

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION



June 6, 2012 - 2:25 p.m.
Concord, New Hampshire

DAY 1
MIDAFTERNOON SESSION

RE: DE 10-188
2011 CORE ELECTRIC PROGRAMS AND NATURAL
GAS ENERGY EFFICIENCY PROGRAMS:
Energy Efficiency Programs

NHPUC JUN22'12 AM11:53

PRESENT: Chairman Amy L. Ignatius, Presiding
Commissioner Michael D. Harrington
Commissioner Robert R. Scott

Sandy Deno - Clerk

APPEARANCES:

Reptg. Public Service Co. of N.H.:
Gerald M. Eaton, Esq.

**Reptg. Unitil Energy Systems and
Northern Utilities:**
Rachel A. Goldwasser, Esq. (Orr & Reno)

**Reptg. Granite State Electric Co.,
D/b/a National Grid and EnergyNorth
Natural Gas, d/b/a National Grid NH:**
Carol J. Holahan, Esq. (McLane, Graf)

COURT REPORTER: SUSAN J. ROBIDAS, N.H. LCR NO. 44

 ORIGINAL

1 APPEARANCES (CONT'D)

2 Reptg. The Way Home:
3 Alan Linder, Esq. (N.H. Legal Assistance)

4 Reptg. N.H. Community Action Association:
5 Dana Nute, Director

6 Reptg. Conservation Law Foundation:
7 Jonathan Peress, Esq.

8 Reptg. the Office of Energy & Planning:
9 Eric Steltzer, Energy Policy Analyst

10 Reptg. Residential Ratepayers:
11 Rorie E. P. Hollenberg, Esq.
12 Stephen R. Eckberg
13 Office of Consumer Advocate

14 Reptg. NHPUC Staff:
15 Marcia A.B. Thunberg, Esq.
16 James J. Cunningham, Jr., Electric Div.
17 Al-Azad Iqbal, Electric Division

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I N D E X

WITNESS PANEL: Gilbert E. Gelineau, Jr.
 Thomas Palma

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1 (WHEREUPON, after brief recess and
2 change of court reporters, the hearing
3 resumed at 2:25 p.m.)

4 * * * * *

5 MS. THUNBERG: Thank you for the
6 break. Prior to our break, I had distributed
7 a three-page document. I have since retracted
8 that document and replaced it with a one-page
9 document which should help us steer clear of
10 any unintended supplementing of the PSNH IRP
11 docket. But with that, I'd still like to have
12 Staff ask the question first of this document
13 and wait to make sure that Gerry doesn't have
14 any objection to it. Thank you.

15 CHAIRMAN IGNATIUS: All right.
16 Well, let's mark this for identification as
17 37. And that's the one page entitled "Exhibit
18 IV-15."

19 (The document, as described, was
20 herewith marked as 37 for
21 identification.)

22 MR. EATON: And maybe counsel
23 could correct me, but it appears to be a page
24 from the original filing of the Least Cost

1 Plan, which I think was marked as Exhibit 1 in
2 the Least Cost Integrated Resource Plan
3 docket.

4 MS. THUNBERG: That is correct.
5 This page is pulled from Exhibit 1. Thank
6 you.

7 CHAIRMAN IGNATIUS: All right.

8 CROSS-EXAMINATION

9 BY MR. IQBAL:

10 Q. We are talking about Exhibit 37 on that
11 page, Page 61. The table title also called
12 Exhibit IV-16, "Residential Obtainable
13 Potential Revisions." My question relate to
14 the weatherization. I understand that the
15 first column that is "Obtainable Potential"
16 identified by GDS and -- is that right?

17 A. (By Mr. Gelineau) I'm waiting for Attorney
18 Eaton to tell me whether I can answer this,
19 I guess.

20 MR. EATON: Yes, you can answer
21 that.

22 A. (By Mr. Gelineau) That's correct.

23 Q. And the next column is "Adjusted Potential."
24 It is done by PSNH; is that correct?

1 A. (By Mr. Gelineau) That's correct.

2 Q. And the third column is "2010 Cold Service,"
3 and it is 226; is that correct?

4 A. (By Mr. Gelineau) That's correct.

5 Q. Yup. And if you look at Page 24 of
6 Exhibit 23 --

7 MS. THUNBERG: And just to
8 remind folks, that was the CORE Program
9 attached to the settlement agreement that was
10 filed in December 2011.

11 A. (By Mr. Palma) Page 24 or 25?

12 BY MR. IQBAL:

13 Q. Twenty-four.

14 MS. THUNBERG: For right now,
15 24, yes.

16 BY MR. IQBAL:

17 Q. On Home Performance with ENERGY STAR, if you
18 look at the column "Annual Megawatt
19 Savings," it also mention 226 megawatt hour.

20 A. (By Mr. Gelineau) Yeah.

21 Q. So we can say that this table on Exhibit 37
22 could be used for 2012 plan because the --
23 it says "2010 CORE Savings." But 2010 CORE
24 Savings for weatherization and for 2012

1 HPwES Program, the number are the same; is
2 that correct?

3 A. (By Mr. Gelineau) I don't think so. And I
4 guess I have to look. But I think that --

5 Q. But both are 226; is that correct?

6 A. (By Mr. Gelineau) Okay. But I think that --
7 I think that the exhibit -- well, the table
8 that you're looking at in -- is this
9 exhibit -- I don't know what exhibit --

10 Q. Thirty-seven.

11 A. (By Mr. Gelineau) This is 36?

12 Q. Thirty-seven.

13 A. Okay. My sense is that that is talking
14 about weatherization in general. It's not
15 talking about that one program. I think it
16 probably includes both the low-income
17 program and the weatherization -- the Home
18 Performance program. So that would be a sum
19 of two of them.

20 And if you look at the other exhibit
21 that you're looking at, there's some
22 764-megawatt hours associated with that.
23 So, I mean, it would be the combination of
24 those two, I believe, would be the

1 comparable number.

2 Q. Okay. Then you are trying to say that your
3 adjusted potential, that 640 megawatt hour,
4 is wrong.

5 A. (By Mr. Gelineau) Is wrong?

6 Q. Yeah, because you're saying that you are
7 achieving 2012 more than that.

8 A. (By Mr. Gelineau) Well, I think it would be
9 worthwhile if we explained what these
10 columns are for people who are not familiar
11 with the Least Cost Plan. I mean, you've
12 got a number called the "Adjusted
13 Potential," and I'm not sure that anybody
14 really understands what those column
15 headings mean in here without additional
16 explanation. There's quite a bit of
17 explanation that went into the document from
18 which this was taken that is not available
19 to most of the folks in the room. So, I
20 think it would be worthwhile just going
21 through what these columns mean in order to
22 understand what is going on here.

23 CHAIRMAN IGNATIUS: Well, before
24 we do that, because I am worried about

1 creeping into the other docket any further.
2 And most of the parties to that docket are not
3 here, and we are not reopening the evidentiary
4 record.

5 Ms. Thunberg, can you give
6 me an offer of proof on why the Exhibit 37
7 numbers are significant to what we're trying
8 to work through today?

9 MS. THUNBERG: Iqbal Al-Azad
10 [sic] can answer it a lot more succinctly than
11 I can, so I'm deferring to him.

12 CHAIRMAN IGNATIUS: All right.

13 MR. IQBAL: We are looking at
14 that number because that identified
15 weatherization potential annually, which is
16 submitted by PSNH. They said that they can
17 save 640 megawatt hour every year, but they
18 are saving 226 megawatt hour. So the point we
19 are trying to make, that on one side they are
20 saying that they cannot find these potential
21 customers, but GDS found that every year they
22 could save 400 -- 640 megawatt hour and leave
23 it -- they are saving only 226. So they are
24 leaving out almost 65-percent annual saving

1 potential every year.

2 CHAIRMAN IGNATIUS: All right.
3 Why don't you ask that question and focus on
4 what PSNH believes is the potential for these
5 programs, which is consistent with other
6 testimony today, as opposed to what did it
7 mean in the Least Cost Plan and how is it
8 developed. All right?

9 MS. THUNBERG: So we can forego
10 the offer of explaining the columns from --

11 CHAIRMAN IGNATIUS: Well, why
12 don't we begin, first, with the question. I'm
13 hoping it's not necessary to go into that
14 detail, but...

15 BY MR. IQBAL:

16 Q. So the direct question is that you
17 identified that you are saving only one --
18 35 percent of the annual potential in
19 your -- in this docket and leaving out
20 almost 65 percent of the potential every
21 year; whereas, here you are saying that we
22 have to shift this money to save fuels or
23 other sources; whereas, you identified that
24 you are not even achieving 35 percent of

1 this potential.

2 A. (By Mr. Gelineau) I'm sorry, but I don't see
3 35 percent anywhere, and I'm not sure what
4 it is you're referring to.

5 Q. Yeah. If you divide 226 by 640, you get
6 around 35.

7 A. (By Mr. Gelineau) Well, I don't think you're
8 interpreting the table from the Least Cost
9 Plan correctly, for starters. But if I
10 could just say that it indicates here in
11 that table, in the last column, it says that
12 the 2015 Market Potential is 619, what we
13 said succinctly is that in 2015 we would
14 save, annually, 619. What we're saying in
15 the 2012 plan is that we're going to save
16 993. So we're actually about a third higher
17 than what it is -- than what it is that's
18 shown here.

19 So I'm not sure what -- in other words,
20 as I indicated, this is weatherization, all
21 weatherization, for both low-income and the
22 Home Performance with ENERGY STAR Program.
23 And so its value, as I say, is 619. And if
24 you look at the addition associated under

1 the annual megawatt hours of the 767.4 and
2 the 226.0, you're going to get 993.4, which
3 is substantially higher than what's in the
4 Least Cost Plan.

5 Q. So you're saying that on Exhibit 37, this
6 226 megawatt hour doesn't include the
7 low-income program?

8 A. (By Mr. Gelineau) It does include it. But
9 you see, again, without explaining what this
10 table is, we're using these numbers -- we're
11 pulling these numbers out of this table and
12 not explaining what it is that this table is
13 supposed to characterize. And I think
14 it's... I don't think you're using the table
15 correctly. That's my bottom line.

16 CROSS-EXAMINATION (cont'd)

17 BY MS. THUNBERG:

18 Q. Final question on this point is, if there
19 are potential energy savings out there, why
20 is PSNH and Unitil going after HPwES -- or
21 why is the vast majority of savings in HPwES
22 coming from the non-electric savings? And
23 we talked about that either 98 percent or
24 90 percent.

1 A. (By Mr. Gelineau) Couple of things. First
2 of all, the reason that the large majority
3 of the savings are going to come from
4 non-electric measures goes back to my point
5 that I made earlier. You can't do this
6 program cost-effectively unless you include
7 weatherization. Weatherization is the
8 big-ticket item. And so it's going to be --
9 it can be expected that if you do
10 weatherization for a non-electric home, it's
11 going to have a significant amount of the
12 savings that's not going to be electric.
13 And if you don't do those measures, you are
14 going to do two things: One is you're not
15 going to be able to do the program
16 cost-effectively; and the other thing is
17 you're going to miss out on a lot of
18 savings.

19 And I guess I would call your attention
20 to a recommendation that comes out of the
21 GDS report. And that GDS report says -- and
22 I'm just -- basically, this is a
23 recommendation which appears on Page 22 of
24 the GDS study. It's talking about trying to

1 reach the expanding number and types of
2 products and services available through the
3 existing residential energy-efficiency
4 programs and promotion of these programs to
5 include a larger number of potential
6 participants may lead to increased overall
7 energy savings is important --

8 Q. Can I just interrupt you and ask you which
9 page are you reading from again?

10 A. (By Mr. Gelineau) It's Page 22.

11 Q. Thank you.

12 A. (By Mr. Gelineau) And it goes on to say, "It
13 is important to recognize that such an
14 expansion would require providing services
15 to customers that heat with fuels other than
16 electric or natural gas."

17 So what it's telling me, and I think
18 it's kind of directing us, is that this GDS
19 report says that if you want to get all of
20 the electric savings, you're going to have
21 look beyond just doing electric heat. And
22 if you look at the GDS report, it's
23 interesting. If you look at the potential
24 energy savings, they not only have potential

1 electric savings, they also have potential
2 non-electric savings. And it turns out that
3 the non-electric savings exceed the electric
4 savings, which is not a result different
5 from what it is that we have in this
6 particular program. And that, too, is in
7 our testimony.

8 Q. On Page 22, which paragraph are you reading
9 from?

10 A. (By Mr. Gelineau) The very first one at the
11 top of the page that says "Recommendation."

12 Q. And the final sentence is, "It is important
13 to recognize that such expansion would
14 require providing services to customers that
15 heat with fuels other than electric or
16 natural gas. Issues regarding who would pay
17 for the provision of services to such
18 customers would need to be addressed."

19 A. (By Mr. Gelineau) That's correct.

20 Q. That's the section that you're talking
21 about. Okay.

22 MS. THUNBERG: I have a question
23 coming -- a series of questions coming from
24 Mr. Franz.

1 CHAIRMAN IGNATIUS: Please
2 proceed.

3 MR. FRANZ: Thank you.

4 CROSS-EXAMINATION

5 BY MR. FRANZ:

6 Q. Good afternoon, gentlemen.

7 A. (By Mr. Gelineau) Good afternoon.

8 A. (By Mr. Palma) Good afternoon.

9 Q. I just have a few questions that were
10 questions addressed a little bit earlier
11 concerning your data and the 1.3 and
12 1.4 percent respectively versus the census
13 data, which really comes from the Department
14 of Energy, Energy Information Administration
15 Survey. Do you recall that discussion
16 earlier?

17 A. (By Mr. Gelineau) Yes.

18 A. (By Mr. Palma) Yes.

19 Q. And in that, you raised a concern, Mr.
20 Gelineau, that without seeing the survey,
21 you weren't sure whether or not they just
22 asked the simple question, "Well, what is
23 your primary heating source for your
24 residential house?" and whether they

1 asked -- and whether they asked, "Do you
2 have a secondary source and which one do you
3 use?" Do you remember that comment?

