

Residential Ratepayers' Advisory Board
April 5, 2010
Meeting Minutes

Present:

Lawrence Kelly, Chair
Otis Perry, Vice Chair
Debbie de Moulpied
Ken Mailloux
Claira Monier
Tom Moses (arrived at 2:45)
Louis Paré
Rick Russman
Dwayne Wrightsman

Present for the OCA:

Meredith A. Hatfield
Kenneth E. Traum
Rorie E.P. Hollenberg
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 FEBRUARY 1, 2010 MEETING

Mr. Kelly asked the Board members if there were any changes proposed for the minutes of the February 1, 2010 meeting. Mr. Wrightsman informed that board that the reference to "Ms." next to his name in the first section of the minutes needs to be replaced with "Mr." Ms. Monier moved to approve the minutes as amended. Mr. Perry and Mr. Mailloux seconded the motion. The Board unanimously approved the minutes as amended.

2. CASE ACTIVITY UPDATE

Ms. Hatfield touched upon several cases in the Case Activity Update.

Electric Cases

DE 09-035, PSNH Distribution Rate Case – Ms. Hatfield summarized the status of the case and some of the issues that the OCA raised in its testimony, including incentive compensation. The Board discussed, in response to a question posed by Mr. Perry, the extent to which the Commission reviews the financial circumstances of PSNH's parent and affiliates in PSNH rate cases, including allocations of service company costs. Mr. Russman inquired about the average rate increases per year for electric utilities in the recent past. Ms. Hatfield explained that there are several

components of electric rates – energy service, delivery, and transmission. The OCA will review rate increases in recent years and get back to the Board with the information.

- **Action Item – Determine average rate increase per year for electric utilities and provide to Board.**

DE 09-067, Complaint of Clean Power Development – Ms. Hatfield briefly summarized the status of the proceeding and the Commission’s decision to make the docket an adjudicative proceeding. She also pointed out that the Commission decided not to stay the proceedings pending a determination by FERC on PSNH’s petition to terminate its mandatory obligation to purchase power from certain qualified facilities.

DE 09-137, Until’s Distributed Energy Resources Program – In response to an inquiry of Mr. Russman, Ms. Hatfield explained the OCA’s position in support of one of the proposed DER projects, a solar photovoltaic installation and a Capstone microturbine combined heat and power unit for a school in Exeter. Ms. Hatfield explained that the OCA took no position on the proposed solar photovoltaic installation at the new Stratham fire house and that Staff took the position that the Stratham project was uneconomic. Ms. Hatfield also updated the Board on the time-of-use (TOU)/demand response metering pilot program for residential customers with central air conditioning, which the Commission has already approved. Specifically, this pilot program was to be conducted jointly with Fitchburg Gas and Electric, an affiliate of UES, but approvals in Massachusetts did not occur in time to proceed as originally proposed to the NH Commission (i.e., summer of 2010). Ms. Hatfield stated that UES plans to implement the pilot in the summer of 2011.

DE 09-186, PSNH Renewable Default Energy Service Rate

DE 09-224, Until Renewable Default Energy Service Option

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

Ms. Hatfield spoke briefly about these three cases. The Commission has approved PSNH’s renewable default service option, and customers will be able to choose each month whether or not, and what percentage, they want to pay for of renewable default service. The Commission will hold hearings in the Until and National Grid cases on April 7. In response to a question of Mr. Perry concerning the sources of the renewable energy, Ms. Hatfield explained that the payment for renewable default service will be used by the utilities to procure renewable energy credits (RECs), not necessarily to purchase renewable energy. Mr. Russman asked about net metering and payment for renewable energy generation. Ms. Hatfield referred the Board to HB 1353, which may authorize payment for renewable energy generated in excess of a customer’s use.

DE 10-024, Renewable Energy Fund

Within the context of a later discussion about pending energy-related legislation, Ms. Hatfield mentioned to the Board that the Commission is planning to use some of the REF money for a projected aimed at the commercial and industrial sector.

DE 10-055, Unitil Energy Systems, Inc. Distribution Rate Case

Ms. Hatfield reported that Unitil has filed a Notice of Intent to File Schedules, and that case will be filed with the Commission in the next month or so. Ms. Monier commented that she is concerned that the utilities rate increases are far exceeding ratepayers' wage increases, and having an impact on young people who are trying to buy homes.

Telecom Cases

DT 10-025, FairPoint Communications Reorganization – Ms. Hatfield briefly summarized the status of this docket and described some of the modifications that FairPoint seeks to the order approving its merger with Verizon. Mr. Perry asked about, and Ms. Hatfield summarized, the proposed modifications to the Broadband build-out requirements, including delays of the deadlines for meeting certain percentages for broadband availability. In response to a question posed by Mr. Paré, the Board discussed FairPoint's reduced revenues and consideration of this reduction by the Bankruptcy Court. Ms. de Moulpied asked whether there is information available about high speed broadband availability in the North Country. Ms. Hatfield mentioned the recent work of the Telecommunications Advisory Board (TAB) at the Department of Resources and Economic Development (DRED) and offered to send Ms. De Moulpied contact information for DRED and TAB. Mr. Perry, Mr. Kelly and Ms. Monier expressed that FairPoint seems to be more responsive and more active in the community than Verizon. In response to a question and comments of Mr. Wrightsman about pole ownership and poor tree trimming practices, Ms. Hatfield explained that some of the utility poles are jointly owned by the telephone and electric utilities serving a particular area. Ms. Martin suggested that customers with tree trimming issues contact the electric company and the Commission about tree trimming complaints. She would be happy to assist if needed.

