

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 6, 2013 - 9:13 a.m.
Concord, New Hampshire

 ORIGINAL

RE: DE 12-262
2013-2014 CORE NH ELECTRIC AND GAS
ENERGY EFFICIENCY PROGRAMS:
Hearing on the Merits

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

Clare E. Howard-Pike - Clerk

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NHPUC DEC30'13 PM 2:52

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I N D E X

WITNESS PANEL:

THOMAS R. BELAIR
JAMES J. CUNNINGHAM
STEPHEN R. ECKBERG
ERIC M. STANLEY

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P R O C E E D I N G S

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2 CHAIRMAN IGNATIUS: Good
3 morning. I'd like to open the hearing in
4 Docket DE 12-262. This is the CORE docket for
5 2013-2014 program years. We have a full
6 house. We'll take appearances, and then,
7 after that, I understand we have a settlement
8 agreement filed, which we have reviewed. And
9 I don't know if there's other matters to take
10 up as well as that. So, why don't we do quick
11 appearances, and then if somebody afterwards
12 wants to give me a low-down on how you expect
13 the morning's proceedings to play out, that
14 would be helpful.

15 Why don't we begin with Mr.
16 Fossum.

17 MR. FOSSUM: Good morning,
18 Commissioners. Matthew Fossum for Public
19 Service Company of New Hampshire.

20 MS. KNOWLTON: Good morning,
21 Commissioners, Sarah Knowlton here today for
22 Granite State Electric Company and EnergyNorth
23 Natural Gas, both doing business as Liberty

1 Utilities. And with me today from the company
2 is Eric Stanley.

3 MS. GOLDWASSER: Good morning.
4 My name is Rachel Goldwasser from the law firm
5 of Orr & Reno. I'm here today on behalf of
6 Unitil and Northern Utilities. And with me
7 are Tom Palma and Mary Downes.

8 MR. DEAN: Good morning. Mark
9 Dean, on behalf of New Hampshire Electric
10 Co-Op.

11 MS. HATFIELD: Good morning.
12 Meredith Hatfield for the Office of Energy and
13 Planning. And with me from the office is
14 Brandy Chambers.

15 MR. CLOUTHIER: Good morning.
16 Ryan Clouthier, on behalf of the Community
17 Action Agencies.

18 ALAN LINDER: Good morning.
19 Alan Linder from New Hampshire Legal
20 Assistance, representing The Way Home. And
21 with me at the counsel table is Diane Pitts,
22 Director of Housing Services for The Way Home.

23 MS. RICHARDSON: Good morning.

1 I'm Laura Richardson with the Jordan
2 Institute.

3 MS. OHLER: Good morning.
4 Becky Ohler with the Department of
5 Environmental Services.

6 MS. CHAMBERLIN: Good morning.
7 Susan Chamberlin, consumer advocate for the
8 residential ratepayers. And with me this
9 morning is Stephen Eckberg.

10 MS. BROWN: Good morning,
11 Commissioners. Marcia Brown, on behalf of
12 Staff today.

13 And if I can segue into our
14 planned presentation, the utilities, parties
15 and Staff will be putting on a panel
16 comprising of Tom Belair, Eric Stanley, Jim
17 Cunningham and Stephen Eckberg. We, among
18 ourselves, have an agreement on the initial
19 exhibits that we expect to introduce, but
20 we're going to wait during our qualification
21 of witnesses to explain those exhibits and
22 the exhibit numbers to you. And we do have a
23 couple of minor corrections to the 2014

1 Update filing, and we'll do that as we do our
2 qualification of witnesses. And I also
3 believe Attorney Goldwasser has an amendment.
4 Thank you.

5 CHAIRMAN IGNATIUS: All right.
6 Am I correct -- as I looked at it, it appeared
7 that all of the parties are signatories to the
8 agreement. Is there anyone who is opposed,
9 has filed any or told you that they are not in
10 support of the agreement?

11 MS. BROWN: We believe we have
12 a unanimous assent to the settlement
13 agreement.

14 CHAIRMAN IGNATIUS: Remarkable.
15 All right. Anything else to
16 take up before the panel is seated? If not,
17 then why don't Mr. Belair, Mr. Stanley, Mr.
18 Eckberg and Mr. Cunningham come up.

19 **(WHEREUPON, the following panel of**
20 **witnesses was duly sworn and cautioned**
21 **by the Court Reporter.)**

22 **JAMES J. CUNNINGHAM, JR., SWORN**

23 **STEPHEN R. ECKBERG, SWORN**

1 **THOMAS R. BELAIR, SWORN**

2 **ERIC M. STANLEY, SWORN**

3 CHAIRMAN IGNATIUS: Please
4 proceed.

5 MR. FOSSUM: Thank you. By
6 agreement, we are going to individually
7 qualify the witnesses and then proceed with
8 the examinations this morning. So, with that
9 said, I'll start with Mr. Belair.

10 **EXAMINATION**

11 **BY MR. FOSSUM:**

12 Q. Could you state your name and place of
13 employment and your responsibilities for the
14 record, please.

15 A. (Mr. Belair) Surely. My name is Thomas
16 Belair. I'm employed by Public Service
17 Company of New Hampshire. And in my
18 position, I'm responsible for the
19 implementation and administration of the
20 company's energy efficiency programs.

21 Q. Mr. Belair, have you previously testified
22 before this Commission?

23 A. (Mr. Belair) Yes, I have in the past. Energy

1 commission stuff, yes.

2 Q. Thank you.

3 And Mr. Stanley, could you state your
4 name and employer and your responsibilities
5 for the record, please, also.

6 A. (Mr. Stanley) My name is Eric Matthew
7 Stanley. I'm employed by Liberty Energy
8 Utilities New Hampshire Corp. I'm the
9 manager of the energy efficiency and customer
10 programs at Liberty, and I'm responsible for
11 the marketing, planning, implementation and
12 reporting of the company's energy efficiency
13 programs in New Hampshire.

14 Q. Have you previously testified before this
15 Commission?

16 A. (Mr. Stanley) Yes.

17 Q. Thank you.

18 **EXAMINATION**

19 **BY MS. CHAMBERLIN:**

20 Q. Mr. Eckberg, please state your name and
21 position for the record.

22 A. (Mr. Eckberg) My name is Stephen Eckberg.

23 Q. Your position?

1 A. (Mr. Eckberg) I'm a utility analyst, employed
2 by the Office of Consumer Advocate.

3 Q. And could you describe your responsibilities
4 as they relate to the energy efficiency
5 programs.

6 A. (Mr. Eckberg) I participated in this docket
7 on behalf of the Office of Consumer Advocate,
8 reviewed the filing made by the utilities,
9 participated in discovery and prepared
10 testimony on behalf of our office.

11 Q. And have you testified before this Commission
12 in the past?

13 A. (Mr. Eckberg) Yes, I have.

14 Q. Thank you.

15 **EXAMINATION**

16 **BY MS. BROWN:**

17 Q. Mr. Cunningham, you're next. Could you
18 please state your full name and your position
19 with the Commission, please.

20 A. (Mr. Cunningham) My name is James J.
21 Cunningham, Jr. I'm a staff analyst here at
22 the Commission.

23 Q. As a Staff analyst what do you consider to be

1 your area of expertise?

2 A. (Mr. Cunningham) My area of expertise is in
3 CORE programs and rate cases for the Gas,
4 Water and Electric Division, and other cases
5 as assigned.

6 Q. Is the testimony you will be providing today
7 within that area of expertise?

8 A. (Mr. Cunningham) Yes, it is.

9 Q. Can you please briefly describe what you
10 reviewed in this docket with respect to the
11 filing that came in September 13, 2013?

12 A. (Mr. Cunningham) Okay. I reviewed the
13 proposed changes, the budgets, the savings,
14 the cost-effectiveness of the programs for
15 the gas and electric utilities.

16 Q. When I asked you about the September 2013
17 filing, was that to update the 2014 program
18 year?

19 A. (Mr. Cunningham) Yes, it was.

20 MS. BROWN: And I'd like to
21 have that document marked as an exhibit for --
22 Exhibit 11, I believe, is what we picked up
23 with.

1 CHAIRMAN IGNATIUS: Ms. Brown,
2 I'm not sure I followed. Are you describing
3 the red folder?

4 MS. BROWN: Yes, I am. And I
5 thought -- we didn't quite pin down, with
6 Attorney Fossum and I, who was going to
7 introduce the update filing as our Exhibit 11,
8 so I'm trying to do that right now. And it is
9 the one that came in with a red binder for
10 folks.

11 CHAIRMAN IGNATIUS: All right.
12 That was filed September 13, 2013?

13 MS. BROWN: Yes.

14 CHAIRMAN IGNATIUS: And we are
15 up to No. 11?

16 HEARINGS CLERK: Hmm-hmm.

17 CHAIRMAN IGNATIUS: All right.
18 So we'll mark that for identification as
19 Exhibit 11.

20 **(The document, as described, was**
21 **herewith marked as Exhibit No. 11 for**
22 **identification.)**

23 BY MS. BROWN:

1 Q. Mr. Cunningham, did you also review a
2 settlement document that the parties created
3 in this docket?

4 A. (Mr. Cunningham) Yes, I did.

5 (Discussion off the record between
6 Attorney Fossum and Attorney Brown.)

7 MS. BROWN: Commissioners, we'd
8 like to mark for identification as Exhibit 12
9 the settlement agreement that was previously
10 filed with the Commission a couple days ago.
11 And it has attachments with it, but we are
12 wanting the settlement and the attachments to
13 be marked as Exhibit 12 for identification.

14 CHAIRMAN IGNATIUS: So marked.
15 Thank you.

16 (The document, as described, was
17 herewith marked as Exhibit No. 12 for
18 identification.)

19 BY MS. BROWN:

20 Q. Mr. Cunningham, did you prepare testimony in
21 this proceeding?

22 A. (Mr. Cunningham) Yes, I did.

23 Q. Do you have any changes or corrections to

1 make to that testimony?

2 A. (Mr. Cunningham) No, I have no changes.

3 Q. And did you file that jointly with another
4 colleague of yours?

5 A. (Mr. Cunningham) Yes, Mr. Stachow.

6 Q. With respect to the issues in that testimony,
7 are you able to speak to all of the issues?

8 A. (Mr. Cunningham) Yes, I am.

9 Q. I think I already asked you if you had any
10 corrections to make to that testimony.

11 A. (Mr. Cunningham) Said I don't have any
12 corrections.

13 Q. And it is true and accurate, to the best of
14 your belief?

15 A. (Mr. Cunningham) Yes, it is.

16 MS. BROWN: I'd like to have
17 Mr. Cunningham's testimony marked for
18 identification as Exhibit 14.

19 CHAIRMAN IGNATIUS: Are we at
20 13?

21 MS. BROWN: I'm sorry, 13.

22 CHAIRMAN IGNATIUS: So marked.

23 **(The document, as described, was**

1 **herewith marked as Exhibit No. 13 for**
2 **identification.)**

3 MS. BROWN: By agreement of the
4 parties, we'd also like to mark for
5 identification Ms. Rebecca Ohler's testimony.
6 And there's no opposition to marking this for
7 identification by Staff and the parties. And
8 I guess that would be Exhibit 14 for
9 identification.

10 CHAIRMAN IGNATIUS: All right.
11 And that's her testimony. It's dated
12 November 1st, but it was actually received
13 here November -- oh, November 1st. We'll mark
14 that as Exhibit 14. Thank you.

15 MS. BROWN: Yes. Thank you.

16 **(The document, as described, was**
17 **herewith marked as No. 14 for**
18 **identification.)**

19 **EXAMINATION**

20 **BY MS. CHAMBERLIN:**

21 Q. And Mr. Eckberg, did you file testimony in
22 this case on November 1, 2013?

23 A. (Mr. Eckberg) Yes, I did.

1 Q. And do you have any changes or corrections to
2 that testimony?

3 A. (Mr. Eckberg) No, I do not.

4 MS. CHAMBERLIN: And I'd ask
5 that Mr. Eckberg's testimony be marked for
6 identification as, I think we're at 15.

7 CHAIRMAN IGNATIUS: So marked.
8 Thank you.

9 **(The document, as described, was**
10 **herewith marked as Exhibit No. 15 for**
11 **identification.)**

12 MR. FOSSUM: Okay?

13 CHAIRMAN IGNATIUS: Mr. Fossum.

14 MR. FOSSUM: Thank you.

15 **EXAMINATION**

16 **BY MR. FOSSUM:**

17 Q. Turning back to Mr. Belair and Mr. Stanley,
18 just for completeness, did you both
19 participate with the other utilities in
20 preparing what has been marked as Exhibit 11,
21 the September 13 update?

22 A. (Mr. Belair) Yes.

23 A. (Mr. Stanley) Yes.

1 Q. And did you both participate in the
2 settlement negotiation in this proceeding?

3 A. (Mr. Belair) Yes.

4 A. (Mr. Stanley) Yes.

5 A. (Mr. Belair) Yes, we did.

6 Q. And you're both familiar with the terms of
7 the settlement agreement that has now been
8 marked as Exhibit 12 in this proceeding; is
9 that correct?

10 A. (Mr. Belair) Yes.

11 A. (Mr. Stanley) Yes.

12 Q. Now, Mr. Belair, could you briefly explain
13 the settlement agreement and it's structure.

14 A. (Mr. Belair) Sure. The settlement agreement
15 has a number of attachments to it. I'd like
16 to just go through those attachments.

17 The first attachment is an errata sheet
18 identifying the corrections to the
19 September 13th filing, along with the changed
20 pages. That's Attachment A.

