

**DE 05-111**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

**Power Quality Improvement Team Pilot Project**

**Order Implementing Pilot Program**

**ORDER NO. 24,632**

**June 8, 2006**

**APPEARANCES:** Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; Justin C. Eisfeller for Unitil Energy Services; Brian Lamy, pro se; Thomas Franco, pro se; Office of Consumer Advocate by F. Anne Ross, Esq. and Kenneth Traum on behalf of residential ratepayers; and Donald M. Kreis, Esq. for the Staff of the New Hampshire Public Utilities Commission.

**I. BACKGROUND AND PROCEDURAL HISTORY**

This proceeding before the New Hampshire Public Utilities Commission (Commission) arises out of proceedings in Docket DE 03-113, the Commission's investigation of the quality of service provided by Public Service Company of New Hampshire (PSNH) to its customers in Bedford. Dufresne-Henry, the consulting firm employed by the Commission to assist with the investigation, submitted its report in 2004 and recommended, inter alia, that the Commission consider establishing a "Power Quality Improvement Team" to conduct joint utility-customer investigations in situations where PSNH believes any service quality programs are not the result of the operation of the PSNH power distribution system. Thus, on June 8, 2005, the Commission opened the instant docket, to allow Commission staff (Staff) to work with interested parties to design a pilot program.

The Dufresne-Henry consultants specifically suggested a pilot program, as opposed to instituting a permanent program at the outset. Dufresne-Henry suggested leaving the details of the Pilot Program to the utility. Rather than take this approach, the Commission directed Staff to

convene a series of meetings to seek a consensus with respect to the design of the pilot. On June 10, 2005, the Commission issued an order of notice, initiating this proceeding and scheduling a pre-hearing conference and technical session for July 5, 2005. These proceedings took place as scheduled and Staff filed a report of the technical session on July 6, 2005. At the prehearing conference, the Commission granted the timely intervention request of Unitil Energy Services (UES). The parties and Staff conducted additional technical sessions on August 15, 2005, and September 22, 2005, with Staff filing written reports following each session.

On February 23, 2006, Staff submitted a status report, with an appended document entitled "Pilot Project Understandings," containing the details of a proposed pilot program that had been endorsed by Staff, OCA and UES. Staff indicated that two residential customers of PSNH from Bedford, Brian Lamy and Thomas Franco, the latter chairing an advisory committee appointed by the Bedford Town Council to take up matters related to electric service, were not in agreement with the proposed pilot design. Staff recommended a hearing, which the Commission conducted on April 19, 2006.

## **II. "PILOT PROJECT UNDERSTANDINGS" DOCUMENT**

The Understandings document begins with the proposition that, in undertaking a pilot program, the Commission is typically seeking to prove or disprove a hypothesis. In this case, according to the document, the hypothesis is that, when a utility concludes that its system is not responsible for a service quality problem reported by a customer, the customer's concerns can be resolved by having the utility and the customer combine their resources to conduct a joint investigation of conditions on the customer premises.

The proposal reflected in the Understandings document calls for participating customers to hire and pay for the services of a master electrician with a New Hampshire license, with the

utility supplying a qualified member of its engineering staff, at its expense. The customer's electrician and the utility representative, and if necessary, Staff or its expert consultant, would have access to the customer premises and conduct a joint investigation. Each investigation would be supervised by a qualified expert chosen by Staff.

The proposed pilot program would be limited to the service territory of PSNH. To become eligible, a customer would work his or her way through the normal and ordinary PSNH complaint resolution process provided for in the Company's tariff and in Commission rules. A customer whose problem remains unresolved after completing this process would then be among the candidates for participation. The Understandings document provides that up to ten customers would be invited to participate and that the pilot would be open to new participants for one year. There was agreement that the signatories to the Understandings document would jointly choose program participants but that the OCA would be the ultimate arbiter in the absence of consensus on a particular customer.

Both in writing and at hearing, Mr. Franco expressed the view that the pilot should be much broader than the one laid out here, involving investigation of customer appliances and other devices, premises wiring, electric distribution, electric transmission and generation. Staff characterized this as a logically sound proposition but noted that it is beyond the scope of what Dufresne-Henry recommended and what Staff understood to be the charge from the Commission.

Another concern expressed at hearing was that the Commission's consulting expert and the representative of PSNH would overrule the electrician representing the customer. Staff took the position that this concern is unfounded because (1) it would be inconsistent with the pilot's underlying purpose of resolving problems to the customer's satisfaction, and (2) a customer who

is dissatisfied with the outcome of her or his participation in the Pilot Program could continue to pursue the service quality complaint through the Commission's administrative process, including requesting a hearing if necessary.