4 A. (By Mr. Gelineau) I do. That was in the
5 context of trying to understand -- the
6 question was, "Can you explain why there may
7 be differences?"

8 Q. Glad we're on the same page here.

9 Have either of you actually reviewed
10 the census or EIA survey that we are
11 referring to?

12 A. (By Mr. Palma) I have not reviewed it.

13 A. (By Mr. Gelineau) I have not reviewed it
14 either. I assume the information that you
15 provided is accurate.

16 Q. So it wouldn't surprise you if I told you
17 that that energy survey is 96 pages long and
18 highly detailed and asked exactly those kind
19 of follow-up questions concerning energy
20 use, primary use, secondary sources, type of
21 insulation, age of house, and a whole lot
22 more information that you had concerns
23 about.

24 A. (By Mr. Gelineau) No, it wouldn't

1 necessarily surprise me. But the size of
2 the document doesn't necessarily tell me how
3 accurate the information is. And I think
4 that the information that we have
5 specifically relates to our customers and
6 their actual usage, and I just have to put a
7 lot more weight on that than, you know, any
8 size document that might come up that's not
9 based on that same source information.

10 Q. Even if it's highly detailed and asked the
11 questions that you raised concerns about.

12 A. (By Mr. Gelineau) Even then.

13 MR. FRANZ: Nothing further.
14 Thank you.

15 MS. THUNBERG: I'd like to ask
16 the clerk, have we marked the GDS study as an
17 exhibit?

18 I'm getting a "No" from
19 PSNH. So I'd like to distribute a page from
20 the GDS report. This is a report that is on
21 the Commission's web site. Most people are
22 familiar with it in here, but I have
23 questions about a particular table.

24 MS. GOLDWASSER: Just as a point

1 of order, I intend to use a page from the GDS
2 report also. I don't know if it would make
3 sense to -- I mean, we can do them
4 separately. It's actually one of the pages
5 that Mark was referring to earlier. I just
6 didn't know if you wanted to have two
7 different pages from the same report as two
8 different exhibits. I'm --

9 CHAIRMAN IGNATIUS: If Staff's
10 comfortable with combining them and making
11 them one exhibit, that's probably clearer.

12 (Discussion among counsel)

13 MS. THUNBERG: We have different
14 pages, so I'm going to pass out Page 8 of the
15 GDS study.

16 CHAIRMAN IGNATIUS: All right.
17 And that will be Exhibit 38 for
18 identification.

19 (The document, as described, was
20 herewith marked as 38 for
21 identification.)

22 BY MS. THUNBERG:

23 Q. I'd like to just, if you have the document,
24 Page 8 of the GDS study, in front of you --

1 A. (By Mr. Gelineau) Yes.

2 Q. -- I'm looking at the very first column.
3 The first block of descriptions has at the
4 bottom "Potentially Obtainable." Do you see
5 that --

6 A. (By Mr. Palma) Yes.

7 Q. -- row? And it has a estimated annual
8 savings of 698 million. Do you see that?

9 A. (By Mr. Palma) Yes.

10 A. (By Mr. Gelineau) Yes.

11 CHAIRMAN IGNATIUS: I'm sorry.
12 I'm sorry. I thought I was getting different
13 numbers. So which line are you in?

14 MS. THUNBERG: Fifth number
15 down -- row down, in the column entitled
16 "Estimated Annual Savings by 2018, Kilowatt
17 Hours." And it's in the "Residential" sector.
18 We're looking at Page 8 of the GDS study;
19 correct?

20 CHAIRMAN IGNATIUS: I've got
21 Page 8. After that I'm not with you.

22 CMSR. HARRINGTON: You're in the
23 first column?

24 MS. THUNBERG: Second column.

1 It's 698,069,156 estimated annual savings in
2 kilowatt hours.

3 CHAIRMAN IGNATIUS: Thank you.

4 BY MS. THUNBERG:

5 Q. Now, would you agree that there appear to be
6 significant remaining potentially obtainable
7 overall annual residential electric sector
8 savings?

9 A. (By Mr. Gelineau) Yes.

10 Q. Given that there are --

11 A. (By Mr. Gelineau) One point of clarity here
12 before we get too far into this, though.
13 What's not really clear from looking at this
14 table is that these numbers represent a
15 10-year implementation. And so if you want
16 to consider the annual value, you need to
17 divide that number by 10. So that's not
18 698 -- or 698 annually. It's 69.8 annually.

19 Q. Thank you for that clarification.

20 A. (By Mr. Gelineau) And I will say that it's
21 not very -- I think that this report is
22 particularly confusing in this aspect. But
23 that's -- I did contact the principal who
24 wrote the report prior to our meeting today

1 to get clarification on that.

2 Q. Now, do you still have page -- Mr. Gelineau,
3 do you still have Page 24 of -- this was the
4 CORE document that was Attachment A with
5 Exhibit 23.

6 A. (By Mr. Gelineau) Yes.

7 Q. And that shows annual megawatt savings --

8 A. (By Mr. Gelineau) Correct.

9 Q. -- of 16,113.2?

10 A. (By Mr. Gelineau) Yes, that's correct.

11 Q. And that 16,000 number is less than if we
12 back into -- divide by 10 the 698 million
13 that comes out to 69,000. So 16 is less
14 than that; correct?

15 A. (By Mr. Gelineau) That's correct. But the
16 other thing that you want to look at as
17 you're reviewing that is Column No. 2, which
18 talks about utility costs of \$7 million.
19 And the last column in this report which
20 says that you've got -- even when you divide
21 by 10, you've got a budget of almost
22 \$40 million. You've got \$38-something
23 million. So the budget associated with
24 those larger savings is much larger than the

1 budget that we are using. We have a budget
2 of about \$7 million. They're using a budget
3 of about \$38 million. We have a savings of
4 16.1. Their savings is 69.8. So there
5 is -- you know, all of those factors need to
6 be considered as you're considering the
7 comparison of these numbers.

8 Q. Okay. I'm trying to establish -- I guess
9 we're in agreement, then, is it fair to say,
10 that there are potentially obtainable annual
11 savings that remain in --

12 A. (By Mr. Gelineau) Absolutely.

13 Q. Okay.

14 A. (By Mr. Palma) To the extent it's exactly
15 this number that GDS has indicated is not --
16 you know, requires more study. This is a
17 potential study. It's not an exact science.

18 CMSR. HARRINGTON: Can I just
19 ask a clarifying question on this? Maybe I
20 can't read this. Is this number that we're
21 talking about, the 69,156, those are commas
22 and not decimal points there?

23 MS. THUNBERG: Those are commas,
24 yes.

1 CMSR. HARRINGTON: So we're
2 dealing with, at this level, before we
3 adjusted by a factor of 10, it's 698 million,
4 et cetera.

5 MS. THUNBERG: Hmm-hmm.

6 CMSR. HARRINGTON: And then if
7 we divide that by 10, we're at 69 million, not
8 69,000 as people were saying. So, I mean,
9 that's a pretty big difference when you start
10 to compare, 'cause you're talking about 16,000
11 on Page 24 comparing to 69,000. It's actually
12 69 million --

13 A. (By Mr. Gelineau) I'm sorry, Commissioner.
14 It's 16.1-megawatt hours, and these are
15 kilowatt hours.

16 CMSR. HARRINGTON: Kilowatt
17 hours. Okay.

18 A. (By Mr. Gelineau) So they do work out to be
19 the same factor.

20 CMSR. HARRINGTON: That's what I
21 was trying to get straight, because people
22 were using the terms back and forth, megawatt
23 [sic] hours, on Page 24. Okay. So that puts
24 about 16 million versus 69 million, just on

1 relative terms. Thank you.

2 BY MS. THUNBERG:

3 Q. A follow-up question. Now that we've
4 established that there are a significant
5 amount of potentially obtainable savings,
6 again, it begs the question: Why design a
7 HPwES program to go after the non-electric
8 savings?

9 A. (By Mr. Gelineau) I think we certainly
10 wouldn't suggest that it's designed to go
11 after the non-electric savings. It's
12 designed to go after all of the savings,
13 both electric and non-electric, in the most
14 cost-effective way possible. Again, we
15 indicated earlier that it's important to get
16 all the savings when you go to a home. And
17 it's important that, if you're going to do a
18 program, that you get the weatherization,
19 because that is the thing that provides the
20 cost-effectiveness. That's where all the
21 energy savings are. You need to do that in
22 order to have something that's going to be
23 cost-effective.

24 I think I just got through indicating

1 that the GDS report has a recommendation,
2 and I think you just brought -- I think you
3 made an exhibit out of it -- and that
4 recommendation says that if you want to get
5 the electric savings, you need to consider
6 expanding to provide services to other fuels
7 other than electricity for weatherization,
8 other than electric and natural gas. And
9 that's part of what the recommendation --
10 that's one of the recommendations from the
11 GDS report. And they are assuming that when
12 they come up with these potential savings.
13 They're assuming that you're going to do
14 that; otherwise, you can't get all of these
15 savings.

16 MS. THUNBERG: Going to shift
17 gears a little bit. I have another data
18 response to pass out. If I can identify it
19 for the record, it is PSNH and Unitil's
20 response to Staff 5-17.

21 CHAIRMAN IGNATIUS: We'll mark
22 this for identification as Exhibit 39.

23 (The document, as described, was
24 herewith marked as 39 for

1 identification.)

2 BY MS. THUNBERG:

3 Q. Have you had a chance to refresh your
4 recollection with this response?

5 (Witness reviews document.)

6 A. (By Mr. Gelineau) Yes, I have.

7 Q. The fifth line up, there's a reference to
8 "500,000-kilowatt hours." Can you tell me
9 what percentage that number represents of
10 the total equivalent lifetime savings of the
11 HPwES program, if you know?

12 (Witness reviews document.)

13 A. (By Mr. Gelineau) It is a small percentage,
14 if I remember correctly. I think Staff
15 calculated something like 79 million
16 kilowatt hours -- or 79 million MMBtus. No.

17 MR. CUNNINGHAM: I'm sorry.
18 You're correct. That included the equivalent
19 MMBtus.

20 A. (By Mr. Gelineau) Right. So it would be a
21 relatively small number. I don't have -- I
22 guess if you can give me a few minutes I can
23 do the calculation, but...

24 But I guess, again, I'm going to go

1 back to my earlier testimony in which I
2 suggested that, if the one were to use the
3 GDS numbers that they came up with for the
4 savings that might be associated with the
5 so-called "ancillary savings," it's much,
6 much larger than the 42 -- than the 42
7 kilowatt hours shown here. And, in fact,
8 that is -- I'm just trying to... it's
9 roughly 35 times more. So, if that is the
10 right answer -- and I don't know what the
11 right answer is. But if that were the
12 correct amount, we have a range between 42
13 and some 1400 that GDS came up with. That's
14 a big range. And right now, you're using
15 the number on the lowest end of the range.
16 If we were to use the number on the highest
17 end of the range for these ancillary
18 savings, the result would be quite
19 different.

20 Q. Let's shift gears a little bit. Has PSNH
21 and Unitil been of the opinion that Staff
22 opposes a permanent fuel-neutral HPwES
23 program? I can reask the question.

24 A. (By Mr. Palma) Sure.

1 Q. Is PSNH and Unitil of the opinion that Staff
2 opposes a permanent fuel-neutral HPwES
3 program?

4 A. (By Mr. Gelineau) Well, I would hope so,
5 because otherwise I don't know why we're
6 here, quite frankly.

7 Q. Now, if --

8 A. (By Mr. Palma) Only thing I could add is
9 nothing's ever permanent. But I think for
10 the foreseeable two-year plan, they do
11 oppose --

12 Q. Would you agree that Staff -- to the extent
13 you think that Staff opposes it, would you
14 agree that Staff only opposes HPwES because
15 it's based on the system benefit charge and
16 raises the issues of fairness?

17 A. (By Mr. Gelineau) Certainly I believe that
18 Staff's feeling is that that is an issue.

19 I think that one of my -- one of my
20 concerns is that this issue has come up time
21 and again, even after the Commission had
22 ruled that it was all right to use systems
23 benefits charges for fuel-neutral programs.
24 And I think that, more than anything, that's

1 why I'm glad that we're here today and we'll
2 finally have an opportunity to get this
3 issue to bed, in back of us.

4 Q. Do you think that PSNH and Unitil exhausted
5 all electric savings opportunities which
6 support the New Hampshire Climate Action
7 Plan goal of reducing greenhouse gas
8 emissions?

9 A. (By Mr. Gelineau) Have we exhausted all
10 possibilities of -- have we done all the
11 savings associated with the Climate Action
12 Plan?

13 Q. Do you have an opinion as to the extent of
14 exhaustion PSNH and Unitil have done with
15 looking at electric savings opportunities
16 and, I guess, exhausting those opportunities
17 to support the New Hampshire Climate Action
18 Plan? You've mentioned your programs in the
19 past -- or let me retract that.

20 Your testimony earlier today included
21 why you were using the HPwES -- or offering
22 the HPwES program was because it was partly
23 consistent with the New Hampshire Climate
24 Action Plan. So this question is going to

1 that.

2 A. (By Mr. Gelineau) Certainly we haven't come
3 close to exhausting all of the potential
4 savings opportunities identified in the
5 Climate Action Plan. If this question is
6 intended to get at the -- I think that in
7 Staff testimony there was some discussion as
8 to a portion of the Climate Action Plan
9 addressed electric measures as opposed to
10 other types of measures. And I think that
11 we tried to indicate in our testimony that,
12 with the exception of maximized efficiency
13 in buildings, all of the other electric,
14 so-called "electric measures," are outside
15 the scope of what it is that one would do in
16 the energy-efficiency arena, particularly as
17 it relates to the systems benefits charge.
18 I mean, some of these measures include
19 things like the RPS; they include REGGI;
20 they include nuclear power; they include --
21 I'm trying to remember all of them. But the
22 only 1 out of the 10 recommendations that
23 relate directly to the systems benefits
24 charge and energy efficiency is maximizing

1 efficiency in buildings, which is also a
2 recommendation from another portion of the
3 plan, and that's the portion under which
4 this particular program is focused. It is
5 aimed at trying to reduce energy in
6 buildings. All energy.