- **Action Item – Send contact information for DRED and TAB to the Board.**

Water Cases

DW 04-048, Pennichuck Water Works Eminent Domain

Ms. Hatfield reported the decision of the NH Supreme Court, upholding the Commission's decision in this case. Motions for Rehearing are due today and, if none are filed, Nashua has a certain amount of time to take action to proceed with the taking of PWW.

Natural Gas

DG 10-017 EnergyNorth Natural Gas d/b/a National Grid Rate Case – Ms. Hatfield explained to the Board that this will be the first case at the Commission to consider “decoupling,” a ratemaking mechanism that aims to weaken the connection between utilities revenues and customer usage. It is considered by many to help remove the disincentive for utilities to invest in or support energy efficiency, but it also can have significant rate impacts. The OCA issued a Request for Proposals to retain a

consultant on decoupling for the case. Ms. de Moulpied asked if any other states use decoupling for utility rates. Ms. Hatfield mentioned that California is often pointed to as a success, but it is difficult to compare California's experience to New Hampshire as the rate structures and other energy efficiency policies and programs are different in many ways. Mr. Perry voiced concern about the difference between the proposed increase to residential customers and the lesser increase to commercial and industrial customers. Ms. Hatfield responded that this type of difference is often based upon a cost of service study. In response to Mr. Perry's question about the proposal to eliminate the \$500,000 exclusion from the Cast Iron and Bare Steel replacement program, Mr. Traum explained that as the program exists now, the utility must delay until the next base rate case its recovery of the first \$500,000 spent for the CIBS program; costs above \$500,000 are recovered through the annual CIBS rate adjustment. As proposed, the utility would be able to recover all costs of the CIBS program through the annual CIBS rate adjustment.

3. REVIEW OF 2010 ENERGY-RELATED LEGISLATION

Ms. Hatfield mentioned the following pending bills.

SB 397- would enable the OCA to access additional funds to hire experts for PUC dockets, but must seek approval from the legislative Fiscal Committee in addition to Governor & Council approval of contracts. The PUC already has this authority without restriction. This bill has passed the Senate and is currently in the House Science and Technology Committee. It is expected to pass.

Ms. de Moulpied asked Ms. Hatfield to explain SB 338 – Ms. Hatfield explained that this bill sought to define “modification” as the term is used to describe when PSNH must seek PUC review prior to making investments in its generating plants. The bill was voted Inexpedient to Legislate (ITL), which means it was killed.

Mr. Russman asked Ms. Hatfield to explain SB 334 – Ms. Hatfield explained that this bill creates a committee to study the expansion and improvement of the residential renewable energy program. In addition, the bill passed the Senate with an amendment allowing PSNH to retain \$5 million in ACP payments to fund a 1 megawatt solar project on a landfill in Manchester. Mr. Russman expressed concern that the amendment deviates from the original purpose of the Renewable Energy Fund (REF), which is to promote a variety of renewable projects across the state. Mr. Russman asked the OCA to look at the bill, as amended, very closely. Ms. de Moulpied also voiced concern about the impact of the amendment on the availability of REF monies for businesses, as well as about the cost of the project when compared with the projected energy output. She asked if there was a way to counter PSNH's claims that the proposed solar project will create jobs, and if there was data on the number of longer term jobs that would be created by small businesses accessing the REF. Ms. Hatfield explained that the PUC is compiling data about what the REF money has been used for, and that she expects renewable energy stakeholders to raise concerns about benefits versus costs of the proposed PSNH project. She said that the

OCA would be meeting with PSNH to get more information about the project and the costs and benefits for ratepayers. Mr. Russman suggested Ross Gittell of UNH as a resource for economic benefit analysis.

SB 424 –codifies the practice at the PUC that requires copies of all confidential filings made with the Commission to be provided to the OCA. It has passed the Senate and now is in the ST&E committee, where it is expected to pass.

SB 425 –would repeal a special exemption to the Right to Know law (RSA 91-A) available only to telecommunications utilities. If this exception is repealed, telecommunications utilities would use the process currently available to all other utilities under 91-A to protect their confidential information. FairPoint opposes the bill. It passed the Senate and now is in the House Judiciary committee.

SB 449 –would slightly lower the threshold for designating the role of PUC staff (to be either advocates of a position, or advisors to the Commissioners) in adjudicative proceedings. Ms. Hollenberg explained that the *ex parte* designation process exists in order to protect the right to an impartial tribunal. The bill passed the Senate and now is in the House ST&E committee.

4. OTHER TOPICS

Ms. Hatfield asked the Board if there were any topics that it wished to learn more about at future meetings, and offered to schedule presentations on topics of interest. Ms. Monier indicated that she would like to learn more about utility pole ownership and hydroelectric power in New Hampshire. Mr. Perry mentioned the Seacoast Area Renewable Energy Initiative, which is a cooperative-type of group that works to install renewable energy equipment, and is modeled on a similar group in the Plymouth area. Mr. Paré asked the OCA to respond to a New York Times article published in today's paper entitled "Natural-Gas Data Overstated – Energy Department Will Make Revisions to Its Monthly Report on Output." Mr. Paré also asked the OCA to respond to recent reports that the Energy Star information on appliances is not accurate.

- **Action Items – Respond at next meeting to NY Times Article and Energy Star concerns.**

5. MEETING ADJOURNED

Ms. Monier moved to adjourn the meeting at 3:45 pm. Mr. Mailloux seconded the motion. The Board unanimously voted to adjourn the meeting.