

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Investigation into Payment Hierarchy between
Competitive Energy Suppliers and Electric and
Natural Gas Distribution Utilities

Docket No. IR 13-244

**DIRECT TESTIMONY OF
TAFF TSCHAMLER, KEVIN DEAN, AND DAYNA WILKINS**

1 **Q. PLEASE STATE YOUR NAMES, EMPLOYERS, JOB TITLES AND BUSINESS**
2 **ADDRESSES.**

3 **A.** My name is Taff Tschamler, I am Senior Vice President of Business Development at North
4 American Power and Gas, LLC (“NAPG”), a retail energy supplier that the New Hampshire
5 Public Utilities Commission (“PUC” or “Commission”) granted Competitive Electric Power
6 Supplier (“CEPS”) status in New Hampshire. My business address is 20 Glover Avenue,
7 Norwalk, Connecticut.

8
9 **A.** My name is Kevin Dean. I am a co-owner of Electricity N.H., LLC d/b/a E.N.H. Power
10 (“ENH Power”), a CEPS licensed by the Commission to sell retail electricity in New
11 Hampshire. My business address is PO Box 1150, Auburn, ME 04211.

12
13 **A.** My name is Dayna Wilkins. I am the Director of Billing for PNE Energy Supply LLC d/b/a
14 Power New England (“PNE”), a duly-registered CEPS in New Hampshire. My business
15 address is 497 Hooksett Road, Suite 179, Manchester, NH 03104.

1 **Q. WHAT ARE YOUR RESPONSIBILITIES FOR YOUR RESPECTIVE BUSINESSES?**

2

3 **A. (TSCHAMLER)** I am primarily responsible for expanding NAPG's growth. I lead
4 initiatives to enter new markets, roll out new products and implement operational
5 improvements. In addition, I play a leadership role in many of the Company's key strategic
6 initiatives, including public policy initiatives, capital raising and development of new
7 business partnerships.

8

9 **A. (DEAN)** I am responsible for all aspects of the business operations and management of ENH
10 Power, along with my co-owner, Emile Clavet.

11

12 **A. (WILKINS)** I am responsible for all PNE-Utility business communications and transactions.
13 Specifically, I oversee all customer billing, the allocation of all ISO costs, A/R, and all EDI
14 Transactions coming in and going out of the company.

15

16 **Q. WHAT ARE YOUR RELEVANT EDUCATIONAL BACKGROUNDS AND**
17 **EXPERIENCES?**

18 **A. (TSCHAMLER)** I have 20 years of experience in the energy industry with a wide range of
19 analytical, management and strategy roles. Immediately prior to coming to NAPG, I served
20 as Director of the retail energy practice at KEMA, a global consulting firm. At KEMA I was
21 in charge of its retail energy advisory service, performance benchmarking service and its
22 retail energy consulting business. In this capacity, I advised senior management of numerous

1 retailers, utilities and investors on market conditions, policy developments, investment
2 opportunities and growth strategies in the competitive energy business. I hold a Bachelor's
3 degree in Economics from the University of Maine and a Master of Public Policy degree
4 from the College of William & Mary.

5
6 **A. (DEAN)** I have a degree from New Mexico State University in finance and computer
7 science. For the past twenty-five years I have developed software and have started and
8 operated over thirty businesses. Currently I own and operate a healthcare claims
9 clearinghouse that submits over one million healthcare claims via electronic data interchange
10 ("EDI") every year to insurance companies. In addition, I am a co-owner of Provider Power,
11 the parent company of ENH Power and Electricity Maine, LLC, a competitive supplier
12 licensed in Maine.

13
14 **A. (WILKINS)** I have a bachelor's degree in Business Management from Keene State College
15 and am currently pursuing my Masters of Accounting degree with a certificate in Taxation at
16 Southern New Hampshire University with a completion date of March, 2014. I have worked
17 in the retail energy business for 3 ½ years and specialize in the data processes of EDI
18 software for PNE. I am also the Director of Billing for Freedom Logistics, LLC an energy
19 and gas brokerage company and Halifax-American Energy Co., partner of South Jersey
20 Energy Co, a duly-registered CEPS in New Hampshire, Massachusetts, Rhode Island,
21 Connecticut, and Maine.

1 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE COMMISSION?**

2 **A.** Mr. Tschamler and Mr. Dean have both testified previously before the Commission. Ms.
3 Wilkins has not previously testified before the Commission.

4
5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 **A.** The purpose of our testimony is to review and comment on the payment hierarchy plans and
7 policies of the four New Hampshire utilities - Public Service Company of New Hampshire
8 ("PSNH"), Granite State Electric d/b/a Liberty Utilities ("Liberty"), Unitil Electric Service
9 ("Unitil") and New Hampshire Electric Cooperative ("NHEC"). We will also address, to the
10 extent required, issues relating to communications between and among electric suppliers,
11 utilities and customers generated by or responding to issues caused by the current payment
12 hierarchy approach at some of the utilities.