7 Q. I just have a few questions on performance
8 incentive, to wrap up.

9 MS. THUNBERG: And Chairman
10 Ignatius, I just want clarification. I forget
11 how in depth we can go or should not go on
12 performance incentive. We talked about it
13 this morning, whether it was ripe for
14 discussion today. I just had a few questions
15 bringing in the VEIC report. But I guess I
16 need a refreshing -- refreshment on the extent
17 I should be going into it.

18 CHAIRMAN IGNATIUS: Well, my
19 sense was the question of whether the HPwES
20 program should be entitled to performance
21 incentives on all measures, not just electric,
22 is what's here as almost a policy question, I
23 think, not the actual -- any change to
24 incentives in the future for this program or

1 any other program. But is it -- should it be
2 earning on the non-electric measures; and if
3 so, why or why not. Is that too narrow a
4 framework? That's what I meant when I was
5 using those words.

6 MS. THUNBERG: I have about 10
7 questions on that subject, and I just feel
8 better about getting the perspective of the
9 VEIC on the record.

10 CHAIRMAN IGNATIUS: That's fine.

11 MS. THUNBERG: And to that end,
12 I would like to not bring in the full VEIC
13 report, but just enter into the record Chapter
14 9 that relates to the performance incentive
15 for discussion purposes.

16 CHAIRMAN IGNATIUS: Is there any
17 objection to introducing that chapter?

18 MS. GOLDWASSER: I guess my only
19 comment would be, to the extent this is
20 relevant to the question before the
21 Commission, I don't have a problem with it.
22 But to the extent we're going to get into this
23 question of what the working group should be
24 looking at -- and, you know, not all of the

1 parties to the larger CORE docket in 10-188
2 are actively engaged in this part of the
3 proceeding. So, for example: The New
4 Hampshire Electric Co-Op doesn't have their
5 counsel here today, and they're part of the
6 working group. So that's my only concern, is
7 to the extent this reaches into the larger
8 question, as the Chairman described it, that
9 we be careful that we don't go past where
10 people here today are ready to talk about.

11 CHAIRMAN IGNATIUS: Well, I
12 think that as long as we're not getting
13 into -- correct me if I'm wrong. Mr. Eaton
14 said at the beginning, if there were approval
15 for this program to earn incentives for
16 non-electric measures, the Company would then
17 develop a proposal to do so, and presumably
18 Unitil would as well. And that would be
19 submitted as part of the -- discussed through
20 the summer and submitted as part of the
21 Company's proposals in the next CORE docket.
22 And if that's correct --

23 MR. EATON: That's correct.

24 CHAIRMAN IGNATIUS: Mr. Eaton's

1 nodding. If that's correct, then these may be
2 good areas to explore as a foundation but not
3 to get into how one would actually do the
4 measurement and the calculations. Is that
5 correct? I mean, I'm a little in the dark
6 myself. So why don't you get started, and
7 let's see where we go. But I think the
8 primary focus is: Is it right to allow
9 incentives for non-electric measures; and if
10 so, why?

11 So why don't we, for
12 identification, mark this Chapter 40 --
13 excuse me -- Chapter 9 as Exhibit 40.

14 MS. THUNBERG: Thank you.

15 (The document, as described, was
16 herewith marked as 40 for
17 identification.)

18 BY MS. THUNBERG:

19 Q. Gentlemen, are you familiar with the VEIC
20 report in Chapter 9?

21 A. (By Mr. Palma) Yes.

22 Q. And does this chapter discuss many
23 recommendations -- recommended changes to --
24 or areas of inquiry for the performance

1 incentive?

2 A. (By Mr. Gelineau) Yes.

3 Q. And is it correct that you are asking for a
4 12-percent performance incentive on the full
5 fuel-blind HPwES program?

6 A. (By Mr. Gelineau) No, that's not correct.
7 We're asking for -- we're asking for the
8 incentive just as it is for all of the other
9 programs, and that incentive range is
10 between zero and 12 percent.

11 Q. Thank you for that clarification.

12 Are you familiar with the
13 recommendation in this Chapter 9 that talks
14 about an incentive of a much lower level
15 could be enough of an incentive?

16 MR. EATON: Objection. I think
17 that goes into what the future design of the
18 performance incentive is. We're asking
19 that -- asking the Commission only to decide
20 whether we get the same performance incentive
21 on the full program as allowed in all the
22 other programs. And if they're exploring
23 whether Home Performance with ENERGY STAR gets
24 only zero to 6 percent, that's not what's in

1 front of the Commission today, I think.

2 MS. THUNBERG: I will withdraw
3 the question.

4 CMSR. HARRINGTON: Response?

5 MS. THUNBERG: I will withdraw
6 the question. It's easier that way.

7 Chairman Ignatius, I've
8 been trying to cull down the questions,
9 given the lateness of the hour. And I know
10 that I just had this marked for
11 identification, but most of my questions go
12 to ripeness. So at this point, I think I
13 will withdraw my request -- well,
14 prematurely -- to have this marked. And I
15 don't know if you want to just not have this
16 as a number or how you want to proceed with
17 other people having exhibits coming
18 afterwards. But I think for economy --

19 CHAIRMAN IGNATIUS: That's fine.
20 So why don't we withdraw 40. We'll save that
21 number for something yet to come. Thank you.

22 (Exhibit 40 withdrawn for
23 identification.)

24 (Pause in proceedings)

1 BY MS. THUNBERG:

2 Q. Do you still have Page 24 of the CORE
3 Program that was attached to the settlement
4 agreement, which I believe was Exhibit 23,
5 in front of you?

6 A. (By Mr. Palma) Yes.

7 Q. And I'd like to draw your attention to the
8 Utility Costs column. It is the third one
9 over. Now, in particular, focusing on Home
10 Energy Assistance Program, Home Performance
11 with ENERGY STAR, and then the Home -- the
12 ENERGY STAR Homes Program, those three,
13 subject to check, would you agree that these
14 programs represent about 70 percent of that
15 cost number, the Total Residential Cost
16 number?

17 A. (By Mr. Palma) Subject to check, yes.

18 Q. Okay. And these three programs are
19 fuel-neutral programs; is that correct?

20 A. (By Mr. Gelineau) That's correct.

21 Q. Now I'm going to ask a question about the,
22 oh, gosh, the HES Program, Home Energy
23 Services Program -- no -- Home Energy
24 Solutions. Sorry.

1 Do you remember back when that was in
2 existence, what percentage of the costs it
3 was? And I offer that Staff was doing a
4 calculation and was thinking that the Home
5 Energy Solutions Program represented about
6 44 percent of the cost total. And just to
7 put that in perspective, we were comparing
8 it to the 70 percent that I just talked
9 about in the earlier question.

10 A. (By Mr. Gelineau) So you're suggesting that
11 it's 2.8 million, something like that? How
12 much did you say? Forty percent?

13 Q. I'm wondering if you would agree that the
14 Home Energy Solutions Program, when it
15 existed, represented about 44 percent -- oh,
16 I'm having a clarification here while I'm
17 asking this.

18 (Discussion among Staff)

19 BY MS. THUNBERG:

20 Q. Let me rephrase the question. I asked about
21 Home Energy Assistance, HPwES, ENERGY STAR
22 Homes, and those three, at least on Page 24,
23 represent 70 percent. Now, if we replace
24 HPwES with Home Energy Solutions, Staff

1 believes it comes up to about 44 percent.

2 Do you have any comment on that?

3 A. (By Mr. Gelineau) Subject to check, I'm not
4 going to argue that that's an incorrect
5 calculation. Would you have a particular
6 year in mind or...

7 (Discussion among Staff)

8 Q. I wonder if it would be better if -- well, I
9 was going to ask for a record request. But
10 I believe, to answer your question, I
11 believe it was 2009; right? Because in 2009
12 you had the Home Energy Solutions Program?
13 That would have been the last data we would
14 have had. I'm not asking for the --

15 A. (By Mr. Gelineau) Well, 2009 really wouldn't
16 have been a year in which there was Home
17 Energy Solutions, because we began operating
18 the Home Performance with ENERGY STAR
19 Program in June of that year. So that would
20 be a mixed year, if you will.

21 Q. Okay. Let me ask this way: Would you agree
22 that over the past handful of years, that
23 the fuel-neutral programs have increased in
24 a percentage of this utility cost budget?

1 A. (By Mr. Gelineau) Certainly.

2 Q. Okay. And just for clarification, it's all
3 of these costs that we talked about on
4 Page 24, the 7,053.1 number. It's these
5 costs that you are asking to be included in
6 the performance incentive calculation; is
7 that correct?

8 A. (By Mr. Gelineau) It would be a number
9 similar to that, in all likelihood, but it's
10 not exactly the same. The way the
11 performance calculation is done as of right
12 now, it would use the actual expenditures as
13 opposed to the planned expenditures. So, to
14 the extent that there is a difference, then
15 there would be an adjustment there.

16 Q. Fair enough. Thank you.

17 MS. THUNBERG: Sorry. I'm just
18 doing a last call on questions from Staff.

19 CHAIRMAN IGNATIUS: Please, take
20 your time.

21 CROSS-EXAMINATION (cont'd)

22 BY MR. IQBAL:

23 Q. Do you remember when we talked about the GDS
24 report on Page 8, we talked about the table,

1 Summary of Energy Saving Potential by 2018 -
2 Electric?

3 A. (By Mr. Gelineau) Yes.

4 Q. And do you remember you said that these
5 savings actually have some cost, which is
6 383 million for 10 years; so if you divide
7 that by 10, it would be 38 million?

8 (Witness reviews document.)

9 A. (By Mr. Gelineau) I think I would like to
10 review the definition of that column and
11 specifically -- it's not clear as to whether
12 or not that includes the customer cost as
13 well as the utility cost; whereas, in the
14 other -- on Page 24 column, for example,
15 it's talking just about utility costs. I'm
16 not certain. I think this may be the
17 overall cost, both customer and utility
18 here.

19 A. (By Mr. Palma) Well, just to show where --
20 it might require digging back a few pages in
21 the study to see what the definition is of
22 that column.

23 Q. Let's take a -- my understanding is it is
24 utility costs. But we can -- let's keep

1 that aside.

2 But if it is utility costs, utility
3 needed a budget to achieve that potential
4 around 38 million; is that correct addition?

5 A. (By Mr. Gelineau) Could you repeat the
6 question, please?

7 Q. That you divide that 383 by 10, it gives
8 38 million?

9 A. (By Mr. Gelineau) Yes.

10 Q. So, to achieve this 69 million megawatt hour
11 by year, you need a budget around
12 38 million. That's what GDS is saying. Is
13 it correct?

14 A. (By Mr. Gelineau) Yes, it's just I don't
15 know -- yes.

16 Q. So what is the budget for residential
17 customers right now?

18 A. (By Mr. Gelineau) Well, 7 million.

19 Q. So it's almost one fifth of that number?

20 A. (By Mr. Gelineau) Again, it'd be good to
21 know whether or not the number in the GDS
22 study is -- includes customer money or not.
23 But, yes, if it's strictly the utility
24 costs, the math would work out to a little

1 over 20 percent -- a little under
2 20 percent.

3 Q. So is it fair to say that, to achieve the
4 potential electric savings every year, we
5 don't have enough funding right now? Is it
6 fair to say?

7 A. (By Mr. Gelineau) That is very fair to say.

8 Q. So if we shift that level of funding from
9 electric savings to save something else,
10 does it make the situation worse?

11 A. (By Mr. Gelineau) Again, I'm going to go
12 back and suggest that both the GDS study,
13 which is the study we're looking at, and the
14 Vermont study, are both suggesting that in
15 order to maximize the savings, you need to
16 look at all fuels. So if we fail to do
17 that, we're going to leave a lot of electric
18 savings on the table. We're not going to
19 get them.

20 A. (By Mr. Palma) One thing I want to point out
21 is that potential studies shows what
22 potential exists, but it doesn't factor in
23 the customer's ability and interest and
24 desire to actually invest in energy

1 efficiency. So there may be potential in
2 Concord to save 10 megawatt hours, and we
3 may have great programs. But without those
4 customers actually taking action, because
5 they want to invest in -- and I hate to use
6 the term -- you know, granite countertops
7 instead, this potential is just a
8 theoretical potential. It's not an actual
9 potential.

10 Q. Doesn't it say "potentially obtainable"?

11 A. (By Mr. Palma) Right. Potentially
12 obtainable if all the customers were willing
13 to chip in and pay for that measures. But
14 as we pointed out several times, even though
15 we've done a lot of marketing, there are a
16 lot of electric heat customers. You know,
17 the ability to actually bring in electric
18 heat customers is limited to the percentages
19 we've gone through, probably five or six
20 times. And part of that may be they're just
21 not interested. They have granite
22 countertops or they have other needs for
23 their money besides energy efficiency.

24 So, this is a great study that GDS did.

1 But it's showing the potential. It doesn't
2 factor in the customer's abilities.

3 Q. But the same report also identified
4 technical potential, best only; technical
5 potential, traditional; maximum achievable
6 potential; maximum achievable cost-effective
7 potential; and the last one is potentially
8 obtainable. So we are not saying that it is
9 the top part, which is technically
10 potential, or maximum achievable potential,
11 or maximum achievable cost-effective
12 potential. It is defined as "potentially
13 obtainable." So I understand your
14 explanation. Is it possible that that
15 explanation doesn't apply to this particular
16 item?

17 A. (By Mr. Gelineau) I think that if one looks
18 at Page 4 of that same report, your
19 characterization is correct. And in
20 particular, it says that under the
21 potentially obtainable scenario, it takes
22 customer behavior into consideration, as
23 well as the price. So that last scenario,
24 the potentially obtainable scenario,

1 includes an adjustment to reflect that some
2 customers, despite that it's a great idea,
3 may decide not to go forward.

