

Residential Ratepayers' Advisory Board
July 18, 2011 Meeting Minutes

Present for the Board:

Otis Perry, Vice Chair
Richard Russman
Deborah de Moulpied
Louis Paré
Kenneth Mailloux
Dwayne Wrightsman
Joe Costello
Thomas Moses

Present for the OCA:

Meredith Hatfield
Rorie Hollenberg
Donna McFarland
Stephen Eckberg
Christina Martin

Guests:

Amy Manzelli
Theresa Martin, LBA Audit Team
Vilay S. DiCicco, LBA Audit Team
Heidi Kroll, Gallagher Callahan & Gartrell

1. Minutes of May 9, 2011 Meeting

Mr. Perry declared a quorum present and called the meeting to order at 2:03 pm. After introductions, the Board reviewed the draft minutes of the May meeting. Mr. Perry asked for a motion to accept the minutes. Mr. Mailloux moved to accept the minutes, and the motion was seconded by Mr. Wrightsman. The Board unanimously approved the May minutes as drafted.

Mr. Russman arrived at 2:08 pm.

2. Process for Selection of Board Chair

Mr. Perry indicated that the Board's statute (RSA 363:28-a) requires that the Board elect a chairperson each year. Mr. Perry then asked the Board if there was a nomination for Board Chair to serve until January 2012 when the next election will take place. Mr. Mailloux nominated Mr. Perry, seconded by Ms. de Moulpied. Mr. Perry accepted the nomination. Mr. Perry asked for additional nominations. Hearing none, Mr. Perry asked if there was a motion to close the nominations. Mr. Wrightsman motioned to close the nominations, and all members voted in favor. Mr. Perry called for a vote, and was unanimously elected Board Chair.

Mr. Perry stated that although the statute does not require a Vice Chair, the Board has had one. He said that Ms. Monier, who could not be present at the meeting, is willing to serve as Vice Chair. He asked the Board for a nomination. Mr. Russman nominated Ms. Monier, seconded by Mr. Mailloux. Mr. Perry asked if there were any further nominations. Hearing none, Mr. Perry asked if there was a motion to close the nominations. Mr. Moses moved to close the nominations. Mr. Perry called for a vote and Ms. Monier was unanimously elected Vice Chair.

Ms. Hollenberg arrived at 2:20 pm.

3. Case Activity Update

The Board discussed several items on the Case Update list:

DE 10-160 PSNH Customer Migration

Ms. Hatfield briefly explained the case and discussed several recent press articles on the topic. She also informed the Board that PSNH's most recent migration level is 37.7%. That percentage indicates the customers, as a percentage of PSNH's total distribution sales, that have chosen a competitive provider to supply their electricity. Ms. de Moulpied asked who those customers are that don't get to choose. Ms. Hatfield explained that legally all electric customers have the right to choose a competitive supplier, but small business and residential customers have not had access to a choice yet. There is one supplier offering a choice to smaller customers. You can view their website at www.residentpower.com.

Action Item: Ms. Hatfield will forward recent news articles to the Board.

Mr. Russman asked about the resolution of migration issues. Ms. Hatfield said that she heard that PSNH was considering legislation to create a "nonbypassable charge" to spread certain costs to customers who have chosen competitive supplier (mostly large businesses). However, the Office is not aware of any language at this time. She discussed options offered by the parties, including the OCA, in testimony in the migration docket. Mr. Perry said that in light of the fact that the main goal of electric restructuring was to reduce electric costs, PSNH should take steps to do so. Mr. Russman asked about the bill impact of migration. PSNH estimated that the total cost to energy service customers is in the order of \$30 million this year.

Action Item: Ms. Hatfield will provide rate impact information to the Board.

DE 10-195 PSNH Petition for Approval of a Purchased Power Agreement (PPA) with Laidlaw Berlin BioPower, LLC

Ms. Hatfield stated that recent press reports have indicated that despite the PUC approval of the PPA, the plant will not be built due to the risk of appeal by the existing wood plants. Ms. Hatfield said that she believe that the deadline for an appeal to the Supreme Court Appeal is July 25th, so we are waiting to see what will happen. Mr. Costello stated that the North Country is watching this closely.

DE 11-105 Unutil Petition for Declaratory Ruling and Approval of Adjustment to Certain Account Balances

Ms. Hatfield briefly explained the case and its history to the Board. The customer (RiverWoods at Exeter) has filed suit in Superior Court to recover \$1.8 million in overcharges, and seeks to dismiss or stay the PUC proceeding until that case is finished.

Mr. Perry asked if the background information provided Case Update could be reduced. After discussion it was suggested that the OCA keep headings and only new information with just a brief case history. Ms. Hatfield agreed that to try that approach.

Action Item: Reduce information in Case Update for the September meeting.

