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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

December 21, 2012 - 9:24 a.m.
Concord, New Hampshire

NHPUC JAN16'13 AM 9:27

RE: DE 12-262
2013-2014 CORE New Hampshire
Electric and Gas Energy Efficiency
Programs.

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

APPEARANCES: Reptg. Public Service of New Hampshire:
Matthew J. Fossum, Esq.

Reptg. Granite State Electric Co. and
EnergyNorth Natural Gas, Inc., d/b/a
Liberty Utilities:
Sarah B. Knowlton, Esq.

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

Reptg. New Hampshire Electric Cooperative:
Mark W. Dean, Esq.

Court Reporter: Steven E. Patnaude, LCR No. 52

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APPEARANCES: (C o n t i n u e d)

Reptg. N.H. Community Action Association:
Ryan Clouthier

Reptg. the Jordan Institute:
Dana Nute

Reptg. The Way Home:
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Reptg. the Dept. of Environmental Services:
Rebecca Ohler

Reptg. the Office of Energy & Planning:
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Reptg. Residential Ratepayers:
Susan W. Chamberlin, Esq., Consumer Advocate
Stephen Eckberg
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Reptg. PUC Staff:
Marcia A. Brown, Esq.
Thomas C. Frantz, Director/Electric Division
James J. Cunningham, Jr., Electric Division
Al-Azad Iqbal, Electric Division

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P R O C E E D I N G

1
2 CHAIRMAN IGNATIUS: All right. I'd like
3 to open the hearing in Docket DE 12-262. This is the
4 electric and gas utilities' 2013-2014 CORE Energy
5 Efficiency Programs. And, I understand we have a
6 Settlement that's signed by some of the parties on most of
7 the issues, so "partial" on two different meanings of the
8 word to be taken up today.

9 So, let's begin with appearances please.

10 MR. FOSSUM: Good morning,
11 Commissioners. Matthew Fossum, for Public Service Company
12 of New Hampshire.

13 MS. KNOWLTON: Good morning,
14 Commissioners. My name is Sarah Knowlton. I'm here today
15 for Granite State Electric Company and EnergyNorth Natural
16 Gas, both d/b/a Liberty Utilities. And, with me today is
17 Eric Stanley, from the Company.

18 MS. GOLDWASSER: Good morning. My name
19 is Rachel Goldwasser. I'm an attorney with the law firm
20 of Orr & Reno, here in Concord. I am here this morning on
21 behalf of Unitil Energy Systems and Northern Utilities.
22 And, with me are Thomas Palma and Mary Downs, both from
23 the Company.

24 MR. DEAN: Good morning. Mark Dean,

{DE 12-262} {12-21-12}

1 representing New Hampshire Electric Cooperative.

2 MR. CLOUTHIER: Good morning. Ryan
3 Clouthier, of the New Hampshire Community Action
4 Association.

5 MR. NUTE: Good morning, Commissioners.
6 Dana Nute, with the Jordan Institute.

7 MR. LINDER: Good morning. Alan Linder,
8 from New Hampshire Legal Assistance, representing The Way
9 Home.

10 MS. CHAMBERS: Good morning. Brandy
11 Chambers, representing the Office of Energy & Planning.

12 MS. OHLER: Good morning. Rebecca
13 Ohler, representing the Department of Environmental
14 Services.

15 MS. CHAMBERLIN: Good morning. Susan
16 Chamberlin, Consumer Advocate, for the residential
17 ratepayers. With me today is Steve Eckberg.

18 MS. BROWN: Good morning, Commissioners.
19 Marcia Brown, on behalf of Staff. And, with me today is
20 Jim Cunningham, Iqbal Al-Azad, and Tom Frantz. And, if I
21 can segue through a process issue, because the Settling
22 Parties have a settlement to present, we've coordinated on
23 the exhibits that we'd like to introduce. We have a panel
24 to present to you of Mr. Cunningham, Mr. Belair and Mr.

1 Stanley.

2 And, I guess I will segue into the
3 exhibits that we wish to premark for identification. And,
4 as we have the witnesses go through the exhibits, we'll
5 authenticate them at that time and make any corrections at
6 that time.

7 As "Exhibit 1", we have the Settlement
8 Agreement that was filed previously.

9 CHAIRMAN IGNATIUS: December 14th?

10 MR. FOSSUM: Correct.

11 MS. BROWN: Yes. And, I guess I only
12 need one for the Clerk then.

13 (Atty. Brown distributing documents.)

14 MS. BROWN: As "Exhibit 2", we have
15 taken -- the Settlement Agreement has an Attachment A,
16 which is the original CORE filing. Then, there were some
17 corrected pages that was attached as "Attachment B" to
18 that Settlement package. We have merged those two
19 documents into one. And, that merged document we wish to
20 have marked as "Exhibit 2".

21 CHAIRMAN IGNATIUS: All right.

22 MS. BROWN: So, it will represent --
23 Exhibit 2 will represent the CORE filing as amended.

24 CHAIRMAN IGNATIUS: Thank you.

1 CMSR. HARRINGTON: A quick question
2 though. Does this replace Exhibit 1 then in its entirety?

3 MR. FOSSUM: It does not.

4 CMSR. HARRINGTON: So, these are just
5 changes to Exhibit 1?

6 MR. FOSSUM: No. Exhibit 1,
7 Commissioner, is the Settlement Agreement and the series
8 of attachments that go with it. As the witnesses will
9 explain, Attachments A and B are the original filing and a
10 series of updates. This document essentially just takes
11 Attachments A and B to Exhibit 1 and turns them into a
12 single document.

13 CMSR. HARRINGTON: Okay.

14 MR. FOSSUM: But we figured, for ease of
15 reference going forward, to have all of that as one single
16 document that everybody could refer back to --

17 CMSR. HARRINGTON: And, just so I'm
18 clear. The Attachments A and B on Exhibit 1 are the same
19 as Exhibit 2?

20 MR. FOSSUM: For the most part. There
21 are a couple of small differences, small changes that have
22 been made to this document that were made after the
23 Exhibit A and B -- after Exhibit 1, Attachments A and B
24 were filed. And, we have a witness to explain those very

1 small deviations.

2 CMSR. HARRINGTON: So, when referring to
3 Attachments A and B, we should use Exhibit 2 as the most
4 updated version?

5 MR. FOSSUM: Yes. That would be
6 probably the best thing to do, yes.

7 MS. BROWN: As "Exhibit 3", the
8 utilities have run another scenario under the Attachment H
9 to the Settlement Agreement attachments. In the original
10 CORE filing, which is attached to the Settlement
11 Agreement, then as amended in Exhibit 2, there are a
12 series of schedules, and they are referred to as
13 "Attachments H" to that CORE filing. The utilities have
14 run another scenario of those Attachments Hs. And, this
15 we would like to have marked as "Exhibit 3". We will
16 explain it as the witnesses go through on the stand why
17 this is not replacing those attachment pages.

18 CHAIRMAN IGNATIUS: And, so, just to be
19 sure we're getting it right, Attachment H, in the original
20 bound filing on December 14th, begins on Page 134, is that
21 correct? Bates stamp 134?

22 MR. FOSSUM: Yes.

23 CHAIRMAN IGNATIUS: All right.

24 CMSR. HARRINGTON: Attachment H is part

1 of Attachment A.

2 MS. BROWN: Sorry for the confusion,
3 Commissioner Harrington. We'll explain it as the
4 witnesses go through.

5 For "Exhibit 4", Staff would like to
6 have the Direct Testimony of Mr. Cunningham and Mr. Iqbal
7 marked for identification. I believe you have a copy of
8 it.

9 As "Exhibit 5", the Settling Parties
10 have agreed to identify or to mark for identification
11 Mr. Tom Belair's rebuttal testimony, which I believe you
12 already have a copy. So, I'll just give the Clerk one
13 copy.

14 CHAIRMAN IGNATIUS: Thank you. And,
15 that was revised. So, it's the December 17 version?

16 MR. FOSSUM: Yes.

17 MS. BROWN: That's correct. Yes.

18 CMSR. HARRINGTON: And, that's
19 Exhibit 5?

20 MS. BROWN: Yes.

21 CMSR. HARRINGTON: And, on Exhibit 4,
22 could you go over that one more time. Is it whose
23 testimony and what's the date?

24 MS. BROWN: The Staff's testimony.

1 CMSR. HARRINGTON: So, that's Cunningham
2 and Iqbal on December 4th?

3 MS. BROWN: That's correct. Now, we
4 know -- the Settling Parties are aware that OCA has
5 testimony that they would like to have marked, and perhaps
6 some other documents. The Department of Environment
7 Services, Becky Ohler, has testimony to be marked. And,
8 Staff will be assisting Ms. Ohler in getting her direct
9 and making her available for cross-examination. But we
10 won't mark those at this point, we'll just wait for the
11 panel to proceed, and then continue on with the exhibit
12 numbers, if that's acceptable.

13 CHAIRMAN IGNATIUS: All right. And, I
14 know, as part of the Settlement Agreement, there was a
15 condition that the exhibits be made full exhibits without
16 objection. There -- I guess why don't we take that up at
17 the very end, since there are some parties who are not
18 part of the Settlement Agreement and could raise that
19 issue if they want. So, for the time being, we'll mark
20 these for identification as just described by Staff.

21 (The documents, as described, were
22 herewith marked as **Exhibits 1** through **5**,
23 respectively, for identification.)

24 MS. BROWN: Thank you. That is it for

1 the exhibits. If we can proceed with the panel?

2 CHAIRMAN IGNATIUS: Sure. As you're
3 getting settled, the panel members, let me ask what the
4 expectation is for witnesses beyond that, since there --
5 well, including the panel, but since there is one open
6 issue, will the panel address all of the agreed upon
7 issues, and then individually address the open question,
8 and then other witnesses testify to whatever issues they
9 have raised? Or, will we recall members of the panel on
10 the open matters?

11 MS. BROWN: Attorney Fossum and I are
12 planning on questioning the panel in tandem this morning.
13 We are expecting to not -- or, to skip over the unresolved
14 issue, the C&I RFP issue. After the panel is finished
15 with the Settlement Agreement, we're proposing having Mr.
16 Cunningham and Mr. Belair stay on, I don't know if Mr.
17 Stanley wants to leave the panel at that point, deal with
18 the C&I RFP issue at that point, and then make the panel
19 open for cross-examination. I believe, Mr. Fossum, is
20 that what we had agreed to?

21 MR. FOSSUM: Yes. So, the panel would
22 be available for cross-examination, both on the Settlement
23 Agreement and on the individual C&I RFP issue.

24 CHAIRMAN IGNATIUS: But we'll do it only

1 once around. We won't go through the Settlement, and then
2 begin again with the C&I issue?

3 MR. FOSSUM: Correct. Yes.

4 CHAIRMAN IGNATIUS: That's fine.

5 MR. FOSSUM: That was -- our intention
6 was to just, because that was identified in the
7 Settlement, we thought it would make sense to address it
8 immediately following the Settlement discussion, while the
9 panel is still there.

10 CHAIRMAN IGNATIUS: Okay. I think that
11 makes sense. Is there any objection to that from the
12 non-Settling Parties?

13 (No verbal response)

14 CHAIRMAN IGNATIUS: Looks like not. All
15 right. Good. Then, why don't the three witnesses get
16 settled.

17 (Whereupon **Thomas R. Belair, Eric M.**
18 **Stanley** and **James J. Cunningham, Jr.**
19 were duly sworn by the Court Reporter.)

20 CHAIRMAN IGNATIUS: Please proceed.

21 MR. FOSSUM: Thank you. By agreement of
22 the utilities, I'll be -- my questions would be directed
23 at the two representatives of the utilities, and Staff
24 will be asking questions of the Staff witness.

[WITNESS PANEL: Belair~Stanley~Cunningham]

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THOMAS BELAIR, SWORN

ERIC M. STANLEY, SWORN

JAMES J. CUNNINGHAM, JR., SWORN

DIRECT EXAMINATION

BY MR. FOSSUM:

Q. So, for the record, I guess we'll start it this way, Mr. Stanley, could you state your name and place of employment for the record please.

A. (Stanley) Eric Matthew Stanley. And, I'm employed at Liberty Utilities.

Q. And, what is your position with Liberty Utilities?

A. (Stanley) I'm the Manager of their Energy Efficiency Program area.

Q. And, what are your responsibilities in that position?

A. (Stanley) I'm responsible for all planning and implementation activities related to their energy efficiency portfolio in their New Hampshire territory.

Q. And, have you previously testified before this Commission?

A. (Stanley) Yes.

Q. And, Mr. Belair, could you state your name and place of employment for the record please.

A. (Belair) Thomas Belair, Public Service Company of New Hampshire.

[WITNESS PANEL: Belair~Stanley~Cunningham]

- 1 Q. And, what is your position with Public Service Company?
- 2 A. (Belair) I'm the Customer Solutions Program Manager.
- 3 Q. And, what are your responsibilities in that position?
- 4 A. (Belair) I'm responsible for implementing the energy
5 efficiency programs for PSNH.
- 6 Q. And, have you previously testified before this
7 Commission?
- 8 A. (Belair) Yes, I have.
- 9 BY MS. BROWN:
- 10 Q. Mr. Cunningham, can you please state your name and
11 position for the record?
- 12 A. (Cunningham) My name is James J. Cunningham, Jr. And,
13 I am a Utility Analyst here at the Commission.
- 14 Q. As a Utility Analyst, what is your area of expertise?
- 15 A. (Cunningham) The area of expertise is this filing,
16 energy efficiency programs, specifically this filing,
17 and also cases, other dockets as assigned by the
18 Commission.
- 19 Q. Have you testified before this Commission before?
- 20 A. (Cunningham) Yes, I have.
- 21 Q. And, you've testified on CORE issues, is that correct,
22 when --
- 23 A. (Cunningham) Yes.
- 24 Q. -- when you've testified?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Cunningham) Yes.

2 Q. Thank you. Can you please briefly describe your
3 involvement in this docket?

4 A. (Cunningham) Yes. I participated with my colleague,
5 Mr. Iqbal, and reviewed the filing and did discovery,
6 and participated in the Settlement discussions.

7 Q. Did you file testimony in this docket?

8 A. (Cunningham) Yes. We filed joint testimony, Mr. Iqbal
9 and I.

10 Q. And, if you were asked those questions today, would
11 your answers be the same?

12 A. (Cunningham) Yes, they would.

13 Q. And, are you adopting the testimony of both you and Mr.
14 Iqbal?

15 A. (Cunningham) Yes. I am.

16 Q. If I can segue into any corrections or changes. We've
17 identified in the record your testimony as "Exhibit 4".
18 Do you have any corrections or changes to make to that
19 exhibit?

20 A. (Cunningham) Yes, I do. On Page 8, Line 8, I'd like to
21 remove the word "gas". And, on Page 9, Footnote 12,
22 I'd like to amend to say: "Higher level of funding is
23 due to RGGI funding; and, lower level of electric
24 megawatt-hour savings is due", I'd like to add "in

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 part" -- "in part to the expansion of the fuel-neutral
2 programs."

3 MR. LINDER: Can you say that again
4 please?

5 WITNESS CUNNINGHAM: Yes. Footnote 12,
6 I'd like to add the words "in part", after the second part
7 of the footnote, where it states "lower level of electric
8 MGH [MWH?] savings is due in part to the expansion of fuel
9 neutral programs."

10 MR. LINDER: Thank you.

11 WITNESS CUNNINGHAM: You're welcome.

12 **BY THE WITNESS:**

13 A. (Cunningham) Page 10, Line 4, I'd like to change the
14 word "program" to "measure", specifically, the last
15 sentence of that question, which states "Unitil
16 (electric) is proposing a pilot program", and I'd like
17 to change "program" to "measure".

18 On Page 13, Line 12, I'd like to change
19 the word "rebate" to "caps", such that that section of
20 the sentence reads "in rebates (such as the proposed
21 doubling of rebate caps for the HPwES Program)".

22 BY MS. BROWN:

23 Q. I just want to clarify, Mr. Cunningham, when you said
24 "replace "rebates"", you meant, rather, that you were

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 just inserting the word "caps" after the second
2 "rebates" word, is that correct?

3 A. (Cunningham) Yes. That is correct.

4 Q. Thank you.

5 A. (Cunningham) There is one final change on Page 20, Line
6 20. The year is "2001"; it should be "2011". And,
7 that completes the corrections to our joint testimony.

8 Q. Mr. Cunningham, are you also familiar with Exhibit 1,
9 the Settlement Agreement?

10 A. (Cunningham) Yes.

11 Q. Are you familiar with the terms of the Settlement
12 Agreement?

13 A. (Cunningham) Yes, I am.

14 Q. Are you also familiar with what has been marked as
15 "Exhibit 2", the merged attachments to the Settlement
16 Agreement?

17 A. (Cunningham) Yes.

18 Q. And, are you also familiar with Exhibit 3, which were
19 additional Attachment H pages?

20 A. (Cunningham) Yes.

21 BY MR. FOSSUM:

22 Q. Mr. Belair, did you participate in the settlement
23 negotiations in this proceeding?

24 A. (Belair) Yes, I did.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Q. And, you're familiar with the terms of the Settlement
2 Agreement that was filed on December 14?

3 A. (Belair) Yes, I am.

4 Q. Now, though we've heard a little bit about it
5 initially, I'd like to just ask you a few quick
6 questions to identify some of the items of the
7 Settlement Agreement. Could you explain very quickly
8 what Attachment A to the Settlement Agreement is?

9 A. (Belair) Attachment A is the original filing of the
10 2013-14 CORE Energy Efficiency Programs that we filed
11 on September 17th of this year.

12 Q. So, that's just a copy of the utilities' original
13 proposal, is that correct?

14 A. (Belair) That's correct.

15 Q. And, can you very briefly describe what Attachment B is
16 to the Settlement Agreement?

17 A. (Belair) Sure. Attachment B contains pages that were
18 updated over the past three months during the discovery
19 and settlement phases of the docket. I'd like to add
20 that, you know, that section, with all the updates,
21 were the result of a rigorous and thorough review by
22 the interested parties and Staff during these past
23 three and a half months. And, we'd like to -- we
24 certainly appreciate their thoughtful and hard --

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 thoughtful input and hard work in identifying the
2 changes and updates that were included there.

3 Q. Now, before getting into the terms of the Settlement
4 Agreement itself, have you prepared or was a document
5 prepared under your direction that merges the changes
6 from Attachments A and B into a single document?

7 A. (Belair) Yes.

8 Q. And, is that the document that was presented as
9 "Exhibit 2" just a few minutes ago in this proceeding?

10 A. (Belair) That's correct.

11 Q. Now, other than incorporating the changes from
12 Attachments -- other than incorporating the changes
13 from Attachment B into Attachment A, are there any
14 other changes or updates that have been made to this
15 document that are not reflected in Attachments A and B?

16 A. (Belair) Yes.

17 Q. And, could you describe those briefly please.

18 A. (Belair) Yes. There were some changes made on
19 December 17th and December 20th, yesterday. And, those
20 changes -- you'll note that those changes are indicated
21 at the bottom right-hand corner of the pages. Page 4
22 was updated to correct a formatting problem. Page 121
23 and 126 --

24 Q. Would you slow down a little bit please.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) Oh. Sorry.

2 Q. And, could you identify, just very quickly, what that
3 formatting issue is, so everybody is familiar with it.

4 A. (Belair) Yes. We had the same sentence on the bottom
5 of Page 4 that was on the top of Page 5. And, we just
6 got rid of the duplicate.

7 Q. All right. Thank you. Please continue.

8 CMSR. HARRINGTON: And, excuse me, just
9 so I'm clear on what you're talking about. These are what
10 the differences are between Attachments A and B as they
11 appear in Exhibit 2 and as they appear in Exhibit 1?

12 MR. FOSSUM: Yes.

13 CMSR. HARRINGTON: Or, are these
14 additional changes to Exhibit 2?

15 MR. FOSSUM: No. This explanation is to
16 describe the differences between what you see in
17 Attachments A and B to Exhibit 1, and what has appeared in
18 Exhibit 2.

19 CMSR. HARRINGTON: Okay.

20 MR. FOSSUM: So, if one was to do a
21 side-by-side comparison, there would be differences
22 between the document filed along with the Settlement
23 Agreement and this document, --

24 CMSR. HARRINGTON: And, Exhibit 2 --

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 MR. FOSSUM: -- and we're just
2 describing what those are.

3 CMSR. HARRINGTON: And, Exhibit 2 is the
4 correct one?

5 MR. FOSSUM: Yes, sir.

6 CMSR. HARRINGTON: Thank you.

7 BY MR. FOSSUM:

8 Q. Please continue.

9 A. (Belair) Page 121 and 126 required a change to Footnote
10 3. So, in Exhibit 2, you'll see it on Page 121 and
11 126, I think it's dated the 17th -- the 20th, I mean.

12 Q. And, what was the change that was made to that
13 footnote?

14 A. (Belair) We just changed the -- in the footnote, we
15 changed the wording to reflect the wording that we had
16 on the other utilities, and we changed "rebates" to
17 "expenses", basically.

18 Q. And, that's the same change on both Pages 121 and 126,
19 is that correct?

20 A. (Belair) That's correct.

21 Q. Are there any other changes?

22 A. (Belair) There's one more, on Page 159. And,
23 basically, that's an updated page for New Hampshire
24 Electric Co-op, where we updated the lifetime MMBtu

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 savings. And, all the changes are highlighted in
2 yellow on that page.

3 Q. So, other than those changes that you've just
4 described, Exhibit 2 is otherwise just a combination of
5 exhibits -- of Attachment A and B to Exhibit 1, is that
6 an accurate description?

7 A. (Belair) That's correct. This is the final final
8 final, we hope.

9 Q. Now, while we're in the correcting mode, turning to the
10 Settlement Agreement itself, Exhibit 1, are there any
11 changes or updates to the Settlement Agreement?

12 A. (Belair) Yes. There's three minor changes. And, if we
13 go to Page 8, Section F, Number 1, that first sentence
14 says "The CORE Utilities agree that in the CORE Program
15 filing for the 2015-2106", that's supposed to be
16 "2016".

17 Q. And, are there any other?

18 A. (Belair) That's the first correction. On Page 9 --
19 well, on Page 8, we say "F. Miscellaneous Provisions",
20 and on Page 9 we also say "F. Utility-Specific
21 Issues"; that should have been "G. Utility-Specific
22 Issues". And, if you follow that through to Page 10,
23 "G. General Provisions"; should have been "H. General
24 Provisions".

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Q. And, are there any other changes or updates that you
2 have to the Settlement Agreement at this time?

3 A. (Belair) No.

4 Q. All right. Now, just going through the terms of the
5 Settlement Agreement essentially as they appear, could
6 you describe what it is that -- oh.

7 (Atty. Brown and Atty. Fossum
8 conferring.)

9 BY MR. FOSSUM:

10 Q. Mr. Belair, could you describe what it is that was
11 agreed upon under the Settlement terms for program
12 administration and budgets?

13 A. (Belair) Okay.

14 Q. Well, I guess I should just be clear ahead of time.
15 Could you just describe very briefly the background
16 leading up to this Settlement Agreement please, as
17 reflected in the Agreement.

18 CHAIRMAN IGNATIUS: And, let me just
19 say, we've read it. So, you don't need to do much in the
20 way of background. If there's something you think wasn't
21 clear in how it was described, that's fine. But we don't
22 need to recite all of that.

23 MR. FOSSUM: That's fine. We're willing
24 to forgo that particular part and just go to the terms of

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1 the Agreement itself then.

