

THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Rulemaking
Puc 1200, Utility Practices Related to Past Due Accounts
Docket No. DRM 10-296

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE'S WRITTEN COMMENTS -

I. Introduction

The purpose of this written statement is to provide Public Service Company of New Hampshire's (PSNH) comments on the proposed Puc 1205 rules regarding medical emergencies. The proposed rules address changes in communication and collection procedures for residential customers who are eligible to be certified with a medical emergency.

II. Background

Under the existing rules, when a residential customer is unable to pay the total arrearage due and the utility has been notified that a medical emergency exists pursuant to Puc 1203.11 (d) and (e), the utility continues to provide service to the customer provided the customer enters into a payment arrangement. The utility will not disconnect a residential customer's service and does not send a disconnect notice provided that the utility has been notified by a licensed physician or mental health practitioner within the prior 60 calendar days that a medical emergency exists at the location or would result from the disconnection of service.

The proposed Puc 1205 rules allow for a longer certification period of 90 days to one year. PSNH has been using a minimum of 90 days, depending on the certification. The proposed rules also clarify the utilities' responsibilities once the certification period ends and allows utilities to accept certification messages from medical professionals through an electronic portal.

III. Summary of Proposed Rules

In its oral comments at the Commission's public hearing on April 5, 2011 and in comments made at the technical session held on January 4, 2011, PSNH urged the Commission to adopt medical emergency rules which include financial hardship as a condition to receiving the extra protection from disconnection that the proposed rules would provide. At the public hearing, PSNH agreed to supply language which would add financial hardship qualification to the proposed rules. That language is shown below in italics:

PART Puc 1205 MEDICAL EMERGENCY RULES

Puc 1205.01 Applicability of Medical Emergency Rules.

The provisions of Puc 1205 shall apply to service provided to residential customers by electric, gas, steam and water utilities. The requirements of this section shall be in addition to those requirements of Puc 1203.11, Puc 1203.12, and Puc 1204. Medical emergency rules pertaining to service provided by telephone utilities to residential customers shall be found in Puc 412 and Puc 432. *In order to gain the special protection from disconnection for nonpayment, a medical emergency customer must also*

demonstrate a financial hardship as defined under Puc 1202.10. In the context of this rule Puc 1205 only, residential customers who do not qualify for financial assistance or subsidy assistance, as described in Puc 1202.10, but who are directly responsible for medical bills which make it difficult for them to pay their utility bills will qualify for protection from disconnection under this rule. Financial hardship based upon direct responsibility for medical bills may be confirmed by a social service agency under Puc 1202.10.

Instances where power is interrupted due to weather-related incidents or vehicular accidents are not addressed by the proposed rules. The proposed rules provide for self-certification when a licensed physician, nurse practitioner, physician's assistant or mental health practitioner recertifies a customer without evidence of financial hardship.

Self-certification of a medical emergency could take place at any time up to the point where a disconnection is about to occur. Under the proposed rules, once a customer self-certifies, the customer must provide, within 15 calendar days, written verification of a medical emergency from a qualified medical professional. Absent receipt of the certification from the medical professional after 15 days, the utility must send a reminder letter to the customer regarding disconnection. The customer then has another 15 days to provide written verification of a medical emergency. If the utility has not received any verification from a medical professional after the second 15 days (at least 30 days in total from the time of the original notice of disconnection), any disconnect notice previously sent to the customer will have expired. The utility would then have to commence the disconnection process from the start by sending the customer a new disconnect notice. Upon receipt of the new disconnect notice the customer could then provide written notification from a medical professional, as shown on page 2 of Attachment 1. The situation created by this rule is that customers who have the ability to pay would be provided with the opportunity to avoid paying their bill for at least 150 days.¹ A potential way to shorten that process by 15 days would be to eliminate the requirement to issue another disconnect notice if the customer fails to provide written notification of a medical emergency after 30 days². Shown below is suggested language which would eliminate that requirement, along with language requiring a demonstration of financial hardship:

Puc 1205.05 Disconnection of Service to Customers with Expired Medical Emergency Certifications.

(e) The utility may proceed with a field visit on or after the disconnection date stated on the notice.

¹ PSNH issues a disconnect notice after the bill is 90 days overdue. Absent payment, disconnection is then scheduled approximately 15 days thereafter. If the customer then self-certified a medical emergency when disconnection is imminent, under the proposed rules, disconnection could be deferred another 45 days (30 days pending receipt of written notification and another 15 days thereafter until disconnection occurred).

² PSNH recommends that the Commission incorporate a financial hardship requirement into the medical protection rules. However, if the Commission rejects PSNH's recommendation, the Commission should at least eliminate the requirement for a utility to send a second disconnect notice to the customer if the customer fails to provide written verification of a medical emergency. Elimination of such second notice would reduce PSNH's uncollectible accounts balance.

- (1) If an adult occupant of the residence is not at home, the utility shall leave a notice in a conspicuous location at the premises and shall leave the premises without disconnecting the service; or
- (2) If an adult occupant of the residence is at home, the utility shall ask if the medical emergency *and financial hardship* still exists and inform the adult occupant of the process for providing a certification of medical emergency as described in Puc 1205.02 (b) and (d) *and financial hardship under Puc 1202.10*. If no medical emergency *and no financial hardship* exists, the utility may proceed with the service disconnection in accordance with Puc 1203.11 *without the requirement of sending a new disconnect notice to the customer under Puc 1203.11(n)*.

