

OCA Residential Ratepayers Advisory Board
August 10, 2009

Present for the Board:

Claira Monier
Ken Mailloux
Louis Pare
Rick Russman
Dwayne Wrightsman

Present for the OCA:

Meredith A. Hatfield
Kenneth Traum
Rorie E.P. Hollenberg
Stephen R. Eckberg
Christina Martin

Ms. Monier, acting as Chair for the meeting, declared a quorum and the meeting began at 2:08 pm.

1. Review and Approval of Minutes

Ms. Monier asked the board if there were any changes or comments regarding the June 15th DRAFT meeting minutes. Hearing none, Mr. Mailloux moved, and Mr. Pare seconded, to approve the draft minutes without change. By voice vote of the board, the minutes were unanimously approved.

2. Case Updates – Highlights of Activity Update and update on FairPoint

Ms. Hatfield noted several cases of interest to update the Board on recent developments. These included:

DE 08-103 Investigation of PSNH Installation of Scrubber Technology at Merrimack Station:

The Supreme Court issued its Opinion in the Appeal brought by the Commercial Ratepayers on August 5, 2009. The decision includes a narrow ruling in which the Court held that the Commercial Ratepayers did not have standing to bring the Appeal because they failed to demonstrate harm. The Court reasoned that because the rate impact of the scrubber was not yet before the PUC, the Commercial Ratepayers could not show that they would suffer economic harm as a result of the PUC's decision not to review the 83% cost increase.

Mr. Russman asked about the impact on residential customers if some of the largest ratepayers can buy power in the market and leave PSNH's default energy service, which is the rate category in which the scrubber costs will be recovered from customers. Ms. Hatfield explained that legally all customers, including

residential customers, can choose a competitive supplier. However, she stated that on a practical level residential customers do not have the ability to leave PSNH's default energy service and go to a competitive supplier. She stated that therefore, if larger customers do leave to take advantage of the lower market prices that we have now, and this trend continues, it could mean that residential customers will pay more of the scrubber costs. Mr. Traum added that many large customers are going to competitive suppliers right now, explaining that 18% of PSNH's load has "migrated," which is the highest migration rate ever. This leaves a smaller group of people to repay the \$457 million cost of the scrubber. Ms. Hatfield stated that our Office recently requested that PSNH meet with interested parties to discuss the effects of migration on residential customers, who can be negatively impacted both when market rates are low and there is a lot of migration by large customers, as well as when larger customers return to default service and PSNH must make market purchases in order to meet their energy needs. Ms. Hatfield stated that PSNH has agreed to have these discussions prior to filing their proposed 2010 default energy service rate this fall.

Mr. Russman asked whether the new proposed line to import power from Hydro Quebec will make the recovery of the scrubber costs more complicated. Mr. Traum stated that our understanding is that the line is largely being built in order to serve load in southern New England.

DE 08-120 2009 Core Electric Energy Efficiency Programs:

Ms. Hatfield reminded the Board that PSNH and Unitil requested approval of "fuel-blind" pilot programs. These programs will weatherize homes regardless of how a customer heats her home – whether with electricity, fuel oil, propane, wood, etc.

Mr. Russman asked how long the pilot will last. Ms. Hatfield stated that it is currently approved for 200 homes for PSNH and 100 homes for Unitil until the end of 2009, but that she expected that the companies might seek to run the pilot through 2010 in order to allow more time to test it. Ms. Hatfield noted that the utilities feel as though they have reached all electrically-heated homes that wish to participate, but those homes will also be eligible under the fuel-blind pilot.

Mr. Russman asked if they will have qualified people to review heating equipment to make sure it is efficient. Mr. Eckberg stated that the utilities will do a combustion test on furnaces to understand the level of efficiency. He also stated that Federal Tax credits are in place for the installation of energy efficient heating systems.

Mr. Russman asked how consumers find out about these programs, and he stated that he has found it difficult to do so. Many other Board members agreed that much more education and outreach is necessary in order to help people understand that there are programs available for people to become more energy efficient. Mr. Mailloux reminded the Board of both the fuel oil and electric

savings that he realized from replacing his furnace a few years ago. Ms. Monier echoed this, stating that she was saving significant amounts on her electric bill by replacing her refrigerator. Several Board members also suggested that customers need more information about the benefits and pay back periods for efficiency investments. Mr. Russman suggested that a sliding scale for rebates might be a useful tool to provide only the amount of rebate needed to help a customer overcome any cost barriers. He also suggested the need for on-bill financing to help with the up-front costs of efficiency investments. Ms. Hatfield thanked the Board for their thoughts and suggestions, and stated that the input is useful both for the utility efficiency program dockets and also for the work of the EESE Board, which has identified the need for much more effective outreach and education to consumers on efficiency and renewable energy.

DE 08-135 PSNH New Line Extension Policy:

Ms. Hatfield said that the OCA is hopeful that the case will result in a settlement that addresses the concerns of the homebuilders and the low-income housing communities as well as existing customers.