The OCA participated in developing the general understanding of how the pilot would be run and is in support of the proposal reflected in the Understandings document.

### **III. COMMISSION ANALYSIS**

After careful review of the Understandings document and the comments made at the hearing, including the concerns raised by Messrs. Franco and Lamy, we have determined that it is consistent with the public good to conduct the pilot program outlined in the written proposal developed by Staff. Like the signatories to the Understandings document, we believe the Power Quality Improvement Team may comprise an innovative and effective approach to situations in which customers are unable to resolve service quality concerns with their electric utility. The fairly limited scope of the pilot will minimize the extent to which PSNH expends resources on the project. Conversely, opening the pilot to all of PSNH's service territory, as opposed to limiting it to one specific geographic area and its unique system conditions, is likely to shed insight about whether this would be a useful approach on a system-wide basis.

As did the signatories to the Understandings document, we stress that nothing in this Pilot Program is intended to relieve PSNH of its responsibility to comply with the Company's published tariffs and the Commission's Chapter 300 rules governing electric service. The program is not intended as a replacement of or substitute for PSNH's process of investigating service quality complaints from customers. An aspect of the Understandings document is PSNH's commitment to undertake a thorough review of its internal processes for addressing service quality complaints from customers. We require PSNH to file an interim progress report

within 90 days of this Order.

The Understandings document contemplates that the Commission will keep this docket open for the duration of the pilot program. The ensuing process set forth therein is a sound approach and we adopt it, viz: (1) at the conclusion of the pilot, the Commission Staff will prepare and file a report of the pilot within 30 days, based on the investigative materials previously filed with the Commission; (2) the Staff report will include a recommendation regarding whether to continue the program on a permanent basis and, if so, on what terms; (3) the parties and the public will thereafter have 30 days to file written comments on the Staff report; and (4) upon receipt of the Staff report and written comments, the Commission will take such further action as it deems consistent with the public interest.

At hearing, Mr. Lamy proposed that the Commission defer approval of the pilot program because there was no engineer representing the Commission who was involved in the drafting of the Understandings document. We decline to take this step. The basic concept of the Power Quality Improvement Team, which remains at the core of the pilot program, was originally developed by a team from Dufresne-Henry that had considerable engineering expertise. Moreover, personnel from Staff and the OCA with considerable expertise in these matters support this approach.

Both Mr. Lamy and Mr. Franco expressed concerns about the adequacy of the voltage monitoring done by Dufresne-Henry in Bedford, suggesting that the pilot project we approve here will similarly involve monitoring of insufficient length to reveal all problems with the system. We disagree with the premise about the adequacy of the Dufresne-Henry report. More to the point, the discovery of distribution system problems that extended voltage monitoring might reveal is not the purpose of the pilot. To the extent necessary, voltage monitoring on the

PSNH system can and should proceed, outside the context of this docket.

Mr. Franco raised the issue of whether potential program participants will receive adequate notice of the opportunity. As we understand the proposal before us, there would not be public advertising of the program but, rather, targeted efforts aimed at customers identified by PSNH as potentially eligible. We agree with this approach, noting that the purpose of the pilot is to discover whether this method of problem solving is workable, not whether the mechanism for publicizing it is the optimal one.

Mr. Franco's written comments advocate a detailed inquiry into every step of the energy chain from generation to the household devices that use the electricity, including forensic examination of such household devices. Based on the hearing record, it is not clear whether Mr. Franco continues to advocate such a program revision. In any event, we conclude that while such inquiry might be worthwhile from a scientific perspective it is simply beyond the scope of what Dufresne-Henry envisioned and what the prudent use of available resources justifies in the circumstances.

#### **IV. CONCLUSION**

Pursuant to our plenary authority under RSA 374:3 to exercise general supervision of utilities, and consistent with the RSA 374:1 duty of utilities to provide safe, adequate, just and reasonable service, we direct Staff to take the necessary steps to begin the Pilot Project as soon as possible. We expect that the quarterly reports contemplated by the Understandings document will be of great value in assessing the extent to which the Power Quality Improvement Team represents a workable solution to service quality concerns.

**Based upon the foregoing, it is hereby**

**ORDERED**, that the "Understandings" document submitted in this docket by Staff, on

its own behalf and on behalf of Public Service Company of New Hampshire and the Office of Consumer Advocate is APPROVED; and it is

**FURTHER ORDERED**, that the Power Quality Improvement Team pilot project described in the Understandings document begin as soon as is practicable under Staff oversight.

By order of the Public Utilities Commission of New Hampshire this eighth day of June, 2006.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Clifton C. Below  
Commissioner

Attested by:

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Debra A. Howland  
Executive Director & Secretary