

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 17-171

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

Proposed Tariff Amendment Re: Late Payment Charge

Order Requiring Waiver of Certain Late Payment Charges

ORDER NO. 26,110

March 7, 2018

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; Consumer Advocate D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

In this Order, the Commission directs Eversource to immediately stop assessing late payment charges on customers who pay their bills by mail. In addition, the Commission directs Eversource to allow customers on budget billing or payment plan arrangements who pay by check to continue those arrangements without interruption in the event that the payments received from those customers are posted after the due date. Finally, the Commission directs Eversource to inform the Commission's Consumer Services and External Affairs Division on the status of the transition to a new payment processing vendor no less frequently than monthly.

I. PROCEDURAL HISTORY

On November 1, 2017, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company) filed a proposed tariff for effect December 1, 2017. Eversource included a supporting technical statement with the tariff. The proposed tariff would extend the time for bill payments to be posted to customer accounts before being deemed late from 25 days to 30 days. Eversource said that for several months its customers had been

experiencing delays in the posting of mailed payments to the payment processing center in Dallas, Texas. Eversource noted that some payments took as long as 21 business days to post, resulting in late payments being added to customer bills even when those customers had mailed payments in a timely manner. According to Eversource, the proposed tariff change would be one step to address the payment posting issue. Eversource also added messaging on bills notifying customers to allow 7 to 10 business days for mailed payments to reach the processing center and issued a request for proposal (RFP) for a new payment processing center that is geographically closer to Eversource's service territory.

The Office of the Consumer Advocate (OCA) filed a letter of participation on November 6, 2017, and a statement of position on November 28, 2017. Staff also filed its recommendation on the proposed tariff change on November 15. On December 1, 2017, the Commission issued Order No. 26,081 approving the tariff. In its Order, the Commission expressed concern 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." Order No. 26,081 at 5. The Commission recognized that the tariff change might only be a temporary measure. The Commission scheduled a hearing on January 17, 2018, to hear from the Company and determine whether assessment of late payment fees should be discontinued until Eversource demonstrates that its vendor is able to process payments within the expected timeframe.

The hearing was held as scheduled. On January 31, 2018, Eversource provided a response to a record request made at hearing. Hearing Exhibit (Exh.) 4.

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

Eversource testified that it transitioned to a third party payment processor in May 2013 and, following that transition, regularly monitored the time it took for a mailed payment to be delivered by the U.S. Postal Service (USPS). Beginning in January and February 2017, Eversource stated that it began to see delays in the posting of mailed payments by the Dallas processing center, with delays extending to 7 to 10 business days after mailing, and up to 21 days in some instances. Following discussions with its USPS liaison and its payment processing vendor and a review of two USPS Inspector General Reports issued in 2017, Eversource concluded the delays were attributable to USPS efforts to consolidate offices across the country. Hearing Transcript of January 17, 2018 (Tr.) at 16-17. The delays occurred for payments mailed by Eversource customers in Connecticut, Massachusetts, and New Hampshire. *Id.* at 18.

When Eversource first identified the issue in January and February 2017, Eversource conducted a test using employees located in its service area. Eversource confirmed that some payments were received by the processing center fairly quickly while some payments took 10 or more days. Eversource took steps to address the issue, including the addition of messaging on the bill that recommended customers allow 7 to 10 business days for the receipt of payments made by mail. *Id.* at 22. In addition, Eversource issued an RFP in August 2017 for a vendor with a payment processing facility located within, or somewhere close to, Eversource's service territory. *Id.* at 23. At hearing, Eversource said it had narrowed the selection to a processing

facility located near Boston, Massachusetts. Eversource stated that it was in the process of negotiating a contract with that vendor. *Id.* at 24.

Eversource also pointed to its proposed tariff which would extend the time before which a payment would be deemed late by five days. Further, Eversource stated it instructed customer service representatives that, should a customer call to complain about a late fee, the representative should reverse the charge if the late payment appeared to be due to USPS delays. *Id.* at 39. Eversource conceded that the tariff did not contain any provision to provide such relief for customers, and the Company authorized the representatives to review the individual circumstances to determine if a reversal was warranted. *Id.* at 40. For those customers who paid the late payment charge without complaining to the Company, the Company did not intervene to reverse the late payment charges. *Id.* at 41-42.

Eversource admitted some payments were received at the payment processing center from 10 to 20 days after the payment was placed in the mail. *Id.* at 46. In response to questioning about whether the tariff provision extending the time allowed for payment from 25 to 30 days is adequate, Eversource testified it did not know how many complaints about the issue it had received since the tariff was revised. The Company said it could report the number of late payment charges reversed by the Company and that most reversals were likely due to mail delays, but it could not specify the number of reversals solely related to mail payment issues as there may be other reasons the payment did not reach the Company on time. *Id.* at 48. Eversource testified that the change in the tariff was intended to capture a number of customers who would incur late payment charges due to the mail delays, and it did not support an across the board waiver of late payment fees for all customers. *Id.* at 49-50. Eversource said

that it hoped to have a contract with a new payment processing center by the second quarter to eliminate the issue. *Id.* at 55.

Eversource said it can track payments and discern whether a payment is made by mail, by credit card, or by direct debit. *Id.* at 58. Eversource said it would have to look into whether the Company's customer information system could suspend late payment charges for customers who pay by mail until Eversource has a new vendor. *Id.* at 59.