13
14 **Q. ARE YOU CONCERNED ABOUT PAYMENT HIERARCHY PROBLEMS IN NEW**
15 **HAMPSHIRE?**

16 **A.** Yes. For example, in the PSNH territory the current rule requires that Utility arrears and
17 Utility current both be paid ahead of any payments of Supplier arrears or Supplier current.
18 This hierarchy results in Suppliers being disproportionately affected by customer partial
19 payments and utility-agreed customer payment plans compared to the Utility. The Supplier
20 only receives whatever amount—if any—is left after all distribution charges are paid.
21 Payment of Supplier arrears may well take many months to occur, as both Utility arrears and
22 Utility current must be paid first each month.

1 By way of extreme example, a customer could theoretically pay only Utility arrears and the
2 Supplier would receive no payments whatsoever for current Supplier charges or the ever-
3 increasing amount of overdue Supplier arrears. Notwithstanding the inequity of this
4 approach, the customer would avoid disconnection, as state law only permits disconnection
5 for Utility arrears. Suppliers would have no recourses other than contacting the customer and
6 asking him or her to pay PSNH for the arrearage amounts or, given a lack of responsiveness
7 over time, terminating the customer as a customer of the Supplier in order to prevent further
8 losses.

9
10 Similarly, in a less extreme but perhaps more common example, a Supplier customer may
11 choose to enter a budget billing arrangement with the Utility or reach a payment plan for past
12 arrearages. Under current practices, Suppliers are not notified automatically when such
13 arrangements are entered into, and may well experience a significant reduction in monthly
14 payments from the customer in question as the ensuing partial available payments are
15 directed first to settle Utility past due and current balances.

16
17 **Q. WHAT IS THE PAYMENT HIERARCHY SITUATION IN OTHER NEW**
18 **HAMPSHIRE UTILITY AREAS?**

19 **A.** Based on statements made at the initial public hearing and technical session in this Docket
20 and subsequent party filings it is our understanding that both PSNH and NHEC follow a
21 Utility arrears, Utility current, Supplier arrears and Supplier current payment hierarchy (in
22 addition to various other charges that may be ahead of or behind certain of these charges).

1 Liberty follows a Utility arrears, Supplier arrears, Utility current, Supplier current pattern,
2 which is more reasonable from a Supplier perspective. Unutil's tariff follows the same
3 hierarchy as PSNH and NHEC but, in practice, Unutil has implemented an approach that
4 allocates partial payments on a pro rata basis between Utility and Supplier charges. Thus, if
5 there is a \$100 consolidated bill with charges of \$60 for Utility current and \$40 for Supplier
6 and the customer pays \$50, the Utility will get 3/5 (\$30) and the Supplier will get 2/5 (\$20)
7 in accordance with the proportionate split. Unutil has advised it has held off on enforcing its
8 tariff pending the outcome of the instant proceeding. Copies of the Utilities' descriptions of
9 their respective payment hierarchies are attached hereto as Exhibit A.

10
11 **Q. WHAT IS YOUR POSITION ON PAYMENT HIERARCHY ISSUES?**

12 **A.** We oppose payment hierarchy approaches that prioritize all Utility debts over all Supplier
13 payments. We understand that Staff and the Office of Consumer Advocate agree that
14 such hierarchy arrangements are unreasonable and should be changed. While we would
15 prefer the more balanced payment hierarchy in place in the portions of Ohio not served by
16 purchase of receivables programs - namely, Supplier arrears, Utility arrears, Utility current
17 and Supplier current - we are prepared to compromise our position in order to achieve a
18 prompt and final settlement of these issues. Consequently, we are willing to accept
19 settlement that would follow either the Unutil pro rata approach or the Liberty hierarchy that
20 prioritizes Supplier arrears ahead of Utility current.

1 **Q. HAVE THE SUPPLIER PARTIES DEVELOPED A JOINT SETTLEMENT**
2 **PROPOSAL TO SEEK TO RESOLVE THESE ISSUES WITHOUT THE**
3 **NECESSITY OF A FULL PROCEEDING?**

4 A. Yes. NAPG, ENH Power, PNE and the Retail Energy Suppliers Association are parties to a
5 joint proposal among the Supplier parties that offers to implement either the Unitil or Liberty
6 approaches that are far superior to the current situations in place in PSNH and NHEC, and
7 are reflected in the Unitil tariff. This proposal is attached hereto as Exhibit B.

8
9 **Q. DOES THE PROPOSAL ALSO ADDRESS COMMUNICATIONS ISSUES CAUSED**
10 **BY OR RELATED TO PAYMENT HIERARCHY ISSUES?**

11 A. Yes, in part. Fixing the payment hierarchy problem will reduce, and may well eliminate, the
12 need for competitive Suppliers to contact customers to check in on the status of apparently
13 unpaid generation arrears, an area of potential customer confusion. Suppliers do not have
14 any need to make extensive customer check in calls in other non-POR territories that have
15 more equitable payment hierarchies. However, since many Supplier calls to customers are
16 caused by the Supplier not having knowledge of the customer entering into Utility budget
17 billing or payment plan arrangements, the Proposal requests that email notice of such
18 arrangements be sent to Suppliers on a periodic basis, such as weekly or bi-weekly. This
19 single step should help minimize the need for Supplier calls to customers regarding unpaid
20 generation balances irrespective of whether a revised payment hierarchy or pro rata payment
21 approach is implemented.

22

1 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

2 **A. Yes.**