4 MS. THUNBERG: Thank you,
5 gentlemen, for your time.

6 CHAIRMAN IGNATIUS: Thank you.
7 Commissioner Harrington, do you have
8 questions?

9 CMSR. HARRINGTON: Yes.

10 INTERROGATORIES BY CMSR. HARRINGTON:

11 Q. Good afternoon. We will start with trying
12 to just straighten out a lot of discussion
13 on this.

14 Going to Exhibit 33, which is the CORE
15 Energy Efficiency Program from some years
16 ago, specifically to the 15 with a circle
17 around it on the bottom of the page.

18 A. (By Mr. Gelineau) We have that out.

19 Q. Now, if you look at that page, under A2 it
20 talks about current market conditions, with
21 the understanding that these are 10 years
22 old. It says 63,700 customers have been
23 identified as high-use electric customers.
24 Earlier in the document, it defines that as

1 being someone who uses at least 30 kilowatt
2 hours a day, base-load consumption, during
3 the months of May, June, September and
4 October. So they're using 30 kilowatts a
5 day in non- heating seasons.

6 Now, below that it also lists under 2B,
7 22,000 electrical heat customers have been
8 identified. Is there overlap between those
9 two numbers?

10 A. (By Mr. Gelineau) It would be my
11 understanding that there is.

12 Q. Okay. So we have 63,700 customers who we
13 know are high use, in that they meet the
14 criteria I just read, some of which may be
15 electric heat customers and some of which
16 may not be. Would that be correct to say?

17 (No verbal response)

18 Q. Okay. So we got that at least straightened
19 out.

20 Now, either way, whether they're --
21 let's just say if they're not electric heat
22 customers, the fact that they're using that
23 amount of electricity not for heat during
24 the months of May, June -- well, maybe this

1 June they'll be using it. But most of June
2 they wouldn't be. May, June, September and
3 October, they're using 30 kilowatts a day.
4 That would tell me that there's a
5 substantial potential at least there for
6 some electric efficiency measures simply
7 because of the large amounts of electricity
8 being consumed. That sound correct?

9 A. (By Mr. Gelineau) That's correct. That's
10 exactly why they were on the list.

11 Q. So if we have the other customers that
12 still -- even if they do have electric heat,
13 they're even using more electricity then,
14 because during the non-heating season they
15 still meet the 30-kilowatts-a-day criteria,
16 which would make me think, in the heating
17 season, for the people that did have
18 electric heat and used it, it would even be
19 higher than that.

20 A. (By Mr. Gelineau) Correct.

21 Q. Okay. So we've established that now.

22 How many of these 63,700 customers have
23 participated in the program to date that
24 you're aware of? I mean, what would that

1 number be now of those initial 63,700? If
2 you just look back on page circle 9 there,
3 it says only about 250 of these high-use
4 customers have participated in general
5 high-use, retrofit energy-efficiency
6 programs. That, of course, was at the time.
7 That's 10 years ago. Trying to find out, of
8 these 63,700 customers, how many out there
9 have not participated.

10 A. (By Mr. Gelineau) I think a round number to
11 use would probably be about 1,000 customers
12 a year.

13 Q. So that would be 10,000 customers probably
14 have participated?

15 A. (By Mr. Gelineau) Something like that, yeah.
16 And I think it's also fair to say that
17 customers are going to drop off of that for
18 other reasons other than participation in
19 the program, particularly those that have
20 electric heat.

21 Q. But you could also add some of those ones,
22 the ones for non-electric heat. You might
23 add some.

24 A. (By Mr. Gelineau) Possibly, yes.

1 Q. So the best guess is 10,000, average. Gives
2 us somewhere around 53,000 of those
3 customers that have not participated. Okay.
4 I just wanted to get that issue straight,
5 'cause we spent an awful lot of time
6 discussing that.

7 Kind of moving along to a different
8 subject, just to kind of get some of the
9 basics down so I make sure we're talking
10 about the same thing, where does the money
11 come from for the -- I can't even pronounce
12 this thing -- H-P-W-E-S?

13 A. (By Mr. Gelineau) Systems benefits charge.

14 Q. So the pilot program comes from systems
15 benefits charge. And you're proposing if
16 this new permanent -- more permanent program
17 comes in, it would come from the systems
18 benefits charge as well?

19 A. Correct.

20 Q. And what has happened to the systems
21 benefits charge revenues over the last
22 couple years? Just generally. Has the
23 trend been a large increase, about the same,
24 decrease?

1 A. (By Mr. Gelineau) It's about the same. But,
2 you know, overall, things are starting --
3 there is another component that goes into
4 this. It's not just the systems benefits
5 charge revenue. It also includes the
6 Forward Capacity Market revenue, which has
7 been going up.

8 Q. Well, for the short term maybe.

9 A. (By Mr. Gelineau) But it's probably adding
10 10 percent now, something like that.

11 Q. So the Forward Capacity Market, flat on the
12 systems benefits charge, but increases on
13 the Forward Capacity Market.

14 A. (By Mr. Gelineau) We're about \$21 million
15 overall right now.

16 Q. Now, if this program, this -- how is it
17 pronounced again?

18 A. Home Performance with ENERGY STAR.

19 Q. Okay. I'll just stick with the H-P-W-E-S
20 then. Those funds come out of the systems
21 benefits charge. Right now there's no plans
22 to increase the systems benefits charge. So
23 this money would have to come at the expense
24 of some other electrical efficiency

1 measures; is that correct?

2 A. (By Mr. Palma) If they existed.

3 Q. I'm not sure what that means.

4 A. (By Mr. Palma) Well, as we mentioned, the
5 difficulty is actually finding those
6 electrical measures. And the best -- the
7 biggest and best bang for the buck would be
8 electric heat. We pointed out several times
9 now that the electric heat customers are
10 limited and not coming forward.

11 Q. But we'll get back to that in a minute.

12 But just so I get this, I'm clear on
13 this, there's only one source of revenue.
14 And dollar for dollar, each dollar removed
15 to the HPwES program has to come out of the
16 existing CORE Program -- what would be the
17 existing CORE Program, without that; is that
18 correct?

19 A. (By Mr. Gelineau) It all comes out of the
20 same pot. That's correct.

21 Q. Okay. Thank you.

22 Just a little bit more on generalities
23 on this. If this program were to become
24 widespread, it would mean there would be a

1 lot more households participating. It
2 sounds like that's what you're alleging
3 here. There would be more participation
4 because there would be a lot more people
5 eligible for weatherization programs; is
6 that correct?

7 A. (By Mr. Gelineau) The number of participants
8 are going to depend on the funding level.
9 And so it's -- absent additional funding, we
10 would not advocate that we increase this
11 budget.

12 And just going back to your earlier
13 thing, we're not really taking money away
14 from anything else. We're moving an
15 existing program, the HES program, to this
16 program. So the budgets are -- you know,
17 it's coming from the predecessor program
18 more than from other programs, taking money
19 away from other programs.

20 Q. I'm not quite following.

21 A. (By Mr. Gelineau) Well, there was a
22 weatherization program before that was
23 primarily aimed at electric heat customers.
24 And we're moving that forward to

1 non-electric heat customers. And that's
2 where the money's coming from, not from
3 taking it from other programs, for example.

4 Q. So the -- to get back to the electric heat
5 customers, we don't really know how many
6 electric heat customers are left out there
7 that haven't participated, other than you
8 said the participation level was very low.

9 A. (By Mr. Gelineau) No, we do have a pretty
10 good handle on that.

11 Q. Okay.

12 A. (By Mr. Gelineau) I think I tried to
13 indicate that we have some 5400 customers at
14 Public Service right now who have a profile
15 that dictate that they are very likely
16 electric heat customers who use electric
17 heat. And we can -- we have the data to go
18 through that and identify those who have
19 already participated out of that group. And
20 I would anticipate that we're going to come
21 up with a number probably in the range of
22 4,000 or so that have not participated and
23 have a profile that looks like they'll be
24 electric heat customers.

1 Q. Okay. So, at least from the point of view
2 that when you change the -- if this program
3 goes through, the rules would change to
4 allow not just electric heat customers --
5 but we'll get to the exact on that -- but
6 most or all of the customers to be able to
7 be eligible for the program, the
8 weatherization program.

9 A. (By Mr. Gelineau) It will be all of the
10 customers would be eligible.

11 Q. So you're going to -- you have a substantial
12 increase in the number of potential people
13 involved.

14 A. (By Mr. Gelineau) Absolutely.

15 Q. Okay. How are you going to select that?
16 Because you're going from, what you've said,
17 5500 customers that you've been able to
18 target pretty much directly and say we can
19 handle all 5500 customers, and you're going
20 to be going to someplace where you're
21 looking at 500,000 customers or something in
22 the case of Public Service?

23 A. (By Mr. Gelineau) That's true.

24 Q. And you're not going to be able to handle

1 all of those.

2 A. (By Mr. Gelineau) We have that situation
3 today. And quite frankly, we are looking at
4 trying to start a marketing campaign. We
5 don't -- customers are not banging down the
6 door to get this stuff. And I think that
7 we -- I think that the Commissioners may be
8 aware that there's a companion program that
9 we just started with the Better Buildings
10 Program, which is giving -- which is putting
11 additional money into this particular
12 program. And that is going to allow us to
13 do some extra homes. And our concern right
14 now is not that we have too many customers,
15 but can we get everybody that we have monies
16 available for. So we are definitely going
17 to be doing some marketing to reach out to
18 those customers and bring them in.

19 There is another thing here going on,
20 and that is that this is a program of
21 self-selection. In order to participate in
22 the program, customers need to have this
23 gas-gauge home heating index that says that
24 they have sufficient opportunity within

1 their home to be able to justify our
2 visiting and doing an audit. And so that is
3 a process that they need to go through.
4 They can either do it online themselves or
5 call us, and we'll help them through the
6 process. But we need to have some data from
7 them that will allow us to determine that
8 they are in fact qualified or that the
9 potential exists at their particular
10 residence to make it worthwhile to go out
11 there and work with them.

12 Q. And that potential in the short term is
13 basically how much do you -- how much fuel
14 do you consume, converted to Btus, divided
15 by the square footage of your house.

16 A. (By Mr. Gelineau) That's correct. That's
17 the starting point. And we also do require
18 that we have billing data, so that we know
19 that they actually -- some verification, so
20 when they say they use 2,000 gallons of oil,
21 we'd like to, you know, validate that that
22 in fact is true.

23 Q. Okay. So, I mean, to some extent then, this
24 is targeting the people that haven't spent

1 their own money yet to put in
2 energy-efficiency measures, as compared to
3 the person who went out and spent money and
4 bought new windows and maybe a more
5 efficient furnace or put in insulation, so
6 that their consumption of fuel was lower, as
7 compared to the neighbor across street who
8 didn't. The first house who spent their own
9 money, your little formula would say too
10 bad, you don't qualify; whereas, the person
11 who chose not to spend their own money would
12 qualify; is that correct?

13 A. (By Mr. Gelineau) Presumably if they got a
14 good deal on the first house, that's
15 absolutely true.

16 Q. So we got through that part. Let me see.

17 Well, let's go over this, because this
18 was something you sort of brought up when
19 you talked about DR in the Forward Capacity
20 Market. So you kind of look at -- I'm just
21 trying to get an idea on where we go with
22 the limits of this program. Now, I've heard
23 you say it would apply to all customers.

24 And this, again, either one of you answer as

1 appropriate, please.

2 So let's say there was a residence that
3 had received, from one of the various
4 programs, grants to put in either a solar or
5 wind project, and they had been doing net
6 metering, and they had little net electric
7 consumption. So they were effectively
8 paying very, very little systems benefits
9 charge because their electric bill was
10 extremely small because of this net metered
11 solar or wind project. Would they be
12 eligible under your proposal?

13 A. (By Mr. Gelineau) Yes.

14 Q. And let's go to the further extreme. Let's
15 say their net meter was so effective, they
16 consumed absolutely no electricity. Would
17 they still be eligible?

18 A. Under the current proposal, yes.

19 Q. Okay. One more step. Their house doesn't
20 have electric service to them at all, but
21 they burn fuel. They -- for whatever
22 reason, they decide to live in the woods and
23 they burn -- have a wood-burning stove and
24 propane lights. They would qualify -- let's

1 assume they qualify under your --

2 A. (By Mr. Gelineau) No, they would not
3 qualify.

4 Q. Pardon?

5 A. (By Mr. Gelineau) They would not qualify.
6 They need to have an electric account.

7 Q. So, only for electric account users.

8 A. (By Mr. Gelineau) Correct.

9 Q. Just want to see if we can draw the line
10 here a little bit.

11 A. (By Mr. Gelineau) Sounds like we don't draw
12 it very closely, do we.

13 Q. No. That was kind of my question.

14 A. (By Mr. Palma) Well, not to belittle the
15 subject, but the PV and the wind person
16 would have to have some kind of data to show
17 what their usage was, to prove that they
18 actually had electric heat usage that would
19 allow them into the program.

20 Q. Well, under the new program they wouldn't
21 need to electric heat. Let's say they heat
22 with oil but their electric was from solar.

23 A. (By Mr. Palma) Right. Whatever they use,
24 they have to go into the test, if it was oil

1 or electric or propane.

2 Q. But my point is, I guess, they could not
3 consume any electric, not pay any system
4 benefit charge, and they would be eligible
5 for funding under this program.

6 A. (By Mr. Gelineau) That's true, Commissioner.
7 But I guess I think a good question to ask
8 as well as that would be, is the person that
9 has PV, solar and wind systems installed
10 likely to be a person that has a very poorly
11 insulated home? And it's probably not --
12 that would probably be a very small set of
13 people.

14 Q. Or I suppose it depends on how lucrative the
15 insulation process would be. They might
16 plan ahead that way on the idea of getting a
17 grant. So, you really don't know.

