

STATE OF NEW HAMPSHIRE

ORIGINAL	
N.H.P.U.C. Case No.	DE 12-295
Exhibit No.	2
Witness	Panel 1
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BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
Docket No. DE 12-295
POWER NEW ENGLAND

Petition for Review of the Reasonableness of Certain Charges of Public Service
of New Hampshire for Services to Competitive Suppliers

DIRECT TESTIMONY
OF
DANIEL W. ALLEGRETTI

On Behalf of
Retail Energy Supply Association

March 26, 2013

1 **Q. Mr. Allegretti, please state your full name, position and business address.**

2 A. My name is Daniel W. Allegretti and my position is Vice President, State Government Affairs –
3 East for Exelon Corporation. My business address is 1 Essex Drive, Bow, New Hampshire
4 03304.

5 **Q. Mr. Allegretti, please summarize your professional and educational background.**

6 A. In my current position, I am responsible for representing Exelon's retail and wholesale
7 commodity business interests on matters related to regulatory and government affairs throughout
8 the New England, New York and the Mid-Atlantic regions. In that capacity, I regularly
9 advocate, testify and represent the interests of the company before federal and state agencies,
10 executive departments and legislative bodies. I have over 20 years of experience in the energy
11 business and have been working on energy policy issues for Constellation Energy Group, Inc.
12 (which merged with Exelon Corporation in March 2012) since 2002. I have served on the
13 Boards of Directors of the Northeast Power Coordinating Council (2001-2008), Independent
14 Power Producers of New York (2002-2008), Electric Power Generators Association of
15 Pennsylvania (2008) and Northeast Energy & Commerce Association (2009-2012). I hold a
16 Bachelor of Arts degree in Economics and French from Colby College in Waterville Maine and a
17 law degree from Georgetown University Law Center in Washington DC.

18 **Q. On whose behalf are you testifying in this proceeding?**

19 A. I am testifying on behalf of the Retail Energy Supply Association ("RESA")¹.

20 **Q. Please describe your employer, Exelon Energy.**

¹ RESA's members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

1 A. Exelon is the largest competitive U.S. power generator, with approximately 35,000 megawatts of
2 owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets.
3 Exelon has operations and business activities in 47 states, the District of Columbia, and Canada.
4 Exelon's Constellation business unit provides energy products and services to approximately
5 100,000 business and public sector customers and approximately one million residential
6 customers. In addition, Exelon's utilities deliver electricity and natural gas to more than 6.6
7 million customers in central Maryland (BGE), northern Illinois (ComEd), and southeastern
8 Pennsylvania (PECO).

9 **Q. Please describe the Retail Energy Supply Association.**

10 A. RESA is a nonprofit organization and trade association that represents the interests of a broad
11 and diverse group of energy suppliers who share the common vision that competitive energy
12 markets deliver a more efficient, customer-oriented outcome than the regulated utility structure.
13 We are devoted to working with all stakeholders to promote vibrant and sustainable competitive
14 retail energy markets for all consumers. RESA members currently serve residential, commercial
15 and industrial ("C&I") and institutional customers in New Hampshire and other jurisdictions in
16 North America that have enacted retail choice.

17 **Q. What is the purpose of your testimony?**

18 A. The purpose of my testimony is to address the three charges that Public Service Company of
19 New Hampshire ("PSNH") has for competitive electricity suppliers that are the subject of this
20 docket. I want to compare these charges to charges competitive electricity suppliers face in the
21 service areas of Exelon regulated affiliates. I also intend to explain why I believe that the
22 Commission should require PSNH to show that the charges are justified by the costs PSNH
23 incurs to switch customers. Finally, I want to urge the Commission to consider these charges
24 carefully in the context of insuring that there are no market barriers for customers and suppliers

1 that will interfere with customers realizing the benefits of the competitive market noted in New
2 Hampshire's electric restructuring law.

3 **Q. What are the three supplier charges that are the subject of this proceeding**

4 A. The charges at issue here, contained in Section 2 of the PNSH Electricity Delivery Service
5 Tariff, are: (1) the selection charge of \$5 assessed when a customer switches to or from PSNH's
6 default service; (2) the charge of \$0.50 per bill on a per bill rendered basis for billing and
7 payment services provided to a competitive supplier which has opted for consolidated billing
8 services; and (3) the collection services charge billed at 0.252% of total monthly receivable
9 dollars pursuant to a written agreement with competitive suppliers.