2 CHAIRMAN IGNATIUS: Thank you.

3 BY MR. FOSSUM:

4 Q. So, then, I guess returning back to you, could describe
5 briefly what was agreed upon for program administration
6 and budgets please.

7 A. (Belair) Sure. And, I'm looking on Page 4 and 5. This
8 section simply states that the utilities have had the
9 responsibility to do the programs at the proposed
10 budgets, and we'll continue doing that. It also states
11 that the utilities will continue to use the same
12 guidelines that we have in the past, if we need to
13 reallocate money between programs. And, in here, it
14 also says, as required by House Bill 1490, the
15 utilities incorporated the RGGI funds as an additional
16 source of funding for the electric distribution
17 companies for the CORE Energy Efficiency Programs.
18 And, we have agreed to budget and track the RGGI and
19 SBC funds in a manner that we set out in Attachment C.

20 Q. Could you very briefly describe what is in Attachment
21 C?

22 A. (Belair) Okay. Attachment C is a presentation we put
23 together to -- as a recommendation on how to identify
24 program results, which include budgets and actual

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 expenditures, program participation, program savings,
2 lifetime kilowatt-hour savings, and lifetime MMBtu
3 savings. And, the utilities propose reporting the
4 results rolled up at the program level, and, for each
5 program, the System Benefits Charge results will be
6 calculated by simply applying the percent of the SBC
7 budget to that rolled up number for the budget, actual
8 expenses, and calculated energy savings, and
9 participation. And, in order to do -- the RGGI
10 reporting would be the same way. That we would take
11 the percent RGGI funding and apply that percent to the
12 actual expenses, the participation, and the lifetime
13 kilowatt-hour and MMBtu savings.

14 Q. While we're describing attachments, Mr. Belair, could
15 you also very briefly describe Attachment D and what it
16 is that Attachment D shows?

17 A. (Belair) Sure. Attachment D is a sample Home
18 Performance with ENERGY STAR audit that was done as
19 part of the discovery phase of the docket. And, we've
20 modified it to illustrate how the utilities would
21 separate the actual expenses associated with electric
22 versus non-electric measures installed in a home. The
23 purpose of this attachment was simply to show how the
24 utilities will calculate the actual non-electric saving

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 energy expenses that will be removed from the total
2 residential sector expenditures when calculating the
3 performance incentive.

4 Q. And, so, if I may summarize, Attachment C shows
5 budgeting and tracking for funding sources, and
6 Attachment D shows a breakdown in electric versus
7 non-electric savings. Is that essentially a very
8 condensed version of what those show?

9 A. (Belair) Yes. And, this is just for the Home --
10 Attachment D is just for the Home Performance with
11 ENERGY STAR Program. And, I'd be happy to walk through
12 that, if it's necessary.

13 Q. Well, not -- I don't think so, at this time. And,
14 continuing on that theme, have the utilities prepared
15 an example of a breakdown of funding sources and
16 electric and non-electric savings?

17 A. (Belair) Yes, we have.

18 Q. And, is that what is contained in what was marked at
19 the beginning of this proceeding as "Exhibit 3"?

20 A. (Belair) Yes, that's correct.

21 Q. Could you very briefly describe what it is that the
22 documents in Exhibit 3 show.

23 A. (Belair) On the first page of that Exhibit 3 is a
24 breakdown of the budget by utility, splitting the

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 System Benefit Charge and the RGGI funds. The intent
2 of this one is to show the percent split for the RGGI
3 funding versus the System Benefit Charge funding, those
4 are the last two columns on the right. And, what we
5 wanted to do is we wanted to take those percentages and
6 show how we would apply the budget. Which the budget
7 would include, you know, the dollars by program, the
8 participation, and energy savings, both kilowatt-hours
9 and MMBtus, and split those based on RGGI and System
10 Benefit Charge.

11 The next page is Attachment H, as it was
12 in the filing, but we added one more field as part of a
13 data request from Staff. We added the "Lifetime MMBtu
14 Savings". So, if you look at the column way on the
15 right, under "Totals", you'll see the lifetime
16 kilowatt-hour savings first, the total program budget,
17 and then the lifetime MMBtu savings underneath it. So,
18 if I look at the "ENERGY STAR Homes Program", excuse
19 me, it's 22 million lifetime kilowatt-hour savings, a
20 budget of \$1.3 million, and 328,000 lifetime MMBtu
21 savings. Just to give you an example. So, that's
22 Attachment H, modified to include the MMBtu savings.

23 The next two pages are simply how we
24 would split the numbers on this second page between

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 RGGI and the System Benefit Charge. So, what we're
2 doing is we're simply applying that percentage, and
3 it's roughly 80 percent System Benefit
4 Charge/20 percent RGGI funds, to Page 2, and we're
5 creating two pages to show how we would report
6 differently. The third page here shows what the System
7 Benefit Charge allocation would be if we apply that
8 80 percent to the -- for the System Benefit Charge, and
9 what it looks like if we were to charge 20 percent to
10 RGGI funding. And, this is simply an illustration of
11 how the utilities propose applying or allocating the
12 budgets and the results to each of these two funding
13 sources.

14 Q. And, just for clarity sake, this, as you described,
15 this illustration in Exhibit 3 is -- is that
16 essentially an application of what is in Attachments C
17 and D, funding sources and electric and non-electric
18 savings?

19 A. (Belair) It's an application of what's in Attachment C,
20 yes.

21 MR. FOSSUM: Okay. Thank you.

22 CHAIRMAN IGNATIUS: Can I ask one
23 clarifying question, just while we're in this? The 80/20
24 split I understand, and we'll probably hear more testimony

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 about, is the relative -- the relationship between the
2 amount of the SBC and the amount of the RGGI monies,
3 correct?

4 (No verbal response)

5 CHAIRMAN IGNATIUS: Is the 80/20 split,
6 on Attachment D, in your sample, also following that same
7 pattern or is it coincidental that the oil heat was 80
8 percent and 20 percent was from electric baseboard. Is it
9 just a coincidence?

10 WITNESS BELAIR: That's coincidental.

11 CHAIRMAN IGNATIUS: Okay. Don't do
12 that.

13 (Laughter.)

14 WITNESS BELAIR: Sorry.

15 CHAIRMAN IGNATIUS: That's all right.
16 Thank you.

17 CMSR. HARRINGTON: Just before we leave
18 this Attachment H, can I just follow up on something? On
19 Page 2, I guess is as good as any, the bottom, where it
20 totals up, it says "Total Planned Budget", and then, in
21 the lower right-hand corner it says "27,415,000" and so
22 forth, that's the sum of what numbers? Is it the sum of
23 something from the column above? So, is it just the
24 budget numbers for each column above?

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 WITNESS BELAIR: Yes. That 27 million
2 is the sum of the dollars for each of those programs,
3 including -- the last thing is the "Utility Performance
4 Incentive". So, it includes the incentive as well.

5 CMSR. HARRINGTON: So, that adds up,
6 that's just the total numbers there. Okay.

7 WITNESS BELAIR: That's correct.

8 BY MS. BROWN:

9 Q. Mr. Cunningham, I would like to pick up with questions
10 for you. Before we go onto the next section, quarterly
11 meetings, I'd like to just ask you about the Attachment
12 H and Attachment C and D that Mr. Belair just
13 explained. Can you explain why he mentioned that Staff
14 had requested this information in discovery, do you
15 recall that?

16 A. (Cunningham) Could you rephrase that question.

17 Q. Sure. Sure can.

18 A. (Cunningham) I'm not following you.

19 Q. Do you remember that Mr. Belair had testified that some
20 of the attachments, I think it was Attachment C and
21 Attachment D, the utilities had produced in response to
22 Staff discovery requests. Do you recall that?

23 A. (Cunningham) Well, I think we were interested in trying
24 to break out the electric and the non-electric portion

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 of the savings.

2 Q. And, my next question is, why does Staff feel it
3 important to do that?

4 A. (Cunningham) I think this is important going forward
5 because the Commission has approved fuel neutral
6 programs. And, fuel neutral programs provide savings
7 in both electric and non-electric savings. And, we,
8 moving forward with the Commission order, Order 25,402,
9 we want to ensure that the savings are not easily
10 attainable, but rather are challenging savings. So, we
11 want to monitor the savings in the budget and we want
12 to monitor these same electric and fossil savings as
13 actually achieved.

14 Q. Okay. Thank you. If I could direct your attention to
15 Exhibit 1, Page 5, and the Section B, "Quarterly
16 Meetings and Reports".

17 A. (Cunningham) Yes.

18 Q. The terms of the Settlement are to continue quarterly
19 meetings, correct?

20 A. (Cunningham) Yes. That's correct.

21 Q. Are these quarterly meetings things that have occurred
22 in the past?

23 A. (Cunningham) Yes.

24 Q. And, with what frequency have they occurred in?

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1 A. (Cunningham) The meetings are usually held each
2 quarter, 60 days -- somewhat after, 60 days after the
3 filing of the quarterly reports, 60 days after the end
4 of the quarter. For instance, March 31st would be the
5 end of the first quarter. Reports would be filed 60
6 days after that, on May 30th. And, typically, we'd
7 adjourn a meeting or we'd set up a meeting with the
8 CORE team, perhaps a couple weeks after the quarterly
9 reports are filed with the Commission.

10 Q. When you say "we", does Staff take an active role in
11 coordinating and planning these meetings?

12 A. (Cunningham) Yes. Staff takes an active role in
13 coordinating them and facilitating the meetings.

14 Q. And, Staff is agreeing to do that in the future?

15 A. (Cunningham) Yes. That's correct.

16 Q. The Settlement also talks about certain issues that
17 will be teed up for discussion at these quarterly
18 meetings. Do you see those in the Settlement
19 Agreement?

20 A. (Cunningham) Yes.

21 Q. And, if I could paraphrase, one of the issues concerns
22 "deep dive" projects and retrofits, and another issue
23 is adjusting rebate levels for the Home Energy
24 Assistance Program, is that correct?

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1 A. (Cunningham) Yes.

2 Q. Is Staff going to -- is Staff planning on discussing
3 these issues at the quarterly meetings with parties?

4 A. (Cunningham) Yes, we are.

5 Q. And, what's the other usefulness of the quarterly
6 meetings?

7 A. (Cunningham) Well, the usefulness of the quarterly
8 meetings, particularly with respect to these two points
9 that you raise, are to get feedback from all the
10 parties so that we can formulate some ideas, perhaps
11 develop some programs, perhaps change some program
12 designs as we move forward.

13 Q. Later on in the Settlement Agreement, on Page 9, Unitil
14 has agreed to further discuss or exchange information
15 about the "Combined Heat and Power Program". Do you
16 recall that term?

17 A. (Cunningham) Yes.

18 Q. Those further exchange of information and discussions
19 are going to be separate from the quarterly meetings or
20 do you have an opinion on that?

21 A. (Cunningham) The way it's been set up was we simply
22 didn't have enough time to review all of the issues
23 pertaining to the Combined Heat and Power pilot
24 measure. So, the Company, however, is very interested

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1 in moving forward with that. So, what we decided to do
2 was to set aside this measure for purposes of this
3 Settlement Agreement and commit to a fast-track
4 resolution and review and discussion of all the issues
5 pertaining to the CHP, Combined Heat and Power Program.
6 The idea is that, in the first quarter of next year, to
7 kind of quickly go through the issues. And, if it's
8 determined that we should move forward with this
9 program, the utilities will -- UES will file a letter
10 with the Commission by April 30th.

11 With respect to the "deep dive" issues,
12 we're going to ventilate that a little bit further in
13 the context of the quarterly review meetings.

14 Q. Thank you for that explanation. I just have a question
15 about the quarterly reports. Have there been additions
16 to the quarterly reports as a result of the Settlement
17 Agreement?

18 A. (Cunningham) Yes. One of the additions that was made
19 to the quarterly reports was to incorporate annual
20 savings data of both kilowatt-hour and MMBtu. In
21 addition, we'll have percentage of program
22 expenditures, savings and participation, those three
23 metrics, attributable to both SBC and RGGI funds. And,
24 we'll accomplish -- we'll accomplish that by using the

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 methodology explained by Mr. Belair that was provided
2 in Attachment C to the Settlement Agreement.

3 BY MR. FOSSUM:

4 Q. Turning to the next portion of the Settlement
5 Agreement, I'll address questions to Mr. Stanley. But,
6 first, Mr. Stanley, did you participate in Settlement
7 negotiations in this matter?

8 A. (Stanley) Yes.

9 Q. And, are you familiar with the terms of the Settlement
10 Agreement that was filed?

11 A. (Stanley) Yes.

12 Q. Could you very briefly describe the Home Performance --
13 the Settlement Agreement as pertains to the Home
14 Performance with ENERGY STAR provisions on Page 6.

15 A. (Stanley) Yes. The Settling Parties and Staff agreed
16 not to include in the program proposal an allowance for
17 residential gas customers to receive a cumulative Home
18 Performance with ENERGY STAR Program rebate from both
19 the gas and -- both their gas and electric utilities.
20 However, the parties will continue to explore and
21 discuss, for example, as Jim referenced, during the
22 quarterly meetings, other opportunities to provide
23 additional energy benefits to gas customers.

24 Q. But, other than that, is the Home Performance with

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1 ENERGY STAR essentially as it appears in the filing?

2 A. (Stanley) Yes.

3 MR. FOSSUM: Thank you.

4 BY MS. BROWN:

5 Q. Mr. Cunningham, turning to Page 6 and the "Performance
6 Incentives" section, under Section D of Exhibit 1. The
7 paragraph mentions a "working group". Are you involved
8 in that working group?

9 A. (Cunningham) Yes, I am.

10 Q. Can you please explain what the working group is
11 agreeing to or what the parties are agreeing to with
12 respect to the working group in this section?

13 A. (Cunningham) Yes. The Settlement Agreement provides
14 for the continuation of the Performance Incentive
15 Working Group, to ensure that the performance incentive
16 is appropriately aligned with the CORE Energy
17 Efficiency Program goals.

18 We expect a proposal will be submitted
19 for Commission review by June 30th, 2013. In the
20 meantime, the electric utilities will not collect
21 performance incentives on the non-electric cost portion
22 of the HPwES Programs, until the incentive mechanism
23 put forward by the Performance Incentive Working Group
24 has been approved by the Commission.

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1 Q. Thank you. With respect to Section 2, "Calculation of
2 Performance Incentive in the Interim", can you please
3 summarize this paragraph, what the parties are agreeing
4 to?

5 A. (Cunningham) Basically, the *status quo*. The Companies
6 will agree to continue with the existing performance
7 incentive methodology until such time as the Commission
8 reviews the proposal by the Working Group.

9 Q. Okay. Can I draw your attention to Line 4 of that
10 paragraph, and there's a phrase "for all programs and
11 funding sources", that the performance incentive
12 calculation includes "all programs". Can you please
13 explain what are these "all programs"?

14 A. (Cunningham) I lost you on the reference.

15 Q. I'm in -- on Page 7, Paragraph 2, fourth line down, "to
16 calculate the performance incentive for all programs
17 and funding sources". Now, we don't have clarified
18 here what the "all programs" are and the "funding
19 sources". And, I just would like you to briefly
20 explain the programs involved and the funding sources?

21 A. (Cunningham) Okay. The "funding sources" are the
22 System Benefits Charge and the RGGI funds that will be
23 used to implement CORE Programs funded by the SBC.
24 Those are the "funding sources". And, those funding

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1 sources will implement all of the programs in the CORE
2 filing. With the exception of the HPwES Program, the
3 non-electric portion of that program, the *status quo*
4 will continue to be used, which has been established by
5 Commission order, such that the non-electric costs for
6 the HPwES Program are not eligible for calculation of a
7 performance incentive.

8 Q. Okay. And, with respect to the programs that a
9 performance incentive can be earned on, with the
10 exception of HPwES, we're talking about the programs
11 that are described in the attachments for the CORE
12 Programs, right?

13 A. (Cunningham) That's correct.

14 MS. BROWN: Thank you.

15 BY MR. FOSSUM:

16 Q. Now, turning over to Page 8, Mr. Belair, could you
17 describe what it is that has been agreed to in
18 Paragraph F.1, the "Miscellaneous Provisions".

19 A. (Belair) Yes. The utilities are agreeing that, in the
20 CORE Program filing for the 2015-2016 year, that we'll
21 provide a summary in there that highlights material
22 changes from the prior period, the prior filing. And,
23 those material changes could include things like
24 changes in funding sources, program design changes,

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 major changes in rebate -- rebate levels, any new pilot
2 programs we might be recommending, and major changes in
3 the savings assumptions. If there is a significant
4 variance, the utilities will provide a comparison and
5 an explanation of what that variance is.

6 Q. And, so, essentially, it's an enhancement to the filing
7 to make it easier to review, is that accurate?

8 A. (Belair) That's correct.

9 Q. Thank you. Turning over to Page 9, and the
10 "Utility-Specific Issues", we'll skip over the "C&I
11 RFP" for the moment. Could you just describe very
12 briefly what it is PSNH has agreed to relative to RSA
13 125-0, as described in the Settlement Agreement?

14 A. (Belair) Yes. Well, we've basically -- we've been
15 providing Staff and the parties with a calculation of
16 set-aside monies available, and we've been doing this
17 on June 1st of each year. And, here, PSNH agrees to
18 continue doing that. PSNH also agrees that it won't
19 include the RGGI funds in those calculations. And,
20 further agree that it will use the same
21 cost-effectiveness test for projects at its own
22 facilities, as it does for customer projects in the
23 CORE Programs.

24 Q. Now, does this agreement alter the way that PSNH has

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1 done such set-asides in the past?

2 A. (Belair) No. We're basically doing the same thing.

3 MR. FOSSUM: Thank you. I have nothing
4 further on the Settlement Agreement. And, I can move to
5 the reserved issue, unless Staff has some further
6 questions on the Agreement itself.

7 CHAIRMAN IGNATIUS: Attorney Brown.

8 MS. BROWN: The Staff has some general
9 questions.

10 BY MS. BROWN:

11 Q. Mr. Cunningham, can you please explain whether Staff
12 conducts an audit of the CORE filings?

13 A. (Cunningham) The Staff does annual audits of each of
14 the companies, each of the six companies. And, the
15 audits are provided, initial drafts, to the company.
16 Their comments and feedback are reflected in updates to
17 the audit reports. And, then, final audit reports are
18 issued. At this point, for 2011 audits, the audit has
19 been completed, and a final report has been issued for
20 PSNH. And, the PUC Audit Staff is currently working on
21 audits of the other companies. Sometimes the results
22 of the audits result in findings that have to be put
23 before the Commission for adjudication. An example of
24 that would be the 125-0 issue that Mr. Belair just

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1 mentioned.

2 Q. So, if there are issues that come out of the audit,
3 functionally, how -- which proceeding, how are they
4 resolved, if you could please speak to that?

5 A. (Cunningham) Yes. In the illustration I just
6 mentioned, it would be in the context of the CORE
7 docket where the 125-0 issue came up in a audit report.
8 And, it was adjudicated before the Commission in Docket
9 10-188.

10 Q. Thank you. Do the CORE Programs impact rate -- or, the
11 budgets for these CORE Programs that we're proposing
12 the Commission approve today, do they impact customer
13 rates?

14 A. (Cunningham) Yes. The rates for the SBC are fixed
15 rates. The rate for the LDAC, the gas energy
16 efficiency, are variable rates. The Commission has
17 already approved the LDAC rates for the gas companies.
18 One of the checkpoints that Staff performed, in review
19 of these CORE budgets, was whether or not the expenses
20 reflected in the LDAC rates for the gas companies tied
21 in with the expenses incorporated in these CORE
22 filings, and it did. And, so, that the funding
23 mechanism that the Commission approved in the cost of
24 gas, with respect to the LDAC, funds these programs

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1 that are before us today.

2 Q. Do you have an opinion on the just and reasonableness
3 of the expenses that the Staff is proposing in the
4 Settlement Agreement?

5 A. (Cunningham) Uh-huh. Yes. I believe these expenses
6 are just and reasonable, based on the reviews that
7 Staff has performed.

8 Q. Does the Settlement Agreement supersede many of the
9 issues in your testimony, your and Mr. Iqbal's
10 testimony?

11 A. (Cunningham) Yes. The Settlement Agreement changes
12 some of the points we made in our testimony. The
13 Combined Heat and Power measure put forward by UES, in
14 our original joint testimony, we had indicated that
15 there wasn't enough information to review that
16 proposal. So, what the Settlement does is it puts it
17 on a fast track for review in the first quarter of
18 2013. And, if the utility wants to go forward with the
19 program, it will advise the Commission in the form of a
20 letter by the end of April.

21 The second change that was made in the
22 Settlement Agreement was pertaining to the "deep dive"
23 measures put forward by the gas companies. In our
24 testimony, we were not able to bring that issue to

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1 closure, because we didn't have enough information.

2 The Settlement Agreement allows an opportunity for the
3 Company to bring forward more information in the
4 context of the quarterly reviews. And, we will
5 evaluate the information in that forum in 2013.

6 The C&I RFP Program, we had recommended
7 that there was not sufficient information in that
8 program to take a position on it. We find that, in the
9 Settlement Agreement, there is a change. And, the
10 change, let's see, I don't want to misspeak here, the
11 change in the Settlement Agreement provides that the
12 Settling Parties and Staff will not -- were not able to
13 agree on implementing this PSNH C&I RFP Program for the
14 competitive and economic development as a full CORE
15 program, and shall present this issue for the
16 Commission's consideration here today.

17 Q. And, when the Settlement Agreement talks about "present
18 the issues for the Commission's consideration", if the
19 Commission were to want Staff's opinion, would then
20 they turn to Staff's testimony on this issue?

21 A. (Cunningham) In part, they would find some general
22 discussion in our testimony about the issues that we
23 felt should be addressed. So, our recommendations
24 ended at "what are the issues that need to be

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1 addressed?"

2 Q. Have you had an opportunity to review what's been
3 marked for identification as "Exhibit 5", which is the
4 corrected rebuttal testimony of Mr. Belair?

5 A. (Cunningham) Yes. A very informative piece. He
6 addressed the issues that Staff had identified as
7 issues to be addressed in this program. I'm not sure
8 we want to go forward with this part of the discussion
9 now, but I can, if you like?

10 Q. Well, I believe, functionally, we've left presenting
11 the Settlement Agreement, and --

12 A. (Cunningham) Okay. So, we're there.

13 Q. -- we're now into the C&I RFP issue. And, I would just
14 finally like to have you conclude with, now that you've
15 stated that you've reviewed Mr. Belair's testimony, how
16 has that modified your prefiled testimony?

17 A. (Cunningham) Yes.

18 Q. Thank you.

19 A. (Cunningham) I'd like to just add that Mr. Belair's
20 testimony was very informative with respect to an issue
21 that we were concerned about, which was transparency.
22 And, in his -- Mr. Belair's testimony pointed out that
23 there is information provided about this program in the
24 quarterly reviews and in the context of the New

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1 Hampshire PUC audit reports, and in discovery in the
2 case. He provided several interesting illustrative
3 examples of the work done in this program, for several
4 projects; one in Hudson, one in Keene, and another in
5 Springfield. And, he provided very useful information
6 about the appropriateness of the 35 percent rebate
7 level that is set in this program.

8 However, time was a factor, and we did
9 not have time to fully evaluate all of the elements of
10 Mr. Belair's testimony. Given the nature of this
11 particular proceeding as sort of like a "rocket docket"
12 proceeding, the parties are in the midst of resolving a
13 number of issues for purposes of reaching this
14 Settlement Agreement, and we weren't able to bring
15 closure to this particular issue.