IV. Current Experience with Medical Emergency Customers

Currently, approximately forty-two percent of medical emergency customers pay their bills on time. There are a few medical emergency customers who cannot afford to pay their bills in full, but who make a good-faith effort to make a partial payment each month to continue service. PSNH does not intend to change its policy with regard to such customers and will continue to work with them and provide them service as long as the customer is willing to make at least a partial payment for service. PSNH is concerned, however, that approximately half of existing medical emergency customers have made little effort to pay their bills once they were certified as a medical emergency account. This group of customers has, in total, approximately \$1,664,755 in unpaid bills that is more than 120 days in arrears, as shown in Attachment 2. This group of customers is also failing to adhere to their payment agreements.

V. Increased Costs Due to Proposed Rules

Beyond creating the loophole described above that would enable self-certified customers to significantly delay payment of their bills, the proposed rules would also require a labor intensive process to administer. The proposed rules would require more manual work to keep track of when each certification expires, which increases the utility's costs. More letters will be generated and an extensive amount of data will need to be gathered when requesting permission to disconnect. As the list of prerequisites for certification becomes shorter, the list of customers obtaining protection will become longer, thus increasing the utility's accounts receivable balances. More information will need to be provided to the Commission than the current rules require. The Commission's work load will also increase due to the fact that PSNH will be requesting permission to disconnect more customers as the number of customers who have not paid their bills on time increases. Attachment 1 presents flowcharts showing the steps involved in the disconnection process for various situations under the current rules and under the proposed rules. As shown in those flowcharts, the proposed rules would not only increase the amount of administrative burden, but would also significantly extend the time frame for payment of bills.

Such increased costs will directly affect all customers in the form of higher distribution rates. The settlement agreement approved by the Commission in PSNH's last distribution rate case (Docket No. DE 09-035) allows PSNH to increase or decrease its distribution rates for exogenous events. The proposed rules would be an exogenous event, since they would be a change in a regulatory policy that increases PSNH's distribution costs. Therefore, under the settlement, PSNH would be entitled to recovery of the increased cost associated with the new rules (both the increased administrative cost as well as the increased cost of uncollectible expense) from all

distribution customers. PSNH would therefore include such costs in its next annual filing of exogenous events and would request recovery of the costs through its distribution rates.

VI. Customers in Jurisdictions Other Than New Hampshire

Other NU affiliates have experienced first hand the adverse effects of well-intended regulation meant to shield certain customers from service termination. In Massachusetts, an unintended consequence of this type of regulation (which is, in fact, more stringent than what is proposed in New Hampshire, since protection requires a demonstration of financial hardship) was a dramatic rise in the balance of delinquent accounts in Western Massachusetts Electric Company's (WMECO) service territory.

As the number and duration of protected delinquent accounts has grown, so, too, have the associated balances. Given that hardship protected customers are often unable to make payment on their outstanding account balances, their delinquent balances continue to grow. For WMECO, total protected receivables have increased from \$4.1 million in December 2006 (prior to the implementation of medical emergency rules) to \$8.6 million in December 2010. For 2010, customers under medical protection had \$4.1 million in delinquent receivable balances, or almost half of the \$9.3 million total delinquent receivables for that year. If the Commission's proposed rules were implemented and PSNH experienced similar results, PSNH's delinquent receivable balance for distribution service could surpass \$3.4 million (as compared to \$1.7 million today).

VII. Suggestions from The Way Home Follow Up Comments (January 7, 2011)

In follow up comments dated January 7, 2011 following the January 4, 2011 Technical Session, The Way Home made four suggestions:

1. The Customer Should Be Notified that the Utility is Requesting Permission to Terminate Service,
2. The Customer Should be Afforded the Opportunity for Input,
3. The Customer Should be Notified of the Decision of the Commission Staff,
4. The Customer Should be Afforded the Opportunity for Further Review.

PSNH has no objection to the Commission adopting steps 1 through 3 above, but not step 4. The customer should be involved in addressing their payment difficulties. Too often the customer is not actively dealing with the problem, the arrears accumulate and the solution becomes more difficult. The process will be lengthy as the Staff reviews the information provided by the utility. Further review under suggestion 4 merely results in further delay. Customers today have a right to a conference with the Commission Staff. These proposed rules provide ample protection which is tied to an obligation to enter into a repayment agreement and to make a good faith effort to pay the utility bill. At the end of the Commission Staff's review, it should be clear whether the customer has or is willing to assume his or her responsibility under the medical emergency rules.

VIII. Recommendation

The proposed rules do not specify a means test for protection from disconnection for nonpayment. The existing Chapter 1200 rules have a definition of Financial Hardship. PSNH strongly recommends that financial hardship be expanded to include medical bills. The proposed

means test would be the same as subsidized housing for the elderly. Currently, medical bills are taken into account when an elderly person applies for subsidized housing. This would be updated annually per the existing rule.

