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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 22, 2009 - 10:04 a.m.
Concord, New Hampshire

RE: DE 09-170
CORE ENERGY EFFICIENCY PROGRAM:
Core Energy Efficiency Program for 2010.

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:
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Reptg. New Hampshire Electric Cooperative:
Robert Dunn, Esq. (Devine, Millimet...)

Reptg. Granite State Electric Company:
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Court Reporter: Steven E. Patnaude, LCR No. 52

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1 P R O C E E D I N G

2 CHAIRMAN GETZ: Okay. Good morning,
3 everyone. We'll open the hearing in docket DE 09-170. On
4 September 30, 2009, Granite State Electric Company, Public
5 Service Company of New Hampshire, and Unitil Energy
6 Systems and New Hampshire Electric Cooperative filed with
7 the Commission a joint proposal for CORE Energy Efficiency
8 Programs to be made available in calendar year 2010.
9 Order of notice was issued on October 1, and a prehearing
10 conference was held on October 14. Subsequently, a
11 procedural schedule was approved, noting granting of
12 Petitions to Intervene and setting forth the procedural
13 schedule that included two rounds of testimony, and a
14 hearing on the merits for this morning. And, I also note
15 for the record that a Settlement Agreement, entered into
16 by the aforementioned utilities, the Office of Consumer
17 Advocate, New Hampshire Community Action Association, the
18 Office of Energy Planning, The Way Home, the Jordan
19 Institute, the Home Builders & Remodelers Association of
20 New Hampshire, and Staff, I believe I've covered everyone,
21 was filed on December 18.

22 So, can we take appearances please.

23 MR. EATON: For Public Service Company
24 of New Hampshire, my name is Gerald M. Eaton. Good

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1 morning.

2 CHAIRMAN GETZ: Good morning.

3 CMSR. BELOW: Good morning.

4 MS. GEIGER: Good morning, Mr. Chairman,
5 Commissioner Below. My name is Susan Geiger. I'm with
6 the law firm of Orr & Reno. And, I represent Unitil
7 Energy Systems.

8 CHAIRMAN GETZ: Good morning.

9 MR. DUNN: Good morning. Robert Dunn,
10 from Devine, Millimet, on behalf of the New Hampshire
11 Electric Co-op.

12 CHAIRMAN GETZ: Good morning.

13 MS. KNOWLTON: Good morning, Chairman
14 and Commissioner Below. Sarah Knowlton, with the McLane
15 law firm, here today for Granite State Electric Company.
16 And, with me from the Company today is Jeremy Newberger
17 and Angela Li.

18 CHAIRMAN GETZ: Good morning.

19 MR. STELTZER: Good morning. My name is
20 Eric Steltzer. I'm here on behalf of the Office of Energy
21 and Planning.

22 CHAIRMAN GETZ: Good morning.

23 MR. NUTE: Good morning. Dana Nute, on
24 behalf of the New Hampshire Community Action Agencies.

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1 CHAIRMAN GETZ: Good morning.

2 MR. LINDER: Good morning. Alan Linder,
3 from New Hampshire Legal Assistance, representing The Way
4 Home. And, with me at counsel table are Dan Feltes, from
5 New Hampshire Legal Assistance, and Mary Sliney, the
6 Executive Director of The Way Home. Good morning.

7 CHAIRMAN GETZ: Good morning.

8 MS. FISCHER: Good morning. Elizabeth
9 Fischer, from the Home Builders & Remodelers Association
10 of New Hampshire.

11 CHAIRMAN GETZ: Good morning.

12 MS. HATFIELD: Good morning,
13 Commissioners. Meredith Hatfield, from the Office of
14 Consumer Advocate, on behalf of residential ratepayers.
15 And, with me for the office are Steve Eckberg and Ken
16 Traum.

17 CHAIRMAN GETZ: Good morning.

18 MR. HENRY: I'm Dick Henry, on behalf of
19 the Jordan Institute. And, I would just like to point out
20 that the Jordan Institute did not sign the Settlement
21 Agreement.

22 CHAIRMAN GETZ: All right. Thank you.

23 MS. AMIDON: Suzanne Amidon, for
24 Commission Staff. And, Mr. Henry made that decision this

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1 morning. So, that's why his name still appears on the
2 cover sheet of the Settlement. With me today is, to my
3 left, is Jim Cunningham, to his left is Tom Frantz, who is
4 the Director of the Electric Division, and to his left is
5 Al-Azad Iqbal, who is another analyst with the Electric
6 Division.

7 CHAIRMAN GETZ: Good morning. Other
8 appearances this morning?

9 MR. ANEY: Sorry for being late. I'm
10 Russ Aney, representing U.S. Energy Saver.

11 CHAIRMAN GETZ: Good morning.

12 MR. ANEY: Good morning.

13 CHAIRMAN GETZ: Okay. Mr. Eaton, have
14 you been designated to proceed here?

15 MR. EATON: We will -- I have spoken
16 with the parties who were in attendance before the hearing
17 as to a way to proceed. We would propose a panel of
18 Mr. Cunningham, from the Staff; Mr. Eckberg, from the
19 Office of Consumer Advocate; and Mr. Belair, Thomas
20 Belair, from Public Service Company, to explain the
21 Settlement and to answer any questions that the parties or
22 the Commissioners may have.

23 The kind of sticky question, if you
24 follow along, is what exhibits to mark. We would propose

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1 that the original filing of September 30th be marked for
2 identification as "Exhibit 1". And, then, the Settlement
3 Agreement marked as "Exhibit 2". Then, after that, we
4 would proceed around the room and offer the prefiled
5 testimony that the parties have made, going
6 party-by-party, the same way we introduced ourselves this
7 morning. So that I would start by marking the Rebuttal
8 Testimony of Mr. Gelineau that was filed on December 9th,
9 and then we would follow along that way. That seemed to
10 be a way that not only could we introduce and describe all
11 of the testimonies that were filed, but also relate any
12 mistakes that might be in the testimony. The witnesses,
13 most, many of the witnesses are here, if the Commission
14 had any questions, but we really are not offering the
15 testimony as -- because it says things that are different
16 than are in the Settlement, if that is a way that you find
17 acceptable to proceed.

18 CHAIRMAN GETZ: Is there any objection
19 to that procedure?

20 (No verbal response)

21 CHAIRMAN GETZ: Okay. Then, that's
22 acceptable. Mr. Eaton.

23 MR. EATON: I request that we mark for
24 identification the original filing of September 30th, 2009

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1 of the 2010 CORE New Hampshire Energy Efficiency Programs.

2 CHAIRMAN GETZ: We will mark the
3 September 30 filing for identification as "Exhibit 1".
4 And, well, we'll mark the Settlement Agreement as "Exhibit
5 2" for identification.

6 (The documents, as described, were
7 herewith marked as Exhibit 1 and
8 Exhibit 2, respectively, for
9 identification.)

10 MR. EATON: And, the original signatures
11 by the Settling Parties and the Staff were done today.

12 And, I'd offer as "Exhibit 3" a document
13 that was filed on December 9th, 2009, under a cover letter
14 from me, and it has the Rebuttal Testimony of Gilbert
15 Gelineau, and attached to that is a two-page letter from
16 the Commission dated June 19th, 2008, in docket DE 07-009.

17 CHAIRMAN GETZ: Okay. It will be marked
18 for identification as "Exhibit Number 3".

19 (The document, as described, was
20 herewith marked as Exhibit 3 for
21 identification.)

22 MS. GEIGER: Yes, Mr. Chairman. I would
23 propose to be marked for identification as "Exhibit Number
24 4" the Prefiled Reply Testimony of Thomas Palma, filed on

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1 behalf of Unitil Energy Systems.

2 CHAIRMAN GETZ: Okay. That will be
3 marked for identification as "Exhibit Number 4".

4 (The document, as described, was
5 herewith marked as Exhibit 4 for
6 identification.)

7 MR. DUNN: Mr. Chairman, I would ask
8 that we mark for identification as "Exhibit Number 5" the
9 December 9th, 2009 Rebuttal Testimony of Carol Woods.

10 CHAIRMAN GETZ: So marked.

11 (The document, as described, was
12 herewith marked as Exhibit 5 for
13 identification.)

14 MS. KNOWLTON: Mr. Chairman, I would
15 propose that we mark for identification as "Exhibit 6" the
16 prefiled Rebuttal Testimony of Jeremy Newberger, dated
17 December 9th, 2009, filed on behalf of Granite State
18 Electric Company. And, I would note that there is one
19 correction to the testimony, on Page 2, Line 16, refers to
20 "200 kWh", it should be "200 kW".

21 CHAIRMAN GETZ: Thank you. That's so
22 marked.

23 (The document, as described, was
24 herewith marked as Exhibit 6 for

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1 identification.)

2 MR. NUTE: Mr. Chair, I have, as number
3 "7", Exhibit Number 7 is rebuttal testimony of Dana Nute,
4 for the Community Action Agencies.

5 CHAIRMAN GETZ: It's so marked as
6 "Exhibit Number 7" for identification.

7 (The document, as described, was
8 herewith marked as Exhibit 7 for
9 identification.)

10 CHAIRMAN GETZ: Mr. Linder.

11 MR. LINDER: Mr. Chairman, I have two
12 pieces of testimony to be marked. One is the -- on behalf
13 of The Way Home. One is the Direct Testimony of Roger D.
14 Colton, C-o-l-t-o-n, on behalf of The Way Home, dated
15 November 6th, 2009, which I would propose as "Exhibit
16 Number 8". And, the second piece of testimony on behalf
17 of The Way Home is Rebuttal Testimony of Roger D. Colton,
18 on behalf of The Way Home, dated December 9th, 2009, which
19 I would propose as "Exhibit 9" please.

20 CHAIRMAN GETZ: So marked.

21 (The documents, as described, were
22 herewith marked as Exhibit 8 and
23 Exhibit 9, respectively, for
24 identification.)

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1 MS. HATFIELD: Thank you, Mr. Chairman.
2 I have two sets of testimony I'd like to mark on behalf of
3 the OCA. The first, which I believe would be
4 "Exhibit 10", is the Direct Prefiled Testimony of Stephen
5 R. Eckberg, filed on November 6, 2009, and the second,
6 which would be "Exhibit 11", is Rebuttal Testimony of
7 Kenneth E. Traum and Stephen R. Eckberg, filed on
8 December 9th, 2009.

9 CHAIRMAN GETZ: Okay. They will be
10 marked respectively as Exhibits 10 and 11 for
11 identification.

12 (The documents, as described, were
13 herewith marked as Exhibit 10 and
14 Exhibit 11, respectively, for
15 identification.)

16 MS. AMIDON: Mr. Chairman, I have two
17 exhibits which I would like to mark for identification.
18 The first is the Direct Testimony of James J. Cunningham,
19 Jr., on behalf of Staff, which was filed on November 6,
20 and I propose that be marked for identification as
21 "Exhibit 12".

22 CHAIRMAN GETZ: So marked.

23 (The document, as described, was
24 herewith marked as Exhibit 12 for

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1 identification.)

2 MS. AMIDON: The second is the
3 Supplemental Testimony of James J. Cunningham, Jr., on
4 behalf of Staff, which was filed on December 9th, 2009,
5 which I would propose to be marked for identification as
6 "Exhibit 13".

7 CHAIRMAN GETZ: So marked.

8 (The document, as described, was
9 herewith marked as Exhibit 13 for
10 identification.)

11 MS. AMIDON: Thank you.

12 CHAIRMAN GETZ: Thank you. Ready for
13 the panel?

14 MR. EATON: Yes. I would like to call
15 to the stand Mr. Thomas Belair, Mr. James Cunningham, and
16 Mr. Stephen Eckberg. I believe counsel will each qualify
17 their own witnesses.

18 (Whereupon Thomas R. Belair, Stephen R.
19 Eckberg, and James J. Cunningham, Jr.
20 were duly sworn and cautioned by the
21 Court Reporter.)

22 THOMAS R. BELAIR, SWORN

23 STEPHEN R. ECKBERG, SWORN

24 JAMES J. CUNNINGHAM, JR., SWORN

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 DIRECT EXAMINATION

2 BY MR. EATON:

3 Q. Mr. Belair, would you please state your name for the
4 record.

5 A. (Belair) My name is Thomas Belair.

6 Q. By whom are you employed?

7 A. (Belair) I'm employed by Public Service Company of New
8 Hampshire.

9 Q. What is your position and what are your duties?

10 A. (Belair) I'm Team Lead for the Energy Efficiency Group
11 at PSNH. And I'm responsible for the implementation of
12 the CORE Energy Efficiency Programs.

13 Q. Did you have a hand in preparing the September 30th
14 filing that's been marked as "Exhibit 1" for
15 identification?

16 A. (Belair) Yes, I did. I worked with all four electric
17 utilities to do so.

18 Q. And, did you also respond or work on responses to data
19 requests in this proceeding?

20 A. (Belair) Yes, I did.

21 Q. Have you previously testified before this Commission?

22 A. (Belair) I did one time, for the 2007 CORE Energy
23 Efficiency filing.

24 Q. And, do you remember what docket number that was?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 A. (Belair) I think it was DE 06-135.

2 Q. And, are you prepared to answer questions concerning
3 the Settlement Agreement?

4 A. (Belair) Yes, I am.

5 MR. EATON: Thank you.

6 MS. HATFIELD: Good morning, Mr.
7 Eckberg.

8 WITNESS ECKBERG: Good morning.

9 BY MS. HATFIELD:

10 Q. Could you please state your full name for the record.

11 A. (Eckberg) My name is Stephen R. Eckberg.

12 Q. By whom are you employed?

13 A. (Eckberg) I'm employed by the Office of Consumer
14 Advocate.

15 Q. And, what is your position with the OCA?

16 A. (Eckberg) I serve as a Utility Analyst.

17 Q. Have you previously testified before the Commission?

18 A. (Eckberg) Yes, I have testified before the Commission
19 in my current capacity with the Office of Consumer
20 Advocate, and also previously as the Statewide
21 Administrator of the Electric Assistance Program, when
22 I was employed by Belknap-Merrimack Community Action.

23 Q. Did you file testimony in this docket?

24 A. (Eckberg) Yes, I did.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 Q. And, I believe that was marked for identification as
2 "Exhibits 10" and "11", is that correct?

3 A. (Eckberg) That is correct. My direct testimony is
4 "Exhibit 10" and joint rebuttal testimony with Mr.
5 Traum is "Exhibit 11", yes.

6 Q. And, did you work on the Settlement Agreement in this
7 case on behalf of the OCA?

8 A. (Eckberg) Yes, I did.

9 Q. And, are you prepared today to help describe the
10 Settlement to the Commission?

11 A. (Eckberg) I am prepared.

12 MS. HATFIELD: Thank you.

13 CHAIRMAN GETZ: Thank you.

14 MS. AMIDON: Thank you, Mr. Chairman.

15 BY MS. AMIDON:

16 Q. Mr. Cunningham, will you please state your name for the
17 record.

18 A. (Cunningham) Yes. My name is James J. Cunningham, Jr.

19 Q. And, what is your employment?

20 A. (Cunningham) My employment is with the New Hampshire
21 Public Utilities Commission as a Utility Analyst.

22 Q. And, have you testified before the Commission before?

23 A. (Cunningham) Yes, I have. I have testified in a
24 variety of cases, water, gas, and electric company

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 cases.

2 Q. Did you prepare the testimony that has been marked for
3 identification as "Exhibit 12", which would be your
4 direct testimony?

5 A. (Cunningham) Yes, I did.

6 Q. And, did you prepare the rebuttal testimony, which is
7 marked for identification as "Exhibit 13"?

8 A. (Cunningham) Yes, I did.

9 Q. And, do you have any questions -- I mean, any
10 corrections regarding that testimony?

11 A. (Cunningham) Yes, I do. I have a minor correction with
12 respect to the direct testimony. On Page 13 of my
13 direct testimony, there was a sequence error in the
14 numbering of the bullet points that I was developing
15 with respect to the Fuel Blind Program. The bullet
16 point "5", should have been bullet point "4", and there
17 was a chain error subsequently; "6" should have been
18 "5", "7" should have been "6", on Page 15, "8" should
19 have been "7".

20 Q. Are those the only corrections?

21 A. (Cunningham) Yes.

22 Q. Okay. Thank you. And, did you participate in the
23 settlement discussions that are subject of the hearing
24 today?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 A. (Cunningham) Yes, I did.

2 Q. And, are you prepared to answer questions regarding the
3 Settlement Agreement?

4 A. (Cunningham) Yes, I am.

5 MS. AMIDON: Thank you.

6 CHAIRMAN GETZ: Who will lead here?

7 MR. EATON: Are counsel going to
8 question their own witnesses or should I go through the
9 entire direct?

10 MS. AMIDON: I can question

11 Mr. Cunningham.

12 MS. HATFIELD: Shall I begin?

13 MR. EATON: Yes.

14 BY MS. HATFIELD:

15 Q. Mr. Eckberg, if you would turn to what's been marked as
16 "Exhibit 2".

17 A. (Eckberg) Is that the Settlement Agreement itself?

18 Q. Yes.

19 A. (Eckberg) Thank you.

20 Q. And, if you turn to Page 4, do you see "II. Settlement
21 Terms" on that page?

22 A. (Eckberg) Yes, I do.

23 Q. And, could you begin with a brief description of what
24 is contained in Paragraph A please.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 A. (Eckberg) Gladly. Paragraph A discusses the CORE
2 Program meetings and quarterly reports that are planned
3 for the upcoming program year 2010. Until now, the
4 CORE electric utilities have filed quarterly reports,
5 and the utilities and parties in the docket have met
6 quarterly also to discuss the programs and program
7 results, and other issues. During this year's docket,
8 over the last several months, there have been many
9 issues identified, both in discussions and in
10 testimony, about various improvements and issues with
11 the CORE Programs. And, as a result of that, the
12 parties have agreed to meet monthly during the upcoming
13 program year, rather than quarterly, in order to
14 provide adequate opportunity to thoroughly air and
15 review all those issues that have arisen. So, that is
16 a change from previous years, the monthly meetings.
- 17 Q. If you look at the middle of that paragraph, is there a
18 list of issues that the Parties and Staff have
19 described as those that should receive priority for
20 consideration during 2010?
- 21 A. (Eckberg) Yes, indeed, there are. A list of items has
22 been provided here. I believe there's about seven
23 items that are listed on Pages 4 and going onto Page 5
24 as well. Those are some of the issues that we've

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 identified as priority issues during the discussions of
2 this docket.

3 And, over on Page 5, this paragraph,
4 this section continues, and the electric utilities have
5 also agreed to provide with their quarterly reports an
6 additional report component, which is a reconciliation
7 reflecting System Benefit Charge revenues, FCM, that's
8 the Forward Capacity Market, proceeds and expenses, as
9 well as expenditures, by program, and any interest
10 applied to monthly balances. And, this additional
11 component to the quarterly reports on the programs is
12 very similar to something that the natural gas
13 utilities currently provide with their monthly reports.
14 So, it's an effort to sort of align the information and
15 reporting across all of the energy efficiency programs
16 that we have out there in the marketplace today.

17 Q. And, Mr. Eckberg, if you look back right at the very
18 first sentence of Section A, the language states that
19 "The Settling Parties and Staff will meet monthly
20 instead of quarterly to review the CORE Programs and
21 related issues." Is it your understanding that those
22 meetings are open to any interested party?

23 A. (Eckberg) That's certainly my understanding. I don't
24 believe that this language is intended to exclude any

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 parties that have not signed onto the Settlement
2 Agreement, but have heretofore been participating in
3 the dockets, or, if there are other parties that wanted
4 to join in, I imagine that it's the intention of this
5 language to be inclusive of those parties as well.

6 Q. And, if you look to the very last sentence of Section
7 A, which appears on Page 5, it states that "The
8 Settling Parties and Staff also agree that it is
9 appropriate to create working groups to address
10 specific issues." Do you see that language?

11 A. (Eckberg) Yes, I do.

12 Q. I want to ask you a few questions about that. Would
13 you agree that it may be appropriate for non-Settling
14 Parties and other interested parties to participate in
15 those working groups?

16 A. (Eckberg) Again, I believe, it's my impression at
17 least, from the OCA's perspective, that parties that
18 did not sign onto the Settlement Agreement, but who are
19 active participants in this process, would be welcome
20 to participate in subgroups. In the past, we had a
21 working group or a subgroup that evaluated and
22 discussed the low income budget, and that there were a
23 number of participants in that, I believe that there
24 was a small report that was produced from that effort

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 that was attached to my direct testimony. And, so, I
2 think that, if other parties wanted to participate in
3 such a working group, they would be welcome to.

4 Q. And, you just mentioned a report that was filed by the
5 Low Income Working Group. Do you think it might be a
6 good idea for any working groups created through this
7 process commit to reporting on their work, so that all
8 of the parties and potentially the Commission can be
9 apprised of the work of those subgroups?

10 A. (Eckberg) I think that would be a very appropriate step
11 for any working groups or subgroups to take,
12 absolutely.

13 MS. HATFIELD: Thank you. I believe
14 Staff is going to testify on the next issue.

15 MS. AMIDON: Thank you, Mr. Chairman.

16 BY MS. AMIDON:

17 Q. Mr. Cunningham, going along the Settlement Agreement,
18 where Attorney Hatfield left off on Page 5, the next
19 subject is "Performance Incentives". And, I wanted to
20 ask you to summarize, if you would, the Settlement
21 provisions relating to performance incentives.

22 A. (Cunningham) Yes, I'd be happy to. I'd just like to
23 comment briefly on what my colleague, Mr. Eckberg, just
24 said about subgroups, however, before I answer your

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 question. I think there's a certain degree of
2 confidentiality that we like to afford the workings of
3 the subgroups. And, so, I would suggest -- I would
4 just add to what Mr. Eckberg said that, provided that
5 the work of the subgroup has been made available to the
6 CORE -- the major CORE team, and the CORE team has
7 taken a position on it, then I think it would be ripe
8 for that information to be passed onto the Commission.
9 Prior to that, I think it would not be ripe for passing
10 on to the Commission.

11 But let me proceed now with the question
12 you asked about "performance incentives". With respect
13 to the performance incentives, the Settlement Agreement
14 provides that the utilities, at Page 5 and 6, that the
15 utilities agree to complete the prior year performance
16 incentive filings by June 1. And, at the top of
17 Page 6, that the utilities will include an
18 end-of-the-year reconciliation, to document and
19 identify any carry forward balances.

20 I think we just heard my colleague,
21 Mr. Eckberg, talk about the reconciliation. It's my
22 understanding that that reconciliation that Mr. Eckberg
23 talked about is the same reconciliation that we're
24 talking about here, that will be added to the

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 performance incentive filing at year-end.

2 Q. What are some of the benefits you see to this provision
3 on performance incentives and reporting?

4 A. (Cunningham) Yes. I think -- I was very appreciative
5 of the work we did this past year on performance
6 incentives, and the utilities were very cooperative.
7 We had a few suggestions. One of them was this filing
8 -- filing date to provide administrative ease for the
9 process of reviewing the performance incentives. This
10 particular Settlement Agreement I think is very
11 valuable. It provides consistency across all the
12 utilities with respect to the timing of the filing.
13 And, it also provides administrative ease for Staff to
14 have an opportunity to review the filings of each of
15 the respective utilities.

16 Q. Thank you. Moving onto the next subject, we have is
17 "Audits", on Page 6, at the top. Without getting into
18 the specific reporting that was found in audit reports,
19 would you please summarize this provision for the
20 Commission.

21 A. (Cunningham) Yes, I'll be happy to. This audit was a
22 major undertaking. The first time since the inception
23 of the CORE Programs that the New Hampshire PUC
24 auditors went out into the field and visited all of the

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1 utility companies. It was a major undertaking. The
2 topics and issues that resulted from the audits of the
3 four utilities are available and summarized in my
4 testimony as "Attachment A" to my direct filed
5 testimony. The Settlement Agreement, at Page 4,
6 discusses the terms of the Settlement.

7 Q. Mr. Cunningham, do you mean "Page 6"?

8 A. (Cunningham) Page -- Actually, I mean "Page 4". This
9 section on "CORE Programs Meetings and Quarterly
10 Reports" has a bullet item in it that talks about
11 reviewing the findings of the 2009 Commission Staff
12 audits. That's one point in the Settlement Agreement
13 that discusses the Staff audit.

14 Q. Thank you.

15 A. (Cunningham) The next point is on Page 6. Page 6, top
16 of that page, discusses the "[year-end] reconciliation
17 to document and identify any carry forward balances."
18 This was an agreement that was reached with the
19 utilities in part during the audit report. Also, on
20 Page 6, the incremental costs incurred by the utilities
21 is discussed, and the Settlement Agreement indicates
22 that those audit costs should be recoverable. Again,
23 on Page 6, it talks about these audit costs as being
24 appropriately charged to the CORE administrative

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1 expenses. And, the last point on Page 6 is, as we
2 noted earlier, I believe, and as it's repeated in the
3 text of the Settlement Agreement here, the "proceeding
4 did not afford the opportunity to fully review all
5 [the] audit findings," and therefore the findings will
6 be reviewed in the first quarter as a subject of
7 discussion by the CORE Management Team.

8 Q. And, Mr. Cunningham, do you think that deferring these
9 audit issues to the next quarter is reasonable?

10 A. (Cunningham) The number of activities that the CORE
11 team is charged with are very challenging. I think
12 it's reasonable. I think it's doable. But it's very
13 challenging. I will make that point.