18 It seems like you had mentioned this a
19 few times now, that you need to be able to
20 have the whole package deal. In other
21 words, you can't come in, and you used the
22 term change a light bulb in a refrigerator,
23 or put in a more energy-efficiency appliance
24 or something like that. You have to bring

1 weather stripping or insulation into the
2 deal to make it worthwhile. So you're
3 proposing -- again, I'm trying to get limits
4 on the program here. We've decided that you
5 have to be an electric customer, but you
6 don't have necessarily have to buy any
7 electric. And the program would also cover
8 the use of such things as oil, propane,
9 wood. I'm assuming with the wood, you
10 wouldn't have to show bills for the wood if
11 you cut wood on your own property? Would
12 that qualify?

13 A. (By Mr. Gelineau) We would look for some
14 proof in terms of the amount of use.

15 Q. But you wouldn't need to necessarily buy the
16 fuel if you had a wood supply of your own.

17 A. (By Mr. Gelineau) No. No, not if you -- we
18 would try to work with somebody that was in
19 that situation.

20 Q. Now, what about other things that we know
21 would be -- that reduce energy consumption
22 in a home, especially when it comes to
23 heating and cooling? Would putting in
24 bushes and shrubs and trees be covered under

1 this? Because we know if you shade your
2 central air conditioning heat dump, for
3 example, or have shading around your house
4 in the summertime, those will all reduce
5 energy consumption. Would they be eligible
6 under this? I mean, given that whole
7 package you want to do, are you getting into
8 the landscaping business as well or...

9 A. (By Mr. Gelineau) I don't -- what we
10 typically look at is the cost-effectiveness
11 of any particular measure. And we are open
12 to considering new measures, but that is not
13 one of the measures that we're currently
14 using --

15 Q. But if --

16 A. (By Mr. Palma) On that topic, there is a
17 group in Massachusetts looking at the tree,
18 shrubbery on the air conditioning side, more
19 on the commercial and industrial. But it's
20 a special specialized application that
21 normally is applied in hotter climates, such
22 as California and places like that. So we
23 don't have any definitive information that
24 would make those projects cost-effective

1 yet.

2 Q. Right. But let's just say someone, for some
3 unknown reason, put the central air
4 conditioning heat dump on the south side of
5 their house and it sat in the sun all day,
6 and they could show that by putting in a
7 number of bushes and shrubs and whatever
8 would reduce it by a certain amount. They
9 would at least be eligible for
10 consideration; is that correct? I'm not
11 saying -- I'm not asking you to do the math.
12 But they wouldn't be explicitly excluded
13 under this program.

14 A. (By Mr. Gelineau) We are willing to consider
15 innovative ideas on what might provide an
16 energy-saving opportunity that's
17 cost-effective.

18 Q. And you've mentioned climate change a number
19 of times and climate change plans. So
20 again, I'm trying to get an idea of where
21 you try to draw the line here.

22 What about -- you think this money
23 should go to tuning up cars? After all,
24 that cuts down -- improves the efficiency of

1 cars. I mean, they burn less gas, less
2 pollution. Is that something that's open to
3 this, or is it only attached to the house
4 and the land? How would you make a
5 differentiation there?

6 A. (By Mr. Gelineau) That's not currently in
7 the plan right now.

8 Q. Does the plan explicitly forbid something
9 like that?

10 A. (By Mr. Gelineau) All I can think of is
11 somebody living in their car. No, that's
12 not the plan right now, Commissioner.

13 Q. My daughter at times lives in her van. If
14 she moved to New Hampshire, would she be
15 eligible?

16 A. (By Mr. Palma) Does she have a meter? If
17 she has a meter, she might be.

18 Q. She has a gas gauge. I think it's working
19 now.

20 A. (By Mr. Palma) That doesn't count.

21 Q. You had mentioned this before, 'cause it
22 does seem like you're targeting this package
23 deal, all encompassing, the fact that it
24 would be whatever you -- whatever things you

1 were consuming energy on, the program would
2 be looking at it as a over program to reduce
3 energy, however it was used. And a lot of
4 this -- and you -- it's also been mentioned
5 a couple of times about funding levels.

6 So, as the program like this would
7 expand, and you see all these going from an
8 opportunity of 5500 residents to 500,000
9 residents, whatever, or maybe more than that
10 when you put in all the utilities, as a
11 potential, not necessarily as necessarily
12 ones that are going to sign up, but as a
13 potential thing, it seems to me as if the
14 next logical step is to increase -- is for
15 attempts to increase the fund. See how much
16 wonderful stuff we can do now. If we only
17 had twice as much money, we could do twice
18 as much wonderful stuff.

19 Does your company, either one of you,
20 have any plans to try to request increase
21 for the system benefit charge to fund this
22 program?

23 A. (By Mr. Palma) I mean, we're already in the
24 program basically at the level of, you know,

1 it's fuel-neutral. We have established
2 rebate protocol. And this year's a little
3 bit more of a struggle than last year to
4 actually meet the goals that we set out.
5 Our company has no intention of asking for
6 more money for this program going forward.

7 Q. Public Service?

8 A. (By Mr. Gelineau) We have no plans to
9 request additional funding at this time.

10 I think that you're probably aware that
11 this is one of the recommendations that
12 appears repeatedly in the Vermont study,
13 that funding needs to be increased. We have
14 been actively participating in discussions
15 around that and will continue to do that.
16 But we have no plans right now to ask for
17 additional funding.

18 Q. I think you'll see that recommendation in
19 any study that --

20 A. (By Mr. Gelineau) Potentially. You're
21 correct.

22 Q. This is the part that I'm having a little
23 bit of trouble figuring out.

24 You talked about the electric heat

1 customers. And I think maybe I got this
2 number wrong. You talked, again, around
3 5500 people or customers who are involved,
4 and the participation level was extremely
5 low, even though you apparently had pretty
6 much direct contact with every one of them.
7 So it wasn't like you had an ad on
8 Channel 9, "If you got electric heat, give
9 us a call." You actually sent them
10 something in the mail or whatever? I assume
11 that doesn't work or --

12 A. (By Mr. Gelineau) Eighty-five hundred
13 customers received direct mail from us,
14 along with a brochure asking for their
15 participation.

16 Q. And yet, you said that a very small number
17 of those actually participated; is that
18 correct?

19 A. I tried not to use -- I think I said
20 4 percent. The number is 396, I believe.

21 Q. That's a very small number, I think.

22 A. (By Mr. Gelineau) Okay. I tried not to
23 characterize it.

24 Q. Okay. We'll say 4 percent then.

1 Well, given that, why do you expect
2 that there would be a much higher
3 participation -- and maybe you don't. Maybe
4 that's all you expect. But it would seem to
5 me, with -- you're talking about people that
6 have pretty high heating bills if they're
7 using electric heat. So now we're moving
8 across to people who have probably pretty
9 much the same -- I don't know the exact
10 numbers now. Maybe it's just a little
11 cheaper for oil. But it's in the ballpark.
12 If you go to oil customers, there's been a
13 number of years of tax rebates, where people
14 could buy insulation or windows or whatever
15 and get a tax break on those. So why would
16 you think that now, just because you're not
17 using electric heating customers, why would
18 you anticipate anything higher than
19 4 percent? Or maybe you're not.

20 A. (By Mr. Gelineau) Four percent of the total
21 number of customers -- okay. We have this
22 number 4 percent comes up in a couple
23 places. In one place, 4 percent was the
24 response rate from our direct mailing for

1 8500 customers. We had exactly 4-1/2
2 percent that have actually participated in
3 the program in the calendar years 2010,
4 2011. So, both of those numbers -- and that
5 reflects the electric heat participants.
6 The other participants, the other
7 96 percent, were other fuels.

8 So, if your question is why do we
9 expect additional will participate, I mean,
10 it's -- I'm not sure that more electric heat
11 customers will participate.

12 Q. Well, let me clarify my question, and maybe
13 I can target it and make it a little bit
14 clearer. It was probably kind of ambiguous.
15 I apologize.

16 When you had this basically around the
17 same amount of money targeted at a much
18 smaller population, just the electric heat
19 users, I'm assuming -- and correct me if I'm
20 wrong -- that there was more money per
21 resident available at that time?

22 A. (By Mr. Gelineau) No. The customers -- it's
23 about the -- there's been some changes that
24 made comparisons difficult, and Mr. Palma's

1 pointing that out. But the overall spending
2 has been reasonably -- it's gone up a little
3 bit, but it's been reasonably constant.
4 What's changed is the amount that might be
5 contributed by the utility. That has gone
6 down. We had been providing 75 percent of
7 the funds towards the completion of these
8 programs, and we're currently at 50 percent.

9 Q. Excuse me. When you say "utility," do you
10 mean ratepayers or the actual stockholders?

11 A. (By Mr. Palma) Ratepayers.

12 A. (By Mr. Gelineau) I mean the systems
13 benefits charge --

14 Q. So, the ratepayers.

15 A. (By Mr. Gelineau) -- is contributing
16 50 percent right now to the cost of that
17 program. You had kind of indicated, well,
18 what happens if the demand -- you seemed to
19 be looking at what happens if demand goes
20 up. Well, one of the things that has
21 happened is that the rebate goes down. And
22 we have that as a going-forward way of
23 trying to deal with additional customers.
24 If it turns out that we have a great deal of

1 demand and we don't need to use a 50-percent
2 rebate, we'll cut that back.

3 Q. So you're going to -- you're just going
4 forward on this. If it goes through, you'd
5 be starting out looking at about the same
6 percentage, that same 4 percent. But that's
7 going to be 4 percent of a much bigger
8 number. So you'd have more potential
9 customers or probably more people that will
10 sign up for the program at least?

11 A. (By Mr. Gelineau) I'm not clear about the
12 4 percent. I'm sorry.

13 Q. I thought you said --

14 A. (By Mr. Gelineau) But we have capacity for,
15 I think this year is something like 562
16 single-family homes with Public Service,
17 okay. So we're looking to get 100 percent
18 of those 562.

19 Q. And is that under the pilot program or the
20 pre-pilot?

21 A. (By Mr. Gelineau) This is under the program
22 for 2012, which has been labeled "the pilot
23 program." And going forward, we're talking
24 about doing exactly the same thing. The

1 only thing that's changing is the "pilot"
2 disappears. But I mean the program and
3 everything about it is consistent.

4 A. (By Mr. Palma) For Unitil, we have
5 approximately 60,000 residential customers.
6 And if 4 percent is the magic number, we'd
7 be looking at 2400 all fuel customers.

8 Q. Twenty-four hundred.

9 A. (By Mr. Palma) Twenty-four hundred. And
10 we'd do something like 60 units a year. So
11 that's several -- you know, that's 40 years
12 of customers, which would make a sustainable
13 program versus -- you know, in my -- in our
14 calculations, I think we came out with we
15 think there's 800 electric heat customers.
16 When I look at the numbers, I personally
17 think there's less than 100 that actually --

18 Q. That actually uses --

19 A. (By Mr. Palma) -- would actually qualify for
20 the program. And there's probably half or
21 less than that that would actually even pick
22 up the phone and call us to want to do
23 something. So you're down to maybe a third,
24 maybe, a year. It's not a sustainable

1 amount of people. And the only way to know
2 this is to actually do our marketing like we
3 planned on doing, probably later this year.
4 We don't know for sure. There's a lot of
5 theories. Until you actually do the
6 marketing and see who comes in, we would
7 never know of those electric heat customers
8 who's coming in. But we do know if the
9 4 percent was the magic number, we'd have
10 about 2400 customers. And maybe over the
11 last 10 years we've done 4- or 500. So
12 there's about a couple thousand left. And
13 there's new homes being built, and that
14 turns into old homes and whatnot.

15 Q. So, just -- this is the part I'm trying to
16 get a little bit straight here. This was a
17 stated a number of times: "Without
18 weatherization, it's not cost-effective."
19 But with it, it seems like at least a lot of
20 customers, even if you offer that, don't
21 want to participate, anyways, as evidenced
22 by the small amount of electric heat people
23 that participated.

24 So, my -- I think -- let me see if get

1 kind of the conclusion here correct, that
2 even though you don't anticipate a
3 percentage of the other fuel people being
4 much higher than the electric heat people
5 do, the number of them is big enough so that
6 you'll increase your potential population;
7 is that correct?

8 A. (By Mr. Gelineau) I'm afraid that there's a
9 confusion with this 4 percent. Four percent
10 doesn't mean anything, from my perspective,
11 other than the fact that that happened to be
12 the response rate from a particular
13 offering. Again, we're trying to have 562
14 customers sign up for the program. We
15 expect that five of them will be electric
16 heat. I think there's some 200-some that
17 are oil heat. There's another -- there's
18 one that's kerosene. These are all
19 projections. But I mean this is what we
20 projected in our plan. And the actual
21 results may vary, but --

22 Q. And is part of the reason for the expansion
23 to other fuels, then, the fact that you
24 simply were going to run out of

1 electric-heat-only customers?

2 A. (By Mr. Gelineau) That is absolutely
3 correct.

4 Q. And kind of going on that a little bit,
5 before you had this HPwES pilot -- so you
6 were basically restricted to electric heat
7 customers for weatherization services -- how
8 much was being spent on home electric
9 savings on non-electric heated homes for
10 something other than, obviously, fuel
11 savings? You know, could be lighting or
12 appliances or whatever. Was that fairly
13 minor or --

14 A. (By Mr. Gelineau) I would think -- I don't
15 know the answer to that question right off
16 the top of my head. I would expect it's not
17 a significant part of the total, though.

18 Q. Okay. This is, I think, my last, or pretty
19 close to my last round of questions. And
20 this has to do with, I guess, the new
21 program has kind of opened up. And this is
22 this whole fairness issue, to some extent;
23 total energy savings versus just plain
24 electric energy savings, where in the past

1 the program dealt with electric energy
2 savings. Now, a couple of things about
3 that, and then just to make sure I'm not
4 missing something.

5 As far as -- and let's, for the sake
6 argument here, let's limit those associated
7 savings with not having your fan run on your
8 electric heat, because I think those are
9 pretty trivial compared to the overall ones
10 we're talking about.

11 But when we concentrated only on
12 electric savings, there was a reduction in
13 LMPs associated with that using less
14 electricity; is that correct? You use less
15 electricity if the LMP is lower than if you
16 use more electricity.