PSNH firmly believes that any customer who has the means to pay their electric bill should be doing so, and we doubt that there is disagreement over that principle. When there is belief that a medical emergency protection on an account relieves the customer of the responsibility to make a good-faith effort to pay their bill, this constitutes discrimination against other customers of PSNH, and results in other customers paying for the increased cost associated with such protection. PSNH urges the Commission to avoid a subsidy for customers who could otherwise pay their bills but who avoid doing so by claiming a medical emergency. The Commission's rules should be modified to eliminate such potential gaming of the rules.

Implementation of the proposed rules will have an even more chilling effect than the current laws in Massachusetts. Unlike Massachusetts, New Hampshire is proposing to allow customers medical emergency protection without implementing a means test as to whether they can actually pay their bill. If there is no link between the ability to pay the utility bill and medical emergency certification, customers who have the means to pay their bill will no longer be required to do so. Using the Commonwealth's experience as a guide, New Hampshire's delinquent receivables could expand exponentially, burdening not only the Company with unpaid bills for services rendered, but all of PSNH's other customers as well.

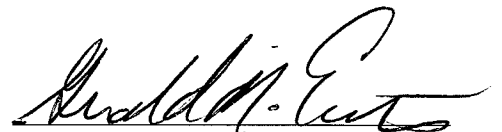
PSNH works with customers who are having difficulty paying their bills. PSNH is not advocating a change to that process, nor is it interested in increasing the number of customers that it disconnects. However, PSNH is extremely concerned about the impact that the Commission's proposed rules would have on its administrative uncollectible expense, and the consequent impact that would result to distribution rates for all customers (including other financial hardship customers who do not have medical emergencies). Simply stated, PSNH's position is that all customers who can afford to pay their bills should be required to do so. The Commission's proposed rules would provide any customer with the opportunity to significantly delay or entirely avoid paying for electricity, thus increasing costs for all other customers. This is not good public policy and should not be adopted by the Commission. PSNH strongly recommends that the Commission adopt its proposals contained herein in order to provide protection from disconnection for those customers who truly deserve such protection.

