

IR 13-038 Stakeholder Review of Utility Assessment Practices

**OCA Response to July 2, 2013
Staff Straw Proposal
for Recommendations to the Commission**

July 15, 2013

Now comes the Office of the Consumer Advocate (OCA) and responds to the Public Utilities Commission Staff's (Staff's) July 2, 2013 Straw Proposal regarding Utility Assessment Practices.

I. INTRODUCTION

The OCA reviewed the New Hampshire Public Utilities Commission (Commission or PUC) 2012 Docketbook for sample information regarding the time and cost regulatory impact of the different industries. Based on this data, as well as the OCA's knowledge from direct docket participation, the OCA makes the following recommendations:

- A. Policy Option: a minimum assessment of \$1,000 on all telephone utilities should be established.

The OCA does not support recommendation A.

In 2012 telecom cases made up one hundred five (105) of the approximately three hundred fifty six (356) PUC dockets opened that year. These cases included special contracts, water crossings, tariff modifications, CLEC and LEC regulation, billing and other disputes, intrastate access reform filings, Lifeline filings, interconnection agreements, contract modifications, a utility pole make ready investigation and VoIP related petitions. This accounting does not include consumer complaints to the PUC Consumer Affairs Division or the calls received by the OCA regarding telecom questions. Given the large number of regulatory filings, and the time spent responding to customer complaints and inquiries, the OCA submits it is

premature to substantially reduce the telecom assessment proportion. Such a change would shift the burden of the assessment disproportionately to other industries. While filings for the telecom industry may eventually decrease as a result of deregulation legislation, to date, telecom companies continue to require a significant portion of regulatory resources.

B. Electric And Gas Utilities Should Recover Assessment Costs Through Distribution Rates.

The OCA does not take a position on Recommendation B.

It is not clear what policy objective is met by this recommendation. The OCA's understanding of the current methodology is that it attempts roughly to match cost recovery with cost causation. Larger, complex organizations have more regulatory requirements, receive more regulatory scrutiny, receive a greater share of financial benefits and pay a greater proportionate share of the utility assessment. It is unclear what the impact of requiring assessment recovery through distribution rates will have on the relative fairness of the collection methodology.

C. Registration And Renewal Fees For Competitive Gas And Electric Suppliers And Aggregators Should Be Raised To Cover Commission Costs To Review, Monitor And Maintain Up-To-Date Accounts For Each Registrant, As Well As To Monitor And Enforce Compliance With Commission Rules.

The OCA supports recommendation C.

Electric and Gas registration filings made up one hundred and eighty six (186) of the three hundred fifty six (356) PUC dockets opened in 2012. These cases included registration requests for becoming a competitive electric or gas supplier, requests for independent monitor status, certification as a REC facility, filings to become an electric or gas aggregator, requests for waivers from rules, reregistration requests and complaints regarding terms and conditions for competitive suppliers. The year 2012 did not include a default filing or investigation which may occur from time to time as shown by the PNE Show Cause Investigation of 2013. Such investigations take up a considerable amount of regulatory resources. This accounting does not

Committee And Counsel For The Public Are Further Authorized To Assess The Applicant For All Travel And Related Expenses Associated With The Processing Of An Application Under This Chapter.”]

The OCA supports recommendation F.

In 2012, the following four projects were heard by the Site Evaluation Committee (SEC): Timbertop Wind 1, LLC; Jericho Mountain Wind; Granite State Gas and Antrim Wind Energy, LLC. The investment of resources in each instance varies by the case, with some involving months of regulatory filings and multiple days of litigated hearings and others being resolved primarily through brief paperwork. Given the changes in legislation supporting renewable energy and the need for greater gas pipeline and electric transmission access in New England, it is likely the SEC will continue to have a significant caseload. The OCA supports drafting legislation that better accounts for the regulatory costs of these proceedings and allocates such costs to the project owners.