14 Q. Thank you. The next issue, which is a Staff issue, is
15 "Monitoring and Evaluation". Which, if you go to
16 Page 7 of Exhibit 2, it begins about six lines from the
17 bottom. Would you please summarize that provision for
18 the Commission.

19 A. (Cunningham) I just had one other point I wanted to
20 make on the audit, the final point, and that's on Page
21 10, before I respond to your question, counsel. On
22 Page 10, the New Hampshire PUC audit included a finding
23 pertaining to interest on F -- Forward Capacity Market
24 proceeds.

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1 Q. Mr. Cunningham, are you referring to Paragraph 4 on
2 Page 10?

3 A. (Cunningham) Yes.

4 Q. Thank you.

5 A. (Cunningham) Thank you. Yes. And, Mr. Belair, I
6 believe, will be addressing this issue in more detail.
7 And, with respect to "monitoring and evaluation", the
8 Settlement Agreement, at Page 7, indicates that the
9 responsibility for monitoring and evaluation efforts
10 was transferred from the electric utilities to the
11 Commission Staff in 2006.

12 Q. You don't need to read the section, Mr. Cunningham. I
13 just would ask for a summary.

14 A. (Cunningham) Right. Right. Since that time, Staff has
15 been working in coordination with the electric
16 utilities, and the activities that we'll be continuing
17 to work with with the utilities this coming year
18 include some short-term and some long-term activities.
19 Over the short-term, the utilities will be conducting
20 impact evaluations for the ENERGY STAR Program, Page 8,
21 I'm now on Page 8. They will be conducting also an
22 impact evaluation on the Small Business Energy
23 Solutions Program. And, the third impact evaluation
24 will be on the 2009 Home Energy Solutions Fuel-Neutral

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1 Pilot Program.

2 In addition to that, there is a major
3 initiative put forward in the Settlement Agreement to
4 begin developing a multi-year monitoring and evaluation
5 plan. Now, this plan will be generally consistent with
6 the plan that's attached to Exhibit 2, --

7 Q. Are you talking about Attachment -- I'm sorry.

8 A. (Cunningham) -- it's Attachment B.

9 Q. I believe so, yes. That's what I was --

10 A. (Cunningham) I believe it's attached to Exhibit 2. No,
11 I'm sorry. It's attached to Exhibit 1. The very last
12 piece of Exhibit 1 is the 2009-2010 Monitoring and
13 Evaluation Plan. And, the multi-year plan will be
14 generally consistent with that plan. And, that plan
15 will be subject to a major activity item in the first
16 quarter in 2010, with the Staff and Settling Parties
17 developing a request for proposal for issuance by
18 February 1st, 2010, and ultimately engaging a
19 consultant by March 31, 2010.

20 Q. Mr. Cunningham, to correct the reference, if I look at
21 Exhibit 2, that's the Settlement Agreement. And, on
22 Page 8, in the discussion of the "Monitoring and
23 Evaluation", about four lines up from the end of that
24 discussion it refers to "Attachment B". And, when I

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1 look to Attachment B, which is a seven-page document at
2 the very end of the Settlement, I read at the top
3 "2009-2010 New Hampshire Energy Efficiency Program
4 Evaluation Plan". Is that the plan that you were
5 referring to as "Attachment B to Exhibit 1"?

6 A. (Cunningham) Yes, it is.

7 Q. Okay. I just want that corrected for the record.

8 A. (Cunningham) Thank you.

9 Q. Do you have any additional comments, Mr. Cunningham,
10 regarding "Monitoring and Evaluation"?

11 A. (Cunningham) Yes, I do. We're continuing to look in
12 the short-term at the impact of the GDS study for
13 additional opportunities. And, my colleague,
14 Mr. Belair, can discuss it, I believe, a little bit
15 further. But there's another item that's also on the
16 short-term radar screen, and that pertains to the
17 Forward Capacity Market and the design of any studies
18 that might be required to be consistent with the ISO
19 requirements with respect to the Forward Capacity
20 Market. In 2009, the utility, PSNH, looked at this
21 issue, and I think they may be looking at it again in
22 2010.

23 MS. AMIDON: Thank you, Mr. Chairman.

24 That concludes my questioning.

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1 MR. EATON: Good morning, Mr. Belair.

2 BY MR. EATON:

3 Q. Could you please turn to Page 6 of the Exhibit 2, the
4 Settlement Agreement. And, could you briefly describe
5 the Section D, on "Gas Program Coordination".

6 A. (Belair) Sure. Section D discusses the coordination
7 between the electric utilities and the gas utilities on
8 their energy efficiency programs. And, what this says
9 is, in addition to the provisions in Section II, or
10 (J), which we talk about putting a combined plan
11 together for 2011, we'll continue to meet with the
12 natural gas utilities that offer energy efficiency
13 programs and develop recommendations to improve the
14 coordination of the delivery to customers in New
15 Hampshire of energy efficiency opportunities. We'll
16 also work with the gas utilities, the Settling Parties
17 and Staff on some of the common services that will
18 enhance that coordination further and provide increased
19 customer understanding of the programs offered by both
20 the gas and electric utilities, and look to reduce the
21 cost of delivering energy efficiency programs in New
22 Hampshire even further.

23 Q. Thank you. Mr. Belair, could you turn to Page 7, and
24 could you describe the agreement that the parties have

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1 come to regarding the budget level for the Home Energy
2 Assistance Program?

3 A. (Belair) Sure. As a high level, the Parties and Staff
4 have agreed to fund the energy efficiency program --
5 the Home Energy Assistance Weatherization Program, at
6 14 and a half percent of the total budget. As you can
7 tell from the record, there's been a significant amount
8 of work by both the many parties through technical
9 sessions and in the testimony of PUC Staff, the Office
10 of Consumer Advocate, The Way Home, Community Action
11 Agency, and a lot of work done in conjunction with the
12 other parties in this dockets.

13 So, the Settling Parties and Staff agree
14 to continue working together to develop a formula for
15 the low income Home Energy Assistance Program budget in
16 2010. And, for 2010, the Settling Parties and Staff
17 agreed to fund this program at 14 and a half percent,
18 as I just said, of the total available funds for the
19 2010 CORE Programs. The Settling Parties also agreed
20 that the formula approach developed by Staff is one
21 approach that will be considered in future discussions.
22 And, finally, the Settling Parties would like to
23 acknowledge the significant time and effort of the
24 Commission Staff to begin the development of this

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1 formula for the Home Energy Assistance Program.

2 Q. Mr. Belair, could you refer to the "Marketing Plan" on
3 Page 8 of the Settlement, and describe what the parties
4 have undertaken for that?

5 A. (Belair) Section G, on Page 8, is the "Marketing Plan".
6 And, this section was added because the utilities
7 increased the marketing budget considerably this year,
8 from past years. And, this increase was a direct
9 result of the Public Utilities Commission audit. And,
10 one thing specifically in an audit they had suggested
11 that we take the cost of the New Hampshire Saves
12 Catalog and put that in marketing. So, that's one of
13 the bigger ticket items that was moved into marketing,
14 and it came out of rebates and customer services in the
15 past. So, we've increased that budget because of that.
16 So, the utilities agreed to provide a marketing plan
17 for 2010 with a detailed budget allocation by the end
18 of January to review with the Settling Parties and
19 Staff to get their input. In the meantime, the
20 utilities will continue marketing, using their current
21 existing marketing plan approach.

22 MR. EATON: Mr. Chairman, we're going to
23 move into the utility-specific issues. And, we don't have
24 a witness on the panel from National Grid, but there is a

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1 witness here, if the Commission has any questions.

2 BY MR. EATON:

3 Q. I'd like to move first to the issue of the Fuel Blind
4 Pilot. Mr. Belair, on Page 9 of the Settlement
5 Agreement, the Settlement discusses the agreement that
6 the Settling Parties and Staff came to regarding the
7 Fuel Blind Pilot. Could you just briefly summarize
8 that agreement.

9 A. (Belair) Sure. For the Fuel Blind Pilot, in the 2010
10 filing, PSNH and Unitil proposed budgets to do a
11 full-scale Fuel-Neutral Program under the Home
12 Performance with ENERGY STAR Program, it used to be
13 Home Energy Solutions Program. The Settling Parties
14 and Staff agreed that PSNH and Unitil will continue the
15 Fuel-Neutral Pilot Program, and, in 2010, have PSNH
16 serve an additional 200 homes and have Unitil serve an
17 additional 100 homes. These are in addition to the
18 homes that were authorized in 2009 under the June 4th
19 Commission Order Number 24,974.

20 Consistent with that order, Unitil and
21 PSNH will continue to earn a performance incentive only
22 on the electric saving portion of the program. And,
23 PSNH and Unitil will continue to serve electrically
24 heated homes, natural gas heated homes in conjunction

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1 with the gas utilities, high use electric homes, and
2 we'll continue to do lighting and refrigerator
3 replacements through that program. If, while we're
4 implementing that program, we find there are more
5 customers interested in participating in the
6 Fuel-Neutral Program, in excess of the 200 of PSNH and
7 the 100 of Unitil, PSNH and Unitil will keep tabs on
8 and maintain a wait list, and may petition the
9 Commission for approval to serve additional customers.

10 The next provision says that we won't
11 reallocate funds out of this program to other programs
12 until at least the second quarter of 2010, if we're
13 unable to fill that program up.

14 At the end of the 2009 heating season,
15 which PSNH and Unitil will evaluate the fuel-neutral
16 homes that we've completed to determine the program's
17 effectiveness, and we'll have the evaluation contractor
18 to review the findings with Parties and Staff.

19 Q. Next, could you describe the agreement that the parties
20 have reached regarding the 2 percent set aside of
21 unencumbered funds that's authorized under RSA 125-0?

22 A. (Belair) Sure. This one affects PSNH only. And, what
23 PSNH agreed to do is that it will not undertake any new
24 projects with the 2 percent set aside funds authorized

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1 by that law. That the Company will not transfer any
2 2009 funds into the set aside until we review the
3 methodology with interested parties and Staff.
4 Something that we did with the Audit Staff as well.
5 PSNH will start accruing interest on the set aside
6 funds as of January 1st, 2010. And, the issue of
7 interest prior to that date and whether penalties will
8 be assessed will be addressed by the Audit section that
9 Mr. Cunningham discussed earlier. And, all interest
10 accrued will be added to the CORE Program's fund
11 balance.

12 Q. Thank you. Now, could you discuss the Forward Capacity
13 Market payments?

14 A. (Belair) PSNH will transfer the FCM, the Forward
15 Capacity Market, payments that we receive from ISO-New
16 England net of any related expenses to the System
17 Benefit revenue balance, and begin to accrue interest
18 on these funds as of January 1st, 2010, with the
19 interest added to the CORE Program fund balance. And,
20 again, the issue of interest prior to that date will be
21 addressed via the Audit section of this Settlement
22 Agreement.

23 MR. EATON: Mr. Chairman, we don't have
24 a witness on the stand who can address the

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1 utility-specific issue for the Co-op, but I believe Ms.
2 Woods is in the hearing room and is able to answer any
3 questions the Commission might have. Now, I believe the
4 OCA will describe the Section J in the CORE Program
5 filing.

6 CHAIRMAN GETZ: Thank you.

7 MS. HATFIELD: Thank you, Mr. Chairman.

8 BY MS. HATFIELD:

9 Q. Mr. Eckberg, would you please turn to Page 11 of the
10 Settlement Agreement.

11 A. (Eckberg) Yes. I'm there.

12 Q. And, do you see Section J that's titled "2011 CORE
13 Program Filing"?

14 A. (Eckberg) Yes, I see that section.

15 Q. Could you just briefly describe what the parties agreed
16 to with respect to the 2011 filing.

17 A. (Eckberg) Gladly. The parties in this docket have
18 agreed to, generally, to make the 2011 CORE Program
19 filing earlier in the year, in order to allow more time
20 to review the components and programs in that program
21 -- in those programs. And, specifically, the
22 Settlement indicates here, on Page 11, that the CORE
23 Program filing will be made "no later than August 1st,
24 2010".

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1 Q. And, if you look at the next sentence, can you describe
2 the agreement that's been reached in regard to any
3 parties putting forth proposals for 2011?

4 A. (Eckberg) Yes. That is an important thing to identify
5 as well. Thank you for asking about that. But, again,
6 during the discussions in this docket, there were many
7 new ideas and different proposals discussed for
8 programs and changes to existing programs. And, the
9 parties have agreed, as it states here in this
10 Settlement, that, if any party wishes to make a
11 specific proposal, that they should do so "no later
12 than April 30th", and provide that proposal to all the
13 parties, with sufficient details that it can be
14 discussed at one of the monthly meetings, which will
15 occur throughout the year.

16 Q. And, the following sentence references the goal of
17 developing an integrated program for the gas and
18 electric utilities. Do you recall that that's been
19 discussed over at least the last year, that that's a
20 goal for January 1st, in 2011?

21 A. (Eckberg) Yes, I do recall that. I participated also
22 in the natural gas energy efficiency dockets, and that
23 issue was discussed there as well.

24 Q. And, to follow up on an earlier question I asked you,

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1 again, here you'll see the language refers to the
2 "Settling Parties and Staff", but would you also agree
3 that, in this case, these discussions and meetings and
4 the opportunity to propose new ideas for the CORE
5 Program, is not intended to preclude non-Settling
6 parties and other interested parties from
7 participating?

8 A. (Eckberg) I would agree. That's certainly my
9 impression of the discussions. And, I don't believe
10 that the use of the language here, that says "the
11 Settling Parties and Staff agree", is truly intended to
12 exclude other parties. I don't believe that's the
13 case.

14 MS. HATFIELD: Mr. Chairman, that
15 concludes my questions on that section. I did have a few
16 follow-ups. I'd be happy to do them now, if you wish?

17 CHAIRMAN GETZ: Please.

18 BY MS. HATFIELD:

19 Q. Mr. Belair, you were testifying a few minutes ago about
20 the evaluation of the Fuel Blind Program. Do you
21 recall that?

22 A. (Belair) Yes.

23 Q. And, on Page 10, you were referencing language at the
24 top of the page that states that "PSNH and Unitil shall

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1 promptly evaluate" that program. Do you recall that?

2 A. (Belair) Yes.

3 Q. And, is it true that you actually have already started
4 that process, and that you've been working with the
5 Parties and Staff to ensure that that evaluation is
6 ready to go as soon as the heating season is finished?

7 A. (Belair) Yes. And, what we've done so far is we've met
8 to discuss hiring a contract evaluator to look at the
9 information that we have now, to make sure that we have
10 everything we need for a thorough and thoughtful impact
11 evaluation.

12 Q. Thank you. And, Mr. Eckberg, if you would look at the
13 cover letter to the Settlement Agreement.

14 A. (Eckberg) Yes, I have that.

15 Q. If you would look at the second paragraph, you will see
16 that Attorney Amidon included some language in this
17 cover letter noting that there has been an announcement
18 that legislation has been introduced. Are you familiar
19 with that?

20 A. (Eckberg) I am familiar with the announcement and the
21 paragraph here in this cover letter, yes.

22 Q. Is it fair to say that that was sort of a late-breaking
23 development, when the parties were in the middle of
24 settlement agreements -- excuse me, settlement

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1 discussions in this case?
2 A. (Eckberg) I would say, yes, it's a very -- it's very
3 fair to say that it was a very late-breaking
4 development. That occurred during the negotiation of
5 this Settlement Agreement. And, it was specifically
6 for that reason that we -- that I believe Attorney
7 Amidon included this paragraph in the cover letter,
8 because, as all parties were working diligently to wrap
9 up this Settlement Agreement, we became aware of this
10 possible legislation, which may have an impact on the
11 total availability of energy efficiency funds through
12 the Systems Benefit Charge. And, so, we wanted to
13 acknowledge that this Settlement Agreement is based
14 really on the filing as made by the CORE utilities, but
15 that we may have to revisit this Settlement Agreement,
16 if there are significant changes in the overall funding
17 availability. That may have impacts on multiple
18 programs.

19 MS. HATFIELD: Thank you very much. I
20 have no further questions for the panel.

21 CHAIRMAN GETZ: Thank you. Well, let me
22 just address order of cross then. I think we're part way
23 down the approach that I would recommend, is give the
24 counsel for the sponsoring witnesses the opportunity to

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1 cross first. Then, turn to the parties that have signed
2 the Settlement Agreement. And, then, to the parties who
3 have not signed the Settlement Agreement, which I believe
4 are Mr. Aney and Mr. Henry. And, then, we would turn to
5 the Commission.

6 So, Ms. Amidon, do you have any
7 questions for other members of the panel?

8 MS. AMIDON: No thank you, Mr. Chairman.

9 CHAIRMAN GETZ: Mr. Eaton?

10 MR. EATON: I have no questions.

11 CHAIRMAN GETZ: Ms. Geiger?

12 MS. GEIGER: No thank you.

13 CHAIRMAN GETZ: Mr. Dunn?

14 MR. DUNN: No questions, Mr. Chairman.

15 CHAIRMAN GETZ: Ms. Knowlton?

16 MS. KNOWLTON: I have none.

17 CHAIRMAN GETZ: Mr. Steltzer?

18 MR. STELTZER: Sorry.

19 CHAIRMAN GETZ: Do you have any
20 questions for any members of the panel?

21 MR. STELTZER: Yes. I was just -- I'm
22 trying to figure out the process and the order here, and
23 whether it was just on the Settlement Agreement that I'm
24 asking questions on or can it be over the CORE proposal

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1 from -- that's Exhibit 1?

2 CHAIRMAN GETZ: Well, we have -- I guess
3 we have at least one witness up there that can speak to
4 that, sponsoring it, Mr. Belair. So, I guess, if you have
5 questions with respect to -- that the panel can respond to
6 on Exhibits 1 or 2, then please proceed.

7 MR. STELTZER: Well, I'll start my
8 questions. If I get off track, certainly reel me back in
9 and we can redirect it then.

10 CHAIRMAN GETZ: Actually, before you
11 start, Mr. Steltzer, this is off the record.

12 (Brief off-the-record discussion
13 ensued.)

14 CHAIRMAN GETZ: All right.

15 MR. STELTZER: Thank you.

16 CROSS-EXAMINATION

17 BY MR. STELTZER:

18 Q. Mr. Belair, on the marketing budget, what has been the
19 marketing budget for the last two to three years on the
20 CORE Program, in general?

21 A. (Belair) We've had a marketing budget about 3, \$350,000
22 for the past four or five years.

23 Q. Okay. And, over that time frame, in general, how much
24 of that marketing budget has been spent?

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- 1 A. (Belair) I don't know the specific amount, but we've
2 typically not spent the whole amount. What we've tried
3 to do as much as possible is, if we're -- if we're
4 doing well in the program and we don't need to spend
5 the budget, we won't spend it. And, we'll use that
6 money for rebate, customer rebates and services to
7 other customers.
- 8 Q. To that end, would the utilities object to taking a
9 review of the marketing budget as outlined in the
10 Settlement Agreement that a marketing plan would be
11 submitted at the end of January, to take a hard look at
12 how those dollars are being spent?
- 13 A. (Belair) Sure. I think that's what we said we would do
14 as part of the Settlement Agreement.
- 15 Q. Great. Mr. Cunningham, regarding the Home Energy
16 Assistance Program, there's been quite a bit of work
17 this technical session on the -- on developing a
18 formula. Could you -- could you speak to how that --
19 how that was raised as a concern to be addressed for
20 this session? Specifically, I'm referring to any sort
21 of order that Staff interpreted to be guiding them to
22 direct -- to directing them to come up with a formula
23 to determine the Home Energy Assistance Program?
- 24 A. (Cunningham) I think I understand your question. In

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1 the Commission's order approving the 2009 energy
2 efficiency programs, there was an activity item in the
3 text of that order that addressed the requirement to
4 revisit the budget for the Home Energy Assistance
5 Program.

6 Q. And, was it your interpretation that, by revisiting the
7 budget, that that was to develop a formula?

8 A. (Cunningham) The formula approach was the result of the
9 discussions we had in the subgroup. It kind of evolved
10 from the starting point of, beginning with the
11 Commission order, to take a look at the allocation and
12 evolved into a discussion of a possible formulaic
13 approach.

14 Q. Thank you. Moving onto the program goals, Mr. Belair,
15 how do the electric utilities determine the program
16 goals and how many kilowatt-hours are going to be saved
17 for each of the different programs?

18 A. (Belair) Each program is very different. But what we
19 -- we look at the historical, we work with the program
20 administrators, those are the people who are in charge
21 of each specific program, and we look at what the past
22 performance has been, we look at what energy savings
23 we're getting and what measurements we're getting. For
24 example, we might be getting a lot of lighting, and not

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1 very many HVAC systems. And, we might -- we'll look
2 and see what the measurements is and we'll look at what
3 the average savings are for rebates spent. And, we use
4 that as a guide to project where we're going forward
5 with those programs. And, we look and see what market
6 saturation is taking place. If it looks like we're
7 retrofitting most of the 400 watt metal halite
8 fixtures, we might, you know, reduce our lighting
9 energy savings going forward, because we may not have
10 that many of that type of fixture left to retrofit.

11 So, we look at where we've been. We
12 look at what the trends are. And, we look to see
13 what's going on in the future that might affect those
14 trends. I think, when we had Hurricane Katrina, the
15 price of metal went up. So, the cost went up. So, it
16 would cost more to retrofit some of the equipment that
17 we were working with customers on. So, we look at the
18 past performance. We look at where things are going.
19 And, we make a decision on where the savings look like
20 they're going to be going forward.

21 Q. And, is it accurate to say that those program goals are
22 developed by the staff of electric utilities?

23 A. (Belair) Yes. Most of them are done by staff of the
24 electric utilities. But, sometimes we're using

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1 prescriptive energy savings that might come from the
2 ENERGY STAR website or EPA. And, we'll look at some of
3 the savings that are prescriptive that are national
4 standards.

5 Q. And, over the last few years, is it accurate to say
6 that the performance incentive is budgeted at
7 8 percent, but the utilities can receive up to
8 12 percent?

9 A. (Belair) That's how it works. And, the utilities can
10 receive zero percent if they don't meet some certain
11 hurdles that we have as well.

12 Q. And, over the last few years, in general, how -- what
13 percent have the electric utilities received for the
14 performance incentive?

15 A. (Belair) My recollection would be that most of the
16 years we receive somewhere between eight and ten, ten
17 and a half percent. Most of the utilities have done
18 that.

19 CHAIRMAN GETZ: Mr. Belair, I think it
20 would be helpful if you pulled the microphone closer.

21 WITNESS BELAIR: Oh. Sorry.

22 BY MR. STELTZER:

23 Q. Mr. Eckberg, in Exhibit 10, which is the direct
24 testimony by yourself on the 6th of November, when you

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1 have that, let me know.

2 A. (Eckberg) I have that exhibit.

3 Q. If you could refer to Page 16, Lines 2 through 6.

4 A. (Eckberg) I'm there. Yes.

5 Q. Could you just expand on those thoughts that you have
6 listed out here?

7 A. (Eckberg) Well, these lines in my direct testimony say
8 that "the OCA does believe that the shareholder
9 incentive mechanism needs to be improved to include
10 more focused and targeted metrics of performance, and
11 to foster and recognize market transformation effects."
12 In a previous discussion, or in the discussion over the
13 previous several pages of my direct testimony, or
14 perhaps it's in the ensuing several pages of my
15 testimony, I discuss several ideas that might be useful
16 in modifying the existing shareholder incentive
17 mechanism.

18 And, basically, the suggestions that I
19 had I think do make the -- or, would make the
20 shareholder incentive mechanism, one might say, a
21 little bit more complicated, perhaps, but truly my
22 suggestions were oriented towards trying to tie program
23 goals with incentive metrics. That's really what the
24 gist of my suggestions was, to try and evolve the

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1 shareholder incentive mechanism from its relatively
2 simple structure that it's had for the last, well,
3 since the inception of the CORE Programs, into
4 something a little bit more modern, if you will. And,
5 I do refer to some specific suggestions, and I do
6 provide a link where the OCA has provided electronic
7 access to the energy efficiency docket in Connecticut,
8 which discusses some components of the shareholder
9 incentive that's in place for several large utilities
10 in Connecticut. Which seemed interesting and perhaps
11 valuable, and that the CORE group could discuss and
12 evaluate.

13 Q. And, Mr. Eckberg, in Exhibit 2 the Settlement
14 Agreement, on Page 4, let me know when you have that in
15 front of you.

16 A. (Eckberg) Exhibit 2, Page 4. I'm there.

17 Q. This is "Settlement Terms", II, and then Section A, the
18 "Core Programs Meetings/Quarterly Reports". This was
19 an area that you went over earlier in the day. In the
20 middle of that paragraph, there's a sentence that says
21 "review of the performance incentive to ensure that
22 incentives are appropriately aligned with CORE Program
23 goals." Is it accurate to say that that essence of the
24 Settlement Agreement would be to have a discussion of

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1 some of the questioning that's been happening here?

2 A. (Eckberg) Yes, it is. And, I would -- I would suggest
3 that I -- I certainly don't interpret this phrase here
4 in the Settlement Agreement to mean that the
5 performance incentives, as they are currently
6 structured, are not aligned with program goals. It's
7 just that, in the suggestions that I made in my direct
8 testimony, I was really, I think, providing an
9 opportunity for the group to consider different goals,
10 perhaps more finely tuned goals for some of the
11 programs, and to incorporate metrics in the shareholder
12 incentives that would connect to those goals.
13 Hopefully, that's responsive to your question.