21 Attachment B is a copy of the 2014
22 Update filing with those changed pages
23 inserted, showing a revised date of

1 December 3rd, 2013.

2 We have Attachment C, which is the
3 Liberty Utilities Home Energy Reports pilot
4 page that describes the internal evaluation
5 they plan to do.

6 And Attachment D is a "White Paper"
7 describing how the third-party financing
8 initiative would work for the New Hampshire
9 residential gas customers.

10 Q. Thank you. Turning briefly back to what
11 you've identified as Attachments A and B,
12 showing the various changes in the inserted
13 page, do those attachments cover all of the
14 changes from the September to December
15 filing?

16 A. (Mr. Belair) No. There's at least one
17 additional change that was discovered after
18 the filing and --

19 Q. And could you explain and describe that for
20 the record, please.

21 A. (Mr. Belair) Sure. On Page 3 --

22 Q. Of?

23 A. (Mr. Belair) -- of the Attachment B to the

1 settlement agreement, the 2014 Update, this
2 is the revised filing. So, on Page 3 is a
3 chart there, a table there, I.2, CORE Gas
4 Program Funding for 2014. The top part shows
5 what the original estimated funding was for
6 2014; the second part is the revised funding,
7 and the third section is the difference.
8 There's two numbers there under Unutil Gas
9 that are incorrect. The first one says
10 190.3. It should be 169.1. And then at the
11 very bottom of that page, that table, the
12 184.3 should be 163.1. Those numbers are
13 just the differences from the two tables
14 above.

15 MR. FOSSUM: And just for
16 clarity, did the Commissioners follow that
17 description? I can --

18 CHAIRMAN IGNATIUS: I got there
19 a little late, but I got there. The final
20 number under Total Energy Efficiency Funding
21 should read, under Unutil Gas, should read
22 what?

23 MR. FOSSUM: 163.1.

1 CHAIRMAN IGNATIUS: Thank you.

2 BY MR. FOSSUM:

3 Q. And just very briefly, just for clarity, the
4 reason for that correction -- what was the
5 reason those numbers needed to be corrected?

6 A. (Mr. Belair) It's really the difference
7 between the above two tables, and this bottom
8 table didn't get updated when we made the
9 changes up above.

10 Q. And does that correction change any other --
11 anything else about the filing, any of the
12 other numbers within the filing?

13 A. (Mr. Belair) No, just on that page. That's
14 it.

15 Q. Thank you.

16 Covering the basic structure, turn to
17 Mr. Stanley. Could you explain somewhat
18 briefly the terms of the settlement agreement
19 that is presented to the Commission today.

20 A. (Mr. Stanley) Yes. First, starting with the
21 Early Boiler Replacement pilot, as noted in
22 the settlement agreement, in Commission
23 Order 25,462, the gas utilities were approved

1 to explore an Early Boiler Replacement pilot
2 beginning this past year. And the purpose of
3 this pilot is to drive customers with aging,
4 inefficient, but still-in-working-condition
5 boilers to upgrade their units to energy
6 efficiency models before the units had
7 actually failed. The challenge with these
8 units is that they can run for decades, in
9 some cases 50, 60 years, and that the cost to
10 upgrade these units can be several thousand
11 dollars, in some cases over \$10,000. And the
12 gas utilities' experience is that, unless the
13 unit has actually failed, customers are
14 not -- you know, customers are not driven to
15 replace or upgrade these units to more
16 efficient models before they actually fail.
17 So the idea with the pilot was to try to
18 provide some type of incremental incentive to
19 motivate these customers to upgrade their
20 units before the unit has actually failed.

21 This past year, Liberty Utilities
22 implemented this pilot to try and capture at
23 least 10 pre-end-of-life replacements units,

1 and we're now on track to complete 12 of
2 these units this year. As part of our update
3 filing submitted, we proposed this pilot to
4 become a full-fledged measure as part of the
5 ENERGY STAR Appliances Program. As part of
6 the settlement agreement, we've agreed to
7 keep this as a pilot measure in 2014 and that
8 we will explore during CORE meetings in 2014
9 how this measure should be evaluated in the
10 future, the form of that evaluation, and how
11 evaluations potentially in other
12 jurisdictions could be leveraged and applied
13 to New Hampshire.

14 The next part of the settlement
15 agreement has to do with the Home Energy
16 Reports pilot proposed by the gas utilities.
17 In looking for more innovative ways to
18 generate additional residential gas customer
19 savings, the gas utilities have seen
20 demonstrated success of behavioral-type
21 programs elsewhere in the country. And the
22 general concept of these programs is to try
23 and motivate customers to implement

1 energy-savings actions by providing them with
2 a detailed report that highlights what their
3 energy profile usage looks like with a peer
4 set group to themselves, with the idea of
5 driving customers to see that their profile,
6 you know, is different than their peers set,
7 and they might be motivated to invest in
8 energy efficiency measures because of that,
9 and also as part of these reports, providing
10 customers tips and recommendations about
11 programs they can participate in, in order to
12 save energy.

13 To date, there have been 85 of these
14 program implementations across the country,
15 20 of which have been specific to gas
16 utilities. And there's been over 30
17 independent evaluations of these programs, 10
18 of which have also been for gas utilities.
19 Also, these programs, the average annual
20 savings seen elsewhere for gas utilities has
21 been between 1 and 3 percent per year. And
22 the pilot that Liberty Utilities is looking
23 to implement in 2014 would be to 25,000 of

1 our residential gas customers, and it would
2 be implemented during the 2014 and '15 winter
3 heating seasons.

4 Staff raised in their testimony the need
5 to perform an independent evaluation of the
6 pilot. And the terms of the settlement
7 agreement outline that an independent
8 third-party evaluation will not be performed
9 in 2014; however, an internal evaluation of
10 the pilot will be completed following the
11 implementation of the winter heating season
12 cycle that will consist of performing a
13 customer billing analysis, as well as a
14 customer survey that will gauge customers'
15 feedback on their receptivity to the reports
16 and whether those reports actually motivated
17 customers to implement and perform any of the
18 company's other gas energy efficiency
19 programs.

20 The next part of the settlement
21 agreement speaks to a Third-Party Financing
22 pilot for the gas utilities. And first, just
23 as some background, access to capital

1 continues to be a barrier for residential
2 customers to participate in our programs,
3 particularly for our Home Performance with
4 ENERGY STAR Program, as well as boiler
5 upgrades which we just spoke to, that can
6 cost multiple thousands of dollars, and not
7 to mention while we're trying to encourage
8 customers to perform deeper, a more
9 comprehensive energy savings project, such as
10 performing our Home Performance program, as
11 well as equipment upgrades at the same time.

12 In addition, the gas utility programs
13 are currently at a disadvantage relative to
14 the electric utility customer programs in not
15 having a financing mechanism available for
16 customers to participate. But based on
17 financing programs such as CDFR, Better
18 Buildings in other jurisdictions, as well as
19 interest expressed by smaller lending
20 institutions in New Hampshire, the gas
21 utilities have seen opportunity for offering
22 a Third-Party Financing pilot to customers to
23 help drive activity in our programs. And

1 this type of program could also be
2 implemented at minimal cost through a pilot,
3 minimizing the amount of customer-funded
4 dollars upfront that would be necessary to
5 roll this out.

6 Now, the gas utilities recognize that in
7 the initial update filing the details
8 provided were thin. And subsequently, we
9 provided a -- which is Attachment D to the
10 settlement agreement -- a more detailed
11 supplemental "White Paper" that explains the
12 implementation tactics and approach and
13 justification for the proposed pilot. And
14 the settlement agreement subsequently
15 provides support for the proposed pilot in
16 2014.

17 The next part of the settlement
18 agreement speaks to the process for
19 introducing pilots. And as shown over the
20 past two years, and including what was just
21 reviewed, the CORE utilities propose a number
22 of new initiatives as a way to explore new
23 and innovative program approaches that can

1 help drive deeper and more comprehensive
2 energy-saving improvement. But as a way to
3 streamline these introductions, the parties
4 have agreed to discuss at CORE meetings in
5 2014 establishing a process methodology for
6 pilot program and measure introductions. And
7 this discussion would also include criteria
8 for how, when and in what form evaluations
9 will be performed.

10 The next item that's part of the
11 settlement agreement discusses performance
12 incentive for gas utilities. Staff raised in
13 their testimony a need to review the gas
14 utilities' performance incentive formula.
15 And the parties agree that we will discuss at
16 CORE meetings in 2014 the performance
17 incentive formula for the gas utilities in
18 2014 -- 2015 and onward.

19 The next part of the settlement
20 agreement speaks to the M & E plans. And I
21 believe other members of the panel will
22 address that.

23 A. (Mr. Eckberg) The OCA expressed some concerns

1 in our testimony about monitoring and
2 evaluation. We've provided an example in
3 testimony of some details of energy savings
4 calculations which we felt were a bit
5 outdated, as well as in our testimony we
6 identified an outstanding commitment from the
7 parties to move forward with a monitoring and
8 evaluation RFP, which had been a commitment
9 from earlier CORE program years.

10 In the settlement agreement, Section F,
11 Page 4, addresses the OCA's concerns and
12 provides an agreement among the parties to
13 address the monitoring and evaluation in our
14 quarterly meetings in 2014. So this section
15 of the settlement agreement addresses our
16 concerns in that regard, and we look forward
17 to working with the parties.

18 Q. Thank you.

19 Returning to Mr. Belair for just a
20 moment, just to fill out the -- in addition
21 to the specific settlement terms that were
22 described by Mr. Stanley, does the 2014
23 Update, as updated and then agreed to in the

1 settlement, include provisions relative to
2 newly implemented legislation?

3 A. (Mr. Belair) Yes, it does.

4 Q. Could you describe those very briefly,
5 please.

6 A. (Mr. Belair) Sure. The settlement does
7 incorporate changes developing from the
8 passage of two bills. One of them is House
9 Bill 630, which requires at least 15 percent
10 of the RGGI funds go to low-income CORE
11 energy efficiency programs; and the second
12 one is Senate Bill 123, which requires the
13 CORE utilities to dedicate up to \$2 million
14 of RGGI or the Energy Efficiency Fund
15 proceeds for municipal local government
16 energy efficiency projects. Both of these
17 laws take effect January 1st, 2014, and we've
18 incorporated that into the filing.

19 Q. Thank you.

20 Now, to, I guess, the entirety of the
21 panel. Do you believe that the terms of the
22 settlement presented this morning provide a
23 fair and appropriate resolution to the issues

1 concerning the 2014 Updates to the CORE
2 programs? Whoever wants to go first, I
3 suppose.

4 A. (Mr. Cunningham) I'd say yes, they do.

5 Q. Thank you.

6 A. (Mr. Cunningham) I've reviewed the filing and
7 the subsequent discussions in technical
8 sessions, and Staff believes that the plan
9 savings are reasonable, and all the proposed
10 electric and gas programs are cost-effective.
11 We'd reference the Commission to Page 58 of
12 the revised filing for the electric programs
13 for this information, and Page 63 for a
14 summary of the gas information.

15 With respect to the budgets, the
16 settlement incorporates additional RGGI
17 funding in accordance with House Bill 1490,
18 signed into law on June 23rd, 2012;
19 15 percent is allocated to the HEA programs,
20 and \$2 million of the remainder is allocated
21 to the New Municipal Program. And I would
22 further refer the Commission to Page 61 and
23 62 for further exploration of that

1 information.

2 With respect to the RGGI
3 municipal-funded program, Staff believes the
4 proposed municipal program addresses the
5 unique challenges faced by the municipal
6 customers. We believe that the proposed
7 marketing plan that focuses on direct
8 outreach to municipal customers is a
9 particularly valuable feature.

10 With respect to the HEA rebates, it
11 wasn't discussed in the settlement document,
12 but Staff supports the increase to the HEA
13 program cap from \$5,000 to \$8,000. Staff
14 also supports the additional allowance above
15 the \$8,000 in certain cases where replacement
16 of space-heating equipment is required. And
17 Staff notes, also, a third element of the HEA
18 program commitment by the utilities is that
19 it will monitor the installation of space and
20 water heating equipment to ensure that it is
21 limited to no more than 25 percent of each of
22 the electric utilities' HEA program budgets,
23 and that's to ensure that most of the funds

1 are used for weatherization services.

2 We support the settlement agreement with
3 respect to the gas utilities' PI
4 revisitation. We are pleased that the
5 parties have agreed to a methodology to
6 introduce new pilots. We applaud the
7 utilities for all the work they've done in
8 creating and moving forward new ideas. And
9 we support those new ideas in the context of
10 these pilot proceedings, and we think this
11 pilot methodology that the parties have
12 agreed to will streamline that process and
13 encourage further moving forward of
14 additional pilot programs in the future.

15 There were a number of different pilots
16 proposed this year and last year, a couple
17 we'd like to just make brief comments about.

18 As Mr. Stanley indicated, the filing was
19 a bit thin on the third-party financing and
20 the HER programs, and there is additional
21 detail in the updated filing, Attachments C
22 and D, that provides an extensive amount of
23 information. We greatly appreciate the

1 utilities putting this forward.

2 We applaud the utilities for all the
3 work they did, particularly with the
4 third-party financing, reaching agreements as
5 early -- as late as, most recently, October
6 of this year, with two banks. A lot of work
7 has been done behind the scenes that Staff
8 wasn't aware of until discovery in this case,
9 and when we started to drill down into the
10 discovery, we found an extensive amount of
11 work had been done. So I'd like to take this
12 opportunity to thank the utilities for all
13 the work they did in that. We greatly
14 appreciate it.

