

New Hampshire Residential Ratepayer's Advisory Board
March 3, 2008

Present for the Board were:

Rick Russman
Claira Monier
Gloria Seldin
Ken Mailloux
Dwayne Wrightsman
Louis Pare

Present for the OCA were:

Meredith Hatfield
Ken Traum
Rorie Hollenberg
Steve Eckberg
Christina Martin

Mr. Russman served as the chair, and called the meeting to order when a quorum was present at 2:04 pm.

1. Review and approve the minutes of the January 7, 2008 meeting

Ms. Monier moved to approve the minutes as drafted and Ms. Seldin seconded the motion. The Board voted unanimously to approve the minutes.

2. Case Updates

DT 07-011 Proposed merger of Verizon NH and FairPoint Communications

Ms. Hatfield reviewed with the Board an overview of the key terms of the PUC's approval of the proposed merger. The overview included conditions imposed by the settlement agreement between PUC Staff and the companies, as well as additional conditions imposed by the PUC.

Ms. Seldin asked about auditing FairPoint's financial commitments. Ms. Hatfield directed Ms. Seldin to page 3 of the overview, which discusses several reporting requirements. Mr. Traum confirmed that there will be periodic financial reporting.

Mr. Wrightsman asked about Verizon's FiOS product, specifically whether further deployment is expected from FairPoint. Ms. Hatfield stated that FairPoint has indicated that it does not have any immediate plans for further fiber deployment, but that it did express a desire to do so in the future. She indicated her understanding that if FairPoint were to deploy further fiber in the near term, it

would be in “greenfields” or new developments. Also, the fiber service would be called something other than FiOS, as FiOS is a Verizon brand name.

Mr. Pare mentioned that he heard a show with a FairPoint representative and others on NH Public Radio that focused on the PUC’s approval of the merger. He stated that this company representative did not directly answer the question of whether the company would be deploying new fiber.

Mr. Wrightsman asked whether there was a strategic advantage for the NH PUC to issue the last Order on the proposed merger. Ms. Hatfield acknowledged by being last, the NH PUC was able to build upon what happened in the other two states. Ms. Hatfield also observed that the hearings in New Hampshire were held after the hearings in the other two states, which could have contributed to the timing of the order here.

Mr. Mailloux wondered whether the OCA, by not signing onto the settlement agreement, would be in a position to address problems after the merger is completed. Ms. Hollenberg remarked about the significant downside of any such problems, and that the OCA would be working with all parties to ensure a successful take over by FairPoint.

Mr. Russman asked about the perception of the average person of the PUC’s approval. Ms. Seldin suggested that they may not understand the ramifications. Ms. Hatfield responded that the transition from Verizon to FairPoint may be bumpy and may cause consumers some inconvenience, but state that both companies and the Commission would be providing information to customers to help with the transition. She mentioned one example of an inconvenience, which is that online payment options may be limited for a period of time during the transition, and the single bill for wireline, internet and wireless services which Verizon currently offers will not longer be available.

Mr. Russman asked whether the concerns about the financial consequences of the merger are related to a fear that rates will go up after the rate cap period. Mr. Traum indicated that the concerns relate more to whether FairPoint has the financial wherewithal to satisfy the many financial commitments required by the regulators, but that rate increases are always a concern.

Ms. Monier asked about Commissioner Morrison’s dissent. Ms. Hatfield stated that his concerns included FairPoint’s financial strength, as well as its plans to invest in DSL rather than a more advanced technology such as fiber. Ms. Hatfield referenced Senator Reynolds’ legislation for a state telecommunications “Czar” and the need for coordinated efforts to improve New Hampshire’s standing in terms of access to various telecommunications technology.

Ms. Seldin asked whether the OCA has heard from any nursing homes or elderly constituents about the PUC’s settlement and order. Ms. Hatfield responded that

we have not specifically, but one person raised issues associated with the elderly at one of the public meetings. Ms. Seldin expressed concerns that elderly citizens may have questions about the impact of the merger on their telephone services. Ms. Hatfield mentioned efforts on the part of the NH Attorney General's office to alert consumers to the possibility of fraud during this time and expressed her belief that FairPoint will conduct outreach in the community. Ms. Hatfield also indicated that Ms. Martin is the primary consumer contact for the OCA, and that she has been fielding many calls and emails about the case. Ms. Hatfield mentioned that the OCA could talk with FairPoint about these concerns to ensure appropriate outreach.

ACTION ITEM: The OCA will contact FairPoint about the Board's concerns that customers understand the merger and any impact on their services and ask the Company to engage in comprehensive, proactive outreach.

Mr. Wrightsman referred to competition by Comcast as a way to keep FairPoint honest with respect to its promises to the state. Ms. Hatfield mentioned recent advertising of Comcast related to the FairPoint case.

Mr. Pare asked about New Hampshire representation on the FairPoint Board of Directors. Ms. Hatfield indicated that, while there was no express requirement that a member of the FairPoint Board have close connections to New Hampshire, the current FairPoint Board includes a member with New Hampshire ties, Bonnie Newman.

