STATE OF NEW HAMPSHIRE

BEFORE THE

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 23-001

New Hampshire Electric Cooperative, Inc. Proposed Purchase of Receivables Program

Technical Statement of Amanda O. Noonan, Elizabeth R. Nixon, and Scott T. Balise
New Hampshire Department of Energy

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Background and Summary

Pursuant to RSA 53-E:7.X, the New Hampshire Public Utilities Commission (Commission) initiated a rulemaking in January 2022 to promulgate rules to implement RSA 53-E. See Docket No. DRM 21-142. On October 5, 2022, the Commission adopted Chapter Puc 2200, Municipal and County Aggregation Rules (Puc 2200 Rules) implementing the provisions of RSA 53-E and established October 12, 2022, as the effective date for the Puc 2200 Rules.

Among other things, the Puc 2200 Rules require each electric distribution utility, including rural electric cooperatives, to propose a purchase of receivables program (POR Program) [1] within 90 days of the effective date of the Puc 2200 Rules (i.e., by January 9, 2023). On January 9, 2023, New Hampshire Electric Cooperative, Inc. (NHEC) filed a request for an extension to the deadline to file its proposal for a POR Program. On February 2, 2023, the Commission issued a procedural order conditionally granting NHEC's request. Consistent with that order, NHEC filed its proposed POR Program on March 20, 2023.[2] It is the opinion of the Department of Energy (Department) that the POR Program proposed by NHEC is consistent with the Puc 2200 Rules and RSA 53-E-9, and the Department recommends the Commission approve NHEC's proposed POR Program.

Description of Proposal

As proposed in its filing, NHEC will offer the option of a POR Program to any Community Power Aggregation (CPA) and competitive electric power supplier (CEPS) that elects to use consolidated billing for its customers. With consolidated billing, the CPA or CEPS

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[1] SB 286, passed by the NH Legislature and signed by the Governor in 2019, directed the New Hampshire Public Utilities Commission to develop rules to implement the provisions of RSA 53-E. SB 315, passed in 2021, required electric distribution companies to propose a program for the purchase of receivables for review and approval by the New Hampshire Public Utilities Commission. The Commission adopted rules to implement the provisions of 53-E, including the requirement for electric distribution utilities to propose a purchase of receivables plan for the Commission's review.

[2] See NHEC's testimony and attachments.

charges for energy supply are included on the utility bill, providing a single bill containing distribution and energy charges to customers. A CPA or CEPS that elects to bill its customers separately, stand-alone billing, cannot participate in the POR Program. A CPA or a CEPS that elects consolidated billing must participate in the POR Program. As proposed, a CPA or CEPS electing consolidated billing and thereby participating in the POR Program will receive guaranteed payments from the utility for its energy supply charges. The receivables will be purchased from the CPA or CEPS by the utility at a discount rate, which is calculated using the discount percentage rate (DPR). NHEC will make a single monthly payment to the CPA or CEPS during the last week of the calendar month for all POR members billed on their behalf during the prior calendar month. NHEC is proposing a different residential DPR and a non-residential DPR.

Analysis and Recommendation

The Department reviewed the petition, testimony, and data request responses and engaged in a technical session with NHEC. As described in NHEC's petition, the uncollectible percentage component of the DPR is based on actual write off data for residential and non-residential accounts, less non-capital-credit recoveries, divided by the corresponding billed amounts, for the most recent two-year period. NHEC proposed the use of actual write off data for the previous twenty-four months as an alternative to including a prior period reconciliation in the calculation of the DPR. In light of NHEC's status as a rural electric cooperative with a certificate of deregulation on file with the Commission, the Department believes this approach is appropriate.

The ACP component of NHEC's proposed DPR consists of the costs specific to the implementation of the POR program, amortized over a five-year period. NHEC estimates the costs associated with the proposal to be $400,000, which includes both software changes and Electronic Data Interface (EDI) module changes necessary to implement a POR program. NHEC does not anticipate incurring any additional or ongoing administrative costs related to the POR program; however, the NHEC will monitor administration of the POR program and may adjust the ACP component of the DPR at a later date should it incur incremental costs directly associated with administration of the POR program.

The Department notes that NHEC's proposed DPR is higher than the DPRs proposed by Unitil Energy Systems, Inc., Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty, and Public Service Company of New Hampshire d/b/a Eversource Energy in Docket Nos. DE 23-002, DE 23-003, and DE 23-004, respectively. The Department believes NHEC has appropriately captured the system modifications necessary to implement POR. No CEPS or CPA has filed a petition to intervene in this proceeding, and as such, the Department does not know whether the higher DPR will impact CEPS and CPA participation in NHEC's proposed POR program.

The Department has reviewed NHEC's proposal for a POR program, including the conditions under which the POR program is available to a CPA or a CEPS and the methodology and calculations for the two proposed DPRs separated by customer class. Based on its review, the Department concludes that the POR program proposed by NHEC is consistent with the Puc

2200 Rules and RSA 53-E-9, and the Department recommends the Commission approve NHEC’s POR program.