings, about their experiences with FairPoint.

Mr. Perry asked about the presence, and development, of competition in FairPoint's franchise area. Ms. Hatfield stated that FairPoint continues to report losses of access lines. Because some of FairPoint's competitors are not regulated by the Commission (e.g., wireless), it is difficult to determine with certainty whether this reflects increased competition. Mr. Perry asked if FairPoint's wholesale customers are also experiencing service problems. Ms. Hatfield and Ms. Hollenberg stated that the competitive local exchange carriers (CLECs) are experiencing problems, and Ms. Hatfield mentioned several pending dockets at the Commission concerning some of these problems.

Ms. de Moulpied asked about the impact that a future winter storm could have on FairPoint, in light of its present circumstances. Ms. Hatfield agreed that this is a concern. As an aside, Ms. Hatfield mentioned that she expects a report to be issued shortly by the Commission about last year's ice storm, and the utilities' responses to it. Ms. Hollenberg mentioned that FairPoint should still be able to run its business, despite the pending bankruptcy proceedings, and it is customary for utilities to have mutual aid agreements in place for emergencies.

- DT 09-044 Regulatory Status of VoIP

Mr. Wrightsman asked about this docket, which was opened in response to a request filed by a group of incumbent telephone carriers for the Commission to determine whether IP Enabled Voice Telecommunications Services or VoIP telephony should be regulated by the Commission. Ms. Hatfield and Ms. Hollenberg explained that the regulated telephone companies seek a Commission determination that the presently-unregulated VoIP providers should be subject to Commission regulation. Mr. Perry and Mr. Wrightsman both use VoIP telephony.

4. PRESENTATION ON PUC SUSTAINABLE ENERGY DIVISION

Jack Ruderman, the Director of the Commission's Sustainable Energy Division, provided the Board with a summary of his Division and its current projects. Specifically, Mr. Ruderman discussed the administration and distribution of the Renewable Energy Fund and the Greenhouse Gas Emissions Reduction Fund. Mr. Ruderman talked about the ways that this money is being used in New Hampshire to increase investment in renewable forms of energy

generation, like solar and wind power, as well as to decrease demand for greenhouse gas-emitting energy generation. More information may be found at <http://www.puc.nh.gov/Sustainable%20Energy/SustainableEnergy.htm>.

5. REVIEW OF POTENTIAL 2010 LEGISLATION

Ms. Hatfield referred the Board to a handout listing some of the Legislative Service Requests (LSRs), which may become bills in the 2010 session. Ms. Hatfield stated that she has not yet seen the language for many of these LSRs. Ms. Hatfield specifically mentioned S2922, “Relative to the systems benefits charge,” and she stated that she needs to get more information about how this LSR would impact the ratepayer charge for efficiency and assistance programs.

Ms. Hatfield also mentioned S2739, which concerns the transfer of money from the Greenhouse Gas Emissions Reduction Fund to the Electric Assistance Program. She will seek additional information on that LSR as well. [Note: The OCA has learned that as of 12/10/09 this LSR has been withdrawn. See <http://www.gencourt.state.nh.us/ols/lswithdrawn.html>]

6. BRIGHT IDEAS – ENERGY NEWSLETTER FOR THE STATE OF NH

Ms. Hatfield brought to the Board’s attention an article in the State’s Energy Newsletter, “Bright Ideas,” which features Christina Martin as the “Energy Hero” for this edition. Ms. Hatfield lauded Ms. Martin’s many efforts to make the Walker Building tenants more energy aware and more environmentally conscious. The Board echoed the appreciation of Ms. Martin’s efforts.

7. MEETING ADJOURNED

Mr. Mailloux moved to adjourn the meeting at 3:56 pm. Ms. Monier seconded the motion, and the Board unanimously voted to adjourn.