

OCA Residential Ratepayers Advisory Board
MINUTES
February 2, 2009

Board Members Present:

Otis Perry, Vice Chair
Claira Monier
Rick Russman (left at 3pm)
Ken Mailloux
Lou Pare
Dwayne Wrightsman

Board Members Absent:

Lawrence Kelly
Gloria Seldin

Present for the OCA:

Meredith A. Hatfield
Ken E. Traum
Rorie E.P. Hollenberg (arrived at 2:35pm)
Stephen R. Eckberg (left at 3pm)
Christina Martin

Guests:

Heidi Kroll

Mr. Perry declared a quorum and began the meeting at 2:10 pm.

1. **Review and Approve Minutes**

Mr. Perry asked the board if any one had any changes or comments regarding the November 10, 2008 meeting minutes. Ms. Monier moved to approve the minutes, Mr. Mailloux seconded, and the minutes were unanimously approved as drafted.

2. **Major Storm Issues**

The Board briefly discussed the ice storm power outages, and the expectation that the Commission will be opening a docket to review the utilities' response to the storm. The Board felt that the utility workers did a great job on the response, but that much better communication was needed. Ms. Monier suggested a place, possibly online or by phone, where people could check the estimated time frames for restoration. Board members agreed that it is likely that no amount of tree trimming could have prevented the problems, because many trees were unearthed and no amount of trimming could have prevented that. There was some discussion of potential topics for a PUC investigation, including the cost of burying lines, better communication systems, and better education for consumers so they are better prepared for future storm events.

3. **Legislation**

2009 Legislation (handout) – Ms. Hatfield updated the Board on the status of bills tracked by the OCA. Specifically mentioned were:

a. HB 120 Relative to the installation of carbon monoxide detectors in single and multi-family dwellings. Mr. Traum asked if the bill promotes the CO detectors that run on battery and not those that plug in. Ms. Hatfield explained that the plug-in types typically have a battery back up if the power goes out. She then urged the board to get one or more CO detectors for their homes if they don't have them already.

b. HB 354 Relative to local government eligibility for energy efficiency improvements. Ms. Hatfield explained that local government is already eligible for energy efficiency programs funded by ratepayers. She indicated that she would provide materials to the legislative committee to ensure that local governments are aware of what is available to them.

c. HB 375 Establishing a committee to study whether renters should be eligible for weatherization programs administered by OEP. Ms. Hatfield explained that renters are able to utilize the programs. Ms. Monier asked if the sponsor had talked to the landlords' association of Manchester regarding this bill to try to increase their awareness of the benefits of energy efficiency. Ms. Hatfield said that she would share that suggestion with the bill sponsor.

d. HB 395 Requiring electric utilities to offer a renewable energy service. Ms. Hatfield explained that this bill would provide customers with the option of choosing green energy service. She explained that the utilities purchase renewable energy, or renewable energy certificates on the customers behalf if they choose this option. As a result, customers could support renewable energy projects in the region. Costs would be paid by those who choose the green option. The existing law says that utilities "may" offer green service, and today no utility is offering it. This bill requires that it be offered.

e. HB 496 Establishing a limit on the amount of cost recovery for the emissions reduction equipment installed at the Merrimack Station. Ms. Hatfield explained that this bill is one of two that address the near doubling of the cost of the mercury scrubber at the Bow power plant. In response to Board questions, she explained that a group of commercial ratepayers including Stonyfield Farm has commissioned a study to determine all of the costs of environmental compliance faced by the plant, and to also look at alternative ways to meet PSNH's customers' power needs. Mr. Russman noted that the study will not take that long to do, there is no harm in doing the study. Ms. Monier asked if replacing the

plant with the \$457 million has been reviewed. Mr. Traum stated no, that is one of the questions we would like answered, what are the alternatives. Mr. Wrightsman asked about the scrubber and how it works. Ms. Hatfield stated that the scrubber is actually designed to remove sulfur dioxide, and removes mercury as a side benefit. The scrubber unit itself will increase the plant's electric usage quite a bit, and will increase the footprint of the plant. At this time PSNH needs DES permits in order to begin the project. In addition, the EPA is currently reviewing a permit governing PSNH's ability to discharge cooling water from the plant into the Merrimack River. It is possible that the permit will also result in increased costs of compliance for the plant.

Mr. Wrightsman asked how and when ratepayers would we see any benefits from the scrubber. Mr. Russman added that even if the scrubber brings the Merrimack plant into compliance now, new EPA/DES rules might bring it out of compliance and will need to do additional items to clean it up to remain in compliance. Ms. Hatfield explained that the law requires the plant to reduce mercury emissions by 80% by 2013, which is a benefit to everyone, but which comes at a cost to ratepayers. Ms. Monier commented that we will need more power in the coming years, and that she only sees the need for power increasing.