15 We noticed in the third-party financing,
16 just at the very end of the process here, a
17 little burn in the road. The third-party
18 financing that's been put forward in
19 Attachment D specifies a \$10,000 limit. And
20 we noticed that the banks, at this time at
21 least, are interested in only limiting to
22 \$7500. However, we don't have a problem with
23 the filing, Attachment D, that seeks

1 Commission approval for the \$10,000 loan. We
2 support that. We believe, you know, the
3 banks are in privacy(?) as to how much money
4 is going to be loaned. So, even if the
5 Commission were to approve the \$10,000 limit
6 on the loan, and the banks weren't willing to
7 go that far, then obviously they'd make their
8 own decision about how far they'd be willing
9 to go. So, Staff doesn't have a problem with
10 \$10,000 you'll find in the third-party
11 financing proposal that's part of the
12 settlement agreement.

13 We support the pilot for the third-party
14 financing because we believe the contracts
15 that the gas companies have worked out with a
16 couple of banks have many desirable features.
17 Both contracts -- one with Merrimack County
18 Savings and the other with Meredith Village
19 Savings -- illustrate some of those two
20 banks' features, which Staff believes are
21 desirable features. Both contracts limit the
22 exposure of ratepayers to any unexpected
23 run-up in interest rates. Specifically, both

1 contracts state, "The interest rate included
2 in an energy efficiency loan shall not exceed
3 6.49 percent." Staff was pleased that that
4 limitation was in there. The term of the
5 contracts with both banks is no longer than
6 one year. I believe there's a special
7 provision in the contracts for the gas
8 utilities to back out of the deal for any
9 reason they find is unfavorable.

10 Also, the agreements provide that, if a
11 loan is prepaid by the borrower, for whatever
12 reason, Liberty reserves the right to be
13 reimbursed that portion of the upfront
14 interest rate buy-down costs that is not
15 earned by the lender. The contracts provide
16 for a five-year term. That appears
17 reasonable to Staff. It's not too
18 accelerated, and it's not too extended. We
19 believe that's reasonable for customers.

20 We also note that the loan is
21 standardized -- i.e., only energy efficiency
22 work that is recommended by the energy audit
23 and/or a Liberty prequalified contractor can

1 be performed.

2 Finally, these contracts provide for
3 monitoring of the loan -- i.e., the lender
4 will provide Liberty with a status report on
5 its outstanding energy efficiency loans
6 within 14 days at the end of each calendar
7 quarter.

8 So we believe all those -- that
9 completes the summary of what we believe are
10 the desirable features of the contracts that
11 the gas companies have worked out with these
12 two banks.

13 Q. Thank you, Mr. Cunningham. I want to turn to
14 Mr. Stanley very quickly for some
15 clarification.

16 Mr. Cunningham had spoken about the
17 \$10,000 that is noted in what is Attachment D
18 to the settlement. Could you explain what
19 that number is there, why that number is
20 \$10,000.

21 A. (Mr. Stanley) Yes. Liberty Utilities formed
22 agreements with two banks back in October in
23 exploring this pilot initiative, as Mr.

1 Cunningham stated, with Merrimack Village
2 Savings Bank -- I'm sorry Merrimack County
3 Savings Bank -- and Meredith Village Savings
4 Bank. And at the time of developing this
5 pilot, we wanted to develop an offering that
6 was consistent with our electric on-bill
7 financing offering, which allows for a
8 maximum loan of \$7500. Now, from the banks'
9 perspective, the offering that we've
10 developed in the contract actually falls
11 within their current home-improvement loan
12 offering, which has a max of \$10,000.
13 Initially, when we formed the agreement, we
14 thought we should at least align ourselves
15 with the electric offering; hence, we pushed
16 for having a \$7500 cap, not the banks. Now,
17 subsequent to that, in further planning and
18 discussing implementation, and looking at
19 opportunities, we are subsequently
20 recommending that that cap be at \$10,000,
21 which is also at the current level consistent
22 with where the banks are bucketing these
23 loans within their program offering. So we

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1 do not see any limitations in going back to
2 the lending institutions and asking to make a
3 modification to the agreement. Again, this
4 would be consistent with their current loan
5 offerings, so we don't see this as an issue.
6 And, in fact, the origination, again, was not
7 from the banks not wanting to have an
8 offering above \$7500; it was actually a
9 limitation that we put on ourselves, which we
10 do not see as necessary.

11 Q. Thank you. One other clarification I wanted
12 to ask for is, I believe I heard Mr.
13 Cunningham say something relative to the
14 introduction of the pilot program, so I just
15 wanted to clarify everybody's understanding.

16 I believe I heard him say that we had --
17 that the companies had agreed to a
18 methodology for the introduction of pilot
19 programs. Is that the case?

20 A. (Mr. Cunningham) We agreed to discuss a
21 methodology. We haven't agreed to it yet.

22 Q. Thank you. I just wanted to make sure that
23 that was clear for the record.

1 A. (Mr. Cunningham) Thank you.

2 Q. And with that, continuing down the panel, do
3 the other parties agree that this settlement
4 that's presented this morning is a fair and
5 appropriate resolution for the issues before
6 the Commission today?

7 A. (Mr. Eckberg) Yes, on behalf of the OCA, we
8 do believe that the settlement before us
9 today does represent a reasonable and fair
10 compromise of the issues raised by the
11 parties in this docket.

12 And if I might just make one brief
13 comment? I believe that I heard my
14 colleague, Mr. Cunningham, in his remarks a
15 few moments ago, say that in his review of
16 the programs, he found all programs to be
17 cost-effective. And I just wanted to point
18 out that I believe the OCA's understanding is
19 that the cost-effectiveness of programs is
20 actually evaluated or assessed on a sector
21 level -- that is, all residential programs,
22 for example, are evaluated together to assess
23 the cost-effectiveness, so that individual

1 programs, such as an education program, for
2 instance, which may actually have costs
3 associated with it, but which may not have
4 direct savings associated with it, would
5 be -- those costs would be included in the
6 overall residential sector level which would
7 be evaluated for cost-effectiveness. So I
8 just wanted to put a fine point on our
9 understanding. And that may actually have
10 been what Mr. Cunningham meant with his
11 statement, but I wanted to offer that
12 clarification. Thank you.

13 A. (Mr. Cunningham) Thank you, Mr. Eckberg.
14 Sorry.

15 I was referring -- just for
16 clarification, I was referring to the exhibit
17 in the filing at Page 58. Go there briefly.
18 And I just wanted to clarify, when I was
19 speaking about cost-effectiveness, I was
20 speaking of it in terms at the program level.
21 And this particular page in the update filing
22 shows that for each of the utilities on the
23 electric side, the programs are

1 cost-effective. I notice a couple that were
2 kind of marginal, but they were
3 cost-effective, and I highlighted them in my
4 copy. The ENERGY STAR Lighting Program, for
5 instance, for Unitil, was at 1.0. But that's
6 cost-effective. The Home Energy Assistance
7 Program for New Hampshire Electric
8 Cooperative, Column 2, the HEA Program, is
9 1.04. All the others are higher than that.

10 For gas, if you refer to Page 63, again,
11 I was looking at the benefit cost
12 calculations for each of the programs
13 for Unitil and for Liberty. They're all
14 above 1.0 -- at or above 1.0. Thank you.

15 CHAIRMAN IGNATIUS: Mr. Fossum,
16 can I clarify one thing before we move on so
17 that people have chance to respond to this?

18 Is it correct, Mr. Cunningham,
19 that there are two different tests that are
20 important to apply: One is program-specific,
21 to make sure that it passes that 1.0 or above
22 test, and then the ongoing monitoring and
23 evaluation would separately look at

1 cost-effectiveness by sector and not
2 program-specific? So there's two different
3 things with different purposes and different
4 ways, different methodologies?

5 WITNESS CUNNINGHAM: At the
6 sector level, for residential and for CNI
7 programs, for purposes of calculating the
8 performance incentive, cost-effectiveness is
9 important. And I think that might be what Mr.
10 Eckberg is referring to, for purposes of
11 calculating performance incentive. The
12 performance incentive mechanism has two
13 components to it. It has a benefit cost
14 component and a savings component. And those
15 are calculated at the -- I believe those are
16 calculated at the sector level.

17 Steve?

18 CHAIRMAN IGNATIUS: Anything
19 you want to add, Mr. Eckberg?

20 WITNESS ECKBERG: I was
21 speaking not specifically in my comment about
22 cost-effectiveness as it pertains to
23 calculation of the performance incentive, but

1 it's my understanding that the overall -- that
2 the programs have a requirement that the
3 cost-effectiveness is evaluated or assessed at
4 the sector level. So, while the information
5 that Mr. Cunningham referred to in the filing
6 a few moments ago, I believe at Page 58 and
7 Page 63, about individual program
8 cost-effectiveness is useful and informative
9 to the parties, it's not my understanding that
10 each individual program is required to have a
11 cost-effectiveness ratio of greater than one.
12 As I gave you the example of an education
13 program, which may not have savings
14 attributable to it directly, such a program,
15 if you calculated the cost effectiveness of
16 the program, would likely be less than one;
17 yet, such a program is allowed within the
18 context of the CORE programs, is my
19 understanding, because those costs are
20 considered within the context of the larger
21 sector-level expenditures and sector-level
22 savings. So, hopefully that offers some
23 clarification. I didn't mean to lead us down

1 a long, detailed discussion on the issue.

2 MS. CHAMBERLIN: If I may, the
3 charts show the detail of the funding. And on
4 the education programs, they simply don't have
5 the same cost benefit ratio that the other
6 programs have. They just recognize that
7 they're a different type of program. And
8 that's clearly shown on the pages between 58
9 and 63, when they go into the details of the
10 funding.

11 CHAIRMAN IGNATIUS: Thank you.
12 Go ahead, Mr. Fossum. Thank you for letting
13 me jump in there for a moment.

14 MR. FOSSUM: Of course.

15 BY MR. FOSSUM:

16 Q. Then I'll just continue down to Mr. Belair.
17 Do you believe that the settlement that's
18 presented this morning is a fair and
19 appropriate resolution of the issues before
20 the Commission today?

21 A. (Mr. Belair) Yes, I do. I think the
22 settlement agreement and the filing supports
23 portfolio programs for the residential

1 business and municipal customers, and that
2 the settlement agreement fairly and
3 appropriately addresses the issues that were
4 raised, and it's in the best interests of our
5 customers.

6 Q. Thank you. And Mr. Stanley, same question.

7 A. (Mr. Stanley) Yes, I believe the settlement
8 agreement is in the public's best interest
9 because it allows for key enhancements to be
10 implemented for the CORE utilities program
11 plan in 2014, such as refinements to program
12 budgets, savings targets, and implementation
13 of important new programs and pilot
14 initiatives that will allow the utilities to
15 explore more innovative ways to drive deeper
16 energy efficiency investments. And most
17 importantly, the settlement agreement allows
18 for cost-effective portfolio programs that
19 can have a meaningful impact to gas and
20 electric customers.

21 I just want to add on, too, my comments
22 earlier regarding the interest rate on
23 negotiations with banks, or the cap-level

1 details.

2 So the gas utilities are still exploring
3 working with other lending institutions. To
4 date, Unitil or Northern has not formed any
5 official contracts with lending institutions,
6 but it's our intent to form agreements where
7 the cap-level loans would be \$10,000. So I
8 just wanted to add that. Thank you.

9 Q. Thank you.

10 MR. FOSSUM: And I have nothing
11 further, so I'd turn it over to the other
12 utilities for any questions they may have.

13 CHAIRMAN IGNATIUS: All right.
14 Is there anything further, Ms. Knowlton?

15 MS. KNOWLTON: I have nothing.

16 CHAIRMAN IGNATIUS: Ms.
17 Goldwasser.

18 **EXAMINATION**

19 **BY MS. GOLDWASSER:**

20 Q. Just to clarify, Mr. Stanley, are the gas
21 utilities continuing to negotiate and enter
22 into contracts for the third-party financing
23 program?

1 A. (Mr. Stanley) Yes.

2 MS. GOLDWASSER: I just wanted
3 to be clear with the Commission that the two
4 contracts that Staff has reviewed are evidence
5 of contracts that are being entered into
6 by Unitil, for example, continuing to
7 negotiate contracts to make that program
8 available to its customers as well.

9 I don't know if this is the
10 appropriate time to ask, but I'd like to
11 reserve an exhibit. Very recently, Unitil,
12 together with the other utilities, recognized
13 an error in Exhibit L, which is an attachment
14 to the update filing. The error pertains to
15 the 2012 actual numbers and don't play any
16 role with respect to the 2014 plan as
17 proposed, or with respect to any other issues
18 before the Commission. But there are a
19 number of numbers, which I understand -- and
20 again, I haven't had a chance to look at this
21 closely with my clients, which is why I'm
22 asking to reserve the exhibit, rather than
23 producing it today. I understand that these

1 errors don't play any role with respect to
2 the analysis that's being done. So I'd ask
3 to reserve an exhibit and file that on Monday
4 morning, if that would be all right.

5 CHAIRMAN IGNATIUS: And your
6 understanding is that some substitute pages
7 might be submitted, but they wouldn't impact
8 any issues being considered here today.

9 MS. GOLDWASSER: That's
10 correct. The changes that are made on the
11 spreadsheet, that I haven't had a chance to
12 look very carefully at, involve the actual
13 savings and the lifetime savings for the 2012
14 actual year. So they're provided for
15 comparison purposes, not for purposes related
16 directly to the proposal for 2014.

17 CHAIRMAN IGNATIUS: Is there
18 any objection from anyone to reserving an
19 exhibit for that updated -- really, it sounds
20 like a correction to a couple of the numbers?
21 Any opposition to that? Mr. Linder?

