

OCA Residential Ratepayers Advisory Board
MINUTES
April 6, 2009

Board Members Present:

Otis Perry, Vice Chair
Claira Monier
Louis Pare
Ken Mailloux

Board Members Absent:

Lawrence Kelly, Chairman
Rick Russman
Gloria Seldin

Present for OCA:

Meredith Hatfield
Ken Traum
Rorie Hollenberg
Steve Eckberg
Christina Martin

Guests:

Heidi Kroll, Gallagher, Callahan & Gartrell
Kathleen Lewis, PSNH

The meeting opened at 2:05 p.m. There was a brief discussion about whether or not a quorum existed.

OCA Action Item: Ms. Hatfield advised the board that she would review the rules and report back to the board.

1. Review and Approve Minutes

Due to the meeting not having a quorum the board decided to wait to vote on the minutes of last meeting until the next meeting.

2. Legislative Update

Ms. Hatfield updated the Board on legislation that the OCA is tracking.

- HB 395 – This bill requires the utilities to provide the option to customers to buy “green” sources of energy. Participation in this program is voluntary for customers and costs will be paid by those who choose to participate. The utilities support the bill. It has passed the House and is now moving to the Senate.
- HB 496 – This bill, which sought to cap the costs of the scrubber project at Merrimack Station, was killed in the House.
- HB 697 – This bill, which sought to increase the amount of fines that the PUC could levy against utilities, was killed in the House pending the investigation that

is ongoing at the PUC related to the ice storm. Mr. Pare asked what Massachusetts did with regard to the utilities and ice storm, as he thought that Massachusetts had already fined the utilities. Ms. Hatfield explained that Massachusetts did its public statement hearings and an adjudicative process directly after the storm, whereas our Commission waited before having public meetings, and has decided not to initiate an actual docket until findings suggest that it is needed. She said that she was not aware of any fines being levied in Massachusetts.

- SB 85 – This bill extends the Transmission Commission that is charged with exploring ways to fund transmission improvements in the North Country. The OCA is monitoring the bill as a solution may include ratepayers funded expanded transmission capacity.
- SB 97 – This bill requires the utilities to provide information to customers a few times a year about the environmental attributes and/or the sources of their electricity. The bill was amended to create a study committee so that more work can be done for next session.
- SB152 – This bill sought to require the PUC to review the 83% cost increase for the Merrimack Station scrubber. An amendment was brought forward by Senator Fuller Clark to amend the legislation to develop a long term energy plan, to require PSNH to undertake a “Continued Unit Operation Study” for the plant, and to clarify the reporting requirements for the project. The amendment and the bill were killed by the Senate.

Ms. Monier stated that she has been hearing comments about the OCA’s participation on this legislation and is concerned that our office is being perceived as not being “objective” on this issue. Ms. Hatfield explained that the OCA is not required to be objective, unlike the PUC, because the OCA advocates for the interests of residential ratepayers, and as a result we take positions on issues. Our position on both scrubber bills has been consistent with our filings in the PUC dockets on the issue, which is that the OCA believes that a review should be conducted to determine whether the project, at a cost of \$457 million (an 83% cost increase over the original \$250 million cost estimate), is still in ratepayers’ interests.

Ms. Monier asked who had worked on the legislation, and Ms. Hatfield reported that Sen. Fuller Clark was asked the same question during a recent hearing and she wasn’t sure but knew that Jeff Meyers, Senate legal counsel had drafted the recent amendment language. Ms. Hatfield stated that she had worked with legislators in both houses who requested her assistance to ensure that draft language was consistent with PUC precedent and current law, and that it would protect affected consumers. This is similar to assistance that she has provided on other legislation, including HB60 and HB395 in this session.

Ms. Hatfield then informed the board that the NH Building Trades Council sent a letter to the Governor and issued a press release complaining that Ms. Hatfield and our office were participating in a “smear campaign” against PSNH, and

complaining about the content of our website. Ms. Hatfield reported to the Board that our website has contained information about the scrubber case in an effort to provide information that was otherwise not available, in response to a large number of requests for the information. The OCA has updated our website to include the recent Supreme Court filings as well as the links to the PSNH website on the scrubber project, and to a report commissioned by the Commercial Ratepayer Group.

Mr. Traum stated that certain parties have created a distorted view of our position in the press and in the legislature. He further stated that the OCA's position has been, since the start of the DE 08-103 docket, that the increased costs need to be looked at, as well as whether ratepayers' interests are best served through the investment. Ms. Hatfield also commented that the issues were successfully framed as closing the plant and losing jobs. She also stated that as with other legislation, the OCA has worked with different stakeholders, in this case the Commercial Ratepayers Group, due to our common interests.

