

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

Docket No. DE 23-001

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.
Purchase of Receivables Program**

**Direct Testimony
of
Jeremy R. Clark**

March 20, 2023

1 **INTRODUCTION**

2 Q. Mr. Clark, please state your name and business address.

3 A. My name is Jeremy R. Clark, and my business address is 579 Tenney Mountain
4 Highway, Plymouth, New Hampshire, 03264.

5 **Q. What is your position and what are your responsibilities?**

6 A. I am the Financial Planning, Analysis, and Rates Manager for New Hampshire
7 Electric Cooperative (“NHEC” or “the Cooperative”). In my position, I am
8 responsible for rate-related matters.

9 **Q. Please describe your professional and educational background.**

10 A. I was hired by NHEC in September 2016 as a Financial Analyst with a focus on rates.
11 I became Rates and Revenue Administrator in March 2018 and Financial Planning,
12 Analysis, and Rates Manager in November 2020. I graduated from the University of
13 Massachusetts Amherst with a Bachelor of Business Administration.

14 **Q. Have you previously testified before the Commission?**

15 A. I have not previously testified before the New Hampshire Public Utilities
16 Commission.

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

18 A. The purpose of my testimony is to present the Cooperative’s proposal for a Purchase
19 of Receivables (“POR”) program for compliance with New Hampshire RSA 53-E:9
20 and New Hampshire Code of Administrative Rules, Chapter Puc 2200 (“Puc 2200”),
21 Municipal and County Aggregation Rules.

1 NHEC proposes a cost-based POR program that would apply to community power
2 aggregations (“CPAs”) and competitive electric power suppliers (“CEPS”) that select
3 consolidated-billing service from the Cooperative.

4 **II. PURCHASE OF RECEIVABLES PROPOSAL**

5 **Q. Does the Cooperative have experience with a POR program?**

6 A. NHEC does not currently have a POR program. In the Summary of Comments and
7 Reply Comments on Initial Proposal with Responses filed in DRM 21-142 on July 26,
8 2022, at page 29, the Senior Advisor to the Commission suggested that: “NHEC
9 could be carved out for additional time to file a POR proposal, as it does not have
10 prior experience with POR, did not participate in prior Commission dockets related to
11 POR, and may benefit from the time to review the other utility POR proposals and
12 study the issue before filing.”

13 **Q. Is the Cooperative proposing to offer its POR program to all competitive electric**
14 **power suppliers?**

15 A. NHEC proposes to implement the POR program with all competitive electric power
16 suppliers that select consolidated-billing service from the Cooperative. If the
17 Cooperative were required to set up separate accounting and billing processes for
18 CPAs and CEPS, it would result in increased administrative and IT burdens. The
19 Cooperative also recognizes that offering the POR program to existing consolidated-
20 bill CEPS may improve member access to retail choice and competitive markets.

1 Q. **What changes will the Cooperative need to implement to facilitate the POR**
2 **program?**

3 A. Implementation of the POR program will require updates to NHEC's billing system.

4 Q. **How long will it take to implement the proposed POR program?**

5 A. NHEC's software vendor estimates that programming, testing, and implementation
6 will take thirteen months following the approval of the POR program.

7 Q. **What are the costs associated with the Cooperative's POR program proposal?**

8 A. NHEC's Electronic Data Interchange ("EDI") module is currently programmed in
9 COBOL and will no longer be supported by NHEC's software vendor. NHEC's
10 software vendor recommends converting NHEC's EDI module to Java. Changes will
11 also be needed for payment and collections configurations, plus NHEC staff time to
12 test and implement POR modifications. NHEC estimates these costs to be \$400,000.

13 **III. POR Program**

14 Q. **Please explain the Cooperative's proposed discount rate.**

15 A. NHEC is proposing POR Discount Percentage Rates ("DPR") that are comprised of
16 an Uncollectible Percentage ("UP") and the Administrative Cost Percentage ("ACP").
17 Monthly payments to suppliers would be reduced by the DPR.

18 Due to the differences in uncollectible write-off percentages, NHEC is proposing a
19 residential DPR and a non-residential DPR.

20 Q. **Please describe the Uncollectible Percentage.**

1 A. The UP would be based on the actual write-offs for residential and non-residential
2 accounts, less non-capital-credit recoveries, divided by the corresponding amounts
3 billed, for the most recent two-year period.

4 **Q. Please describe the Administrative Cost Percentage.**

5 A. The ACP would reflect the costs specific to the implementation of the POR program,
6 amortized over a five-year period. The Cooperative does not expect to incur
7 incremental on-going administrative costs, but will continue to monitor the POR
8 program and may seek Commission approval to include any such costs, should they
9 arise.

10 **Q. Based on the estimated UP and ACP, what is the Cooperative's proposed initial**
11 **DPR?**

12 A. As shown in Attachment JRC-1, the Cooperative estimates an initial ACP of 5.326%.

13 **Q. What is the Cooperative's proposal with regard to the adjustment of the DPR?**

14 A. NHEC proposes to update the DPR each year for bills rendered on or after January 1
15 and would post the updated DPR on its web site at least 30 calendar days before that
16 effective date.

17 **Q. Based on the estimated UP and ACP, what is the Cooperative's proposed initial**
18 **DPR?**

19 A. As summarized in the table below, and as shown in Attachment JRC-1, the
20

1 Cooperative estimates the following initial DPRs:

	Residential	Non-Residential
UP	0.098%	0.016%
ACP	5.326%	5.326%
DPR	5.424%	5.342%

2

3 **Q. What is the Cooperative’s proposal with regard to the frequency of payments to**
4 **competitive suppliers?**

5 A. NHEC will make a single monthly payment on the last week of the calendar month to
6 each competitive supplier for all POR members billed on their behalf during the prior
7 calendar month. NHEC will pay the supplier the full amount billed on their behalf,
8 less the DPR and applicable billing service charge.

9 **Q. Would the Cooperative continue to send “820” EDI transactions to suppliers?**

10 A. NHEC currently sends consolidated-bill suppliers an “820” EDI transaction when a
11 member makes a payment. With POR, suppliers would be paid on a monthly basis
12 regardless of member payment status, so “820” EDI transactions would no longer be
13 sent. Suppliers would continue to receive an “810” transaction after each member is
14 billed, which includes the kWh usage, rate code, and amount billed.

15 **Q. What is the Cooperative’s proposal with regard to collections?**

16 A. Since the receivables would be owned by NHEC, upon implementation of POR
17 NHEC proposes to include past due balances from its POR billings into its collections
18 procedures and criteria, including disconnections for non-payment.

19

1 **IV. TARIFF**

2 **Q. Will revisions to the Cooperative's tariff be necessary to reflect the POR**
3 **proposal?**

4 A. If the Commission approves the proposed POR program, the Cooperative expects to
5 submit proposed revisions to its Competitive Supply tariff.

6 **V. CONCLUSION**

7 **Q. Does this conclude your testimony?**

8 A. Yes, it does.