16 But, upon further reflection, we look at
17 the experience that we have in the past year with
18 respect to moving a program from a "pilot" status to a
19 "permanent" status, and that's pertaining to the HPwES
20 Program. In 2012, Commission Order 25,402 authorized
21 the pilot HPwES Program to move to a permanent program.
22 We believe the Commission needs to make that same
23 determination in this case. Further, we believe that,
24 before the Commission can make that determination, the

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1 same level of information that was provided for HPwES
2 needs to be provided for this program, i.e. the third
3 party evaluation of the program.

4 And, those would be the recommendations
5 that Staff would make with respect to the C&I RFP
6 Program.

7 MS. BROWN: Thank you for that
8 clarification of Staff's position on the C&I RFP.
9 Attorney Fossum.

10 MR. FOSSUM: Thank you.

11 BY MR. FOSSUM:

12 Q. For completeness, relative to the -- well, Mr. Belair,
13 did you prepare or was testimony prepared under your
14 direction in this docket?

15 A. (Belair) Yes, it was.

16 Q. And, that testimony was originally -- was originally
17 filed, but then corrected on December 17th, is that
18 correct?

19 A. (Belair) Yes.

20 Q. And, do you have any additional changes, updates or
21 amendments to that testimony today?

22 A. (Belair) No, I don't.

23 Q. And, is that testimony true and accurate to the best of
24 your knowledge and belief today?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) Yes.

2 Q. And, does your testimony relate solely to the PSNH C&I
3 RFP Program?

4 A. (Belair) Yes.

5 Q. Would you very briefly, since we've just heard so much
6 about the program described, could you just very
7 briefly describe your -- the contents of your testimony
8 please.

9 A. (Belair) Sure. The C&I Pilot RFP Program that PSNH
10 proposes, we've been running that program for ten
11 years, and as a -- on a utility-specific basis, meaning
12 PSNH is the only one that's running that right now.
13 It's been operating for ten years, and has been, you
14 know, until Staff's testimony, there's been no issues
15 raised on the program. The concerns raised by Staff we
16 believe have been addressed in my testimony.
17 Specifically, that there is plenty of customer
18 interest, that the program does provide useful data
19 that informs our Large Business Retrofit Program, and
20 PSNH has shared the RFP detailed schedules and
21 selection criteria with all of the interested parties,
22 you know, since the program's inception. And, you
23 know, almost all the information on the program is
24 available on our website as well. And, we've also

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 provided quarterly reports since 2002, just like we
2 have with the other, you know, CORE Programs.

3 In addition to that, the program has
4 been audited by the Commission Staff four times, and
5 there's been no findings or issues as part of that
6 audit.

7 Every CORE filing has provided an
8 opportunity to -- for discovery and details related to
9 this program, and we've answered numerous data requests
10 on this over the past ten years. And, each year we
11 have a bidders conference, and this year it's scheduled
12 for January 11th, where customers and third party
13 engineering firms, lighting contractors, a whole bunch
14 of different vendors come together to learn, not only
15 about this program, but all the programs that we offer
16 in the state, all the CORE Programs. And, we provide
17 detail and respond to all the questions regarding the
18 implementation of this program at that bidders
19 conference.

20 One thing, just to clarify, that this
21 program is different from the large business programs,
22 in that it's not intended to be a mass market program.
23 The program was designed to assist customers that have
24 large, comprehensive, multi-measure projects,

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 "multi-measure" meaning lighting, air compressors,
2 heating/cooling equipment, lots of different measures.
3 And, PSNH believes that it's delivered on that promise
4 -- this program has delivered on that promise.

5 While we have, you know, many fewer
6 customers that participate in this program, these
7 comprehensive projects play an important role in moving
8 the market forward and getting these trades to work
9 together to help solve customer problems. And, we urge
10 the Commission to approve the RFP as we filed it, the
11 program as we filed it.

12 MR. FOSSUM: I have nothing further on
13 that. Well, I guess, on either the Settlement Agreement
14 or the C&I RFP.

15 CHAIRMAN IGNATIUS: And, Attorney Brown,
16 anything further from you?

17 MS. BROWN: Nothing further.

18 CHAIRMAN IGNATIUS: All right. Then,
19 for cross-examination, are any of the -- do any of the
20 Settling Parties have additional -- well, I guess, if we
21 have both the settled matters and non-settled matters, we
22 ought to just take people through the room, it will
23 probably get too complicated to separate it, separate out
24 friendly and not-so-friendly cross, since we have multiple

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 things going on here. So, Ms. Knowlton, do you have
2 anything?

3 MS. KNOWLTON: I have nothing.

4 CHAIRMAN IGNATIUS: Ms. Goldwasser?

5 MS. GOLDWASSER: No. Thank you.

6 CHAIRMAN IGNATIUS: Mr. Dean?

7 MR. DEAN: No questions. Thank you.

8 CHAIRMAN IGNATIUS: Mr. Clouthier?

9 MR. CLOUTHIER: No questions. Thank
10 you.

11 CHAIRMAN IGNATIUS: Mr. Nute?

12 MR. NUTE: No thank you.

13 CHAIRMAN IGNATIUS: Mr. Linder?

14 MR. LINDER: Just one question.

15 **CROSS-EXAMINATION**

16 BY MR. LINDER:

17 Q. On the Settlement Agreement, if I could direct it to
18 Mr. Belair, on the very bottom --

19 CMSR. HARRINGTON: Could you use a
20 microphone please. Could you use a microphone please.

21 BY MR. LINDER:

22 Q. On the bottom very bottom of Page 7, very last line,
23 now you see that says "Low Income Customers"?

24 A. (Belair) Yes.

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Q. And, then, if you go over to the top of Page 8, could
2 you just read the first two lines please.

3 A. (Belair) Sure. "The Settling Parties and Staff support
4 the low income budgets proposed in the CORE Utilities'
5 2013 through 2014 CORE Program filing."

6 MR. LINDER: Thank you. That's the only
7 -- that's the only question I have on the Settlement
8 Agreement. I may have one -- I have one or two questions
9 on the contested issue of the PSNH pilot program.

10 CHAIRMAN IGNATIUS: Why don't you go
11 ahead with that. And, if I wasn't clear, if any other
12 people we went through had questions on that, we want to
13 make sure you get your chance to ask. So, why don't you
14 do it now, Mr. Linder.

15 MR. LINDER: Okay. Thank you.

16 BY MR. LINDER:

17 Q. Mr. Belair, just two questions. This, the C&I RFP
18 Pilot Program of PSNH, would you say that that program
19 has been and is a cost-effective program?

20 A. (Belair) Yes. It's the most cost-effective program we
21 have in our C&I set of programs, yes.

22 Q. And, secondly, do you think that the pilot program
23 targets cost-effective opportunities that might
24 otherwise be lost due to market barriers?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) Yes, I do.

2 Q. And, what market barriers would you identify?

3 A. (Belair) I would kind of focus mostly on deeper energy
4 savings. This program requires that, in order to
5 participate in the program, you have to have a minimum
6 of 100,000 kilowatt-hours of savings a year. So, we're
7 looking for, you know, deeper saving projects. We're
8 also -- it's also targeting comprehensiveness, in that
9 trying to get customers to do more than just the
10 lighting or heating and cooling system, try to do more
11 things all at once. So, we're trying to -- and, in
12 doing that, getting the trades, like lighting
13 contractors and HVAC contractors or air compressor
14 contractors to work together to solve customer
15 projects, customer -- you know, energy-saving
16 opportunities at customers' facilities.

17 Q. And, you feel that the program incentive facilitates
18 that last point that you made about the contractors and
19 customers?

20 A. (Belair) Yes.

21 MR. LINDER: Okay. Thank you for that
22 clarification. I have no further questions.

23 CHAIRMAN IGNATIUS: Thank you.

24 Ms. Chambers?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 MS. CHAMBERS: No questions. Thank you.

2 CHAIRMAN IGNATIUS: Ms. Ohler?

3 MS. OHLER: No questions.

4 CHAIRMAN IGNATIUS: Attorney Chamberlin?

5 MS. CHAMBERLIN: I have a few questions.

6 Thank you.

7 BY MS. CHAMBERLIN:

8 Q. Mr. Belair, are you familiar with the Vermont Energy
9 Investment Corp. Study?

10 A. (Belair) I'm somewhat familiar with it, yes.

11 Q. And, if I show you this document, which is a four-page
12 summary of the EESE Board recommendations, have you
13 looked at that before?

14 A. (Belair) Yes, I have.

15 MS. CHAMBERLIN: Okay. I'd like to have
16 this marked for identification as the next exhibit.

17 (Atty. Chamberlin distributing
18 documents.)

19 CHAIRMAN IGNATIUS: Are we up to Exhibit
20 6?

21 MS. DENO: Yes.

22 CHAIRMAN IGNATIUS: Thank you.

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

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 identification.)

2 MR. LINDER: Do you have any more copies
3 of that?

4 MS. CHAMBERLIN: Yes. They're going
5 around.

6 MR. LINDER: Thanks.

7 BY MS. CHAMBERLIN:

8 Q. Can you describe the purpose of the EESE Board? When I
9 say "EESE Board", what am I referring to? Is it Energy
10 Efficiency Sustainability", and one more word, "E",
11 Board recommendations?

12 A. (Belair) Could you ask the question again. You're
13 answering one of them. So, I want to find out which
14 one I have to answer.

15 Q. The EESE Board is a group of representatives working on
16 energy efficiency programs, is that correct?

17 A. (Belair) Yes.

18 Q. And, as part of their work, they have reviewed the
19 report done by the VEIC, which was at the request of
20 the Legislature, correct?

21 A. (Belair) Yes.

22 Q. And, as a result of that work, they have come to a
23 summary of the recommendations contained in that
24 report, is that correct?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) Yes.

2 Q. Could you turn to the last page of the four-page
3 summary.

4 A. (Belair) I'm there.

5 Q. And, there's a title that says "Recommendations for
6 Near-Term Action"?

7 A. (Belair) Uh-huh.

8 Q. In your opinion, does the Settlement Agreement
9 incorporate improvements in evaluation, monitoring, and
10 verification practices?

11 A. (Belair) Yes, it does.

12 Q. As recommended by the VEIC report?

13 A. (Belair) I believe it does.

14 Q. And, do you agree that the Settlement Agreement
15 maintains momentum of the Low-Income Weatherization
16 Program?

17 A. (Belair) We believe it does.

18 Q. Do you believe that the Settlement Agreement does
19 everything that it could in terms of moving these
20 programs forward or are there still -- there's still
21 changes that can be made going forward?

22 A. (Belair) I think there's always opportunities to make a
23 program better. I'll leave it at that.

24 Q. I have a clarification to one of the questions that was

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 made. On the incentives, the funds for the customer
2 loan programs are not included in the incentive
3 calculation, is that correct?

4 A. (Belair) Can you say that again? I'm sorry.

5 Q. There are funds made for loans to customers to
6 undertake some of these programs, if they do not have
7 the cash available themselves, correct?

8 A. (Belair) Right.

9 Q. Are those funds used in the calculation of the
10 incentives for the utilities?

11 A. (Belair) No, they are not.

12 Q. No, they are not. Thank you. Concerning the "deep
13 dive" program, which is the larger rebates for gas
14 customers, and this is the area that was not included
15 in the Settlement Agreement, Staff has said in its
16 testimony that the proposal "does not address the
17 cost-effectiveness of the program." Do you agree with
18 that statement?

19 A. (Belair) I think all the programs are cost-effective.
20 I will tell you that, as you do deeper dives or you do
21 more weatherization work, the more you do, the less
22 cost-effective it gets. But I don't think we're at
23 that point yet.

24 Q. Would you ever implement a program that was not

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 cost-effective?

2 A. (Belair) Is that a trick question?

3 Q. No, it's not.

4 A. (Belair) And, the reason why I say that is, there was a
5 time that we had a low income program that was not at a
6 benefit/cost ratio of greater than one. So, we have
7 implemented a program at one point that wasn't
8 cost-effective. But our intent is to have, you know,
9 the programs cost-effective, and especially at the
10 sector level, the residential and commercial/industrial
11 sector level.

12 Q. So, under the "deep dive" program, the measures must
13 undergo the same scrutiny that they would undergo under
14 the other programs?

15 A. (Belair) Yes. For the Home Performance with ENERGY
16 STAR Program, the package that gets done has to be
17 cost-effective.

18 Q. Right. So, the proposal is not to offer more
19 incentives than other customers would get, correct? I
20 mean, its performance is not to add additional
21 incentives that would not be cost-effective, the
22 proposal is to simply allow customers to do more
23 cost-effective energy efficiency?

24 A. (Belair) That's --

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 MS. KNOWLTON: And, actually, I want to
2 object for a minute to a premise of the question, which
3 referred to "the proposal". There is no proposal pursuant
4 to the Settlement Agreement. The Parties -- Settling
5 Parties, Staff and Settling Parties agreed to take it off
6 the table. So, there is no proposal that the Settling
7 Parties and Staff have put forward for the Commission's
8 consideration today.

9 MS. CHAMBERLIN: Yes. That's correct.
10 I'm doing it on the proposal that is not part of the
11 Settlement Agreement.

12 CHAIRMAN IGNATIUS: All right. And, I
13 think it's fair to inquire. And, just because the
14 Settling Parties may have chosen to take it off the table,
15 doesn't mean that it's off the table. It means it's part
16 of the package the Settling Parties are putting forward.
17 But, unless you're telling me that the Company is
18 withdrawing that from the original filing, and that we
19 should amend the filing to no longer have any reference to
20 that program, which I don't see written anywhere, then I
21 think it's fair to inquire.

22 MS. KNOWLTON: Right. I think I just
23 wanted to make sure it was clear for the record that, you
24 know, what the Settling Parties have done is they have

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 said that the proposal for the programs for the 2013 and
2 2014 program years should be approved except as amended in
3 the Settlement Agreement, and the Settlement Agreement
4 does amend that particular proposal. So, I just wanted to
5 be clear what we were -- to the extent we're talking about
6 "the proposal" that, for purposes of the Settlement, the
7 Settling Parties and the Staff have changed, you know, in
8 the Settlement Agreement what is being sought approval for
9 in that regard. I understand she can ask questions about
10 what was in Attachment A and submitted to the Commission
11 initially.

12 CHAIRMAN IGNATIUS: Thank you. Please
13 proceed.

14 (Court reporter noting that he did not
15 record the full answer to the last
16 question asked by Atty. Chamberlin.)

17 CHAIRMAN IGNATIUS: The question was
18 your characterization that it would allow --

19 MS. CHAMBERLIN: -- additional
20 cost-effective measures to be undertaken, is that correct?

21 WITNESS BELAIR: That's correct.

22 BY MS. CHAMBERLIN:

23 Q. Are there additional administrative costs required to
24 implement this program, this measure?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) There's very little additional administrative
2 costs in there.

3 Q. So, the cost of having an analyst come in, analyze the
4 home or the business, is still the same cost whether
5 they do a \$4,000 incentive or an \$8,000 incentive,
6 correct?

7 A. (Belair) That's correct. To do an audit of the home,
8 yes.

9 Q. And, so, the audit would only, again, identify
10 cost-effective measures that qualify for an incentive?

11 A. (Belair) I want to say the answer is "yes", in that the
12 package of measures have to qualify for the home. So,
13 you may have some -- a marginal cost-effective measure
14 that gets added to some very cost-effective measures,
15 the whole package has to be cost-effective, in order to
16 move forward with the home.

17 A. (Cunningham) I don't know if I could interject here or
18 not, but I wonder if we could provide some clarity
19 about what the measures are that you're referring to?

20 Q. Sure. I would have to turn to -- well, turning to
21 Staff's testimony might be the easiest way. Okay.
22 Attachment D is a sample of a home energy audit. So
23 that would be a list of the programs that could be
24 undertaken?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) That's a sample list of measures that would be
2 done at a home.

3 Q. Right.

4 A. (Belair) Yes.

5 Q. So, from the customer's -- from the homeowner's point
6 of view, if someone comes -- if the audit says that
7 there are certain measures that would be
8 cost-effective, and the homeowner does not have the
9 resources to pay for all of these measures, the point
10 of the incentive is to get the homeowner to the point
11 where they can participate in as many cost-effective
12 measures as are identified?

13 A. (Belair) That's correct. Our intent of going into the
14 home is to do everything we can, so we don't have to
15 revisit it.

16 Q. Because to revisit it would lose energy savings and
17 would add costs, correct?

18 A. (Belair) That's correct.

19 A. (Cunningham) I just wanted to interject here again.
20 I'm getting a little bit lost. I would like to
21 participate in this, but I think the line of
22 questioning has to be clarified. The Commission has
23 standard measures that it has approved in the HPwES
24 Program.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 MS. CHAMBERLIN: Excuse me. There's no
2 question being addressed to the witness. So, I'm not sure
3 if he's confused about exactly the subject --

4 WITNESS CUNNINGHAM: Well, you're
5 referring to my testimony and --

6 MS. CHAMBERLIN: But I haven't asked
7 that question yet.

8 WITNESS CUNNINGHAM: You provided
9 Attachment D, which is not part of my testimony. So, I
10 just wanted to clarify, you're talking about standard
11 measures, which Attachment D talks about, --

12 MS. CHAMBERLIN: Well, I'm
13 essentially --

14 WITNESS CUNNINGHAM: -- or "deep dive"
15 measures, which is the purpose, I think, of your line of
16 questions.

17 MS. CHAMBERLIN: It is. It is. I
18 didn't understand your question, I guess. I was looking
19 at the incentive, more than the actual programs. And,
20 what I am looking at is the difference between a \$4,000
21 incentive and an \$8,000 incentive.

22 WITNESS CUNNINGHAM: And, I have no idea
23 what that is. This record has not been established to
24 determine what those measures are. And, so, when we talk

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 about measures that aren't even established in the record,
2 and we talk about "cost-effectiveness" of those measures,
3 I think we're going down a blind alley.

4 MS. CHAMBERLIN: All right. Well, it's
5 in OCA testimony, which, as you point out, is not formally
6 introduced yet. So, I can wait until we do that, and then
7 ask people to come back and testify on it. But my
8 understanding is that people are familiar with the
9 testimony, and that this was an issue that we had
10 discussed. And, we don't agree on it, but it's not an
11 issue that hasn't been identified and described in
12 testimony.

13 CHAIRMAN IGNATIUS: Well, I think it's
14 fair to ask him if he's -- if any of the witnesses are
15 familiar with the testimony from Mr. Eckberg, and even
16 though it hasn't been introduced yet, if they have
17 comments on that testimony, rather than having to recall
18 anyone.

19 BY MS. CHAMBERLIN:

20 Q. Well, are all the witnesses familiar with Mr. Eckberg's
21 testimony?

22 A. (Cunningham) Yes, I am.

23 Q. Okay.

24 A. (Belair) Yes, I am.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Stanley) Yes.

2 Q. Great. Can you turn to Page 3 and 4 of Mr. Eckberg's
3 testimony. Do you have that available to you?

4 A. (Cunningham) Which exhibit is this, counselor? I'm
5 sorry. This is Exhibit --

6 MS. CHAMBERLIN: Well, it has not been
7 formally introduced yet, but I know that the parties are
8 familiar with the testimony.

9 CHAIRMAN IGNATIUS: Why don't we mark it
10 for identification, and subject to qualification by
11 Mr. Eckberg when he's on the stand. So, let's mark it as
12 "Exhibit 6", this is the December --

13 CMSR. HARRINGTON: Number 7.

14 CHAIRMAN IGNATIUS: Excuse me. Thank
15 you. "Seven".

16 MS. CHAMBERLIN: Seven?

17 CHAIRMAN IGNATIUS: This is the December
18 4, 2012 Testimony of Stephen Eckberg.

19 (The document, as described, was
20 herewith marked as **Exhibit 7** for
21 identification.)

22 BY MS. CHAMBERLIN:

23 Q. So, looking at Page 3, there was originally a proposal
24 that natural gas heat customers would be eligible for

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 up to \$8,000 in rebates through the HPwES Program. I
2 was reading from the question on Line 15.

3 A. (Belair) I believe Mr. Eckberg's testimony was
4 referring to a \$4,000 rebate maximum from the gas
5 company and a \$4,000 rebate maximum from the electric
6 company. Is that what you're asking?

7 Q. Yes.

8 A. (Belair) Yes.

9 Q. Yes. That is correct. Mr. Belair, would you
10 characterize these -- this program as achieving
11 challenging savings, as in not the low-hanging fruit,
12 but in the perhaps more complex, perhaps more expensive
13 savings to be achieved?

14 A. (Belair) I would say, when you weatherize a home, it's
15 probably one of the more expensive things that you do
16 to save energy, you know, different from changing a
17 light bulb. So, it's a little bit more expensive to
18 weatherize a home.

19 Q. And, is it your experience that, in today's economy,
20 homeowners, residential customers are -- have a little
21 less money available to invest in long-term energy
22 savings?

23 A. (Belair) You know, I'm not an economist, but I read the
24 newspaper. And, I know there's a lot of people out of

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 work. Any time you weatherize a home, you're spending
2 a substantial amount of money to improve it. So, even
3 if you're going to be paying \$4,000, that's a
4 substantial amount of money for most people.

5 Q. And, once these measures are in, they generally last
6 for, you know, oh, a good long time, perhaps the
7 lifetime of the house, 20 years perhaps? Different
8 measures have different lifetimes?

9 A. (Belair) Yes.

10 Q. And, they incur savings right away?

11 A. (Belair) Yes.

12 Q. Right. Correct. Now, regarding the C&I RFP Program,
13 that's the actual issue that has been preserved in the
14 Settlement Agreement. You say that the program has
15 been in effect for ten years?

16 A. (Belair) That's true.

17 Q. And, again, would you say these are the more
18 challenging, the more difficult savings to achieve,
19 because they're not inexpensive and they're not the
20 most obvious that a business owner would look to?

21 A. (Belair) I would say that they're a little harder to
22 achieve and they're a little harder to get customers to
23 get approved internally through their justification
24 process. So, a little of both.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Q. And, again, recognizing that you're not an economist,
2 would you say, in this fairly weak economy, that
3 businesses are struggling to find investment dollars to
4 participate in energy efficiency?

5 A. (Belair) I can give you my opinion, in that I think
6 businesses are always looking for ways to improve their
7 bottom line. And, I think that, while, if there's a
8 slowdown, they might try to do things to make it --
9 make their business more efficient when the economy
10 comes back.

11 Q. And, perhaps the flip-side of that is that cost of
12 materials and installation may be at a -- may be lower
13 than they might be in a booming economy, is that a fair
14 statement?

15 A. (Belair) The labor to install something, you might be
16 able to get a better deal possibly.

17 Q. And, you would receive savings immediately, once the
18 measures are installed?

19 A. (Belair) That's correct.

20 MS. CHAMBERLIN: If I could just have a
21 minute, and then I will wrap up?

22 CHAIRMAN IGNATIUS: Take your time.

23 (Atty. Chamberlin conferring with Mr.

24 Eckberg.)

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 MS. CHAMBERLIN: That's all I have.

2 CHAIRMAN IGNATIUS: Thank you. All
3 right. Questions from Commissioners? Commissioner
4 Harrington.

5 CMSR. HARRINGTON: Good morning. I'll
6 ask the questions, and unless I specifically ask for
7 somebody, whoever is the most appropriate should just
8 answer.