4. LBA Performance Audit of OCA

Ms. Hatfield referred to the Memo sent to the Board on July 13, 2011 regarding the LBA audit. Two of the LBA Auditors observed the Board meeting. Board members inquired as to why the audit was taking place. Ms. DiCicco from the LBA stated that in 2010 the Legislative Performance Audit and Oversight Committee requested an audit of the PUC. In the process of determining the scope, the committee decided that the OCA and the EESE Board, both administratively attached to the PUC, would also be part of the audit. Ms. DiCicco stated that it is not a financial audit, but instead it will look at the OCA's compliance with statutes, rules, policies and procedures, and will compare the OCA to similar agencies. There are five full time auditors working on the PUC, OCA and EESE Board audit. The LBA team is in the beginning stage of the audit process, which is expected to take approximately 9 months. The first phase is background research, including meetings with staff and stakeholders, and they may contact one or more Board members. Ms. de Moulpied stated that the resources devoted to the audit seemed inefficient and expensive. Ms. DiCicco explained that this audit is complex as it includes three entities, and that the LBA Staff requires time to learn about the agencies' work. The funding for the LBA is from the general fund. The final audit is public, and the LBA provides a draft of findings to the agency, and any responses are in the final audit report. Mr. Perry and Mr. Russman stated that they hoped that the audit team would note the efficiencies and effectiveness of the OCA. Ms. DiCicco said that they will, and that the OCA has an opportunity to provide "significant achievements" of the agency.

Action Item: Ms. Hatfield will send link to LBA website to Board to provide prior audits.

5. Other Topics

Ms. Hatfield introduced Donna McFarland, the OCA's new Finance Director, to the Board. Ms. McFarland comes from the financial audit side of the LBA. Mr. Perry welcomed Ms. McFarland to the OCA and also congratulated Ms. Hollenberg on her new title of Assistant Consumer Advocate. The Board echoed his thoughts.

Mr. Moses asked about the status of the Northern Pass project. Ms. Hatfield explained that the DOE again increased the time allowed for public comment in the Presidential Permit process. The OCA is not involved in the project because they have not made any filings at the PUC yet. The Forest Society has asked if they can present to the Board about Northern Pass at a future meeting, which would be consistent with the Board's prior request to hear perspectives other than PSNH's. The Board agreed that the Forest Society should be invited to the next meeting, and that the Board can then decide whether to invite PSNH back, perhaps when they are closer to making a PUC filing. Mr. Paré stated that he had a possible conflict with regard to Northern Pass, as he feels as though he already has a bias against the project due to how people feel about the project in his area, especially regarding the effect on property values. Mr. Perry explained that when and if the Board needs to take any positions on Northern Pass we will address any potential conflicts. Ms. Hollenberg and Ms. Hatfield explained that if Mr. Paré has a concern

they could help him contact the appropriate person at the Attorney General's Office to assess whether he has a conflict, and what the appropriate steps are if he does. Ms. de Moulpied indicated that the questions she asked of PSNH when they presented to the Board have yet to be answered, including the carbon impact of the project. Mr. Russman also asked how the migration issue plays into Northern Pass. Ms. Hatfield explained migration could be impacted if PSNH proposes a PPA to purchase power from the project.

Mr. Paré asked if the Board could discuss smart meters at a future meeting. He asked if there was a state agency that oversees this technology. Ms. Hatfield explained that if a regulated utility wishes to utilize smart meters, PUC would review those requests. The NH Electric Coop received a large federal grant to install smart meters, and that Unitil is also doing a pilot project with smart meters. Mr. Eckberg is attending a regional smart grid meeting held by DOE in Vermont this week, so we should have more information from that event. The Board agreed that it would like to have a future meeting focused on the topic.

Action Item: Ms. Hatfield to organize future presentation on smart grid issues.

The Board and OCA Staff expressed their gratitude for Mr. Russman's service. Mr. Russman said that it has been fun serving on the Board, and that he wished that more people knew about the worthwhile work that the OCA does.

6. Process Related to Expiration of Consumer Advocate's term

Mr. Perry stated that Ms. Hatfield's term as Consumer Advocate expires in November. He explained the process for recommending reappointment of Ms. Hatfield for another four year term, or starting a search for a new Consumer Advocate. The Board could have a subcommittee that reports back to the Board with its recommendation, or the Board can do it as a whole. Mr. Perry explained that the Board can go into to a non-public session if needed, to discuss non-public information. Mr. Mailloux asked if the Board should go into non-public session. Mr. Perry suggested that the Board consider the process and do that at the next meeting. Ms. Hatfield suggested that to get the process started she could send a letter to the Board indicating her interest in being reappointed. Mr. Perry stated that this would be an appropriate way to being the process.

Mr. Mailloux moved to adjourn the meeting, and Mr. Paré seconded the motion. The meeting was adjourned at 3:00 pm.

The Board's next meeting is Monday September 12, 2011 at 2:00pm.