22 ALAN LINDER: We don't -- we do
23 not have any objection. I just could not hear

1 what document is going to be corrected, that's
2 all.

3 MS. GOLDWASSER: My apologies.
4 It's part of Attachment L to the 2014 Update
5 filing, as corrected on December 3rd, 2013.

6 ALAN LINDER: Thank you.

7 CHAIRMAN IGNATIUS: All right.

8 MS. BROWN: Staff just wanted
9 to say that we are aware of the changes, and
10 the changes are not going to change our
11 position with respect to the settlement
12 agreement, and we do not object to the marking
13 for that exhibit.

14 CHAIRMAN IGNATIUS: All right.
15 Sounds like it would be a good idea to have
16 the most correct data in the file, and so
17 we'll reserve Exhibit 16 for that. And if it
18 comes in Monday, that would be great. Thank
19 you.

20 **(The document, as described, was**
21 **herewith marked as Exhibit 16 for**
22 **identification.)**

23 MS. GOLDWASSER: Thank you very

1 much.

2 CHAIRMAN IGNATIUS: Anything
3 further?

4 MS. GOLDWASSER: Nothing.

5 CHAIRMAN IGNATIUS: All right.

6 Mr. Dean.

7 MR. DEAN: I have no questions.

8 Thank you.

9 CHAIRMAN IGNATIUS: Ms.
10 Hatfield.

11 MS. HATFIELD: Thank you.

12 **EXAMINATION**

13 **BY MS. HATFIELD:**

14 Q. Good morning, Panelists.

15 A. (All panelists) Good morning.

16 Q. I had one question for you, Mr. Belair.

17 Looking at the September 13th update filing,
18 on Page 9 of that document, you discuss the
19 municipal programs. Can you turn to that
20 page?

21 A. (Mr. Belair) Yeah, I'm there.

22 Q. Could you just tell us how you plan to do
23 marketing to municipalities so that they

1 understand that those funds are available?

2 A. (Mr. Belair) Sure. Well, we've already
3 engaged a lot of the municipalities, or a
4 number of the municipalities, to see what
5 their needs are, what their opportunities
6 are. There's a lot of information that's out
7 there already on many of the towns and what
8 they've done through the ARRA grants and
9 Energy Efficiency Community Block grants.
10 There's audits that have been done that
11 detail a lot of opportunities already. So we
12 have that information available to us.

13 What we're going to do is, we're going
14 to send a letter out, when we get approval of
15 this filing, to all the municipalities, town
16 managers or mayors, and let them know that,
17 you know, with Senate Bill 123, there's this
18 opportunity to participate in this program.
19 And we'll be working with our -- the
20 utilities will be working with our account
21 executives and program implementers to work
22 with the customers, to see what the interest
23 is, and to work with them to identify

1 projects and get them through the system.

2 Q. Thank you.

3 Mr. Stanley, a question about the
4 proposed Third-Party Financing pilot. I
5 believe in your White Paper you reference the
6 need to provide access to financing to
7 customers in order to get them to do
8 efficiency projects. And I wonder if you
9 could just speak to the need.

10 A. (Mr. Stanley) Investing in any energy
11 efficiency investment, particularly key
12 programs such as our Home Performance Program
13 and boiler upgrades as I referenced earlier,
14 is a significant investment. Any of those
15 programs, the average project costs are in
16 the thousands of dollars. And for most
17 homeowners, having access readily available
18 to thousands-plus dollars is not something
19 that everybody has. And while we have
20 customers who are able to find money in order
21 to make certain investments, we are trying to
22 drive customers to do more than just the bare
23 minimum. And we have many Home Performance

1 customers who only install certain of the
2 measures recommended to them because they
3 can't cover the full cost to do everything
4 that's recommended. And we have customers
5 delaying investments in replacing equipment
6 because, again, they don't have the funding
7 to do so. So we think this program can help
8 address that issue, and we're looking forward
9 to seeing what the results show in 2014.

10 Q. Thank you. And could you speak briefly to
11 the importance of engaging banks and private
12 institutions in providing that funding rather
13 than using ratepayer funding.

14 A. (Mr. Stanley) The pilot program that we've
15 proposed is structured in a way that the
16 utilities would only be covering the cost of
17 a reduced interest rate offering for
18 customers rather than for, as a comparison,
19 the existing on-bill financing program for
20 the electric utilities, where the utilities
21 are covering the full cost of the loan. So,
22 in establishing an initiative and providing a
23 program to customers, we're able to offer a

1 program where the up-front investment needed
2 to establish the program implemented is
3 significantly lower than a program where
4 we're covering the full cost of the loan.
5 And the ratio, on average, is about a 1-to-13
6 ratio difference in upfront costs needed to
7 establish a pilot offering.

8 So we're very encouraged that, if this
9 effort is successful, it could potentially
10 allow us a way to drive more customer
11 activity, all at the same time at a lower
12 cost for implementing.

13 Q. Thank you.

14 Mr. Eckberg, would you please turn to
15 Page 4 of the settlement agreement.

16 A. (Mr. Eckberg) I'm there.

17 Q. And F is on monitoring and evaluation. Do
18 you see that?

19 A. (Mr. Eckberg) Yes, I see that.

20 Q. And under Section 2A it discusses an RFP for
21 an independent consultant to lead monitoring
22 and evaluation. Do you see that?

23 A. (Mr. Eckberg) I do see that, yes.

1 Q. Can you talk about the importance of that
2 provision of the settlement?

3 A. (Mr. Eckberg) Well, this is an issue that has
4 been discussed in my testimony in previous
5 years and in previous court dockets. And I
6 believe my testimony made reference to a
7 specific Commission order which directed
8 parties to move forward with such an RFP
9 which would provide everyone, I think, with
10 the opportunity to have the confidence that
11 we have a clear schedule for monitoring and
12 evaluation of the full menu of programs that
13 are offered, many of which -- or some of
14 which, as I identified in my testimony, may
15 be a little bit out of date in their
16 evaluations. We are confident that the
17 utilities are very mindful of their
18 responsibilities to evaluation and
19 verification of energy savings because of
20 their commitments to the Forward Capacity
21 Market. There are requirements that certain
22 energy savings evaluations be performed. So,
23 while we know that the utilities are very

1 mindful and responsible in meeting those
2 obligations, we would like to be sure that
3 everyone else is aware of the schedule and
4 what needs to be done. And while this
5 agreement here provides no certain dates
6 about when things will be done, we are
7 confident that this commitment to work
8 together collaboratively will meet the needs
9 to accomplish that RFP, which, as I
10 mentioned, was previously directed to proceed
11 by Commission order. But my understanding is
12 that there have been another -- several other
13 external evaluations or special projects in
14 the last few years which have used some of
15 the monitoring and evaluation funds -- for
16 instance, the GDS study, the VEIC study.
17 Those important evaluation efforts have taken
18 some of the energy and resources of the
19 monitoring and evaluation from the CORE
20 programs. And we'd like to ensure, and we're
21 hopeful that all parties will work together
22 to ensure proper monitoring and evaluation.

23 Q. Thank you. And would you agree that one

1 important aspect of monitoring and evaluation
2 is to ensure that the results of studies get
3 incorporated into program design and program
4 updates in future years?

5 A. (Mr. Eckberg) Yes. Certainly that is a major
6 result of monitoring and evaluation, both
7 updated savings estimates, as well as
8 implementation -- or procedural adjustments
9 in the delivery of a program. Those are also
10 things that can be assessed during an
11 evaluation process.

12 Q. Thank you.

13 MS. HATFIELD: I have nothing
14 further.

15 CHAIRMAN IGNATIUS: Thank you.
16 Mr. Clouthier.

17 MR. CLOUTHIER: I have no
18 questions. Thank you.

19 CHAIRMAN IGNATIUS: Mr. Linder.

20 MR. LINDER: We have no
21 questions. Thank you.

22 CHAIRMAN IGNATIUS: Ms.
23 Richardson.

1 MS. RICHARDSON: Thank you.

2 The Jordan Institute has no questions.

3 CHAIRMAN IGNATIUS: Ms. Ohler.

4 MS. OHLER: No questions.

5 Thank you.

6 CHAIRMAN IGNATIUS: Ms.

7 Chamberlin.

8 MS. CHAMBERLIN: I have nothing

9 more. Thank you.

10 CHAIRMAN IGNATIUS: And

11 Ms. Brown.

12 **EXAMINATION**

13 **BY MS. BROWN:**

14 Q. Yes, I'd like to start with the early boiler
15 replacement. And I have questions for you,
16 Mr. Stanley, and I have documentation to hand
17 out to facilitate our discussion.

18 (Ms. Brown hands document to witness.)

19 Q. Mr. Stanley, could you please identify for
20 the record this document?

21 A. (Mr. Stanley) The document is entitled
22 "Liberty Utilities Process Flow Chart." It's
23 the Early Boiler Replacement pilot for gas

1 utilities.

2 Q. Thank you.

3 CMSR. SCOTT: Ms. Brown, are
4 you asking this to be marked as an exhibit?

5 MS. BROWN: I'd like to go
6 ahead and mark it for identification as an
7 exhibit. I believe that would be --

8 CMSR. SCOTT: 17, I believe.

9 MS. BROWN: Yes, 17.

10 **(The document, as described, was**
11 **herewith marked as Exhibit No. 17 for**
12 **identification.)**

13 A. (Mr. Stanley) Also included as part of the
14 document is the terms and conditions and
15 rebate application form as part of the pilot.

16 Q. Now, did you provide this -- or did Liberty
17 Utilities provide this document in response
18 to discovery requests for this proceeding?

19 A. (Mr. Stanley) Yes.

20 Q. And can you please walk us through this flow
21 chart, because I think it was informative to
22 Staff on how Liberty Utilities is ensuring
23 that proper boilers are selected. So if you

1 could speak to that issue as you're walking
2 through this flow chart.

3 A. (Mr. Stanley) Yes. As referenced before, in
4 last year's hearing, the focus of this
5 program is to drive customers who have
6 existing working boilers, to encourage them
7 to replace those units. A challenge with
8 this type of offering is actually validating
9 that those units are still in fact in working
10 condition. What this process flow chart
11 diagram depicts is the different entities
12 involved in working with customers and the
13 different functions that they play as part of
14 the process. How we've structured this pilot
15 in order to do -- or to test validating that
16 these units are still working is that we've
17 paralleled the validation of the equipment
18 with our Home Performance and ENERGY STAR
19 Program, where we have an auditor in the home
20 already, or that we could coordinate an
21 auditor to go to the home and validate that
22 the unit is in fact still working.

23 So I can walk through each of the

1 detailed steps, but really, this is depicting
2 a lot of the paperwork that's going back and
3 forth between the customer inquiring about an
4 offering, the utilities coordinating that an
5 auditor would go out to the home to validate
6 that the unit is still working, in addition
7 to try and perform the audit, the Home
8 Performance with ENERGY STAR Program facility
9 audit. After the system has been confirmed
10 that the unit is still working, an
11 application is completed by the customer.
12 And after the customer has the complete
13 installation, that rebate application is
14 provided back to the company, and there's a
15 signatory and validation from the contractor
16 that the unit in fact is still working.

17 Q. Thank you for that clarification.

18 Mr. Stanley, on Page 2, the rebate form,
19 is this pretty much final, in final form,
20 such as this is what customers would see?

21 A. (Mr. Stanley) Yes, this is what customers are
22 seeing now with the 12 units that we're
23 looking to replace this year. This is the

1 rebate application that customers have
2 completed and are completing. And this form
3 is consistent with the existing ENERGY STAR
4 appliances, heating, water-heating and
5 control applications that customers complete
6 to date. So it was modeled after that
7 structure.

8 Q. Thank you. For the early boiler
9 replacement -- I know that Northern isn't
10 represented on the panel -- but are you aware
11 if Northern is interested in doing the pilot?

12 A. (Mr. Stanley) They are interested in the
13 future. For 2014, they are not planning to
14 perform any units. But they are supportive
15 of the initiative and are supportive of this
16 becoming a full-fledged measure potentially
17 in the future.

18 Q. On Page 2 of the form, it has a spot for
19 account holder name. Who is this Early
20 Boiler Replacement rebate open to?

21 A. (Mr. Stanley) This is open to the, basically,
22 the premise owner of the building, whoever is
23 responsible for -- whoever would be taking

1 ownership of the unit installed at the
2 property.

3 Q. Could this be for gas companies [sic] who do
4 not use gas, natural gas, for their primary
5 source of heating?

6 A. (Mr. Stanley) We've limited this offering to
7 only existing gas heat customers; so there
8 has to be an existing gas boiler working at
9 the customer's property.

10 Q. With respect to the age of boilers, what kind
11 of boilers would qualify? Is there an age
12 cap on this?

13 A. (Mr. Stanley) There's no age cap. Again, in
14 our experience, particularly with steam
15 boilers, these units can run for years and
16 years and years, 50, 60. We've seen some
17 very old units in the field. Typically,
18 we're not seeing customers who have a unit
19 that's, say, less than five years old, maybe
20 less than 10 years old. There's typically
21 not a return for the customer to replace that
22 type of unit. Most of the units that we're
23 targeting tend to be in the range of above 10

1 to 20, 30 years old.

2 Q. Okay. I have a question with respect to
3 Page 6 of the filing, under "Residential
4 Programs, ENERGY STAR Appliance Program"
5 heading. Indented in that paragraph is early
6 boiler replacement as a measure, and it lists
7 an incentive of up to \$3,000. Can you please
8 explain how the incentives work?