17 A. (By Mr. Gelineau) Are you referring to
18 locational marginal price?

19 Q. Correct. Yes.

20 A. (By Mr. Gelineau) And I'm sorry,
21 Commissioner. The question that you're
22 asking is?

23 Q. Well, I'm saying if you have
24 energy-efficiency programs that reduce

1 demand of electricity, they tend to lower
2 LMP. And especially during times of peak
3 demands they lower LMPs; is that correct?

4 A. (By Mr. Gelineau) I would say that's
5 correct, yes.

6 A. (By Mr. Palma) But it wouldn't help out in
7 the summer.

8 Q. I'm sorry?

9 A. (By Mr. Palma) Saving electric heat will not
10 help out the summer --

11 Q. Right. No. Well, who knows. This summer
12 it might.

13 A. (By Mr. Palma) Is that a prediction?

14 Q. My wife's had the heat on three days this
15 week, so...

16 And then, you know, that's -- so that's
17 one of the things. But as far as saving on
18 any other fuel, if someone consumes less oil
19 or less kerosene or less propane or less
20 wood, that's not going to have any effect on
21 lowering LMPs, no matter how much they
22 consume less; is that correct?

23 A. (By Mr. Gelineau) That's correct.

24 Q. Okay. And you also mentioned the demand

1 response program. And my understanding is
2 that these energy-efficiency programs that
3 are done either from a passive, such as
4 light bulbs that are more efficient, or
5 active, that can be actually be turned on
6 and off with some type of demand response to
7 actual system conditions, that allows them
8 to put together -- and I think the utilities
9 do this -- you put bids into the Forward
10 Capacity Auction? You mentioned this
11 before; correct?

12 A. (By Mr. Gelineau) Correct.

13 Q. Okay. So, having more electrical savings
14 would allow potentially for more DR bids
15 into the Forward Capacity Market; is that
16 correct?

17 A. (By Mr. Gelineau) That's correct. If you
18 have the electric savings, you can bid them
19 in.

20 Q. But no matter how much you save on oil or
21 gas -- or I shouldn't say gas -- oil or
22 kerosene or propane or whatever, there's
23 going to be no -- you know, you can't bid
24 that into the Forward Capacity Market, nor

1 any other market that's willing to pay you
2 for it right now; is that correct?

3 A. (By Mr. Gelineau) That's correct. But the
4 point that we're trying to also bring forth
5 is that, unless you seek those other
6 savings, you're going to leave a lot of
7 electric savings on the table as well.

8 Q. Okay. Fair enough. And the last one I
9 wanted to mention on that same line is we
10 have -- I don't know if you're familiar with
11 this, you may not be -- the electrical
12 savings that we're getting from the
13 energy-efficiency programs have recently
14 been incorporated into the transmission
15 planning process in New England. In fact,
16 they have been put into the Vermont-New
17 Hampshire 10-year needs assessment. And the
18 result is just for Vermont-New Hampshire,
19 over the next 20 years there's about a
20 \$200-plus million savings in either deferred
21 or completely eliminated transmission
22 building.

23 Now, again, electrical energy savings
24 will add to that. But no matter how much we

1 save on oil and wood, or whatever you use to
2 heat your house with besides electricity,
3 it's not going to have any effect on
4 transmission planning, say, because --

5 A. (By Mr. Gelineau) That's certainly true.

6 But I think that -- and this is certainly a
7 policy question -- there are other benefits
8 for these other fuels being saved.

9 Q. I understand that. Right.

10 A. (By Mr. Gelineau) Okay. So it's not a zero
11 sum gain. I mean, there are other savings
12 in other arenas. Now, whether or not that's
13 appropriate, that's beyond my -- why I'm
14 here.

15 Q. And I am coming to an end here. I'm trying
16 to get where you're heading on this thing.
17 Would I be correct in heading down this
18 direction: What you're saying is that,
19 given the restraints on the present program
20 to limit the residential portion to just to
21 electric heat, that you could not find
22 enough other potential savings to use the
23 money on if it's not expanded to allow this
24 fuel-neutral program?

1 A. (By Mr. Gelineau) What we're saying is that
2 it's likely that we would have to find some
3 other program or some other way to
4 effectively use the systems benefits charge
5 funds. If we are only weatherizing electric
6 homes, it's likely that we won't be able to
7 weatherize any homes. We'll have to do
8 something else, likely. I don't want to say
9 categorically we're at this point. But I
10 think it's fair to say that if you don't do
11 the weatherization, the program won't be
12 cost-effective. And if it's not
13 cost-effective, then what are you going to
14 do? And I think we are struggling with this
15 issue in not only this arena, but if you
16 look at lighting, lighting is another area
17 where that has been the cash cow, if you
18 will, for energy-efficiency programs. It's
19 got the best benefit cost ratio
20 traditionally. And it's the place that
21 we're able to make the most savings for the
22 least dollars. But there, again, the
23 lighting world is turning upside down with
24 the changes in standards. We anticipate

1 that it's going to -- it may be difficult to
2 justify providing continued rebates for some
3 of the lighting products.

4 Now, at the same time that the CFL and
5 incandescent battle is being waged, LED
6 lights are coming in. Their prices are
7 dropping. So it's a market that's in great
8 flux. We're watching it closely. But it is
9 a concern that we have that. You know, the
10 thing that has provided the big savings in
11 the past for the low dollars is another area
12 that is in flux. And we're looking for
13 things that, you know, we can use and do
14 cost-effectively that are going to be of
15 benefit to customers.

16 Q. And just on that issue, the residential
17 portion of this, is there a fixed ratio
18 that's required in your -- I mean, I know
19 you have those categories that we've seen on
20 the charts here. How do those come up? The
21 residential, commercial, industrial, you
22 know, is that --

23 A. (By Mr. Gelineau) What we looked at
24 traditionally is to try to provide funding

1 for programs in proportion to the
2 contributions to the systems benefits charge
3 of residential and C & I customers. That
4 proportion is worked out after the
5 low-income program has been funded by both
6 C & I and residential customers. And right
7 now, just for sake of numbers, it's close to
8 the 50/50. It's probably 49/51 residential/
9 C & I in terms of the overall split.

10 Q. But if, let's say, for example, because
11 there was a -- it was becoming more
12 difficult to find cost-effective
13 energy-efficiency measures in residential
14 houses, if more additional money was
15 transferred to commercial and industrial, if
16 that were done, the residential customer
17 would still see the savings advantage
18 through the lower LMPs, the additional DR
19 going to the FCA, and the lower transmission
20 costs in the future; is that correct?

21 A. (By Mr. Gelineau) That would be correct.
22 And I think that the issue that would need
23 to be considered is 374-F, which has a
24 section -- I think it's Section VI that

1 addresses the idea that the monies from the
2 systems benefits charge need to be provided
3 and distributed in an equitable way to all
4 customers. And we traditionally interpreted
5 that as trying to provide a proportional
6 benefit or proportional funding for
7 residential programs and C & I programs
8 based on the amount contributed by each of
9 those customer classes, if that makes sense.

10 Q. Thanks very much, gentlemen. Appreciate
11 your answers.

12 A. (By Mr. Palma) Sure.

13 CHAIRMAN IGNATIUS: Commissioner
14 Scott.

15 INTERROGATORIES BY CMSR. SCOTT:

16 Q. Good afternoon. And thank you. It's been a
17 long day, I'm sure, for you both. You've
18 been up there for a while.

19 On the program design itself, obviously
20 we've heard it in quite some length, the
21 electric -- the pool of electric heat
22 customers who haven't taken advantage of the
23 program yet.

24 In the current construct, if I am an

1 electric heat customer and I decide I want
2 to go ahead, do I get preference? Do I get
3 to go the front of the line? Or is it
4 merely most likely my scoring would indicate
5 that I would qualify? How do we work that
6 out?

7 A. (By Mr. Gelineau) Right now, it's first
8 come, first serve. We're serving everybody
9 that comes. It hasn't been an issue in
10 terms of trying to prioritize somebody.
11 They're all -- you know, it's first come,
12 first serve.

13 Q. And is my presumption correct, that the
14 electric heat customer, I'd probably get --
15 there would be less doubt that I would be
16 able to qualify and meet the criteria? Is
17 that correct?

18 A. (By Mr. Palma) Depends on your usage and
19 your square footage, basically. You know,
20 if you called in October, and for some
21 reason we were actually subscribed for the
22 year, we would just ask you to wait until
23 January. So, ultimately, everybody that
24 wants to get served gets served. They just

1 may have to wait a few months, that's all.

2 Q. Okay. And again, this is all traveled
3 ground from today. We've talked at some
4 length -- you've talked at some length
5 regarding the viability of having a
6 weatherization program without going
7 fuel-neutral, and that the benefits -- in
8 fact, you mentioned the GDS study, if I
9 remember correctly -- to get some of the
10 remaining electric reductions, you really
11 need to go down the fuel-neutral road. Is
12 that a correct statement?

13 A. (By Mr. Palma) That's the recommendation in
14 the GDS study. And that is our experience
15 right now, in terms of being able to
16 cost-effectively serve customers with a
17 program like this.

18 Q. I was wondering if you can elaborate more on
19 how they -- is it to get the customer in the
20 door you need the fuel-neutral? Is it the
21 fact that when you're looking at them and
22 you're in the door, you see things?

23 A. (By Mr. Gelineau) If you're going to have an
24 energy savings program, you need to save

1 energy. The big-ticket item in the home is
2 the fuel for heating. And if you don't --
3 if you ignore that piece, there's just not
4 enough energy savings there to capture. And
5 so from a cost benefit standpoint, it really
6 doesn't -- either electric heat or heating
7 with another fuel provides a sufficient
8 benefit at a cost that makes it very
9 worthwhile to go in and do the work from a
10 cost benefit standpoint. Without that
11 piece, your -- the amount of savings that
12 you can achieve by changing out lightbulbs
13 in a home, for example, and putting in a
14 better refrigerator, there's just not enough
15 energy savings there to justify going out to
16 the home, working with a customer to make
17 those savings. You're better off looking
18 at, you know, providing them with a catalog,
19 telling them to go to Home Depot and buy
20 some lights. It's just the home delivery
21 part of this is just too expensive to do if
22 you're not doing the weatherization.

23 Q. So if I could paraphrase -- and again, I'm
24 trying to get at that electric component of

1 it -- so it makes sense in the context of if
2 you're there already doing other issues, you
3 can get some of the smaller electric issues
4 that wouldn't necessarily -- that nobody
5 would most like pursue otherwise? Is
6 that --

7 A. (By Mr. Gelineau) That's exactly correct.

8 Q. Thank you. That's helpful.

9 And on the same front, if it was -- say
10 there wasn't a fuel-neutral program -- I
11 guess we just answered the question, but
12 I'll ask it differently, I suppose.

13 CMSR. SCOTT: Am I going too
14 fast? No? Okay.

15 THE COURT REPORTER: Go ahead.

16 BY MR. SCOTT:

17 Q. Would customers do the electric improvements
18 alone? It sounds like no -- or I don't want
19 to put words in your mouth.

20 A. (By Mr. Gelineau) They would potentially do
21 some of them. You know, I don't want to say
22 that -- some people are doing them without
23 this. We have programs for lighting, for
24 example. We have a program for appliances.

1 So they are doing those. This is a
2 supplement to that. And it is a -- there's
3 a certain closure that you get by doing it
4 in this way. You have people that --
5 professionals who are going into the home
6 and making sure that the lights do get
7 changed. They just don't buy them and stick
8 them on a shelf, for example. So the lights
9 that are purchased under this program are
10 actually installed. And that's one of the
11 things that was noted in the Cadmus review,
12 for example, that we really needed to make
13 sure that our auditors were not just
14 bringing and dropping off bulbs, but they're
15 actually installing those bulbs, so that
16 they're actually doing the job.

17 Q. And the mechanics, again, in the program --
18 I've signed up for the program, and I want
19 my oil burner changed to be more efficient,
20 let's say. Can I then elect not to have my
21 whatever electrical component that's
22 identified not done?

23 A. (By Mr. Palma) You'd have to have -- the
24 light fixtures would be retrofit using the

1 CFLs. If there was a recommendation on one
2 of the appliances that would be made --
3 again, we don't force customers to do any
4 measure in this sense. It's really up to
5 the customer to make the decisions on what
6 they want to do.

7 A. (By Mr. Gelineau) To answer your question
8 directly, yes, you could do that. So in
9 other words, if you had a failed oil burner,
10 what we have is if you have an auditor go
11 out and review the situation, notes that the
12 burner has failed, we do have a rebate
13 associated with purchasing a high-efficiency
14 unit. So there's a scale based on buying a
15 high-efficiency unit. And that rebate would
16 be available if -- but our encouragement
17 is -- our preferred path is to get people to
18 do the weatherization measures first. But
19 if your burner's failed and you don't have
20 any heat, then what we're trying to do is
21 recognize that in that situation people are
22 going to behave differently. They're going
23 to go out and buy another oil system, if
24 that's what they have. And so we have

1 designed the program so that it allows them
2 to participate in the program and get
3 advantage of the rebate associated with that
4 new oil system. And we would continue to
5 work with them to try and get them to do the
6 insulation measures. But if they have a
7 failed burner, you know, you're going to --
8 that's an emergency. You're going to
9 address that first. And so, rather than
10 having them buy a standard efficiency, we're
11 going to try and get them to upgrade.

12 Q. Okay.

13 A. (By Mr. Palma) Just to quote or paraphrase
14 the GDS study, they -- there is a statement
15 in the study suggesting that replacing
16 heating equipment does lead to significant
17 savings. So, in some houses, replacing the
18 heating equipment may be the best measure.

19 Q. But hopefully an auditor would --

20 A. (By Mr. Palma) Right. We always send an
21 auditor out. And if they see a failed or
22 failing piece of heating equipment and
23 there's insulation -- if we were to analyze
24 every project, you might find heating

1 equipment gives you higher savings than one
2 of the other measures. It doesn't mean we
3 don't want them to do all three. It's just
4 that may be the best bang for that person's
5 buck right there.

