

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** July 23, 2014  
**AT (OFFICE):** NHPUC

**FROM:** Amanda O. Noonan 

**SUBJECT:** DG 14-184 Liberty Utilities (EnergyNorth Natural Gas Corp.) d/b/a Liberty Utilities Request for Waiver of Puc 1203.11 (i)

**TO:** Amy Ignatius  
Martin Honigberg  
Robert Scott  
Debra Howland

NHPUC 23JUL'14AM11:21

**CC:** David K. Wiesner, Staff Attorney

### Summary

On July 7, 2014, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) filed a Motion for Waiver of Puc 1203.11(i) (Waiver Request). In the Waiver Request, Liberty asks the Commission to partially waive the requirements of Puc 1203.11(i), which provides that “[u]nless special arrangements are made with the customer, a utility shall only disconnect service to its residential customers from 8:00 a.m. to 3:30 p.m. Monday through Thursday.” Liberty requests that the Commission grant the waiver so that it may disconnect natural gas service to its residential customers from 8:00 a.m. to 3:30 p.m. on Fridays or, in the alternative, to extend the time during which it can disconnect service to 5:00 p.m. on Monday through Thursday each week. Staff recommends that the Commission grant the alternative presented in the Waiver Request and permit Liberty to perform service disconnections Monday through Thursday from 8:00 a.m. to 5:00 p.m., through November 14, 2014. Staff further recommends that, for those customers who contact Liberty and make arrangements for repayment before 7:00 p.m., the Commission require Liberty to reconnect the customer’s utility service that day. Staff has had discussions with the Office of Consumer Advocate (OCA) regarding the requested waiver and Staff’s recommendation, and the OCA has expressed its support for the recommendation.

### Analysis and Recommendation

#### Liberty’s Waiver Request

In its Waiver Request, Liberty states it has experienced a rise in its outstanding natural gas residential customer accounts receivable. Liberty attributes this increase in part to the temporary cessation of collection activity following the September 2013 cutover of natural gas customer information systems from National Grid to Liberty, the abeyance of collection

activities during the winter months, and the relatively high cost of gas over the past winter, which resulted in higher customer bills. To help address the higher accounts receivable balances, Liberty requests that the Commission waive the provisions of Puc 1203.11(i) and authorize disconnections of service to residential customers between 8:00 a.m. and 3:30 p.m. on Friday or, in the alternative, between 8:00 a.m. and 5:00 p.m. on Monday through Thursday each week.

If authorized to disconnect service to residential customers on Fridays, Liberty would open its call center on Saturdays from 8:00 a.m. to 4:30 p.m. to provide those customers disconnected on Friday with an opportunity to make arrangements for payment and reconnection of gas service. Alternatively, if the hours during which service could be disconnected were extended until 5:00 p.m. on Monday through Thursday each week, Liberty would keep its call center open until 7:00 p.m. on those days to be available to customers wishing to make arrangements for payment and service restoration. Liberty requests that the Commission waive the provisions of Puc 1203.11(i) only until November 15, 2014.

Liberty asserts that the Waiver Request serves the public interest, stating that overall costs increase when customers do not pay their bills, as do administrative costs for managing collection activities. As these costs may be passed along to ratepayers as a whole, extending the time during which Liberty can perform service disconnections will allow for increased collection efforts, produce lower outstanding customer arrearages, and prevent some further arrearages, all of which are in the public interest. Further, as the Waiver Request proposes expiration of the waiver by November 15, 2015, the start date for the winter period as defined in Chapter Puc 1200, Uniform Administration of Utility Customer Relations, Liberty claims that customers will not be materially disadvantaged by any disconnections that occur during the duration of the requested waiver.

Liberty also asserts that the requested waiver will not disrupt the orderly and efficient resolution of matters before the Commission. In support of this argument, Liberty notes that it is not seeking a waiver of any other rule under Chapter Puc 1200, nor is it seeking any change in the manner in which the Commission accepts or handles customer inquiries under Puc 1203.11. Liberty further states that affected customers will continue to have timely recourse to the Commission, with the same level of consideration to which they are entitled under the Puc 1200 rules.

After reviewing Liberty's request for waiver of Puc 1203.11(i), Staff requested additional information in writing and verbally. Based on the additional information provided, Staff understands that Liberty did not complete its collections processes and systems until early June 2014. As a result of this delay, while Liberty was able to produce automated disconnection notices from its customer information system on April 16, 2014, it was unable to begin service disconnections until June 12, 2014. In addition, no collection activities were undertaken during the winter period as the collections process had not been finalized.