9 CMSR. SCOTT: Could you point
10 us to which filing you're talking about? I'm
11 sorry.

12 MS. BROWN: I'm looking at --
13 okay. So this is Exhibit 12, settlement
14 agreement. It's Attachment B, which is the
15 corrected 2014 Update filing, and
16 Bates-stamped Page 6. At the very top left
17 corner of the page it says "CORE Program
18 Changes."

19 CMSR. SCOTT: Thank you.

20 MS. BROWN: Okay.

21 BY MS. BROWN:

22 Q. Thank you, Mr. Stanley. If you could
23 respond.

1 A. (Mr. Stanley) So, Page 6 depicts that the
2 incentive for an early boiler replacement is
3 up to \$3,000. And that's because the
4 incentive is designed to pay 50 percent of
5 the cost of the equipment unit being
6 installed and where we're capping the
7 incentive at \$3,000. So if a customer has a
8 \$6,000 unit, then we will pay \$3,000 up -- no
9 more than \$3,000 to that unit.

10 And what we're seeing to date is for
11 forced hot water boilers, most are actually
12 exceeding that \$6,000; so, customers are
13 getting the full \$3,000. For steam boilers,
14 the cost tends to be a bit lower, so we're
15 not seeing a full \$3,000. So we've mimicked
16 the incentive to be consistent with the Home
17 Performance with ENERGY STAR incentive that
18 covers 50 percent of the project costs.

19 And for reference, in Massachusetts,
20 who's offering a similar program, which this
21 has been modeled after, they have a standard
22 rebate of \$3,000, regardless of the
23 equipment. So...

1 Q. Regardless of --

2 A. (Mr. Stanley) Regardless of the equipment
3 cost. My apologies.

4 Q. Thank you. Which program is the pilot budget
5 coming from?

6 A. (Mr. Stanley) In our update filing, because
7 we proposed this as a full-fledged measure,
8 we budgeted this program under the -- or
9 pilot under the ENERGY STAR Appliances
10 Program.

11 Q. And what is the budget for this program, this
12 measure?

13 A. (Mr. Stanley) Thirty-five thousand dollars.

14 Q. Does Liberty have an estimate -- and I
15 believe you may have spoken to this early in
16 our presentation this morning -- of how many
17 hot water boilers and steam boilers Liberty
18 is earmarking?

19 A. (Mr. Stanley) We're estimating -- or we're
20 targeting, in 2014, to replace 16 forced hot
21 water boilers and 4 steam boilers.

22 Q. Is this being marketed through gas networks
23 at all?

1 A. (Mr. Stanley) We've been marketing it
2 primarily with our Home Performance with
3 ENERGY STAR contractors. In addition to the
4 same entities who work with our gas -- our
5 ENERGY STAR Appliances Program, we've been
6 doing marketing directly to trade
7 contractors. In most cases, these
8 contractors know of customers that have old,
9 inefficient boilers that are still chugging
10 along and working okay. So we find it most
11 effective to work through those entities to
12 target where these opportunities might exist.
13 But we're also promoting this -- we would be
14 promoting this on our web site. But we rely
15 heavily on trade communications.

16 Q. Okay. If I could also stick with you, Mr.
17 Stanley, with respect to the Wi-Fi pilot.
18 Are you familiar with the Cadmus Wi-Fi
19 program evaluation?

20 A. (Mr. Stanley) Yes.

21 Q. And can you please summarize if that report
22 impacted your design of the Wi-Fi pilot; and
23 if it did, how so?

1 A. (Mr. Stanley) Are you referring to Liberty --
2 evaluation performed by Liberty Utilities
3 through Cadmus, or a different Cadmus
4 evaluation?

5 Q. I'm referring to a -- yes, you're accurate --
6 prepared for Liberty utilities, there was a
7 Wi-Fi program evaluation conducted in July of
8 2013.

9 A. (Mr. Stanley) Yes. The Liberty Utilities,
10 beginning in 2012 and carried over into 2013,
11 conducted a Wi-Fi thermostat pilot, where we
12 installed 30 Wi-Fi programmable thermostats
13 in gas heat customers' homes. And the
14 evaluations study that was performed with
15 Cadmus evaluated the energy impact of these
16 Wi-Fi thermostats installed. And the key
17 components of what was evaluated was, each of
18 the customers who installed these units had
19 an existing programmable thermostat, and we
20 measured the difference in energy savings --
21 or energy uses between their pre-Wi-Fi
22 thermostat installation and the post-impact
23 of those Wi-Fi thermostat installations. And

1 what we found -- what Cadmus found in the
2 study is an average annual therm savings
3 of -- or an MMBtu savings of 6.9, which was
4 consistent with the evaluation studies
5 submitted to the Commission in 2012, that was
6 performed in Massachusetts and Rhode Island,
7 also by Cadmus, which found an average annual
8 MMBtu savings of 6.6.

9 Q. Thank you. With respect to the incentive
10 that Liberty selected for the Wi-Fi program,
11 can you please provide some background as to
12 the thought process in determining why 100
13 should be used?

14 A. (Mr. Stanley) As part of the evaluation
15 study, we surveyed customers on what their
16 feedback was, on what an appropriate
17 incentive level was, and they indicated a
18 range from between \$50 and \$150. And also,
19 in other jurisdictions where this is offered,
20 most notably in Massachusetts and Rhode
21 Island, the incentive for this identical
22 offering is currently \$100. So, similar to
23 our ENERGY STAR Appliances Program, specific

1 to the gas utilities -- the heating, water
2 heating control incentives -- through the
3 association of gas networks, New Hampshire
4 parallels its incentive offerings with gas
5 networks. But we also decided to, based on
6 the results of the evaluation study, and
7 based on wanting to be consistent as we do
8 elsewhere with other gas networks program
9 incentives, we decided to offer \$100 as well
10 for these units.

11 Q. Do you recall what the budget is for the
12 Wi-Fi pilot?

13 A. (Mr. Stanley) I can try to pull it up quick.
14 I believe for 2014 -- let me pull up in the
15 update filing the specific numbers.

16 (Pause)

17 Q. Mr. Stanley, you responded to this question
18 in discovery. If I show you the discovery
19 response, would that be accurate and refresh
20 your recollections quicker than --

21 A. (Mr. Stanley) That might be more helpful,
22 yes. Thank you.

23 Q. Okay.

1 (Ms. Brown hands document to witness.)

2 Q. What am I showing you?

3 A. (Mr. Stanley) You are showing me Liberty
4 Utilities' response to Staff Question 2-011,
5 where we indicated the proposed budget for
6 this measure as part of the ENERGY STAR
7 Appliances Program in 2014, where Liberty is
8 estimating for the gas -- Liberty or
9 EnergyNorth is estimating to do 172 of these
10 Wi-Fi thermostat installs or rebates -- and
11 at \$100 a rebate, the budget would be a
12 hundred -- I'm sorry -- \$17,200.

13 Q. Thank you. Mr. Stanley -- sorry to be
14 picking on you. With respect to the
15 Third-Party Financing pilot, how will this
16 third-party pilot -- or third-party financing
17 interface with the HPwES auditing process?

18 A. (Mr. Stanley) as customers are given
19 recommendations to perform any of the
20 weatherization work that could be done in a
21 customer's home, at the time of the quote
22 being provided to the customer for the work,
23 the customer would have the opportunity to go

1 to any lending institutions that we have
2 agreements with to provide that quote of
3 work, and then to get -- basically submit a
4 loan application to receive approval to
5 finance the portion of -- the 50-percent
6 portion of the job that would be responsible
7 for the customer to pay.

8 Q. I have a few questions with respect to the
9 interest rate. I understand from the White
10 Paper that the interest rate is proposed at
11 the banks to be, I think, 6.745, being bought
12 down to 2 percent; is that correct?

13 A. (Mr. Stanley) That's correct.

14 Q. What happens if that interest rate
15 fluctuates?

16 A. (Mr. Stanley) If, for example, the bank's
17 going interest rate was to increase from the
18 negotiated rate in the agreements that we
19 have with them, there's language in the
20 agreement that says that the bank will not
21 exceed the interest rate offering that's been
22 negotiated by the company and the financial
23 institution. So we set agreements that are

1 locking in the interest rate so it will not
2 exceed -- if interest rates happen to drop,
3 then the bank would have the ability to
4 charge more, theoretically. But the rates
5 that have been negotiated are based on the
6 current going rates that the bank is
7 offering.

8 Q. I'm sorry. I didn't follow. If the interest
9 rates drop, the banks pay more?

10 A. (Mr. Stanley) If the -- the language in our
11 agreements only stipulate that the bank's
12 interest rate will not increase what's
13 offered to the customer. The interest rate
14 that's being bought down -- let's say
15 interest rates increase to 10 percent. The
16 bank would not be -- we would not buy an
17 interest rate down from 10 percent to 2
18 percent. We would only be buying the
19 interest down from the negotiated rate to the
20 2-percent level.

21 Q. Just trying to get a sense of when the
22 interest rate changes below the cap, does
23 what the utility is buying down for the

1 customer change? Just trying to see who
2 bears that risk of paying.

3 A. (Mr. Stanley) The actual interest rate that a
4 customer would receive on their own is based
5 on their credit rating, their
6 creditworthiness. So the actual interest
7 rate that the bank would charge to the
8 customer, we would be buying down whatever
9 that rate is up to a cap of the negotiated
10 rate. So the bearing of risk -- the customer
11 is paying 2 percent, no matter what, so long
12 as they're approved by the bank to be
13 creditworthy to receive the loan. So, any
14 risk -- there is no risk of -- the only risk,
15 per se, would be that there might be a
16 difference between the negotiated rate and
17 potentially a lower rate if the bank was
18 to -- if we were to be buying down the rate
19 from a lower rate than the negotiated rate.

20 Q. And I'm sorry that I used the word "risk"
21 loosely in there.

22 Is it accurate, then, that if there are
23 a number of customers who are very

1 creditworthy, such that the bank offers a
2 total package with an interest rate that's
3 relatively low, below this 6.745, the
4 customer is still going to see a 2 percent,
5 but it's that Liberty can service more
6 customers because each individual buy-down is
7 less. Is that correct?

8 A. (Mr. Stanley) That's correct. Theoretically,
9 yes, that would happen. To be clear, the
10 customer is only paying the interest from
11 2 percent. They're not paying anything above
12 2 percent.

13 Q. Does Liberty envision this cap changing
14 during the life of the pilot?

15 A. (Mr. Stanley) It depends what happens with --
16 well, for 2014, for what's been proposed, the
17 agreements we have in place lock in the
18 negotiated interest rate throughout 2014.
19 Those are the exhibits that have been
20 submitted, the examples of contracts we have
21 formed to date. For any lending institutions
22 that either Liberty and Unitil has yet to
23 form, it remains to be seen what the final

1 negotiated interest rates are. But the same
2 structure of locking in the interest rate is
3 something that we're going to require.

4 Q. Do you have any sense of how much higher than
5 6.745 the interest rates could be -- could go
6 or that Liberty is willing to enter into with
7 the banks?

8 A. (Mr. Stanley) In negotiations with two banks
9 now, we have one lending institution that
10 would be willing to offer a rate slightly
11 lower than what's been negotiated with the
12 two lenders to date, and we have one lending
13 institution where the rate will be slightly
14 higher. I think our focus is to be buying
15 down interest rates consistent with the going
16 market rate. And I can't predict where rates
17 will go in the future. That's as much as I
18 could probably provide.

19 Q. Just trying to get a sense of comfort level,
20 because Staff is comfortable with the
21 agreements that have been proposed or
22 presented with the interest rate cap of
23 6.745. But at some point there's a -- you

1 cross the line in the sand of what's
2 reasonable. It sounds like you're reporting
3 that the going rates are around the general
4 area of the existing loan. But is it correct
5 that -- well, perhaps we can talk about this
6 in the quarterly meeting, I guess, because
7 Staff is uncomfortable with having the
8 Commission approve a pilot and not know what
9 that cap is. I think we all have a general
10 sense, I mean, Staff and the parties, that we
11 think it's going to be about this -- about,
12 you know, the high sixes, similar to what we
13 do with state revolving loan funds. We know
14 generally, in practice, where that interest
15 rate's going to be. But Staff is concerned
16 that we get going with this pilot, and a bank
17 comes in that's at, you know, 13 percent --

18 CHAIRMAN IGNATIUS: Do you have
19 a recommendation or proposal you want to
20 present to the witnesses and see if they would
21 find that acceptable?

22 MS. KNOWLTON: May I -- I
23 actually want to state an objection for the

1 record, which is we have a settlement
2 agreement that everybody has signed and
3 entered into. And I feel like we're -- I'm
4 not sure what's happening here, whether the
5 settlement's unraveling or whether we are
6 re-negotiating a settlement here in the
7 hearing room, which I don't think is the right
8 thing to do. You know, certainly Liberty
9 would like to propose that the settlement
10 agreement be adopted. If there's questions
11 about further details about how this is going
12 to be implemented, I don't think this is the
13 place to start to discuss and define what
14 those are. I mean, I don't know what the
15 meaning of a signed settlement agreement is if
16 we're reopening it here.

17 CHAIRMAN IGNATIUS: Ms. Brown.

18 MS. BROWN: Staff is not trying
19 to reopen it. It's just we understand that
20 there's an area we haven't pinned down. And I
21 guess my recommendation is we'll continue
22 discussing the development of the pilot in the
23 quarterly meeting, as we would be developing

1 or discussing development of pilots in the
2 quarterly meetings anyway.

3 CHAIRMAN IGNATIUS: Can I just
4 ask one clarification? Mr. Stanley, I think
5 you've already answered this, but I'm not sure
6 I got it right. For the period of the program
7 for 2014, is there a cap on the amount
8 utilities will pay, that CORE funds will
9 support, to buy down interest rates?