9 BY CMSR. HARRINGTON:

10 Q. On Exhibit 3, Page 2, I was just curious, this is the
11 chart that shows lifetime MMBtu savings. Can someone
12 briefly tell us, how do you calculate that number?

13 A. (Belair) If I can give you just an example, when you
14 weatherize a home, we've had an impact evaluation that
15 said "most homes, when you weatherize them, will save
16 22.6 MMBtus." 22.6 MMBtus is about 150 gallons of oil,
17 if you're in an oil-heated home. And, so, we take the
18 22.6 MMBtus -- I think it's 22.3 MMBtus, and you
19 multiply that by, if you put in insulation in the
20 attic, you would multiply that 22.3 by 25 years, which
21 is the measure life of the insulation. So, 22 times --
22 22.3 MMBtus times 25 years would be the lifetime MMBtu
23 savings.

24 Q. Okay. So, these are basically gross averages then.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 You don't do anything specific for a project, right?

2 Is that correct?

3 A. (Belair) Actually, for each project, if you want to --
4 if you look through, if you were going to weatherize a
5 home, air sealing would be a 15-year measure life, and
6 it would have a specific annual savings associated with
7 that. Water saving devices have a 7-year life. So,
8 each of them have different lives. And, you, for that
9 program, the 22.3 is a blended -- 22.3 is an annual
10 savings, and underneath -- and they have -- it's the
11 average, the 22.3 is the average, times 25 years, would
12 be the lifetime measure life measure -- the lifetime
13 MMBtu savings of weatherizing a home, on average.

14 Q. Okay. So, I guess what I'm trying to get at is, you
15 don't go to the particular and you go in and you do
16 your analysis of that house, and say "okay, this house
17 is a candidate for this project, because it's got only
18 R5 insulation", or whatever, and then you're going to
19 add so much to that. You don't do a calculation to
20 say, "based on the retrofit that we put in for, say,
21 weatherization, we assume that this house will save so
22 many MMBtus per year times 25 years." You're just using
23 a typical house and a typical amount of insulation
24 retrofit?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) When I say "22.3", that's the average on a
2 typical home. When you go into a home, if it has R5 in
3 the attic, our intent is we're going to go up and we're
4 going to put it -- get it up to R49, which is what code
5 is now. And, so, what we would do is we would
6 calculate the energy savings from going from R5 to R49.

7 Q. So, it's specific to each project, that's what I'm
8 trying to find out?

9 A. (Belair) That's correct.

10 Q. Okay. So, these numbers are, you go to each project,
11 you figure out what the actual case is there. So, in
12 the case where it went from R5 to R49 would be a
13 different savings from a place that went from R25 to
14 R49?

15 A. (Belair) That's correct.

16 Q. And, then, you -- and, so, it's a real number, not just
17 a calculated average?

18 A. (Belair) No, it's a real number. Yes.

19 Q. Okay. That's what I was trying to get at. And, do you
20 look at anything to do with the efficiency of the
21 furnace in that calculation as well? Assuming that if
22 someone has a much more efficient new furnace, they're
23 going to save a lot less with the insulation than
24 someone with a 30 year-old furnace?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) This is -- this makes the assumption that
2 there's an average furnace in there. It doesn't get
3 into that level of detail right now.

4 Q. All right. Thank you. That's what I was looking for.
5 I think I'm going to address this one to Mr.
6 Cunningham. There was a lot of discussion in the last
7 CORE hearing over going to the fuel neutral program,
8 and the fact that, you know, the System Benefit Charge
9 money was coming from the electric customers or
10 ratepayers, but it was going to be used to save energy
11 savings that weren't necessarily associated with
12 electricity. And, there was a lot of -- there were
13 statements made by the utilities basically that this
14 was a gateway to additional savings. That it was very
15 difficult to get in -- get in any further than they
16 have already penetrated without going to the
17 non-electrical savings. So, let me just start with a
18 few questions on that.

19 In this program now, do you think the
20 electrical versus the non-electrical savings are being
21 adequately tracked, so we actually know how the money
22 is -- the overall money, how much of it results in
23 non-electrical savings and how much in electrical
24 savings?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Cunningham) We're just beginning on the fossil
2 savings, Commissioner. We don't have baselines. You
3 just heard Mr. Belair say that the baseline is
4 standard --

5 Q. Excuse me. Maybe I -- I wasn't asking you if you had
6 results. Do you think the program, as proposed, would
7 provide adequate tracking, so that a year from now,
8 say, for example, we would have a very good idea of how
9 much was spent? How much of it went to electric
10 savings, and how much they were? How much went to
11 non-electric savings, and how they were?

12 A. (Cunningham) I think two parts, if I could. Tracking
13 means "baseline". The baseline needs to be established
14 more accurately for fossil. We've been doing it for
15 electric, but the Commission's order was just June of
16 this year. So, we need to start establishing some more
17 accuracy in the fossil part of the savings.

18 Q. Excuse me, I don't think you're understanding my
19 question. You might have a different definition of the
20 word "tracking" than I do. Maybe there's some
21 technical term associated with energy efficiency. What
22 I'm referring to here is, does the program, as
23 proposed, will it allow us to go back to look a year
24 from now and say "We know how much we spent. How much

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 did we spend on electrical, how much did we spend on
2 non-electrical, and what the savings were. Is the
3 program adequate so that it can acquire this
4 information?

5 A. (Cunningham) Yes, I think it is. Yes.

6 Q. Okay. That was my question. And, getting back to the
7 original emphasis or the original question in that, of
8 going to the fuel neutral program, was to, you know,
9 basically get the foot in the door to allow additional
10 electrical savings that otherwise couldn't be attained.
11 Do you think the program, as proposed now, provide
12 sufficient emphasis on using non-electrical savings as
13 only a gateway to getting into the electrical savings,
14 or is it pushing non-electrical savings in and of
15 itself as a goal?

16 A. (Cunningham) I think it's -- I think it's a subjective
17 response here. Other people could have a different
18 response than I. I can tell you, Commissioner
19 Harrington, that if you looked at Page -- Exhibit 3,
20 Page 2, which was the subject of some questioning a few
21 minutes ago, I would leave it up to you. The savings
22 for electricity, if you had summed up the column on
23 Page 2, is 51 percent of the total savings in this
24 docket; 49 percent of the savings are fossil. So, I

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 would leave it up to you, if you think it's
2 appropriate. I think it's appropriate, because it's
3 consistent with the Commission's Order, 25,402, and the
4 Companies are implementing the decision that the
5 Commission made in Order 25,402. So, I believe that
6 the Company is very responsive to what the Commission
7 ordered.

8 Q. All right. Thank you. Mr. Belair, I guess this would
9 be to you. And, this is on the C&I RFP Program. Is
10 that program fuel neutral or is it only for electric
11 savings?

12 A. (Belair) The program has always been electric only.

13 Q. Okay. And, as the -- I guess, as proposed in the
14 Settlement Agreement, it doesn't -- it's not to be
15 rolled over from a pilot program to a permanent
16 program, is that correct?

17 A. (Belair) I think what the Settlement Agreement says,
18 it's leaving up to the Commission to decide whether --

19 Q. Okay.

20 A. (Belair) -- whether it would be okay.

21 Q. "Shall present this issue for the Commission's
22 consideration."

23 A. (Belair) Can I add something else to the prior
24 question?

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Q. Sure.

2 A. (Belair) When customers do proposals for the RFP
3 Program, sometimes what they're doing is, since they
4 have got different trades in, they're also doing a fuel
5 neutral job that's not part of this project. So, they
6 might replace their heating system and they might do
7 some weatherization at their facility. They might do
8 something that's related to the non-electric measures.
9 So, --

10 Q. But they provide the funding for that?

11 A. (Belair) That's separate funding. We don't do that.
12 But I just want to let you know that this program does
13 encourage that.

14 Q. Okay.

15 A. (Belair) And, we're trying to get, you know, deeper
16 savings from that program.

17 Q. And, if, as it says in the Settlement Agreement, that
18 the C&I RFP Programs is presented for the Commission's
19 consideration, and it's not accepted, would the pilot
20 program continue?

21 A. (Belair) Yes.

22 Q. And, just moving along to the "deep dive" issue. First
23 question I guess I have, and I don't know if anyone on
24 the panel is qualified to ask this, but it appears,

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 based on the Settlement Agreement that, since the "deep
2 dive" issue has no provision in it like the C&I RFP
3 that says it's going to be presented to the Commission,
4 that, if it were to be accepted, that would tend to
5 void the Settlement Agreement, is that correct?
6 There's no lawyers there, if you want to not answer
7 that.

8 A. (Belair) I defer to our lawyer.

9 CMSR. HARRINGTON: Okay. Well, maybe
10 someone can comment on that later, when they have a
11 chance.

12 BY CMSR. HARRINGTON:

13 Q. I'm trying to get the "deep dive" thing straight here,
14 it allows a gas -- a person who has gas to receive
15 \$4,000 in rebates for their -- from their gas utility.
16 Now, these would be for, I assume, a combination of
17 improving the efficiency of their furnace and
18 weatherization of their house, is that correct?

19 A. (Stanley) That's correct.

20 Q. And, then, on top of that, they could get \$4,000 from
21 the electric company, and this would be the general
22 fuel neutral electric grants? So, that could be used
23 for weatherization, energy efficiency appliances,
24 *etcetera*?

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Stanley) Yes. It could be used for the same types of
2 measures that were funded for the
3 weatherization/insulation/air sealing measures that
4 were supported from the gas utility. If there's
5 incremental features to the home or upgrades that could
6 be applied that the customer could potentially receive
7 additional funding support from their electric utility
8 to cover that as an incentive.

9 Q. So, the electric money could be used for additional
10 weatherization on top of the gas money, but it could
11 also be used for, say, an ENERGY STAR appliance or
12 something to that effect?

13 A. (Stanley) That's the concept.

14 Q. That's the concept. Okay. And, so, this would allow,
15 basically, people that heat with gas to have option to
16 double the amount that people that heat with, say, oil
17 have?

18 A. (Stanley) That's correct.

19 Q. And, I think everyone would agree that gas customers
20 right now are getting a much lower price per Btu than
21 oil customers?

22 A. (Stanley) Yes. They are significantly.

23 Q. Okay. Has anybody looked at the overall
24 cost-effectiveness of being able to spend, because, by

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 looking at the way that program was set up, again, the
2 "deep dive" programs, \$4,000 from the gas utility,
3 \$4,000 from the electric, and then it's 50 percent
4 match. So, we're talking \$16,000. That's a
5 significant amount of money for energy efficiency in a
6 single building. Has anybody done an analysis as to
7 how much savings there would be on that, say, the last
8 four or five, six thousand dollars?

9 A. (Cunningham) I'd like to respond to that, if I could?

10 Q. Sure.

11 A. (Cunningham) There's nothing in the filing that talks
12 about what the measures are that are encompassed by the
13 "deep dive" measures. The standard measures approved
14 by the Commission are hot water measures, which include
15 shower heads, faucet aerators, tank wraps, and pipe
16 insulation. Further, the Commission has approved
17 electric measures, such as refrigerator brushes,
18 compact fluorescent lightbulbs, compact light
19 fixtures -- fluorescent light fixtures. And, finally,
20 the third section is "Thermal Package". The Commission
21 has approved air sealing, duct sealing, strategic dense
22 pack cellulose, attic insulation, wall insulation,
23 basement insulation, electronic thermostat plus
24 set-back, heating and hot water system replacements,

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 health and safety measures. Over and above those are
2 some "deep dive" measures. We don't know what they
3 are. This filing before us doesn't tell us what they
4 are.

5 MS. CHAMBERLIN: Your Honor, may I ask
6 what he's reading from?

7 WITNESS CUNNINGHAM: My notes.

8 CHAIRMAN IGNATIUS: Sure. I think
9 that's fair.

10 WITNESS CUNNINGHAM: My notes. Just my
11 notes.

12 CHAIRMAN IGNATIUS: All right.

13 WITNESS CUNNINGHAM: I have reference
14 material. If you want to refer to the reference material,
15 it's from the Cadmus Group, Process Evaluation New
16 Hampshire Home Performance with ENERGY STAR Program, June
17 13th, 2011, Page 8, found on the Commission's website.

18 The concern, in response to your
19 question, the concern I have is that, if we go "deep
20 dive", I think the Commission has to determine what is it
21 that we're going to "deep dive" with? What are the
22 measures? Secondly, what's the cost-effectiveness of each
23 of these additional incremental "deep dive" measures. The
24 Commission's guidelines go back 15, 20 years, that

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 incremental costs should not be greater than incremental
2 benefits. So, if we want to introduce the discussion of
3 what "deep dive" measures are, we have to first identify
4 what they are, and, second, determine if the incremental
5 benefits of those individual "deep dive" measures are
6 greater than the incremental cost of those measures.

7 BY CMSR. HARRINGTON:

8 Q. And, you're saying that hasn't been done as of yet?

9 A. (Cunningham) That has not been done. It's not --

10 Q. Okay. It's not that it's not possible, but it just
11 hadn't been done?

12 A. (Cunningham) That's why the Settlement Agreement was
13 constructed the way it was constructed, to give us some
14 time to delve into that issue.

15 Q. Okay. Thank you. One just final, kind of a clean-up
16 thing, I'm just, and maybe I misunderstood you,
17 Mr. Belair, but I thought you were asked a question
18 about you "try to go out to the house and do everything
19 in one visit, because a follow-up visit would add
20 additional" -- I think the question was "a follow-up
21 visit would additional energy costs and add to a loss
22 of energy" -- "additional administrative costs and add
23 to a loss of energy savings?" And, your response was
24 "yes". I understand how an additional trip to a house

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 could add an administrative cost. But, other than
2 opening the door to let you in, how does it add to any
3 loss of energy savings?

4 A. (Belair) Well, if you're going to go, first of all, and
5 do, let's just say the -- what most houses need is the
6 basement insulation and the attic insulation. If you
7 go out and you just do those two things, you're going
8 to capture a lot of the energy savings. If you go back
9 and, let's say, the next year you go back and the
10 energy savings you find, you're probably not going to
11 do the basement insulation again, you're not going to
12 do the attic insulation again, you're going to find
13 windows that need to be replaced. So, instead of an
14 \$8,000 weatherization job, you're at a \$20,000 window
15 job. The savings associated with replacing the windows
16 are going to be less than what you -- probably less
17 than what you got with the insulating measures that you
18 did, as --

19 Q. Okay. So, you're talking about -- okay, less
20 cost-effective energy measures then?

21 A. (Belair) Yes.

22 CMSR. HARRINGTON: Okay. That's what I
23 wanted to get clear on what you said. Thank you. That's
24 all the questions I had. Oh, wait a minute. There was

{DE 12-262} {12-21-12}

1 one.

2 BY CMSR. HARRINGTON:

3 Q. This was having to do with the Settlement Agreement,
4 which is Exhibit 1, on Page 9. And, I guess this would
5 be to Mr. Stanley. It talks about "UES has agreed to
6 withdraw its Combined Heat and Power pilot measure from
7 the Program", and you'll be providing an update. Is
8 the reason for this, or why don't you say why was that?
9 Because it wasn't ready for prime time yet or --

10 A. (Stanley) I think we agreed with the Settling Parties
11 that we needed to provide more information to justify
12 it being added as a program measure.

13 CMSR. HARRINGTON: Thank you. That's
14 all I had. I mean it this time.

15 CHAIRMAN IGNATIUS: Thank you.

16 CMSR. SCOTT: Sure.

17 CHAIRMAN IGNATIUS: Commissioner Scott.

18 CMSR. SCOTT: Thank you. Good morning.
19 Again, I'll start with the same premise as usual. Whoever
20 on the panel feels they're most qualified, please feel
21 free.

22 BY CMSR. SCOTT:

23 Q. First question is, I just want to make sure we're all
24 on the same page, as far as for the budgets.

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Obviously, the RGGI revenue is just an estimate, it
2 depends on a lot of moving parts. So, I just want to
3 get clarification on, if the RGGI revenues are less
4 than the projected, how does that work? Is the budget
5 effectively prorated amongst the categories we see here
6 or how would that work?

7 A. (Belair) I'm trying to figure out, there's a couple,
8 when you say "there's moving parts", there's a couple
9 things. I would assume that the percentage, we talked
10 earlier, SBC would be 80 percent and RGGI would be
11 20 percent. If RGGI went down, it would probably be
12 85/15 or something. So, we'd use a different
13 percentage. And, is that what you're asking me?

14 Q. Both for that, and the total amount of dollars.
15 Obviously, if the RGGI auction sells less allowances,
16 *etcetera*, than projected, there will be a less total
17 number of dollars into the program also, obviously.

18 A. (Belair) Right. And, we would have to -- when we know
19 that, we have to justify -- or, to ramp down, so that
20 we don't overspend. Or, to be looking to having a
21 carryover or carryunder for the following year.

22 A. (Stanley) The thought process, though, would be to
23 scale up or down, depending upon the actual RGGI
24 receipts or auction proceeds.

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Q. Okay. On that end, let's say, following that same
2 logic, the RGGI proceeds are more than anticipated. I
3 see in the Settlement Agreement, I don't have the page,
4 there's a reference to a "5 percent" figure. Is that
5 anticipated for something like that or would that --

6 A. (Belair) Yes. That 5 percent allows the utilities to
7 go over their approved budgets by no more than
8 5 percent.

9 Q. Okay. And, again, you're saying the intent would be
10 proportional, if you will?

11 A. (Stanley) Yes.

12 Q. Prorated or proportional. Okay.

13 A. (Cunningham) One of the other features of the
14 Settlement Agreement, Commissioner Scott, is found on
15 Page 5. Wherein the utilities will update the amount
16 anticipated for RGGI funds for the year 2014. So,
17 although there's \$6 million in there for both years, it
18 will be updated when the Companies file in
19 September/August for this coming year.

20 Q. Okay. Of course, by then, we'll have some real data?

21 A. (Stanley) Yes.

22 Q. Thank you. Thank you for that. On the C&I RFP, I had
23 some questions on that. So, you mentioned, if I
24 remember right, there's a January 11th conference or

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 course, I forget the term you used?

2 A. (Belair) It's a bidders meeting.

3 Q. A bidders meeting. So, this program has been going on
4 for quite a while as a pilot, correct?

5 A. (Belair) Yes.

6 Q. How many years?

7 A. (Belair) Ten years. Since June 2002.

8 Q. All right. So, I'll assume, therefore, that -- well,
9 is it a safe assumption that the commercial and
10 industrial sector is fairly familiar with this program,
11 has heard about it?

12 A. (Belair) The customers are very familiar with it. And,
13 the trades are familiar with it, especially those that
14 are very active in New Hampshire.

15 Q. Then, do the RFPs change, your solicitation, does it
16 change on a yearly basis? Is it pretty much the same
17 thing every year?

18 A. (Belair) Yes. The solicitation is such that you got to
19 have 100,000 kilowatt-hour savings in your project, and
20 the minimum project size has to be \$150,000. And, we,
21 you know we devalue or derate projects that only have
22 one measure. We want to see multiple measures. So,
23 every year we -- you never know what you're going to
24 get in, what's going to be put in the -- into their RFP

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 or in their proposals. But it changes every year.

2 Q. And, what's your view of the level of participation for
3 the RFPs?

4 A. (Belair) I think the participation level is at -- we
5 have our budget at about half a million dollars in this
6 program. And, we try to, you know, market and get that
7 program to be -- have people submit more than what we
8 have, so that we have an opportunity to select and pick
9 the better ones, and to encourage them to see what's
10 getting selected and how they can come back maybe the
11 next year and do more.

12 In my testimony, we talk about 34
13 projects submitted over the course of those ten years,
14 and 28 accepted. I will tell you, that would have been
15 much less selected had we not got the RGGI grant in
16 2009 and 2010. So, we got an extra four projects done
17 using the RGGI grant. So, there's an ability to scale
18 up and scale down. But, you know, our intent is to get
19 more projects than we can afford to fund.

20 Q. You mentioned that, I think in response to Commissioner
21 Harrington, that that program is based on electric
22 energy efficiency only, is that correct?

23 A. (Belair) Yes.

24 Q. Going back to the -- and I don't remember if you were

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 in the room, but, in the last CORE docket, 10-188,
2 there was a lot of discussion over the benefits, if you
3 will, of a fuel -- adding a fuel neutral component to
4 allow you to get at these extra electric energy
5 efficiency savings, if you will. I was curious, do you
6 think that would apply here also?

7 A. (Belair) You know, the intent is to do as -- be as
8 comprehensive as you can. And, you know, at our
9 bidders meeting, we're going to be presenting, you
10 know, this program, we're going to be talking about the
11 CORE Programs, and we're going to be talking about the
12 gas and, you know, the other efficiency programs that
13 are available to customers, so that they're aware.
14 And, we're going to encourage them to package stuff
15 into this deal, but keep it -- keep the financing
16 separate for the electric measures. But we will -- we
17 want to see, you know, comprehensive measures in this
18 program, and we want to see some of the fuel neutral
19 stuff as well, or the non-electric stuff.

20 Q. As you mentioned, this program has been going on for
21 quite a while, the utility has been supporting it for
22 quite a while. What would be the impact if it remained
23 a pilot, rather than being a full program?

24 A. (Belair) Nothing. There would be no impact whatsoever.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Q. Do you currently collect a performance incentive?

2 A. (Belair) Yes, we do.

3 Q. Okay. I'll move away from that issue then. On, which
4 is now Exhibit 2, but this hasn't changed, I was
5 pleased to see, in the Settlement, on Page 14 of
6 Exhibit 2, a listing of how utilities propose to answer
7 some of the direction we tried to give in the last CORE
8 docket. And, one thing I wanted to inquire about was
9 the first, I think your calling them "directives" is --
10 was regarding some concerns over -- that we expressed
11 over air conditioning load. And, the proposed
12 resolution talks about a market assessment study for
13 air conditioning equipment. I was curious, our
14 request, if you will, or directive, talked about not
15 only the equipment, but the installation as well. Am I
16 reading the response too narrowly or is that being
17 excluded, do you know?

18 A. (Belair) Well, the RFP isn't completed yet. So, we'll
19 make sure that that's in there. But, you know, that's
20 part of what we're doing. And, I would like to share
21 something with you, that we just had a seminar with
22 heating installers, heating and cooling system
23 installers. Part of the ENERGY STAR Homes Program
24 requires -- the Version 3.0 requires that the HVAC

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 contractors have checklists, so that they -- they fill
2 out as they install the new equipment. And, we had --
3 and, it's a pretty specific checklist that needs to get
4 done and filled out as part of our home energy rating
5 for new construction. So, we had many, many HVAC
6 contractors in the room going over what the new
7 requirements are of DOE and EPA for the ENERGY STAR
8 Homes Program, and, you know, kind of raising the bar
9 of what we're expecting and seeing for ENERGY STAR
10 Homes and what the -- and how the installation is. So,
11 we're already working on that through the ENERGY STAR
12 Homes New Construction Program, but we're going to be
13 looking at that as well.