#### Consequences of Deferred Collection Activities

Liberty's failure to develop and implement a fully functional collections process until June 2014, more than nine months after cutover, is concerning. If Liberty had a collections

process in place earlier, it is likely that the increase in customer accounts receivable, as well as the increase in the number of accounts more than 60 days in arrears, would have been less than what it has experienced.

Puc 1205 provides for additional protection to customers between November 15 and March 31, the defined winter period. Puc 1205 does not prohibit collection activities or service disconnections during the winter period. Instead, it establishes a higher level of arrearages before a disconnection notice may be issued and a service disconnection performed. As was the practice of National Grid, Liberty has stated that it does not intend to disconnect service to residential gas heating customers during the winter period. Staff does not object to that practice, but notes that, because Liberty did not have a fully functional collections process in place until June 2014, Liberty lost opportunities this past winter to reduce accounts receivable and past due accounts for both non-heating and heating accounts. Disconnection notices, or past due notices, often prompt customers to apply for the federally funded low-income home energy assistance program, also known as fuel assistance. In addition, emergency financial assistance with utility bills is generally provided by social service agencies and municipal welfare agencies based on a customer having received a current disconnection or past due notice. As Liberty issued no past due notices or disconnection notices to its customers over the most recent winter period, its customers missed opportunities to receive financial assistance with which they would have paid Liberty's utility bills.

While Liberty's accounts receivable rose during the winter period, the increase was typical of the historical pattern in its accounts receivable balances. The suspension of collections activities following the September 2013 cutover of natural gas customer information systems from National Grid to Liberty, the abeyance of collection activities during the winter months, and the high cost of gas over the past winter affected Liberty's accounts receivable levels. It is apparent, however, that Liberty's inability to begin full collection activities until approximately 10 weeks following March 31, 2014, the end of the defined winter period, contributed to the continued increase in accounts receivable. The attached graph shows the level of and cyclical pattern to Liberty's accounts receivable for the period January 2011 through May 2014. The higher residential accounts receivable that Liberty has experienced is due, in significant measure, to its failure to prepare in a timely and adequate way for the transition of the collection function from National Grid to Liberty.

#### Potential Effects of Waiver Request

Puc 1203.11(i) limits utility service disconnections to Monday through Thursday from 8:00 a.m. to 3:30 p.m., in order to provide customers with timely access to the Commission to dispute a service disconnection and receive assistance in negotiating arrangements for payment and service restoration. Liberty has requested an extension of time for performing service disconnections, either through waiver of the days of the week restriction to permit Friday disconnections of residential service or through extension of the hours during which disconnections can occur on Monday through Thursday. Although extending the hours for service disconnections to 5:00 p.m. on Monday through Thursday may limit the ability of some customers to reach the Commission's Consumer Affairs Division on the day of the disconnection, those customers may contact the Consumer Affairs Division on the following

morning. Allowing Liberty to perform residential service disconnections on Fridays, however, would more significantly limit the ability of customers to reach the Consumer Affairs Division within a reasonable time and would not be in the public interest.

While the loss of gas service during the summer months has a lesser impact on customers than during the winter period, service disconnections may result in the loss of hot water and cooking facilities, creating additional financial burdens on households that may already be experiencing financial difficulty. On the other hand, Staff recognizes the potential for increased costs to all customers from higher levels of customer accounts receivable and that these potentially adverse effects must be taken into account in evaluating Liberty's Waiver Request.