Respectfully submitted,

Public Service Company of New Hampshire

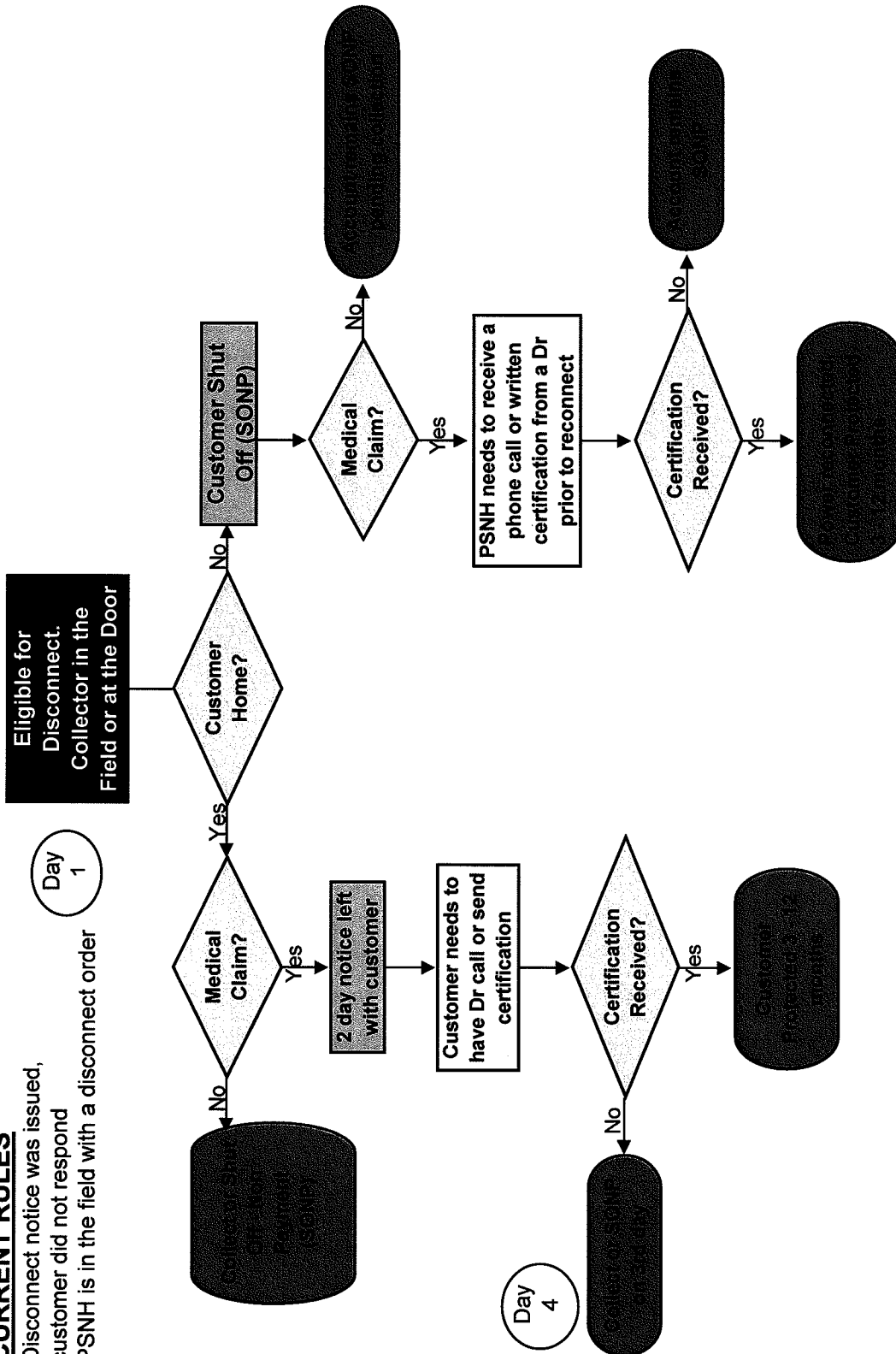
April 22 2011
Date

By:


Gerald M. Eaton
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Manchester, New Hampshire 03105-0330
(603) 634-2961

CURRENT RULES

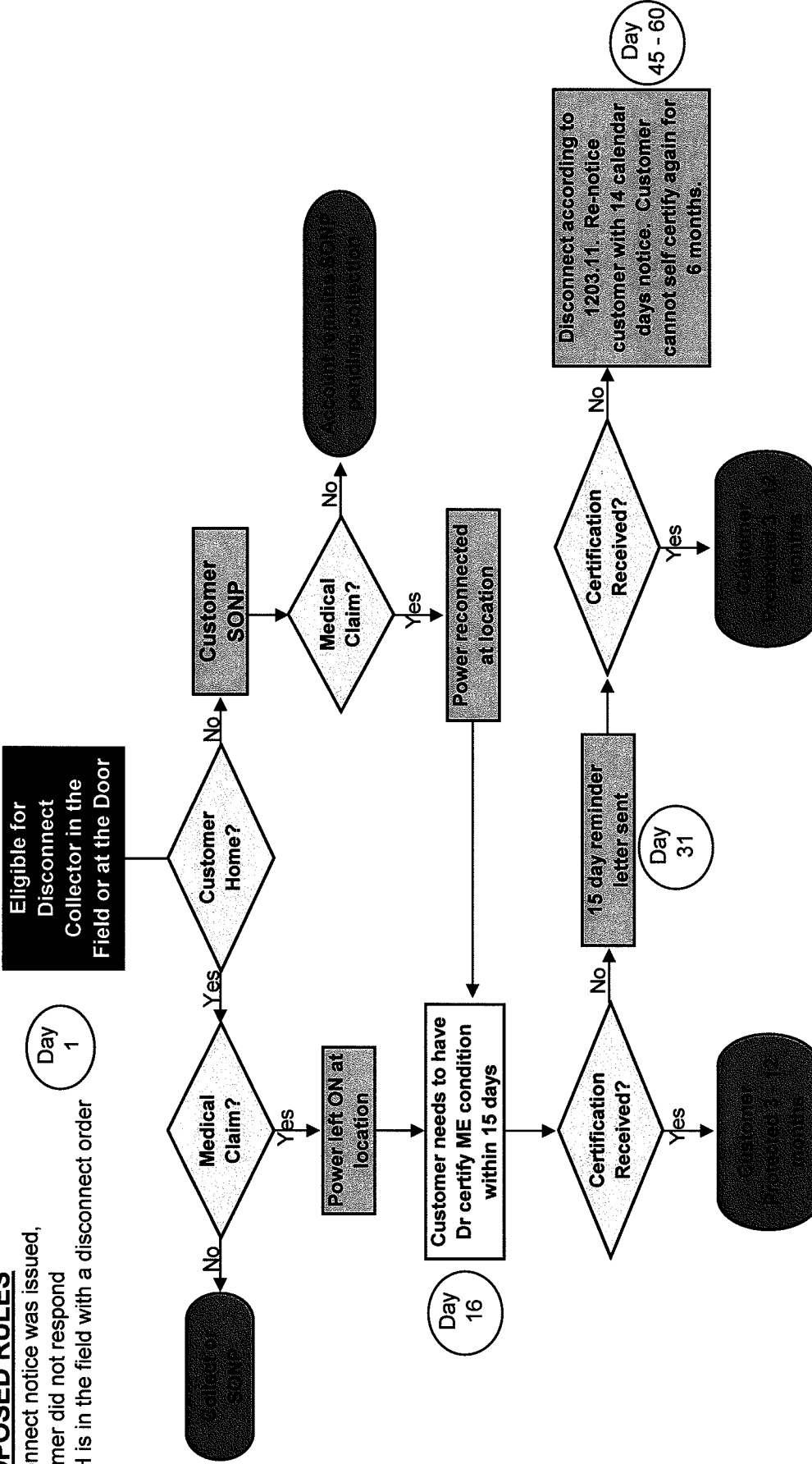
Disconnect notice was issued,
customer did not respond
PSNH is in the field with a disconnect order



CURRENT PROCEDURE: If PSNH is in the field to disconnect service and the customer claims there is a medical emergency, PSNH will leave a 2 day notice with the customer. The customer's doctor would either need to call or send written certification within 2 days or PSNH will return to disconnect service. If no contact is made and medical certification is not received, PSNH will return to disconnect service.

