

Residential Ratepayers Advisory Board Meeting Minutes

April 30, 2007 meeting

The Residential Ratepayers Advisory Board (Board) met on April 30, 2007, at the OCA office.

Present for the Board:

Lawrence Kelly, Chair
Otis Perry, Vice Chair
Claira Monier
Richard Russman
Gloria Seldin
Kenneth Mailloux

Present for the OCA:

Meredith Hatfield
Kenneth Traum
Rorie Hollenberg
Steve Merrill
Christina Martin

Guests

Dwayne Wrightsman

Mr. Kelly declared a quorum present and opened the meeting at 2:08 PM.

1. Dwayne Wrightsman

Mr. Kelly acknowledged Dwayne Wrightsman as the candidate for the open board position representing residential ratepayers. Mr. Kelly introduced and welcomed him to the Board, and explained that his confirmation was pending with the Speaker of the House. The Advisory Board members and the OCA staff introduced themselves to Mr. Wrightsman.

2. Minutes

Before the Board for review and approval were the April 3rd meeting minutes. Ms. Monier moved to approve the minutes as drafted. Mr. Mailloux seconded, and the minutes were approved by unanimous vote.

3. KeySpan Thermal Settlement

Ms. Hatfield explained that KeySpan had changed the way it was measuring the heat content of gas in May 2001, which resulted in KeySpan customers being over billed since that time. Mr.

Traum explained that a PUC staffer had discovered this billing error. He said that Bob Wyatt, who once worked for Energy North, the predecessor to KeySpan, was reviewing his own personal KeySpan bill when he noticed the change. Mr. Wyatt then prompted the Commission to investigate the issue. Mr. Traum explained that the cumulative effect amounted to approximately \$2.2 million over the six year period. The settlement agreement in the case provides for a refund of that amount with interest of 9.83% annually, which adds approximately \$1,000,000 to be refunded back to customers. The company will also make a one-time contribution of \$200,000 to KeySpan's Low Income Energy Efficiency programs. The Commission approved the settlement agreement during its deliberations on April 27th.

Ms. Seldin asked how consumers are going to be reimbursed. Mr. Traum explained that the most efficient way that the parties agreed was to credit all KeySpan customers of record as of March 31, 2007. Residential heating customers who purchased gas for the 12 months ending March 31, 2007 are expected to receive a one-time credit of approximately \$35.00 in May.

Mr. Russman asked if the company was fined or otherwise penalized for the billing error. Mr. Traum said that while no fine was levied, the company did compensate in two ways. First, the company had to pay interest on the over-collections at 9.83%, which exceeds traditional PUC rates. Second, the \$200,000 contribution to the low-income energy efficiency programs is not recoverable from ratepayers and could be considered in lieu of a penalty. Ms. Hatfield pointed out that the law is not on our side with regard to consumer credits. Ms. Monier asked how the board can help strengthen the laws to help consumers and to penalize companies. Ms. Hatfield responded that there is a bill that would help and she will explain it fully during the legislative update.

4. Updates

- a.) Legislative Update – Ms. Hatfield briefed the board on several bills.
- *SB177 Relative to orders of reparation by the PUC* – Ms. Hatfield explained the bill, which would give the PUC authority to order refunds to customers if the PUC found that the utility had not met service quality standards. The bill was rereferred to committee which means that we have until late this year to rework the bill to address issues raised by the utilities. Ms. Monier asked if the reason it did not pass was because it would hurt small businesses. Ms. Hatfield explained that this bill does not affect small businesses or any other businesses other than a public utility that is regulated by the PUC.
 - *HB361 Relative to technical changes in certain laws governing public utilities* – Ms. Hatfield explained that this bill contains the language allowing the OCA to receive a special assessment to fund consultants for the FairPoint/Verizon case, and that we are waiting for the Governor to sign the bill. The special assessment allows the OCA to amend a contract for one of our consultants, which now awaits approval by Governor and Council once the bill is signed by the Governor.
 - *SB 140 Relative to construction of renewable generation assets* – Ms. Monier asked about the status of this bill. Ms. Hatfield explained the bill and the most