14 Q. I will note, and this is not based on facts, but rather
15 just my own casual observations, walking around during
16 the summer I see a lot of window air conditioners,
17 window air conditioning units that, even if the house
18 was very well insulated, the installation of that
19 window air conditioner itself would probably, no pun
20 intended, have a lot of the savings going out the
21 window. So, that would be my casual observation. So,
22 again, unsupported by facts, but --

23 A. (Belair) Can I share something with you on our program?

24 Q. Yes, you can.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) We have some -- we've added some, at your
2 request, we've added some cooling measures. So, we
3 have, you know, high efficiency central air
4 conditioners now in our ENERGY STAR Appliance Program.
5 And, we have something that we think is going to be --
6 I think it's going to take off as a really inefficient
7 -- a really efficient measure for homes, and that's the
8 mini split systems that are out there. The efficiency
9 ratings on this equipment is phenomenal, 300 percent,
10 200 percent efficient as compared to the air
11 conditioners. So, I think, you know, we're trying to
12 address some of your concerns from the last time. And,
13 you'll -- you know, we're hoping to see these mini
14 split systems take off and be, you know, won't leak
15 like the window air conditioners that you walk by and
16 see.

17 CMSR. HARRINGTON: Excuse me. What's a
18 "mini split system"?

19 WITNESS BELAIR: If you go --

20 CMSR. HARRINGTON: Are you talking a
21 heat pump or --

22 WITNESS BELAIR: It's an air source heat
23 pump, yes.

24 CMSR. HARRINGTON: Okay.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 WITNESS BELAIR: If you go to Home
2 Depot, most Home Depots, as you go in, you take a left,
3 it's right there in the front. And, they're promoting
4 them pretty highly. And, there's some really efficient
5 equipment out there. And, I will tell you, we've been
6 watching closely, New Hampshire Co-op, through their
7 social responsibility funding, has been doing a lot of
8 those this year. And, we'll be doing some evaluations
9 with NEEP on those. So, more to come on that. This is
10 going to be -- this is going to be, I think, a good
11 technology to address some of the issues that you came up
12 with.

13 BY CMSR. SCOTT:

14 Q. Okay. Good. And, a similar line on Exhibit 3, you
15 don't need to turn to it, but, generally, we have
16 listings for different measures of the lifetime
17 kilowatt-hour savings. Am I correct that, while we're
18 still exploring the benefit of -- to air conditioning
19 load, of insulation, some of these other projects, that
20 type of activities, that that kilowatt per hour savings
21 that may be attributed to electric load from air
22 conditioning is not incorporated into these figures, is
23 that correct?

24 A. (Belair) In our filing, it's not included. We're

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1 hoping that the study that we're going to do, that's
2 due March 29th, will allow us to add some of the
3 electric savings associated with that. When we
4 identify that, we weatherize a home that has a central
5 air conditioner, it will have some kilowatt-hour
6 savings. If it has three room air conditioners that
7 leak out the windows, it will have different savings.
8 So, we're looking to get that through this evaluation
9 that we're working on.

10 Q. Okay. And, you may see there's probably a theme
11 developing from my questioning, but, similarly, on the
12 -- whether it's the "deep dive" or just generally for
13 the gas programs, I assume it's a fair statement that
14 most gas -- people that use gas in their homes, also
15 use electric air conditioning. Is that a fair
16 statement, too?

17 A. (Stanley) Yes. If you're referring to customers that
18 use another type of fuel source for their air
19 conditioning, we have not seen that.

20 Q. Right. Not that it's impossible, but it hasn't really
21 taken off yet?

22 A. (Stanley) Yes.

23 Q. So, similarly, I assume we're exploring, the same type
24 of train of thought, that the insulation that's going

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 on regarding, to the extent that it is, for helping
2 with your heating costs for gas-heated houses, perhaps
3 have a kilowatt-hour savings for their -- during the
4 summer for the electric load?

5 A. (Stanley) Correct.

6 Q. Okay. Thank you. And, one more question regarding the
7 "deep dive". As we've kind of explored, again, last
8 docket and some of my questioning now, is it a fair
9 statement, assuming it's developed a little bit more,
10 that, when we look at added gas savings, that component
11 to an overall program, adding the two together, we
12 could actually get more people to subscribe and
13 potentially we could get at some more electric energy
14 efficiency savings by adding that gas component in? Is
15 that an experience you've seen or is that just perhaps
16 presumption on my part?

17 A. (Stanley) If I can clarify, are you asking, if a
18 customer -- if a gas customer was eligible to have a
19 larger incentive, that they could take advantage of
20 more potential measure savings?

21 Q. Well, I'll back up a little bit. If I understood
22 right, one of the thoughts with the "deep dive"
23 proposal as it was, is you could kind of combine your
24 gas rebates with your electric programs. And, between

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 the two, you could have, again, a more holistic
2 approach.

3 A. (Stanley) A more comprehensive solution for the
4 homeowner, right.

5 Q. That's why I was suggesting in that, is it your
6 experience, if you do electric only, where gas could be
7 part of that also, if you combine them, you could get
8 more electric perhaps?

9 A. (Stanley) There is the potential for going deeper in
10 the homes with the different measure offerings that we
11 have that are part of the programs, yes.

12 CMSR. SCOTT: I think I'm fine. Thank
13 you.

14 CHAIRMAN IGNATIUS: All right.

15 BY CHAIRMAN IGNATIUS:

16 Q. I have a few more questions on the areas we've already
17 been addressing, and then I want to identify a couple
18 that I'm not sure have been addressed at all. So,
19 maybe begin with what we're calling the "deep dive"
20 discussion, but really is, I guess more accurately, is
21 the opportunity for people to have both rebates,
22 maximum rebates from both gas and electric programs, if
23 they are able to participate. And, I know that the
24 Settling Parties have agreed to not have this included

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 in the Settlement Agreement, but it's something that's
2 been raised by a number of the parties who are not
3 settling, have not signed the Settlement Agreement. If
4 one were to -- if a customer were to be able to take
5 advantage of the maximum rebates from both programs,
6 they would have to put in \$8,000 themselves, correct?

7 A. (Stanley) That's correct.

8 Q. And, so, if they don't have funds to go that far, they
9 wouldn't get incentives to the point of the maximum
10 \$8,000 from the utilities, correct?

11 A. (Stanley) Correct.

12 Q. Am I right that one of the theories on why allowing
13 customers to take advantage of rebates from both
14 utilities, both kinds of utilities, is because a
15 customer who has gas heat is paying the LDAC charge,
16 and is also paying the SBC charge on their electric
17 bill?

18 A. (Stanley) That's a factor, yes.

19 Q. So, if they're putting into both funds, the theory is
20 they should be able to take from both funds?

21 A. (Stanley) Yes.

22 Q. Mr. Cunningham, you had said that there was uncertainty
23 about the measures that might be involved, and you
24 described what you called "standard measures", I didn't

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 hear you describe gas appliances, replacing a gas
2 furnace, for example. That's a standard measure on the
3 gas programs, is it not?

4 A. (Cunningham) I think I mentioned "furnaces" in that
5 list.

6 Q. I'm sorry, I can't hear you.

7 A. (Cunningham) I think I mentioned "furnaces" in the
8 list.

9 Q. All right. Maybe you did.

10 A. (Cunningham) Yes. Under the "thermal measures", I
11 think I mentioned --

12 Q. Okay. I do remember you saying "thermal". So, maybe
13 you did. Thank you.

14 A. (Cunningham) Uh-huh.

15 Q. On the Combined Heat and Power Program that you've
16 agreed to remove for consideration today, Mr. Stanley,
17 if I understand it right, the plan is that everyone
18 continue to explore it, get a little more information.
19 And, if it seems appropriate, you might come back with
20 a proposal to amend the programs and allow for it
21 during the 2013 and '14 program year, but starting not
22 on January, is that right?

23 A. (Stanley) That's correct.

24 Q. If that were proposed, where would the funding for it

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 come from, if the budget being proposed today allocates
2 all of the funds, or is some money being held back for
3 that program?

4 A. (Stanley) No money is being held back. It would simply
5 be added as a potential measure that would be part of
6 the existing C&I Large Business Programs that's in the
7 proposal.

8 Q. So that the Large C&I Program Budget would remain the
9 same, but the opportunities within that program would
10 be expanded to include that, --

11 A. (Stanley) That's right.

12 Q. -- if we were to approve that program?

13 A. (Stanley) Yes.

14 Q. On the C&I RFP Program that's an open issue today, Mr.
15 Belair, you said that it was not only cost-effective,
16 it was your "most cost-effective program", is that
17 correct?

18 A. (Belair) That's correct. I think it's 2.83, the
19 benefit/cost ratio of that program.

20 Q. How does that compare to the range of other
21 cost-effectiveness -- the cost-effectiveness range of
22 other programs?

23 A. (Belair) I would have to go look at the other ones, but
24 I think it's -- I think they're about 1.8 to 2.2 on

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Attachment H. Let me take one second.

2 Q. Thank you.

3 A. (Belair) So, for PSNH, the Large Business Program has a
4 benefit/cost ratio of 2.26, and the Small Business
5 Program has a benefit/cost ratio of 1.86. And, our RFP
6 Program is about 2.83.

7 Q. So, you're comparing to other C&I programs. Is it more
8 or less cost-effective compared to all of your
9 programs?

10 A. (Belair) In general, the commercial and industrial
11 programs are more cost-effective than the residential
12 programs, except for the residential Lighting Program.

13 Q. Except for the -- I'm sorry?

14 A. (Belair) The ENERGY STAR Lighting Program is very
15 cost-effective as well.

16 Q. All right. In your testimony, you have examples of
17 people who use the program successfully, and that they
18 could not have or would not have come forward with
19 those projects under the traditional programs. Why is
20 that? What is it about the RFP Program that brings
21 different programs or different participants to you?

22 A. (Belair) You know, that's a really good question. And,
23 I think what might happen is a customer might have to
24 save up a couple years and do one project in a year,

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 and then save up a couple years and do the next
2 project. So, this program, you know, helps them,
3 number one, get it all done in one year. And, number
4 two, it let's them put in -- each company has an
5 approval process within their organization. And, if
6 this -- if they put in -- they get to say what the
7 rebate level is, what they need in order to get the
8 project done. So, if they come in and they say "I
9 can't do it at a 35 percent rebate level", under a
10 Large C&I -- Large Business Program might have, "we
11 need to get it at a 50 percent incentive level in order
12 to get it done and approved within our organization."
13 This allows them to tell us what their organization
14 needs in order to get it to be approved internally.
15 And, I think those are the -- they might still do it,
16 it may take longer to do. And, so, you push out when
17 you actually get the savings.

18 Q. And, how do you protect against people coming in with
19 their wish list and aiming high, and see, you know,
20 what's the harm, they might as well ask for a much
21 higher rebate than maybe they truly need to make the
22 program work?

23 A. (Belair) What happens is, they get, on our scoring
24 sheet, they get penalized, if they ask for a higher

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1 percentage. Just like, if they only do one measure,
2 they get penalized, if they ask for too high a
3 percentage, they get penalized when we rank the
4 projects.

5 Q. So, they're at risk of just being rejected outright?

6 A. (Belair) Yes.

7 Q. In the description of the program, you say that it's
8 "available to any PSNH customer". Do you mean "any
9 PSNH energy service customer" or "any PSNH distribution
10 customer"?

11 A. (Belair) Any PSNH distribution customer.

12 Q. Did you see the enhancements that the Staff
13 recommended, if the program were to be approved, in
14 Staff testimony, Page 11, of Exhibit 4? And, it looks
15 like it starts on the middle of Line 4.

16 A. (Belair) I'm looking at the first sentence. And, Staff
17 believes that the program -- first of all, yes, I've
18 seen this. I've read it.

19 Q. Yes. Let's go through them.

20 A. (Belair) Okay.

21 Q. Are there things you either are already doing or would
22 find appropriate or should not be considered?

23 A. (Belair) All right. In the first sentence, we provided
24 the RFP or the, you know, the guidelines of the program

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 in this in my testimony. That is also available on
2 PSNH's website. And, it's, you know, we go over that
3 at the training session that we're going to have on
4 January 11th. So, all this stuff that we've been
5 doing.

6 Q. All right. Then, --

7 A. (Belair) And, it's readily available.

8 Q. All right. If we go then to Line 6, "an annual report
9 would be useful for other utilities and parties"?

10 A. (Belair) And, I'm -- I guess I would probably need a
11 definition of an "annual report". But, what we do is,
12 we report data on this no different than we do any
13 other CORE program. We provide the budgets, the
14 expenses, the participation, the lifetime savings.
15 And, this one, especially, with -- during the discovery
16 phases, we provided a lot of additional information
17 associated with this program that we may not have done
18 on the CORE Programs.

19 Q. All right. I think the rest of the lines there were
20 just more description of the kinds of things to do
21 under reporting. So, you don't find any of that to be
22 problematic for how the RFP Program would work?

23 A. (Belair) I think all the stuff that we're doing is --
24 we're doing the same exact thing we're doing for the

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 other CORE Programs for the RFP Program.

2 Q. Mr. Cunningham, on this RFP Program, it was noted that,
3 although it's been operating for ten years and Staff
4 has audited for ten years, this is the first time --
5 your testimony was the first time that Mr. Belair said
6 he knew there were issues with the program. Can you
7 give any explanation for why it has come up just now or
8 perhaps it's been raised in the past?

9 A. (Cunningham) This program is moving from a pilot
10 program to a permanent program. We are concerned that,
11 any time a program moves from pilot phase to permanent
12 phase, the Commission has an opportunity to consider
13 that movement. Consistent with the Commission's
14 consideration of the HPwES Program, when it was run for
15 three years, and then evaluated by a third party
16 evaluator, in accordance with the Commission's
17 requirement for that pilot to be so evaluated. And,
18 after the completion of the evaluation, the Commission
19 made a determination that "yes, it should move to
20 permanent."

21 So, it's along those same lines that we
22 would support our position here. Just in your
23 preamble, I would just note that this program has not
24 been audited for ten years. It's been audited for I

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1 think maybe three by the Staff. So, four, my colleague
2 corrects me.

3 Q. Well, but I guess my question is, it seemed to me that
4 issues you were raising had more to do with just basic
5 factor fact-finding about the program, as if it had
6 never been there before, about how does it work and
7 what sort of materials are available. And, it
8 surprised me that this is a program that had been
9 around for ten years.

10 A. (Cunningham) I guess I can understand that. I think,
11 when a program moves from pilot to permanent, kind of
12 light bulbs go off, and that's the basic reason. But,
13 in the past four years, there have been a number of
14 issues that Staff reviews. And, there's just a limited
15 time, limited staff to unfold and uncover every issue.
16 You know, we've had, you know, House Bill 1490, Senate
17 Bill 300, Senate Bill 320. We've had fuel neutral
18 programs. We've had performance incentive issues.
19 We've had low income program issues. I mean, there's
20 just so many issues, with six different companies, and
21 multiple parties. It's very difficult to take each
22 issue and do an A-to-Z analysis of it for each -- each
23 time we come before you. And, this is one of those
24 issues where we saw the light bulb, we said "okay,

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 let's make sure we cover this for the Commission."

2 And, we thought that, since it was going to permanent,
3 we should stop and put this on the front burner.

4 Q. Are you aware of anything that makes you question the
5 cost-effectiveness numbers that Mr. Belair just gave
6 for the program?

7 A. (Cunningham) No, I'm not.

8 Q. The request that, I mean, the recommendation that there
9 be a third party evaluation wasn't in your prefiled
10 testimony, was it?

11 A. (Cunningham) "Assessment of the program", in the last
12 -- second to last sentence, "Staff believes that a
13 yearly report focusing on participation (each step of
14 the program) and the selection process, assessment of
15 the program and how the results could be used in future
16 Core C&I programs is essential." Assessment usually
17 comes under the heading of "impact studies" around
18 "process studies". In the HPwES Program, we had both
19 an impact substitute study and a process study, and
20 they were completed this -- June of 2011, prior to the
21 HPwES Program being approved for permanent
22 implementation.

23 So, I think what we had in mind in the
24 assessment of the program is evaluation of the program.

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 We didn't specifically say "evaluation of the program",
2 but I think that's what we had in mind there.

3 Q. All right. On the performance incentives, --

4 A. (Belair) Commissioner Ignatius?

5 Q. Yes.

6 A. (Belair) Could I add to that? I will tell you that,
7 when we -- for the projects that we review as part of
8 this program, we -- the energy service companies will
9 work with the customer to provide an estimate of what
10 the products are going to cost that they're going to
11 install in the RFP Program and what the savings are.
12 And, you know, one thing that we do above and beyond
13 what we typically do in the Large Business Program is
14 our engineers will review that, but we'll often, if we
15 have -- most of the projects also get reviewed by a
16 third party professional engineering company, to verify
17 the accuracy of the savings. And, we'll, you know,
18 we'll make an adjustment before we make a final
19 proposal, if our engineering firm -- or, our engineers
20 or the engineering firm we'll contract with finds that
21 the savings were inflated or, in some cases, they're
22 lower than what they said. So, we do -- I only want to
23 say that we do have a different evaluation for that
24 program, that's more immediate. It's done, you know,

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 right before, and then what we -- right before we make
2 the decision or when we get the proposals in. And,
3 then, what we do on some of the more complicated ones,
4 we'll do actual metering before and after. So, it has
5 a higher level of scrutiny than kind of the mass market
6 Large Business Program.

7 Q. Thank you. Looking at Page 20 of Exhibit 2, but it
8 could also be Page 20 of Attachment B, in Exhibit 1, I
9 notice that the revised pages from Attachment A to
10 Attachment B, the first round of revisions before you
11 get to the revisions of Exhibit 2, which didn't change
12 it further, switched a reference in the opening
13 paragraph, five lines down, it used to say "the New
14 Hampshire utilities", or something like that, "will
15 continue to utilize the approved performance incentive
16 mechanism", and that was changed in Attachment B to
17 read "the New Hampshire electric CORE utilities", so
18 excluding "gas" from that sentence. Can anyone explain
19 why? Is the gas incentive treatment a whole separate
20 entity and there shouldn't be any crossover?

21 A. (Belair) You know, what we were doing on that one, we
22 were trying to reflect the -- the electric CORE
23 utilities are the ones that have to remove the
24 non-electric savings associated with the Home

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Performance with ENERGY STAR Program in the performance
2 incentive calculation. That was the only reason why we
3 put that there.

4 Q. Okay. That makes sense.

5 A. (Stanley) And, the gas utilities are basing their PI
6 calculation on actual expenditures, not planned
7 expenditures.

8 Q. All right. Good. A number of programs are proposed to
9 expand to become fuel neutral in the 2013 and '14
10 program years. And, I want to ask your reasoning why,
11 and think back to where we were in the last docket. My
12 understanding was, the reason for developing fuel
13 neutral programs was that the utilities were reporting
14 -- the electric utilities were reporting they were
15 running out of people, electric customers, that still
16 had measures that would be cost-effective under the
17 electric programs, but just weren't enough people left
18 to do that. That you hit a lot of them, and you were
19 kind of hitting a wall in getting the final ones in.
20 And, so, you needed to expand your offerings to them to
21 do things other than electric savings and, while you
22 were there, do some things that would have some
23 benefits for electric usage as well. Is that -- am I
24 right in that recollection?

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Belair) I think you're right in your recollection, and
2 that is we're talking about electrically heated homes,
3 yes. We were running out of serving electrically
4 heated homes, and we had to go to the next level, which
5 is we considered high use.

6 Q. So, when you look at the other programs,
7 non-residential programs, have you been running out of
8 people who show interest in the programs or have you
9 been maintaining waiting lists of people who want to
10 come forward and participate just with electric savings
11 alone?

12 A. (Belair) You know, you're asking a really good
13 question. And, one of the things we have, the fuel
14 neutral measures that we added were part of the ENERGY
15 STAR Appliance Program, you know, for the residential
16 sector. And, when we made a determination on whether
17 to add those, we took into consideration a number of
18 things. We're looking at the market share, market
19 saturation of ENERGY STAR appliances. And, you know,
20 some ENERGY STAR appliances, we really shouldn't be
21 incenting, if we were going to expand the numbers. For
22 example, dehumidifiers, if you go to the ENERGY STAR
23 website, a dehumidifier costs the same whether you buy
24 an ENERGY STAR model or a non-ENERGY STAR model. So,

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 you really can provide an incentive. You're paying
2 more than what they have to pay for it. So, we looked
3 at, you know, what the incremental cost was on the
4 other appliances, the other white goods appliances, and
5 we found that there was a lot of -- we have a high
6 saturation rate of other appliances in New Hampshire.
7 So, we didn't need to provide an incentive on some of
8 the other ones.

9 We took into consideration that the
10 Regional Greenhouse Gas Initiative funding was intended
11 to save carbon. And, so, we looked to see, should we
12 add -- as we took the ENERGY STAR Appliance Program and
13 made that -- combined it with the gas program, so we
14 have gas heating equipment, along with the ENERGY STAR
15 appliances, all in the ENERGY STAR Appliance Program.
16 Is there any programs that we should expand to also
17 allow those RGGI funds to be used to do additional
18 non-electric measures and to still save the carbon,
19 which is what was -- carbon dioxide, which was what
20 part of that mandate was. So, we decided "let's throw
21 in some additional heating systems", and we'll try to
22 do it like, you know, similar to what's being done in
23 other states, as far as like, let's say, Gas Networks,
24 and providing the same efficiencies for oil and liquid

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 propane heating systems. So, a customer going out and
2 buying -- replacing their oil system, instead of
3 replacing it with an 85 percent efficient, you know,
4 we'll incent them to put a 92 percent efficient in.
5 And, we're hoping what we'll do, with this evaluation,
6 we'll also figure out what the electric savings are, if
7 it's an oil furnace, from the fan motors, and see if we
8 can get some additional electric savings associated
9 with that.

10 I think I'm going all around the place
11 to answer your question, but I wanted to give you kind
12 of the thought process by, you know, we looked at the
13 other appliances and the ENERGY STAR appliances, where
14 the white goods were, and we determined that we
15 probably don't need to provide incentives on some of
16 the other ones that we weren't providing incentives on.
17 And, then, we look to see, you know, should we try to
18 do something that would save carbon, you know, the
19 original mission of the RGGI funds, and provide things
20 that I -- the other thing that was a big determination
21 in adding that is, with the American Recovery &
22 Reinvestment Act funds, we partnered with the Office of
23 Energy & Planning to provide heating system rebates.
24 And, we found that there was a huge customer demand for

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 that. Eric Steltzer, who was there at the time, said
2 that, you know, that's the number one question that
3 customers call in the Office of Energy & Planning for
4 is "do you have anything to help me get, you know, a
5 more efficient heating system?" And, so, we were
6 trying to deal with some of the other issues and
7 customer demand issues that we've seen out there.

8 Q. That's helpful. Are there any non-residential programs
9 that you're seeking to expand to be fuel neutral as
10 part of the Settlement Agreement?

11 A. (Belair) We did provide some funding for incentives of
12 non-electric heating systems and cooling systems -- and
13 cooling systems in the Small Business Program and the
14 Large Business Program. Our HVAC rebate is expanded to
15 include some heating systems there. I want to -- I
16 just want to also be clear that it's not just heating
17 systems. We're adding, as I said earlier, the ENERGY
18 STAR central AC units, we're providing an incentive for
19 that. We're providing an incentive -- we're proposing
20 incentives for that, and we're proposing incentives for
21 the air source heat pumps, the split systems, and we're
22 providing some incentives for the heating systems, and
23 hot water systems.

24 Q. And, these are in both small and large commercial

1 programs?

2 A. (Belair) Yes.

3 Q. Were you carrying waiting lists for those programs in
4 the last two years or were you having trouble finding
5 willing takers?