14 Q. Perfect. Thank you.

15 A. (Eckberg) Okay.

16 Q. Mr. Belair, regarding automation of data entry into
17 inventory tools, are you aware of any occurrences in
18 New Hampshire where electric utility data is
19 automatically downloaded into an inventory tool, such
20 as EPA Portfolio Manager?

21 A. (Belair) We -- Most of the utilities do have a program
22 called "Energy Profiler, that usage data is downloaded
23 into that program for display purposes for commercial
24 and industrial customers. With respect to EPA's

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1 Portfolio Manager, there are -- there are not any
2 electronic mechanisms in place today to download data
3 from electric utility usage data for residential
4 customers or small commercial customers into EPA's
5 Portfolio Manager. I will tell you that I've done it
6 several times, and it's not that difficult to do
7 manually. But none of the utilities have electronic
8 means to do that at this point in time.

9 Q. Are you familiar with some of the programs in other New
10 England states that are working towards automation of
11 data entry, including any utilities through Northeast
12 Utilities in Connecticut?

13 A. (Belair) I'm not familiar with what anyone has done so
14 far at this point. We have been looking at downloading
15 data into an Excel spreadsheet that could be uploaded
16 into EPA's Portfolio Manager, but they don't have the
17 electronic capability to receive that data. They only
18 have the ability to download to it.

19 Q. And, would the electric utilities object towards
20 working over the next year to advance the
21 infrastructure to make the connection for automation of
22 data entry into an inventory tool, either working with
23 the State, the State partners, or potential third party
24 providers?

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1 A. (Belair) I think the utilities would be willing to talk
2 about, you know, look into what it would take to do
3 that, and work with other people to see, you know, what
4 they need for it and what we can do.

5 MR. STELTZER: Great. Thank you.

6 That's all my questions. Thank you.

7 CHAIRMAN GETZ: Thank you. Mr. Nute?

8 MR. NUTE: No questions.

9 CHAIRMAN GETZ: Mr. Linder?

10 MR. LINDER: Yes, I do have a few
11 questions.

12 BY MR. LINDER:

13 Q. Mr. Belair, could you turn to the Settlement Agreement,
14 at Page 4 please. That's Exhibit Number 2.

15 A. (Belair) I'm there.

16 Q. Do you see II, entitled "Settlement Terms"?

17 A. (Belair) Yes, I do.

18 Q. Do you see that introductory paragraph that begins "The
19 Settling Parties and Staff agree"?

20 A. (Belair) Yes.

21 Q. And, you see it says "The Settling Parties and Staff
22 agree that it is lawful and consistent with the public
23 interest for the Commission to approve the Electric
24 Utilities' 2010 CORE Proposal, subject only to the

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1 modifications described in this Settlement Agreement"?

2 A. (Belair) Yes.

3 Q. I know you're not an attorney, and I'm not asking you
4 for a legal opinion. But can you tell the Commission
5 why you feel, on behalf of the Companies, that the
6 Settlement Agreement is consistent with the public
7 interest, and what terms and provisions do you feel are
8 in the public interest, and that therefore the
9 Commission would be justified in approving it as being
10 in the public interest? Would it be all the terms and
11 provisions that you discussed in direct questions to
12 you today?

13 A. (Belair) I think all the Settlement terms that we have
14 here in this section are what we've all agreed to as
15 modifications to the CORE Energy Efficiency Programs.
16 And, I'm not quite sure how to answer your question,
17 Alan. I apologize.

18 Q. Okay. Mr. Eckberg, would you be able to address that
19 question? Do you feel that the provisions in the
20 Settlement Agreement are in the public interest and are
21 there any particular ones that you might want to bring
22 to the Commission's attention that you think are
23 particularly in the public interest, justifying the
24 approval by the Commission of the Settlement Agreement?

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- 1 A. (Eckberg) Well, I would certainly wish to preface any
2 remarks by saying or by connecting to your opening
3 statement, Mr. Linder, that I am not an attorney, and
4 this language here is something which I believe
5 generally the attorney that I work with in developing
6 the Settlement Agreement reviewed, to be sure that our
7 office was comfortable with that statement. But I
8 personally would interpret the phrase "consistent with
9 the public interest" in terms of this Settlement
10 Agreement, to mean that we have reached overall a set
11 of reasonable compromises, among a lot of competing
12 issues, among a lot of competing programs, that serve
13 both commercial/industrial and residential customers.
14 And, from my perspective in developing this Settlement
15 Agreement, I feel that we have worked to try and
16 balance the interests of all those customer groups,
17 particularly, of course, the OCA is more concerned with
18 our charges to represent residential customers, of
19 course, so our focus is there. But I believe that we
20 have achieved a reasonable balance of issues here. So,
21 I think, for me at least, that connects with
22 "consistent with the public interest", which is the
23 phrase you inquired about.
- 24 Q. Thank you. Mr. Cunningham, do you have anything you'd

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1 like to add to that?

2 A. (Cunningham) Yes, I do. I have a half a dozen or so
3 things I'd like to add. I'd like to recommend to the
4 Commission that they approve this Settlement Agreement
5 for a number of reasons. And, the first and foremost
6 is, the Settlement Agreement provides for another New
7 Hampshire PUC audit record in 2010, to review the costs
8 and revenues of the 2009 program year. The Settlement
9 Agreement in this regard is a valuable audit-related
10 resource for the CORE Management Team. And, I believe
11 the Settlement Agreement should be approved so that the
12 CORE team can receive continuous -- continuing audit
13 input.

14 Second, I think the Settlement Agreement
15 provides for a multi-year M&E plan. This plan will
16 help to prioritize evaluation activities and provide a
17 tool to improve program design going forward.

18 Third, the Settlement Agreement provides
19 for a continuation of the Fuel-Neutral Pilot Program
20 for another year. This continuation allows PSNH and
21 UES the flexibility to petition the Commission to serve
22 additional customers, in the event that more customers
23 seek to participate in the Fuel-Neutral Program. At
24 the same time, the Settlement Agreement provides for

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1 the completion of a Fuel-Neutral Evaluation Report,
2 which my colleague, Mr. Belair, has already mentioned
3 has already been put into process. Further, I believe
4 the settlement incorporates an appropriate level of
5 performance incentives for the Fuel-Neutral Program,
6 since the calculation is based on the electric related
7 portion only of the Fuel-Neutral Pilot budget.

8 Fifth, the Settlement Agreement provides
9 for an earlier filing date for annual performance
10 incentive calculations, the filing date of June 1, for
11 filing performance incentives related to actual 2009
12 programs. I think this provides a valuable benefit in
13 the area of administrative ease and consistency across
14 all utilities.

15 And, finally, with respect to the budget
16 allocation for the HEA Low Income Program, the Settling
17 Parties and Staff agree to work collaboratively on the
18 development of a formula for the derivation of the
19 overall low income budget for the 2011 CORE Program
20 filing. In the meantime, Staff believes that the
21 agreed upon 14.5 percent budget allocation represents a
22 reasonable budget allocation for the HEA Program in
23 2010.

24 Q. Thank you, Mr. Cunningham.

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1 A. (Cunningham) You're welcome.

2 Q. Mr. Belair, you heard the earlier question from the
3 Consumer Advocate to Mr. Eckberg regarding the cover
4 letter that was filed with the Settlement Agreement, --

5 A. (Belair) Yes.

6 Q. -- did you not?

7 A. (Belair) Yes, I did.

8 Q. And, you are familiar with the fact that the cover
9 letter refers to legislation that is to be introduced
10 in this legislative session relative to increasing the
11 System Benefit Charge to the Electric Fuel Assistance
12 Program, are you not?

13 A. (Belair) Yes.

14 Q. In light of that, have the utilities, as the joint
15 sponsors of the filing, Exhibit 1, had an opportunity
16 to discuss what changes, if any, might be presented to
17 the Commission with respect to the budgets for the 2010
18 Program, should this legislation be enacted?

19 A. (Belair) This is pretty new to us, and the utilities
20 have not had an opportunity to discuss what impact this
21 would have on the existing CORE -- these CORE Programs
22 for 2010. But, if it does get closer to being passed,
23 we will certainly start looking at that, and I'm sure
24 we'll be working with all the Settling Parties and

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1 Staff at our monthly meetings to figure out what best
2 to do with that, and we probably would make a
3 recommendation.

4 Q. Is it your understanding that the proposed legislation,
5 if passed, as it is worded, would result in -- could
6 result in excess of \$3 million budget reduction to the
7 2010 CORE Programs?

8 A. (Belair) That's our understanding.

9 Q. So, if I understand it, it would be the utilities'
10 intention to start discussing what proposals, if any,
11 the utilities might ultimately be presenting to the
12 Commission, if the budget -- if the legislation passes?

13 A. (Belair) Yes.

14 Q. And, that that would probably include consultation with
15 the Parties?

16 A. (Belair) I would hope so yes.

17 Q. And, would you contemplate that those discussions would
18 take place in January of 2010?

19 A. (Belair) If the law is passed in January, we better be
20 talking about that right away, yes.

21 Q. In the meantime, as far as you know, is it the
22 utilities' recommendation that the Commission go ahead
23 and approve the current Settlement Agreement, which
24 incorporates Exhibit 1, the September 2009 filing, with

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1 its attendant budgets totaling approximately 19.2
2 million for the programs?

3 A. (Belair) Yes, that would be our recommendation.

4 MR. LINDER: Okay. Thank you very much.
5 No further questions.

6 CHAIRMAN GETZ: Thank you. Ms. Fischer?

7 MS. FISCHER: No questions.

8 CHAIRMAN GETZ: Mr. Aney?

9 MR. ANEY: Yes. Thank you. Is it
10 possible for me to ask a question of somebody who is not
11 up on the witness panel right now, but who did submit
12 testimony?

13 CHAIRMAN GETZ: Well, I guess, if it's
14 relevant to the filing and to the approval of the
15 Settlement Agreement, I guess, I -- well, tell me who you
16 want to ask a question and --

17 MR. ANEY: I'd like to first ask the
18 question --

19 CHAIRMAN GETZ: Well, wait. One person
20 to speak at a time. So, tell me what you want to ask and
21 who you want to ask a question of, and let's see where it
22 goes.

23 MR. ANEY: Dr. Colton, who is not here.

24 CHAIRMAN GETZ: And, what's the -- is it

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1 relevant to approval of the Settlement Agreement? I mean,
2 obviously, you can't ask a question of Dr. Colton, who's
3 not here.

4 MR. ANEY: So, then, the question I have
5 would be, if the representative of The Way Home here could
6 in some way respond to the question that I have or is it
7 just something that can't be brought up, so that testimony
8 can't be addressed? There's no cross-examination possible
9 on that testimony?

10 CHAIRMAN GETZ: Without a witness
11 sponsoring it, tell me -- and maybe this, I'm kind of
12 operating in the dark here, if you want to ask a question,
13 is it something that's really cross-examination or an
14 argument? Maybe if you get it on the record, and then Mr.
15 Linder can respond, or he can make an offer of proof,
16 perhaps. But I need to know what the question is.

17 MR. ANEY: Fair enough. On Page 10 of
18 Dr. Colton's rebuttal testimony, --

19 CHAIRMAN GETZ: This is Exhibit 9?

20 MR. ANEY: I believe it is Exhibit 9. I
21 didn't catch the numbering of the exhibit. But it's the
22 "Rebuttal Testimony of Roger D. Colton on behalf of The
23 Way Home". And, so, the question was actually in regards
24 to whether we could clarify what the question was that

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1 Dr. Colton asked of the Staff regarding "undesirable
2 market conditions"?

3 CHAIRMAN GETZ: And, what page is this?

4 MR. ANEY: This is on Page 10. And,
5 it's the question: "Does Staff have any grounds to
6 dispute the basis for the conclusions presented in your
7 empirical analysis?" And, Dr. Colton refers to that
8 "Staff had no documents to provide", in regards to a data
9 request, noting "Staff Response to The Way Home Data
10 Request Number 1-12". Okay. So, I think the question
11 was, "does the Staff have any documentation, studies or
12 reports?" And, again, I would like to, you know, submit
13 that question as something that we can refer to in this.

14 CHAIRMAN GETZ: Are you suggesting that
15 we introduce The Way Home data response and the staff --
16 or, data request and the Staff response as an exhibit in
17 this proceeding?

18 MR. ANEY: Yes.

19 CHAIRMAN GETZ: All right. Mr. Linder
20 or Ms. Amidon, any objection to admitting that question
21 and answer into the record?

22 MR. LINDER: We have no objection, if
23 Mr. Aney wants to introduce and mark that data request and
24 the data response. It seems to me, if I may, that

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1 Mr. Aney's question, it seems to me like it would be more
2 directed towards Staff, because he's inquiring about a
3 Staff possible response, just -- but we have no objection
4 if he would like to introduce the documents. We don't
5 necessarily have the documents here. Mr. Colton was not
6 asked to be here. This was a Settlement Agreement. We
7 were not advised by any non-Settling Parties that they had
8 any questions of our witness. And, had we had some
9 notice, we could have arranged for Mr. Colton's presence.
10 But I'm not sure that the question is challenging anything
11 Mr. Colton is saying. It seems to me it's a question
12 directed to the witness -- to the Staff witness. But we
13 have no objection to those documents being offered. We
14 don't have those documents here.

15 CHAIRMAN GETZ: Well, I'm taking the
16 answer is to be "there were no documents." Is that
17 correct, Ms. Amidon? I mean, again, Ms. Amidon, do you
18 have any objection to entering that?

19 MS. AMIDON: I don't have an objection.
20 I do question the relevance regarding the approval of the
21 Settlement Agreement that's before the Commission today.
22 But, if I recall that question, I believe Mr. Colton was
23 looking to whether the Staff had any information on the
24 "undesirable market conditions" that were faced by low

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1 income individuals in New Hampshire, and the answer to
2 that question was "no." And, in fact, if I recall, the
3 term "undesirable market conditions" was something that
4 was found in Mr. Colton's testimony, and not in Staff's
5 testimony. I offer that as an explanation.

6 CHAIRMAN GETZ: Mr. Aney.

7 MR. ANEY: Thank you. I would like to
8 submit the question and the response as an exhibit or into
9 the record. And, the question I wanted to follow up on as
10 a result was "why Dr. Colton felt that it was important to
11 make that request of data of the Staff?" And,
12 unfortunately, I don't believe that we're going to get a
13 response to that, because he's not here.

14 CHAIRMAN GETZ: Well, I guess, Mr. Aney,
15 I think I'm -- we're getting a little far afield. So,
16 you're asking -- you want to ask a witness who's not here
17 a motivation for a question, and the answer to the
18 question was "there is no documents." And, you know, we
19 always try to be accommodating to pro se parties.

20 MR. ANEY: Thank you.

21 CHAIRMAN GETZ: But I think it --
22 depending on where your headed, it may be more appropriate
23 to, just in a closing argument, to state what your
24 position is or what should be -- what you think should be

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1 done. But I'm also not seeing the relevance of that issue
2 to whether we approve or reject or modify the Settlement
3 Agreement that's before us.

4 MS. HATFIELD: Mr. Chairman? Excuse me.
5 So, is Exhibit Number 14 reserved for the Staff response
6 to TWH 1-12?

7 CHAIRMAN GETZ: Yes, it is.

8 (Exhibit 14 reserved)

9 MS. HATFIELD: Thank you.

10 MR. ANEY: Is it appropriate for me to
11 ask anybody on the panel to recite and enter into the
12 record any of the responses of Dr. Colton as a member of
13 the Settling Parties?

14 MS. AMIDON: I'm sorry. Could you ask
15 him to repeat the question please?

16 CHAIRMAN GETZ: Yes, I guess, let me
17 make sure I understand, Mr. Aney.

18 MR. ANEY: I would appreciate an
19 opportunity to enter into the record some of the testimony
20 that was provided by Dr. Colton regarding this matter.
21 And, I was wondering if, as a member of the Settling
22 Parties, in effect, through The Way Home, whether some
23 members of the existing panel on behalf of the Settling
24 Parties could recite some of his responses to get his

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1 comments into the record?

2 CHAIRMAN GETZ: Well, we have identified
3 Mr. Colton's testimony as exhibits and they will be made a
4 part of the record. Now, obviously, he's not here to
5 sponsor that and he's not subject to cross-examination.
6 But, Ms. Hatfield?

7 MS. HATFIELD: Mr. Chairman, I might
8 suggest we take a quick break, and perhaps if Mr. Aney set
9 forth the data responses, I think that's what he's
10 suggesting that he would like to get into the record, it's
11 possible that none of the parties would object, and
12 perhaps we could agree to do that and then come back and
13 report to the Commission.

14 CHAIRMAN GETZ: And, it probably has the
15 added benefit of helping Mr. Patnaude. Do you have any
16 objection to that recommendation, Mr. Aney?

17 MR. ANEY: No.

18 CHAIRMAN GETZ: Okay. And, I guess, if
19 there's other -- well, let me ask this, just in case
20 there's other similar types of questions. Are there
21 similar types of questions that we --

22 MR. ANEY: Well, none to people that
23 aren't here. So, I think we're okay. I do maybe have
24 another witness that's not currently on the stand that I

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1 would like to call who is here. And, I'm hoping that
2 that's okay.

3 CHAIRMAN GETZ: And, who would that be?

4 MR. ANEY: Probably Tom Frantz.

5 MS. AMIDON: Mr. Chairman, Mr. Frantz
6 did not sponsor testimony, it was Mr. Cunningham.

7 MR. ANEY: Okay.

8 CHAIRMAN GETZ: Well, let me suggest
9 this. Why don't you discuss with the other parties any
10 other proposals that you have of this nature or any other
11 lines of cross, and then perhaps we can get that sorted
12 out during the break.

13 MR. ANEY: Thank you. I appreciate
14 that. And, I apologize for being a novice in this
15 process, and not being able to afford an attorney to
16 accompany me.

17 CHAIRMAN GETZ: All right. Let's take a
18 fifteen minute recess.

19 (Whereupon a recess was taken at 11:35
20 a.m. and the hearing reconvened at 11:55
21 a.m.)

22 CHAIRMAN GETZ: Okay. We're back on the
23 record. Mr. Aney.

24 MR. ANEY: Thank you.

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1 BY MR. ANEY:

2 Q. I'd like to refer to Page 8 of Dr. Colton's testimony,
3 and the first paragraph. And, I would just like to
4 briefly recite that, as he indicated in his direct
5 testimony, "an empirical review of the "undesirable
6 market conditions" indicates that those undesirable
7 conditions have not only persisted, but that, in most
8 cases, they have worsened, since they were first
9 discussed by the Working Group and Commission in 1999
10 and 2000." Further, he goes onto identify, further
11 down Page 8 and onto Page 9, and a little bit onto
12 Page 10, what he believes, in summary, are the key
13 undesirable market conditions in this case that are
14 affecting the low income market segment. And, he
15 identifies the "high initial capital costs", "lack of
16 access to capital", "high implicit discount rates",
17 "high proportion of low-income renters", "high mobility
18 rate of low-income renters", "language barriers", as
19 some examples. Examples that were also, as he
20 referenced, in the Energy Efficiency Work Group's
21 report, often referred to as the "Raab Report", before
22 the final Work Group report, that helped set up the
23 frame work and policies and principles for this.

24 So, Mr. Eckberg, having been involved

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1 heavily in the discussion of the low income formula,
2 and as part of the working group you referenced earlier
3 in your testimony, would you agree that these
4 "undesirable market conditions" that were initially
5 established and identified as being reasons for the
6 Systems Benefit Charge funded programs are still in
7 existence today?

8 A. (Eckberg) Yes. Mr. Cunningham is just showing me a
9 list of those "undesirable market conditions", which I
10 believe you just read. And, if I could just have one
11 moment to look through this list?

12 Q. Yes.

13 A. (Eckberg) I would agree that most of those "undesirable
14 market conditions" still exist out there in the
15 marketplace, yes.

16 Q. Would you also agree that the Systems Benefit Charge
17 funded energy efficiency programs, that later evolved
18 into what's called the "CORE Programs", were initially
19 designed to reduce or eliminate the market barriers
20 that exist in the energy efficiency market and
21 otherwise help to promote market transformation?

22 A. (Eckberg) Am I correct, you're not specifically
23 referring to these "undesirable market conditions" now
24 in this question?

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1 Q. I'm sorry. "Undesirable market conditions" is a
2 euphemism for "market barriers", given that "market
3 barriers", as a term, wasn't able to -- they weren't
4 able to resolve a definition of them. Instead they
5 referred to those as "undesirable market conditions".
6 So, I guess what I meant to say is that, to the degree,
7 in the language between various documents associated
8 with the establishment of these programs, sometimes
9 refer to them as "market barriers" and some of the
10 statutes, for example, and sometimes in some of the
11 documents that the utility -- the utilities refer to as
12 "undesirable market conditions".

13 Regardless of how you think of them,
14 would you agree that the Systems Benefit Charge funded
15 programs were designed to address those directly and to
16 help eliminate those market barriers and to further
17 assist with the market transformation of the energy
18 efficiency market?

19 A. (Eckberg) Okay. I'm sorry. Perhaps my clarifying
20 question to you was not helpful or I wasn't clear. I
21 was inquiring as to whether you were referring to this
22 specific list of "undesirable market conditions" that,
23 in my understanding -- well, the list I'm looking at
24 applies to low income customers.

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1 Q. That's correct.

2 A. (Eckberg) And, I believe the question you're asking me
3 now, are you still asking me a question that applies to
4 low income customers or are you asking a question
5 that's broader than that?

6 Q. Why don't you start by answering it for low income
7 questions, and then I would like to rephrase it in a
8 way that is broader, suggesting that very much those
9 same undesirable market conditions were identified not
10 just for -- were identified not just as issues for the
11 low income marketplace, but, in general, for all of the
12 customer segments that the Systems Benefit Charge
13 funded programs were designed to address -- designed to
14 serve?

15 A. (Eckberg) Well, I believe that the Home Energy
16 Assistance Program, the HEA Program, or the Low Income
17 Program, was designed to address the "undesirable
18 market conditions", and to try to provide energy
19 efficiency to this specific population of New Hampshire
20 residents. I don't believe that the CORE funds that go
21 to the HEA Programs are really able to remove most of
22 these market conditions. I just -- I'm trying to be
23 clear about that. I'm not trying to be nitpicky. But
24 I think these conditions are sort of perhaps social

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1 type conditions, and I don't think we can change those
2 with the HEA funds.

3 Q. Would it might be -- a better way to say it, would it
4 be potentially that they have not been able to
5 significantly reduce those market barriers and
6 demonstrated that they have been able to reduce those
7 market barriers to date, versus there's no possible way
8 that they could?

9 A. (Eckberg) For the list of "undesirable market
10 conditions" that I'm looking at, for instance, "high
11 mobility rate of low-income renters", "language
12 barriers" for low-income customers, "high initial
13 capital costs of energy efficiency investments", I'm
14 not sure that the HEA Program can possibly change these
15 "undesirable market conditions".

16 Q. Fair enough. Okay. So, for example, the "lack of
17 access to capital", do you believe that the -- that
18 market barrier potentially could be reduced through the
19 use of SBC funded programs?

20 A. (Eckberg) Yes, I do.

21 Q. Mr. Cunningham, do you agree that the "undesirable
22 market conditions" not only persist, but have
23 potentially worsened for the low income market segment?

24 MS. AMIDON: Mr. Chairman, respectfully,

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1 I object to this question for Mr. Cunningham. It wasn't
2 anything in his testimony. And, as previously indicated
3 in a data response, which was referenced by Mr. Aney, the
4 Staff does not have any particular background in
5 "undesirable market conditions". So, we don't -- and, we
6 don't have any documents on that. And, I just want to
7 point that out to the Commission. I know you may allow
8 the questioning, but I'm not quite sure that
9 Mr. Cunningham has the expertise to address it.

10 CHAIRMAN GETZ: Well, I'm going to
11 permit the question, just to see how far this goes. I
12 think you're correct that it appears that Staff has
13 essentially responded to that question in a data response
14 to The Way Home. But I'm going to permit the question and
15 we'll see how much further this line of questioning goes.
16 Mr. Cunningham, do you have an opinion?

17 BY THE WITNESS:

18 A. (Cunningham) I don't. Don't have an opinion on that
19 question. Sorry.

20 BY MR. ANEY:

21 Q. Mr. Belair, as you look to design various programs for
22 the low income market segment, to what degree have you
23 used as a guiding principle the market barriers or
24 "undesirable market conditions" as goals and objectives

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 for those programs and the reducing of those, as goals
2 and objectives for your programs?

3 A. (Belair) I would say that the goal of the Home Energy
4 Assistance Program, as we said on Page 25 of the
5 filing, is to help low income customers manage their
6 energy use and reduce their energy burden. Some of the
7 things that you discuss as "undesirable market
8 conditions" are things that are just part of every day
9 life. And that, whether it's for them or for
10 non-qualified low income customers, they -- it's all
11 customers who have issues paying their -- some of their
12 bills. And, so, this program was geared specifically
13 to help low income customers manage their energy use
14 and reduce their energy burden.

15 Q. Thank you. Mr. Belair, when you design your other
16 energy efficiency programs, to what degree do you
17 establish as a primary goal the reduction of
18 "undesirable market conditions"?

19 A. (Belair) I don't know exactly how to answer your
20 question. But we look at all of the different aspects
21 of technology and try to form programs that will help
22 reduce market barriers, and basically provide customers
23 with the lowest rebate that would encourage them to
24 actually buy a more expensive energy efficient product.