DE 09-054 Residential Renewable Energy Generation Incentive Program:

Ms. Hatfield wanted to be sure that the Board is aware of the new funding available for residents to seek rebates for renewable energy projects in their homes, including solar and wind. She explained that the application and more information can be found on <http://www.puc.nh.gov/Sustainable%20Energy/SustainableEnergy.htm>, and suggested the Board members pass the information along to anyone who may be interested. Mr. Traum explained that Federal Tax Credits are also available for eligible renewable projects.

DE 09-035 PSNH Distribution Rate Case:

Ms. Hatfield informed the Board that the PUC recently approved the temporary rate increase for effect on August 1st. When combined with a decrease in the default energy service rate, customers saw a slight decrease in total charges. The permanent rate phase of the case is just beginning, in which PSNH is seeking a \$50 million revenue increase.

DE 09-067 Complaint of Clean Power Development, LLC against PSNH:

This case is a complaint filed by a merchant power plant developer against PSNH alleging that PSNH is not willing to discuss a long term power contract. Ms. Monier informed the Board that she received a call from Charlie Bass requesting that if Clean Power Development presented to the Board, his client (Laidlaw) would also like the opportunity. Ms. Hatfield explained that Clean Power asked to present to the Board, but she advised them that in her view the OCA is not the appropriate venue to air their issues. They agreed, and she expects that they will instead focus on the PUC proceeding.

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

Ms. Hatfield explained that the OCA has recently filed a petition with the PUC requesting that the Commission open a new docket with regard to FairPoint and its service problems. We specifically requested that the Commission hire a new, truly independent consultant to expeditiously get the company on track. She also informed the Board that the Vermont Department of Public Service has given FairPoint thirty days, until September 10th, to show why it should continue to do business in Vermont. In Maine, FairPoint will appear before a legislative committee, and there is also an Office of Public Advocate request for an independent consultant pending at the Maine PUC. The NH PUC held technical sessions in late July and we will make recommendations to the Commission, along with the other parties, later this month.

Mr. Wrightsman asked what will happen if FairPoint goes bankrupt. Ms. Hatfield explained that in all likelihood the company will continue operating the landline system, but will be in bankruptcy litigation.

Mr. Pare noted that many people predicted that this would happen. He added that FairPoint is getting a bad name in his area of the state due to major problems with outages, including those impacting small businesses. Mr. Mailloux stated that another potential problem is whether the investment promises that were made will be fulfilled.

Mr. Wrightsman asked if new technology, such as cell phones and handheld devices, is making landlines obsolete. Ms. Monier stated that she feels as though the traditional landlines will always be needed in emergency situations.

Ms. Hatfield stated that the Board raises good questions, many of which come into play in light of the difficulty that FairPoint is facing. She also informed the Board that there are two other pending cases related to FairPoint, DT 09-059 & DT 09-113, which involve the company seeking to be relieved of rules related to how it provides service to CLECs, as well as seeking relief from automatic fines for deficient service. Mr. Traum also added that FairPoint may seek stimulus funds, in cooperation with the State, to further expand high speed internet access.

Ms. Hatfield also informed the board that several of the regulated water utilities have taken advantage of stimulus money.

DW 09-051 Pennichuck East Utility and Pittsfield Aqueduct Company:

Ms. Hollenberg gave a brief history of this case and the difference between the originally proposed rate increase and the revised request now pending. She stated that the revised rate proposal still represents rate increases of more than 200% for some “North Country” PAC customers.

DW 08-098 Aquarion Water Co. of NH Rate Case:

Ms. Hollenberg mentioned that, in this case, the Company worked very cooperatively with the OCA to reach a settlement agreement, which was also joined by Staff and was recently presented to the PUC.

3. Other Matters

Ms. Monier asked if there were any further questions or anything else that the Board wished to discuss. Ms. Hatfield updated the board on Board appointments, explaining that there should be a nominee for the small business slot on the next Governor and Council agenda. Debra DeMoulied, owner of Real Green Goods in Concord, has expressed her interest in serving to the Governor's office. We also have three other terms open or expiring, to be appointed by the Speaker of the House. Mr. Wrightsman and Mr. Pare will be reappointed for new terms. Ms. Hatfield stated that our Office received a letter of interest for the open seat from a member of the Homebuilders Association, so we forwarded his information to the Speaker's Office for her consideration. As soon as the OCA learns of any action on these appointments we will inform the Board.

Action Item: Inform board when new members are appointed.

Ms. Hatfield also informed the Board that HB395 has been signed into law, which means that a renewable energy option will be available for electric customers by early 2010. This is an optional program for customers, and it allows customers to choose to power their home or business with renewable power. The OCA will work to inform customers of this option when it is available.

Action Item: The OCA will do a press release and/or include information in its newsletter on this new renewable energy option when it becomes available.

Next meetings are scheduled for October 5, 2009 and December 14, 2009.

Mr. Mailloux moved and Mr. Wrightsman seconded to adjourn. The meeting adjourned at 3:10 p.m.