10 WITNESS STANLEY: We have a
11 budget that we can only work with in order to
12 serve X-amount of customers. We have
13 estimates as to what the average interest rate
14 buy-down will be, which has been provided as
15 part of the White Paper submission. And we
16 budgeted based on the planned and
17 negotiated-to-date interest rates that exist.
18 So if a bank was to push for a much higher
19 interest rate, then we have budget
20 limitations, and we simply would walk away
21 from the agreement. So we can only serve what
22 is available within our budget.

23 CHAIRMAN IGNATIUS: So, if over

1 the course of the year you were running low on
2 that budgeted amount because interest rates
3 were inching up or the bank terms were
4 changing on you, unless there was some other
5 approval to change the budget, you wouldn't
6 end up spending more CORE money on the
7 interest rate buy-down than you're authorized
8 to spend.

9 WITNESS STANLEY: That's
10 correct.

11 MS. GOLDWASSER: Can I also
12 interject? Northern supports Liberty's
13 concerns regarding the direction that this is
14 going. And we would also direct the
15 Commissioners to the White Paper that was
16 provided as part of the settlement agreement
17 on third-party financing, and the discussion
18 on Page 2, the last full paragraph, discusses
19 the rate and the currently negotiated rate.
20 But it's also very clear that that rate and
21 the formula that's put forward in those
22 agreements is fluctuating, depending on what
23 banks were available geographically to the

1 region that the utilities are serving and what
2 the utilities can negotiate with those banks.
3 This is a pilot. There's a very small amount
4 of money being proposed to be used this year.
5 And this is, in part, I think a way to explore
6 what the agreements -- what agreements the
7 utilities are able to enter into, what they're
8 able to get the banks to provide, and then
9 they can come back and, you know, in part,
10 evaluate that element of this pilot.

11 CHAIRMAN IGNATIUS: Ms. Brown,
12 are you satisfied with the settlement terms as
13 they are today, with other issues to be looked
14 at down the road and still be in support of
15 the settlement?

16 MS. BROWN: Yeah, Staff is
17 still in support of the settlement. We just
18 recognize that there may be a remote concern,
19 but there's a potential that the interest
20 rates could skyrocket. We don't think it's
21 going to happen, but just wanted to suss out
22 on the record what would the company do if
23 that happened. We don't have agreements with

1 Merrimack County Savings Bank and Meredith
2 Village that are near anything that we can --
3 that Staff considers to be objectionable
4 interest rates.

5 MS. CHAMBERLIN: And Your
6 Honor, I would submit that that is going
7 beyond the settlement agreement, and that we
8 will address those concerns in the future, but
9 that the agreements we have in place for this
10 pilot are -- all the terms have been agreed
11 to. All the terms are acceptable. There are
12 limits built into the programs to protect any
13 excess use of funds that are in all of the
14 programs. So I don't share Staff's concern
15 with this settlement. And we can continue to
16 discuss future negotiations with banks that
17 have not been reached yet, but that's not what
18 we're looking at today.

19 CHAIRMAN IGNATIUS: Anything
20 further?

21 MS. BROWN: Yeah. Staff
22 doesn't think this is outside the scope of the
23 proceeding today. We don't think that it is

1 something that is outside of the scope of the
2 settlement agreement. We have a budget that
3 we're proposing with the pilot, and we have a
4 general representation of the types of
5 agreements that the company will enter into
6 with banks. But we've heard testimony today
7 that they will pursue additional agreements,
8 and it's to those additional agreements and
9 the remote possibility that they may exceed
10 what we're having as a representative sample.
11 And I'm just trying to develop in the record
12 what's the strategy. And the bottom line is
13 that Staff is comfortable with the strategy
14 that's been identified through Mr. Stanley's
15 testimony.

16 CHAIRMAN IGNATIUS: All right.

17 Then why don't we move on. Thank you.

18 BY MS. BROWN:

19 Q. I do want to move on to the Home Energy
20 Reports pilot.

21 Mr. Stanley, can you speak to how
22 different this pilot is from an existing
23 pilot that PSNH has, called the Customer

1 Engagement pilot?

2 A. (Mr. Stanley) Yes. The program that we're
3 proposing for the Home Energy Reports pilot
4 is similar to all other behavioral program
5 implementations that have been rolled out to
6 date across the country. We're implementing
7 a program, which is called a "normative
8 approach." We will be issuing detailed
9 profile letters to customers that details
10 their energy usage behavior profile versus
11 that of a peer set group, with the intent of
12 trying to motivate customers to exceed and
13 perform better than their peer sets. And
14 this has been an approach that has been not
15 only implemented on a large scale as already
16 referenced, but also have been evaluated more
17 than 30 times with those 85 implementations.

18 The program or pilot being implemented
19 by PSNH is unique and is not something that
20 has actually been implemented anywhere
21 elsewhere.

22 In addition to exploring this normative
23 approach of these behavioral communication

1 letters that have been distributed to
2 customers, there's also as part of that
3 implementing a comparison versus a rewards
4 type of approach, where they're providing
5 information to customers to try and incent
6 customers based on a rewards mechanism. So
7 it's a very unique type of approach that PSNH
8 is exploring and has been moving forward with
9 to date; whereas, the pilot being proposed by
10 Liberty is a tried and true approach that has
11 been evaluated repeatedly, and we're
12 confident that the pilot will produce
13 consistent results with previous efforts.

14 Q. Are you familiar with other states' operating
15 programs similar to this Home Energy Reports
16 pilot?

17 A. (Mr. Stanley) Yes, I believe we provided a
18 data response to OCA 3-003 detailing other
19 examples of implementations -- in fact,
20 completed evaluations of such programs.

21 MS. BROWN: I'd like to -- I
22 have that data response here, 3-003. I'd like
23 to mark it for identification because it

1 succinctly lists the extensive evaluations
2 that have occurred concerning this pilot.

3 CHAIRMAN IGNATIUS: Is there
4 any objection to introduction of that data
5 response?

6 (No response.)

7 CHAIRMAN IGNATIUS: So this
8 is...

9 BY MS. BROWN:

10 Q. Mr. Stanley, can I have you identify this
11 document for the record? What number is
12 this?

13 A. (Mr. Stanley) This document is Request No. Q
14 OCA 3-003.

15 Q. And is that the OCA Data Response 3-3 that
16 you were just referring to in your testimony?

17 A. (Mr. Stanley) Yes.

18 Q. And are there any changes that you wish to
19 make to this document?

20 A. (Mr. Stanley) No.

21 Q. Thank you for that description.

22 MS. BROWN: And Chairman
23 Ignatius, I'd like to mark that for

1 identification as the next exhibit number.

2 CHAIRMAN IGNATIUS: That would
3 be Exhibit 18 for identification. So marked.

4 **(The document, as described, was**
5 **herewith marked as Exhibit 18 for**
6 **identification.)**

7 Q. With respect to the electric utilities
8 municipal program that was on Page 10 of the
9 filing, which was Attachment B to the
10 settlement agreement -- so I believe this is
11 going to be a question directed to you, Mr.
12 Belair -- with respect to Page 10, do you
13 have that page open in front of you?

14 A. (Mr. Belair) Yes, I do.

15 Q. Okay. Third paragraph up, bottom of
16 sentence -- or bottom two sentences of that
17 paragraph read: "Turnkey services include
18 incentives of up to 50 percent of the
19 installed cost of the energy efficiency
20 measures up to the customer's incentive cap."

21 Can you please explain how this
22 incentive will work? What do you mean by --
23 or what is meant by "up to the incentive

1 cap"?

2 A. (Mr. Belair) Sure. This is for -- this
3 paragraph deals with retrofit projects, where
4 people have existing -- municipal customers
5 have existing buildings. And we'd be
6 taking -- they'd be replacing working
7 equipment with more efficient equipment. And
8 the way -- you know, the way the program
9 works, most municipal customers are -- have
10 what we call small business -- they're small
11 business customers, under 200 kw demand. And
12 the programs that we have in place as part of
13 the CORE Energy Efficiency Programs, they
14 provide incentives up to 50 percent of the
15 installed cost of the measure that's being
16 replaced. And utilities have program caps
17 that limit how much can go to any individual
18 account. So at this point in our filing, we
19 have a -- PSNH states what their caps are for
20 the G customers, Rate G customers. So we
21 would have a cap of, I think it's \$50,000 per
22 account is what PSNH's cap is. So we have --
23 the intent is to provide 50 percent of the

1 installed measure -- an incentive based on
2 50 percent of the installed measure up to the
3 cap that each utility has.

4 MS. BROWN: I have no further
5 questions for the panel. Thank you very much.

6 CHAIRMAN IGNATIUS: Thank you.
7 Commissioner Scott.

8 **EXAMINATION**

9 **BY CMSR. SCOTT:**

10 Q. Good morning. Following on the same subject.
11 I think on the programs for the
12 municipalities, Senate Bill 123 has been
13 mentioned, dedicated, obviously, up to --
14 that we put up to \$2 million of RGGI proceeds
15 into the municipal and local government
16 programs. But it also includes, as I hope
17 you're aware -- I know you're aware -- it
18 includes projects by local governments that
19 have their own municipal utilities. And I
20 think it's in Exhibit 11 -- I don't have the
21 page -- in your September filing.

22 I remember reading that PSNH and the
23 Co-op seem to have taken responsibilities for

1 the munis, if you will. I was curious if
2 somebody could outline -- obviously, they
3 don't have existing relationships, I assume,
4 since they do their own thing right now. How
5 are the outreach efforts with them, and how
6 will you be dealing with those? I think it's
7 five munis, if I understand right?

8 A. (Mr. Belair) That's correct, there is five.
9 What we're going to do is -- what we try to
10 do is, we try to look at the service map for
11 those five municipal electric utilities and
12 identify, you know, which utility was closest
13 to those municipalities. Just for an
14 example: Wolfeboro is -- the Co-op provides
15 distribution services to Wolfeboro. So it
16 was, you know, a simple link to have them
17 also do -- serve the town of Wolfeboro, since
18 they already have relationships with that
19 town. So we've looked to see what was the
20 best way to serve those towns with the
21 relationships that we have with the utilities
22 working within the location of our service
23 territory. So that's how we broke it up.

1 And we expect to work with these
2 municipalities no different than we are with
3 our own -- with those that are in our own
4 service territories. We have an assigned
5 account executive working with them to
6 identify what the energy efficiency
7 opportunities are and to see what we can do
8 about doing some work with them.

9 I will tell you that a lot of the
10 municipalities, those electric
11 municipalities, have also participated in
12 ARRA grants and Energy Efficiency Community
13 Block grants and have had audits done and
14 have done some work already, and we're just
15 going to find out what's the remaining work
16 that we can help them with.

17 Q. Thank you. That's helpful.

18 One of my other observations would be
19 that all municipalities are not equal, in
20 that some are more ahead and more staffed
21 than -- so, obviously, it's not an equal
22 playing field with even municipalities being
23 able to articulate or know what they want.

1 Is that a fair statement?

2 A. (Mr. Belair) Yes, that's true. Some pretty
3 big municipalities have staff that work
4 specifically on energy efficiency, and others
5 need a lot more hand-holding.

6 Q. So, is it fair to say that -- I'm going to
7 assume the legislative intent was to try to
8 feed the municipalities' needs, which would
9 lower tax bases and whatever other good
10 benefits are. Do you expect that there will
11 be some municipalities that just won't be
12 able to take advantage of these programs?

13 A. (Mr. Belair) Just like there's some customers
14 that don't take advantage of the programs, I
15 think, you know, regular business customers
16 or residential customers may not take
17 advantage. I think we'll see some here, too.
18 We've got 214 communities in the state. Some
19 have been doing lots of work for lots of
20 years, and some, you know, haven't. We were
21 surprised even to see some of the municipal
22 electric companies had already done -- had a
23 lot of audits done and had done a lot of

1 work -- identified a lot of work already. So
2 I think we'll see some, you know, some towns.
3 The intent of the programs are to provide an
4 incentive not for full cost. But, you know,
5 our incentives are geared to provide
6 customers with, you know, enough money, but
7 not so much money, to have them do something
8 they wouldn't normally do. We're not sure
9 whether municipal customers will have the
10 funds to do their portion of the project. We
11 do have some financing mechanisms in place
12 that will help them with that. But we're
13 going to see some towns that may not
14 participate, but we'll make sure that they're
15 aware of it.

16 Q. And that's where I was going next. Thank
17 you. I'm not sure we can crack that problem.
18 And you just said it. But I would like to at
19 least hear that they have access to the same
20 amount of data.

21 A. (Mr. Belair) Yes.

22 Q. Thank you.

23 A. (Mr. Belair) And for some of the smaller

1 towns, our small business program is a
2 turnkey for certain measures. So we have
3 people that will go in and do -- we have
4 letting contractors that will go in and do an
5 assessment -- refrigeration contractors that
6 will go in and do an assessment and provide
7 turnkey services. We've already gone out for
8 competitive bids with these contractors. So,
9 for those customers who don't know where to
10 start, we have turnkey services that we can
11 provide them with.

12 Q. Thank you.

13 A different topic on -- let's see. Just
14 curious on the Wi-Fi program. I was curious
15 to hear a little bit more information on
16 where the opportunity is.

17 So if I understand right, the initial
18 look was comparing those who already had a
19 programmable thermostat compared to this
20 Wi-Fi-enabled system. So, is the -- are the
21 savings from, for instance, gee, I thought I
22 was coming home at five tonight, and it was
23 programmed to turn my heat on; instead, I'll

1 use my smart phone and tell it not to heat up
2 yet? Is that the type of savings we're
3 talking about?

