

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: November 15, 2017

AT (OFFICE): NHPUC

FROM: Gary M. Cronin, Utility Analyst – Consumer Services and External Affairs Division

SUBJECT: DE 17-171 Public Service Company of New Hampshire d/b/a Eversource Energy Proposed Tariff Amendment RE: Late Payment Charge

TO: Martin P. Honigberg, Chairman
Kathryn M. Bailey, Commissioner
Michael S. Giaimo, Commissioner
Debra A. Howland, Executive Director

CC: Amanda O. Noonan, Director, Consumer Services and External Affairs
Rorie Patterson, Assistant Director, Consumer Services and External Affairs
Tom Franz, Director, Electric Division
Suzanne Amidon, Staff Attorney

Summary

Beginning earlier this year and continuing to the present, Eversource customers have experienced delays in the posting of their mailed payments. The Consumer Services and External Affairs Division (CSEA Division) has received complaints from customers about the payment-posting delays as well as the resulting late-payment fees that the company has assessed on those customers.

Until a permanent solution can be implemented, Eversource has requested permission to change the terms of its tariff related to the assessment of late payment charges, to increase by five calendar days the period of time before a payment is deemed late. Staff recommends the Commission approve Eversource's tariff amendment as filed.

Background

According to Eversource, since February of this year, customers have experienced delays in the posting of their mailed payments. Eversource states that business customers first raised the concern; however, starting in June, residential customers began reporting the same problem to the Company. The CSEA Division also first heard about the payment-posting delays and erroneous late-payment fees from Eversource customers in June 2017.

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Eversource has requested permission to add five days to the period of time before a payment is deemed late, and a late-payment fee is assessed. Eversource asserts that the change is “anticipated to avoid unnecessary late payment charges being assessed on customers who would otherwise have paid their bills on time.” Eversource reports that 40% of their customers currently pay by mail. Eversource also states that the potential reduction in revenue associated with its proposed tariff change (*i.e.*, reduced late-payment charges’ revenue) is “not significant” and is “immaterial.”

In support of its proposed tariff change, the Company states that the average time for mailed payments to reach Eversource’s payment processing site in Dallas, Texas, and be posted to customer accounts, has increased from 3-5 business days to 7-10 business days, with some payments taking as long as 21 business days to post. The Company contends that the delays are primarily caused by change in the business practices of the U.S. Postal Service (“USPS”). Nationwide, according to the Company, the USPS has shifted resources to focus on same-day, next-day, and Sunday deliveries, and has consolidated facilities to cut costs. These changes, the Company states, have resulted in a 37% reduction in USPS 3-day mail delivery nationwide. According to Eversource, during discussions with the CSEA Division, Hurricane Harvey, which impacted Houston, Texas, significantly, did not increase the postal delays experienced by the Company’s customers.

Eversource also reported to the CSEA Division that the Company’s affiliates in Massachusetts and Connecticut are experiencing similar payment-processing delays. Late payment charges are not assessed on residential accounts in Massachusetts; however, in Connecticut, a temporary change to an affiliate’s tariff, similar to the change proposed for New Hampshire customers, has already been implemented.

Eversource’s filing describes some of the steps the Company has taken to address the payment-processing delays and to improve customer satisfaction including the addition of a message on customer bills, emphasizing the need to allow 7-10 business days for mailed payments to reach the Company’s processing center in Dallas, TX. The Company has advised the CSEA Division that customer service representatives have been empowered to waive late payment fees without supervisor approval, and late-payment fees have been, and continue to be, waived for customers who have contacted the Company, whether by calling the Company directly or registering a complaint with the CSEA Division. Further, Eversource has assured the CSEA Division that the company is carefully reviewing requests for customer deposits, to ensure that a payment-processing delay does not improperly prompt a deposit request.

To permanently reduce the processing time for mailed payments, Eversource states in its filing that the Company has issued a Request for Proposals (RFP) for a new payment processing vendor site that will be geographically closer to the Company’s service territories. Eversource expects a new vendor to begin processing payments sometime in the second quarter 2018, and the Company anticipates that the geographical proximity of the new vendor will decrease the average time for mailed payments to reach its processing center.

Recommendation

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While Eversource has taken steps to address, on a permanent basis, the payment processing delays being experienced by its customers, it will be the second quarter of 2018 before a solution to the payment-processing delays is in place. Staff supports the change to the timetable for assessing late payment charges to allow an additional five days for payments to be received and processed before being deemed late, and Staff recommends the Commission allow Eversource's proposed tariff change. The Company has stated that the five-day extension for payments will not have a material impact on revenues. Although there is a risk that a five-day extension is not enough to avoid all late-payment charges that could be caused by postal delays, based on the information provided by the Company, the five-day extension will likely reduce the number of payments deemed late and will avoid late-payment charges in many instances. The reduction in late payments and accompanying late-payment charges will likely reduce customer confusion and increase customer satisfaction as well.

While allowing Eversource's proposed tariff changes to take effect should solve the payment processing delay and resulting late payment charge issue for many customers, the CSEA Division remains concerned that it will not resolve the issue for all customers. Accordingly, Eversource should continue to track and report to the CSEA Division, on a weekly basis, the number of calls to its call center about payment-processing delays and/or late-payment charges. The CSEA Division will continue to monitor calls to the Company and to the Commission and notify the Commission should further issues arise or further action be required. Additionally, Staff recommends the Commission require Eversource to keep the CSEA Division apprised of the status of the selection of a geographically-closer payment-processing location and the transition to a new vendor. .

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.