PROPOSED RULES

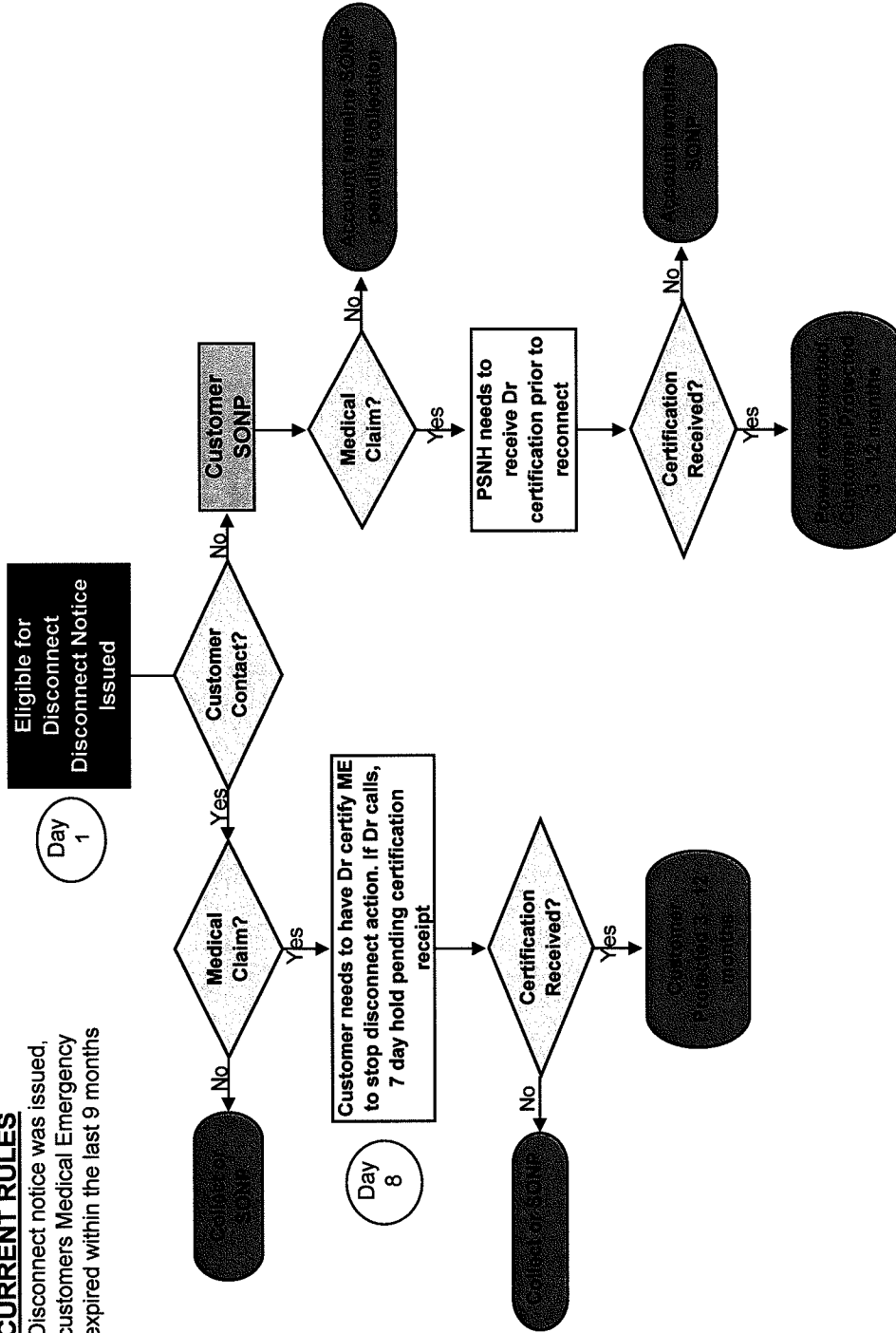
Disconnect notice was issued,
customer did not respond
PSNH is in the field with a disconnect order



PROPOSED PROCEDURE: Customer can claim medical at any point in time, even after disconnection has been completed. For those who have already been disconnected, an additional field visit will be required to reconnect service. For those customers who do not provide proper certification within 30 days of certifying, a new disconnect notice will be mailed in order to proceed with disconnection. This adds at least one more statement to the customer delinquency and delays disconnect by at least 45 days from the original disconnect notice. Customer's who falsely self certify could potentially be charged 2 collection fees (\$18) and a reconnect fee (\$35 or \$70) adding as much as \$106 to their delinquency. The following new notices will need to be created: Field Disconnect Medical Emergency, 15 Day Reminder Letter.