4 A. (Mr. Belair) Part of it is just providing --
5 the Wi-Fi thermostats providing easier
6 mechanisms in many cases for customers to
7 actually use their programmable thermostats.
8 We have customers who've installed standard
9 programmable thermostats who don't use it.
10 They use it just as they would the normal
11 dial thermostat. So it was interesting to
12 see the impact of customers who actually
13 already had programmable thermostats versus
14 those who installed these Wi-Fi units.

15 I will say the Cadmus study that was
16 performed in Massachusetts and Rhode Island,
17 they didn't identify customers who already
18 had programmable thermostats installed; so we
19 don't know for sure if some of those
20 customers had a non-programmable thermostat
21 already. But our savings numbers were
22 similar. So, at least for our pilot, we know
23 what the savings difference was, going just

1 from the standard programmable thermostat to
2 a Wi-Fi-enabled thermostat. But a customer
3 could use one of these Wi-Fi thermostats in
4 the same manner as a standard programmable
5 thermostat. It just provides the customer
6 the option to log in either via a Web browser
7 or their phone in order to manipulate the
8 settings and program them.

9 Q. Not to be trite, but is there an app for
10 that?

11 A. (Mr. Stanley) There is.

12 CHAIRMAN IGNATIUS: How long
13 have you been waiting to say that?

14 CMSR. SCOTT: Crack myself up.

15 BY CMSR. SCOTT:

16 Q. On the boiler replacement program, the cost
17 includes installation; correct?

18 A. (Mr. Stanley) The cost is for the unit. Just
19 the unit.

20 Q. Thank you. That answers my question.

21 On the loan program, I think you've
22 already articulated it. So if I'm a customer
23 with bad credit, is it correct that I'm

1 probably not going to be able -- the bank's
2 still not going to qualify me, even though
3 the program is intended to pay down interest?
4 I'm probably still not going to get
5 qualified? Is that a fair statement?

6 A. (Mr. Stanley) It's up to the bank to
7 determine the creditworthiness. So we put no
8 limitations on the bank or requirements that
9 the bank approve customers who they normally
10 wouldn't approve.

11 Q. Okay. And there's no incentive for the bank
12 to do anything different because of this
13 program.

14 A. (Mr. Stanley) No.

15 Q. Thank you.

16 My last question, again, for anybody
17 who'd like to answer, or all of you, if you
18 wish. We've been having a lot of
19 discussions. And we've had some stakeholder
20 meetings, which I think all of you were at
21 maybe, on what are we doing, how we should be
22 doing things differently, if we should be
23 doing things differently. And one of the

1 things that came up is, at least in my mind,
2 is are we doing enough for market
3 transformation? We're putting money into
4 these programs. What happens if we stop
5 putting money into the program? Will it
6 evaporate, or will we still have an impact,
7 et cetera? I was just curious. Do you feel
8 the programs in the settlement go in that
9 direction?

10 A. (Mr. Stanley) I think the programs do, and
11 especially where, as you've seen and we
12 discussed at length, we've proposed a number
13 of new initiatives to try to explore new
14 opportunities, and also explore opportunities
15 where we can go deeper with customers. We
16 have studies that show there is more
17 potential for energy savings opportunities in
18 the state. And the utilities are committed
19 to exploring those opportunities and trying
20 to realize those opportunities.

21 A. (Mr. Belair) I'd like to add on to that. You
22 know, we did go to the public forum and heard
23 some of the comments as well. And I will

1 tell you that we are -- the utilities are
2 dedicated to working with the contractors
3 that are doing the work in the state. All
4 this money is just to help contractors and
5 customers do something they wouldn't -- they
6 may not normally do. And, you know, I'm
7 happy to report that we're almost at 40
8 contractors in the Home Performance with
9 ENERGY STAR Program today. There's a list of
10 contractors that do work for customers,
11 whether it's lugging or air compressors or
12 motors or variable-frequency drives. There's
13 a lot of -- you know, all that work gets done
14 by contractors in the state. And I think
15 that, if you look at the transformation
16 issues that may have come up -- we talked
17 about that -- there's a lot of energy service
18 contractors providing a lot of work in the
19 state right now. The weatherization
20 contractors, right now we have plenty right
21 now serving, you know, our customers and
22 doing a really good job.

23 So that's one of the things with market

1 transformation that was brought up. And, you
2 know, "market transformation" is an
3 interesting word. Sometimes, you know, when
4 I read the Climate Action Plan, market
5 transformation in the Climate Action Plan is
6 basically to weatherize all the homes, you
7 know, in the state of New Hampshire with a
8 very expensive weatherization package, at
9 \$50- or \$60,000 per home. You know, that's a
10 big chunk to do. We're transforming the
11 market by, you know, improving housing stock
12 and the electric use in housing stock by 15
13 to 25 percent typically with our programs.
14 And that's part of market transformation is
15 just taking housing stock and making it
16 better.

17 So I think that we're working to
18 transform the market in a number of different
19 ways.

20 Q. Great.

21 A. (Mr. Eckberg) If I may, I have several
22 comments to add as well.

23 During the course of reviewing the

1 companies' filing and technical sessions and
2 discovery, the companies have provided a lot
3 of detailed information about energy savings.
4 And you will see, I believe in the filing,
5 for instance, that the ENERGY STAR Lighting
6 Program may appear to be a bit less
7 cost-effective than in the past. And based
8 upon my understanding of the information that
9 goes into that calculation, that is, in part,
10 because of market transformation that is
11 occurring out there. Mr. Belair provided
12 details and provided some discussion during
13 our technical sessions about how the
14 realization rate, for instance, or the
15 installation rate of compact fluorescent
16 lamps is going down. This is something that
17 was assessed as part of monitoring and
18 evaluation. And I think that the
19 interpretation that he presented of that
20 information was very interesting: That it's
21 believed that customers are, for instance,
22 purchasing a package of four compact
23 fluorescent light bulbs when they only need

1 one to replace one, and the other three will
2 sit on their shelf. So, in effect, a
3 customer is not installing all four of those
4 bulbs; some of them sit on the shelf. We
5 can't necessarily take energy savings credit
6 for them right away. But because the
7 customers have compact fluorescent light
8 bulbs on their shelf instead of incandescent
9 light bulbs on their shelf, the market is
10 being transformed. Customers are accepting
11 these products in a bigger way. And those
12 changes in energy savings calculations are
13 manifesting themselves in the presentation of
14 data in the program.

15 And also, I would suggest that, if there
16 are specific concerns that parties have about
17 market transformation of certain technologies
18 or certain programs, or whether rebates
19 should be ramped down for certain measures or
20 technologies, these are the sorts of things
21 that can in fact be included in monitoring
22 and evaluation of a program. So, again, kind
23 of focusing the conversation back on my pet

1 issue, of course. But that's the nature of
2 the beast. So, thank you for that
3 opportunity.

4 Q. Thank you.

5 CMSR. SCOTT: And that's all I
6 have.

7 CHAIRMAN IGNATIUS: All right.
8 Thank you.

9 **EXAMINATION**

10 **BY CHAIRMAN IGNATIUS:**

11 Q. Just a few more questions. We've covered a
12 lot of it.

13 The budget for the Early Boiler
14 Replacement pilot I want to be sure I
15 understand, because it seems as though the
16 testimony got me confused.

17 You had said that it's budgeted at
18 \$35,000 for the year, for 2014?

19 A. (Mr. Stanley) I think -- I know I said that
20 amount. Let me check if it was actually...

21 Q. The reason I ask is that, if each one could
22 be up to \$3,000, and you said you were
23 targeting -- how many are you targeting?

1 Twenty?

2 A. (Mr. Stanley) Twenty. Sixteen forced hot
3 water boilers and four steam boilers.

4 Q. So you would seriously overspend your budget
5 if you actually were successful in all 20.

6 A. (Mr. Stanley) That is correct. I believe we
7 had a data response to a question that
8 provided the correct value for that.

9 A. (Mr. Cunningham) I have that data response in
10 front of me. It's Staff 2-5. Eric, it was
11 \$55,600 for 16 hot water boilers and 4 steam
12 boilers.

13 Q. So, is the budgeted amount closer to \$60,000?

14 A. (Mr. Stanley) The budgeted amount is the
15 \$55,600, which is part of the ENERGY STAR
16 Appliances budget.

17 Q. That makes sense. Thank you.

18 On the municipal programs now required
19 by Senate Bill 123, have you had outreach yet
20 with some of the organizations that work with
21 a lot of municipalities, municipal
22 associations or the region planning
23 commissions or others?

1 A. (Mr. Belair) We have worked with the local
2 energy working group. There's some planning
3 groups around the state that we can certainly
4 work with, that we haven't reached out to
5 yet. Our focus right now is to go directly
6 to the customers so that we're making them
7 aware as quickly as possible of the program.

8 Q. I think the timing, as you say, doing it as
9 quickly as possible, is important because
10 municipal budgets are set often with town
11 meeting votes, you know, in March, that have
12 to be noticed in February. So there isn't
13 much time to get to the point of a budgeted
14 project approved by a town. How much we can
15 actually implement in that first year may be
16 dependent on municipal politics as much as
17 all the efforts of the utilities and the
18 organizations. But you might think about how
19 to reach people as quickly as possible with
20 those constraints.

21 A. (Mr. Belair) I'd like to just add on to that.
22 You know, our initial review of some of the
23 energy technical assessments that were done

1 show we can go anywhere from -- there's \$17
2 million worth of projects that have been
3 identified through 111 different towns.
4 Those are not all projects that would qualify
5 for our program. Some of them, you know,
6 qualify for programs in the Sustainable
7 Energy Division, you know, solar and wood
8 pellet boilers. So there's a lot of projects
9 that have been identified that may not be
10 part of this program. But there's a lot
11 of -- there's many in there, and there's \$17
12 million. I think there's plenty of
13 opportunity there.

14 And, you know, we found that a lot of
15 towns, you know, with our financing that we
16 do have for towns, they often don't have to
17 go to, you know, the meetings to get that
18 approval. So they can use, you know, our
19 Smart Start funds or loan funds to pay for
20 their portion of it. And they also -- the
21 towns also have the -- they seem to have the
22 ability to be able to use some funds out of
23 their operating budget as well to pay for

1 projects. So it's not -- we hear that a lot,
2 that all these projects have to be approved
3 at their town meetings, and we're not seeing
4 that that has to necessarily happen all the
5 time. There's some projects that can get
6 done on their own operating budget.

7 Q. That's good to hear. Thank you.

8 I want to commend you on the
9 improvements in bringing lending institutions
10 into the picture. It sounds like the
11 beginning, and hopefully there will be more
12 to come. And that's something we've
13 consistently heard and felt was a missing
14 piece in the financing of all these projects
15 and the viability going forward. So we'll be
16 looking to see how these go and whether you
17 do bring more lenders to the table.

18 I have a question for anyone who wants
19 to answer it. There's a lot that's called on
20 the -- a lot that will be put to the
21 quarterly working group sessions to address
22 coming out of the settlement agreement. Is
23 it a manageable task? Do you think the

1 quarterly meetings will be able to take on
2 all of the things that are called for in the
3 settlement agreement?

4 A. (Mr. Cunningham) I would say yes. Given the
5 fact that there will be working groups
6 convened to deal with issues that we've
7 identified in the settlement agreement and
8 some others that aren't in the settlement
9 agreement, it's my vision to have the parties
10 volunteer for off-line working groups to take
11 some of the workload and deal with it
12 off-line and evaluate it off-line. And for
13 instance, the pilots that -- we've seen a
14 number of pilots. If there are any new
15 pilots coming up, I would envision that Staff
16 and the parties would be open to having
17 meetings with the utilities to identify what
18 these new ideas are and what these fresh, you
19 know, initiatives are outside the context of
20 the CORE working group and then bring them to
21 the CORE working group full flower, so to
22 speak. So I would say quarterly meetings
23 are, so far, efficient.

1 Just one other thing. I'd say
2 administrative cost is always a concern. And
3 the more meetings we have, the more parties
4 are there, the more utility representatives
5 are there, the more Staff are there, et
6 cetera. It's time-consuming. It seems to be
7 working. We tried monthlies once; we went
8 back to quarterlies. Quarterly seems to be
9 working, in my view. But that's my opinion.

10 Q. Thank you.

11 A. (Mr. Eckberg) It may be likely that we need
12 more than just a half-day meeting on a
13 quarterly basis. That would be my comment at
14 this point.

15 Q. And you have, I assume, the flexibility to
16 schedule a full day or a two-day session, if
17 need be. You're not locked into a half-day
18 by any order of the Commission, are you?

19 A. (Mr. Eckberg) I would say the parties have
20 always exhibited a willingness to do what it
21 takes to get through the material that needs
22 to be processed, yeah.

23 CHAIRMAN IGNATIUS: I have no

1 other questions.

2 Any redirect from any of the
3 signatories?

4 (No response.)

5 CHAIRMAN IGNATIUS: If not, all
6 right. Then, gentlemen, you're excused.
7 Thank you very much. This has been very
8 helpful. You can take your seats.

9 While everyone's getting settled, let me
10 mention one thing that Commissioner Scott
11 referred to earlier and give you a little
12 more detail on. We did have that listening
13 session to take comments on the CORE
14 programs. And they were fairly
15 broad-reaching in what their goals should be,
16 what the mechanics of the program should be.
17 And I wanted to just let you know what we've
18 been doing since then, since we haven't
19 issued anything formally.