The Commission made a record request to determine whether it would be possible for Eversource to waive the late payment charge for customers who pay by mail, *i.e.* by check, until such time as a new vendor is in place. *Id.* at 60. In its response to the Commission's request, Eversource said that it can "identify and segregate payments that have been made by check for separate treatment until a new payment vendor is in place. Doing so would require manually running a query of the billing system regularly (likely daily) to identify any payments made by check, and that were processed at a time late enough that the billing system will have generated a late payment charge." Exh. 4 at 1. A manual analysis would subsequently be required to determine whether the late payment was the result of a payment processing delay. In the alternative, Eversource could assume that every customer paying by check should have any and all late payment charges waived. The alternative would eliminate manual review to determine the cause of the late payment charge; however, manual queries of the billing system and a separate special program to reverse late payment charges would still be required.

Eversource concluded that the recently-modified tariff sufficiently addressed the problems with delays in the posting of payment and that the manual measures mentioned above are not warranted.

B. OCA

The Consumer Advocate noted that Eversource had known about this issue for months and had delayed its efforts to address the problem. The OCA said it was reasonable for customers to take all the time allowed by the tariff to pay their bills and that customers should not be penalized for a situation that arose from no fault of their own. The OCA said Eversource should immediately suspend further collection of late payment charges until such time as there is a new contract in place, and the Commission should order the Company to pay refunds of late payment charges that have been previously assessed, retroactive to November 1, 2017. The OCA stated further that the situation was unacceptable for customers, and that the Commission should let the Company and all other utilities know this sort of situation is not going to be tolerated in New Hampshire.

C. Staff

Staff testified that for certain customers, the consequences of delays in posting went beyond a late payment charge. Tr. at 90-91. Specifically, Staff's witness at hearing testified regarding two calls received by the Commission's Consumer Services and External Affairs Division from Eversource customers who experienced additional consequences from the late posting of payments mailed to the Dallas payment processing center. One customer mailed his payment on October 20, 2017, and the payment was not posted until November 7, 2017, a period of 18 days. Exh. 2; Tr. at 88. In addition, an Eversource customer on a budget payment plan mailed her payment in October, and payment was not posted until December. As a result, this customer had to pay a significant amount to continue eligibility for the budget payment program as her account was deemed past due. Exh. 3; Tr. at 88-89. Staff testified that, in addition to the assessment of a late fee, an individual who is on a budget plan could be removed from the plan

and have to pay twice the budget payment amount to continue on the program. Tr. at 90. Staff supported a waiver of the late payment charges despite the possible inequity in doing so for those customers who typically pay after the bill due date. Staff pointed out that the waiver would be for a limited period of time, and the amount collected in late fees on an annual basis, as testified to by Eversource, does not significantly impact Eversource's revenue. Staff concluded by saying that it would support the waiver until the new payment processor vendor is up and running.

III. COMMISSION ANALYSIS

At hearing, Eversource demonstrated a willingness to reverse a late payment charge after a customer complained. While the Commission appreciates this willingness we are concerned that the Company does not fully appreciate the magnitude of the problem as evidenced by the fact that it was unable to provide the exact number of mailed payments that experienced processing delays or were assessed late payment charges. Further, while it is appropriate for Eversource to reverse a late payment charge if the customer calls, it is unfair to those who incur such charge through no fault of their own but then pay the charge without complaint.

We are also concerned about the effects of payment processing delays that are in addition to the late payment charge. As Staff's witness pointed out, those customers who have payment arrangements or are on a budget payment plan lose eligibility for those plans and may be subject to disconnection if the customer payment posts later than the bill due date.

At this time, we find that it is appropriate and in the public interest to require Eversource to waive the assessment of late payment charges on any payment sent by mail. Although Eversource may have to engage in a manual process to implement the waiver, we find that this measure is a reasonable way to prevent the unwarranted imposition of late payment charges or further customer impacts, such as loss of eligibility for budget payment plans with the Company.

This waiver shall be in effect until further order of the Commission. We direct Eversource to keep the Consumer Services and External Affairs Division informed of its progress in transitioning to the new payment processing vendor. Eversource shall have the burden of demonstrating that there are no mail delays to the selected vendor that result in the application of late payment charges, and that the new vendor posts payments to customer accounts without delay.

Based upon the foregoing, it is hereby

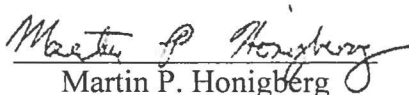
ORDERED, Eversource shall immediately stop the practice of assessing late payment charges on customer bill accounts paid by mail until further order of the Commission; and it is

FURTHER ORDERED, that Eversource shall immediately stop the practice of removing customers from budget billing or payment arrangement plans when there is a late payment from a customer who pays by mail; and it is

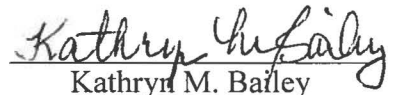
FURTHER ORDERED, that Eversource shall inform the Commission's Consumer Services and External Affairs Division at least once a month on the progress it has made in securing a new payment processing vendor and effecting the transition to the new vendor; and it is

FURTHER ORDERED, that before the Commission will revisit this Order, Eversource must demonstrate that there are no mail delays to the selected vendor that result in the application of late payment charges; and Eversource is directed to work with the Consumer Services and External Affairs Division to identify the information necessary to demonstrate the above.


By order of the Public Utilities Commission of New Hampshire this seventh day of
March, 2018.



Martin P. Honigberg
Chairman

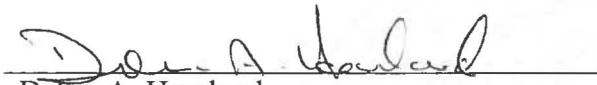


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Debra A. Howland
Executive Director