Mr. Pare mentioned an issue that he has with Verizon New Hampshire. Mr. Pare stated that since switching to another service provider, he has an outstanding credit with Verizon, which Verizon, despite his requests, has yet to pay to him. He wonders whether any other consumers in New Hampshire are experiencing a similar problem. With regard to existing disputes with Verizon NH, in light of the approval of the merger, Ms. Hollenberg suggested including in the OCA's next newsletter a message suggesting that consumers address any outstanding disputes with Verizon before the merger closes. Consumers with such disputes can be directed to the PUC's Consumer Affairs Division if they are unsuccessful in resolving them on their own. Ms. Martin explained to Mr. Pare that he needs to file a formal complaint with the Consumer Affairs Division at the PUC. Ms. Hatfield stated that the OCA could assist him with this.

Ms. Monier mentioned a billing issue with Keyspan's propane delivery company which arose after she switched to another provider. Ms. Hatfield explained that the PUC regulates natural gas but not propane, so she should contact the company directly, or the Attorney General's consumer protection division.

Mr. Russman mentioned an energy audit of his office by Unitil. He stated that the process worked very smoothly and as a result he has installed some energy

efficiency measures. Ms. Monier stated that PSNH did an energy audit of her office in Bedford and the process also went smoothly. The efficiency programs were recommended to all board members.

Other Case Activity

Mr. Traum mentioned a new case that will be starting in the near future. Unitil, an electric distribution company serving the Concord area and parts of the Seacoast region, proposes to acquire Northern Utilities, which provides natural gas service to customers in the Seacoast region of New Hampshire as well as in certain areas in Maine. These companies have issued a press release and are expected to file their joint petition on March 31.

Mr. Traum also informed the Board about the general rate case that KeySpan has filed with the PUC. Mr. Traum and Ms. Martin stated that KeySpan has not sought a change in base rates for approximately 10 years. Mr. Traum estimates that the \$10 million rate increase requested will translate to an approximate 6% increase for residential customers, if approved. The case is expected to continue through 2008 as the Commission has a year from filing to issue its decision.

Mr. Russman asked whether there had been any further activity by the State Energy Policy Commission. Ms. Hatfield explained that there had not been and that the focus recently seems to have been on bills at the legislature. She also stated her expectation that there will be more activity in the late Spring, as the Commission is set to complete its work and sunset in December.

Ms. Monier pointed out a typographical error on page 9 of the case activity update, in #3. In the first sentence, the word “the” between “was” and “opened” should be deleted.

Mr. Russman asked if there were more cases that the Board needed to discuss. Ms. Hatfield provided a brief update about the recent EPAct Order, which states that the PUC will be opening further dockets to explore in more detail how the electric utilities might implement “smart metering.”

Ms. Hatfield then discussed legislative updates.

3. Legislation Updates

- HB 1434, the RGGI bill – Ms. Hatfield explained that Mr. Traum had the idea to put a cap on efficiency funding, so that funds collected through the RGGI auction, above an amount set aside for energy efficiency investments, could be used to directly mitigate customer bill impacts. An important part of RGGI is that the efficiency fund is fuel-blind and can be used to address all types of efficiency projects. Mr. Traum mentioned that while Ms. Hatfield was on vacation he attended several legislative meetings. While there he received several comments regarding the work

of our office on the bill, and appreciation for Ms. Hatfield's efforts to assist the committee in its work on the bill.

- HB 1561, energy efficiency board – Ms. Hatfield stated that this bill passed, although it has a contingency clause that it is not necessary if the RGGI bill passed, because RGGI has similar language creating an efficiency board to coordinate programs and spending in the state. We are unsure at this time what will happen.
- HB 1460, allowing PNSH to build a plant in the northern part of the state – Ms. Hatfield states that this bill still has a chance of passing (it was later narrowly defeated in the House).
- HB 1564, consumer protection for cell phone customers – Ms. Hatfield reported that although this bill was killed, the Telecom Oversight Committee is looking at this issue and is in the process of gathering information from the PUC & AG.
- HB 1628, creating incentives for small customers for renewable energy – Ms. Hatfield stated that we will continue to watch this bills progression (it later passed the House and now moves on to the Senate).
- SB 451, the Unitil bill to allow utilities to invest in distributed generation funded by ratepayers – Ms. Hatfield explained that this is the Unitil bill. She states that the OCA & the PUC Staff testified against a portion of the bill, namely the 100 basis point adder or incentive on the utility's return on equity (it later passed the Senate and now goes to the House).
- SB 383, to study transmission options for the North Country – Ms. Hatfield expressed concerns over possible policies that require ratepayers shouldn't have to pay for transmission upgrades, especially with all of the other incentives for new generation that are ratepayer funded (forward capacity market, renewable portfolio standard, etc.). (This bill later passed the Senate and now goes to the House).

4. Next Meeting

The next meeting will be held at 2:00 on May 12, 2008.

Mr. Pare noted that he will not be able to make the May meeting.

The meeting adjourned on 3:17pm.