

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Dockets Nos. DE 14-061 and DE 14-031

UNITIL ENERGY SYSTEMS, INC.
Petition for Approval of Default Service Solicitation
and
LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP. d/b/a LIBERTY UTILITIES
Petition for Approval of Default Service Solicitation

**MOTION to EXPEDITE THE STAKEHOLDER REVIEW OF ENERGY SERVICE
SOLICITATION PROCESS AS PER ORDER NO 25,715 (SEPTEMBER 8, 2014)**

NOW COMES the Office of the Consumer Advocate (“OCA”), and moves the New Hampshire Public Utilities Commission, (“Commission”) to expedite the review of the energy service solicitation process as ordered by the Commission in Order No 25,715 (September 8, 2014). In support of this motion, the OCA states:

I. PROCEDURAL HISTORY

1. On September 8, 2014 the Commission issued Order No 25,715 in DE 14 – 211

In Re Liberty Utilities Petition for Alternate Plan for Procurement of Energy

Services Requirements for All Customer Groups. The Commission found that:

[g]iven the recent changes in retail markets for electricity in New Hampshire, the Commission instructs Staff to begin a separate stakeholder process to explore procurement of retail electricity supply for New Hampshire customers, through the state’s utility default suppliers and otherwise... We await any recommendation that may result from that process.

Id at 4.

1. On September 22, 2014 Liberty Utilities filed a *Petition for Approval of Default Service Solicitation, Bid Evaluation and Resulting Rates for the Six-Month Period November 1, 2014 through April 30, 2015* in DE 14-031.
2. After notice and hearing, the Commission issued an order finding that Liberty's most recent market solicitation for default service power for its large and small customer group for the period beginning November 1, 2014 was conducted in accordance with commission orders. Order No 25,719 (September 29, 2014)
3. The Commission found that Liberty's customers will experience bill increases of 39%-59% depending on customer class and usage. *Id.*
4. On September 26, 2014 Unitil Energy Systems, Inc. filed a *Petition for Approval of Default Service Solicitation and Resulting Rates for the Period Beginning December 1, 2014* in DE 14-061.
5. After notice and hearing, the Commission issued an order finding that Unitil's most recent market solicitation for default service power for its small, medium, and large customer groups for the 6-month period beginning December 1, 2014, was conducted in accordance with commission orders and consistent with the restructuring principles of RSA 374-F. Order No 25,720 (October 3, 2014).
6. The Commission found that Unitil's customers will experience bill increases of 24.6% to 48.5% depending on customer class and usage. *Id.*

II. DISCUSSION

7. The bill increases experienced by customers of Unitil and Liberty for this winter season are very large for the average customer. Many residential customers don't have the capital to quickly implement permanent change (new, efficient

appliances, insulation, air sealing, etc.) that would insulate them financially from sudden rate changes.

8. If solicitations can be structured differently, utilities may be able to soften the rate increase in the future. For example, rates can be stabilized through a laddered procurement with several tranches procured over time. This method has been used in the past and reflects competitive market prices while providing a measure of stability.
9. A laddered procurement process puts competitive risk on the suppliers, where it belongs. Competitive electric suppliers are sophisticated financial entities who have the tools, knowledge, experience, and capital necessary to manage the financial risk of electric markets. Most residential consumers do not, and therefore should rightly not carry this risk.
10. Subsequent to the Commission issuing the orders cited above, the Massachusetts Department of Public Utilities opened an investigation into the rate impact on consumers from the results of the bid solicitation by National Grid. See Attachments A and B. Where the Liberty and Unitil bid results reflect regional competitive rates, the Massachusetts inquiry into the rate impact of National Grid's solicitation demonstrates a regional concern about customer rate impacts.
11. In accepting the results of the bid solicitation in DE 14-031, the Commission held:

Although the resulting bids and contract prices are a product of a solid market response to Liberty's RFP and reflect wholesale market conditions, we know that the increases will impose a burden on the budgets of residential and business customers.

Order 25,719 at 13.

12. By expediting a review of the solicitation process used in energy service procurement, the Commission can consider making changes to reduce the impact of escalating prices that are likely to occur in the next winter season.
13. Upon information and belief, the commission has received letters of complaint and concern about the filed rate increases. See Rayno Gary, –“*The winter of electric rate discontent nears.*” New Hampshire Union Leader (October 5, 2014.) Changing the structure of the solicitation process may assist consumers in making a more gradual transition to competitive market rates. It may also allow consumers the opportunity to budget for the increase ahead of time.
14. The OCA met with Unitil, Liberty and Commission Staff to discuss OCA’s petition. The parties wished to review the filed motion before taking a position.

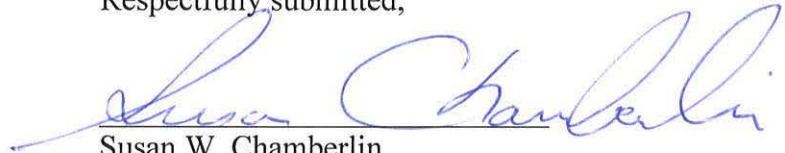
III. CONCLUSION

For the reasons stated in this motion, the Commission should expedite review of the energy service solicitation process so that changes can be made ahead of next winter’s energy service solicitation.

WHEREFORE, the OCA respectfully requests this honorable Commission:

- 1) Expedite review of the solicitation process as directed in Order No 25,715 in DE 14 –
211 *In Re Liberty Utilities Petition for Alternate Plan*;
- 2) Grant such additional relief as is just and reasonable.

Respectfully submitted,

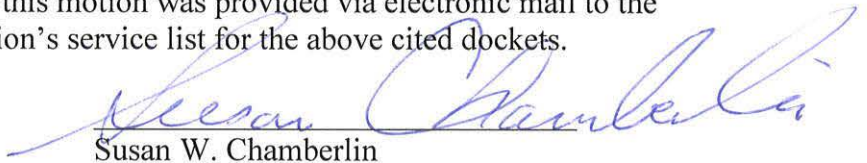


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October 8, 2014

CERTIFICATE OF SERVICE

I hereby certify that a copy of this motion was provided via electronic mail to the individuals included on the Commission's service list for the above cited dockets.



Susan W. Chamberlin