

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 17-171

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
d/b/a EVERSOURCE ENERGY**

Petition for Tariff Amendment Regarding Late Payment Charge

Order Approving Tariff and Scheduling Hearing

ORDER NO. 26,081

December 1, 2017

In this Order, the Commission approves an amended tariff proposed by Eversource for effect on December 1, 2017, that extends the time after which Eversource assesses a late payment charge on customer bill payments. In addition, because the new tariff provision may not be a satisfactory long-term resolution of the issues that caused Eversource to amend the tariff, this Order schedules a hearing on January 17, 2018, to consider whether further action is appropriate.

I. PROCEDURAL HISTORY

On November 1, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed an amendment to its tariff regarding the application of late payments to customer bills, along with a technical statement describing the reasons for the amendment. Instead of allowing Eversource to assess a late payment charge on any customer account where payment was received after the due date printed on the bill, the amended tariff would allow Eversource to apply a late payment charge to accounts where bills remained unpaid for five days after the due date printed on the bill. Eversource said this change is in response to delays in the delivery and receipt of timely-mailed bill payments experienced by its payment

processing vendor, which is located in Texas. The delivery delays have resulted in the assessment of late payment charges to customer accounts with timely-mailed payments.

Eversource proposed that the amended tariff take effect on December 1, 2017.

The Office of Consumer Advocate (OCA) filed a letter of participation in this docket pursuant to RSA 363:28 on November 7, 2017. On November 15, 2017, Commission Staff filed a memorandum recommending the Commission allow the tariff to go into effect. The OCA filed a letter with its position on November 28, 2017. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2017/17-171.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

In its technical statement, Eversource stated that its customers have experienced delays in the posting of their timely mailed payments over the past several months. Eversource said that the average time for mailed payments to reach Eversource's payment processing site in Dallas, Texas, and the time for payments to be posted to customer accounts has increased from three to five business days, to seven to ten business days. Eversource noted that some payments have taken as long as twenty-one business days to post. According to Eversource, the delay is primarily caused by the U.S. Postal Service (USPS) efforts to reduce costs and focus on same-day, next-day, and Sunday deliveries. The USPS changes have resulted in a 37 percent reduction in three-day mail delivery nationwide.

Eversource said it has taken steps to improve the timeliness of payment processing and improve customer satisfaction by placing a message on customer bills emphasizing the need for

customers to allow seven to ten business days for their payment to reach the processing center. In addition, Eversource has issued a request for proposals for a new payment processing vendor located closer to Eversource's service territory, with the expectation that payments made through the USPS will be processed faster if the processing center is in or around New England. Eversource expects to transition to the new vendor in the second quarter of 2018. In the meantime, Eversource decided it was appropriate to extend the time before the Company applies a late payment charge to an account to five days after the bill is due. Eversource asserted that the change will avoid unnecessary late payment charges being assessed on customers who would otherwise have paid their bills on time.

Eversource stated it does not expect a significant revenue impact because the customers affected would otherwise have paid bills in a timely manner. Moreover, according to Eversource, late payment charges are not a significant source of revenue.

B. OCA

The OCA recommended that the assessment of late payment charges be discontinued until Eversource chooses a new payment processing contractor. According to the OCA, there is no way of knowing whether the posting delays experienced by Eversource customers in 2017 are the fault of the USPS, the payment processing contractor used by Eversource, or a combination of the two. On that basis, it is inadequate to only extend the late payment grace period while continuing to expose customers to late payment charges. In addition, the OCA pointed out that Eversource's technical statement acknowledged that the late payment charges are not a significant source of revenue. The OCA recommended that Eversource forego the insignificant late payment revenue rather than expect customers to accommodate processing delays by mailing payments sooner.

The OCA noted that suspending late payment charges would provide an incentive to Eversource to choose a new payment processor closer to New Hampshire. The OCA recommended that the Commission only allow Eversource to resume collecting late fees once customers can rely on three to five business days for mailed payments to be credited to their accounts.

C. Staff

The Commission's Consumer Services and External Affairs Division (CSEA) first heard from Eversource customers about the payment-posting delays and erroneous late payment fees in June 2017. In its memo, Staff noted that Eversource began hearing from business customers in February of this year. In working on the problem with Eversource, CSEA discovered that the Company's affiliates in Massachusetts and Connecticut are experiencing similar payment processing problems. In Massachusetts, however, late payment charges are not assessed on residential accounts, while in Connecticut, a temporary change to an affiliate tariff, similar to the change proposed for New Hampshire customers, has already been implemented.