6 A. (Belair) I'm trying to remember from, you know, the
7 last years'. I think we -- I think we're just meeting
8 what we said we would do. We did go -- we did get a
9 Regional Greenhouse Gas Initiative grant, 2009 and
10 2010, to do more commercial and industrial, and we were
11 able to do that. What we're trying to do here -- so, I
12 think we have -- we're meeting the demand. And, that I
13 think there's opportunities to, you know, do more.
14 And, our focus is to do more electric. But we wanted
15 to provide and expand HVAC incentives to provide some
16 small amount of heating system incentives for customers
17 wanting to do that.

18 Q. Mr. Stanley, do you have any sense of where you've
19 been, in terms of the customer demand on those
20 programs, before considering going to a fuel neutral
21 offering?

22 A. (Stanley) Just specific to Liberty Utilities, for our
23 electric business?

24 Q. Yes.

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 A. (Stanley) Yes. We've been able to, over the past
2 several years, meet our targets successfully with our
3 non-residential programs. We've been meeting demand.
4 We've had some struggles recently with our small
5 business market, actually. But we've been meeting our
6 targets.

7 Q. I guess what I'm trying to get at is, I thought we were
8 solving a problem in the residential market by being
9 open to fuel neutral programs. And, I'm not sure we
10 have the problem present in the commercial/industrial
11 programs that needs to be solved. There may be good
12 reasons to do it, in terms of overall energy usage.
13 But, when looking at use of SBC funds primarily, the
14 argument was that you really couldn't spend that money
15 effectively on the residential side without going to
16 fuel neutral. And, I haven't heard that that's really
17 the case for commercial/industrial?

18 A. (Belair) I think we were able to meet our targets. We
19 looked at the influx of some additional funds to maybe
20 open up a little bit of opportunity for people to, you
21 know, do the same thing on the residential side. You
22 know, if they, you know, if they're going to go put a
23 heating system in, try to encourage them to go to the
24 higher efficiency one. We don't have a lot of -- well,

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 our intent is to get more electric savings out of those
2 programs. And, we wanted to provide a little bit, a
3 sliver of some funds to be able to do some of these
4 other heating systems that customers might be needing
5 to do or wanting to do.

6 Q. There were a few questions about the rate impact of the
7 package that's being proposed as part of the Settlement
8 Agreement and whether it was just and reasonable. Is
9 the rate impact any different than what it currently
10 is? Are the charges to customers going to be greater
11 or lesser as a result of the Settlement, if it's
12 approved?

13 A. (Belair) The System Benefit Charge stays the same on
14 the electric site. Is that what you're asking?

15 Q. Yes.

16 A. (Belair) Yes. We didn't make a recommendation to
17 increase it, if that's what you're asking.

18 Q. I think I'm almost done. The Settlement Agreement lays
19 out, in the discussion of the "Quarterly Meetings", a
20 set of priorities of issues to be taken up, if you look
21 at Page 5. There are four items that are listed in
22 priority for consideration, and then it goes on to talk
23 about discussion of the "deep dive" projects, and the
24 possibility of adjusting rebate levels for the Home

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 Energy Assistance Program, and possible changes to
2 2014. Is there a suggestion that you can't get to the
3 "deep dive" projects until you've gotten completed
4 through (1) through (4), because they're priorities, or
5 is it that those four are there, but, in addition, the
6 others can fit in at any point?

7 A. (Cunningham) No, absolutely not. The program
8 implementation issues in Item (2) reflect the items
9 that we specified at the tail end of that paragraph, on
10 "deep dive" and the Home Energy Assistance Program.
11 Those were two issues that were discussed. The parties
12 -- the Settling Parties and the Staff wanted to add to
13 give them more visibility, but, in fact, they would be
14 discussed in Item (2).

15 Q. All right. And, in the description of "low income
16 programs", although they refer to that in the
17 Settlement Agreement, in the attachments, they describe
18 them as "income-qualified programs". Is that just a
19 different term for the same thing or is there a change
20 in the eligibility proposed here? And, maybe forever
21 it's been called "income-eligible", and I never
22 noticed. "Income-qualified", I'm sorry.

23 A. (Stanley) The eligibility -- the eligibility
24 requirements are the same from previous plans.

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 CHAIRMAN IGNATIUS: Thank you. I have
2 nothing else. Any other questions from my colleagues?

3 (Chairman Ignatius, Cmsr. Scott and
4 Cmsr. Harrington conferring.)

5 CMSR. SCOTT: I have a quick question
6 for Mr. Cunningham. And, hopefully, this will be a real
7 quick "yes" or "no", I hope.

8 BY CMSR. SCOTT:

9 Q. In reference to the audits of the -- the Staff has done
10 for the C&I RFP Program, my presumption was that no
11 issues arose from those audits, is that a correct
12 statement?

13 A. (Cunningham) I haven't tested that -- oh, I'm sorry. I
14 haven't gone back to check that. But I think I heard
15 Mr. Belair say that there weren't any issues that arose
16 as a result of that. So, I would defer to him on that
17 point.

18 Q. It's really subject to check, though?

19 A. (Cunningham) Subject to check, I guess, yes.

20 CMSR. SCOTT: Thank you.

21 WITNESS BELAIR: Commissioner Ignatius,
22 could I just, you know, you asked the question earlier, I
23 just want to go, you know, when we did get the RGGI
24 funding, we did look at what other things were being

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 funded through the RGGI grants. And, as we looked around
2 at what, you know, some of the grantees were doing, and in
3 talking with some of our customers, you know, we did
4 identify that, you know, some of those other programs were
5 doing heating system and, you know, deeper dive
6 weatherization kind of things for those customers. And,
7 so, and in an attempt to keep that market going, we looked
8 at, you know, what they were doing, and we determined that
9 providing incentives for some of the heating systems and
10 hot water systems might be a good way of moving forward
11 with those funds, since the Legislature did -- House Bill
12 1490 ended up taking those funds and giving them to the
13 utilities, we felt that we wanted to, you know, try to
14 continue with some of the things that were already being
15 done with the RGGI funding.

16 So, I just, you know, there was a number
17 of things that we took into consideration I wanted to --
18 that was one of them.

19 CHAIRMAN IGNATIUS: All right. I
20 appreciate that. Thank you.

21 WITNESS STANLEY: Commissioner Ignatius,
22 I have one clarifying comment I want to add --

23 CHAIRMAN IGNATIUS: Yes.

24 WITNESS STANLEY: -- that goes to

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 earlier when we were discussing the Home Performance with
2 ENERGY STAR Program, and the question about heating
3 systems as a measure?

4 CHAIRMAN IGNATIUS: Uh-huh.

5 WITNESS STANLEY: I just want to clarify
6 that heating systems are not covered as part of that
7 program. I may have stated that previously, just to
8 correct that. It's actually covered under the ENERGY STAR
9 Appliances Program.

10 CHAIRMAN IGNATIUS: So, they're covered,
11 but under a different program. Under the ENERGY STAR
12 Appliance Program?

13 WITNESS STANLEY: That's correct. So,
14 as part of the \$4,000 project cap, the 50 percent
15 incentive, the heating system replacement would not be
16 covered as part of that incentive.

17 CHAIRMAN IGNATIUS: All right. Thank
18 you. I appreciate --

19 WITNESS CUNNINGHAM: May I add just one
20 clarification, if I might?

21 CHAIRMAN IGNATIUS: Yes.

22 WITNESS CUNNINGHAM: I'm sorry. If I
23 might?

24 CHAIRMAN IGNATIUS: Please do.

{DE 12-262} {12-21-12}

[WITNESS PANEL: Belair~Stanley~Cunningham]

1 WITNESS CUNNINGHAM: I had mentioned
2 earlier that there was an order in the past that the
3 Commission had issued with respect to incremental savings
4 being greater than incremental costs, and that was Order
5 Number 23,172.

6 CHAIRMAN IGNATIUS: All right. Thank
7 you. Commissioner Harrington, you want to clarify
8 something?

9 CMSR. HARRINGTON: No, I don't want to
10 clarify anything. I do have a clarifying question,
11 though, maybe.

12 BY CMSR. HARRINGTON:

13 Q. I just trying to get this straight. This would be to
14 Mr. Belair. On the -- I know we've gone into the fuel
15 neutral program. And, on the C&I programs, how -- you
16 mentioned like a "sliver" or "a little bit", whatever,
17 I wasn't quite clear on that. How much of this
18 proposed C&I program is going to be savings other than
19 electricity?

20 A. (Belair) A rough estimate, --

21 Q. That's all I'm looking for.

22 A. (Belair) -- for this Commercial and Industrial, out of
23 the \$6 million in RGGI funds, I think we allocated or
24 planned for about \$800,000 to be used for heating

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 system improvements, and out of, I think, the C&I
2 Program, the Commercial and Industrial programs, are
3 probably a total of 8 million, somewhere -- let me just
4 see.

5 Q. So, I was looking for, you know, combination of both
6 RGGI and System Benefit funded programs.

7 A. (Belair) Yes. It looks like about \$12 million is the
8 Commercial and Industrial Program funding. And, you
9 know, about 800,000 would have been for heating
10 systems. And, again, you know, we're going to be
11 providing that, but we're going to be looking -- our
12 proposal provides for that, but we're going to be
13 looking for, you know, electric savings, because that's
14 -- that's what we're doing most of anyway.

15 Q. Okay. So, it's safe to say that the remaining 1. --
16 \$11.2 million goes to electrical savings?

17 A. (Belair) Yes.

18 CMSR. HARRINGTON: Okay. That's what I
19 was looking for. Thank you.

20 CHAIRMAN IGNATIUS: Thank you. Any
21 redirect from Attorney Fossum or Attorney Brown?

22 MS. BROWN: None.

23 MR. FOSSUM: No. My questions were
24 taken care of by the clarifications that were added.

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[WITNESS PANEL: Belair~Stanley~Cunningham]

1 MS. BROWN: Thank you.

2 CHAIRMAN IGNATIUS: And nothing from
3 Staff. All right. Thank you. Then, the witnesses are
4 excused. It is 12:00 on the dot. We should take a break
5 for -- well, let's go off the record.

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

8 CHAIRMAN IGNATIUS: All right. Let's go
9 back on the record. All right. We're going to take a
10 short break, rather than a lunch break. We will resume at
11 12:15 with Mr. -- I'm sorry, Ms. Ohler on the stand. And,
12 if you want, when we come back, to already get settled,
13 that would be fine. Thank you.

14 (Recess taken at 12:03 p.m. and the
15 hearing resumed at 12:23 p.m.)

16 CHAIRMAN IGNATIUS: I see we have gifts.
17 Do we need to identify what these are beforehand or just
18 in the course of testimony we'll find out?

19 MS. BROWN: Well, I'll get the ball
20 started. The Department of Environmental Services is the
21 next witness. And, the testimony before you DES requests
22 be marked for identification as I believe the next
23 sequence number is number 8. And, if I can get started
24 with introducing Ms. Ohler, I will do that.

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[WITNESS: Ohler]

1 (Whereupon **Rebecca E. Ohler** was duly
2 sworn by the Court Reporter.)

3 **REBECCA E. OHLER, SWORN**

4 **DIRECT EXAMINATION**

5 BY MS. BROWN:

6 Q. Ms. Ohler, can you please identify your name and your
7 employer for the record?

8 A. My name is Rebecca Elizabeth Ohler. And, my employer
9 is the New Hampshire Department of Environmental
10 Services.

11 Q. And, can you please explain what you do for the
12 Department of Environmental Services?

13 A. I'm the Transportation and Energy Programs Manager.
14 And, in that capacity, I oversee our programs -- our
15 participation in programs, such as RGGI and the
16 Renewable Portfolio Standard, development of the
17 Climate Action Plan. Any of our programs that are
18 associated with clean air energy.

19 Q. And, DES is a intervenor in this proceeding?

20 A. Yes, we are.

21 Q. And, what has been your involvement in this proceeding?
22 Have you conducted discovery in this proceeding?

23 A. I did not request any discovery, no. We did provide
24 testimony that's before the Commission.

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[WITNESS: Ohler]

1 Q. And, in providing your testimony, what did you review?
2 What did you review in this proceeding, such as the
3 filing, *etcetera*, in preparation of your testimony?

4 A. Okay. In preparation of that, I reviewed the filing
5 that was submitted by the utilities, I don't know the
6 date of it, but the original filing for this docket
7 that they put in. And, my testimony was in response to
8 that filing.

9 Q. Do you have any changes or corrections to make to this
10 testimony?

11 A. No, I do not.

12 Q. And, if you were asked these same questions, would your
13 responses be as indicated in the testimony today?

14 A. They would. Although, there is one issue that my
15 understanding, since I provided this testimony, has
16 changed. So, I would maybe alter that.

17 MS. BROWN: Chairman Ignatius, I'd like
18 to offer just to let her explain. I'm trying to walk her
19 through direct.

20 CHAIRMAN IGNATIUS: That's fine.

21 BY MS. BROWN:

22 Q. Can you please explain how subsequent events have
23 modified your testimony?

24 A. Yes. Just additional discussions in the -- after this

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[WITNESS: Ohler]

1 was filed. My understanding, on Page 4, the question
2 that starts at Line 19, that I stated there that the
3 "Staff had expressed concern because they feel
4 participants would be paid twice for the same work."
5 And, in subsequent discussions, I'm understanding that
6 that -- that I had misunderstood what Staff had been
7 implying there. However, that does not change our
8 feeling on inclusion of that program in general.

9 Q. Is there any other information that you want to get out
10 on direct before you're made available for
11 cross-examination?

12 A. No, there's not. Thank you.

13 CHAIRMAN IGNATIUS: Thank you. And, did
14 we mark this as "Exhibit 8"?

15 MS. DENO: Yes.

16 (The document, as described, was
17 herewith marked as **Exhibit 8** for
18 identification.)

19 CHAIRMAN IGNATIUS: Thank you. All
20 right. Questions from Attorney Fossum?

21 MR. FOSSUM: I have no questions.

22 CHAIRMAN IGNATIUS: Attorney Knowlton?

23 MS. KNOWLTON: I have none.

24 CHAIRMAN IGNATIUS: Attorney Goldwasser?

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[WITNESS: Ohler]

1 MS. GOLDWASSER: I have no questions.

2 CHAIRMAN IGNATIUS: Attorney Dean?

3 MR. DEAN: No questions.

4 CHAIRMAN IGNATIUS: Mr. Clouthier?

5 MR. CLOUTHIER: No questions.

6 CHAIRMAN IGNATIUS: Mr. Nute?

7 MR. NUTE: No questions.

8 CHAIRMAN IGNATIUS: Attorney Linder?

9 MR. LINDER: Just one question for
10 clarification.

11 **CROSS-EXAMINATION**

12 BY MR. LINDER:

13 Q. In the Settlement Agreement, on Page 5, there's a
14 reference to items that will be discussed in 2013, and
15 one of them is "deep dives". Are you familiar with
16 that section?

17 A. I am. Although, I do not have a copy of that here in
18 front of me.

19 Q. All right. I'll show you the Settlement Agreement,
20 Exhibit 1.

21 (Atty. Linder handing document to the
22 witness.)

23 WITNESS OHLER: And, I'm sorry, the
24 question is?

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[WITNESS: Ohler]

1 BY MR. LINDER:

2 Q. The question is, do you know what "deep dive" is
3 intended to mean in this Settlement Agreement?

4 A. Well, I guess my interpretation of what it means is
5 that it's essentially more of the same. That, under
6 the, you know, under a 4,000 limit -- is this in
7 reference to the HPWES Program? I'm sorry, I haven't
8 read -- under the \$4,000 incentive limit, a customer
9 would be able to get up to a certain level, perhaps not
10 the full list of recommended actions, before they hit
11 their \$4,000 rebate limit, which would have had them
12 invest \$4,000 of their own funding. To take that
13 beyond to a deeper dive, just means they can work their
14 way further down that list of cost-effective measures
15 and put together a packet of cost-effective measures
16 that they would then become eligible for. So, it's not
17 really anything new and different, it's just more of
18 the same.

19 Q. And, that's what you're recommending in your testimony?

20 A. Yes.

21 MR. LINDER: Okay. Thank you. No
22 further questions.

23 CHAIRMAN IGNATIUS: Thank you.

24 Ms. Chambers?

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[WITNESS: Ohler]

1 MS. CHAMBERS: No questions.

2 CHAIRMAN IGNATIUS: Attorney Chamberlin?

3 MS. CHAMBERLIN: Yes, I have a few.

4 BY MS. CHAMBERLIN:

5 Q. Ms. Ohler, I'm going to show you a document. Could you
6 identify that please.

7 A. Yes. This is the cover page and an excerpt from the
8 "Additional Opportunities for Energy Efficiency" study
9 that was done by Gordon -- "Gordon", I'm sorry, GDS
10 Associates, for the Public Utilities Commission, dated
11 2009, I believe.

12 Q. And, do you refer to this in your testimony?

13 A. I did not refer to it in my written testimony, no.

14 Q. And, what --

15 A. But it is referenced in the CORE filing.

16 MS. CHAMBERLIN: Okay. It's referenced
17 in the CORE filing. I'd ask that this be marked as the
18 next exhibit.

19 CHAIRMAN IGNATIUS: And, this is just a
20 few excerpts from that full report, is that correct?

21 WITNESS OHLER: Yes. And that what it
22 demonstrates is the potential for doing these deeper
23 energy retrofits in the State of New Hampshire. This
24 study very clearly indicated that there's room in the

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[WITNESS: Ohler]

1 residential sector for much more energy efficiency than is
2 being achieved just by replacing lighting fixtures and
3 kind of the higher -- higher level of, or maybe lower
4 level, retrofits that might be done.

5 CHAIRMAN IGNATIUS: All right. We'll
6 mark that for identification as "Exhibit 9".

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

10 BY MS. CHAMBERLIN:

11 Q. Okay. I'm going to show you another document.

12 A. Yes. This is the cover page and some relevant excerpts
13 from the New Hampshire's Climate Action Plan. This was
14 developed in 2009 -- or, developed over 2008 and
15 published in 2009. And, again, the referenced excerpt
16 is the summary of recommended actions from the Climate
17 Action Plan that specifically address energy efficiency
18 in the building sector.

19 Q. And, are the full versions of both of these documents
20 publicly available?

21 A. Yes, they're both available. The GDS study is
22 available on the PUC website. And, the Climate Action
23 Plan is available on the Department of Environmental
24 Services website.

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[WITNESS: Ohler]

1 MS. CHAMBERLIN: And, I'd ask that this
2 be marked as the next exhibit, Exhibit 9, I believe.

3 CHAIRMAN IGNATIUS: Ten.

4 MS. CHAMBERLIN: Ten.

5 CHAIRMAN IGNATIUS: We'll mark it for
6 identification as "Exhibit 10".

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

10 BY MS. CHAMBERLIN:

11 Q. Now, Ms. Ohler, in your prefiled testimony, you offered
12 support for the deep retrofit option under the HPwES
13 Program, is that correct?

14 A. Yes. That's correct.

15 Q. And, can you provide any additional support for this
16 program?

17 A. Yes. Thank you. I guess I would offer back these two
18 exhibits. The climate science, as documented through
19 the New Hampshire Climate Action Plan, tells us that we
20 need to continue to drastically reduce greenhouse gas
21 emissions to get to the targets that are established in
22 the Plan. And, also documents the fact that the
23 housing sector and the building sector, in general, are
24 a significant source of greenhouse gas emissions in New

[WITNESS: Ohler]

1 Hampshire. And, so, to achieve the goals of this, we
2 need to address this sector.

3 The GDS study shows that there is a
4 potential for cost-effective electric savings of
5 21 percent of 18 -- 2018 electric sales and 19 percent
6 of 2018 fossil fuel sales in New Hampshire.

7 MS. BROWN: Can you -- where are you
8 referring to in the document? I'm sorry.

9 WITNESS OHLER: That's okay. In the GDS
10 study, if you look at, on Page -- well, it's the second
11 page, but it's Page 66, at the very last paragraph on the
12 bottom of that page, underneath the two tables.
13 Underneath the two tables.

14 MS. BROWN: Sixty-six?

15 WITNESS OHLER: Yes. The page number on
16 the bottom is "66". Did it not come up in the copies?

17 MS. BROWN: The exhibit doesn't have
18 that.

19 MR. FOSSUM: No, I don't have that
20 either.

21 WITNESS OHLER: Ah. It did not print
22 correctly. It's on the ones the Commission has, and I
23 apologize.

24 MS. BROWN: Okay.

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[WITNESS: Ohler]

1 MS. CHAMBERLIN: Is it the pie chart?

2 WITNESS OHLER: No. It's this part here
3 [indicating]. Yes. I'm sorry. I apologize. But, when
4 the copies got run in the black and white version, they
5 did not come out correctly.

6 MS. CHAMBERLIN: Oh. All right. So,
7 the Commission has this document or this page, but the
8 other parties do not.

9 WITNESS OHLER: Correct. Yes. I
10 apologize for that.

11 MS. BROWN: With the exception, Staff
12 just has pulled up their own GDS copy of the report.

13 WITNESS OHLER: Okay. Good.

14 MS. BROWN: On 66.

15 WITNESS OHLER: Thank you.

16 MS. BROWN: Thank you for letting me
17 follow along where you are.

18 WITNESS OHLER: Thank you.

19 **BY THE WITNESS:**

20 A. But, on the bottom of that page, is the bottom
21 paragraph that says, with regard to non-electric end
22 uses, the maximum potential in the residential sector
23 is just under 19 percent for fossil fuel, and then
24 21 percent in the electric sector.

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[WITNESS: Ohler]

1 MS. CHAMBERLIN: Okay. We could make
2 more copies of the missing page and pass them out, if
3 people need it?

4 CHAIRMAN IGNATIUS: Yes. I think, after
5 we're either on another break, or when we're done, to make
6 sure everybody has a copy of that, it would be helpful.
7 But, as long as the Clerk's copy has -- yes, yours works.

8 MS. DENO: Yes.

9 CHAIRMAN IGNATIUS: Okay. Thank you.

10 **BY THE WITNESS:**

11 A. So, to add to that, the -- sorry, I've lost track of
12 where I was.

13 BY MS. CHAMBERLIN:

14 Q. Was talking about the GDS study and --

15 A. Right. Okay. And, so, we have, I mean, these two
16 documents, among probably many in the state, that
17 support both the need and the potential for doing very
18 deep retrofits in the residential sector. We know,
19 from the testimony that's already been given, that
20 these retrofits can get expensive, and that many of the
21 customers can't afford go beyond the \$4,000. So that,
22 by providing additional funding, it would, in all
23 likelihood, provide -- would result in deeper
24 retrofits, basically implementing more of the same,

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[WITNESS: Ohler]

1 going further down the list as noted.

2 In order for many customers to be able
3 to afford to do that, and they need to be able to put
4 together some of the very short payback actions, such
5 as lighting change-outs, with the longer payback, yet
6 cost-effective actions, to create a package that is
7 cost-effective, but has a higher cost and a longer
8 payback.

9 Q. Are you finished?

10 A. Well, no. I was just going to note that, as noted in
11 the utilities' filing, one of the key market barriers
12 on the residential sector is on the demand side. And,
13 this program, in our opinion, could help create the
14 demand for the deep retrofits by providing demonstrated
15 benefits right within the customer's own neighborhood.
16 People sometimes don't know that they want something,
17 if they don't understand what it is, they don't know it
18 exists, or they don't understand what it is. If they
19 see their neighbor undertake a deep energy retrofit
20 project, and hear firsthand the results from their
21 neighbor, then they will develop an understanding of
22 that. And, that may -- that could tend to lead to the
23 desire to have that in their own homes. We think that
24 demand may build slowly, but it will build. And, we

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[WITNESS: Ohler]

1 need to start creating this demand sooner, rather than
2 later.

