

**BEFORE THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

PUBLIC SERVICE COMPANY OF NEW : DOCKET NO. DE 23-004
HAMPSHIRE D/B/A EVERSOURCE :
ENERGY PROPOSED PURCHASE OF :
RECEIVABLES PROGRAM : JUNE 16, 2023

NRG RETAIL COMPANIES’ COMMENTS

Direct Energy Services, LLC; Direct Energy Business, LLC; Direct Energy Business Marketing, LLC; Reliant Energy Northeast LLC; and XOOM Energy New Hampshire, LLC (collectively, the “NRG Retail Companies”) hereby submit their comments regarding the proposed purchase of receivables (“POR”) program submitted by Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “Company”) in the above-captioned proceeding.

INTRODUCTION

New Hampshire’s municipal aggregation law¹ authorizes municipalities to aggregate electric power supply and operate approved community aggregation programs.² In 2021, the New Hampshire legislature amended that law to authorize the purchase of receivables of competitive electric power suppliers (“CEPS”) by the electric distribution utilities (“EDUs”).³

On October 7, 2022, the Public Utilities Commission (“Commission”) filed final rules with the Division of Administrative Rules implementing the provisions of RSA 53-E (“Puc 2200 Rules”).⁴ Among other things, the Puc 2200 Rules require each EDU to propose a POR

¹ Revised Statutes Annotated (“RSA”) Chapter 53-E.

² RSA 53-E:3-a.

³ RSA 53-E:9, II.

⁴ See Docket No. DRM 21-142, *Community Power Coalition of New Hampshire Petition for Rulemaking to Implement RSA 53-E for Community Power Aggregations by Stakeholders*, Notice No. 2022-14 – Adoption of Final Rules (Oct. 7, 2022).

Program.⁵ In compliance with this requirement, on January 10, 2023, Eversource filed testimony and supporting materials outlining a proposal for a POR program.⁶

On February 2, 2023, the Commission issued a Commencement of Adjudicative Proceeding and Notice of Prehearing Conference offering interested parties an opportunity to file petitions to intervene in the proceeding.⁷ Subsequently, the NRG Retail Companies filed a petition to intervene,⁸ which was granted on March 21, 2023.⁹

Based on the information derived from the Eversource testimony and the technical session as well as Eversource's responses to data requests and consistent with the approved procedural schedule,¹⁰ the NRG Retail Companies hereby submit their comments regarding the proposed Eversource POR program.

COMMENTS

The overarching purpose of a POR program is to mitigate the risk that CEPS bear regarding nonpayment by customers, whether those customers are being served in the aggregate via the community power aggregation program offered by New Hampshire municipalities or on an individual basis in the competitive retail market. Unlike the EDUs, CEPS do not have the statutory authority to disconnect customers for nonpayment and are relegated to the limited remedy of customer de-enrollment, which may result in a substantial monetary loss to CEPS. The expectation is that implementation of a well-designed POR program will reduce the financial and administrative barriers that CEPS face in the competitive market; thereby,

⁵ Puc 2205.16(e).

⁶ See Eversource Proposed Purchase of Receivables Program (Jan. 10, 2023).

⁷ Commencement of Adjudicative Proceeding and Notice of Prehearing Conference (Feb. 2, 2023) ("Notice"), at 4.

⁸ NRG Retail Companies' Petition to Intervene (Mar. 10, 2023).

⁹ Prehearing Conference Transcript (Mar. 21, 2023), at 5.

¹⁰ See Parties' Proposed Procedural Schedule (Apr. 5, 2023); Procedural Order Re: Proposed Procedural Schedule (Apr. 10, 2023) (approving the proposed schedule and setting hearing dates).

increasing the number of market participants and enhancing retail competition, especially for the state's nascent community power aggregation program. Thus, the adoption of a POR program that requires Eversource to purchase the receivables of all CEPS that choose Consolidated Billing service is in the public good.¹¹ Accordingly, the NRG Retail Companies generally support the Commission's approval of such a program in the Eversource service territory. However, for the reasons set forth more fully below, the NRG Retail Companies request that the Commission order Eversource to: (a) develop class specific discount percentage rates ("DPRs"); (b) expedite implementation of the POR program; (c) amortize implementation costs over five years; (d) base the calculation of the Uncollectible Percentage ("UP") on data from the most recent 12-month period; and (e) make its annual compliance filing on February 1 each year to establish new DPRs for effect on May 1.