Although Eversource has allowed customer service representatives to waive late payment fees upon receipt of a customer complaint or a complaint from CSEA, the permanent solution Eversource proposes is to find a new payment processing vendor that is in or near Eversource's service territories in Connecticut, Massachusetts, and New Hampshire. Eversource has already issued a request for proposals for a new vendor, but does not expect a new vendor to be in operation until sometime in 2018.

While noting that Eversource has taken some measures to address the payment processing delays, Staff said the extension of payment to five days after the due date printed on a mailed bill is an appropriate additional measure at this time. Staff recognized, however, that the

proposed five-day extension may not solve the problem for all customers who mail bill payments on a timely basis and are assessed late payment charges because of delivery and posting delays. On that basis, Staff requested that Eversource continue to track and report, on a weekly basis, the number of calls to its call center about payment processing delays and late payment charges, to determine whether additional action is required to protect customers from unwarranted late payment charges.

III. COMMISSION ANALYSIS

Pursuant to N.H. Code Admin. Rules Puc 1203.08, a utility may charge and collect a fee for late payment, as set forth in the utility's tariff, if payment on a bill has not been received by the due date printed on the bill. Eversource advises customers that it may take three to five business days for payments to post to customer accounts. In the event that payments do not post to accounts by the due date printed on the bill, Eversource assesses a late payment charge which, pursuant to its tariff, is 1 percent of the total bill.

Eversource is aware that the delivery and posting of payments is being delayed. As a result, customers who have mailed their payments in a timely fashion are being unfairly assessed late payments charges, and this situation has continued since at least February 2017. The proposed tariff would provide customers an additional five days following the due date printed on the bill before a late payment fee is assessed. We will allow the tariff to go into effect, but share the concerns of Staff and the OCA that customers who timely remit payment may still find their payments posted more than five days after the due date printed on the bill and subsequently be assessed a late payment fee.

The new tariff may only be a temporary measure. Given the current circumstances for Eversource customers, where posting delays are not the fault of the customer, the Commission

questions whether it is appropriate for Eversource to continue to assess late payment fees until it has demonstrated payments can be adequately processed within three to five business days from the date payment is mailed. Therefore, we will hold a hearing on January 17, 2018, and will require Eversource to provide an update on the solution to this problem as well as the number of customers who have been incorrectly assessed late payment charges under the terms of the tariff we approve today. At that time, we will consider whether assessment of late payment fees should be discontinued until Eversource can demonstrate that its vendor is able to process payments within the expected timeframe. We also require Eversource to continue to track and report to Staff, on a weekly basis, the number of calls to its call center about payment processing delays, and late payment charges. The Commission appreciates the flexibility and willingness Eversource has shown in waiving late fees, and we expect the company to continue to give customers the benefit of the doubt with respect to reasonable claims that a payment was sent in a timely manner.

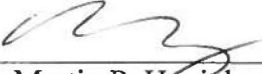
Based upon the foregoing, it is hereby

ORDERED, that the tariff proposed by Eversource is allowed to take effect; and it is

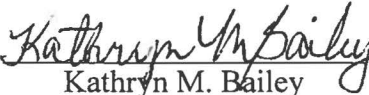
FURTHER ORDERED, that a Hearing pursuant to N.H. Code Admin. Rules Puc 203.12 take place at the Commission, 21 South Fruit Street, Concord, on January 17, 2018, at 10:00 a.m. to review the late payment charge issue as herein described; and it is

FURTHER ORDERED, that Eversource continue to track and report, on a weekly basis, the number of calls to its call center about payment processing delays, and late payment charges, to determine whether additional action is required to protect customers from unwarranted late payment charges.

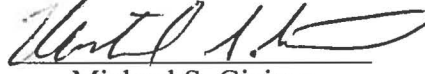
By order of the Public Utilities Commission of New Hampshire this first day of
December, 2017.



Martin P. Honigberg
Chairman

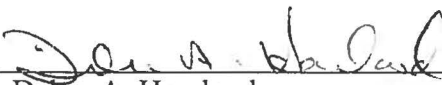


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director