6 Q. And thinking out loud, I guess I'm wondering
7 with the existing program if there's a way
8 to -- obviously there's some fuel-neutral
9 part that would get people in the door more
10 readily. Is there a way to steer them
11 towards the electric side as a if you're
12 going to do that, you also have to do this?
13 But that's something to think about.

14 So, moving forward on -- a lot of
15 discussion again this morning regarding
16 electric heat users. And I know it's been
17 in the different reading we've had here with
18 the docket. Clearly, if you do
19 weatherization, there's a benefit for
20 cooling also. And, obviously, I'm not
21 saying anything people don't know already.
22 The cooling demand in the summer is a
23 significant issue also. I was curious if we
24 had any data on the impact of reducing the

1 load from AC. I know intuitively we know
2 that. I was just curious if you had any
3 data.

4 A. (By Mr. Gelineau) The data that we have is
5 limited to what's in the GDS study. As I
6 indicated before, they have indicated that
7 for a fossil home, it's in the order of
8 magnitude of 1050 kilowatts annually
9 associated with a home that has central air
10 conditioning. That's the overall electric
11 savings that one might achieve. But
12 that's -- and that would be for a home that
13 is -- the specific wording, as far as
14 how that -- that's the good, out of the
15 good, better, best scenario. And if I
16 remember correctly, the best scenario would
17 save you on the order of 3,000 kilowatt
18 hours. So there's a range. And I would say
19 that the better is only a couple hundred.
20 It's more like 1250. It's not in the middle
21 between 1050 and 3,000. It's more like
22 1250. So that's the kind of range that
23 they're looking at. And typically what --
24 our program is designed to be at the 1250

1 level, if you will. And those are the --
2 that does not include changing out any of
3 the circulating pumps or fans to
4 high-efficiency units, okay. That's just
5 doing the weatherization units, and that
6 would include a home that had central air.

7 Q. And on that front, I presume there's,
8 obviously for cost reasons, a lot more
9 people with window air conditioners than
10 central air. Do you have some kind of rough
11 guess on the percentage of your customers
12 that have air conditioning of some sort?

13 A. (By Mr. Gelineau) I have -- when we did this
14 study to look at the heating customers, we
15 also looked at those that had a bump in the
16 summertime. So I've got -- and I don't have
17 it with me, but I think that we do have the
18 numbers of customers who would be -- that
19 show increased usage during the summertime.
20 There again, I can't say whether it's
21 central air or window air, or whether or not
22 they have a big pool and pool filter. I
23 just can say they show more usage in the
24 summertime. And our intent in trying to do

1 that was to be able to capture and identify
2 those customers while we were into the data
3 base looking at that, you know, what's the
4 name and address of those folks, so we could
5 look to market to them as well.

6 Q. And I mentioned when I started this topic
7 about the impact on peak demand. Do you
8 know if anybody's looking at the value of
9 that reduction on peak demand?

10 A. (By Mr. Gelineau) We do publish that as
11 well. And I think that Exhibit 23, I guess,
12 shows what the program's value is on peak
13 demand. There's a column there that shows
14 you what the anticipated reduction on summer
15 and winter savings in kW are.

16 CHAIRMAN IGNATIUS: And
17 that's -- Exhibit 23 was in the prior phase of
18 this proceeding. We saw two pages brought in
19 today; is that right?

20 A. (By Mr. Gelineau) Yes. I'm sorry. I didn't
21 keep track of it, what the exhibits are.
22 But I think it's 23, and it was a two-page
23 exhibit. And this is on Page 24 and 25.

24 A. (By Mr. Palma) December filing.

1 Q. That was handed out today also.

2 A. (By Mr. Gelineau) Yes.

3 Q. And I think -- I can't remember if it's in
4 the reading or the docket or one of your
5 statements. Is it Cadmus? Is that the name
6 of the company?

7 A. (By Mr. Gelineau) Cadmus, yes.

8 Q. You've asked them to re-look at the impact
9 evaluation; is that correct?

10 A. (By Mr. Gelineau) That's correct. They
11 found some 22.3 million Btus, on average,
12 for the energy savings in a home. And they
13 expressed all of the energy savings in
14 so-called MMBtu or thermal unit. We've
15 asked them to take a look at that and see
16 exactly what -- whether they've got the data
17 to break that out in any more detail as it
18 would relate to electric-specific savings.

19 Q. And do you know when that might be
20 available? Will that be publicly available?

21 A. (By Mr. Gelineau) We'll certainly make it
22 publicly available if we can get it. We
23 are -- we have gotten -- the only thing we
24 have from them at this point is this 42

1 number that was reflective of their
2 estimate, as far as what the savings would
3 be for pumps and fans associated with the
4 furnace or boiler.

5 Q. Thank you for that.

6 And I think lastly, for me, again, on
7 the 1.4 or 1.3 percent going back to the
8 electric heat customers, Staff has obviously
9 talked about the energy -- the EIA data. I
10 was just curious if either one of you have
11 experience in the past using EIA data.

12 A. (By Mr. Palma) No, I do not.

13 A. (By Mr. Gelineau) I have used it. But,
14 again, I -- well, yes, I have used it.

15 Q. Maybe the question I'll ask might get the
16 answer you're about to say.

17 When you have used it, do you find that
18 to be more or less granular, if you will,
19 than doing your own, talking to your own
20 customers and surveying your own customers?

21 A. (By Mr. Gelineau) Certainly I feel as though
22 using the data we have on our own customers
23 is far more accurate.

24 CMSR. SCOTT: Thank you very

1 much.

2 CHAIRMAN IGNATIUS: I have a few
3 other questions, but many of them have been
4 addressed.

5 INTERROGATORIES BY CHAIRMAN IGNATIUS:

6 Q. Is it correct that the HPwES program came in
7 partway into 2009?

8 A. (By Mr. Gelineau) On June 4th of 2009 it was
9 approved.

10 Q. And so it's been in operation these last
11 couple of years under the term of a "pilot."
12 Is there anything that's being proposed by
13 the companies to change in the program?

14 A. (By Mr. Gelineau) Nothing at this time. As
15 it's been pointed out, the major change to
16 date has been the cut-back in the rebate
17 from the first two years -- or year and a
18 half, when it was operating at 50 percent --
19 75-percent rebate, and it's been cut back to
20 50 percent.

21 Q. So the request now is to lift the term
22 "pilot" from it, but otherwise to keep the
23 program as it's currently operating?

24 A. (By Mr. Gelineau) That's the request right

1 now, yes.

2 Q. And that means that the budget is not
3 expected to be significantly changed from
4 what it currently is?

5 A. (By Mr. Gelineau) We have no plans to make
6 significant changes to the budget.

7 Q. Is the eligibility expected to be changed
8 from what it currently is?

9 A. (By Mr. Gelineau) No, there are no plans for
10 doing that, either.

11 Q. It would just become one of the permanent
12 CORE programs and no longer called a "pilot"
13 CORE Program?

14 A. (By Mr. Gelineau) Well, I'd just offer my
15 sense is -- I don't have my book with me,
16 but it's over there on the desk. It's about
17 four or five inches worth of binders. We
18 have spent the last six months building that
19 book. I think from my perspective, I think
20 that we would like to stop discussing this
21 and get it in back of us. I think we are
22 spending a very large amount of staff time
23 discussing this issue. And I think that we
24 could be better utilizing our time doing

1 something else.

2 Q. Mr. Palma, you had said that it's hard to
3 find other electric measures to turn to and
4 that you would do them if you could find
5 them. Could you elaborate a little more?
6 Are there any of your programs that you
7 think could be expanded in the residential
8 sector for greater electric savings if
9 monies were shifted back into those programs
10 instead of funding the HPwES Program?

11 A. (By Mr. Palma) I think if you look down the
12 list of programs, the ENERGY STAR Homes
13 Program is very dependent on -- and that's
14 not going to actually give more electric
15 savings, because it's also fuel-neutral.
16 So, skipping that and moving through the
17 appliance and lighting programs, I don't
18 have a great sense on those two programs,
19 you know, if those are -- and maybe Mr.
20 Gelineau could actually answer that question
21 better as to do we typically peak out and
22 spend all the money, or do we come up short.
23 I don't have the answer at my fingertips.

24 Q. Mr. Gelineau, any thoughts?

1 A. (By Mr. Gelineau) I think that we're
2 constantly looking for additional measures.
3 And I think that something Mr. Palma already
4 mentioned, the heat pump water heater that
5 we're looking at, we're certainly looking at
6 air-source heat pumps. We do have a
7 geothermal heat pump program. And we're
8 open to any suggestions anybody has, Staff
9 or other parties that are interested. We
10 have, I believe, either the programs -- the
11 measures are already in our program, or we
12 have a custom process whereby we can put
13 something new into the program. So I don't
14 know of a way to -- I don't know of a way to
15 do a weatherization program that doesn't
16 include weatherization measures. And more
17 specifically, I guess another way to
18 characterize it, a home-delivery program.
19 You really -- if you're going to visit a
20 residential customer, you really need to get
21 some savings in order to make it
22 cost-effective.

23 Q. In your testimony, you noted that the U.S.
24 EPA had evaluated this program and had found

1 it to be a good one. Can you describe any
2 more about what they particularly liked
3 about the program?

4 A. (By Mr. Gelineau) Some of the things that
5 were particularly noteworthy was the fact
6 that our program had such a high closure
7 rate. Many programs around the country
8 have -- they specialize -- I want to say it
9 this way: They do a lot of audits, but they
10 don't get nearly as many completions of the
11 energy-efficiency measures installed.
12 There's a big focus on audits and very --
13 and not so much on getting the actual
14 results done. And when you look at our
15 program, we had one vendor who was making a
16 93-percent conversion rate. That is for
17 every audit they did, 93 percent of them
18 were converted into actual jobs where they
19 actually installed measures. That's almost
20 unheard of. And I think that when this
21 award was made, we were in the 80-percent
22 range, I guess, overall for all of our
23 vendors. And that was probably one of the
24 things that was most significant. Our

1 program was comported with all the
2 requirements of a national program.

3 We did some things -- like our home
4 heating index, you'll find if you jump onto
5 some other sites, like the Maine Efficiency
6 site, you'll see they have a little gas
7 gauge that looks strikingly familiar, one
8 that you might find on "New Hampshire
9 Saves." And so what we did was we had
10 something that allowed customers to
11 self-select. So they were able to come to
12 us already -- hey, I'm a good customer. I
13 would qualify for the program. And they've
14 already gathered up the information, so that
15 when we work with one of our contractors,
16 when they get a lead from us, they knew that
17 there was -- you know, this wasn't a cold
18 call. This was a call to somebody that
19 actually had potential. They were
20 interested.

21 And we knew they were interested,
22 because we had another thing in place,
23 whereby the customer was required to do a
24 co-pay. They had to put in \$100 towards

1 their audit. And this was something that
2 caused a lot of consternation among the
3 utilities. You know, do we really want to
4 do this? But what it does is it says that
5 downstream, if they're actually going to
6 install measures, they're going to have to
7 pay for, initially it was 25 percent of the
8 cost, now it's 50 percent of the cost. If
9 they're going to have to come up with that
10 money, you know, putting \$100 up front gives
11 us some assurance that they, A, have the
12 money and, B, are willing to spend it, so
13 that they have some skin in the game. So,
14 again, they self-selected. We knew they
15 were qualified. We had some skin in the
16 game, in terms of they had some money on the
17 table. So our contractors were confident
18 when they went out, they had a really good
19 chance of making a sale with that customer.

20 And our contractors are also set up in
21 such a way so that they are paid for the
22 audits that they do. But they also -- their
23 audit fee is such that they have -- they get
24 more with the audit if they actually install

1 measures. So there's an incentive on the
2 part of the auditor to make sure that it's
3 not just an audit, but they have to move
4 forward and they actually get work done.
5 Because they are -- we don't have a -- we
6 don't have a golden audit fee. Quite
7 frankly, it's a minimal audit fee. And it's
8 designed to make sure that auditors work
9 with the customer, establish a relationship
10 and use that relationship to actually
11 consummate a deal where they go forward and
12 they actually get measures installed.

13 So I think those are some of the things
14 that were recognized and some of the reasons
15 why they felt that we were successful, and
16 why they recognized the program that we had
17 put together.

18 Q. Let me ask you about the performance
19 incentive issue. In traditional
20 energy-efficiency programs with electric
21 savings measures, the theory has been an
22 incentive is appropriate because here you
23 are doing all this work to reduce the amount
24 of sales that you can make. And that's hard

1 for a company to actively find ways to sell
2 its product. In this case, you've got
3 measures that will reduce other people's
4 sales -- oil, propane, other heating
5 sources. And so, why is it appropriate for
6 the electric utility to earn an incentive on
7 savings that don't relate to their sales?

8 A. (By Mr. Gelineau) Well, let me go back a
9 ways. And I will tell you that this
10 performance incentive was something that
11 Public Service fought tooth and nail. We
12 did not want a performance incentive when it
13 was originally proposed.

14 If you go back to that point in time,
15 you'll find that there was something called
16 "lost fixed cost recovery," which
17 compensated us for those lost kilowatt
18 hours. And frankly, we were quite happy
19 with that approach. As a consequence of the
20 energy-efficiency working group and the
21 negotiations that were made there, we
22 agreed, as part of our agreement, to move
23 forward with a performance incentive, with
24 the understanding that it was a performance

1 incentive, an incentive that was made for
2 doing a better than good job. And it was
3 under that guise that this performance
4 incentive was proposed. It wasn't proposed
5 as compensation for lost kilowatt hours. As
6 a matter of fact, we were told that you
7 shouldn't be thinking of it in that way.
8 You should be thinking in terms of doing a
9 better job. And if that in fact is the
10 case, then I would submit that it is no less
11 easy to achieve MMBtu savings than it is to
12 achieve kilowatt-hour savings. And it is
13 for that reason that we feel as though the
14 program, via fuel-neutral or electric-based,
15 that they should be treated the same. And
16 we feel that this particular program, if it
17 is approved as a full-scale program, should
18 be treated no differently from any other
19 program that includes that. Going forward,
20 if the Vermont study or some group within
21 the Commission decides that changes are
22 necessary, then they should be necessary
23 across the board and -- but it should be
24 based on all of the performance incentives

1 being calculated the same way for all the
2 approved programs. I don't understand why
3 one program would be singled out and say,
4 well, jeez, all of these programs are going
5 to use the official incentive, and this one
6 over here we're going to do a different way.
7 Again, if the purpose of the incentive is to
8 compensate for lost kilowatt hours, then it
9 should be designed to do that. I don't
10 really think it is. It's designed to reward
11 performance. Its characteristics look at
12 energy savings, and it looks at the
13 efficiency with which those energy savings
14 are delivered. It doesn't look at lost
15 kilowatt-hour sales at all.