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1 Q. On Page 7 of Dr. Colton's testimony, he states and
2 references RSA -- New Hampshire RSA 374-F:3, where he
3 says that the "statute provides that: Restructuring
4 should be designed to reduce market barriers to
5 investments in energy efficiency and provide incentives
6 for appropriate demand-side management and not reduce
7 cost-effective customer conservation. Utility
8 sponsored energy efficiency programs should target
9 cost-effective opportunities that may otherwise be lost
10 due to market barriers."

11 As you design your programs, what market
12 barriers -- what are the market barriers that are
13 preventing customers from otherwise pursuing
14 cost-effective energy efficiency opportunities?

15 A. (Belair) Do you want to talk about a specific program?

16 Q. We can go through each one, if you'd like. I mean, it
17 might be different for each one. It may be addressing
18 different needs in the marketplace in different areas.
19 You know, I'll leave that to you.

20 A. (Belair) I guess there's a lot of market barriers that
21 are out there. For new construction, for example,
22 Commercial and Industrial New Construction Program, the
23 market barriers that are out there that we try to
24 address through that program is the incremental cost of

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1 buying energy efficient equipment versus standard
2 efficient equipment. So, that program is focused on
3 that first cost, to help customers get over that first
4 cost, the incremental cost of buying the more energy
5 efficient equipment. And, so, that's a market barrier
6 that we're trying to overcome with our New Construction
7 Program. That's an example of a market barrier we try
8 to address.

9 Q. And, how do you know that that is actually a market
10 barrier?

11 A. (Belair) I guess we still see customers who may be
12 putting in less efficient equipment. We see customers
13 have put in standard lighting. We see architects that
14 design standard lighting, and when they could design
15 something that's more energy efficient. And, we're
16 finding that an incentive will help architects and
17 customers possibly choose the more efficient
18 alternative.

19 Q. So, it's -- your evidence is primarily anecdotal. Do
20 you have any market research or data to support that
21 there's an actual market barrier in that space, that
22 guides your decision-making in the designs of this
23 program?

24 A. (Belair) Can you ask that question again?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 Q. Sure. What evidence do you have, based on market
2 research or market data, that, other than the anecdote
3 that you suggested -- you just suggested, have you used
4 to justify that this program is necessary, based on a
5 market barrier?
- 6 A. (Belair) I guess we haven't done anything in quite a
7 while with respect to an evaluation that would point to
8 that. But, you know, our goal going forward here is to
9 incorporate some of that stuff into the evaluations
10 that we're going to do for the programs for 2010.
- 11 Q. Great. Do you consider market transformation to be one
12 of the goals of the SBC funded programs?
- 13 A. (Belair) Sure.
- 14 Q. How do you define "market transformation"?
- 15 A. (Belair) I guess, you know?
- 16 A. (Eckberg) I'd be willing to offer a definition of
17 "market transformation", if that would help?
- 18 Q. Please. That's fine. I redirect my question to
19 Mr. Eckberg.
- 20 A. (Eckberg) Okay.
- 21 Q. Would you please define what you believe is "market
22 transformation".
- 23 A. (Eckberg) In my direct testimony, I did make mention of
24 "market transformation" as something that could be

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 included or should be considered in developing perhaps
2 modifications to the shareholder incentive. So, I did
3 a little bit of additional research work, and I have a
4 definition of "market transformation", from Mr. Steven
5 Nadal, of the American Council for an Energy Efficiency
6 -- Energy-Efficient Economy. He's fairly well known in
7 the world of energy efficiency. And, in an article, he
8 -- the introduction to an article he wrote, he says
9 "Market transformation is a process whereby energy
10 efficiency innovations are introduced into the
11 marketplace and over time penetrate a large portion of
12 the eligible market. Once a new product or other type
13 of innovation is introduced, its penetration begins to
14 rise through early adopters", meaning the early
15 purchasers of such new energy efficiency equipment,
16 "penetration then takes off as awareness of the
17 technology and its advantages grow. The adoption
18 process continues until market penetrations level off
19 at "full market potential". Market transformation
20 involves ongoing and lasting change, such that the
21 market does not regress to lower levels of efficiency
22 at some later time."

23 I would just add the comment that, when
24 Mr. Nadal speaks of "full market potential", I don't

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1 think he's necessarily speaking of 100 percent adoption
2 of some certain technology. I think there's probably
3 some maximum reasonable or attainable level for
4 different technologies. So, I don't think he's
5 speaking of 100 percent adoption.

6 Q. In other words, not everybody has a need for every
7 solution out there. So, you're not necessarily going
8 to -- market transformation isn't accomplished only
9 when 100 percent of the populous has adopted a
10 particular solution?

11 A. (Eckberg) I think that's what I'm trying to say. I
12 think there's probably, you know, what you might say
13 there's some permanent resistance or some people that
14 will not adopt it, because they will always be making a
15 choice for perhaps the lower cost choice, rather than
16 the longer term, more efficient choice, which would pay
17 back his incremental cost. So, --

18 Q. Mr. Belair, does your understanding of "market
19 transformation" correlate with the -- is it consistent
20 with the definition that was just offered by
21 Mr. Eckberg, the one provided by Steven Nadal?

22 A. (Belair) Sure.

23 Q. Mr. Cunningham, do you similarly agree that "market
24 transformation" is defined like -- as your working

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 understanding of "market transformation" is essentially
2 what Mr. Eckberg just --

3 A. (Cunningham) I'm going to pass on that question. I
4 don't feel that I have the expertise to address it.

5 Q. All right. Fair enough. So, to summarize again,
6 "market transformation" is a measure of the adoption,
7 is a representation along an adoption curve, often
8 represented as an S curve, of a particular energy
9 efficiency technology, or any product or service, for
10 that matter, into its potential marketplace. Is that a
11 fair summary, Mr. Eckberg?

12 A. (Eckberg) Yes, it is. And, just to be clear, Mr. Nadal
13 did mention in this definition the classic S-shaped
14 logistic curve, which I omitted, to try and simplify my
15 definition. But I see it sounds as if you are quite
16 familiar with this subject matter, perhaps more so than
17 I.

18 Q. I think market adoption curves and penetration curves
19 are actually a fairly well-known concept. And, in
20 fact, I think we even -- Mr. Belair, earlier in your
21 testimony today, you said that "market saturation",
22 perhaps another way of expressing market penetration or
23 adoption, was one of the principles you use when
24 evaluating programs. Is that fair? Is that correct?

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1 A. (Belair) Sure. It's typically with respect to
2 measures, but, yes.

3 Q. And, "respect to measures", what do you mean?

4 A. (Belair) For example, in our -- one of our commercial
5 lighting programs, people have adopted high performance
6 T8s, so we no longer provide incentives on those
7 starting in 2010. And, instead, what we do is we
8 provide incentives on the higher performance lighting.

9 Q. So, maybe the analogy there is that, as technology
10 evolves, certain, say, lighting fixtures may have been
11 fairly well adopted into the marketplace, but newer
12 technologies may not have yet been adopted?

13 A. (Belair) That's correct.

14 Q. That are more energy efficient, and, therefore, it
15 makes sense to begin to subsidize and focus efforts on
16 those, while perhaps eliminating some of the subsidies
17 or programs associated with older technologies, is that
18 fair?

19 A. (Belair) Yes.

20 Q. What market research do the utilities use or the CORE
21 team use to actually determine market penetration,
22 saturation, or adoption, to evaluate whether a program
23 should sunset or whether there is a new technology that
24 perhaps merits support and how fairly penetrated into

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 the market it is, and what its potential market could
2 be? What types of data do you use to actually
3 understand the marketplace you're trying to serve and
4 the penetration of the solutions that you are
5 proposing?

6 A. (Belair) I guess we use -- we haven't been doing
7 evaluations specifically on the programs. And, as we
8 start to do more, we'll grab more of the information
9 that we might get from our transformation market
10 saturation from those. The technical potential study
11 that was done by GDS Associates identified that there's
12 still a lot more opportunity for a lot of the energy
13 efficiency measures that we're incorporating as part of
14 our CORE Programs. But we do work with engineering
15 firms and our program administrators to look to see
16 when a technology is, as I said earlier in the form of
17 a T8 fixture, has reached the saturation point, and
18 look for the next opportunity that's out there.

19 Q. Thank you. I would like to share some responses to
20 some data requests that were provided to U.S. Energy
21 Saver as part of this docket. And, I've distributed to
22 the other members here in this room already, and I'd
23 like to provide the Commissioners with a few as well,
24 that are responses by the utilities in regards to the

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1 programs' goals that are used to -- and, I'll pass a
2 few more around for those who didn't already receive
3 it.

4 MS. AMIDON: Do the people on the
5 witness stand have them?

6 MR. ANEY: I know some of them do. I
7 wasn't sure if all of them --

8 CHAIRMAN GETZ: Well, let's just mark
9 these for identification. There's a package of four data
10 requests and responses that are "USES Group 1, Questions
11 2, 24, 27, and 31". We'll mark them, the four of them, as
12 "Exhibit 15".

13 (The document, as described, was
14 herewith marked as Exhibit 15 for
15 identification.)

16 BY MR. ANEY:

17 Q. Mr. Belair, do you have a copy of them now?

18 WITNESS ECKBERG: Excuse me,
19 Mr. Chairman. The copy that I just received also has --
20 includes a page from Data Request Set 1, Number 19. Is
21 that --

22 MR. ANEY: I'm going to be distributing
23 that subsequently.

24 WITNESS ECKBERG: Okay. I'll set that

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1 aside then. Thank you for the clarification.

2 MR. ANEY: Sorry about the confusion.

3 CHAIRMAN GETZ: Actually, I think I was
4 incomplete in noting, there's four double-sided pages.

5 And, there's seven questions, 2, 23, 24, 25, 27, 30 and
6 31.

7 BY MR. ANEY:

8 Q. Mr. Belair, in regards to the USES -- Q-USES-002, where
9 the question states: "How do the New Hampshire
10 electric utilities define success for the CORE
11 Programs, and what measures are used by the utilities
12 to determine if success is being achieved? And, what
13 were the results of those measures over the last five
14 years?" And, how did the utilities reply?

15 A. (Belair) Do you want me to read what's on the paper
16 here?

17 Q. Please. Yes.

18 A. (Belair) "The utilities use the Total Resource Cost
19 Test to assess program performance. Quarterly data is
20 provided to the Public Utilities Commission and
21 interested parties to inform the progress of these
22 programs throughout the program year."

23 Q. So, just to clarify, the Total Resource Cost Test does
24 not include any measures of market transformation, does

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1 it?

2 A. (Belair) No, it doesn't.

3 Q. Does the Total Resource Cost Test incorporate any
4 measures that are specifically associated with the
5 reduction of any market barriers or undesirable market
6 effects?

7 A. (Belair) No, it doesn't. But I want to go back to the
8 past question. We could incorporate spillover, which
9 is a market transformation effect, in a total resource
10 cost.

11 Q. Oh. Fair enough. Thank you. So, that is a factor
12 that maybe goes into that question -- that equation.
13 What about free rider?

14 A. (Belair) No, it doesn't. Through the Energy Efficiency
15 Working Group did not allow free ridership to go in
16 there.

17 Q. Okay. And, you don't necessarily try to identify the
18 level of free rider benefit as, say, a measure of
19 market saturation or penetration or transformation,
20 such that, you know, perhaps it is no longer needed to
21 provide that level of -- the same level of subsidy to
22 achieve adoption in the marketplace that you may be
23 required -- that was maybe required to get something
24 launched into the marketplace?

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1 A. (Belair) We're not allowed to use it. So, we don't use
2 it.

3 Q. As in any form of measure of success, whether it's part
4 of the shareholder incentive calculation or not?

5 A. (Belair) No, we don't use it.

6 Q. Do you believe that the free rider effect, that is when
7 rebates exceed the amount of money or credits or exceed
8 the amount required to induce the behavior of adopting
9 a particular energy efficiency measure, do you believe
10 that that is a -- that that free rider -- measurement
11 of the free rider effect associated with the
12 implementation of or the adoption of energy efficiency
13 measures is a potentially useful measure in determining
14 market transformation, the level of market
15 transformation that exists?

16 A. (Belair) I think, if you use free ridership, you also
17 should be looking at spillover, and to see how they
18 counteract to each other. That's one, you know, one
19 way you could look at that. But -- and, we have done
20 some studies where we did look at those things in the
21 past.

22 Q. I would agree, I think spillover is another tremendous
23 measure, in regards to identifying whether
24 transformation is occurring. Because, effectively,

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 what you're claiming is that there are other people
2 that are acting that -- who have not required or
3 demanded a subsidy to be able to act on a particular
4 energy efficiency measure, is that correct? Can you
5 define "spillover" for me please?

6 A. (Belair) I'm just curious, was that --

7 Q. Yes. I've got it.

8 A. (Belair) I can define "spillover", is when you -- it
9 won't be as articulate as Steven Nadal's definition of
10 "market transformation". But "spillover" is simply
11 when someone -- a rebate might encourage someone to go
12 and do something on their own. So, they might buy a
13 compact fluorescent on their own, without the benefit
14 of an incentive.

15 Q. Fair enough. Thank you. That's probably much better
16 said, and very succinct. Thanks. Similarly, on USES
17 Questions 2, USES-024, I asked "What criteria [did] the
18 utilities use to determine the attractiveness of a
19 potentially new CORE program?" And, the answers that
20 were provided, and I'll read: "The process used to
21 expand the CORE programs using RGGI funds included
22 looking at: Which programs could readily use
23 additional funds to do more energy efficiency measures;
24 which programs could be expanded to additional

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1 measures; what new programs could we implement just for
2 one year/funding period." So, in your reply, you did
3 not directly address reducing undesirable market
4 effects or actually trying to achieve market
5 transformation in any of the -- for any of the programs
6 that you're actually administering. Do I read that
7 correctly?

8 A. (Belair) Yes. I don't think I saw that in the
9 question.

10 Q. No, it wasn't. It was just -- it was an open-ended
11 question for you to reply with what criteria you
12 actually used. It wasn't specifically a question of
13 whether you're including criteria specifically related
14 to market barriers and market transformation, which
15 are, you know, part of the principles of the overall
16 SBC funded program.

17 MR. EATON: Excuse me for interrupting.

18 Mr. Chairman, did we mark this package as an exhibit?

19 CHAIRMAN GETZ: Yes, 15.

20 MR. EATON: Okay. Thank you. I'm sorry
21 for interrupting.

22 BY MR. ANEY:

23 Q. Certainly, in USES-025: "How do the New Hampshire
24 Electric Utilities determine how much of the total CORE

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- 1 budget to allocate to each program? What are the most
2 important or heavily weighted criteria? And, can the
3 utilities explain how the criteria were used to
4 determine the budget allocations of 2010?" Similarly,
5 market barriers and market transformation criteria were
6 not explicitly used in your consideration of how much
7 funding each program should get, is that correct?
- 8 A. (Belair) That's part of the response. I think it says
9 "changes in the market, regulations, laws, tax credits,
10 past program performance, evaluation results, and
11 recommendations, etcetera, are some of the things
12 considered when moving funds into individual programs
13 within a sector."
- 14 Q. Can you define what you mean by "changes in the
15 market"?
- 16 A. (Belair) It could be the tax credits associated with
17 ENERGY STAR Homes, it could be new laws that increase
18 the Energy Code in the State of New Hampshire. If
19 there's regulations out there that affect a specific
20 standard of equipment, like a clothes washer.
- 21 Q. So, in other words, external forces that shape the
22 marketplace. Is that fair?
- 23 A. (Belair) Sure.
- 24 Q. Okay. But it does not mean the adoption of a

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1 particular energy efficiency technology or measure or
2 the penetration of that into the market -- of that into
3 the marketplace?

4 A. (Belair) It does include that.

5 Q. It does include that?

6 A. (Belair) That's the example I gave earlier with high
7 performance -- or, regular T8 lighting fixtures.

8 Q. Okay. So, to a degree, you are actually looking at
9 market transformation as a factor here, but not
10 necessarily with the benefit of any data, if I recall,
11 based on your prior comment, right?

12 A. (Belair) I guess, if -- we have a lot of people
13 implementing these programs, including program
14 administrators and energy service companies, and we do
15 get feedback from them on, you know, what's standard
16 practice.

17 Q. Do you have any objective measures regarding market
18 transformation that you've shared with the PUC Staff or
19 any other interested parties regarding the
20 transformation of any markets that you serve for any
21 measures that you provide?

22 A. (Belair) I don't recall any.

23 Q. Thank you, Mr. Belair. Mr. Eckberg, on Pages 15 and 16
24 of your direct testimony --

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 A. (Eckberg) Could you repeat those page numbers?

2 Q. Pages 15 and 16 of your testimony, --

3 A. (Eckberg) Yes.

4 Q. -- which refers to, I believe, the shareholder
5 incentive.

6 CHAIRMAN GETZ: And, I'll note for the
7 record that's Exhibit 10.

8 MR. ANEY: Thank you.

9 BY THE WITNESS:

10 A. (Eckberg) Yes, I'm there.

11 BY MR. ANEY:

12 Q. In the last sentence of Page 15, which continues onto
13 16, you say that "While the OCA does not disagree with
14 the Commission's finding that "the present incentive
15 mechanism provides a just and reasonable balance
16 between the interest of shareholders and the interest
17 of customers", the OCA does believe that the
18 shareholder incentive", and that "does" is italicized
19 for emphasis, "does believe that the shareholder
20 incentive mechanism needs to be improved to include
21 more focused and targeted metrics of performance, and
22 to foster and recognize market transformation effects."

23 A. (Eckberg) Yes, I see that.

24 Q. Thank you. Can you tell me what you believe justifies

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 or how you reach this conclusion that there is a
2 "reasonable balance between the interest of
3 shareholders and the interest of customers"? What are
4 you balancing?

5 A. (Eckberg) Well, I believe there's a Footnote 5 attached
6 to that statement. And, so, that quotation itself
7 comes from Order 24,203.

8 Q. And, so, you were just referencing that that's a
9 principle that the PUC uses in determining what's an
10 appropriate shareholder incentive?

11 A. (Eckberg) That's correct. And, I think the intention
12 of my statement here, as the sentence reads, as you
13 quoted, "While the OCA does not disagree with the
14 Commission's finding", the purpose of my statement
15 there is to say that I don't believe that the
16 shareholder mechanism is fatally flawed in its current
17 methodology. My intent here is to offer some
18 suggestions for how it can be improved, to try and
19 capture perhaps some improvements in program goals that
20 the parties could discuss throughout the next year.

21 MR. ANEY: I would like to make an
22 administrative notice to the fourth quarterly filing of
23 the CORE Efficiency Program budget details. And, I will
24 distribute this around.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 MS. AMIDON: For which year?

2 MR. ANEY: For 2008, I'm sorry. Which
3 was the last full year that's available.

4 (Mr. Aney distributing documents.)

5 WITNESS ECKBERG: Thank you.

6 CHAIRMAN GETZ: Well, let's mark this
7 for identification as "Exhibit Number 16" for -- I'm
8 assuming you have some questions following up on this,
9 Mr. Aney?

10 MR. ANEY: Yes, I do. Thank you.

11 (The document, as described, was
12 herewith marked as Exhibit 16 for
13 identification.)

14 MR. ANEY: And, then, I'd like to
15 additionally distribute the question to USES-019, many of
16 you already have it, and it's in regards to the
17 shareholder incentive that was -- it's actually a
18 follow-up to Eric Steltzer's question. It was an answer
19 to USES Question 019.

20 CHAIRMAN GETZ: And, we'll mark that for
21 identification as "Exhibit Number 17".

22 (The document, as described, was
23 herewith marked as Exhibit 17 for
24 identification.)

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 BY MR. ANEY:

2 Q. Mr. Cunningham?

3 A. (Cunningham) Yes.

4 Q. What do you believe the PUC is balancing between
5 customers and shareholders as it determines what is an
6 appropriate incentive mechanism for the CORE Program
7 administrators?

8 A. (Cunningham) Well, I guess, in a word, I'd have to
9 respond to the question as the answer is reflected in
10 the Commission's orders approving CORE Programs, which,
11 in turn, include shareholder performance incentives.
12 Also, I'd say the history of the CORE Programs is
13 embedded in Commission orders that have adopted, in
14 most part, the work of the Energy Efficiency Working
15 Group that was facilitated by Jonathan Raab, which laid
16 out the reasonableness of the performance incentive as
17 it reflects a balance between shareholders and
18 ratepayers.

19 Q. Do you believe that that initial determination back
20 over, I guess, ten years ago now, was -- took into
21 consideration any of the lost revenue that utilities
22 incurred as a result of energy efficiency measures
23 being introduced through the CORE Programs?

24 A. (Cunningham) No, it specifically did not include --

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 Q. Not in its calculation, but in its consideration?
- 2 A. (Cunningham) It moved away from lost fixed cost
3 recoveries.
- 4 Q. As a calculation method, right? So, it explicitly said
5 it was not going to use that as part of the calculation
6 going forward. But do you believe that, when it tried
7 to determine what's an appropriate level of
8 compensation for the utilities, that it was somehow
9 bridging or trying to looking at as a point of
10 reference to the lost fixed cost recovery calculations
11 that had previously been used to compensate the
12 utilities?
- 13 A. (Cunningham) I'd have to go back and look at the
14 wording of the orders. But my recollection is that the
15 orders were a new, fresh look at shareholder
16 incentives. The shareholder incentive fresh look was
17 embedded in the Energy Efficiency Working Group report,
18 and the Commission blessed, so to speak, that report,
19 with respect to performance incentives. So, all of the
20 rationale and all of the thinking that went into the
21 preparation of the report, and the Commission's review
22 of the report, overall, I interpret as being a balanced
23 and fair sharing between shareholders and ratepayers.
- 24 Q. Thank you. Mr. Belair, as we look at the 2008 final

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 quarterly report that lists the actual expenditures
2 that the utilities made versus the budgeted ones that
3 were proposed in the 2008 CORE docket, I'd just like to
4 review the definition of some of these here: "Internal
5 administration", "external administration", "customer
6 rebates and services", "internal implementation",
7 "marketing", and "evaluation", are the six categories
8 that have been identified associated with CORE Program
9 expenses, is that correct?

10 A. (Belair) Yes.

11 Q. Can you please characterize "customer rebates and
12 services"?

13 A. (Belair) Sure. On Page 48 of our -- of Exhibit 1, our
14 filing, it says "All rebate dollars paid directly to
15 customers as well as indirect payments to customers
16 such as discounted prices. Also includes all costs
17 directly attributed -- attributable to providing energy
18 efficiency services to customers, for example,
19 technical audits, employee and contract labor for
20 installing efficiency measures, expenses, materials,
21 and supplies."

22 Q. And, so, in effect, those are the direct benefits that
23 the ratepayers receive through the SBC funds. Those
24 SBC funds essentially result in providing value

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 directly to ratepayers?

2 A. (Belair) Yes.

3 Q. Okay. Would it be fair to say that the rest of the
4 costs that have been characterized or categorized here
5 are administrative costs associated with operating the
6 program?

7 A. (Belair) No, I think they would be characterized as
8 costs required to deliver the program to customers.

9 Q. How is that --

10 A. (Belair) Some of that could be administrative.

11 Q. For -- Can you give me an example of how that -- so,
12 there are costs associated with delivering these, but
13 it doesn't actually include the cost of implementing
14 the services, right? So, if it's not directly
15 associated with implementing a measure, then it's
16 probably managerial or administrative in some form,
17 correct?

18 A. (Belair) Well, I would consider labor to sell an energy
19 efficiency project to a customer to be part of that
20 implementation.

21 Q. So, then, maybe there's a question of -- it is a cost
22 of operating the program, though, is that what you
23 said?

24 A. (Belair) It's a cost of delivering the service.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 Q. Okay. Would it be fair to say that the utilities
2 either bear directly or outsource the cost of operating
3 these programs? So, other than that category of
4 "customer rebates and services", that the utilities
5 bear the cost of internal admin., external admin.,
6 internal implementation, marketing, and evaluation, or
7 they choose to outsource those operating costs to
8 others as appropriate?
- 9 A. (Belair) I think that's -- the utilities bear the
10 responsibility of that, and they would either do it
11 themselves or they would contract with someone to
12 assist them in doing it.
- 13 Q. Okay. But, again, those are costs that aren't
14 associated with directly delivering services or monies
15 back to the customers, right?
- 16 A. (Belair) I don't agree with that. I think that a lot
17 of those are required to directly deliver incentives to
18 customers, and to manage the program.
- 19 Q. Right. Okay. So, I don't know if we're going to
20 resolve a difference of opinion on what counts as a
21 cost directly delivered to, you know, associated with
22 delivering something, installing a measure for a
23 customer, versus how much overhead you associated with
24 that. But this is meant to be a representation of the

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1 total cost associated with administering these programs
2 by the utilities. A certain portion of these are
3 directly associated with providing value to customers,
4 and it's meant that those are incorporated into the
5 column or category "customer rebates and services",
6 correct?

7 MS. KNOWLTON: Mr. Chairman, I've got an
8 objection to this line of questioning. To the extent that
9 Mr. Aney has questions about the budget that is put before
10 the Commission for the 2010 program year, it seems like
11 that would be an appropriate line of questioning. But
12 he's asking questions, you know, based on a 2008 quarterly
13 report. I understand that the categories may be the same,
14 but I don't know why we're talking about data from 2008,
15 and what the purpose of marking this document is, if we're
16 here on 2010 Program Year Settlement?

