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Debra A. Howland



TDD Access: Relay NH  
1-800-735-2964

Tel. (603) 271-2431

FAX (603) 271-3878

Website:  
[www.puc.nh.gov](http://www.puc.nh.gov)

PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10  
Concord, N.H. 03301-2429

May 9, 2013



Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street Suite 10  
Concord, New Hampshire 03301

Re: DE 12-097, Electric Utility Customers  
Investigation into Purchase of Receivables, Customer Referral and Electronic  
Interface for Electric Distribution Utilities  
Motion to Close Docket without Prejudice  
Recommendation of Staff and the Office of Consumer Advocate

Dear Ms. Howland:

On May 7, 2013, the Retail Energy Supply Association filed a Motion to close the above-captioned docket without prejudice.

Staff and the Office of Consumer Advocate (OCA) support the motion and have an additional recommendation for the Commission. In discussions at technical sessions in this docket, it became apparent that the issue of "payment hierarchy" is a critical issue for both consumers and electric suppliers. The term "payment hierarchy" refers to the order of applying payment to the balances due to competitive suppliers and the electric distribution utility where the competitive supplier has elected to bill for electric supply service through the distribution utility bill (consolidated billing). This issue is not noticed in any other docket before the Commission, including the above-captioned proceeding.

The following illustrates the relevance of payment hierarchy. For those customers who take energy supply from a competitive supplier and who pay the full amount of the bill each month to the distribution utility, payment received is applied to the distribution utility balance first and the supplier balance second. As the payment was a complete payment, the supplier receives its billed revenue in a timely manner. For customers who pay less than the full amount of service used in the billing month, whether as a result of a budget billing payment plan, an arrangement for repayment of their consolidated electric bill or simply the receipt of a partial payment, it appears that the distribution utilities use a payment hierarchy that results in the utilities applying the full amount of the planned payment or partial payment to its own past-due and current amounts due before applying any portion of the payment to past-due and current amounts owed to competitive suppliers. With some exceptions, there is no communication from the distribution utility to the supplier as to why the supplier is not receiving payment. As a result, competitive

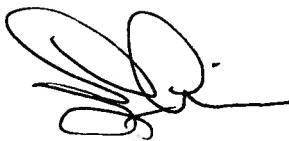
suppliers may issue past-due notices to customers, resulting in confusion for customers who have made the required payment on their bill and leading to customer dissatisfaction with the competitive supplier and the distribution utility. This payment hierarchy results in considerable delay in a competitive supplier's receipt of payment as competitive suppliers receive payments only after payments are applied to all distribution utility charges.

Staff and the OCA recommend that the Commission open a proceeding to investigate the merits of establishing a different payment hierarchy between distribution utilities and competitive suppliers which more equitably allocates how partial payments, including budget plan payments and payments established pursuant to payment arrangements negotiated with the distribution utility, will be applied to the various charges owed. We believe that the development of a more equitable payment hierarchy will benefit customers of competitive suppliers as customers would no longer receive collection notices from a supplier when paying in accordance with a payment arrangement or budget payment plan and will enable customers to fully realize the potential savings available to them in the competitive supply market. In addition, competitive suppliers would be encouraged to enter and continue participation in New Hampshire's competitive electric supply market if there was less lag between provision of service and receipt of payment.

The Retail Energy Supply Association and North America Power & Gas have expressed agreement with this recommendation.

If the Commission agrees to open a docket to examine payment hierarchy, the order of notice should include the issue of the effect of any changes in the payment hierarchy on the distribution utilities.

Please let us know if you have any questions. A copy of this letter will be served electronically on the service list in this docket when the letter is filed with the Commission.



Suzanne G. Amidon  
Staff Attorney

Sincerely,



Susan W. Chamberlin  
Consumer Advocate