Ms. Monier asked if there had been discussions among the parties to the case regarding this study and the long term planning. Ms. Hatfield responded that she understood that they have spoken but she didn't know the details. She noted that the Supreme Court has accepted the commercial ratepayer's appeal of the PUC's decision not to review the cost increase.

f. SB97 Relative to customer information regarding energy sources of electric service. Ms. Hatfield explained that this bill requires the utilities to provide information to customers regarding the sources and environmental impacts of our electricity. Mr. Perry commented saying that he hopes that it doesn't result in extra mail to customers.

4. Case Updates

Highlights of Activity Updates – Ms. Hatfield asked if there were any questions regarding the case activity update. Hearing none, she provided a brief overview of the following cases.

a. Energy Efficiency & Sustainable Energy Board

Ms. Hatfield updated the Board by reporting that New Hampshire participated in the December 2008 RGGI auction, which generated approximately \$2.5 million dollars available for efficiency projects. The PUC is expected to issue an RFP seeking proposals to use the funds on February 20. There are rules that govern the program, they can be found at

the PUC's website,

<http://www.puc.nh.gov/Regulatory/Rules/Puc%202600%20-%20Adopted%20Interim%20Rule.pdf>.

Mr. Russman asked if consumers can use the funds to get a rebate for a new Energy Star refrigerator or something similar. Ms. Hatfield said yes, and that a group seeking to serve individual customers could also seek funding for a program to provide incentives to customers. Mr. Russman asked specifically if the funds could be used the same way the utilities rebates are used. Mr. Wrightsman asked who manages this money. Ms. Hatfield said that the Public Utilities Commission manages the money, and that it can be used to save energy from any fuel, unlike the existing programs, which must be used to save electricity or natural gas. Mr. Perry asked if an office was set up to deal with the funds or a person. Ms. Hatfield responded that Jack Ruderman has been hired to be the director of the new Sustainable Energy Division of the PUC. Mr. Wrightsman asked if the PUC puts the money in the bank or do they have a portfolio. Ms. Hatfield responded that she believes that the money is all deposited into the state treasury.

b. DE 07-064 Rate Mechanisms for Energy Efficiency

Ms. Hatfield informed the board that the PUC issued an Order closing the investigation. She noted that Order is a policy decision which allows the utilities to seek decoupling in a rate case. She also noted that the PUC did include in its order that they recognized that decoupling can shift the risk to residents. Mr. Traum added that we may see this soon as PSNH is expected to be filing a rate case this year, and decoupling could be included in that case.

c. DE 08-135 PSNH New Line Extension Policy

Ms. Hatfield explained that PSNH filed a proposal to establish a new line extension policy applicable to developers and customers requesting extension of the Company's existing facilities to receive service. PSNH's line extension policy has not been updated for many years. The filing is consistent with the Settlement Agreement in PSNH's last delivery service rate case (DE 06-028), in which PSNH, the OCA and Staff agreed to review the cost of initiating service to new customers as compared with the revenues received from those customers. The purpose of the review is to better align the costs and revenues related to new customers to reduce subsidization of new customers by existing customers.

d. DE 08-145 Investigation Modifications of PSNH's Merrimack Station

On November 13, 2008 Freedom Logistics and Halifax-American Energy Company filed a petition seeking a determination of whether PSNH should have sought Commission approval prior to installing a new turbine at PSNH's coal-fired station in Bow last April. Mr. Perry asked why these two companies have brought forward this action. Ms. Hatfield explained that the companies are in the competitive energy market and she believes that they have a general desire to ensure that PSNH follows the same rules as competitors in the market.

e. DT 07-011 Verizon NH Transfer of Assets to FairPoint Communication

Ms. Hatfield informed the board that cutover started on Friday January 30th. As of today, we haven't heard of any problems. Mr. Perry said that his friend in Maine has had some trouble so far with the cutover, especially with respect to email.

f. DW 04-048 Pennichuck Water Works, Nashua's Petition for Valuation pursuant to RSA 38:9 (Eminent Domain)

Ms. Monier asked if there were any new developments in this case. Ms. Hatfield responded no.

g. DG 08-009 National Grid NH delivery rate case

Ms. Hatfield informed the board that the parties in this case were able to reach settlement on all issues except the return on equity. Briefs on that topic are due in a few weeks.

5. **Other topics**

Tidal Commission (handout) – Mr. Perry, who served on the Tidal Commission on behalf of the OCA, provided a synopsis of the Tidal Commission Report. He said that the final bound report will be coming to our office. Ms. Hatfield asked if Mr. Perry thought that we might see some tidal power projects in the state. Mr. Perry responded that there are competing interests with boats, fisherman, and fish habitat for the use of the water. He added that the water turbine is approximately 18 times more efficient than wind. The Piscataqua basin is a good place to site them, but issues need to be resolved. Ms. Hatfield thanked Mr. Perry for serving on the board on behalf of the OCA.

6. **Meeting Adjourned and Next Meeting Scheduled**

Upon a seconded motion, Mr. Perry closed the meeting at 3:16pm. The next meeting was scheduled for April 6 from 2 pm to 4 pm.