17 MR. ANEY: The reason why I'm addressing
18 it is because it's the only full year, it's the most
19 recent full year of data that we have in regards to the
20 CORE Program actuals. It has been referenced in testimony
21 as part of consideration in regards to what's appropriate
22 for 2010. And, I was trying to clarify what was in each
23 of these buckets, so that we have a firm basis of
24 understanding for a subsequent point that I'm trying to

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 make.

2 CHAIRMAN GETZ: Well, let's --

3 CMSR. BELOW: I'm also confused.

4 Exhibit 16 appears to be the 2008 budget.

5 MR. ANEY: It's called "Budget Details",
6 but it's actually the actual. It's just the way this
7 exhibit was listed. You can find it actually on the PUC
8 website.

9 MR. EATON: And, Mr. Chairman, I think
10 the witness has already answered this question twice, and
11 referenced Page 48 of Exhibit 1 as the -- which is a
12 complete description of the program tracking activities
13 that are listed at the top of Exhibit 16. So, I don't
14 know why we need to go any farther. I don't think
15 Mr. Belair is going to agree that the only thing that goes
16 to customers is in the category of "customer rebates and
17 services". He's already twice said that the other
18 categories have to do with delivering the services.

19 MR. ANEY: I'm fine. I'm fine with
20 that. I'll proceed.

21 CHAIRMAN GETZ: Let me just ask this as
22 a larger question. How much more cross do you have and
23 how many areas? Because it seems to me, I'm trying to
24 understand what's related to whether we should approve the

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 Settlement that's before us or what are more fundamental
2 in nature and may be the types of things that should be
3 pursued under the -- what's, you know, discussed in the
4 Settlement Agreement on Page 11 of Exhibit 2, as
5 Subsection J, that any party that wants to raise issues
6 with respect to the next filing has an opportunity to do
7 so. So, if you could answer the first question, is how
8 much more? Because if there's --

9 MR. ANEY: I do have more that I do
10 believe are relevant to your consideration of the
11 Settlement. How much more depends, I guess, on how much
12 discussion we have. I would say at least another half an
13 hour worth of questioning.

14 CHAIRMAN GETZ: Mr. Henry, how much
15 cross do you have for the panel?

16 MR. HENRY: Oh, about five or six
17 minutes.

18 CHAIRMAN GETZ: Okay.

19 MR. ANEY: I know that last year the
20 proceeding lasted four hours.

21 CHAIRMAN GETZ: And that is relevant
22 how?

23 MR. ANEY: You seemed to be looking at
24 the clock. So, I wasn't sure whether you were concerned

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 how long this was proceeding.

2 CHAIRMAN GETZ: I'm concerned whether we
3 should take a lunch break and give some relief to our
4 court reporter. And, I guess after -- let's go off the
5 record for a second.

6 (Brief off-the-record discussion
7 ensued.)

8 CHAIRMAN GETZ: All right. Back on the
9 record. Mr. Aney, please continue.

10 MR. ANEY: Thank you.

11 BY MR. ANEY:

12 Q. I'd also now like to reference the shareholder
13 incentive document that -- it was the answer to USES
14 Question 019, where the CORE utilities provided
15 responses to actually a request of Mr. -- that
16 Mr. Steltzer made earlier of Mr. Belair, regarding what
17 were the actual performance incentives actually
18 achieved by each of the utilities over the last six
19 years, through 2008. And, specifically, I'd like to
20 call attention to the 2008 numbers. And, to assist the
21 members of the panel and others in the room, I actually
22 performed some simple calculations comparing the 2008
23 final quarterly expenses actual and the shareholder
24 incentive data that was provided. And, I'd like to

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1 distribute this and mark it as an exhibit please.

2 MS. AMIDON: Mr. Chairman, just -- I,
3 for myself, and I don't know for the others, I haven't
4 seen this offering of this calculation that Mr. Aney has
5 done, comparing I'm not sure what with what. And, so, I
6 feel disadvantaged in being able to understand it and ask
7 some questions regarding it. I don't speak for the other
8 parties, I speak for myself.

9 CHAIRMAN GETZ: Well, let's -- I want to
10 see it. And, if it's an aid in cross-examination, that's
11 one thing for the witnesses. If it's intended as
12 testimony on behalf of Mr. Aney, in the first instance,
13 that's quite another. So, let's get the document, I'll
14 mark it for identification and see where this goes.

15 We'll mark it for identification as
16 "Exhibit Number 18".

17 (The document, as described, was
18 herewith marked as Exhibit 18 for
19 identification.)

20 MR. ANEY: All I did was calculate some
21 fractions. There was some math. There was an addition as
22 well.

23 BY MR. ANEY:

24 Q. So, all I've done was I've taken the line items from

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1 the 2008 CORE docket that was proposed. I've put in
2 the line item from the actuals that were just
3 submitted, and I added on the few data points that came
4 out of the other exhibit that I just -- the data
5 request regarding the shareholders' incentives for
6 2008. And, then off and to the right, in the lower
7 corner there, I have actual non-customer expenses.
8 And, frankly, that's just my way of saying the expenses
9 that weren't in that column of "customer rebates and
10 services". So, if you were to subtotal the ones that
11 aren't in that column, the actual non-customer expenses
12 for 2008 were \$3,321,361. If you were to add up the
13 shareholder incentives, the shareholder incentives
14 collectively, including an estimate by New Hampshire
15 Electric Cooperative, because I don't think we had a
16 final yet or something, including that estimate of
17 8 percent, which actually is lower than the New
18 Hampshire Electric Cooperative historical shareholder
19 incentive number, which has been closer to around
20 10 percent. That comes up with a value of \$1,898,505.
21 So, that means out of the SBC funds for that year, if
22 you look at both the operating costs, however you want
23 to characterize it, or -- and the shareholder
24 incentive, there were \$5,219,866 of SBC funds, out of

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 the SBC funds that were collected that did not get
2 distributed to the customers in the form of rebates and
3 services.

4 And, if you could take that one step
5 further, and you say "well, how much of that total
6 amount of" -- if you look at essentially what the
7 utilities retained either as shareholder incentive or
8 to cover operating costs, and you were to consider that
9 that shareholder incentive was effectively a
10 contribution, a contribution or a profit for the
11 utilities for administering these programs, the profit
12 or contribution, which, in this case, would also be
13 essentially equivalent to the net profit for the
14 utilities, was 36 percent.

15 MR. EATON: That was testimony. And,
16 the shareholder incentive is something very different from
17 what's been represented here. And, we don't make a profit
18 on the internal administration, external administration,
19 or the evaluation or the marketing or internal
20 implementation. And, I don't think this should be
21 admitted for the purposes that Mr. Aney has represented.

22 MR. ANEY: I've never represented it --
23 I'm sorry.

24 CHAIRMAN GETZ: Ms. Knowlton.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 MS. KNOWLTON: I agree with Mr. Eaton.
2 And, I would add that this, the document that Mr. Aney
3 just provided, also contains his own characterizations of
4 what these various buckets of funds are used for, which
5 the witness, Mr. Belair, I believe has indicated that he
6 does not agree with. So, I really think this is in the
7 form of testimony from Mr. Aney, and I don't think that it
8 should be admitted as an exhibit.

9 CHAIRMAN GETZ: Well, and, Mr. Aney, as
10 I said in advance, if it's something that you were going
11 to use as an aid for cross-examination, that's one thing.
12 But --

13 MR. ANEY: It is, actually. So, I'm --

14 CHAIRMAN GETZ: And, how is that? Are
15 you going to ask them now whether they agree with --

16 MR. ANEY: No. What I would like to ask
17 is, if we go back to the point that Mr. Eckberg made in
18 his testimony, that he does -- "While the OCA does not
19 disagree with the Commission's finding that the present
20 incentive mechanism provides a just and reasonable balance
21 between the interest of shareholders and the interest of
22 customers" --

23 CHAIRMAN GETZ: Based on your
24 calculation and your characterization. So, in essence, I

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1 mean, I think that I could characterize this is that
2 you're posing some form of a hypothetical, and asking them
3 to assume that your characterizations and your conclusions
4 are --

5 MR. ANEY: I'm not creating new
6 accounting here or any hypotheticals. I'm just taking the
7 facts, the data that we were actually provided, and
8 calculating a contribution margin associated with the
9 numbers that were reported.

10 MS. KNOWLTON: I think this document, I
11 mean, my understanding is that this contains the statement
12 that it refers to "SBC funds", my understanding is that
13 the dollar amount, and Mr. Belair can correct me, but the
14 dollar amounts may include Forward Capacity Market funds
15 as well. And, I just -- Mr. Aney is putting forth this
16 document, first, without the opportunity to review it
17 fully, and I do think that this reflects essentially his
18 testimony in this proceeding, which he had the chance to
19 provide, and he chose not to.

20 (Chairman Getz and Commissioner Below
21 conferring.)

22 CHAIRMAN GETZ: Well, let's proceed in
23 this way, Mr. Aney, because I have, you know, we've marked
24 this for identification. I have serious concerns about

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 whether this is appropriately admitted as evidence in this
2 proceeding, because it does sound like, in your summary of
3 this, you're testifying, and I take the objections by Mr.
4 Eaton and Ms. Knowlton appear to be well-founded.

5 But, having said all that, if you have a
6 question for the witnesses with respect to the shareholder
7 incentive, I'd like to hear it. I think where you're
8 going is something that's more in the form of argument
9 that's appropriate to a closing statement. If you want to
10 characterize the facts in some way, that we should somehow
11 take some action based on that, then, you know, you're
12 free to pursue that in a closing argument. But I think
13 we're going too far afield. And, I take seriously the
14 fact that the witnesses really haven't had a chance to
15 absorb what you're saying here.

16 But do you have a question about
17 shareholder incentive, a direct question for the
18 witnesses? I mean, other than you're going back to the
19 issue of whether it's an appropriate balance, and I guess
20 you're trying to make the case why it's not an appropriate
21 balance?

22 MR. ANEY: The shareholder incentive is
23 effectively compensation to the utilities for
24 administering the program. The utilities have absolutely

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1 no risk of any loss on these programs, because 100 percent
2 of their costs are covered by Systems Benefit Charges.
3 The question is, well, what is -- how would you
4 characterize the shareholder incentive as a form of profit
5 or incentive regards to the services that are actually
6 being rendered by the utilities? And, how do you use that
7 to determine reasonableness for that incentive? Everybody
8 on that panel has testified that they believe the
9 shareholder incentive is appropriate and reasonable. And,
10 I'm simply trying to understand their basis for
11 "reasonableness". And, whether I'm mistaken in terms of
12 understanding the amount the shareholder -- that the
13 utilities are actually retaining for themselves as
14 effectively profit on this, which is a benefit for their
15 shareholders, i.e. it's money that flows to their
16 shareholders as profit, is reasonable, given the amount of
17 expense and effort associated with administering and
18 providing these programs.

19 CHAIRMAN GETZ: Okay. I understand your
20 argument. But, in terms of -- it seems like you've
21 already asked Mr. Belair at least this question.

22 MR. ANEY: Actually, I don't know if I
23 -- I asked Mr. Eckberg, I think, the question as to
24 whether he thought the incentive was reasonable. And, I

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1 would just love to give, you know, each of them an
2 opportunity to comment on whether they believe that a
3 36 percent contribution margin is an appropriate level of
4 incentive and a good use -- well, is it an appropriate
5 level of incentive for the utilities in their
6 administration of this program?

7 CHAIRMAN GETZ: Well, I guess that's
8 assuming they accept your premise that that's actual --

9 MR. ANEY: They're welcome to do the
10 math. I mean, it would probably just take a second. But
11 I don't think it's very complicated. It's just -- it's
12 adding the numbers up along the "actual" line, not
13 including "customer rebates and services". It's adding
14 the shareholder incentive numbers, and then adding those
15 numbers up to get to a total, and then just doing the
16 division.

17 CHAIRMAN GETZ: Well, let's do this, to
18 try and move this along. I guess, and I don't usually do
19 this, but let me pose these questions, two questions to
20 the panel. First of all, do you agree with the -- or can
21 you form an opinion whether this calculation by Mr. Aney
22 is an accurate one? And, regardless of whether it is or
23 isn't, do you have an opinion on whether the shareholder
24 incentive that's contemplated through the Settlement is a

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1 reasonable one? And, we'll start with Mr. Eckberg, and go
2 to Mr. Cunningham, and Mr. Belair.

3 WITNESS ECKBERG: Thank you for that
4 opportunity, Mr. Chairman. I have no reason to believe
5 that Mr. Aney's calculations are numerically inaccurate
6 here. But, honestly, I'm really not comfortable -- I'm
7 not familiar with the concept of a "contribution margin".
8 So, I'm not really sure how to think of that. This is
9 referring to the document that was distributed here, which
10 may or may not be Exhibit 18, I don't know. But, I really
11 can't -- I don't feel like I have any useful comments on
12 this, other than to say I -- subject to check, I'm sure
13 the arithmetic is probably correct. But the "contribution
14 margin" I think is a concept that's different than the
15 "shareholder incentive". And, I have not heretofore tried
16 to think of the "shareholder incentive" in this way. So,
17 I really don't think I have any useful comment on that.

18 Again, as my testimony stated, and as I
19 believe I've already said, I do believe that as the
20 shareholder incentive, as currently calculated, that it
21 does represent a reasonable balance between the interest
22 of shareholders and the interest of customers. So, I will
23 abide by my statement there in my testimony.

24 CHAIRMAN GETZ: Thank you.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 Mr. Cunningham.

2 WITNESS CUNNINGHAM: I'm not familiar
3 with the "contribution margin" concept either. I'd like
4 to study that a little bit. But my sense is that, as you
5 remove a portion of the denominator, that the Commission
6 has determined to be the denominator used for performance
7 incentives, as you shrink that number, this "contribution
8 margin" calculation is going to increase. And, so, just
9 on the basis of the arithmetic, what Mr. Aney has done is
10 he's shrunken the base, the denominator, against which the
11 Commission has historically calculated the performance
12 incentive.

13 The second concern I have about this is
14 that the Commission guidelines from the get-go have always
15 allowed the companies full recovery of prudent costs.
16 And, Order Number 23,172, the Commission outlines
17 principles related to energy efficiency. And, one of
18 those principles is that "the company should have a
19 reasonable opportunity to recover its costs for programs
20 prudently implemented." So, my sense is that there's two
21 things here. One is the costs that are involved, and are
22 they prudent, and no one has determined -- no one
23 questioned that the costs are imprudent. So, it's my
24 assumption that the costs are prudent. So, given the

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 Commission's guidance that "100 percent of prudent costs
2 are recoverable from energy efficiency", I would say the
3 challenge by Mr. Aney, as it pertains to costs, I'd have
4 to oppose, because costs are allowable.

5 The other part, the final part is that,
6 again, I go back to the years of implementation of
7 performance incentives since the -- Jonathan Raab
8 facilitated the Energy Efficiency Working Group and
9 delivered that report to the Commission, the practice has
10 been acceptable, reasonable, and fair to allow the
11 utilities a performance incentive based on their budget
12 dollars, not based on their shrunken budget dollars, as
13 it's portrayed here in the calculation of 36 percent. The
14 Commission has capped those performance incentives at
15 12 percent. So, this calculation of 36 percent doesn't at
16 all comport with the cap that the Commission has put on
17 the performance incentive of 12 percent.

18 CHAIRMAN GETZ: And, do you have an
19 opinion as to whether the shareholder incentive is
20 reasonable in this case?

21 WITNESS CUNNINGHAM: I believe it's
22 reasonable as it is, yes.

23 CHAIRMAN GETZ: Mr. Belair?

24 WITNESS BELAIR: One of the things that

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1 the utilities try to do with these programs is to get as
2 much money back to customers as we can. And, this clearly
3 shows that, on the "customer rebates and services" part,
4 you know, what we budgeted we actually provided more
5 services to customers than what we budgeted, at less cost.
6 And, so, what we -- the upper part, showing that we're
7 working hard to serve those customers. And, so, I think
8 those numbers accurately reflect the intent of the
9 utilities to do everything they can to serve customers and
10 provide energy efficiency, you know, in the State of New
11 Hampshire, that that's successful.

12 With respect to the numbers down below,
13 we have never used those numbers. And, you know, I'm not
14 going to do the math right now to see whether that
15 36 percent is correct, because it doesn't deal with the
16 numbers that we're dealing with. If you look at the
17 evaluation costs, Mr. Aney explains that that's a "utility
18 cost". That's -- the evaluation costs are probably the
19 GDS Technical Potential Study, so it's paid to a vendor to
20 look at costs associated with the State of New Hampshire.
21 So, it's not a utility-specific cost, it's a cost for a
22 contractor to do that kind of work, to look at the energy
23 efficiency as it exists in the State of New Hampshire.
24 And, I believe it was the Public Utilities Commission that

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1 paid that, and these funds were used to reimburse it.

2 Is the shareholder incentive reasonable?

3 That all happened when -- with the Energy Efficiency
4 Working Group, and, again, I think the utilities work very
5 hard to, you know, serve customers and to provide energy
6 efficiency services in New Hampshire. And, if the
7 Commission has, you know, already agreed that that formula
8 approach that we've had works, I'm not going to disagree
9 with them.

10 CHAIRMAN GETZ: Mr. Aney.

11 MR. ANEY: Just a note of calculation, I
12 suppose. To the degree that you take the evaluation
13 number out of the equation, or any of the other numbers
14 out that you would like to attribute to directly to
15 "customer rebates and services", it has the effect of
16 increasing the contribution margin as it's calculated
17 here.

18 BY MR. ANEY:

19 Q. So, let me just go back to a different question then,
20 and given that people may not like or understand the
21 "contribution margin". Mr. Eckberg, what is a
22 "reasonable profit margin", and do you understand the
23 concept of "profit margin"?

24 A. (Eckberg) I think so.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 Q. Okay. What is a "reasonable profit margin" for a
2 program administrator?

3 MS. HATFIELD: And, Mr. Chairman, I'd
4 object to this question. I think it's beyond the scope of
5 Mr. Eckberg's testimony. And, as he's testified several
6 times today orally, and is in writing in his testimony,
7 Mr. Eckberg stated that he believes that the current
8 proposal for 2010 for the shareholder incentive is
9 reasonable, but that he also believes that this issue is
10 ripe for a discussion, and, in fact, that he's already
11 done a little bit of research about the types of other
12 approaches that we could look at as a group. And, the
13 Settlement Agreement also specifically calls this out as
14 an issue to be discussed in 2010. So, I don't think that
15 this is an appropriate line of questioning.

16 MR. ANEY: Okay.

17 BY MR. ANEY:

18 Q. Mr. Eckberg, do the current shareholder incentives
19 provide any benefit to the administrators for investing
20 in customer education?

21 A. (Eckberg) Well, I believe that, whereas customer
22 education is included as one of the costs of the
23 programs, I would say that I believe you could say
24 "yes", that --

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 Q. If you look at the shareholder --

2 A. (Eckberg) -- there is shareholder incentive earned for
3 that activity.

4 Q. If you look at the shareholder incentive calculation,
5 as it's currently performed and it has been calculated,
6 as it's laid out in Exhibit 1, on Page 49 --

7 A. (Eckberg) I have that page right here in front of me,
8 yes.

9 Q. Okay. Is there anything in there that compensates or
10 rewards the program administrators for investing in
11 customer education?

12 A. (Eckberg) Well, when I look at the incentive formula on
13 Page 49, it says "incentive equals 4 percent times
14 budget", right?

15 Q. Correct.

16 A. (Eckberg) "Times", and then there are several ratios
17 that are calculated. And, the first ratio has to do
18 with the benefit/cost ratio actual, divided by the
19 benefit/cost ratio predicted at the beginning of the
20 program year, plus the kWh, the actual energy savings,
21 divided by the predicted energy savings. So, I guess
22 my point is, insofar as customer education activities
23 are included in the budget, which is included as a
24 factor here, then the incentive value would seem to --

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1 that's calculated, would seem to include some incentive
2 on customer education. Though, customer education is
3 not a factor that's used to calculate the incentive
4 itself.

5 Q. So, just to be clear, the budget number is the total
6 SBC funds?

7 A. (Eckberg) Yes.

8 Q. It has nothing to do with how those funds are spent.
9 It's just the total SBC funds that are collected,
10 correct?

11 A. (Eckberg) That's my understanding, yes.

12 Q. Okay. So, in that case, then, you know, you could
13 spend those on anything. Is there any benefit,
14 therefore, associated with spending that in customer
15 education? Is there any particular motivation or
16 incentive to invest in customer education that they're
17 rewarded for through the shareholder incentive?

18 A. (Eckberg) I think the answer to that question is "no",
19 because --

20 Q. Thank you.

21 A. (Eckberg) -- if you --

22 Q. Mr. Belair, --

23 A. (Eckberg) If I increase the amount of money spent on
24 customer education, there would not necessarily be an

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 increase in my incentive that I earn as a result of
2 that. Is that responsive to what your --

3 Q. I believe that's -- I would read it the same way.

4 A. (Eckberg) Okay.

5 Q. Fair enough. Mr. Belair, how are the utilities -- how
6 do they establish the targets that are used for
7 determining the shareholder incentive calculations each
8 year, the budget -- the budget numbers that are used as
9 target levels each year?

10 A. (Belair) Can you ask that question again? Because I'm
11 -- it's a simple formula and I'm trying to figure out
12 what part of it you're asking about.

13 Q. Okay. Certainly. Well, I'm on Page 49, the
14 shareholder incentive. And, specifically, I'm trying
15 to understand -- and I'm not talking about the Smart
16 Start incentive, which is calculated separately, but --
17 or differently, but for the rest of the programs there
18 is one formula, as I understand it, that is used, and
19 it's this one on Page 49. And, at the beginning of
20 each year, the shareholders establish a target budget
21 amount that is used. And, as Mr. Eckberg just said,
22 the benefit-to-cost ratio predicted, and the
23 kilowatt-hours predicted. Those are your target levels
24 that the utilities set each year to determine whether

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 there's an incentive above and beyond the budget number
2 for exceeding those performance targets, correct?

3 A. (Belair) Yes.

4 Q. Okay. So, then, these -- what they're called, these
5 "pre" numbers, the predicted numbers, can you tell me
6 how those predicted numbers are established by the CORE
7 utilities?

8 A. (Belair) Yes. I think I explained it a little bit with
9 Mr. Steltzer's questioning. But we look at the budget
10 by program, and we look to see how much energy
11 efficiency do we think we can get in each program. We
12 look at historical success in the programs, and we look
13 at changes in the marketplace, changes in the
14 technology, and we make some predictions for what the
15 next year is going to hold. When we have all the
16 kilowatt-hours and our budget broken down, we plug that
17 into a benefit/cost model. And, when we plug it into
18 that benefit/cost model, it will give us a benefit/cost
19 ratio for the residential and the commercial and
20 industrial programs.

21 Q. Did you ever ask anybody else to help you come up with
22 those numbers outside of the CORE utilities each year?
23 And, does each CORE utility actually come up with its
24 own numbers or do you agree to those numbers by

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1 consensus or how is that done, in terms of the
2 involvement of different parties in establishing of
3 those targets?

4 A. (Belair) The utilities work together on all the, you
5 know, all the assumptions for these, for the programs.
6 We look at what the Environmental Protection Agency
7 might have for changes in ENERGY STAR appliance
8 savings. We look at what other, the Northeast Energy
9 Efficiency Partnership might have in the way of load
10 shapes or, you know, changes in the industry, like
11 measure life. We had a measure life change recently.
12 And, sometimes we look at what some of the other
13 utilities in some of the other states are doing, and
14 see if ours are in line.

15 Q. Mr. Cunningham, during the 2009, you carefully reviewed
16 the incentive calculations, as I believe you've
17 discussed earlier today. Has the PUC Staff ever
18 actually challenged the target levels that have been
19 proposed by the CORE utilities as the target metrics or
20 measures or levels they are setting out for their own
21 performance?

22 A. (Cunningham) By "target level", you mean the budget for
23 the CORE Programs?

24 Q. The predicted numbers.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 A. (Cunningham) The budget numbers?

2 Q. I guess you can call them "budget", you know,
3 "predicted" numbers, yes.

4 A. (Cunningham) So, those are the numbers that are
5 reviewed by the Company. And, in this year, for
6 instance, we had a meeting in July, preplanning budget
7 meeting. So, the budget numbers were reviewed at that
8 time. I think that might have been before you joined
9 the group. So, I'd say, yes, there was some challenge
10 there issued to the Companies to review the budgets in
11 certain areas, and then the Companies came in with
12 their formal filing in September.

13 Q. In terms of, when you say "challenging", was it how
14 much to allocate to different programs? Or,
15 specifically, if you looked at the benefit-to-cost
16 ratios and the lifetime kilowatt-hour savings that were
17 predicted for each program, were those targets
18 challenged during any meetings that you had with the
19 utilities?

20 MS. AMIDON: Mr. Chairman, if Mr. Aney
21 could ask one question at a time, I think that would be
22 helpful to the witness. There seemed to be multiple
23 questions in that.

24 CHAIRMAN GETZ: Well, let's make sure.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 Do you understand the questions on the --

2 WITNESS CUNNINGHAM: Well, if you could
3 read that back to me.

4 BY MR. ANEY:

5 Q. Yes. I'm specifically trying to get, you know, for
6 example, how much money is being spent on one program
7 or another? How much of the SBC funds are going to be
8 allocated across programs? But, specifically regarding
9 the predicted benefit-to-cost ratio numbers that the
10 utilities have established for themselves as a target
11 level to achieve, or, as I look at the predicted
12 lifetime kilowatt-hour savings that the utilities have
13 established for themselves to achieve, has anybody at
14 the PUC Staff reviewed those for reasonableness or
15 challenged them regarding whether they're appropriate
16 targets? Too easy? Too hard? That's what I'm trying
17 to get at.