recent amendments. Mr. Russman asked what will happen with the piece of the bill that proposed PSNH to build new renewable generation. Ms. Hatfield explained that the PSNH portion of the bill was removed by the Senate, but it is likely that the House Committee will take it up again. Mr. Russman asked how this plays out with the independent power generators and suppliers. Ms. Hatfield responded that some legislators are unsure over whether to stay on the current course of a hybrid approach to deregulation, or whether to allow PSNH to build new renewable generating units. She then stated that the OCA was serving as a resource on this bill and did present the sharing mechanism to protect ratepayers that was used in the Schiller case. The sharing mechanism to protect ratepayers seemed to resonate with some legislators, so the OCA is hopeful that if the bill moves forward for PSNH to build a new plant, a sharing-type mechanism would be included.

- *HB 119 Sunset provision of SBC*– Ms. Hatfield explained that an amendment will be put forth on this bill to enable the Community Action Agencies to recover \$40,000 of software costs arising from the EAP changes due to the special winter program created under SB228 last year.
- *HB 492 Relative to consumer protection in telecommunications contracts* - Ms. Monier asked if the board could do something about getting wireless regulated by the PUC and if they should brief Shea-Porter and Hodes to explain why wireless is an issue here in NH. Mr. Kelly then said that between Ms. Monier and himself they could also reach out to Senators Sununu and Gregg. Ms. Hatfield explained that while that is an important issue, it is a very complex issue that would require a major national campaign to make changes. OCA is a member of the National Association of Utility Consumer Advocates (NASUCA), and it is through that group that we typically get involved in federal issues. She said that if an opportunity arises for us to weigh in on this issue, she would let the Board know so that we can utilize the Board's contacts.
- *HB 873 RPS* – This bill is currently on its way to the Governor's desk for signing. Mr. Russman asked if the Schiller plant qualifies as a renewable generation under the RPS bill. Ms. Hatfield explained that it does, but a facility may only receive renewable energy credits (RECs) from one state. Because Schiller is selling RECs in MA, it cannot sell in NH at this time.
- *SB 224* – Ms. Hatfield explained Senator Reynolds is proposing to add residential representatives to the Telecommunications Advisory Board. Ms. Hatfield has volunteered to work with her regarding finding someone. The bill also increases the scope of that Board's work to include high-speed internet access.
- *HB 447* – May be amended in order for the distribution utility to recoup lost revenues for net metering. Mr. Perry asked if we currently have a limit on the amount of net metering, and whether we are close to the limit now. Mr. Traum explained that the bill raises the limit to allow for more net metering, and that we do not believe that we are close to hitting the limit at this time. Mr. Perry pointed out that in order for net metering to be implemented fairly, a consumer should probably have two meters, one to measure what they produce, and one to measure what they use from the system so that all consumers who use the distributions

system pay their fair share. Mr. Russman asked if such a system is in place now to know how much a net metering customer is generating on-site. Mr. Traum explained that because there is only one meter the only thing measured is the net kwh used, because there is no breakdown without 2 meters.

b.) Educational Outreach

- Spring Newsletter – Ms. Hatfield noted that the Spring Newsletter has been sent out. She explained that it is focused on energy efficiency and ways to reduce summer peak demand. It also includes an update on the Verizon/FairPoint transaction and information on how consumers can get involved.
- Web design – Ms. Hatfield asked the board members if they viewed the new web design and if they have any feedback. Mr. Perry mentioned that the Sierra Club has a links page that could be useful to NH ratepayers and we should consider reviewing and using some of the links to energy conservation and efficiency. Ms. Martin said that if any Board members have any constituents that would like to be included on the distribution list for newsletters and press releases please have them contact her.

c.) **OCA Activity Update:**

The Board briefly reviewed the Activity Update.

Energy Planning Advisory Board and State Energy Policy Commission

Ms. Hatfield said that we are still waiting for the Commission to become active again.

Electric Assistance Program Advisory Board

DE 07-009 State-wide Low Income Electric Assistance Program

Ms. Hatfield explained that these two can be combined for discussion today and gave a brief update on both based on the activity update.