CURRENT RULES

Disconnect notice was issued, customers Medical Emergency expired within the last 9 months



CURRENT PROCEDURE: A disconnect notice allows the customer 14 days to contact PSNH. If customers claim a medical emergency exists before the disconnect date, they get 7 days to provide written certification before PSNH would disconnect service. If the customer claims medical on at the time of disconnection, PSNH would leave them a 2 day notice. See current procedure for "Collector in the Field with SONP order". If the disconnect was completed because the no customer contact was made and the customer called to claim medical, the customer would need to provide written certification prior to reconnection of service.

PROPOSED RULES

PROPOSED RULES
Disconnect notice was issued, customers Medical Emergency expired within the last 9 months

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graph TD
    Start([Day 1]) --> Eligible{Eligible for Disconnect Notice Issued}
    Eligible --> PSNHContact[PSNH makes direct contact with customer (in person or by phone) 2-8 days prior to disconnect date]
    PSNHContact --> PhoneContact{Phone Contact?}
    PhoneContact -- Yes --> MedicalClaim1{Medical Claim?}
    MedicalClaim1 -- No --> FieldVisit1[Field Visit Scheduled if necessary]
    FieldVisit1 --> CollectSONP1([Collect of SONP])
    CollectSONP1 --> MedicalClaim1
    MedicalClaim1 -- Yes --> CustomerHome{Customer at Home?}
    CustomerHome -- No --> MEExpired[ME Expired with balance letter left]
    MEExpired --> FieldVisit2[Field Visit Scheduled for next week]
    FieldVisit2 --> CustomerContactPSNH{Customer contact PSNH?}
    CustomerContactPSNH -- No --> PSNHSupervisor[PSNH Supervisor Reviews account]
    PSNHSupervisor --> FieldVisit3[Field Visit Scheduled if necessary]
    FieldVisit3 --> CollectSONP2([Collect of SONP])
    CollectSONP2 --> MedicalClaim2{Medical Claim?}
    MedicalClaim2 -- No --> FieldVisit4[Field Visit Scheduled if necessary]
    FieldVisit4 --> CollectSONP3([Collect of SONP])
    CollectSONP3 --> MedicalClaim2
    MedicalClaim2 -- Yes --> CustomerMECondition1{Customer needs to have Dr certify ME condition within 15 days}
    CustomerMECondition1 --> CertificationReceived1{Certification Received?}
    CertificationReceived1 -- Yes --> CollectSONP4([Collect of SONP - 3-12 months])
    CertificationReceived1 -- No --> Reminder1[15 day reminder letter sent]
    Reminder1 --> CertificationReceived2{Certification Received?}
    CertificationReceived2 -- Yes --> CollectSONP5([Collect of SONP - 3-12 months])
    CertificationReceived2 -- No --> Disconnect1[Disconnect according to 1203.11. Re-notice customer with 14 calendar days notice. Customer cannot self certify again for 6 months.]
    Disconnect1 --> Day45_60([Day 45 - 60])
    Day45_60 --> Start