3 The original proposal by the utility
4 created a mechanism to do just that, to start building
5 this demand, to get people to understand what the
6 potential benefits are and start building them again.

7 Q. Do you see any risks associated with implementing the
8 program?

9 A. I don't see much in the way of risks. There are
10 appropriate checks and balances in place that would
11 protect both the consumer and the ratepayer. And,
12 those would include the established cost-effectiveness
13 methodology that is used for the CORE Programs. It's
14 already been discussed today. That they would not be
15 undertaking any projects that were not cost-effective,
16 and they would be using the same test for
17 cost-effectiveness as they use for their other
18 programs. The utilities wouldn't earn a performance
19 incentive if they were to go out and do something what
20 were not cost-effective. And, so, it's in their own
21 interest to make sure it is cost-effective. And, the
22 utilities have indicated this can be done at very low
23 cost, low to no cost, in addition to their existing
24 program.

{DE 12-262} {12-21-12}

[WITNESS: Ohler]

1 Q. Concerning the C&I RFP Program, the utilities are
2 proposing to convert it from a pilot to a permanent
3 program. Do you support that proposal?

4 A. Yes, I do. And, I support it for kind of one primary
5 reason. And, the document that was already handed out,
6 which was the summary and highlights of the VEIC study,
7 I don't recall what the exhibit number is. But, in
8 this document, on Page 2, the key themes emerge from
9 review of the study paragraph. The number one key
10 theme is the need for clear, coordinated, and
11 consistent policy and program landscape. If something
12 exists as a pilot, the sector that might take advantage
13 of that is going to look at that and say "Jeez, you
14 know, it's a pilot program. Who knows if it's going to
15 be here next year." These C&I RFP projects are large,
16 large projects. They may take a year or more for a
17 customer to be planning. If a program is just a pilot
18 program, they may not be inspired to put the effort in
19 to really thinking seriously about this. Whereas, if
20 this becomes a permanent program within the CORE
21 docket, then we're going to see the long range planning
22 that is necessary to have customers take advantage of
23 this.

24 Q. And, do you have an opinion on the demand for this

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[WITNESS: Ohler]

1 project?

2 A. No, I guess I don't necessarily have an opinion on the
3 demand. Other than just anecdotally, in my dealings
4 with the energy service companies that we work with
5 through the State energy programs. We know that they
6 are talking to more and more customers, and they feel
7 that there's quite a demand out there. And, they're
8 also the ones seeking consistency in the programs, so
9 that they can work with their customers and develop
10 long range plans.

11 MS. CHAMBERLIN: Thank you. I have no
12 further questions.

13 CHAIRMAN IGNATIUS: Thank you. Attorney
14 Brown?

15 MS. BROWN: Yes. Staff has just a few.

16 BY MS. BROWN:

17 Q. Ms. Ohler, with respect to Page 66 of the GDS report
18 that you were referencing, and the Table 4 -- Table 42,
19 "Maximum Achievable Cost Effective Potential", are you
20 aware that the estimated cost to achieve that level of
21 the 20 percent savings that you were citing is
22 63 million? Do you see that?

23 A. On which table are you looking at, I'm sorry?

24 Q. Forty-two.

{DE 12-262} {12-21-12}

[WITNESS: Ohler]

1 A. Table 42.

2 Q. Second line up from the bottom.

3 A. Yes. Okay.

4 Q. And, you see that 63 million and change cost?

5 A. That, I believe, is the maximum achievable, not the --

6 not the maximum achievable cost -- oh, it is, the

7 "Maximum Achievable Cost Effective". Yes.

8 Sixty-three million.

9 Q. Yes. And, are you aware the present budget for the
10 CORE, I think, is about 27 million?

11 A. I guess I didn't know that exact number. But I would
12 say that I wasn't assuming that this would all be
13 achieved in one CORE program year.

14 Q. Or, how about, would need to increase the System
15 Benefits Charge and other funding sources in order to
16 achieve these recommended potentials, correct? Would
17 you agree with that?

18 A. No. I would agree that it would take several years of
19 program implementation to achieve the maximum
20 potential. Again, I would never assume that this would
21 all be done in one year.

22 MS. BROWN: Staff has no other cross.

23 Thank you.

24 CHAIRMAN IGNATIUS: Thank you.

{DE 12-262} {12-21-12}

[WITNESS: Ohler]

1 Questions from the Bench?

2 CMSR. HARRINGTON: No, I don't.

3 CHAIRMAN IGNATIUS: I have just a
4 couple.

5 BY CHAIRMAN IGNATIUS:

6 Q. Your testimony described your own personal experience
7 going through an audit and then some measures. And, is
8 it correct that you were saying that, because there are
9 only certain measures that were funded through the
10 program, those are the only things that the auditor
11 identified for you?

12 A. Correct.

13 Q. And, so, if there had been a broader view of the audit,
14 there might have been other measures you could have
15 considered undertaking on your own, but --

16 A. Correct.

17 Q. Okay.

18 A. Correct.

19 Q. You also described some measures that might be
20 appropriate if they were given a longer time frame for
21 -- to measure the cost-effectiveness against, is that
22 right? Or, a "longer payback period", maybe is a
23 better way to put it?

24 A. Yes. And, let me find exactly where I was talking

{DE 12-262} {12-21-12}

[WITNESS: Ohler]

1 about that.

2 Q. I'm looking at Page 3, Lines 10, 11.

3 A. Thank you. So, yes. The point that I was making there
4 is that, if a number of homes are retrofitted without
5 the opportunity to kind of take the holistic approach,
6 do all of the measures as kind of a single project, but
7 rather just cherry picks the quickest payback projects
8 and does those, that the projects that have the much
9 longer payback time are essentially stranded for
10 several years, while they save up the big bundle of
11 money needed to do those more expensive measures.
12 Either time to save up the money or time for electric
13 rates to go up to make it more cost -- to make it a
14 faster payback time on those.

15 So, the concern is just, by doing kind
16 of the easiest measures now, we leave a lot of measures
17 stranded for many, many years to come. And, if we look
18 at the Climate Action Plan, we really can't afford to
19 be doing that. We need to be doing deeper ones now.

20 So, understanding that, as more money is
21 going into an individual house to do a "deeper dive"
22 retrofit, it means fewer number of houses can get done.
23 But, at the end of time, we have still achieved -- I
24 think we achieve more by doing fewer deeper steadily

{DE 12-262} {12-21-12}

[WITNESS: Ohler]

1 over the years than by kind of skimming the cream off
2 the top, and then having a big chunk of years where not
3 much gets done.

4 Q. Do you have a recommendation for a longer payback
5 period or is that the kind of thing that you would want
6 to discuss in the quarterly stakeholder groups?

7 A. That would definitely be something to discuss. I don't
8 have an opinion on that.

9 CHAIRMAN IGNATIUS: Thank you. I have
10 nothing else. Any redirect?

11 MS. BROWN: Tough to do redirect.

12 **REDIRECT EXAMINATION**

13 BY MS. BROWN:

14 Q. Ms. Ohler, do you have anything that you want to
15 respond to of any of the questions, I think as a
16 softball I will throw to you?

17 A. No. No, I don't. I guess I would just say that, as I
18 stated in my testimony, DES is involved in the CORE
19 docket because of the Regional Greenhouse Gas emission
20 funds being in the program now. And, while HB 1490 did
21 redirect how the funding is spent, it certainly did not
22 change the purpose of the RGGI Program, and the purpose
23 being to reduce greenhouse gas emissions.

24 And, so, we are very supportive of the

[WITNESS: Ohler]

1 fuel neutral approach that the utilities have taken on
2 this. I think that it is an appropriate use of the
3 RGGI dollars, and clearly in line with what that
4 program is intending.

5 CHAIRMAN IGNATIUS: All right. Thank
6 you. We appreciate your participation. It's nice to have
7 a sister agency come. And, you're excused.

8 Mr. Eckberg, is that correct, our next
9 witness?

10 MS. CHAMBERLIN: That's correct.

11 CHAIRMAN IGNATIUS: Please come forward.
12 (Whereupon **Stephen R. Eckberg** was duly
13 sworn by the Court Reporter.)

14 **STEPHEN R. ECKBERG, SWORN**

15 **DIRECT EXAMINATION**

16 BY MS. CHAMBERLIN:

17 Q. Mr. Eckberg, will you state your name and position
18 please.

19 A. My name is Stephen R. Eckberg. And, I am employed by
20 the Office of Consumer Advocate.

21 Q. And, did you file testimony in this proceeding?

22 A. Yes, I did.

23 Q. And, that testimony was premarked for identification as
24 "Exhibit 7, I believe that's correct?

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 A. Yes. That's correct, "Exhibit 7". That's how I
2 labeled mine. Yes.

3 Q. Do you have any changes or corrections to make to your
4 testimony?

5 A. No, I don't believe I have any edits or corrections to
6 make.

7 Q. Okay.

8 CHAIRMAN IGNATIUS: Ms. Chamberlin,
9 could swing the mike back towards you?

10 MS. CHAMBERLIN: Sure.

11 CHAIRMAN IGNATIUS: Thank you.

12 BY MS. CHAMBERLIN:

13 Q. In terms of the Settlement Agreement, do you have any
14 comment on the programs that are included within the
15 Settlement Agreement?

16 A. Yes. I do have several comments I'd like to make about
17 things in the Settlement Agreement. Absolutely. I
18 would start perhaps with maybe not taking everything in
19 numerical order, but, on Page 7, and then onto Page 8,
20 which is -- concerns the low income customers, the Low
21 Income Weatherization Program. The OCA certainly would
22 like to state its support also for the low income
23 budgets that have been proposed and are included in
24 this CORE filing.

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 We are also appreciative of the
2 components of the Settlement on Page 9, which address
3 utility-specific issues. I believe that section of the
4 Settlement was relettered as "Section G". In the
5 "PSNH" section, ii, there's several items there in the
6 section about the "RSA 125-O Monies". My testimony
7 addressed several issues regarding this issue. The
8 first issue was whether or not the RGGI funds should be
9 included in calculations of what PSNH is able to set
10 aside for energy efficiency programs at its own
11 facilities. And, PSNH has agreed here in the
12 Settlement, they have stated that they will not include
13 RGGI funds in the calculation of that set-aside. And,
14 I believe that that's actually not simply an agreement.
15 I think, if we look further, right at the language of
16 RSA 125-O, whatever the appropriate subsection is, I'm
17 sorry, I don't remember, but I believe that it may
18 actually specify that only Systems Benefit Charge funds
19 should be included in that calculation. So, when I
20 raised that issue in my testimony, I wasn't -- I don't
21 think I was aware of that subsection of the statute.
22 So, PSNH is agreeing to something here, it's sort of
23 perhaps over the top, they're agreeing to it, and we
24 appreciate they're agreeing, they're acknowledging the

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 issue that I raise in my testimony. But, clearly, I
2 believe they would have agreed to it anyway, because it
3 was statutorily required.

4 And, I also raised a concern in my
5 testimony about the cost-effectiveness of projects at
6 its own facilities, based upon some comparative
7 information that I had extracted from the CORE filing
8 and the Company's report on projects. And, PSNH has
9 made it clear, in discussions subsequently, and they
10 have stated it here in the Settlement, that they will
11 use the same standards, standards that are no less
12 strict on their own projects than projects that are
13 done for customers, commercial customers, in this case,
14 really. So, we're certainly pleased with those
15 components of the Settlement Agreement.

16 There's been much discussion so far
17 today about the Home Performance with ENERGY STAR
18 Program and the initial proposal that was included in
19 the filing, to do what's been referred to here as "deep
20 dive" or a larger rebate for natural gas heating
21 customers. My testimony offered support for that
22 component of the filing, for several reasons. And,
23 that is not included here in the Settlement. That's
24 certainly one of the contributing factors to our not

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 joining in.

2 Q. Okay. Thank you. So, moving from the terms of the
3 Settlement, to the areas that are not part of the
4 Settlement, the original filing, which is now marked as
5 "Exhibit 2", did raise the possibility of having a
6 program where both maximum rebates from the gas and the
7 electric programs would be available to a single
8 customer, is that correct?

9 A. To some customers, yes.

10 Q. Some customers.

11 A. Only those customers who are natural gas heating
12 customers and who are customers of one of the four
13 participating electric utilities here today. Yes.

14 Q. And, do you believe -- well, tell me why you support
15 this program.

16 A. Well, my testimony covered that. In a nutshell, I
17 think that we felt this was an interesting and valuable
18 opportunity to try and collect some new data about the
19 interest out there in the marketplace for larger energy
20 efficiency projects. We haven't seen such an
21 opportunity for customers to go quite this far through
22 the CORE Programs before. So, we felt this was a very
23 interesting and unique opportunity that they were
24 proposing. And, as I suggested in my testimony, and I

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 think as has been identified here, it was also perhaps
2 a proposal from the utilities to address the fact that
3 these customers contribute to two energy efficiency
4 funds, both the natural gas energy efficiency fund, as
5 well as they pay the Systems Benefit Charge, so they're
6 contributing to the electric energy efficiency fund.
7 So, it seemed like an opportunity to provide an
8 incremental benefit to those customers who meet that
9 criteria.

10 Q. Thank you. As part of your responsibilities, are you
11 familiar with the level of funding for energy
12 efficiency programs in other New England states?

13 A. Generally, yes. You know, I pay attention to what's
14 going on in our neighboring states, certainly. I'm
15 aware, for instance, that I think ISO-New England
16 recently made a presentation to interested stakeholders
17 about the energy efficiency forecast, which is now
18 included as part of the overall energy and demand
19 forecast that they produce. Just very recently, back
20 in mid December, they made this presentation. And,
21 they provided general background on their process, as
22 well as comparative information on funding levels and
23 energy efficiency savings in each of the six New
24 England states. And, --

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 Q. If you were to compare New Hampshire with the other New
2 England states, based on your review of the ISO
3 information, where does New Hampshire rank?

4 A. Based upon my review of the information that was
5 provided in that report, New Hampshire was pretty close
6 to the bottom, in terms of funding in among the six New
7 England states. Of course, there are differences in
8 legislative mandates and things, which can account for
9 that to some degree. But we were not rockin' the top
10 of the pile there.

11 MS. BROWN: Chairman Ignatius, I'm going
12 to ask for relevance on this line of questioning. I
13 understand that Mr. Eckberg had testimony that predated
14 the filing of the Settlement Agreement, and that it would
15 be helpful to get on the record his comments on the
16 Settlement Agreement. But I don't understand where this
17 budget line of questioning is going as it relates to the
18 Settlement Agreement. It sounds like it's expanding
19 testimony at this point, because I don't know the bearing
20 for this new information.

21 MS. CHAMBERLIN: It doesn't relate to
22 the Settlement Agreement. What it does is it shows that
23 New Hampshire has plenty of room to invest in new programs
24 and more programs, to gauge interest. And, that's one of

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[WITNESS: Eckberg]

1 the issues that's before the Commission today. Are
2 customers interested in these programs? We think they
3 are. We're trying to show that there is room for these
4 programs to grow.

5 CHAIRMAN IGNATIUS: Well, I think
6 limited questioning on it is -- may be fair. But it
7 wasn't -- as I recall, it wasn't in the prefiled
8 testimony, so there hasn't been opportunity to do
9 discovery. I think I recall materials submitted to the
10 EESE Board that had some of these statistics, so many of
11 the parties have probably seen the numbers.

12 But I do want to remind everyone that,
13 just because some of the parties may have reached a
14 settlement, this is the point we discussed earlier in the
15 day, that doesn't mean, just because the Settlement may
16 relate to only certain issues, it doesn't mean that the
17 hearing only relates to those things. The hearing is on
18 all of the testimony that's been submitted. And,
19 Mr. Eckberg, you know, isn't a signatory to the Agreement,
20 he shouldn't be limited to only those matters that are
21 contained in the Settlement Agreement.

22 MS. CHAMBERLIN: I will move on from the
23 other -- from that ISO issue. I'm done with that.

24 BY MS. CHAMBERLIN:

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 Q. Concerning the C&I RFP Program, do you support that
2 program?

3 A. Well, I did not offer any testimony on that program.
4 Generally, I tried to keep my testimony prescribed to
5 the residential area. But I think that, based upon the
6 rebuttal testimony, which had additional information
7 provided by Mr. Belair, I don't see any significant
8 problems or barriers to continuing to offer the
9 program. I certainly understand the issue of, when a
10 program transitions from being a pilot program, to
11 being a permanent program, that frequently there are --
12 there's additional supporting information, like studies
13 or something, to support such a shift or transition.
14 Things like that happen not only here in the energy
15 efficiency program universe, but elsewhere as well.

16 This program, as Mr. Belair stated in
17 his rebuttal testimony, is certainly a unique program.
18 It's not generally geared towards the mass market of
19 customers. It's very specialized towards a type of
20 project and a type of customer. So, I don't know what
21 type of additional information really might be
22 appropriate for transitioning the program from a
23 "pilot" concept to a "permanent" concept. Though,
24 again, as Mr. Belair stated, the program has been

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[WITNESS: Eckberg]

1 operative in the marketplace for a decade now. So, it
2 may already, in essence, be beyond its "pilot" phase.

3 But, as I said, initially, I don't see
4 any problematic concerns with the program. It is
5 cost-effective, as presented in the filing. And, I
6 think that is certainly an important consideration.
7 So, it's one of the basic considerations that the
8 program meets that. So, I'm not sure I would have any
9 objections.

10 MS. CHAMBERLIN: Thank you. That was
11 going to be my last question. Mr. Eckberg is available
12 for cross.

13 CHAIRMAN IGNATIUS: Thank you. Attorney
14 Fossum?

15 MR. FOSSUM: I have nothing.

16 CHAIRMAN IGNATIUS: Attorney Knowlton?

17 MS. KNOWLTON: I have nothing.

18 CHAIRMAN IGNATIUS: Attorney Goldwasser?

19 MS. GOLDWASSER: I just have actually
20 one question.

21 **CROSS-EXAMINATION**

22 BY MS. GOLDWASSER:

23 Q. Mr. Eckberg, did you hear this morning Chairman
24 Ignatius ask Mr. Stanley a question about rebate --

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[WITNESS: Eckberg]

1 customers who participate in the HPwES Program and the
2 amount of money that they need to be able to match to
3 be able to optimize their rebate levels?

4 A. Yes, I was here. I remember that line of questioning.

5 Q. Are there any programs that help residential customers
6 participate in the HPwES Program, if they don't have
7 the cash available up front?

8 A. There are. There are on-bill financing or loan
9 programs that are available to residential customers,
10 to help them participate in the HPwES Program. And,
11 those loan programs would, my understanding, would
12 certainly apply to both the existing HPwES Program,
13 which provides up to \$4,000 of rebates or incentive
14 payments, as well as the originally proposed, but no
15 longer contemplated, expanded version for natural gas
16 customers.

17 MS. GOLDWASSER: Thank you. I have no
18 further questions.

19 CHAIRMAN IGNATIUS: Attorney Dean?

20 MR. DEAN: No questions.

21 CHAIRMAN IGNATIUS: Mr. Clouthier?

22 MR. CLOUTHIER: No questions.

23 CHAIRMAN IGNATIUS: Mr. Nute?

24 MR. NUTE: No questions.

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[WITNESS: Eckberg]

1 CHAIRMAN IGNATIUS: Attorney Linder?

2 MR. LINDER: I have no questions. Thank
3 you.

4 CHAIRMAN IGNATIUS: Ms. Chambers?

5 MS. CHAMBERS: No questions.

6 CHAIRMAN IGNATIUS: Ms. Ohler?

7 MS. OHLER: No questions.

8 CHAIRMAN IGNATIUS: Attorney Brown?

9 MS. BROWN: Thank you. I just have a
10 few.

11 BY MS. BROWN:

12 Q. Mr. Eckberg, do you remember in discovery on the HPwES
13 and the "deep dive" program, a discussion about how
14 many customers might be interested in the "deep dive"
15 measures?

16 A. I don't specifically remember that data request. I
17 don't remember whether that was an OCA request or a
18 Staff request, but --

19 Q. Well, if I were to say that "ten customers were
20 anticipated being interested in the "deep dive"
21 program", do you recall that?

22 A. No, I don't have a specific memory of it. But even --
23 I think that I would suggest that, even if ten
24 customers were included in it, my understanding of the

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[WITNESS: Eckberg]

1 way the proposal for this program was made originally,
2 that that would probably be a worthwhile effort.
3 Because I don't believe that there's any incremental
4 cost, no additional administrative cost to offering
5 this "deep dive" approach. So, I would think that,
6 even if there were ten customers who were interested,
7 that would certainly provide, as I suggested earlier,
8 be some useful information to say that there is a
9 market, there is interest for this out there.

10 Q. In your testimony, you talk about "cost-effective
11 measures". What is the scope of the measures that you
12 anticipate and are recommending the expanded rebate
13 apply to?

14 A. I'm not sure what specifically you're referring to in
15 my testimony. But, I generally --

16 Q. Well, I can tell you --

17 A. Go ahead.

18 Q. On Page 4, you make a statement "It is possible that
19 approved quality" -- I'm sorry. "It is possible that
20 the approved, qualified energy efficiency contractor
21 could identify cost-effective measures." And, I'm just
22 wondering about, with the measures that you're talking
23 about, are they existing measures, additional measures,
24 from what Mr. Cunningham had listed?

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 A. Oh, I think -- I think, generally, that the
2 cost-effective measures I was referring to are the same
3 measures that are currently included in the Home
4 Performance with ENERGY STAR Program. There's --

5 Q. Thank you.

6 A. That additional opportunities may be able to be
7 identified for doing more insulation, for example, or
8 more air sealing, or for replacing a front door, or
9 windows, which may have been marginally cost-effective
10 or would not be covered under the existing program, but
11 which an expanded incentive opportunity might cover
12 such things. So, they're not necessarily different
13 measures, but I think all those measures are currently
14 eligible measures within the existing HPwES Program.

15 Q. Thank you for that clarification. Next question. Are
16 you aware that the HPwES incentive cap in Massachusetts
17 is about \$2,000?

18 A. I think I've heard that, yes.

19 Q. Are you aware that the HPwES incentive cap in Vermont
20 is about 2,500?

21 A. I wasn't aware of that. But I'm not sure that we're
22 comparing programs which offer the exact same types of
23 services overall either. So...

24 Q. Your testimony does not reference any study supporting

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 a specific incentive higher than 4,000 is necessary to
2 attract customers, correct?

3 A. No. I don't believe I referenced any specific studies,
4 no.

5 MS. BROWN: Thank you. That's the end
6 of -- let me just check. Staff has no other cross.

7 CHAIRMAN IGNATIUS: Thank you.

8 CMSR. HARRINGTON: No questions.

9 CHAIRMAN IGNATIUS: Commissioner Scott.

10 CMSR. SCOTT: Yes. Good afternoon.

11 WITNESS ECKBERG: Good afternoon.

12 BY CMSR. SCOTT:

13 Q. I just want to confirm, with the exception of the HPwES
14 "deep dive" issue, do you support the rest of the
15 Settlement Agreement?

16 A. I'm not sure I should say either "yes" or "no" to that.
17 I tried to identify some specific aspects of the
18 Settlement that we were supportive of. Clearly, based
19 upon my testimony, I offered supportive comments and
20 supportive testimony about a program that's no longer
21 under consideration in the Settlement Agreement. I'm
22 not comfortable saying "yes" or "no", I think, to that
23 question.

24 Q. Then, I withdraw my next question, which was "do you

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[WITNESS: Eckberg]

1 oppose anything in the Settlement?"