I. ADOPTION OF THE EVERSOURCE POR PROGRAM WITH MODIFICATIONS IS IN THE PUBLIC GOOD

POR encourages the entry of new competitors into a market that relies on utility consolidated billing by placing CEPS in approximately the same position as the EDU default service provider for purposes of cash flow and working capital. Accordingly, the effective implementation of POR will increase CEPS participation in the retail market and provide consumers with greater access to competitive and innovative rate plan offerings.

A POR program mitigates collection risk for CEPS by establishing the terms and conditions by which the EDUs purchase the accounts receivable of CEPS operating in the EDUs' service territories. Notably, while a POR program makes the EDUs responsible for the collection of the charges assessed by CEPS on EDU issued bills, it does not increase risks to the EDUs or

¹¹ Cf. RSA 53-E:9, I (authorizing the POR program to include all CEPS if the Commission finds "that it is for the public good.").

EDU distribution customers. Indeed, as the Connecticut Public Utilities Regulatory Authority (“PURA”) found when it required the Company’s affiliate, The Connecticut Light and Power Company d/b/a Eversource Energy (“CL&P”), to adopt a POR program:

Reflecting the generation portion of . . . uncollectibles through a [POR] mechanism does not increase the cost. Instead, it allocates a portion of this expense to the generation component of rates and allows the cost to follow generation rates whether these rates are billed by [the EDU] or a supplier. Therefore, [an EDU] is not subjected to any greater risk regarding the recovery of this expense than it is under traditional ratemaking.¹²

The most important component of a POR program is establishing the DPR at which the EDUs purchase the receivables from the CEPS (i.e., the percentage discount that each EDU applies to the full amount owed from customers to CEPS participating in the program). The DPR is required to be equal to the EDU’s “actual uncollectible rate, adjusted to recover capitalized and operating costs specific to the implementation and operation of the purchase or receivables program, including working capital.”¹³ Like the Connecticut program, allocating the uncollectible expense to CEPS avoids increased risk to the EDUs or EDU distribution customers.¹⁴

A POR program also will not increase the costs borne by the EDUs or EDU distribution customers. In fact, the law authorizing the POR program specifically prohibits the EDUs or default service customers from assuming the costs associated with the program.¹⁵

Eversource’s POR program with the modifications recommended herein will broadly promote retail choice and customer access to competitive markets without increasing risks or

¹² See PURA Docket No. 05-08-05RE02, *DPUC Investigation Into the Process By Which Customers Can Choose an Electric Supplier When Initiating Electric Service – Amended Referral Program*, Decision (Oct. 10. 2007) (“CT POR Decision”), at 10.

¹³ Eversource Proposed POR Program, Testimony of Brendan J. O’Brien (“O’Brien Testimony”), at 3.

¹⁴ *Cf.* CT POR Decision, at 10.

¹⁵ RSA 53-E:9, II (“[T]he utility's participation in the purchase of receivables program shall not require the utility or non-participating consumers to assume any costs arising from its use.”).

costs to the EDUs or EDU distribution customers; thereby, serving the public good.¹⁶ Thus, the NRG Retail Companies support the Commission’s adoption of the Eversource proposed POR program with the modifications described below.

II. EVERSOURCE SHOULD BE REQUIRED TO DEVELOP RATE CLASS SPECIFIC DPRS

Eversource has proposed developing a single DPR to be applied to all customer classes.¹⁷ Because such a proposal will result in inequitable, cross-subsidization among customer groups and is inconsistent with cost causation principles, the NRG Retail Companies urge the Commission to require Eversource to develop class specific DPRs.

The Commission has long-recognized that cross-subsidization should generally be avoided.¹⁸ In Massachusetts, the Company’s affiliate, NSTAR Electric Company d/b/a Eversource Energy (“NSTAR”), has implemented a POR program with class specific DPRs.¹⁹ The annual reconciliation filings submitted by the Company’s affiliate in Massachusetts establish that the differences in discount rates between rate classes can be substantial.²⁰ The NRG Retail Companies expect that the differences in DPRs by rate class in New Hampshire will also be significant.²¹ As a consequence, if a single DPR for all rate classes is adopted, New Hampshire’s

¹⁶ See RSA 53-E:9, I (authorizing the POR program to include all CEPS if the Commission finds “that it is for the public good.”).

¹⁷ O’Brien Testimony, at 7 (“The Company did not consider proposing discount rates that differ by class”); DOE 1-015 at Attachment NRG-1 (“The Company reiterates that it is only proposing one discount rate . . . which is meant to encompass all customer rate classes”).

