

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire

Docket No. DE 12-295

**Joint Technical Statement of
Charles R. Goodwin and Heather M. Tebbetts**

March 12, 2014

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the cost of service study ordered by the Commission in Order No. 25,603 based on incremental costs.

Without agreeing that incremental costs provide the appropriate basis for the supplier charges at issue in the docket, PSNH entered into a settlement with parties for temporary rates approved by the Commission in Order No. 25,626. The settlement agreement allowed for PSNH to reduce its Billing and Payment Service and Selection Charges from \$0.50 and \$5.00 to \$0.26 and \$0.15, respectively. Parties agreed that PSNH would conduct a cost of service study to determine what incremental costs were associated with supplier services. The settlement agreement also allowed for reconciliation of the charges for the period starting February 1, 2014 until the Commission issues its final order on permanent rates.

B. Cost of Service Study - Billing and Payment Service Charge

The terms of the settlement agreement allow for PSNH to charge \$0.26 per rendered bill for customers whose suppliers choose to use PSNH for billing services. PSNH is proposing to reduce that charge to \$0.07 per bill rendered based on the cost of service study provided in Attachment 1.

PSNH employs one full-time employee to handle supplier billing. This employee is an incremental cost as the employee would not be employed at PSNH in this position if supplier services did not exist. The employee's total cost of employment is included in this cost of service study.

This rate was developed by including the labor and benefits cost and dividing by the approximate number of bills produced by PSNH on behalf of suppliers, approximately 50%, annually.

The employee's responsibilities include:

- Answer e-mail and phone call questions from suppliers regarding supplier related issues including:
 - Billing amounts and unpaid balances

- EDI issues or concerns, payments, enrollment and drops issues or effective dates
- Cancel and rebill as needed if a supplier issue arises
- New supplier and self-supplier matters:
 - Obtain documents from suppliers to set up in the test and production billing systems
 - Add supplier rates to production to be used in EDI testing
 - Provide confirmation once EDI testing is complete
 - Provide Supplier Training
 - Provide certificates for Supplier Training and EDI Connectivity Testing
 - Complete required ISO-NE form for an asset ID number and return to suppliers – form is required from utility by ISO-NE for suppliers to obtain an asset ID number.
 - Manually enroll or drop a supplier when appropriate
 - Manually enroll and drop all self-suppliers upon request
 - Liaison between PSNH Supplier Services and ISO-NE
 - Manually add supplier rates upon request to the Large Power Billing System prior to suppliers sending change requests EDIs or prior to the supplier enrolling an account.
 - When custom rates are requested the custom rates need to be tested in the test system prior to being added to production. The residential/small commercial customer billing system is able to process the EDI that is received and does not need to be manually added.
- Create yearly EDI meter reading schedule and update on PSNH website.
- Create monthly bills for supplier services provided:
 - EPO (energy profiler online) for interval data access
 - Selection charges
 - Cycle bill charges
 - Maintenance and error correction
 - Collection charges
- Provide customer's historical usage and ICAP tags to energy brokers and consultants who provide authorization from the customer
- Process Energy Profiler Online (EPO) access (interval data) when provided with authorization from the customer
- Disconnect EPO access to a supplier or broker when an EPO bill is not paid
- Update the PSNH website with the unaccounted for energy monthly
- Process supplier write offs as needed, although requests have significantly increased most recently
- Provide Sync Lists upon supplier request - average 3 a month

- Answer questions internally from the customer experience department and from PSNH NH-PUC liaison

D. Cost of Service Study – Selection and Collection Services Charges

As the cost of service study was developed, PSNH found that taking into consideration only the incremental costs associated with supplier services, collections would not meet the requirements of the cost of service study, and thus the Company is proposing to remove the Collection Services Charge from its Tariff.

PSNH found during the course of conducting the cost of service study that there are no incremental costs associated with customers switching from default service to a supplier, or from supplier to supplier electronically through EDI. Because there are no incremental costs associated, PSNH is proposing to remove the Selection Charge from its Tariff.

E. Supplier Default Charge

There is one circumstance that PSNH may continue to incur incremental costs. This instance is associated with supplier defaults. These costs include manual billing, physical meter reads, notice to customers, and possibly other costs yet to be identified through the process of a supplier default.

In December 2013, a supplier registered with ISO-NE defaulted. This supplier served over 5,700 of PSNH's customers. Due to the large number of accounts needing special attention for issues such as accounts where estimation of kilowatt-hours is not permitted, thus requiring a physical meter reading, PSNH is requesting to continue to bill a \$5.00 per customer charge when a supplier defaults. These costs are not associated with everyday billing, payment and collection activity for which PSNH is willing to forego charges. Instances of overtime for departments handling these supplier defaults have been documented in previous supplier defaults.

Attachment 2 contains black-lined tariff pages reflecting the proposed changes described above.

F. Summary

In light of the results of the cost of service study required by the Commission, PSNH is requesting the removal of the Collection Services and Selection Charges from its tariff as there is no demonstration of incremental costs associated with those charges.

As billing services are, however, provided by PSNH to suppliers and self-suppliers, PSNH requests that this employee's cost of employment be included in the Billing and Payment Services Charge at \$0.07 per bill rendered for suppliers wishing to take Billing service from PSNH. The Company is also requesting that the

Commission grant a tariff charge allowing PSNH to recover costs associated with supplier defaults at \$5.00 per customer, for which the supplier will be charged.