2 (Laughter.)

3 **BY THE WITNESS:**

4 A. Well, I think one of those is more open-ended than the
5 other. One is a more general question, and one is a
6 specific question. And, you know, I think that I would
7 say that I do -- well, if you're going to withdraw that
8 second question, I won't answer it.

9 Q. Well, I withdraw my withdrawal.

10 A. Or the hypothetical withdrawal.

11 Q. Do you oppose anything in the Settlement Agreement,
12 other than, again, we've already discussed the "deep
13 dive" issue?

14 A. Other than the "deep dive", that's what I was going to
15 connect with on your question, yes. We're not pleased
16 that it was withdrawn, as a matter of overall
17 compromise among those parties that signed the
18 Settlement. We thought it had value and wished that it
19 would have gone forward.

20 CMSR. SCOTT: Thank you.

21 **BY CHAIRMAN IGNATIUS:**

22 Q. I'll ask it in a slightly different way. Are you
23 asking us to reject the Settlement Agreement?

24 A. That sounds like a legal question. No.

{DE 12-262} {12-21-12}

[WITNESS: Eckberg]

1 Q. Well, I know your --

2 A. I think it would be excellent if there was a way to
3 approve the "deep dive" component within the context of
4 approving the rest of the Settlement Agreement.

5 CHAIRMAN IGNATIUS: All right. That's
6 fair. I have no other questions. Any redirect?

7 MS. CHAMBERLIN: I have just one
8 redirect.

9 **REDIRECT EXAMINATION**

10 BY MS. CHAMBERLIN:

11 Q. Concerning the level of rebates, is the mark of a
12 mature program a lower rebate level than in a new
13 program?

14 A. Well, I think, from a -- probably from a general energy
15 efficiency program design perspective, I think that,
16 and from a market transformation perspective, that,
17 generally, a new program might need higher incentives
18 levels to encourage adoption of new technologies or new
19 behaviors. And, as the market transforms and a new
20 technology becomes more adopted, that rebate levels
21 would decrease for that technology. Though, I'm not
22 sure that I would want to connect that, that decreasing
23 rebate or decreasing incentive concept, with what we've
24 been talking about here in the "deep dive", because,

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[WITNESS: Eckberg]

1 clearly, we're talking about a greater incentive. But
2 we're not talking about a greater incentive for the
3 same thing. We're talking about a greater incentive to
4 do more. So, there's a reason for that greater
5 incentive level.

6 MS. CHAMBERLIN: Thank you. That's all
7 I have.

8 CHAIRMAN IGNATIUS: Then, you're
9 excused. Thank you, Mr. Eckberg.

10 Is there anything -- any opposition to
11 striking the identification and making all of the exhibits
12 permanent exhibits in the record?

13 (No verbal response)

14 CHAIRMAN IGNATIUS: Seeing none, we will
15 do so. Is there anything to address before closings?

16 (No verbal response)

17 CHAIRMAN IGNATIUS: It appears not. So,
18 why don't we first take closings from those who did not
19 support the Settlement Agreement. And, then, I don't know
20 if individual Settling Parties have their own comments or
21 whether there's a spokesperson on behalf of the Settlement
22 Agreement. To the extent that there's an open issue on
23 the C&I RFP, it may be that people have different views.
24 So, even as I'm talking, I realize it's probably not

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1 likely that there's a single spokesperson, since it's only
2 a partial settlement. So, forget that.

3 Let's first have Ms. Ohler, closing
4 statement?

5 MS. OHLER: Thank you. I don't know
6 that I really have much more to add, other than to
7 reiterate that we strongly support the C&I RFP Program. I
8 guess we leave to the Commission's judgment on the
9 solution to the HPwES "deep dive". And, I'm glad you
10 didn't ask me that question. But, no. And, again, from
11 DES's perspective, the inclusion of the RGGI funds in this
12 program in a way mandate that the program get to all of
13 the carbon reductions possible in a fuel neutral manner,
14 and are supportive of the program to the extent that it
15 does that.

16 CHAIRMAN IGNATIUS: Attorney Chamberlin.

17 MS. CHAMBERLIN: Thank you. The OCA's
18 concern with the Settlement Agreement is that it doesn't
19 go far enough. It's not that the terms within the
20 Agreement are particularly unfavorable, it's just that it
21 doesn't include as much as it could. And, we believe that
22 the reservations expressed by Staff are unfounded. To the
23 extent that there is demand for the program, the --
24 expanding the program will give us the information we

1 need. If it turns out that nobody takes the program,
2 there's no loss or risk or change that we experience from
3 that. We simply have gathered more information, and then
4 we can continue to transform the programs as we go
5 forward.

6 The OCA's concern is that, where we have
7 programs on the table, we don't want to take them off. We
8 want to keep moving forward. There's plenty of room for
9 advancement. New Hampshire has not begun to max out its
10 energy efficiency potential. And, the most important
11 aspect is that the expanded programs must be
12 cost-effective. It's not that these will be less
13 beneficial for the overall ratepayer. These will create
14 efficiencies. These will meet the screening tools.

15 So, because of that, and because, in
16 adding additional measures, you have almost no
17 administrative costs. Perhaps a little more training of
18 the auditors, but very, very low additional costs. So,
19 there's very low risk.

20 Concerning the C&I RFP, I believe ten
21 years of data is sufficient. That to transform the market
22 and to give the market confidence that the program will
23 continue, changing it from a pilot to a program is
24 continuing evolution that is ready to take place now.

1 Thank you.

2 CHAIRMAN IGNATIUS: Thank you. And, Ms.
3 Chambers, you were not listed as a signatory to the
4 Agreement. OCA was not -- I mean, excuse me, OEP was not
5 listed as a signatory. Do you have a closing statement?

6 MS. CHAMBERS: OEP's absence as a
7 signatory is not an objection, as much as just an
8 abstention. Given our imminent change in leadership, with
9 Inauguration Day two weeks away, we just felt that the
10 timing wasn't appropriate. But we don't physically object
11 to anything.

12 CHAIRMAN IGNATIUS: Okay. Thank you.
13 Then, let's turn to Settling Parties. There are two
14 parties who are not present here, who were not
15 signatories, but they're not here; Conservation Law
16 Foundation and TRC.

17 So, why don't we just go in the order
18 people are here. Mr. Fossum.

19 MR. FOSSUM: Well, just one quick
20 clarification. It was the New Hampshire Community Loan
21 Fund that was the other party, not the Conservation Law
22 Foundation.

23 CHAIRMAN IGNATIUS: I thought both were
24 intervenors? My mistake, if I got that wrong.

1 MR. FOSSUM: Oh, no. I understood you.
2 Oh, I just wanted to identify that the Community Loan Fund
3 was a signatory to the Agreement, but is not here.

4 CHAIRMAN IGNATIUS: Yes.

5 MR. FOSSUM: On behalf of PSNH at least,
6 we would request that the Commission approve the
7 Settlement Agreement that's been submitted today for your
8 consideration. Obviously, in the negotiation process,
9 there's necessarily some give-and-take. And, you've heard
10 about at least one particular proposal that is not
11 included in the Settlement Agreement specifically.
12 There's certainly provisions in the Settlement Agreement
13 for continuing discussions about these, the so-called
14 "deeper dive" projects, and including them in the future.
15 So, certainly, those projects have not been foreclosed.

16 To address -- I wanted to address one
17 other thing very quickly, in response to Commissioner
18 Harrington's earlier question about "approving the
19 agreement other than exactly as filed, and whether that
20 voids the Agreement?" I believe that we would have to,
21 the utilities, or at least PSNH, I don't want to rush to
22 speak for the other utilities, we'd certainly have to look
23 at whatever it is the Commission orders, and evaluate,
24 based upon that, whether there are provisions of the

1 Settlement Agreement that could be -- that would be
2 appropriate to waive or change. But that would, of
3 course, be subject to the Commission's order.

4 I also wish to highlight that program
5 continuity is important. And, as such, we would hope to
6 get an order permitting these programs to go into effect
7 on January 1st. And, I know that that's only, what, ten
8 days away, so that's a tight time frame. And, so, to the
9 extent that that may not be possible, for whatever reason,
10 we would request the ability to continue offering the
11 programs as they exist pending the Commission's issuance
12 of an order.

13 Finally, as to the issue in dispute, on
14 the C&I RFP, I believe, through the rebuttal testimony
15 that you received as an exhibit and through the testimony
16 that you've heard today, there is ample evidence
17 indicating that this is a cost-effective and beneficial
18 program that should be continued as a full CORE program
19 going forward. And, so, we would ask that the Commission,
20 as part of approving the Settlement Agreement, approve
21 that as a full program. Thank you.

22 CHAIRMAN IGNATIUS: Thank you. Attorney
23 Knowlton.

24 MS. KNOWLTON: Thank you. On behalf of

1 Liberty Utilities, we're here today seeking your approval
2 for the next two years of energy efficiency programs. A
3 lot of thoughtful consideration has gone into putting
4 these programs together, including a review and
5 incorporation of results from the VEIC study, among
6 others.

7 I would like to say that we really
8 appreciate everyone's participation in this docket. It
9 was a fast docket. And, I think everyone worked hard
10 during that period of time to reach the point where we are
11 today. And, I know that this company very much
12 appreciates that.

13 The programs that are included in the
14 proposal are really not just words on a page. These are
15 very important programs to our customers that very much
16 affect their lives. It affects their bills. It affects
17 the environment. And, we believe that these programs, as
18 proposed, are good public policy.

19 And, while we really didn't spend any
20 time today on this point I want to raise next, I don't
21 want to lose sight of it. Which is, I really feel that
22 we're at a pivotal point in the history of these programs
23 that are being offered. This is the first time that the
24 gas and the electric programs have been offered together.

1 And, I think a lot of work went into combining them. And,
2 I think it really is a new chapter, so to speak, in these
3 programs.

4 And, the programs have been merged not
5 only in word, but really in deed. There are, you know, as
6 I mentioned, differences between the gas and electric
7 programs that have historically existed, and those are
8 going to be eliminated if you approve the Settlement
9 Agreement. Customers will seamlessly receive services,
10 whether they reside, you know, in one town, or their
11 business serves across the state. The program proposal
12 details the efforts that the utilities are going to make
13 going forward to seamlessly provide the services. And, I
14 think that's a really important benefit that is before you
15 today.

16 I believe that the record that has been
17 developed today supports that the programs are in the
18 public interest. And, we'd ask that you approve the
19 Settlement Agreement in its entirety. I concur with
20 Attorney Fossum's position that, if you do something
21 different in the order, we will assess that and make a
22 determination at that point, in terms of what our position
23 is. But we do very much hope to move forward in the new
24 year with these programs. And, we look forward to meeting

1 with all of the parties in our quarterly meetings, to talk
2 about other opportunities where we can achieve more
3 savings in the future, whether it's through the "deep
4 dive" programs or other ideas that parties bring to the
5 table.

6 So, with that, I'd like to thank you.

7 CHAIRMAN IGNATIUS: Thank you. Attorney
8 Dean.

9 MR. DEAN: Thank you. The New Hampshire
10 Electric Cooperative was a joint proponent of the filing
11 that initiated this docket and is signatory to the
12 Settlement Agreement, which implements the -- or, purports
13 to implement those programs as modified by the Settlement
14 Agreement.

15 So, we would urge the Commission to
16 approve the Settlement Agreement. And, because we were a
17 party, initial proponent, and one item, the PSNH C&I RFP,
18 is outside the scope of the Settlement Agreement, I do
19 want to reinforce the fact that, as a joint proponent, we
20 support PSNH's position in this docket.

21 CHAIRMAN IGNATIUS: Thank you
22 Mr. Cloutier? Oh, I'm sorry.

23 MS. GOLDWASSER: You skipped me.

24 CHAIRMAN IGNATIUS: I skipped you over.

1 Ms. Goldwasser.

2 MS. GOLDWASSER: I don't mind going
3 last, if that's your preference. All right. Until and
4 Northern echo and adopt the statements of the other
5 utilities, including the support for the Settlement
6 Agreement and support for PSNH's proposal regarding the
7 C&I RFP. And, I don't need to restate the statement by
8 Attorney Fossum and Attorney Knowlton regarding the
9 Settlement Agreement and any potential order that may
10 result.

11 The Companies would also like to thank
12 and commend the Staff for their work in helping and
13 facilitating the Partial Settlement Agreement. And, also
14 thank the Office of Consumer Advocate and the other
15 parties to this docket for their hard work on these
16 issues. This has been a very truncated process this year.
17 And, the parties have really cooperated in substantial
18 ways to make sure that we are able to bring the programs
19 to the Commission today, in the hope that programs can get
20 started at the beginning of 2013. And, that's not
21 insignificant, because there are some important changes
22 that you've heard about today. So, I think it's important
23 to recognize that the people in this room, in particular,
24 have worked very, very hard to help the utilities bring

1 these issues to you, and they should be applauded for
2 that.

3 We respectfully request that the
4 Commission approve the Settlement Agreement. We believe
5 it comports with the Commission rules regarding approval
6 of contested cases by settlement, because the Settlement
7 Agreement results in a just -- the Settlement Agreement
8 result is just and reasonable and it serves the public
9 interest.

10 In particular, it provides the State of
11 New Hampshire with a suite of diverse and award-winning
12 energy efficiency programs that meet the goals of both RSA
13 374-F and RSA 125-0, and that's an important change that
14 you've heard about today.

15 The utilities and the parties have
16 worked hard to figure out the best way of accomplishing
17 the task of incorporating up to \$6 million of new funds
18 into these programs. And, they have done it cooperatively
19 and have worked hard at it. And, that's reflected in the
20 Settlement Agreement.

21 For all of the reasons that I've said,
22 and the reasons that the other parties have stated, the
23 utilities have stated, we request that the Settlement be
24 approved. And, Unitil is, of course, committed to

1 continuing to work with the other parties in this docket
2 to improve these programs and to discuss some of the
3 proposals that we're hoping to bring to you later on this
4 year. Thank you.

5 CHAIRMAN IGNATIUS: Thank you. Now,
6 Mr. Clouthier.

7 MR. CLOUTHIER: Thank you. I would just
8 like to, first off, just say thank you for the ability --
9 (Court reporter interruption.)

10 MR. CLOUTHIER: Is that better?

11 MR. PATNAUDE: Yes.

12 MR. CLOUTHIER: I'd just, first of all,
13 like to say thank you for the ability to participate in
14 this process. The Community Action Association supports
15 the Settlement. And, we're really looking forward to
16 participating in the quarterly meetings, especially in
17 regards to the consideration of adjusting the rebate level
18 for the Home Energy Assistance Program, based on the
19 difficult situation that Community Action Agencies have
20 been in this year with the funding cuts from the
21 Department of Energy. So, I just want to say thanks, and
22 we really look forward to participating in the meetings.
23 Thank you.

24 CHAIRMAN IGNATIUS: Thank you.

1 Mr. Nute.

2 MR. NUTE: Yes. The Jordan Institute
3 has signed on to this Agreement. But also would like to
4 echo the sentiment from the OCA that it could have gone
5 further. And, hopefully, emphasis on, you know, going
6 forward, especially in the Settlement Agreement, Article
7 II, Section B, that, with the quarterly meetings, we will
8 meet together to discuss, you know, "deep dive" measures,
9 rebate changes, or everything all as related to the
10 residential and the C&I programs.

11 We also feel that during these meetings,
12 perhaps we could also discuss EESE Board's recommendations
13 as they reference in the VEIC reports.

14 There's been many RGGI-funded C&I energy
15 audits in the past, and there are many owners out there
16 who would like to take this and implement these energy
17 efficiency measures. So, we feel that the programs, the
18 C&I programs, the fuel neutral, and also the PSNH RFP
19 Programs are very important for these owners.

20 And, I think, lastly, Jordan feels that
21 there's a real need for measurements of the
22 accomplishments of these programs. I mean, after ten
23 years of these programs, you know, whether it's modeled
24 savings or deemed savings, we really think that it needs

1 to be tested. So, we think measurement is very important
2 going forward. And, thank you very much.

3 CHAIRMAN IGNATIUS: Thank you. Attorney
4 Linder.

5 MR. LINDER: Thank you. The Way Home is
6 a signatory to the Settlement Agreement, and does fully
7 support the Settlement Agreement. We believe that the
8 record shows that it's just and reasonable and in the
9 public interest. And, it also does address the issues
10 raised by the Commission in the Order of Notice dated
11 October 15th, 2012. We think that the issues are
12 addressed in the Settlement Agreement. We do recommend
13 that the Commission approve the Settlement Agreement, and
14 that either the Commission, I know the end of the year is
15 very close, and it's going to be very difficult, I think,
16 for any decisional body to digest all this information and
17 come out with an order. And, so, in the past, I think the
18 Commission has, if the Commission has not been able to
19 issue an order before the end of the year, the Commission
20 has authorized the utilities to continue to offer the
21 programs until there's -- until a final order has been
22 issued.

23 And, there's, as I indicated at the
24 prehearing conference, uncertainty and delay can result in

1 ramping -- unintentionally ramping down of programs, and
2 then having to try to restart and ramp-up again in the
3 next program year. And, so, if there were a way that the
4 Commission could authorize the utilities to continue to
5 provide the programs, in the event that an order is not
6 issued by the end of year on the Settlement Agreement, I
7 think that would help alleviate concern about ramping down
8 and then having to ramp-up again and lose momentum.

9 With respect to the Public Service
10 proposal on making the C&I RFP Program permanent, we would
11 support that proposal. We think it does meet the criteria
12 that's set forth in the restructuring statute, at RSA
13 374-F:3, X, which is entitled "Energy Efficiency". And,
14 that the restructuring should be designed to reduce market
15 barriers to investment in energy efficiency. And, more
16 particularly, that the utility-sponsored energy efficiency
17 programs should target cost-effective opportunities that
18 may otherwise be lost due to market barriers. And, it
19 seems to me that the record shows that that is the
20 situation in this case, that this is a cost-effective
21 program that's attempting to address opportunities that
22 could be lost due to market barriers. And, so, to the
23 extent that the Commission believes that the pilot program
24 is consistent with the language in the statute, that would

1 be another reason in support of allowing the program to
2 become permanent. And, we thank you very much.

3 CHAIRMAN IGNATIUS: Thank you. Attorney
4 Brown.

5 MS. BROWN: Thank you, Commissioners.
6 Staff respectfully requests the Commission approve the
7 Settlement Agreement presented today. This is the first
8 CORE program cycle that is incorporating the additional
9 funds from RGGI as per House Bill 1490. The Settlement
10 Agreement, from Staff's perspective, provides appropriate
11 methods for tracking budgets and expenditures related to
12 the RGGI funding.

13 With respect to the quarterly meetings,
14 they have been very successful in the past. However, over
15 this past year, the HPwES litigation kind of dragged on
16 enough to impact the quarterly meetings' productivity. In
17 the coming year, Staff expects more robust discussions in
18 these quarterly meetings.

19 Staff hears the concerns from the
20 parties that the programs presented today could have gone
21 further. But, we think, given the rocket docket style of
22 this instant proceeding, it's better to vet these new
23 ideas in the quarterly meetings. And, we look forward to
24 having those discussions and we look forward to

1 coordinating those meetings.

2 The Staff is pleased that the quarterly
3 reporting has been expanded to include annual
4 kilowatt-hour and MMBtu savings, and as well as the
5 percentage of program expenditures, savings, and
6 participation attributed to SBC and RGGI funds.

7 Staff is going to also continue working
8 with the Performance Incentive Working Group. We have
9 more meetings to hold, and have a report or some kind of a
10 proposal to the Commission by June 30th. So, that will
11 occupy us the first half of the year.

12 Regarding the planned savings in the
13 proposed CORE Programs, Staff has reviewed the planned
14 kilowatt-hour and MMBtu savings, and believes the levels
15 proposed for 2013 and '14 are reasonable and reflect
16 up-to-date planning assumptions.

17 Going forward, the utilities will
18 provide, in their next CORE filings, a high-level summary
19 of material changes in the body of the filing, to include
20 reconciliation of significant changes to savings and an
21 explanation of those changes. And, Staff thinks that that
22 will aid in its future review of the filings.

23 Staff believes the programs are
24 cost-effective, with the exception of the Customer

1 Engagement Pilot, but that cost/benefit ratio, as
2 contained in the filing, was only a 0.70 in 2012, but
3 there was a delay in the rolling out of that program.
4 Thus, the full year savings will not likely be achieved
5 until 2014. But, with that wrinkle, Staff supports the
6 programs.

7 Staff looks forward to working with
8 Unitil on the Combined Heat and Power pilot measure, and
9 hopes to have the proposal worked out and filed by
10 April 30th.

11 With respect to the recommendation that
12 the Commission approve an additional \$4,000 rebate
13 incentive to gas customers under the HPwES Program, we
14 note that the record does not have any justification,
15 other than statements, there is no report yet justifying
16 that additional \$4,000 rebate incentive is necessary to
17 increase participation. We also don't have in the record
18 that, if there are changes or additions of the \$4,000,
19 there is no plan to increase any of the System Benefit
20 Charge contributions or increases in the LDAC. We think
21 these are issues that need to be addressed and vetted in
22 the quarterly meetings.

23 I want to revisit that, when Ms. Ohler
24 was discussing the GDS study, the achievable 20 percent

1 she was discussing does necessitate, according to that
2 report, \$63 million per year. So, it's a little difficult
3 to increase, in this single program, on the expense side,
4 without looking at the revenue side. So, again, these are
5 good issues that are being raised by the participants in
6 this docket. And, we think the best place to discuss them
7 is to fully vet them in the quarterly meetings.

8 Another issue to add to the quarterly
9 meetings is "what are the goals behind the separate
10 funding sources?" We've got SBC and we've got RGGI, and I
11 know that some participants believe that the RGGI dollars,
12 as they carry over into the new energy efficiency fund,
13 still carry over the policies that were in the RGGI
14 statute. And, I think that's a good issue to raise and
15 vet in the quarterly meetings as well.

16 So, in conclusion, thank you again for
17 your time today. And, we respectfully request that you
18 approve the Settlement Agreement. Thank you.

19 CHAIRMAN IGNATIUS: Thank you.

20 (Chairman and Commissioners conferring.)

21 CHAIRMAN IGNATIUS: Thank you. We want
22 to take up one of the recommendations that, I've forgotten
23 who first said it, but to address the question of "what
24 should happen if an order is not out by January 1st?"

1 And, since we're all here, we are comfortable with the
2 idea of a continuation of the existing programs going
3 forward for whatever gap of time there might be between
4 the end of the program year and the issuance of an order.
5 We can confirm that with a secretarial letter. But, just
6 so that everybody knows, we've determined that's the
7 appropriate thing to do, and not have any sort of question
8 of whether things should shut down and then ramp up again
9 when an order is issued.

10 I want to thank everyone as well. It's
11 obvious that an awful lot of hard work went into this to
12 go through this much detail in a very short period of
13 time, and come today with a really very coherent and clear
14 presentation of the open issues that are remaining among
15 the parties. It makes it a lot easier for us. And, it, I
16 think, helps to really bring a fine point to the issues of
17 disagreement and help to guide where we go next, and help
18 to flesh out issues that may be raised in the quarterly
19 meetings. So, we appreciate it. It's a job well done, I
20 think, on everybody's part. Other than, unless there's
21 anything else than that, we will take all this under
22 advisement. We will endeavor to issue an order as quickly
23 as we can. And, we are adjourned. Thank you.

24 **(Whereupon the hearing ended at 1:37 p.m.)**