18 A. (Cunningham) Well, there are a couple of things that go
19 on during the course of our quarterly review meetings.
20 And, one of those things is the review of actual costs
21 versus budget costs. Another one of the items that we
22 review are the savings. And, the third item is "what
23 is the cost per kilowatt-hour savings? And, as those
24 actual data points are established in the context of an

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1 actual filing, the Staff looks at whether or not how
2 reasonable or not the projected budgets are with
3 respect to their actual performance.

4 So, I'd say, yes, the Staff does look at
5 the components that you just mentioned.

6 Q. Has Staff ever used any outside market data to
7 determine whether those are easy or difficult numbers
8 to achieve, in the context of the actual demand in the
9 marketplace or other outside market data, versus simply
10 looking at the input and facts provided by the
11 utilities?

12 A. (Cunningham) Yes. We look at a lot of outside market
13 data. Attached to the filing I think are 100, 150 or
14 some odd number of studies that have been conducted
15 over the years to identify cost and savings impacts.

16 Q. In the CORE dockets, over the last three years, has
17 anybody ever disagreed or modified, after the original
18 filing of the CORE Program, the targeted levels for the
19 shareholder incentive, either the kilowatt-hours
20 predicted or the benefit-to-cost ratio predicted?

21 A. (Cunningham) Yes. This year the New Hampshire PUC
22 auditors went to each of the utility companies and
23 examined their books and records with respect to rebate
24 costs. And, rebate costs are about 75 percent of the

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 cost of each programs. They looked at expenses
2 relative to the Forward Capacity Market revenues that
3 the Companies received. They looked at reconciliation
4 balances. All of those reviews that the PUC auditors
5 did resulted in a number of cost impacts for each of
6 the utilities. And, those cost impacts have a
7 calculation impact on the performance incentives.

8 So, in the course of this proceeding,
9 the next step for us is to look at the impact of each
10 of the individual company audits done by the New
11 Hampshire PUC auditors, with respect to the expenses
12 that were identified as reviewable expenses and how
13 those expenses will impact the performance incentive
14 calculations.

15 At this point in time, the Companies
16 have filed, with the exception of the Co-op, each
17 Company has filed their performance incentives. And,
18 we have made an initial pass at what we think the
19 performance incentives should be for each of the
20 Companies. The next pass will be the final pass, I
21 believe, which will be to incorporate all the findings
22 of audit reports for each of the Companies, and
23 recalculate performance incentives.

24 So, there's a process that we go

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1 through. And, in the coming year, we'll continue to go
2 through that process. And, we've enhanced it a little
3 bit this year with each of the companies, in the
4 context of this Settlement Agreement, have agreed to
5 file their performance incentives in June. And, so,
6 we'll have an earlier filing than normal, and a
7 consistent filing, that will ease the administrative
8 costs associated with reviewing these performance
9 incentives at different times.

10 Q. Thank you.

11 A. (Cunningham) You're welcome.

12 Q. Mr. Belair, do you believe that the investment in
13 marketing and promotion dollars typically leads to a
14 directly positive correlation with the demand for
15 services and products in the marketplace?

16 A. (Belair) Are you talking about in general or with these
17 programs?

18 Q. In general.

19 A. (Belair) Marketing certainly helps increase demand.

20 Q. Would you also agree that PSNH has, for whatever
21 reason, not spent a lot relative to what it proposed in
22 recent years, in regards to its marketing budget?

23 A. (Belair) Yes. Typically, what we do is we put enough
24 in the budget that, if we really need to step up

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 marketing, we have that, they're available. And, lots
2 of times, if you're able to serve the customers without
3 having to spend that, we won't use it. We'll use that
4 money for rebates.

5 Q. How much have you had to spend of your marketing budget
6 for 2009 year-to-date approximately?

7 A. (Belair) I don't know what it is.

8 Q. Okay. And, for 2008, do you remember how much that
9 was? In fact, I think that data point is here. It was
10 only 26 percent of the budget, or 0.5 percent of the
11 total System Benefits Charges, is that right?

12 A. (Belair) If your numbers are right, it says "86,250"
13 statewide.

14 Q. Yes. And, that come out from this report here.

15 A. (Belair) Yes.

16 Q. So, if that's correct, it implies that you haven't had
17 to invest very much marketing, and you didn't do that
18 because you felt the demand was sufficient, and you'd
19 rather allocate those dollars to programs and services,
20 is that correct? Well, I'm just tying a couple of your
21 points you made together. So, the --

22 A. (Belair) Can you ask the question again?

23 Q. Sure. Sure. Have you felt that you did not need to
24 spend very much on marketing in 2008, and to a degree

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 in 2009, because demand has been sufficient, that it
2 wasn't required to stimulate additional demand for your
3 services in the marketplace?

4 A. (Belair) I wouldn't say that's true, because we've
5 tried some marketing techniques that don't cost money.
6 When we use Twitter to try to promote an efficiency
7 program, it doesn't cost anything to do that. When we
8 work with Affinity Group or another group to put an
9 article in a newsletter, it doesn't usually cost money
10 to do that. So, we've had opportunities to promote the
11 programs in a way that doesn't -- that's allowed us to
12 reduce our marketing budget, and then spent it on
13 customers instead.

14 Q. But is it fair to say that a very small fraction of
15 your overall budget goes to marketing activities right
16 now?

17 A. (Belair) Well, we have 5 -- or, 2 percent that's
18 budgeted. So, I would say that's a small percent.

19 Q. It was 0.5 percent that actually was spent?

20 A. (Belair) Uh-huh. Right.

21 Q. So, a fairly small amount, I would think, less than one
22 percent. And, during that same period of time, in
23 2008, PSNH was able to achieve a shareholder incentive
24 of 9.7 percent in 2008, correct?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 A. (Belair) Yes.
- 2 Q. Okay. So, you exceeded the budget amount, spending
3 very little on marketing for 2008?
- 4 A. (Belair) We were able to deliver the lifetime
5 kilowatt-hour savings and participant goals at a
6 reduced cost, yes.
- 7 Q. Mr. Eckberg, given that utilities have not had to spend
8 or, you know, have been under spending their marketing
9 budget, and have not really spent very much or a small
10 fraction of their budget overall on marketing to
11 stimulate demand for their programs, if they, at the
12 same time, have been consistently earning shareholder
13 incentives of 10 percent or more on average over the
14 course of those years, and given that they have been
15 able to hit those numbers nearly maximizing the
16 shareholder incentive with no marketing, do you think
17 it's possible that the target numbers for the
18 benefit-to-cost ratios and the target numbers for
19 kilowatt-hours saved, might have been a little bit too
20 lenient or too easy to achieve?
- 21 A. (Eckberg) Well, I think, to really answer that question
22 in detail would require a lot more information than I
23 have at my fingertips here.
- 24 Q. What information do you think would be helpful?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 A. (Eckberg) well, if I wanted to evaluate, for instance,
2 you asked "whether the energy savings goals were too
3 easy", I believe that was a component of your question?

4 Q. Yes. I'm specifically referring back actually just to
5 the numbers that are used to determine the shareholder
6 incentive. The performance, you know, I believe in
7 what's measured is what matters. And, if I look at
8 what's actually being measured and how they're being
9 paid, as a result of what's being measured, and how
10 well they're doing relative to that, that's what I'm
11 focused on right here. So, I'm looking at the
12 benefit-to-cost ratios and the kilowatt-hour savings.
13 And, whether we believe that those have been stretch
14 targets, easily achieved targets or what, and to the
15 degree that those targets have even been substantiated
16 perhaps by any data points or challenged in the process
17 each year as we've reviewed these CORE dockets?

18 A. (Eckberg) Well, I think an adequate monitoring and
19 evaluation program is an important thing to be able to
20 assess whether the predicted lifetime kilowatt-hour
21 savings for any particular measure or program is an
22 appropriate thing, one has to have adequate evaluation.

23 Q. May I just ask it, that M&V [sic] work typically ends
24 up calibrating the modeled predictive numbers, right?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 So, these numbers are all based on predictive formulas.
2 If we do the M&V [sic] work out there, the impacts
3 analysis, we might determine whether the realized
4 savings are close to what's predicted. But it still
5 doesn't address the issue associated with the predicted
6 target levels were easy to achieve or not, given the
7 market?
- 8 A. (Eckberg) And, your question for me was specifically?
9 Q. You were -- You were commenting that the market and
10 evaluation information might be useful, --
- 11 A. (Eckberg) Yes.
- 12 Q. -- because actuals could allow us to understand how
13 much energy was actually being saved, I guess?
- 14 A. (Eckberg) Right. And, therefore, one could then assess
15 whether the predicted savings from weatherizing 100
16 homes, for instance, is an appropriate -- whether
17 utilities have set an appropriate target for the energy
18 savings for the weatherization of those 100 homes or
19 the installation of X number of measures of type such
20 and such. So, I think there is some connection there
21 to evaluation work.
- 22 Q. Fair enough. Have the utilities ever sat down to share
23 that with you, so you understand their assumptions
24 associated with how they come up with their predicted

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 numbers and have they ever tried to do anything to
2 verify or validate for you that these numbers are based
3 on any reality or hard facts from the market?

4 A. (Eckberg) Yes. This summer there was a meeting of
5 interested parties at Public Service of New Hampshire's
6 offices in Manchester, to discuss the benefit/cost
7 model. And, the utilities shared copies, electronic
8 copies of that model, I believe, with the Staff and
9 parties. And, those models do contain all the details
10 of the energy savings estimates that are included. So,
11 I would say, yes, the utilities have made an effort to
12 share that information with us. Yes.

13 Q. But was there actually any discussion around the
14 assumptions that are in the model as to whether they
15 were valid or not?

16 A. (Eckberg) There was discussion about that in a general
17 way. I'm not sure that we reviewed every single
18 assumption line-by-line, measure-by-measure. As you
19 may well imagine, it's a fairly huge pile of data. So,
20 I have not reviewed it line-by-line,
21 assumption-by-assumption, I should say that.

22 Q. All right. Well, I guess, given how important that is,
23 in terms of determining where money should be spent,
24 and also in terms of how the shareholder incentive

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 mechanism results in a benefit for the administrator or
2 not, do you not believe that -- do you believe that
3 that's a very important area of focus and attention
4 that deserves scrutiny, given how much it influences
5 the rest of the decision-making associated with the SBC
6 funded CORE Programs?

7 A. (Eckberg) I do believe it's an important area, yes.

8 Q. Mr. Belair, when was the last time you actually updated
9 that model or set of assumptions that are in there,
10 based on the reality of market facts in regards to
11 implementation of the programs here in New Hampshire?

12 A. (Belair) We do that every year, for both this filing
13 and for the filing that we make to ISO-New England in
14 the Forward Capacity Market.

15 Q. And, how is that done?

16 A. (Belair) We look at what industry standards are with
17 savings, whether it's the, you know, EPA's model. We
18 look at what we're actually receiving as far as energy
19 savings after an evaluation. We -- some of these
20 evaluations are looking to see whether, you know, the
21 savings that New Hampshire is getting are consistent
22 with what some of the other states are getting in
23 certain measures, for example, weatherization.

24 Q. And, why does that matter?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 A. (Belair) We want to see whether our numbers are
2 reasonable. So, when we look at whether we're saving
3 13 MMBtus when we weatherize a home, we want to know
4 whether that 13 MMBtus is reasonable with other New
5 England weatherization programs. So, we look at that
6 for a reasonableness test.

7 Q. But you're not actually comparing it to what you've
8 actually been able to achieve through the homes where
9 you've done the weatherization?

10 A. (Belair) We have done that through the impact
11 evaluations that were done. And, as part of that
12 impact evaluation, we also want to know whether our
13 numbers are not only correct here after the impact
14 evaluation, but if they're reasonable as compared with
15 what other states are achieving.

16 Q. Mr. Cunningham, in regards to your statement early on
17 in today's discussion about this Settlement Agreement,
18 you mentioned a concern about "confidentiality". Would
19 you please clarify what you meant by that?

20 A. (Cunningham) Certainly. We have certain protocols when
21 we work in the CORE team. Sometimes we establish
22 working groups for complicated issues and sometimes we
23 establish working groups for setting up RFPs. And, the
24 information that we speak about during those subgroup

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 meetings is confidential information. The multi-year
2 program RFP will be worked on in a subgroup, I expect
3 this coming year. The information that's garnered in
4 that subgroup meeting is not information that should be
5 shared until the selection of a contractor is made.

6 As far as audit reports are concerned,
7 sometimes we discuss audit reports, but they're not
8 discussed until after the Companies have had a chance
9 to review the audit reports and respond to the New
10 Hampshire PUC auditors.

11 So, again, there's certain protocols.
12 Maybe there's a matter of degree, depending on what
13 we're talking about. But confidentiality is usually
14 respected when we work in these subgroups and share
15 this information.

16 Q. So, your comment earlier about "some of these meetings
17 are confidential", what you really meant to say is
18 "some of the materials in them are confidential and
19 need to be kept such", as a sense of propriety around
20 the confidentiality. You did not mean to indicate
21 that those meetings weren't open to the public, is that
22 correct?

23 A. (Cunningham) Well, you know, it's, again, a matter of
24 protocol. We have a working group of folks that meet

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 consistently. And, if some other people want to join
2 the group, the protocol would require that they abide
3 -- perhaps abide by all of the decisions that have been
4 made up to date. It's not an exclusive club. And, I
5 certainly don't know all the protocols. It's been
6 fairly constant, in terms of participation. So, we
7 haven't had any experience with new parties joining us.
8 You're the first in quite a while to join our group.

9 So, normally, we respect certain
10 protocols. We share ultimately the information that we
11 make decisions on in the context of letters to the
12 Commission to notify them of certain things. Or, in
13 the context of the filings, which the Companies provide
14 to the Commission, and incorporate all of the ideas
15 that were shared during the prior year at the CORE
16 Management Team meetings.

17 Q. But, just to confirm, these are SBC funded meetings,
18 correct? So, they're publicly funded procedures?

19 A. (Cunningham) Yes.

20 Q. Okay. And, therefore, they're subject to the Right to
21 Know laws in the State of New Hampshire?

22 A. (Cunningham) Well, I'll defer to my counsel.

23 MS. AMIDON: I haven't looked into that
24 question, Mr. Chairman. Generally, the Right to Know law

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 applies to deliberative bodies, such as the Commission.
2 I'm not sure to what extent it would apply to a work
3 group.

4 CHAIRMAN GETZ: Well, perhaps maybe I
5 can get I think what I believe is the bottom line here. I
6 think the expectation is that materials and information
7 that is legitimately confidential should be treated in a
8 confidential manner? I mean, is that really the basic
9 issue here?

10 WITNESS CUNNINGHAM: I think it's more
11 than that. It's that, definitely that. And, perhaps a
12 protocol that is just below the level of what you referred
13 to as "confidentiality". We wouldn't -- we would respect
14 the information that's shared in the context of a subgroup
15 until it's ripe for presentation to the major group. And,
16 then, the major group would make a decision, and we'd
17 share that with the Commission. So, we wouldn't -- we
18 wouldn't generate notifications to the Commission if we
19 didn't complete a review at the subgroup and at the CORE
20 group level. So, there's a protocol to manage information
21 until the conclusions and the decisions that the team
22 makes are final and we move forward with them.

23 BY MR. ANEY:

24 Q. What is this broader group you refer to? Who is it?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 A. (Cunningham) The CORE Management Team.
- 2 Q. Can you define the CORE Management Team?
- 3 A. (Cunningham) Yes. The CORE Management Team that meets
4 monthly.
- 5 Q. Who is on the CORE Management Team?
- 6 A. (Cunningham) All of us here.
- 7 Q. What --Who is included or excluded from the CORE
8 Management Team?
- 9 A. (Cunningham) Who is --
- 10 A. (Eckberg) Could I interject here? My understanding is
11 that the "CORE Management Team", that specific name,
12 refers to a group of individuals who represent the four
13 participating CORE utilities. That is the CORE
14 Management Team. They are responsible for implementing
15 the programs as approved. They hold the
16 decision-making power about how things happen. The
17 monthly meetings, which are planned to occur in 2010,
18 which are more frequent than the quarterly meetings
19 we've had heretofore, are certainly attended by more
20 than just the four CORE utilities. Mr. Cunningham, I
21 believe may have referred to that in his testimony as
22 the "CORE team", so to speak. But it's my
23 understanding that the CORE team does not have
24 decision-making power over what happens in the CORE

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 utility programs. It is the CORE Management Team, the
2 four utilities themselves.

3 Hopefully, that is a useful explanation.
4 And, I welcome any correction that I may have to my
5 understanding of that.

6 Q. So, in reference to the Exhibit 2, the Settlement
7 Agreement, Page 2, where the utilities define
8 themselves as "The Electric Utilities propose the
9 continuation of the CORE Program Management Team", and
10 then parenthetically "CMT". That's the CORE Program
11 Management Team is the CORE Management Team you
12 referred to, Mr. Eckberg, that is the four utilities,
13 correct?

14 A. (Eckberg) I don't -- I'm looking for Exhibit 2. I'm
15 sorry. What page were you on?

16 Q. Page 2. The first, the first sentence into the first
17 paragraph that begins on Page 2. Where it says,
18 starting with "The Electric Utilities propose the
19 continuation of the CORE Program Management Team".

20 A. (Eckberg) Yes. The "CORE Program Management Team", as
21 defined there on Page 2 of Exhibit 2, I construe to be
22 the four electric utilities who operate the CORE SBC
23 funded energy efficiency programs, yes.

24 Q. And, then, in the second sentence, they redefine that

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 or rephrase it and say "the CORE Management Team", but
2 it appears they're alluding to the same concept, the
3 CORE Program Management Team or the CMT. Is that your
4 understanding of what the intention is of that second
5 sentence of the Settlement Agreement, in that
6 paragraph?

7 A. (Eckberg) Yes. The sentence that reads "The Electric
8 Utilities propose that the CORE Management Team
9 continue to be comprised of representatives from each
10 electric utility" --

11 Q. Yes.

12 A. (Eckberg) -- "and will make decisions by consensus with
13 one member specifically designated as the liaison with
14 the Settling Parties and Staff."

15 Q. Yes.

16 A. (Eckberg) That CORE Management Team is, I believe, as
17 it states clearly, made up of members of the four
18 electric utilities. It does not include the broader
19 group, which is Staff, the OCA, other intervening
20 parties.

21 Q. Mr. Cunningham, when you say about the "broader CORE
22 team", does that include the CORE Management Team as
23 defined here, plus all other interested parties?

24 A. (Cunningham) Yes.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 Q. Does that mean, is "all other interested parties"
2 limited to just intervenors in the CORE docket of the
3 prior year?

4 A. (Cunningham) Could you say that again?

5 CHAIRMAN GETZ: Actually, I think Ms.
6 Hatfield covered this fairly well in the direct testimony
7 of -- with going through the Settlement, in terms of
8 "Settling Parties and Staff" was not meant to exclude --
9 exclude anyone from participating in the future. And,
10 that's certainly the way I was reading this, was the
11 "Settling Parties and Staff", that language was used
12 because only they could bind themselves in coming to an
13 agreement. So, that certainly was the way I would
14 interpret it, is there's no intent to exclude anyone who's
15 interested in participating in the process.

16 MS. AMIDON: And, upon reflection, these
17 meetings have been noticed on the Commission's outside
18 calendar, the calendar that's available to the public.
19 And, people have come as they wanted. So, in that sense,
20 it has been, you know, it's not exclusive. I think that
21 decision-making versus participation is probably the
22 distinction in the Settlement Agreement.

23 CHAIRMAN GETZ: Ms. Knowlton, did you
24 have something?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 MS. KNOWLTON: I just want to note for
2 the record that, on Page 17 of Exhibit 1, which is the
3 proposed 2010 proposal, there is a brief discussion about
4 the "CORE Management Team", which has been part of the
5 CORE Programs since they were first approved back in DE
6 01-057.

7 CHAIRMAN GETZ: I'm sorry. Say that
8 again. That's on Page 17 of --

9 MS. KNOWLTON: I believe it is on Page
10 17 of Exhibit 1. I think it's under Paragraph F.

11 CHAIRMAN GETZ: Okay. I see it. Thank
12 you. Mr. Aney.

13 MR. ANEY: I was just a little bit
14 confused, because Mr. Cunningham said that "certain
15 activities of the broader CORE team would be subject to
16 review and approval of a subset of that team", and I was
17 trying to understand what he was actually referring to as
18 that subset. And, whether that subset was going to be a
19 filter between any work groups or reports that came out of
20 that broader group that were intended for delivery to the
21 PUC.

22 BY MR. ANEY:

23 Q. So, Mr. Cunningham, can you clarify? Do you mean that
24 any of the reports or output from the subgroups

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 necessarily needs to go through the CORE Management
2 Team for review and approval before it goes to the PUC
3 or other interested parties?

4 A. (Cunningham) Well, I'll give you an example, maybe that
5 will clarify this point. During 2009, we had two
6 working groups established; one for performance
7 incentives and a second one for the HEA Low Income
8 Program budget allocation. And, those two working
9 groups met, were established with volunteers, the very
10 beginning of the year, and we set separate dates
11 outside of the quarterly CORE team dates. Those dates
12 were utilized, in part, as Mr. Eckberg just said, at a
13 plant visit at PSNH, where the Company provided
14 information about the model that it used to calculate
15 the performance incentives. The results of the working
16 group were discussed at the larger quarterly review
17 CORE Team meetings, at which decisions were made about
18 what would be reflected in the filing, based on the
19 recommendations made by that sub working group.

20 CHAIRMAN GETZ: So, let me make clear,
21 so we get the language correct. You said the "CORE Team",
22 not the "CORE Management Team?"

23 WITNESS CUNNINGHAM: CORE Team, yes.
24 Yes. Thank you.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 BY THE WITNESS:

2 A. (Cunningham) If you look at the filing at Page 73 and
3 74, you'll find new information on these two pages that
4 were never there before. You'll find information about
5 winter kilowatt savings and summer kilowatt savings on
6 Page 73. On Page 74, you'll find information about
7 capacity and energy savings, as well as non-electric
8 resource savings, that weren't there in prior reports.
9 So, this demonstration that I'm giving you shows that
10 what was done originally in a subgroup working meeting,
11 and presented to the CORE Team, resulted in decisions
12 made to inform the Commission about the work that had
13 been done this past year, inform the Commission in the
14 context of the filing that is before us today.

15 As far as HEA Budget Allocation Working
16 Group is concerned, that was the second working group
17 that was set up in 2009, there were meetings held at
18 the sub working group level. Presentations were made
19 by Mr. Linder and Staff. The discussion after that
20 proceeded to the larger working group. And, at the
21 larger working group, consensus could not be achieved.

22 CHAIRMAN GETZ: Well, I think Mr. Aney
23 is going in a different direction. Are there any issues
24 or circumstances where the CORE Management Team, the four

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1 utilities, has some veto power or authority over the work
2 of a working group that's made up of any of these other
3 parties who have participated in proceedings over the
4 years? Well, anybody.

5 WITNESS CUNNINGHAM: The CORE Team, I've
6 been on the CORE Team for a year, and the CORE Team, the
7 way it works, under the year I've been on the Team, has
8 been by a consensus group, consensus decision-making
9 protocol. If one person on the team doesn't agree with
10 the decision, that person has to provide an alternative
11 proposal, and explain it. In the case of the Low Income
12 Working Group, we did not have a consensus, because Staff
13 did not agree with what the other parties were
14 recommending. So, we had a veto --

15 CHAIRMAN GETZ: But let's get to the --
16 the hypothetical, though, I think where Mr. Aney is headed
17 is, could a working group come up with a recommendation,
18 and the CORE Management Team, the four utilities, say "no,
19 that may not proceed any further"? I mean, is that
20 basically what you're getting at, Mr. Aney?

21 MR. ANEY: That was one. That was
22 definitely one of my points. Thank you.

23 WITNESS ECKBERG: I would like to
24 comment that, theoretically, I think that such a thing

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 would be entirely possible, yes. Uh-huh. Because the
2 CORE Management Team, which is made up of the four
3 utilities, has decision-making power and implementation
4 power of the program. So, while they are certainly
5 willing to listen to discussion and things that come from
6 the larger group, I don't believe that they are bound to
7 follow the recommendations, if they don't want to.

8 CHAIRMAN GETZ: But, at the same time,
9 wouldn't the working group or members of the working group
10 be able to propose something different when we got to
11 hearing?

12 WITNESS ECKBERG: Yes, I suppose that's
13 true. Yes. There would be -- there are other legal
14 approaches that individuals or groups could take to bring
15 a matter before the Commission, I believe. That's what
16 you're asking. And, I think that, yes, that is probably
17 true also.