¹⁸ See Order No. 26,109 (Mar. 5, 2018), at 15-22; Order No. 26,017 (May 11, 2017), at 11-12; see also *Tuthill v. Plaistow Electric Light & Power Co.*, 8 N.H.P.S.C. 509, 510 (1922); RSA 378:10 (“No public utility shall make or give any undue or unreasonable preference or advantage to any person or corporation, or to any locality, or to any particular description of service in any respect whatever or subject any particular person or corporation or locality, or any particular description of service, to any undue or unreasonable prejudice or disadvantage in any respect whatever.”).

¹⁹ In Massachusetts, the DPR is called the Standard Complete Billing Percentage (“SCBP”).

²⁰ See Attachment DOE 2-006(b), at Attachment NRG-2 (reflecting the significant differences in SCBP by rate class in Massachusetts).

²¹ Cf. Attachment DOE 2-006(a), at Attachment NRG-2 (reflecting the substantial difference in monthly net write-offs for New Hampshire residential and non-residential customers for 2020-2022).

commercial and industrial customers will be subsidizing residential customers. This level of cross-subsidization is unfair because it will impose significant financial harm on the state's non-residential customers because the prices charged to them will increase in order to recover the unjustifiably higher DPR. Certain NRG Retail Companies exclusively serve commercial and industrial customers in the State of New Hampshire and is concerned that the higher market prices will adversely impact these customers and erode their economic competitiveness.

Moreover, Eversource has failed to establish a sufficient public interest to warrant the potential for significant cross-subsidization. In support of its proposal to implement a single DPR, Eversource has asserted that the cost estimates that it received to undertake the work necessary to implement POR "reflect simple, monthly purchase of receivables using a single discount rate percentage across rate classes" ²² However, there is absolutely no evidence that requiring Eversource to institute class specific DPRs will increase the costs to implement the POR program. In fact, in response to data requests, Eversource has presented information that appears to indicate that instituting class specific DPRs would *not* increase the cost – directly contradicting Eversource's assertions. The lack of class differentiated DPRs also violates the basic principle of cost causation. ²³

Because it properly assigns the uncollectible expenses by rate classification, is consistent with cost causation principles, and will eliminate potential cross-subsidization among customer groups, the NRG Retail Companies urge the Commission to require Eversource to develop class

²² O'Brien Testimony, at 5-6.

²³ See Order No. 24,577 (Jan. 13, 2006), at 12-13 ("The proposal to recover the costs to administer DS through the DS rate is also approved. The inclusion of administrative costs in the DS rate will result in the recovery of those costs from DS customers only, which is consistent with the restructuring statute and with the principle of cost causation. In addition, because competitive suppliers must recover their administrative costs through market prices, we believe the proposal will help promote the development of retail competition."); Order No. 24,511 (Sep. 9, 2005), at 13 (same); see also Order No. 25,613 (Dec. 23, 2013), at 12 ("[T]he resulting rates better approximate the cost to serve each customer class and thus are fairer than current rates. Accordingly, we find the new rates to be just and reasonable, and that they are based on appropriate principals of cost causation.").

specific DPRs. In addition to avoiding cross-subsidization, because both Unitil Energy Systems Inc. (“UES”) and Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty (“Liberty”) have proposed DPRs that vary by customer class,²⁴ requiring Eversource to develop class specific DPRs will ensure uniformity and administrative efficiency among the POR programs adopted by the EDUs.

III. THE COMMISSION SHOULD REQUIRE EVERSOURCE TO EXPEDITE ADOPTION OF THE POR PROGRAM

Eversource has indicated that it will require eight (8) months after Commission approval to implement a POR program.²⁵ In contrast, UES only requires four months²⁶ and Liberty, who does not have an electric POR program in place elsewhere, will only require six months after Commission approval to implement POR.²⁷

Given that Eversource has affiliates that have adopted POR programs in two other states, an eight-month implementation timeframe seems excessive. In Connecticut, before any Eversource affiliate had yet developed or implemented a POR program, CL&P was ordered to implement a POR program immediately.²⁸ Further, the Company’s Massachusetts affiliates were also required to implement a POR program in a shorter period of time than Eversource is proposing here. Specifically, Western Massachusetts Electric Company (“WMECo”) was

²⁴ See Docket No. DE 23-002, *Unitil Energy Systems, Inc. Proposed Purchase of Receivables Program*, Exhibit CJGSED-1 (Jan. 10, 2023), at 6; Docket No. DE 23-003, *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Proposed Purchase of Receivables Program*, Direct Testimony of Erica L. Menard (Jan. 10, 2023), at 6.