16 A. (By Mr. Palma) One concern I have is that we
17 allow the Home Performance Program to have a
18 different incentive mechanism. Does that
19 open the door, where in a year someone else
20 comes along and says, you know, your large
21 C & I program incentive mechanism needs to
22 be looked at because of whatever reason, and
23 now you start having different performance
24 incentive mechanisms for each program? It's

1 just sort of like a slippery slope that
2 would make no sense to start to go down.

3 Q. Okay. All right. That concludes my
4 questions. Commissioner Harrington?

5 CMSR. HARRINGTON: Just two
6 quick follow-up questions.

7 INTERROGATORIES BY CMSR. HARRINGTON:

8 Q. Going back to that -- what number is it --
9 Page 25. It's the chart out of the original
10 settlement agreement. I don't have the
11 number on mine. It's from 23, I guess.

12 A. (By Mr. Gelineau) The capacity and energy
13 chart?

14 Q. Yes. Just wanted to clarify on that, where
15 it was brought up about peak savings and you
16 referred to this chart. But am I correct --
17 and let's go across the Home Performance
18 with ENERGY STAR line there. We'll shoot
19 over to the one under "Energy" that says
20 "Summer Peak." And I guess that's \$7,666.
21 That savings is what the people who were in
22 the program saved on their energy bill, but
23 it doesn't represent any kind of --

24 A. (By Mr. Gelineau) I think you want to look

1 at Page 24.

2 Q. -- peak savings. Okay. I'm on 24 now.

3 A. (By Mr. Gelineau) And I think that you'll
4 see you've got summer and winter savings in
5 kW's.

6 Q. Yeah.

7 A. (By Mr. Gelineau) I think -- is that the
8 number you're looking for?

9 Q. Well, I just wanted -- Commissioner Scott
10 was referring to savings on peak usage by
11 driving down the price of the use of the
12 consumption of electricity during peak
13 times, which is normally referred to as
14 "peak shaving" or "peak savings," where
15 everybody pays a lower electric bill,
16 because during the highest demand times, if
17 you lower demand slightly, the curve is so
18 steep, that everybody pays a lower cost.
19 But the numbers on these charts don't
20 represent any type of net savings to New
21 Hampshire or ISO-New England region. They
22 represent the actual savings on the electric
23 bill of the participants in the program; is
24 that correct? At least I think it is.

1 (Witness reviews document.)

2 A. (By Mr. Gelineau) I think that those are...
3 if you take and sum those up, you're going
4 to find that they'll equal the total
5 benefits. Those are the individual benefit
6 pieces associated with that program.

7 Q. For each participant in the program summed
8 together.

9 A. (By Mr. Gelineau) No, from the program, from
10 the overall program itself. In other words,
11 the total program [sic] for that program is
12 5.8 million. And you see over on the far
13 right-hand side the non-electric resource
14 benefits is 5.7, and then all of the other
15 components together are going to equal about
16 100,000 I think.

17 Q. But of, let's say the \$7,666 listed on the
18 summer peak, that's the total amount that
19 the participating homeowners saved during
20 summer peak periods on their electric bill
21 because of their anticipated involvement in
22 the Home --

23 A. (By Mr. Gelineau) Yes, that would be a way
24 to look at it --

1 Q. Okay. I just wanted to make sure --

2 A. (By Mr. Gelineau) -- all participants
3 together, yes.

4 Q. And one other question. You know, every
5 place we look, you turn on the television,
6 put on the radio, open up the newspaper,
7 you're constantly bombarded by advertising.
8 We all drive down the street and we see
9 something. Well, I'm not going to pull into
10 this gas station because I can drive a
11 couple minutes down the road and I can save
12 3 cents or a nickel on gas. The beer's
13 cheaper at DeMoulas than it is at Shaw's,
14 whatever it is. The roast beef's on sale
15 this way. It seems like we live in a world
16 where people are tuned to advertising and
17 they respond to cheaper prices; yet, it
18 seems as if in this particular thing, the
19 programs we're discussing here are out
20 there, potentially at least, to save people
21 money. And yet, even when you chase the
22 people down the street, you have an
23 extremely low participation rate. Would you
24 care to comment on what it is about these

1 savings that people just don't believe or
2 don't see? Or what is it we're doing wrong
3 with the programs, that we literally have to
4 go up and knock on somebody's door and say,
5 listen, we can save you money, where most
6 other things, put an ad in the paper or run
7 an ad on the radio and then people call them
8 up and say, "Help me save money."

9 A. (By Mr. Gelineau) I think that you said that
10 there's an extremely low participation rate.
11 And I guess I'm not sure I understand, you
12 know, how you came to that conclusion,
13 but --

14 Q. Well, let me explain. Your statement about
15 whatever it was, 8,000 heating -- or 5500
16 heating oil customers or electric heat
17 customers, and you had 300 of them that
18 participated after they were all contacted
19 by mailers and everything. Normally, you
20 know, people, to some extent, send you
21 something in the mail and say we can save
22 you money if you want to do this. Why is it
23 people don't go after the program so much?

24 A. (By Mr. Gelineau) It's going to cost them a

1 couple thousand dollars, for one thing. I
2 mean, it's not free. I think that another
3 thing that perhaps is not clear to everybody
4 here, one of the challenges that we face
5 with these programs is that in the real
6 world you go out and market things, and you
7 try to sell as much as you possibly can,
8 because each additional widget that you
9 sell, you end up with more income. And
10 that's a good thing.

11 In the business that we're in with this
12 energy-efficiency program, with a limited
13 budget, if we go out and oversell, we're
14 going to make customers particularly unhappy
15 because they're not going to be able to
16 participate. So we're in a balancing act,
17 where we're trying to make sure that we try
18 and balance the amount of demand for the
19 product that we have with the amount of
20 delivery that we can actually achieve.

21 Q. That's fair enough. Thank you. I think
22 that's a pretty good explanation. Thanks.

23 CHAIRMAN IGNATIUS: Commissioner
24 Scott.

1 CMSR. SCOTT: Thank you.

2 INTERROGATORIES BY CMSR. SCOTT:

3 Q. Following up on Commissioner Harrington's
4 follow-up on my question. So what I was
5 trying to get at, especially with air
6 conditioning, there's kilowatt savings --
7 and that's certainly important -- but
8 there's also, when we look at high-energy
9 demand days, there's when those savings are,
10 to the effect that if you're given a small
11 increment on those particular high peaks,
12 there's a much larger impact than other
13 times. I was curious if, you know, the
14 re-study, if you will, from -- is it Cadmus?

15 A. (By Mr. Gelineau) Yes.

16 Q. -- was going to look at anything like that.
17 I mean, the timing is very critical of
18 the -- I'm sorry?

19 A. (By Mr. Gelineau) We have asked that
20 specific question.

21 CMSR. SCOTT: Excellent. Thank
22 you.

23 CHAIRMAN IGNATIUS: Thank you.

24 Mr. Eaton, do you have

1 redirect?

2 MR. EATON: I have about two
3 minutes of redirect, but I'd like to talk to
4 the witness about that.

5 CHAIRMAN IGNATIUS: All right.
6 Let's go off the record.

7 (Discussion off the record)

8 CHAIRMAN IGNATIUS: Mr. Eaton,
9 do you have questions?

10 MR. EATON: Yes, I do.

11 REDIRECT EXAMINATION

12 BY MR. EATON:

13 Q. Mr. Gelineau, could you look at Exhibit 23.
14 That was the two pages, 24 and 25, that were
15 brought in during Staff examination of the
16 panel.

17 A. (By Mr. Gelineau) Yes, I have it in front of
18 me.

19 Q. Would you look at Page 25.

20 A. (By Mr. Gelineau) Yes, it's in front of me.

21 Q. And there are three programs at the top
22 there: Home Energy Assistance, Home
23 Performance ENERGY STAR and ENERGY STAR
24 Homes.

1 A. (By Mr. Gelineau) Correct.

2 Q. And all three of those are fuel-blind
3 programs as proposed?

4 A. (By Mr. Gelineau) Correct.

5 Q. All right. Now, I think the Staff talked to
6 you about, if you were to divide the total
7 benefits into the non-electric resource
8 benefits for Home Performance with ENERGY
9 STAR, you came up with something like
10 98 percent?

11 A. (By Mr. Gelineau) I believe that was true.

12 Q. And if you did the same calculation for the
13 other two programs, would you agree, subject
14 to check, that if you divided the total
15 benefits of the Home Energy Assistance into
16 the non-electric resource benefits, you
17 would come up with 85 percent?

18 A. (By Mr. Gelineau) Yes.

19 Q. And so that means that 85 percent of the
20 benefits under that program are for
21 non-electric measures.

22 A. (By Mr. Gelineau) That would appear to be
23 true, yes, from a dollar perspective.

24 Q. And for the ENERGY STAR Homes, if you

1 divided the total benefits into the
2 non-electric resource benefits, you would
3 come up with 86 to 87 percent as the
4 non-electric resource benefit.

5 A. (By Mr. Gelineau) Subject to check, yes.

6 Q. And the Home Assistance and ENERGY STAR
7 Homes programs have been operated for longer
8 than the Home Performance with ENERGY STAR
9 Program; correct?

10 A. (By Mr. Gelineau) That's correct.

11 Q. So you know well what the electric savings
12 are and what the non-electric savings are
13 based upon experience with the program.

14 A. (By Mr. Gelineau) That's true.

15 Q. And we have yet to determine what the
16 ancillary benefits under Home Performance
17 with ENERGY STAR are for the actual savings
18 from weatherizing a home and the resulting
19 savings from the furnace.

20 A. (By Mr. Gelineau) Correct. And air
21 conditioning.

22 Q. And we've yet to find a handle for air
23 conditioning; correct?

24 A. (By Mr. Gelineau) Correct.

1 MR. EATON: Thank you. That's
2 all I have.

3 CHAIRMAN IGNATIUS: Ms.
4 Goldwasser, any questions?

5 MS. GOLDWASSER: Just a couple
6 of very, very quick ones.

7 REDIRECT EXAMINATION

8 BY MS. GOLDWASSER:

9 Q. Mr. Palma, is Unitil currently actively
10 seeking out electric-heated homes for
11 participation in the pilot program?

12 A. (By Mr. Palma) Yes, we are.

13 Q. And are you doing that via both your
14 implementers in-house and your vendors that
15 you work with every day doing audits?

16 A. (By Mr. Palma) Yes, both the in-house staff
17 and contractors.

18 MR. FRANZ: Thank you.

19 CHAIRMAN IGNATIUS: All right.
20 Thank you, gentlemen. You're excused. Thank
21 you for working hard and a long day on the
22 stand.

23 While we were on a break
24 earlier, I mentioned off the record that we

1 obviously need to come back and complete the
2 rest of the witnesses. There are three days
3 that I know are free for the Commission:
4 Monday, June 18; Wednesday, June 20; and
5 Friday, June 22. And I asked the parties to
6 check calendars, if they had them with them,
7 to see if any of those would work. Have you
8 had a chance to take a look?

9 MS. THUNBERG: I think the
10 consensus was the 18th was the first choice,
11 the 22nd was second choice, and the 20th was
12 the third choice? Is that correct?

13 MS. GOLDWASSER: Mr. Palma's not
14 available on the 20th. So...

15 CHAIRMAN IGNATIUS: So, if we
16 were on the 18th, would the remaining
17 witnesses be available?

18 MR. ECKBERG: Yes, the OCA would
19 be available that day.

20 MS. THUNBERG: And Staff would
21 be available.

22 CHAIRMAN IGNATIUS: Mr.
23 Steltzer, does that work for you?

24 MR. STELTZER: Yes, it does.

1 CHAIRMAN IGNATIUS: And the
2 companies, the utilities?

3 MR. EATON: Yes.

4 CHAIRMAN IGNATIUS: All right.
5 Why don't we then take the 18th. Can we begin
6 at 9:00? That would be our preference. And
7 we then would pick up with Mr. Steltzer as a
8 witness? Would that be our next order of
9 business?

10 MS. THUNBERG: Yup. Looks like
11 it.

12 CHAIRMAN IGNATIUS: All right.
13 Then, thank you very much. We stand adjourned
14 until Monday, the 18th, at 9:00.

15 (Whereupon the AFTERNOON SESSION was
16 adjourned at 4:52 p.m.)

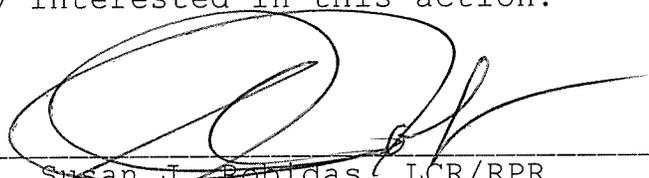
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[WITNESS PANEL: GELINEAU|PALMA]

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24**C E R T I F I C A T E**

I, Susan J. Robidas, a Licensed Shorthand Court Reporter and Notary Public of the State of New Hampshire, do hereby certify that the foregoing is a true and accurate transcript of my stenographic notes of these proceedings taken at the place and on the date hereinbefore set forth, to the best of my skill and ability under the conditions present at the time.

I further certify that I am neither attorney or counsel for, nor related to or employed by any of the parties to the action; and further, that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in this action.



Susan J. Robidas, LCR/RPR
Licensed Shorthand Court Reporter
Registered Professional Reporter
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