18 CHAIRMAN GETZ: Mr. Aney.

19 MR. ANEY: Thank you.

20 BY MR. ANEY:

21 Q. Mr. Belair, who determines when the CORE filing is
22 actually made each year?

23 A. (Belair) Well, in this case, it's the Settlement
24 Agreement.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 Q. The original, Exhibit 1, --
- 2 A. (Belair) Pardon me?
- 3 Q. When was Exhibit 1, actually, the determination of when
- 4 to submit Exhibit 1, who decides when to, I'm trying to
- 5 figure out what to call it, but who determines when to
- 6 open up the docket for the CORE Programs each year, to
- 7 submit through the submission of the, you know, the
- 8 proposed CORE Efficiency Programs?
- 9 A. (Belair) We typically go to the Commission and ask for
- 10 a docket number, and we try to work out a date that's
- 11 acceptable for everyone to submit the filing.
- 12 Q. And, when you say "for everyone", you mean across the
- 13 CORE Management Team, the utilities? The four
- 14 utilities, correct?
- 15 A. (Belair) No, the CORE Team, you know, all the
- 16 interested parties. And, we try to do it such that,
- 17 you know, the utilities can reasonably put together,
- 18 you know, the filing in time, and try to make it a date
- 19 that we can reach. And, it's been September 30th for
- 20 nine years, eight years.
- 21 Q. Okay. And, would you agree that it has, at least in
- 22 the last couple of years, been a fairly accelerated
- 23 process that has led to the inability of the group to
- 24 address some of the more significant issues that were

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 on the table and to deliberate them and modify any
2 program components before reaching the end of the year,
3 to give the utilities sufficient time to actually put
4 in place a program in the next year?

5 MS. KNOWLTON: I object to the form of
6 the question. I don't think there's been any foundation
7 for that question.

8 MR. ANEY: If I can refer to the
9 transcript from the last year's CORE Program, there are
10 several references actually in that transcript of the
11 clerk to the "heroic efforts that were required to
12 accomplish the work that was done within a six to eight
13 week period of time." And, as a result of many of the
14 issues that were being proposed as being "significant",
15 many had to be deferred into discussion for a subsequent
16 year, because there wasn't sufficient time during that
17 docket to actually fully examine some of those issues.

18 CHAIRMAN GETZ: So, do you have a
19 question? I think what the objection is, is basically to
20 the extent that I you are extrapolating from one instance
21 to suggest that it has always been the case, and that it
22 is somehow perhaps intentional. But --

23 MR. ANEY: If I look again at this year,
24 and if I look at even the Settlement Agreement document,

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1 it appears that it has been a consistent concern that many
2 fundamental or significant items have not been actually
3 discussed, and end up getting deferred into quarterly CORE
4 Management meetings. Some of which can be addressed, some
5 of which, due to time and resource, do not get addressed,
6 essentially kicking the can down the line, often only to
7 be teed up and then knocked down again. If you go back
8 through and look at some of the orders, some of the
9 settlement agreements, and some of the transcripts from
10 prior dockets.

11 CHAIRMAN GETZ: Okay. So, that's your
12 characterization. Do we have a question for the
13 witnesses?

14 MR. ANEY: Yes.

15 BY MR. ANEY:

16 Q. I guess my question was, you know, fundamentally, was
17 who establishes the timeline for these? And, then,
18 also, why we haven't, in the past, tried to provide
19 more time, so that we don't feel so rushed and
20 compelled to hit an end-of-the-year deadline, so that
21 some of these issues could be deliberated more fully in
22 the program?

23 MS. KNOWLTON: I'm going to object
24 again. I just feel like we're going far afield here. The

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1 Settlement that's before the Commission contains a
2 specific proposal for filing for next year. And, I think,
3 in his closing argument, if Mr. Aney disagrees with that,
4 he can indicate what his position is and, you know, why
5 his position is what it is. He refers to "we", I'm not
6 sure who he's talking about.

7 CHAIRMAN GETZ: Let's move along.

8 MR. ANEY: Okay. It's, you know, it's a
9 fair point. I have no more questions on
10 cross-examination.

11 CHAIRMAN GETZ: Okay. Thank you. Mr.
12 Henry.

13 MR. HENRY: Thank you very much, Mr.
14 Commissioner, Mr. Chairman.

15 CHAIRMAN GETZ: Just to let you know,
16 when we get to closing statements, you'll be going first,
17 then we'll go back around.

18 MR. HENRY: My name is Dick Henry. I'm
19 the Executive Director of the Jordan Institute. And I
20 have a few questions for the panel.

21 CHAIRMAN GETZ: Could you get the
22 microphone closer please.

23 MR. HENRY: Is it on or not?

24 CHAIRMAN GETZ: It is, but you just have

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 to get close.

2 MR. HENRY: Even closer? Okay. Good.

3 Thank you.

4 BY MR. HENRY:

5 Q. Mr. Eckberg, I would like to follow up on the questions
6 that Ms. Hatfield made to you regarding the cover
7 letter of the Settlement Agreement. Which refers to
8 our meeting, actually, it refers to the Governor's
9 announcement on December 16th. And, I would like to
10 draw your attention back to the fourth technical
11 working meeting on December 14th, that took place that
12 Monday. And, would you like to sort of characterize
13 your sense of the essential quality, in terms of that
14 meeting, and whether you feel that the essential terms
15 of this Settlement Agreement were, in fact, worked out
16 during that day?

17 MS. GEIGER: Mr. Chairman, I'm going to
18 have to object to that question. It seems to me that what
19 was discussed at the December 14th meeting was settlement,
20 in the category of settlement negotiations. And,
21 typically, the Commission does not allow the questioning
22 of witnesses concerning what was discussed. I think it
23 was even scheduled as a "settlement session". So, I
24 would, with all due respect to Mr. Henry, I just don't

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 think this is a fair and appropriate area to inquire of
2 these witnesses.

3 CHAIRMAN GETZ: Well, I'll give an
4 opportunity for a response, either Mr. Henry or I guess
5 it's, Ms. Hatfield, it's your witness.

6 MS. HATFIELD: I think perhaps I agree
7 with Attorney Geiger, and perhaps Mr. Henry could rephrase
8 his question so that it wasn't going to the substance of
9 settlement discussions.

10 MR. HENRY: I'm sorry for my
11 inexperience in this process.

12 MS. HATFIELD: For example, Mr. Henry
13 could inquire about the witness's knowledge of the
14 legislation at a particular period of time.

15 MR. HENRY: Right.

16 BY MR. HENRY:

17 Q. On December 14th, were you aware that -- of any move by
18 the Governor and the Legislature to announce pending
19 legislation that coming Wednesday?

20 A. (Eckberg) No, I was not. Not as of December 14th, when
21 we were having the settlement conference in this
22 docket. I did not become aware of that possible
23 legislation that's discussed in this cover letter to
24 the Settlement until the day of that press conference

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 of December 16th.

2 Q. If you would turn to Page 5 of the Settlement
3 Agreement, and if you would read the first two
4 sentences of the paragraph beginning "The Electric
5 Utilities have the responsibility of carrying out the
6 existing programs".

7 A. (Eckberg) Yes. That's the last paragraph of the
8 Section A, is that correct?

9 Q. Correct.

10 A. (Eckberg) It says "The Electric Utilities have the
11 responsibility of carrying out the existing programs,
12 to spend within approved budgets, and to meet
13 operational goals for every program." And, the second
14 sentence says "The Electric Utilities shall have the
15 necessary authority to manage the operations of the
16 programs in order to achieve the budget and
17 programmatic goals established by Commission approval
18 of the 2010 CORE programs."

19 Q. Thank you. Do you think, based on those two sentences,
20 that there is any mechanism in this Settlement
21 Agreement to adjust the extensive items that are listed
22 in this Agreement, should the budget be reduced along
23 the lines proposed by the Governor in the legislation?

24 A. (Eckberg) Are you referring to the list of items

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 earlier in this Section A that -- that will be the
2 subject of discussions of monthly meetings?

3 Q. There are a long list of items in Section A. The
4 settling group has worked hard to address a wide
5 variety of issues. Do you believe it is possible for
6 us to complete the goals that we are proposing here,
7 should the budget be dramatically reduced? And, is
8 there any mechanism within this Settlement to allow us
9 to adjust the work of the Settlement, if the budget
10 were reduced?

11 A. (Eckberg) Well, I have several comments, I guess. From
12 the list of items that we have, that are enumerated
13 here in the CORE Settlement, starting on Page 4, not
14 all of them specifically relate to funding or budget
15 issues, some of them are other issues. However, I
16 suspect that, if such legislation that's discussed in
17 the cover letter were to be passed, I think that that
18 would therefore become sort of a priority topic for
19 discussion, and may push some of these other issues,
20 which we plan to discuss, a little further along down
21 the calendar, because, clearly, the funding issue, if
22 approximately three and a half million dollars was to
23 be removed from the CORE Program funding, that would be
24 a significant issue to discuss and deal with for all

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1 the parties.

2 Q. So, are you saying that, if you read those two
3 sentences on Page 5 that I had you read earlier, that
4 that allows for the flexibility to reduce the programs?
5 Or, is this Settlement Agreement committing the
6 utilities to completing these programs as essentially
7 outlined in this Settlement Agreement?

8 A. (Eckberg) If I understand your question, maybe I'm not
9 sure I do, are you indicating that you believe the
10 utilities are obligated to spend the full amount of
11 money as outlined in Exhibit 1, if the Settlement is
12 approved? Is that what you're asking me?

13 Q. That's what I'm asking you.

14 A. (Eckberg) I think that borders on some sort of a legal
15 question, perhaps. And, I'm not sure how to answer
16 that. I think that my assumption is that, if such
17 legislation were passed, then probably additional
18 filings from the utilities or some additional steps
19 would have to be taken, because, clearly, the funding
20 would not be there to expend at the level outlined in
21 Exhibit 1, unless some further thing happened. Maybe
22 somebody decides to raise the Systems Benefit Charge
23 overall. I don't know. There may be other
24 possibilities out there. So, --

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1 Q. Thank you.

2 A. (Eckberg) Okay.

3 Q. Mr. Belair, I would like to ask you the same question.

4 Do you feel that, by signing this Agreement, that the

5 utilities are committed to, and I quote "manage the

6 operations of the programs in order to achieve the

7 budget and programmatic goals established by the

8 Commission approval of the 2010 CORE programs"?

9 A. (Belair) I guess, when the law -- if and when the law

10 is passed, we're going to have to take a step back and

11 look at what we need to do, and we may petition, we may

12 have to file something to adjust our budgets. I'm not

13 quite sure what we would do at that point.

14 Q. But, to the best of your understanding of this

15 Agreement, there's no built-in mechanism for making

16 those adjustments or making such adjustments?

17 A. (Belair) I guess -- I don't know. I don't know the

18 answer to that.

19 MR. HENRY: Thank you. That's the end

20 of my questions.

21 CHAIRMAN GETZ: Thank you. Mr. Linder?

22 MR. LINDER: May I ask a follow-up

23 question to Mr. Henry's previous question?

24 CHAIRMAN GETZ: Please.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 BY MR. LINDER:

2 Q. Mr. Belair and Mr. Eckberg, if you could look at Page
3 5, to which you were directed earlier, you were
4 directed towards the bottom of the page. If you look
5 at the top of the page, the sixth line down. Let me
6 read it to you and tell me if I am reading it
7 correctly: "No Party is prohibited from introducing
8 other issues related to the planning and operation of
9 the CORE Programs at any monthly meeting." Did I read
10 that correctly.

11 A. (Eckberg) Yes, I believe so.

12 MR. LINDER: Okay. Thank you.

13 CHAIRMAN GETZ: Commissioner Below.

14 BY CMSR. BELOW:

15 Q. If you could turn to the Exhibit 2, the Settlement
16 Agreement filing. On Page 8, Item G, "Marketing Plan",
17 there is -- it says that "a detailed budget allocation
18 of the marketing budget with input from the Settling
19 Parties and Staff will be provided by the end of
20 January". Is that intended to say "provided to the
21 Commission"? And, also, in terms of revision, is that
22 -- there was discussion about the fact that the audit,
23 the Staff audit indicated that some costs were being
24 charged to administrative accounts that should be

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 charged to marketing. When would the utilities expect
2 to consider adjusting their practices, in light of the
3 audit recommendations?

4 A. (Belair) With respect to some of the audit
5 recommendations for marketing, we've adjusted, and this
6 is our budget. It includes moving money from "rebates
7 and services" into "marketing". So, this budget
8 includes moving basically the New Hampshire Saves
9 Catalog and a few other things into the marketing
10 budget.

11 Q. So, you were aware of that concern or issue before you
12 made the filing on September 30th?

13 A. (Belair) Yes, we were.

14 Q. Okay. And, the filing, the reference to "providing a
15 marketing plan...with input from Settling Parties and
16 Staff, by the end of January", to whom will that be
17 provided by the end of January?

18 A. (Belair) I guess what we were planning on doing is
19 providing it at the monthly meeting. But we can also
20 -- we can always present it to the Commission as well.

21 Q. Okay. On Page 10, at line -- or, Paragraph 3 of the
22 Settlement Agreement, there's discussion about what's
23 not to occur with the 2 percent set aside funds
24 authorized by RSA 125-0:5. What, in light of what this

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 says will not occur or will not be transferred, what is
2 the utilities' expectations and the other parties,
3 other Settling Parties' expectations about what might
4 occur with these funds?

5 A. (Belair) Is that for me?

6 Q. You could start, yes.

7 A. (Belair) Our intent is to go over some of the equations
8 that we went over with Audit Staff with -- at the CORE,
9 whoever wanted to go through those equations or, you
10 know, the methodology that we used to transfer that.
11 And, once we do that, we'd make a determination on
12 whether we want to use that for additional PSNH-related
13 projects.

14 Q. Okay.

15 A. (Eckberg) I might also add that the first sentence of
16 that paragraph indicates that "PSNH agrees that it will
17 not undertake any new projects with the 2 percent set
18 aside funds." It is my understanding that there may be
19 projects underway which would allow -- be allowed to be
20 completed, because this says "no new projects will
21 start".

22 Q. Okay. Thank you. Mr. Belair, I think, well, I'll just
23 ask, are you aware that there's some utilities, such as
24 Pacific Gas & Electric, that do provide automated

[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 benchmarking services, in conjunction with the EPA
2 Portfolio Manager, that provides automatic data entry
3 to the EPA Portfolio Manager for commercial buildings
4 and plants?

5 A. (Belair) Yes, I do. And, I've talked to the people
6 there about how they do it.

7 Q. So, earlier you testified that they only had -- "EPA
8 only had download ability and couldn't accept automated
9 data upload"?

10 A. (Belair) I'm sorry I wasn't clear. They don't allow
11 uploads from an Excel spreadsheet. You can set up a
12 different kind of mechanism to send electronic data to
13 them.

14 Q. Okay. Do you know how many buildings in New Hampshire
15 have either been benchmarked or have an ENERGY STAR
16 rating?

17 A. (Belair) I don't know how many have been benchmarked.
18 But the ones that have received an ENERGY STAR rating
19 are on the website, and I just don't remember which
20 one. Through our Commercial Energy Auditing course, we
21 actually work with one building, and benchmarked -- it
22 received an ENERGY STAR rating, and we're waiting for
23 its certification. But I don't know how many there are
24 certified right now.

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 Q. Besides the Energy Profiler --
- 2 A. (Belair) Profiler.
- 3 Q. Yes, profiler, do you provide any other support or
- 4 services for institutional commercial buildings, in
- 5 support of them getting benchmarked?
- 6 A. (Belair) We have, through our Commercial Energy
- 7 Auditing class, we provide part of that seminar where
- 8 we talk about benchmarking that. So, facility managers
- 9 have gone through that course where they have learned a
- 10 little bit about it. And, Linda Darveau, from EPA, has
- 11 been, you know, invited to some of those meetings, and
- 12 I think one of their contractors ended up coming this
- 13 year. So, they have been there and they have talked a
- 14 little bit about their program.
- 15 Q. Have you dealt with how to do energy portfolio manager
- 16 ratings for multi-tenant buildings and have you had
- 17 occasion to look at providing aggregated data for
- 18 building owners and managers on total building energy
- 19 use?
- 20 A. (Belair) We've never done that. And, I don't recall
- 21 getting a request to assist in that to date.
- 22 Q. A question for all three members of the panel. Do you
- 23 believe that the proposed CORE Program filing for or
- 24 the plan for 2010, and as modified by the Settlement

[WITNESS PANEL: Belair|Eckberg|Cunningham]

- 1 Agreement, do you believe that it conforms or is
2 consistent with the Least Cost Integrated Resource Plan
3 most recently filed and found adequate by the
4 Commission? Do you have any reason to believe that
5 it's contrary to those plans? Start with Mr. Eckberg.
- 6 A. (Eckberg) I don't feel I can speak specifically to your
7 question, Commissioner. I have not reviewed the plan
8 in the context of comparing it to the Company's most
9 recent Least Cost Plan, or any Company's most recent
10 Least Cost Plan.
- 11 Q. Okay.
- 12 A. (Cunningham) My response would be the same as
13 Mr. Eckberg's.
- 14 Q. Mr. Belair.
- 15 A. (Belair) Are we talking about the PSNH Least Cost Plan
16 two years ago?
- 17 Q. If you can speak to that.
- 18 A. (Belair) I had a very small part in that. I can't -- I
19 can't remember whether -- these programs are in line
20 with what we were trying to do there. It's probably a
21 step up, meaning more energy efficiency through that,
22 the Least Cost Plan.
- 23 Q. So, you don't have any reason to believe that it
24 conflicts with that plan?

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[WITNESS PANEL: Belair|Eckberg|Cunningham]

1 A. (Belair) I don't think it does.

2 CMSR. BELOW: Okay. Thank you. That's
3 all.

4 CHAIRMAN GETZ: Redirect from any of the
5 counsel?

6 MR. EATON: I have no redirect.

7 CHAIRMAN GETZ: Seeing nothing, then the
8 witnesses are excused. Thank you, gentlemen.

9 (Brief off-the-record discussion
10 ensued.)

11 CHAIRMAN GETZ: Yes. Let's take a break
12 and resume at 2:30, and which largely, I take it, will be
13 for closing statements. So, take a brief recess.

14 (Recess taken at 2:18 p.m. and the
15 hearing reconvened at 2:31 p.m.)

16 CHAIRMAN GETZ: Okay. Now, we're back
17 on the record. And, let's first address the exhibits
18 marked for identification. Well, let me put it this way,
19 is there any objection to striking the identifications and
20 admitting the exhibits into evidence?

21 MR. EATON: Yes. Exhibit 18.

22 CHAIRMAN GETZ: Okay. Any other
23 objections?

24 MR. LINDER: We concur with that.

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1 CHAIRMAN GETZ: Okay. Well, Sandy, are
2 there 18 or 19 exhibits?

3 MS. DENO: Eighteen.

4 CHAIRMAN GETZ: Okay. Well, we'll
5 strike the identifications and admit Exhibits 1 through 17
6 into evidence, and hear argument about Exhibit 18.
7 Mr. Eaton.

8 MR. EATON: Exhibit 18 was only shown to
9 us this morning. We haven't had a chance to verify
10 whether it's correct. And, I believe, with all the
11 statements by Mr. Aney, essentially, he wanted to testify
12 to its probative value, and not just use it for
13 cross-examination. And, we object to the characterization
14 that everything other than customer rebates and services
15 are what the utilities are paid to run the programs.

16 CHAIRMAN GETZ: Mr. Linder, did you have
17 argument on this point?

18 MR. LINDER: I concur with what Mr.
19 Eaton said. It seems to me that this document is more in
20 the nature of testimony and argument, than it is in the
21 nature of an aid to cross-examination. And, we really
22 haven't had an opportunity to look at those numbers, but I
23 think we would have problems with some of those numbers in
24 the way they're being characterized.

1 CHAIRMAN GETZ: Opportunity for a
2 response, Mr. Aney?

3 MR. ANEY: I think the numbers on this
4 page are just a summary of numbers that were already
5 submitted in other exhibits. So, the only difference is
6 there is one -- there are two numbers that are calculated,
7 and then there is a fraction that has been created. It's
8 the actual non-customer expenses, which was noted as, you
9 know, all other categories other than, I don't care what
10 we call it, but other than the customer rebate/services.
11 And, then, the total of that number, plus the actual
12 shareholder contribution for that year, resulting in total
13 non-customer expenditures, inclusive of the shareholder
14 incentive. I don't see why that is so objectionable.
15 That perhaps they can -- there is a notion here of a
16 "contribution margin" or an amount of money that is paid
17 to the shareholders expressed as a fraction of the monies
18 that don't go directly to customers through rebates and
19 services. I think that's the only question in this
20 document. And, frankly, you know, whether you call it a
21 "profit margin", a "shareholder contribution percentage"
22 or a "contribution margin", it's essentially all the same
23 thing. And, I don't see why that is so contentious as a
24 simple -- as a simple, you know, fraction.

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1 CHAIRMAN GETZ: Anyone else on this
2 issue?

3 MS. KNOWLTON: I think it's a mis --
4 it's a gross mischaracterization to say that "the money
5 goes to shareholders" in the way that Mr. Aney has
6 characterized, and I would support Mr. Eaton's request
7 that this not be admitted into evidence.

8 CHAIRMAN GETZ: Okay.
9 (Chairman Getz and Commissioner Below
10 conferring.)

11 CHAIRMAN GETZ: Okay. We're going to
12 grant the objection to admitting this into evidence. And,
13 this issue goes largely to what weight to accord this
14 document. And, I believe it is more in the nature of
15 testimony that wasn't subject to cross-examination. So,
16 we'll not admit it into evidence. But do recognize that
17 it will be in the docketbook, because I think it's going
18 to be necessary to, for anyone who's reading the
19 transcript, to understand what the discussion was about.
20 So, we'll keep it in the docketbook, but we will not admit
21 it as evidence on which we will base a decision in this
22 proceeding.

23 Okay. Anything else, before we turn to
24 closing statements?

1 (No verbal response)

2 CHAIRMAN GETZ: Then, we will start
3 with, as promised, Mr. Henry.

4 MR. HENRY: Thank you, Chairman Getz and
5 Commissioner Below. Can you hear me okay? Good. My name
6 is Dick Henry, and I'm Executive Director of the Jordan
7 Institute. And, as many of you know, I've been involved
8 with the Systems Benefits Charge programs for many years,
9 and almost 15 years ago was involved in some of the early
10 efforts to design a Systems Benefits Charge program that
11 was eventually implemented in 1999. And, on behalf of the
12 Jordan Institute, I've been an intervenor in the CORE
13 dockets for the last three years.

14 And, I wanted to point out that,
15 although I have worked all year on the Advisory Panel,
16 that's what I call it, and have worked especially hard
17 with all of my colleagues in this room over the past two
18 months to craft this proposed Settlement Agreement, I
19 believe we have a serious problem, and that is the reason
20 I did not sign it. I am not opposed to the Settlement
21 Agreement, but I am deeply concerned about its
22 implementation in the year ahead.

23 The Settlement Agreement is complex. It
24 took many hours and days of Staff and utility and

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1 interested parties' time to craft. It's pioneering a
2 number of new ideas in this coming year, and lays the
3 groundwork for what I believe will be an even more complex
4 CORE agreement for 2011, when we finally integrate the
5 natural gas conservation and efficiency programs in with
6 the electric programs.

7 Among other items that we have worked
8 this past couple of months especially hard, to implement
9 the Home Energy Assistance Program into the overall mix,
10 to best serve low-income residents, whose dwellings are in
11 desperate need of energy upgrades. And, this particularly
12 vital program allows residents most in need to permanently
13 reduce their energy bills.

14 As you can see from the Settlement,
15 there's a wide range of complex issues that's been raised,
16 and some have been deferred to 2010. And, the group felt
17 that the range of complexity of these programs is so great
18 that we've now agreed to meet monthly, rather than
19 quarterly, to discuss and implement these programs. So,
20 we are taking them extremely seriously.

21 All of the work that has been done to
22 date we all did in contemplation of the next two years'
23 funding for the Systems Benefits Charge to be the same as
24 had been historically promised. On December 14th, that

1 Monday, we worked a very long time and reached essentially
2 the principles of the Agreement, of the Settlement
3 Agreement you have in front of you. On the 16th, the
4 Governor and the Legislature proposed legislation to
5 drastically reduce the funding to the CORE Programs. This
6 came as a complete and utter surprise to most of the
7 players in this process.

8 My concern is that, if this legislation
9 is enacted, in my opinion, it makes the current Settlement
10 highly problematic. Currently, the Settlement really has
11 no Plan B to offer. I think it will be extremely
12 difficult to meet the goals of this Settlement Agreement
13 if the proposed legislation is passed.

14 Therefore, I would suggest that the
15 Commission might consider raising the Systems Benefits
16 Charge by 0.3 mills, which would meet the proposed needs
17 of the Energy Assistance Program and preserve the critical
18 nature of this year's CORE programs, and help us to lay
19 the groundwork for, as I said, a much more complex CORE
20 settlement for 2011.

21 There is a great deal of experience and
22 knowledge in this room, and I believe both the Legislature
23 and the Commission would and has benefited from our input.
24 These are difficult times, and they are only going to get

1 more difficult. I think it is important to take advantage
2 of the knowledge of this group to solve this problem,
3 continuing in the spirit of New Hampshire's public/private
4 partnerships that have worked so well for the state for so
5 long. Thank you very much.

6 CHAIRMAN GETZ: Thank you. Mr. Aney.

7 MR. ANEY: Thank you. Again, for the
8 record, my name is Russ Aney. I represent U.S. Energy
9 Saver, LLC. And, I'm an entrepreneur in the energy
10 services area in New Hampshire. And, I'm very grateful to
11 have had the honor to work with all of the folks here in
12 this room on the creation of the Settlement Program -- I
13 guess, actually, to contribute to the Settlement
14 Agreement. I participated on December 14th, and played, I
15 think, a significant role in that. And, also, just to
16 help shape some of the thinking towards key issues, and
17 items for consideration in future years, as we consider
18 how the SBC funded programs should be shaped going
19 forward.