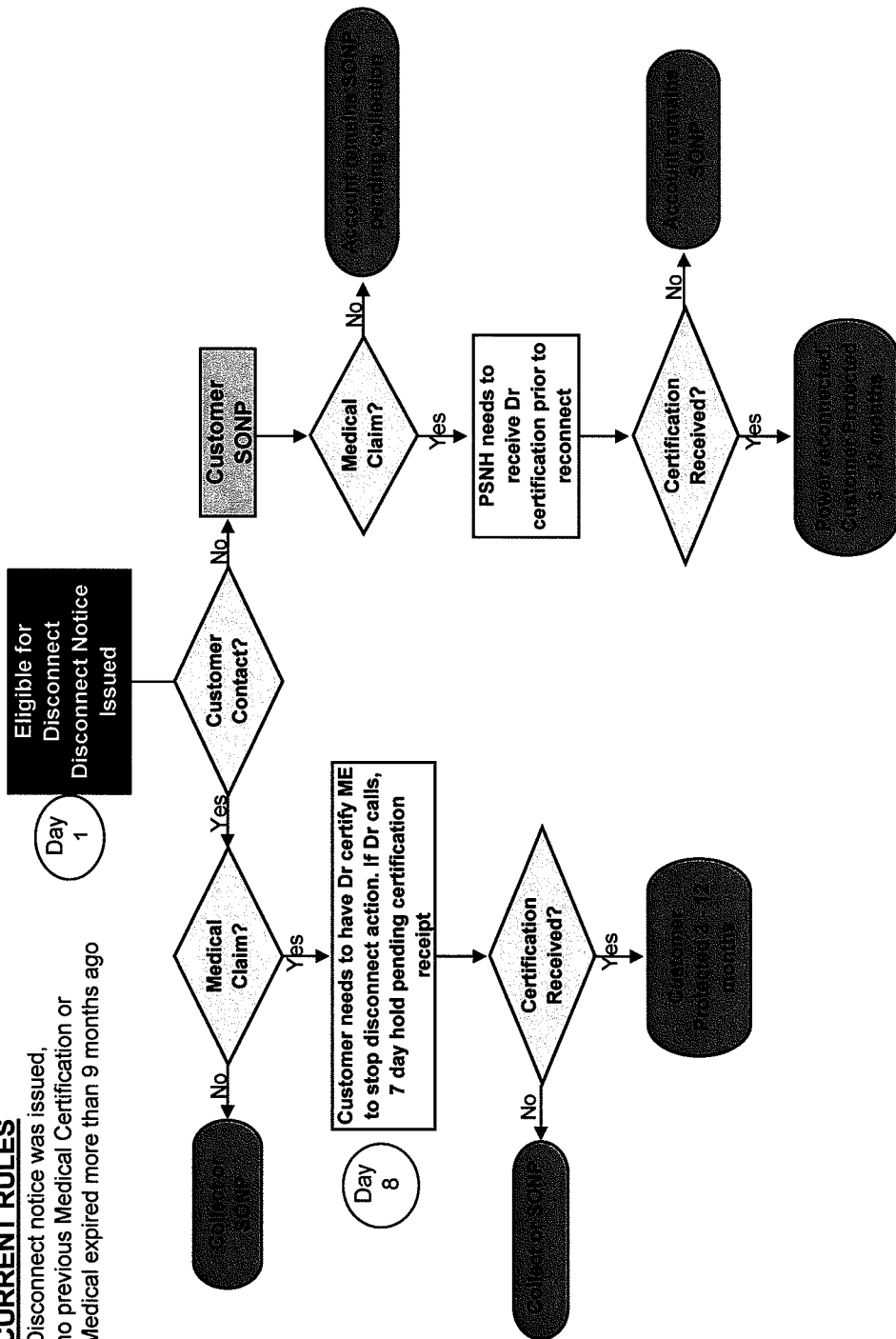
    Start --> Day16([Day 16])
    Day16 --> CustomerMECondition2{Customer needs to have Dr certify ME within 15 days}
    CustomerMECondition2 --> MedicalClaim3{Medical Claim?}
    MedicalClaim3 -- No --> CollectSONP6([Collect of SONP])
    MedicalClaim3 -- Yes --> CustomerHome2{Customer at Home?}
    CustomerHome2 -- No --> MEExpired2[ME Expired with balance letter left]
    MEExpired2 --> FieldVisit5[Field Visit Scheduled for next week]
    FieldVisit5 --> CustomerContactPSNH2{Customer contact PSNH?}
    CustomerContactPSNH2 -- No --> PSNHSupervisor2[PSNH Supervisor Reviews account]
    PSNHSupervisor2 --> FieldVisit6[Field Visit Scheduled if necessary]
    FieldVisit6 --> CollectSONP7([Collect of SONP])
    CollectSONP7 --> MedicalClaim4{Medical Claim?}
    MedicalClaim4 -- No --> FieldVisit7[Field Visit Scheduled if necessary]
    FieldVisit7 --> CollectSONP8([Collect of SONP])
    CollectSONP8 --> MedicalClaim4
    MedicalClaim4 -- Yes --> CustomerMECondition3{Customer needs to have Dr certify ME condition within 15 days}
    CustomerMECondition3 --> CertificationReceived3{Certification Received?}
    CertificationReceived3 -- Yes --> CollectSONP9([Collect of SONP - 3-12 months])
    CertificationReceived3 -- No --> Reminder2[15 day reminder letter sent]
    Reminder2 --> CertificationReceived4{Certification Received?}
    CertificationReceived4 -- Yes --> CollectSONP10([Collect of SONP - 3-12 months])
    CertificationReceived4 -- No --> Disconnect2[Disconnect according to 1203.11. Re-notice customer with 14 calendar days notice. Customer cannot self certify again for 6 months.]
    Disconnect2 --> Day45_60_2([Day 45 - 60])
    Day45_60_2 --> Start

    Start --> Day31([Day 31])
    Day31 --> CertificationReceived5{Certification Received?}
    CertificationReceived5 -- Yes --> CollectSONP11([Collect of SONP - 3-12 months])
    CertificationReceived5 -- No --> Reminder3[15 day reminder letter sent]
    Reminder3 --> CertificationReceived6{Certification Received?}
    CertificationReceived6 -- Yes --> CollectSONP12([Collect of SONP - 3-12 months])
    CertificationReceived6 -- No --> Disconnect3[Disconnect according to 1203.11. Re-notice customer with 14 calendar days notice. Customer cannot self certify again for 6 months.]
    Disconnect3 --> Day45_60_3([Day 45 - 60])
    Day45_60_3 --> Start
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The following new notices will need to be created: Field Visit Expired ME, 15 Reminder Letter