²⁵ O’Brien Testimony, at 5.

²⁶ See Docket No. DE 23-002, *Unitil Energy Systems, Inc. Proposed Purchase of Receivables Program*, Exhibit CJGSED-1 (Jan. 10, 2023), at 12-13.

²⁷ See Docket No. DE 23-003, *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Proposed Purchase of Receivables Program*, Direct Testimony of Erica L. Menard (Jan. 10, 2023), at 12.

²⁸ CT POR Decision, at 11 (“CL&P must implement [POR] effective the date of this Decision.”).

required to implement a POR program in three months,²⁹ and NSTAR was required to implement a POR program in six months.³⁰ Given the extensive operational experience of the Company's affiliates with POR in Connecticut and Massachusetts, Eversource should be able to implement a POR program in New Hampshire more quickly.³¹ Thus, the NRG Retail Companies request that the Commission order Eversource to expedite implementation of the POR program to be in effect by January 1, 2024.

IV. EVERSOURCE SHOULD AMORTIZE ITS IMPLEMENTATION COSTS OVER FIVE YEARS

Eversource proposed amortizing the costs to implement POR over three years.³² However, in response to data requests, Eversource indicated that it was willing to adopt a five-year amortization period.³³ The NRG Retail Companies request that the Commission order Eversource to amortize the costs to implement POR over five years in order to ensure more of the CEPS that will benefit of the program bear some of those implementation costs.

Currently, there are only seventeen CEPS licensed to serve residential customers in New Hampshire.³⁴ The NRG Retail Companies anticipate that, once POR is implemented, a significant number of CEPS will enter the market. For example, in Massachusetts, where POR has been in place in the WMECo and NSTAR service territories since 2014, there are three times

²⁹ See Docket No. D.P.U. 10-53, *Investigation by the Department of Public Utilities regarding Purchase of Receivables pursuant to G.L. c. 164, § 1D and G.L. c. 164, § 76*, Order D.P.U. 10-53-C/-D/-E (Mar. 28, 2014) ("MA POR Decision"), at 10 (ordering WMECo to implement POR in three months).

³⁰ *Id.* at 8, 10 (rejecting NSTAR's request for an eight-month implementation period and ordering it to implement POR in six months).

³¹ *Cf.* MA POR Decision, at 8 ("We expect that NSTAR will be able to benefit from [CL&P's] experience with POR and WMECo's ability to implement POR in three months, even if there are no established synergies between NSTAR and WMECo")

³² O'Brien Testimony, at 6.

³³ DOE 2-013, at Attachment NRG-3.

³⁴ See New Hampshire Department of Energy ("DOE"), List of Residential Energy Suppliers, <https://www.energy.nh.gov/consumer/choosing-energy-supplier/electric-supplier-list-residential> (last visited Jun. 16, 2023).

as many competitive suppliers licensed to serve residential customers.³⁵ By requiring Eversource to adopt a five-year amortization period, the Commission can ensure that more of the CEPS that will benefit from POR pay a portion of the costs associated with its implementation.

V. THE COMMISSION SHOULD REQUIRE EACH OF THE EDUS TO ADOPT CONSISTENT POR PROGRAMS

The most critical factor of the DPR is the UP. Eversource has proposed calculating the UP based on the average of the most recent two fiscal years of data.³⁶ However, both UES and Liberty have proposed calculating the UP based on data from the most recent 12-month period.³⁷ Using the data from the most recent 12 months to calculate the UP ensures that there is no lag in fully accounting for any annual increase or decrease in uncollectibles³⁸ and provides a more accurate depiction of uncollectible expense trends over the immediate past 12-month period. Further, basing the UP calculation on a 12-month period is consistent with how Eversource treats uncollectible expense in setting its rates.³⁹ Thus, consistent with its proposal for calculating the average payment period,⁴⁰ the NRG Retail Companies recommend that the Commission order Eversource to base its UP calculation on data from the most recent 12-month period.

³⁵ See <https://eeaonline.eea.state.ma.us/DPU/Fileroom/Licenses> (last visited Jun. 15, 2023).

³⁶ DOE 2-006 at Attachment NRG-2. For the first year, Eversource is proposing the use of the average of most recent three years. *See id.*

³⁷ See Docket No. DE 23-002, *Unitil Energy Systems, Inc. Proposed Purchase of Receivables Program*, Exhibit CJGSED-1 (Jan. 10, 2023), at 7; Docket No. DE 23-003, *Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Proposed Purchase of Receivables Program*, Direct Testimony of Erica L. Menard (Jan. 10, 2023), at 7.