20 I guess I was a bit dismayed, as being
21 part -- as part of this process as an intervenor. That,
22 although there were a lot of questions, and, as I
23 understand it, more questions during this docket than
24 perhaps in any preceding year, in the form of data

1 requests that were made. And, there was a lot of
2 complication and discussion regarding the audits and other
3 issues. But I was dismayed that throughout, the
4 fundamentally big questions, regarding, for example, you
5 know, compensation and motivation and incentives, what's
6 being measured, regarding where we are in terms of
7 reducing market barriers that these programs were
8 initially designed to address. Where we are in regards to
9 achieving transformation. That's not even being measured,
10 never mind even being an explicit goal as part of any of
11 the particular programs that are in place today. They
12 seem to have obtained a life of their own, with no clear
13 exit strategy as was recommended back in the beginning of
14 all of this.

15 So, I guess I was disappointed that we
16 focused on a lot of the minutia, but not really how
17 effective these programs were at achieving the goals of
18 the Systems Benefit Charge funded programs as they were
19 initially established.

20 And, again, I think especially we've not
21 kept our eye on the ball of market transformation, or even
22 clearly understanding what that means on a shared basis.
23 That the programs are not specifically targeted towards
24 reducing barriers, which means perhaps we're not spending

1 the monies most effectively for the benefit of ratepayers.
2 That we don't even know what those market barriers are any
3 more. That there's no objective fact base for assessing
4 it or process for doing so.

5 And, the worst, as an entrepreneur, I've
6 observed that, rather than enabling a private market to
7 grow, as was initially desired and referenced in the
8 docket back, Order Number 23,574, where we said that "one
9 of the goals should be -- one of the principles should be
10 to assure that existing program delivery mechanisms are
11 continued where they provide benefit and that they do not
12 compete with private sector alternatives and they're
13 cost-effective. And, that they encourage the development
14 of the private sector for energy efficiency services." I
15 find actually just the converse is occurring. I find that
16 actually the programs now, especially given the deep level
17 of subsidies and rebates they provide, have created a
18 throttle on the market and are constraining market demand.
19 People are not acting, if the funds are exhausted, and
20 they know that they're going to be available in the next
21 year. These programs were never designed with any
22 projections to actually sunset. And, as a result, the
23 market has become focused on these.

24 The utilities, at the same time, have

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1 not necessarily pursued a process of gradually eliminating
2 the amount of subsidy, as, say, market transformation has
3 been achieved. But, in fact, some of the utilities are
4 actually increasing those subsidy levels to dramatic
5 levels, and not considering perhaps some of the other
6 mechanisms that might be used to similarly address market
7 barriers that might be prohibiting the energy efficient --
8 energy efficiency decision-making investments that they're
9 trying to stimulate in the marketplace.

10 Further, if you look at, for example,
11 this small C&I marketplace in the 50/50 program, where
12 certain vendors are provided with a geographic territory.
13 And, they are the only ones that get leads from the
14 utilities for those and are the only ones that can
15 participate in the utility programs in those geographic
16 territories. To date, through 2009, not one of those
17 vendors has been a New Hampshire-based energy services
18 company. How does that go towards enabling the market and
19 development of energy service providers in New Hampshire?
20 I find that actually it's working against it. Similarly,
21 the fulfillment of energy efficient lighting appliances is
22 through somebody out-of-state. So, those funds aren't
23 running through stimulating the growth and development of
24 our retailers and of our electric supply distribution

1 companies, it's being channeled out of state, and, again,
2 crippling, perhaps the growth of the energy efficiency
3 distribution channels within the State of New Hampshire.

4 I would ask that -- I would also suggest
5 that, even though I may not have agreement or might
6 characterize this differently than some in this room, that
7 the level of shareholder incentive that's being provided
8 to the utilities effectively equates to a net profit
9 margin that's been around 30 to 40 percent, which I find
10 excessive. In that you could easily, if the utility
11 commission decided -- if the PUC, if you Commissioners
12 decided to put this program up for a public -- for an RFP
13 for administration, that you would be able to
14 substantially cut the administrative cost associated with
15 this. There is no right that the utilities have to be the
16 sole administrators. And, in fact, it was never actually,
17 if you go back to 1999, anticipated that they would become
18 the permanent administrators of this program. During a
19 transition period, it was expected it would be a
20 convenient expediency. But that it would be reviewed a
21 few years down the line, after the transition occurred.
22 Well, we've been kind of in this hybrid situation. And,
23 fundamentally, that has never come back up again. The PUC
24 has never put out an RFP regarding the program's

1 administration for these, for the energy efficiency
2 programs funded by the SBC charges. And, I believe that
3 one way of dramatically cutting the administrative cost
4 and of encouraging additional growth and development of
5 the energy efficiency marketplace would be through the
6 administration of an RFP for the 2011 CORE Programs next
7 year, and -- or, at a minimum, that the PUC actually
8 encourage the submission of additional CORE Program
9 filings beyond the ones that the utilities intend to
10 present through a process that was described in the
11 Settlement Agreement.

12 Again, there's probably nothing, as my
13 understanding of the statutes and the PUC rules and
14 regulations, that would prevent the PUC from actually
15 considering something like that. And, I would encourage
16 the PUC to do that. So, whether you want to call it an
17 "RFP" or the encouragement of additional submissions for
18 the CORE Programs for 2011, I would hope that you would
19 put a little competition into this, so that you could
20 bring down the level of the contribution margin or profit
21 margin being earned by the administrators, so that more
22 SBC funds can go to the benefit of the actual ratepayers
23 through cost-effective programs.

24 Finally, I would like to address the

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1 fact that this was a very difficult process for me to
2 participate in, for a couple of reasons. One is, it's
3 being treated as a regulatory matter, even though I don't
4 think the PUC necessarily needs to regulate it, other than
5 perhaps, because they have chosen the utilities, who have
6 an inherent conflict of interest due to a throughput
7 incentive, to actually be administrators of this program.
8 There is no reason why the PUC couldn't be administering
9 this whole program as if it was an RFP, rather than
10 through regulatory proceedings. Regulatory proceedings
11 have a lot of built-in expenses and difficulties. And, in
12 fact, they're actually biased against any intervenors or
13 other parties that want to participant in it. Because the
14 utilities, by default, have all of their expenses covered
15 through SBC funds. And, even their attorney fees are
16 covered through SBC funds. Intervenors have a limit as to
17 how much they can get, a maximum of \$10,000, which is
18 based on whether the PUC's final position, not necessarily
19 the contributions that I might have made through the
20 process, but, rather, whether the PUC's final position on
21 this actually considered substantially or was changed
22 substantially by some of my contributions. I can't get
23 any lawyer to participate and serve by me, on a
24 contingency basis, based on the fact that I might get

1 reimbursed if the PUC decides to do something with me.
2 That's not the case for any of the utilities here or even
3 some of the other public bodies that are well-lawyered.

4 So, again, I find that, you know, we're
5 disadvantaged as intervenors, as other interested parties
6 participating in this, because we're not the incumbents,
7 and because you're treating this as a regulatory process,
8 like a ratemaking case. And, so, I would also ask that,
9 as we look forward towards future CORE programs, that we
10 get out of that mode. It doesn't make a lot of sense to
11 me. I don't think it's necessary. This is not, you know,
12 the energy efficiency marketplace and these programs, it's
13 not a monopoly, it's not a distribution monopoly. And,
14 you know, I don't know why we're treating it as almost as
15 if it is, in terms of the procedures and the processes by
16 which we're gathering input and feedback and getting ideas
17 as to how to best design and implement these programs.

18 As a final point, I actually would like
19 to extend my thanks and gratitude to some of the folks
20 here who have been extremely helpful. Specifically, the
21 OCA and Meredith Hatfield, some members of the PUC Staff,
22 and even some of the attorneys from the utilities, the
23 Legal Assistance, and other groups, who have reached out
24 to help me understand this process, as I tried to

1 participate on a pro se basis. Thank you very much.

2 CHAIRMAN GETZ: Okay. Thank you.

3 Ms. Fischer.

4 MS. FISCHER: Yes. Good afternoon. My
5 name is Elizabeth Fischer. I am representing the Home
6 Builders & Remodelers Association. And, this is not our
7 first time at the table following these things. Last
8 year, Kendall Buck, our Executive Director, sat through
9 several of the meetings. And, we felt it was important
10 for us to take a more active role this particular year,
11 and that's why we're here. Because, in the end, we
12 represent the folks that do the work that is tied to these
13 energy efficient programs. After they're all planned and
14 paid for and scheduled and negotiated, in the end, it's
15 the guys that come out of the attics with the cellulose
16 dust all over them that are our tradespeople. And, the
17 Home Builders & Remodelers Association has stepped up to
18 train those folks appropriately, and we want to work with
19 the utilities and anybody else that wants to hire those
20 individuals. So, those are jobs that help our economy,
21 and they're also jobs that help put the building industry
22 back on its feet.

23 People around the table have been very
24 gracious, as they have tried to struggle with issues that

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1 we may or may not agree with each other on. But, for the
2 most part, it was held in good humor. And, I look forward
3 to or we look forward to working with the same parties in
4 2010 to make this program even better.

5 CHAIRMAN GETZ: Thank you. Mr. Linder.

6 MR. LINDER: Thank you, Mr. Chairman and
7 Commissioner Below. On behalf of The Way Home, The Way
8 Home supports, first of all, the request of the Staff for
9 the waiver of the rule for filing of the Settlement
10 Agreement within the required timeframe. Secondly, The
11 Way Home supports the utility filing of September 30th
12 attached to -- which is Exhibit 1, as modified by the
13 Settlement Agreement, which is Exhibit 2. So, we do
14 support the Settlement Agreement and the attached filing
15 as modified by the Settlement Agreement. The Way Home
16 believes that the Settlement Agreement and the filing
17 together are in the public interest and promote the public
18 good, and should be approved by the Commission.

19 It appears that proposed legislation
20 will likely affect the budget for the 2010 program year.
21 There are several options that the Commission can exercise
22 in addressing this issue of a potential reduction of over
23 3 million in the 2010 CORE budget. What we would like to
24 respectfully recommend is that the Commission approve, as

1 soon as possible, the Settlement Agreement and the CORE
2 filing attached to it. That the Commission, however, not
3 close the docket upon issuance of an order approving the
4 Settlement Agreement, but, rather keep the docket open to
5 address the probability that the legislation will pass and
6 that the budgets will probably have to be significantly
7 adjusted. And, what we would suggest, as part of that
8 process, is that the Commission direct the parties and the
9 Staff and the utilities to meet in January of 2010, as was
10 suggested by one of the panel members, to discuss the
11 impact, if any, of the legislation, assuming it's enacted,
12 and discuss what adjustments, if any, the parties and
13 utilities can agree to with respect to revised program
14 budgets. And, we would suggest that the Commission direct
15 the utilities to file with the Commission no later than 30
16 days after enactment of the proposed legislation, either a
17 supplemental filing with revised and adjusted budgets,
18 and/or, if there is consensus all around, a Supplemental
19 Settlement Agreement, which the Commission would then
20 review. And, if the Commission determined that a hearing
21 was appropriate, the Commission would then schedule a
22 further hearing on whether to approve the Supplemental
23 Settlement Agreement and/or supplemental filing with the
24 adjusted budgets.

1 We would also recommend that the
2 Commission reaffirm its order set forth in the
3 October 23rd, 2009 Settlement Agreement. The last
4 sentence on the first page of which says that "In the
5 event an order is not issued in this docket by
6 December 31st, 2009, the utilities are authorized to
7 continue their programs", and my interpretation of that is
8 continuing the 2009 programs into 2010, but the Commission
9 may want to consider reaffirming that, so that it's clear
10 that the 2009 programs are not going to have to come to a
11 halt if the Commission is unable to issue an order by
12 December 31st of 2009.

13 And, in conclusion, I'd like to thank
14 the utilities and the parties, and, most particularly, the
15 Office of Consumer Advocate and the Staff for their
16 efforts in this matter. Thank you very much.

17 CHAIRMAN GETZ: Thank you. And, just to
18 eliminate any suspense, we will grant the waiver for the
19 late filing of the Settlement Agreement. Mr. Nute.

20 MR. NUTE: Yes. The community Action
21 Agencies would like to thank the great teamwork we have
22 here with everyone. This is our fifth year, and each year
23 gets more exciting. Looking forward to next year already.
24 It's a group of advocates for consumers, for low income

1 and non-low income, residential energy, advocates for
2 ratepayers, it's just a great group altogether. Not only
3 do we -- are we here to intervene for our clients, but
4 also to align energy efficiency with economic efficiency,
5 which this program does.

6 The Community Action Agencies are lucky
7 with receiving the Stimulus and energy efficiency electric
8 program money, gas money, RGGI funds and everything, and
9 we've built up very big. And, our biggest goal right now
10 is to maintain this level forever. That's going to be
11 hard to do, when the Stimulus money comes to an end.
12 However, with programs like this, we hope to maintain this
13 level.

14 As a member of the Climate Action Task
15 Force, one of the missions is to have a goal of
16 accomplishing energy efficiency to 30,000 homes a year.
17 We hope to become part of that 30,000 homes. And, again,
18 the funding in these type of programs help us to continue
19 with that.

20 The biggest issue now is the surprise
21 that we had on the 16th, as to money going towards EAP.
22 Again, through the Community Action Agencies, it's helping
23 us on that end. There is a great need for it. But, in my
24 personal beliefs, it's more important for energy

1 efficiency, forever to reduce the energy burden on our
2 clients. So, I just hope that, as we go forward into
3 January that we will, like Attorney Linder said, and get
4 together very soon and accomplish what we have to do if
5 there is a reduction in this, in the CORE money. I like
6 Dick Jordan's idea of -- I mean, Dick Henry, I'm sorry,
7 idea of adding 0.3 mills back and just gets back to where
8 we were. That's not an easy task, but that would be my
9 first choice.

10 So, again, I'd like to thank everyone
11 here for working together and look forward to another
12 year.

13 CHAIRMAN GETZ: Thank you.
14 Mr. Steltzer.

15 MR. STELTZER: Thank you. The Office of
16 Energy and Planning recommends to the Commissioners that
17 the proposal that's submitted on September 30th be
18 approved, as well as the adjustments to the Settlement
19 Agreement. In particular, we support the
20 monitoring/evaluation plan that has been proposed, and we
21 appreciate the specific deadlines that must be met in
22 order to enact the monitoring/evaluation of these
23 programs. It's something that our office has advocated
24 for in the past to look at how these programs are being --

1 how they're being implemented in the marketplace and how
2 they are transforming and to have an evaluation of the
3 effectiveness.

4 We also clearly support the
5 implementation of monthly meetings, and that these
6 meetings are open to the public. Available to not just
7 the Settling Parties, but to everyone. We support that
8 these meetings will be done in a collaborative fashion.
9 That the groups at the table will be able to provide their
10 direction on where they would like to see these meetings
11 go, and to help set the agendas. We also agree with the
12 priorities that are outlined within the Settlement
13 Agreement. And, specifically, call out the review of the
14 performance incentives, to take a hard look at the
15 methodology that's being used there and to assess whether
16 they're sound and whether they're equitable for the
17 programs.

18 Pertaining to the Fuel Blind Program, we
19 support it as proposed, with 200 households for PSNH, as
20 well as 100 for Unitil. Though, we do want to keep a
21 close eye on the evaluation of that program, to make sure
22 that the work that's being done is done in a quality
23 fashion. To make sure that steps are being offered out to
24 the homeowner that are beyond what are available through

1 the Home Performance with ENERGY STAR, so that we can get
2 the greatest level of energy savings out there.

3 We also support the further development
4 within the state for automation of data entry into
5 inventory tools. This is a first step in taking energy
6 action is to know how your energy is being used. And, it
7 is a very tedious, time-consuming process at the moment to
8 be entering that data in. And, we really need to be
9 working together in a collaborative manner to be ensuring
10 to get that data entered in adequately.

11 Lastly, regarding the Home Energy
12 Assistance budget, there was a lot of discussion over the
13 past several months over the -- how to come up with a
14 formula that would provide guidance on what that -- what
15 the level should be of funding for the Home Energy
16 Assistance Program. In the end, it was settled at 14 and
17 a half percent. But, to look at it into the future, as
18 far as what might be offered. I would just ask
19 respectfully to the Commissioners to provide clarifying
20 judgment on how important of a priority that is to have a
21 formula for the Home Energy Assistance Program. OEP has
22 some concerns over the utilization of a formula, and the
23 staticness that it has to providing funding to populous
24 centers greatly in need, and that the ultimate goal of the

1 past precedent that the team has had here has resulted in
2 an equitable number. And, that a formula would simply
3 just be coming up with what we're already doing, and that
4 it's a lot of work to be going into the formula, when
5 there's other priorities that are more pressing for the
6 team to be concentrating on.

7 With that, I'd like to thank all the
8 people here in the room for their participation,
9 especially the Staff for all their work that they have
10 done, the utilities for coming at this and hearing what
11 we're having to say, and listening to ideas on adjustments
12 to the programs. We certainly support the idea of the
13 April 30th deadline to provide some additional information
14 on how the programs can be adjusted going forward in 2011
15 programs. So, thank you so much.

16 CHAIRMAN GETZ: Thank you. Mr. Dunn.

17 MR. DUNN: The Cooperative supports the
18 agreement. Thank you.

19 CHAIRMAN GETZ: Ms. Knowlton.

20 MS. KNOWLTON: Thank you. On behalf of
21 National Grid, we would ask that the Commission approve
22 the Settlement Agreement. I believe that the Settlement
23 Agreement is just and reasonable, and it serves the public
24 interest. The programs that are set forth in the 2010

1 CORE proposal, as modified by the Settlement, are very
2 important programs, both to the Company and to customers.
3 I believe that they're well-conceived, they're
4 well-managed. They have proven to be successful over the
5 years. I think the utilities, like National Grid, bring a
6 lot to the table here in New Hampshire, and they have
7 services they offer in other jurisdictions, and they bring
8 a lot of expertise that benefit customers in New Hampshire
9 with regard to energy efficiency services.

10 I would note that the services are
11 competitively bid among the vendors, and that there are
12 sufficient protections in place. We heard Mr. Cunningham
13 testify about audits that have been done and that will
14 continue. So, I believe that there is sufficient
15 assurance that the programs are subject to review.

16 Finally, I would note that there are
17 limits that exist now on shareholder incentives, and that
18 incentives that have been earned in the past and that
19 would accrue as a result of the 2010 proposal are
20 consistent with the Commission's directives and orders.

21 And, I would like to thank everybody
22 here. It was a very collaborative process. And, I hope
23 that we can continue in that same manner. There was a lot
24 of hard work that went into this docket, and I appreciate

1 everyone's contribution to that.

2 CHAIRMAN GETZ: Thank you. Ms. Geiger.

3 MS. GEIGER: Yes. Thank you, Mr.
4 Chairman. On behalf of the Unitil Energy Systems, Inc., I
5 respectively ask that the Commission approve the
6 Settlement Agreement, which has slightly modified the CORE
7 filing that was made in September. We believe it balances
8 all of the interests that were at stake in the docket and
9 that it is in the public interest.

10 I'd also like to echo everyone else's
11 sentiments about the collaboration of all the parties that
12 worked very hard to arrive at the Settlement Agreement.
13 And, we would ask that you approve it.

14 CHAIRMAN GETZ: Thank you. Ms.
15 Hatfield.

16 MS. HATFIELD: Thank you, Mr. Chairman.
17 I would like to begin with also echoing the thanks going
18 around the room. A lot of hard work did go into this
19 docket and into this Settlement Agreement. And, I agree
20 with the prior comments that, for the most part, the
21 discussions were held in, I think the person said "good
22 humor". And, I think, actually to echo what Mr. Steltzer
23 said, focusing on a formulaic approach to low income
24 funding really proved to be the most difficult and

1 contentious issue in the docket. And, so, I agree with
2 him that it would be helpful if the Commission could
3 provide some guidance on whether you do believe that
4 should be a priority to develop a formula, because it
5 certainly took up a lot of time, and, in the end, we did
6 end up with a Settlement that the OCA is very appreciative
7 of.

8 We are pleased that there's a
9 Settlement, but the Commissioners will note, and it's been
10 discussed quite a bit today, that we have put off many
11 very important issues to 2010. So, we certainly have a
12 lot of work ahead of us. But it's our hope that we will
13 get a lot of work done in those monthly meetings. I think
14 the April 30th deadline is a very good thing for all us to
15 be working towards. And, it's our hope that, in that
16 work, we can look to groups like the EESE Board, which is
17 grappling with many of the same issues that are before us,
18 including things like marketing of the programs and how to
19 do the best type of outreach to the end consumer.

20 On the topic of marketing, that is
21 something that's very important to the OCA, given the fact
22 that, in this particular filing, it accounts for \$667,000
23 of the program proposal made by the utilities. So, we
24 certainly are looking forward to getting that marketing

1 plan. And, we also wanted to just point out to the
2 Commission and to the parties that there may be
3 legislation that actually touches on the marketing issue
4 that could be complementary, and one piece that we did
5 wanted to call to your attention is House Bill 1471, which
6 is regarding rules governing the Board of Home Inspectors,
7 and requiring them to develop documents related to energy
8 audits and home energy efficiency for potential home
9 buyers. And, it's possible that some of the marketing and
10 outreach materials that are already developed for the CORE
11 Programs can be useful in supporting those types of
12 things. So, I just offer that as one example of where I
13 think we should be thinking more broadly and reaching a
14 broader group of stakeholders.

15 With respect to the pending legislation
16 that many of us just learned about last week, the OCA
17 was also dismayed that, for the second time, the
18 Legislature may take energy efficiency funds, much of
19 which goes to help low income people become more energy
20 efficient and shift that money over to electric
21 assistance, which, as the Commission knows, the OCA is
22 also very supportive of the EAP Program as we sit on
23 the EPA Advisory Board. We hope that there is another
24 solution. We hope that the stakeholders, including the

1 EAP Advisory Board, this group of stakeholders, as well
2 as the EESE Board, could be engaged in not only looking
3 at the solution to that problem from what's in the
4 legislation, but looking more broadly at the problem,
5 and really to think creatively, looking at Fuel
6 Assistance and other potential resources, that we can
7 really make a smart, long-term decision that benefits
8 the very people that we're trying to serve through the
9 Home Energy Assistance Program.

10 The OCA, as a signatory, does join the
11 other parties in requesting that the Commission approve
12 the Settlement Agreement. And, we do acknowledge that
13 many intervenors have raised some excellent points,
14 including many of the questions that Mr. Aney has
15 raised. But we do think that it's appropriate to
16 continue the programs and to commit to addressing those
17 in 2010. Thank you.

18 CHAIRMAN GETZ: Thank you. Ms. Amidon.

19 MS. AMIDON: Thank you. Staff
20 participated in this docket all year long. And, I'd like
21 to give a special thanks to Jim Cunningham and Al-Azad
22 Iqbal, who worked very hard on this docket this year, and,
23 of course, Tom Frantz, who was instrumental at the
24 settlement discussions.

1 Staff supports the Settlement Agreement,
2 and appreciates the Settling Parties' eagerness and intent
3 work on resolving the issues in this docket. We believe
4 the Settlement Agreement resolves the issues in a just and
5 reasonable manner, and is in the public interest. And, we
6 recommend that the Commission support it.

7 CHAIRMAN GETZ: Thank you. Mr. Eaton.

8 MR. EATON: Thank you, Mr. Chairman.
9 Public Service Company, of course, supports the adoption
10 of the Settlement Agreement. And, the only details I wish
11 to point out are certain things that have to be done right
12 away, even if the legislation never passes: A marketing
13 plan by the end of January. We need to issue an RFP for
14 the monitoring and evaluation plan by February 1st. And,
15 we need to address the audit issues during the first
16 quarter of the calendar year. These are things we've
17 agreed to. And, I'm just urging the parties, even though
18 we're going to have monthly meetings, that we be far more
19 focused and far more disciplined in how we approach these
20 meetings. I believe the last Settlement Agreement said
21 that parties would come to the summer quarterly meeting
22 proposing changes for the 2010 programs. And, I don't
23 believe that took place or at least not to the extent that
24 we arrived at September 30th and the utilities were

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1 proposing the programs without as much input.

2 The most dangerous line in the whole
3 Settlement is "no party is prohibited from introducing
4 other issues related to the planning and operation of the
5 CORE Programs in any monthly meetings." This is going to
6 send us off our agenda and we're not going to be able to
7 accomplish the very aggressive and laudable goals of
8 addressing all the issues we've put out for ourselves.

9 I want to thank Mr. Frantz specifically.
10 He acted as the role of Moe Howard, grabbing Larry by the
11 hair, and Curly by the ear, and banging our heads
12 together. And, I don't think you would have seen this
13 document had Mr. Frantz not participated in the settlement
14 discussions and urged the parties towards a -- towards a
15 resolution that we have here. I think it's in the public
16 interest, and it's going to be good for the utilities, as
17 well as the customers that will be served. And, we urge
18 the Commission to adopt it.

19 CHAIRMAN GETZ: All right. Then, thank
20 you, everyone. We'll close this hearing and take the
21 matter under advisement and seek to issue an order as
22 promptly as possible. Thank you.

23 (Whereupon the hearing ended at 3:15
24 p.m.)

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