In addition, the OCA continues to support the following suggestions from the May 23, 2013 Staff Straw proposal:

G. The Base For Assessment Could Be Broadened Through Legislation To Include Generators, Competitive Energy Suppliers, REC-Eligible Facilities And Other Entities, As Appropriate, To Reflect The Commission’s Role In Protecting New Hampshire Interests In Wholesale And Competitive Energy Markets.

There were approximately one hundred and eighty six (186) PUC dockets opened in 2012 initiated by generators, competitive energy suppliers, rec-eligible facilities and similar entities. These filings are creating a regulatory burden that currently is not subject to assessment. Raising registration and renewal fees as suggested in Recommendation C is one way to close the cost recovery gap. Comprehensive legislation is another.

include calls to the PUC Consumer Affairs Division or the calls received by the OCA regarding questions about competitive suppliers or the costs of consumer education and outreach. An increase in registration and renewal fees is a reasonable way to offset some of the costs of the regulatory burden imposed by competitive gas and electric suppliers, aggregators and REC facilities.

D. Telecommunications Companies Should Be Assessed 33 Percent Of Gross Utility Revenues, In A Manner Analogous To The Treatment Of Rural Electric Cooperatives For Which A Certificate Of Deregulation Is On File With The Commission [RSA 363-A:2].

The OCA does not support recommendation D.

There is no correlation between the regulatory burden of one rural New Hampshire electric cooperative and that of dozens of international telecom entities. Telecom entities remain extremely complex and subject to more regulatory oversight than a rural electric cooperative. They are also for profit corporations having significantly more financial resources from which to pay for the burdens they impose on the regulatory system than those of a member owned rural cooperative.

E. The Minimum Revenue Exemption From Assessment Should Be Revised To Apply Only To Water And Sewer Utilities. [RSA 363-A:5]

The OCA supports recommendation E.

It is a reasonable policy objective to broaden the number of entities contributing to the financial support of the regulatory community charged with oversight of the respective industries. The result of broadening the base will be to lessen the expense for the industries that currently pay while assessing a cost against the entities that currently require regulatory attention and do not pay for it.

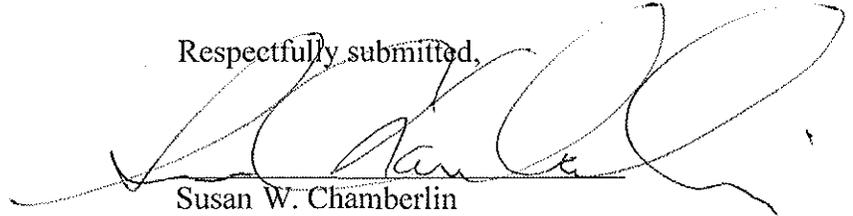
F. Legislation Should Be Introduced To Allocate PUC Expenses To The Applicant(s) Of A Site Evaluation Committee Proceeding. [See RSA 162-H:10, V: "The Site Evaluation

II. CONCLUSION

The OCA supports efforts to broaden the base of assessment recovery. At this time the OCA does not believe the telecom companies have demonstrated that their assessment should be significantly reduced as they have not shown that their regulatory burden justifies a decrease. At the very least, the assessment base should not be decreased until there is legislative authority to proportionately increase the base by bringing in entities that use regulatory resources, such as generators, competitive energy suppliers, REC-eligible facilities and other similar entities.

Thank you for the opportunity to comment on the Staff's July 2, 2013 Straw proposal.

Respectfully submitted,

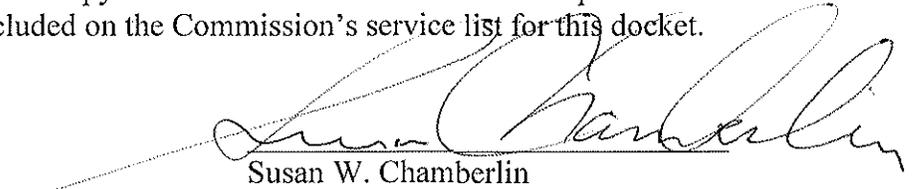


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Certificate of Service

I hereby certify that a copy of the within Comments have been provided via electronic mail to the individuals included on the Commission's service list for this docket.



Susan W. Chamberlin