### Staff's Recommendation

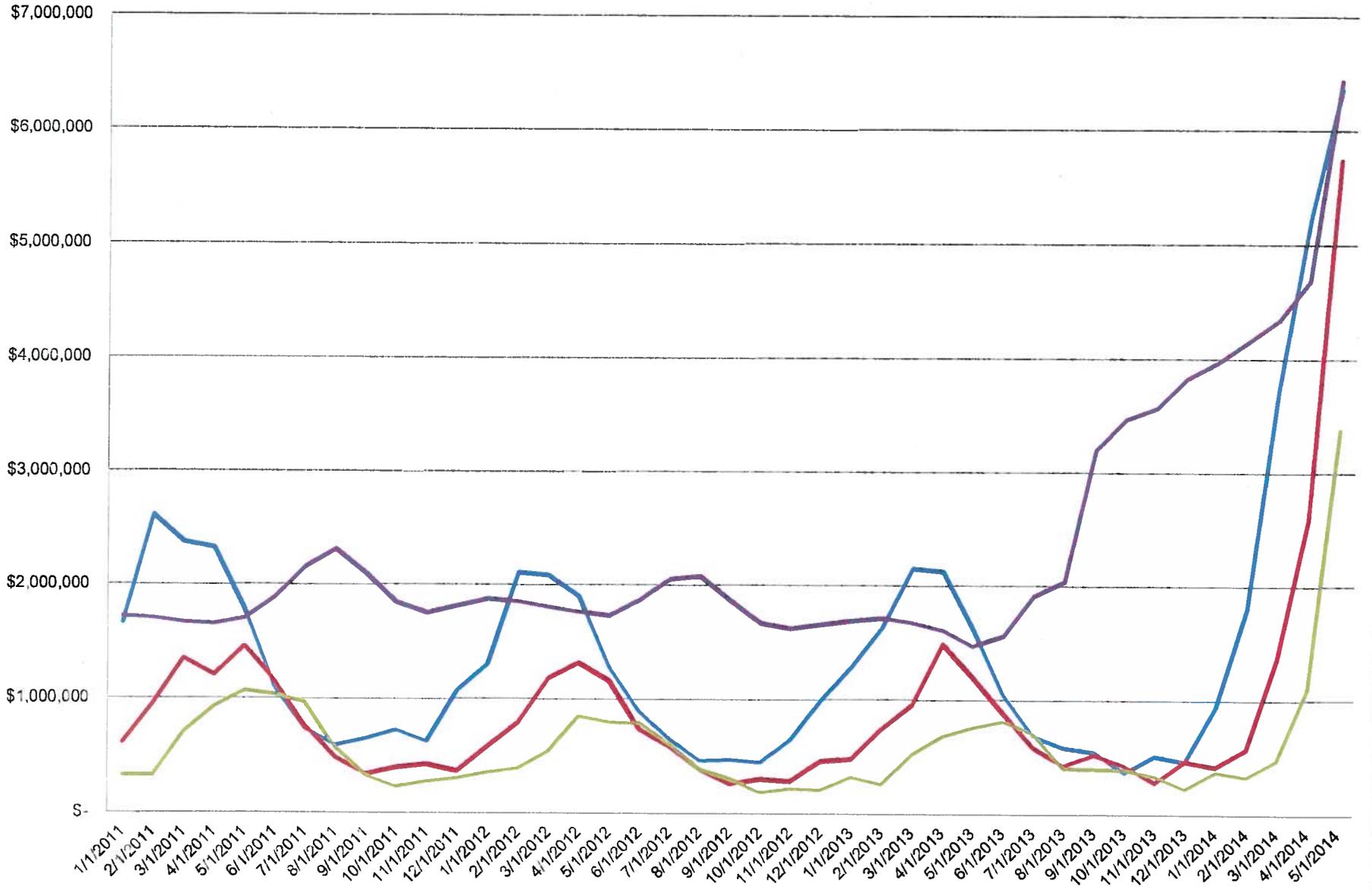
Staff believes that, on balance, Liberty has adequately supported its Waiver Request, and Staff recommends that the Commission approve the alternative approach, authorizing Liberty to perform disconnections of residential gas service until 5:00 p.m. on Monday through Thursday each week through November 14, 2014. This alternative more appropriately balances the aggregate costs to all customers with the costs to payment-troubled customers than the Friday disconnection approach. Staff notes that, denying Liberty's request to disconnect residential customers on Fridays would not prohibit Liberty from conducting other collection activities, such as outbound collection calls to residential customers, nor would it prohibit Liberty from disconnecting utility service to business customers Monday through Friday from 8:00 a.m. to 3:30 p.m., as permitted under Puc 1203.11(k).

Liberty has requested a partial waiver of Puc 1203.11(i) until November 15, 2014, arguing that it is in the public interest to conduct more disconnections in the summer months than during the winter period, and that the harm to customers is minimized given that the disconnections will be occurring at a time when they are not using natural gas to heat their homes. Staff verbally requested information regarding the hours during which Liberty will perform service restorations during the week. Liberty indicated that it would endeavor to reconnect customers that evening where possible if the customer made a payment by 7:00 p.m. Given the colder temperatures that may be experienced in October and early November, Staff recommends that, for those customers who contact Liberty and make arrangements for repayment before 7:00 p.m., the Commission require Liberty to reconnect the customer's utility service that day.

Finally, Staff recommends that the Commission grant Liberty's waiver request only through November 14, 2014, and clarify that, as of November 15, 2014, the waiver will terminate and the requirements of Puc 1203.11(i) will be fully applicable. As defined in Puc 1202.19, the winter period begins on November 15 each year. Staff believes that it was not Liberty's intent to have the waiver in effect on November 15, 2014; however, the language in Liberty's Waiver Request is not entirely clear and Staff believes this condition of the waiver warrants clarification.

### ENI ACCOUNTS RECEIVABLE JANUARY 2011 THROUGH MAY 2014

— 31 to 60 days    — 61 to 90 days    — 91 to 120 days    — >120 days



**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.