10
11 **Q. Do you have any knowledge of when these charges were first instituted and the level of**
12 **scrutiny that was given to them at that time?**

13 A. It is my understanding that the Commission reviewed and approved these charges approximately
14 13 years ago, long before the retail market began to develop in New Hampshire. Order No.
15 23,443 – 85 NH PUC 154 (2000). Those charges were part of a much larger restructuring
16 settlement and thus presumably were not the primary focus of that particular proceeding, which
17 involved much larger issues associated with the restructuring settlement. We reviewed the
18 record in that proceeding and found prefiled testimony from Gary Long and Stephen Hall that I
19 believe helps to clarify the extent of the analysis that PSNH put into those costs before proposing
20 the charges and what PSNH's expectations were for how long these charges would remain in
21 place. I have attached the relevant portions of that testimony and an attachment to that testimony
22 as Exhibit A to this prefiled testimony. As the testimony in that docket and more particularly the
23 relevant attachment say, PSNH did not prepare a cost analysis before proposing the charges, but

1 rather adopted the amount that was being used by Granite State Electric Company. PSNH
2 specifically said: "Given the uncertainty of the magnitude of administrative costs and the number
3 of transactions which will occur" the Granite State Electric Company fee "appears reasonable for
4 now and PSNH will revisit the fee in the future when actual costs are better known." RESA
5 submits that the time to revisit these fees has come and the Commission should require PSNH to
6 justify the fees at issue in this docket now that the market for small customers in PSNH's service
7 area has begun to develop. RESA also submits that it will be important for the Commission to
8 consider not just the size of the fees that PSNH charges and any cost justification they provide,
9 but also whether these fees could act as barriers to the development of the market in New
10 Hampshire.

11 **Q. Why have these charges not been an issue up until recently?**

12 A. The charges were not burdensome when the customers who were migrating were relatively few
13 in number and involved much larger accounts. These charges have become an issue recently
14 because migration of small PSNH customers has increased dramatically and the overall number
15 of customers migrating and the total load that has migrated are significantly larger than ever
16 before.

17 **Q. Are you familiar with similar charges in other jurisdictions ?**

18 A. I am familiar with charges that Exelon regulated affiliates charge. None of them charge the \$5
19 add/drop fee that PSNH charges. All of Exelon's affiliates have purchase of receivables
20 ("POR") programs in place and the level of discount associated with the purchase of receivables
21 varies.² As I indicated in my joint testimony in Docket DE 12-097, the discount rate for the
22 purchase of receivables is often, though not always, based on the electric distribution company's

² The Commission is currently considering a Purchase of Receivables program via docket DE 12-097.

1 (“EDC’s”) actual uncollectable costs for the class (typically under 1%) and any associated initial
2 program implementation costs. *Testimony of Daniel W. Allegretti, Marc A. Hanks and*
3 *Christopher H. Kallaher* in Docket DE 12-097 (July 13, 2012). With respect to the
4 consolidated billings charge, two of Exelon’s regulated affiliates charge \$.50 for consolidated
5 billing, though one of those charges also includes the costs of implementing the POR programs.

6 **Q. Do you have an opinion on whether the PSNH charges are appropriate and reasonable ?**

7 A. Yes. I believe that the fees PSNH is charging need to be carefully scrutinized to determine
8 whether there is any cost justification for them. On its face the \$5 charge seems excessive. I am
9 also concerned that the number and level of these fees create market barriers.

10 **Q. Do you have a recommendation for the Commission on what it should do about these**
11 **charges ?**

12 A. Yes. I recommend that the Commission shift the burden on to PSNH to justify these charges, to
13 require them to “revisit the fee” now that the “actual costs are better known” as they said they
14 would in 1999. Once PSNH has provided further information regarding its costs, the Commission
15 should give Staff, the OCA and the parties to this docket the ability to conduct discovery so that
16 any justification PSNH provides for these charges can be closely scrutinized.

17 **Q. Does this complete your direct testimony?**

18 A. Yes. However, RESA reserves the right to supplement this testimony as may be necessary as
19 this proceeding progresses.