CURRENT RULES

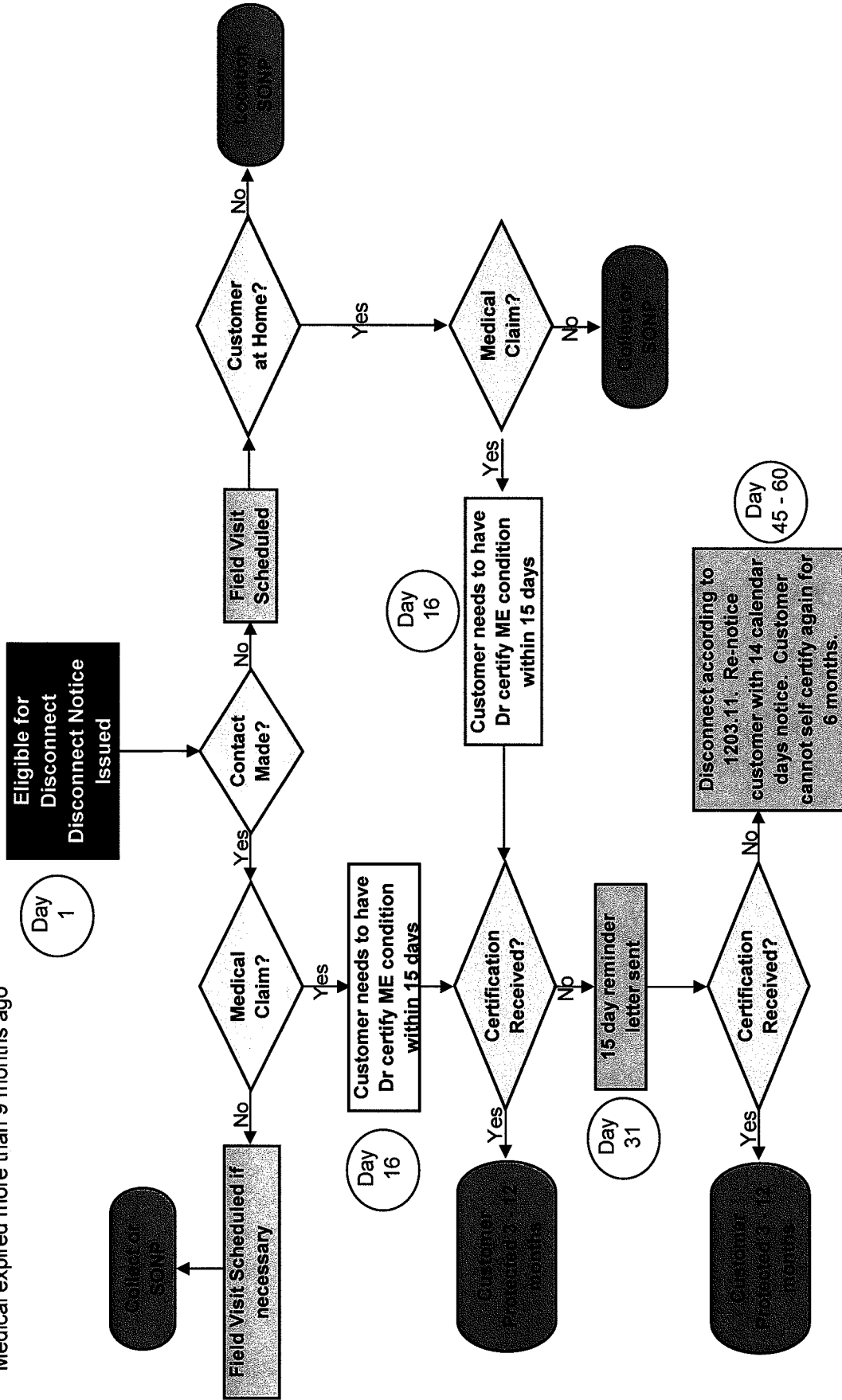
Disconnect notice was issued,
no previous Medical Certification or
Medical expired more than 9 months ago



CURRENT PROCEDURE: A disconnect notice gives the customer 14 days to contact PSNH. If a customer claims a medical emergency exists before the disconnect date, they would get 7 days to provide written certification before PSNH would disconnect service. If the customer claims a medical emergency exists on disconnect, PSNH would leave them a 2 day notice. See the Current Procedure for when a disconnect has been issued, the customer has not responded and PSNH is in the field to disconnect service. If the disconnect was completed because the no customer contact was made and the customer called to claim a medical emergency exists, the customer would need to provide written certification prior to reconnection of

Proposed Rules

Disconnect notice was issued,
no previous Medical Certification or
Medical expired more than 9 months ago



PROPOSED PROCEDURE: A customer can claim a medical emergency exists at any point after a disconnect notice is sent until the time service has been disconnected. The customer will be allowed 30 days to provide any written doctor certification. For those who have already been disconnected, an additional field visit will be required to reconnect service. For those customers who do not provide proper certification within 30 days, a new disconnect notice will need to be mailed in order to proceed with disconnection. This adds at least one more statement to the customer delinquency and delays disconnect by at least 45 days from the original disconnect notice. Customers who falsely self certify could potentially be charged 2 collection fees (\$18) and a reconnect fee (\$35 or \$70) adding as much as \$106 to their delinquency.

The following new notices will need to be created: Field Disconnect Medical Emergency, 15 Day Reminder Letter.

Attachment 2

PSNH Medical Emergency Customers (4/18/2011)						
Age	# of Customers	Balance	Avg Balance	% of Total Medical Customers	% of Total Medical Dollars	
Current						
(0-60 Days	1,214	\$ 118,993	\$ 98	50%	6%	
Behind						
(61-120 Days)	317	\$ 169,166	\$ 534	13%	9%	
Way Behind						
(121+ Days)	894	\$ 1,664,755	\$ 1,862	37%	85%	
Total	2,425	\$ 1,952,914	\$ 2,494			