Ms. Monier reiterated her concerns, and stated that she believes that the OCA needs to be careful about how it does its advocacy work, and that the OCA should be objective and should work to be perceived as objective. Mr. Perry stated that he feels that the OCA's charge is not to be objective, but that it is charged with representing the interests of residential consumers. Mr. Perry stated that he believes that the OCA needs to be objective in the way it reviews information in case, but if the OCA has a position with regard to that information based upon the interests of ratepayers, then it should pursue that position. He further stated that the OCA's practice of working with legislators is a good thing, and that it should continue.

3. Activity Update

Ms. Hatfield updated the Board on cases of particular interest.

- There are a few dockets related to Merrimack Station: DE 07-108 PSNH IRP; DE 09-033 PSNH Financing; the Supreme Court Appeal of DE 08-103; and DE 08-145 which is regarding the new turbine at Merrimack Station and whether PSNH should have sought Commission approval prior to installing it.

Mr. Perry asked about DE 09-033, and whether it is increase to the company's existing financing. Mr. Traum answered that it is in addition to existing financing, both long and short term, and that the company is seeking approval by the end of June.

- DE 09-035 PSNH Distribution Rate Case -The petition has not yet been filed, but the company has indicated that it will be filed in late May. Their last distribution rate case was in 2006.

- DT 07-011 FairPoint - Ms. Hatfield updated the board on the status conference that was held on Friday, April 3. The Commission's stated purpose for the status conference was to "gather information on FairPoint's post-cutover transition and its plan to stabilize operations to acceptable levels." Ms. Hatfield explained that of particular note was a report prepared Liberty Consulting, the consultants hired by the three Commissions (NH, ME, & VT) during the merger, which included strong statements about FairPoint's management and operations abilities. She said that the report had raised questions with FairPoint's systems and management's handling of these and other post-cutover problems. Ms. Monier interjected that she has FairPoint for her landline phone service and has had no problems. However, she stated that several of her friends have had problems with FairPoint's service, and they have all left to go to another provider. Ms. Monier asked what would happen if the company can not get back on track. Ms. Hatfield stated that the OCA is very concerned due to the severity of the issues and the fact that FairPoint is the "provider of last resort" across the state, and is the only choice for those who do not have a competitive alternative, and for those who can't afford the alternatives. She also stated the OCA's concern that medical providers, police, homeland security, businesses, and even state government rely on FairPoint's network. Ms. Hatfield said that FairPoint believes that they can return to business as usual by the end of June, but the OCA believes that is too long for customers to wait for reliable and adequate service. Mr. Perry noted that turning things around by June actually seems quick, and noted that it could take months if not years to fix this. Ms. Hatfield agreed that this was a good point. The OCA will continue to monitor the situation, to the extent that it is able. She also commented that the OCA has not been privy to most of the post-approval activity at the PUC. The OCA has requested that the PUC set up a framework going forward to allow parties to fully participate in oversight of FairPoint's status.
- Ms. Hatfield noted that electric rates are going down on May 1st for Unitil and National Grid customers, as the utilities will be decreasing their rates by about 15-20% due to lower market prices for electricity. On the natural gas side National Grid and Northern are also lowering rates due to lower gas costs. Mr. Perry asked how often rates are reviewed. Mr. Traum answered that for residential electric customers the rates are reviewed semi annually for Unitil and National Grid customers. For PSNH customers the rates are set in December for the calendar year and then can be updated in July. For larger customers this happens more frequently. For natural gas rates, Mr. Traum stated that the rates are set bi-annually, for six month periods, and include a bandwidth within which the rates may increase or decrease without separate PUC approval.

Mr. Pare asked if the utilities are raising prices in order to recover costs due to the ice storm. Mr. Traum explained that for electric utilities a major storm reserve is already funded through distribution rates, so they can cover the costs associated with storm damage as they are incurred and have these costs audited by the PUC.

However, customers will likely see increases in distribution rates as the storm reserve accounts have been depleted due to the recent extreme storm events.

Mr. Perry asked about DE 07-045 Briar Hydro, and how many more cases are likely to come up at the PUC regarding long term contracts with PSNH. Mr. Perry noted that he believes there are about 30 hydros left, and wanted to know when the end of these contracts will be. Mr. Traum stated that he thought that there were few long-term contracts left resulting from the 1980's law requiring them.

The OCA's next Board meeting will be held on Monday June 1st.

Ms. Hatfield asked the Board if they would be interested in someone from DES coming to talk about the new Climate Change Action Plan developed by the Governor's Climate Change Task Force. The Board members agreed that this would be a useful presentation. DES also has a webpage devoted to the Plan, and Ms. Martin will email the link to the Board.

OCA Action Item: Ms. Martin will email the Board the link to the Plan on DES' website.

Mr. Pare moved to adjourn the meeting, seconded by Ms. Monier. The meeting was adjourned at 3:05.