³⁸ *Cf.* DOE 1-010, at Attachment NRG-4 (“The increase in any given year’s uncollectible expense will be reflected in the subsequent year’s calculation of the discount percentage rate; however, in view of the lapse of time and two-year averaging, there will be a lag in fully accounting for any annual increase in uncollectibles.”).

³⁹ *Cf.* Order No. 24,768 (Jun. 29, 2007), at 3 (“As the forecast period comprises six months, [Eversource] stated that it included \$1.015 million of uncollectible accounts expense, 50 percent of the annual amount of \$2.030 million noted in the settlement agreement, in its cost calculations.”); Docket No. DE 09-035, *Public Service of New Hampshire Distribution Service Rate Case*, Settlement Agreement on Permanent Distribution Service Rates (Apr. 30, 2010), § 8.1 (“The Settling Parties agree that the amount of uncollectible expense included in the rate adjustments will be set at the amount actually experienced by PSNH during 2009.”).

⁴⁰ Attachment DOE 2-005(a), Page 13 of 14, at Attachment NRG-5 (“Unless otherwise ordered by the Commission, the average payment period shall be based on actual historical data for the most recent 12-month period for which data is available in the relevant classification, or other appropriate period, as approved by the Commission.”).

Eversource has proposed that, on or about March 15 each year, it make an annual filing to establish the average payment period and DPRs to be effective May 1.⁴¹ However, UES proposed that, on or about February 1 each year, it make an annual reconciliation filing to establish the DPR to be effective on May 1. The NRG Retail Companies support the UES proposal because it will provide the Commission adequate time to seek input from interested stakeholders and review each EDU's supporting documentation and related analysis. Moreover, to ensure consistency and mitigate operational confusion, the NRG Retail Companies recommend that the Commission require all EDUs to implement the same schedule for their annual reconciliation filings.

Eversource has proposed that payments to CEPS be made monthly consistent with the combined average payment period of the applicable customer class⁴² as is done by Eversource's affiliate in Massachusetts.⁴³ The Eversource proposed payment schedule is equitable because it ensures that CEPS receive timely payments and avoids potential negative impact to CEPS cash flow. Thus, the NRG Retail Companies recommend that the Commission require all EDUs to adopt the Eversource payment schedule to achieve greater administrative efficiency.

In response to data requests, each of the EDUs has provided proposed changes to their terms and conditions for CEPS and to their agreements with CEPS. The revisions proposed by each of the EDUs vary and, in some instances, go beyond the changes necessary to implement POR. Moreover, Eversource only provided mark-ups of the documents after they were requested in the DOE's second set of data requests. As a consequence, the parties have not had an

⁴¹ Attachment DOE 2-005(a), Page 13 of 14, at Attachment NRG-5.

⁴² Attachment DOE 2-005(a), Page 13 of 14, at Attachment NRG-5.

⁴³ See NSTAR Electric Company d/b/a Eversource Energy Eastern Massachusetts Terms and Conditions – Competitive Suppliers and Competitive REA Suppliers (available at: https://www.eversource.com/content/docs/default-source/rates-tariffs/ma-electric/4.pdf?sfvrsn=e4c82c1d_7), at 15.

opportunity to issue discovery about Eversource's proposed changes. Given this, the NRG Retail Companies recommend that resolution of tariff and supplier agreement changes occur after the basic structure and parameters of the POR program are approved by the Commission. To ensure consistency across EDU service territories, the NRG Retail Companies recommend that the Commission open a separate, consolidated proceeding involving all of the EDUs that could be conducted during the period of time in which POR is being implemented.⁴⁴

CONCLUSION

For all the foregoing reasons, when approving the proposed Eversource POR program, the NRG Retail Companies request that the Commission order Eversource to: (a) develop class specific DPRs; (b) expedite implementation of the POR program to be in effect by January 1, 2024; (c) amortize implementation costs over five years; (d) base the calculation of the UP on data from the most recent 12-month period; and (e) make its annual compliance filing on February 1 each year to establish new DPRs for effect on May 1.

⁴⁴ Such a proceeding could also provide an opportunity for the Commission to consider reconstituting the New Hampshire electronic data interchange working group. *See* Docket No. DE 23-002, *Unitil Energy Systems, Inc. Proposed Purchase of Receivables Program*, NRG Retail Companies' Comments (Jun. 9, 2023), at 7-9.

CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments has this day been sent via electronic mail or first-class mail to all persons on the service list.



Joey Lee Miranda

Dated: June 16, 2023