DE 07-045 Briar Hydro Associates

Ms. Hatfield explained this case and commented that it will be interesting to see who receives the payments for capacity under the forward capacity market. Ms. Monier asked who Briar Hydro Associates is, and Ms. Hatfield explained that they are an independent power producer and owner of the small hydro which is located in Penacook.

While Ms. Hatfield was directing the board to review the telecommunications section of the activity update she informed the board that Mr. Merrill has decided to retire and has graciously provided the office with a six week notice. She went on to say that the OCA has posted the position internally at the PUC, and that it will be posted outside of the state offices shortly. Ms. Monier recognized Mr. Merrill for all of his work on recent telecommunications dockets, including the poles docket. The Board expressed its gratitude for Mr. Merrill's service to the office, and its disappointment in seeing him go. They wished him well in his retirement.

DT 06-171 Union Telephone Company Tariff Filing to Lower Intrastate Access Charges and

Raise Basic Residential Exchange Service Rates

Ms. Hatfield took the opportunity to mention Ms. Hollenberg's extraordinary and exemplary work in this case, which after a fair amount of adversity, resulted in a settlement of the parties.

DT 07-011 Verizon NH Transfer of Assets to FairPoint Communications, Inc.

Ms. Hatfield explained that the case is in an intense discovery phase that begin in early April and will last through June. Mr. Perry asked the OCA if was looking into the fact that Verizon will have controlling votes on the Board if the sale is allowed to go forward. Ms. Hollenberg explained that the OCA is reviewing the proposed Board composition and that one reason being offered is that it is a requirement tied to IRS tax rules. Mr. Perry followed up by asking how long that has to be in place. Mr. Traum explained that at the end of the day the stock will be controlled by Verizon's current stockholders. Mr. Wrightsman asked if Vermont and Maine are going through the same process. Ms. Hatfield explained that both states are encountering the same issues and we are communicating with our consumer advocate counter parts in each state. Mr. Perry asked if it is possible for all the three states to have different verdicts and if so, what would FairPoint and Verizon do with different verdicts. Ms. Hatfield responded that yes it is possible, and our understanding is that if one state says no, it is expected that the deal will not go forward.

DT 07-027 TDS Telecommunications Alternative Regulation Request

Ms. Hatfield explained the importance of this first case under changes made to this statute last year. TDS includes Hollis, Wilton, Kearsarge, and Merrimack County Telephone Companies.

DW 06-073 Pennichuck Water Works Rate Case

The parties are still in negotiations under a temporary stay in the case. An update will be provided to the Commission in May.

Maine PUC 2006-590 Fryeburg Water Company Rate Case

Ms. Hollenberg explained the relationship between the Fryeburg Water Company and Pure Mountain Springs. Pure Mountain Springs is a business customer of Fryeburg and the owner is the son of Hugh Hastings, owner of Fryeburg. The companies had a settlement regarding rates, which included higher rates that would apply to users such as Pure Mountain Springs. However, the company objected to the settlement, so that the issues may be litigated.

DG 06-154 Energy North Natural Gas, Inc. d/b/a/ Keyspan – Investigation into Thermal Billing Practices

Ms. Hatfield discussed earlier in the meeting the settlement agreement that was reached in the case. The OCA issued a Press Release last week that summarized the settlement agreement.

6. **Other**

Mr. Perry asked the OCA if the Board is going to be asked to come up with a formal recommendation regarding the Verizon/FairPoint case. Ms. Hollenberg noted that if the Board decides to do this it should be before the date the testimony is due, which is July 11. Mr. Perry

felt that perhaps we should push the next meeting date to later in June for discussion about the case. The Board decided to move the date to allow the Staff to brief the Board on the status of the case after the technical sessions in early June.

7. **Next Meeting**

The next Board meeting was scheduled for Monday, June 18, at 2:00 pm, at the OCA office. The Board also tentatively scheduled a meeting for July 16, 2007. Dates through October were discussed due to holidays and potential conflicts with the FairPoint case.

Mr. Wrightsman cannot make the June 11th or Sept. 10th dates

Ms. Monier cannot make the June 18th meeting date

Mr. Perry cannot make the July 16th meeting date

Ms. Monier moved to adjourn the meeting, and Mr. Mailloux seconded. The meeting adjourned at 4:05 pm.