20 We've met a number of times with Staff
21 after reviewing all comments, both the day of
22 the session and filed comments, and we've
23 identified a number of areas where we wanted

1 to explore in greater detail and do some
2 homework, learn more from other programs or
3 writings out in the field. And so we've been
4 working on those tasks in some follow-up
5 meetings and expect to be able to issue
6 something soon -- I don't know when "soon" is
7 exactly -- but on some of those issues.

8 We found all of the comments very
9 thoughtful and very helpful. There are some
10 consistent themes that we're trying to really
11 focus on. We can't satisfy every desire of
12 every person who commented. But some of the
13 consistent themes we have heard over the
14 years, and heard that day, are particularly
15 taking our focus. And one of the mechanical
16 ones, obviously, is the desire for more of a
17 collaborative process and less of an
18 administrative, evidentiary process. It
19 seems to me what we have this morning is an
20 example of a good blend of those two
21 approaches, and I think just extremely well
22 done, to have gotten through so much detail
23 with such a large group and bring forward a

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1 joint proposal for some tinkering, some
2 identification of issues that still need to
3 be worked on, some endorsement of things that
4 seem to be fully agreed upon, and not pick
5 apart at the different programs, but try to
6 find a way to be mutually supportive of them
7 and map out the areas of priority for the
8 coming year. Seems to me this is just about
9 the best thing you could get out of a process
10 that has to be adjudicative ultimately and
11 yet is best when it's the product of
12 everybody's efforts together, being this
13 supportive and collaborative in working it
14 through as possible.

15 So I don't know what went on in those
16 meetings. I guess I don't want to know. But
17 the product we see is extremely organized,
18 thoughtful, appears to all be pulling in the
19 same direction and is very gratifying for us
20 to hear. Obviously, we're still interested
21 in any other thoughts on administration, and
22 we're still looking at other models that some
23 states have used. But as I've heard this

1 morning, it seems to me this has worked well,
2 and I want to thank everyone for the time,
3 obviously, that went into being able to pull
4 that off.

5 The only thing left, I think, first is
6 the identification of the exhibits. Is there
7 any opposition to striking the identification
8 and making them full exhibits?

9 MS. BROWN: None.

10 CHAIRMAN IGNATIUS: There's
11 none.

12 There is one reserved, and
13 that's Exhibit 16 that we should be receiving
14 on Monday next week. Thank you.

15 And then the final thing would
16 just be closing statements, unless there's
17 anything else we've forgotten about.

18 Oh, I did want to ask. Is
19 the -- I assume the expectation and the
20 desire is for all of this to be effective as
21 of January 1st, 2014; correct?

22 MR. FOSSUM: Yes.

23 CHAIRMAN IGNATIUS: Then,

1 closings? I don't know if there's any
2 agreed-on order. I don't know if people want
3 to take it and just go around the room? Start
4 with Mr. Fossum.

5 **CLOSING STATEMENTS**

6 MR. FOSSUM: Thank you. I'll
7 be brief. And I guess I begin by picking up
8 where you've just left off and thank everybody
9 for their participation in putting together
10 this settlement that we could present this
11 morning. There's, as you've noted, often
12 divergent interests at issue in these
13 proceedings, and we are pleased that we were
14 all able to agree on the various matters and
15 move forward today. We believe that this
16 settlement resolves a number of issues, and at
17 the same time, as you've noted, identifies a
18 few others where some additional discussion is
19 needed. And we intend to fully and completely
20 explore those issues in the coming -- well, I
21 guess the coming year or so. We would note
22 that by approving this settlement agreement,
23 the Commission would be allowing for the

1 continuation of existing programs. And we
2 have often heard that continuity of these
3 programs is very important. So, for the
4 existing programs, or modifications to the
5 existing programs, it would allow those
6 programs to continue, and to continue to
7 deliver savings to New Hampshire's customers.
8 The settlement also allows for implementation
9 of some innovative programs. And through
10 testing of the customers' appetites and the
11 private sector's appetites for these types of
12 offerings, we're pleased to present those to
13 the Commission.

14 On that basis, we'd request
15 that the Commission approve the settlement as
16 filed and corrected and updated, so that on
17 January 1, 2014, we can continue to deliver
18 these important programs to New Hampshire's
19 customers. Thank you.

20 CHAIRMAN IGNATIUS: Thank you.
21 Ms. Knowlton.

22 MS. KNOWLTON: Thank you.
23 Liberty Utilities requests that the settlement

1 agreement as filed be approved in its
2 entirety. As the testimony has demonstrated,
3 the proposed 2014 offerings are
4 cost-effective. These offerings include some
5 pilots that may be innovative to the state of
6 New Hampshire, but they have existed in other
7 jurisdictions. The company believes that the
8 2014 offerings are in the public interest and
9 that we should collectively strive for
10 continued innovation in the CORE programs.
11 Innovation requires flexibility. And we're
12 starting to see some flexibility certainly on
13 the part of the banks. And we share your
14 enthusiasm for the banks' participation. We
15 appreciate the support of the Staff and all of
16 the parties in this docket to help make the
17 2014 program possible and would look forward
18 to working with everyone in the future to
19 continue to try to innovate. I think that's
20 very important in these programs.

21 CHAIRMAN IGNATIUS: Thank you.

22 Ms. Goldwasser.

23 MS. GOLDWASSER: Thank you.

1 Unitil and Northern concur with the statements
2 made by Attorneys Fossum and Knowlton
3 requesting approval of the settlement
4 agreement currently before the Commission. We
5 want to thank all the parties also for their
6 hard work as has been noted throughout this
7 proceeding this morning. And we look forward
8 to working in the coming months with the other
9 parties on the issues, not only those
10 mentioned in the settlement agreement and
11 quarterly meetings, but also in the
12 development of the 2015 and 2016 programs,
13 which are coming right up.

14 With respect to the
15 third-party financing program, I would like
16 again to direct the Commissioners to what I
17 believe is Exhibit 12, the settlement
18 agreement, Attachment D, which provides
19 details regarding the agreements for
20 financing with the banks and other
21 information that you may find helpful. We
22 note that the scope of the pilot is bound by
23 the budget which must be approved by the

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1 Commission through its orders. As part of
2 this program, a very important part for
3 Northern is its ability to build
4 relationships with these financing
5 institutions and figure out ways to develop
6 agreements that will work for the financing
7 institutions and also support the goals of
8 the CORE programs and move them forward in
9 the ways that were discussed this morning.
10 Thank you.

11 CHAIRMAN IGNATIUS: Thank you.

12 Mr. Dean.

13 MR. DEAN: No closing comments.

14 Thank you.

15 CHAIRMAN IGNATIUS: Ms.

16 Hatfield.

17 MS. HATFIELD: Thank you. OEP
18 also thanks the parties and Staff for all of
19 the work that went into the settlement. And
20 we just wanted to touch on a few things that
21 we think are most important. One is the
22 approval of the financing pilot. And we echo
23 the comments of several others about the

1 importance of attracting private capital in
2 order to help finance energy efficiency. We
3 also are pleased to see specific language in
4 the settlement about the importance of
5 monitoring and evaluation, and we look forward
6 to working with the parties and Staff to
7 develop a schedule and to get some expert
8 assistance in that area. We also are
9 encouraged by the plans the utilities have to
10 really try to do the outreach to the
11 municipalities so that they can take advantage
12 of those additional funds.

13 And lastly, we wanted to thank
14 the utilities and the other parties for all
15 of the efforts to provide increased funding
16 to the low-income weatherization program, the
17 Home Energy Assistance Program. And as the
18 utilities discussed in their update filing,
19 the federal funds that OEP receives through
20 the weatherization programs are very limited.
21 And there are also timing challenges right
22 now that make it quite likely that in 2014
23 there will be not only very limited funds,

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1 but possibly a period of time where no funds
2 will be available to the community action
3 association -- excuse me -- agencies. So we
4 really appreciate all of the efforts to be
5 able to continue what has been such a
6 successful approach to leveraging the limited
7 federal funds with the CORE program funds.
8 So we appreciate that, and we will continue
9 to work with the parties to keep them
10 apprised of developments in that program.
11 Thank you.

12 CHAIRMAN IGNATIUS: Thank you.
13 Mr. Clouthier, any comments?

14 MR. CLOUTHIER: Yeah, just that
15 the CAAs would also like to request approval
16 of the settlement agreement. And, you know,
17 we concur with all the statements that have
18 been given so far. I mean, this has been a
19 great process, and we want to say thank you to
20 all Staff and the parties involved, and we
21 look forward to working on this in the future.
22 Thank you.

23 CHAIRMAN IGNATIUS: Thank you.

1 Mr. Linder.

2 ALAN LINDER: Thank you. Diane
3 Pitts from The Way Home had to leave for
4 another meeting, but she did ask me to convey
5 several comments to the Commission and to the
6 parties.

7 The Way Home is in full
8 support of this settlement agreement and all
9 of its terms. Way Home also very much
10 appreciates the support that the parties and
11 utilities have provided for the low-income
12 program. Very much appreciate it. And The
13 Way Home also would like to say that they are
14 and have been very pleased to be able to work
15 with the utilities, and believes that the
16 utilities have done a very good job not just
17 with respect to the low-income program but
18 with respect to all of the programs that The
19 Way Home has been witnessed to over the past
20 number of years. And it looks forward to
21 continuing to work with the utilities and
22 requests respectfully that the Commission
23 give favorable consideration to approving the

1 terms of the settlement agreement. Thank you
2 very much.

3 CHAIRMAN IGNATIUS: Thank you.
4 Ms. Richardson.

5 MS. RICHARDSON: Yes. Thank
6 you very much. The Jordan Institute is very
7 pleased with this settlement and impressed
8 with the process. We thank the utilities, the
9 Staff and all of the stakeholders in this
10 process. It was definitely a good process.
11 We are particularly pleased with some of the
12 new pilot programs, innovative programs like
13 the Early Boiler Replacement Program. We find
14 that something like that is really important
15 to provide credibility to the marketplace,
16 that boilers that are still struggling along
17 really should be replaced. And by giving
18 credibility to the contractor world, this lays
19 a nice foundation for further market
20 transformation. It's an excellent first step.
21 We're also delighted about including
22 third-party financing. Again, if this is a
23 streamlined and easy process for third-party

1 banks, then our hope is that more of them will
2 step up and that in time there will not be a
3 need for public funds to help encourage that
4 relationship, or if there are public funds,
5 that they will be further limited. But we do
6 see that private money entering this sector is
7 a fantastic next step.

8 Additionally, we're in full
9 concurrence with the settlement regarding
10 evaluations, the Wi-Fi T-stats and the
11 motivation programs. So, we thank everyone
12 very much for this process, and we concur
13 with the settlement. Thank you.

14 CHAIRMAN IGNATIUS: Thank you.
15 Ms. Ohler.

16 MS. OHLER: Thank you very
17 much. The Department is also in support of
18 the approval of this settlement agreement and
19 appreciate the work of all of the parties, and
20 particularly the utilities who put in a huge
21 amount of effort on this. And I will
22 reiterate what's already been said by others,
23 that we are particularly very appreciative of

1 the third-party financing programs and its
2 inclusion. As Commissioner Scott noted, they
3 need to be focusing on market transformation.
4 This program in particular I believe moves us
5 in that direction, bringing private dollars
6 into an area where we will never, ever have
7 enough ratepayer funds or public dollars to do
8 the work that needs to be done. So, we really
9 appreciate the fact that the utilities have
10 brought this in and that the parties have come
11 to an agreement. That is a good thing. Thank
12 you.

13 CHAIRMAN IGNATIUS: Thank you.

14 Ms. Chamberlin.

15 MS. CHAMBERLIN: Thank you.

16 The OCA supports the settlement and requests
17 that it be approved as filed. We believe that
18 it's a solid, incremental step forward in
19 energy efficiency programs for New Hampshire,
20 even though when we get into the details of
21 the program, it's hard to appreciate that
22 those really are examples of market
23 transformation, participation of the banks,

1 the Wi-Fi. I recently met with OCAs from
2 other parts of the country, and they are
3 nowhere near this level. They are not
4 reaching these levels of efficiency. They're
5 still talking about light bulbs and just
6 making that type of basic retrofit. And we
7 really have transformed the market beyond
8 that, and educating people about the deeper
9 savings is crucial for the success of these
10 programs. I'm delighted that we were able to
11 settle all of our differences for this
12 program. I think it shows a real education of
13 all parties involved about the importance of
14 compromise and moving forward in small steps.

15 And I'm very pleased with the
16 cost-effectiveness data. We're not
17 compromising as we move forward. And we are
18 looking forward to doing a monitoring and
19 evaluation so that we can prove it and we can
20 support it and show that this really is
21 cost-effective for customers all around.
22 Thank you.

23 CHAIRMAN IGNATIUS: Thank you.

1 Ms. Brown.

2 MS. BROWN: Thank you,
3 Commission, for your time today. Staff
4 respectfully requests the Commission approve
5 the settlement agreement and the attached
6 updated and edited, corrected 2014 Update
7 filing. As you heard, a lot of effort went
8 into vetting these changes in preparation for
9 today's hearing, and I thank the other parties
10 for that prompt response to Staff's discovery
11 requests.

12 Staff's opinion on the various
13 measures, pilots and programs were already
14 articulated in detail by Mr. Cunningham, so I
15 won't repeat them here. But Staff does
16 support the change in the programs and
17 continuation of the programs for 2014 and
18 looks forward to working with the parties in
19 the coming year. In particular, I just
20 wanted to note that we have a conference call
21 quarterly meeting on Monday at 2 p.m. Thank
22 you.

23 CHAIRMAN IGNATIUS: All right.

1 I appreciate everyone this morning putting on
2 a very organized and succinct presentation of
3 an enormous amount of detail. It's nicely
4 organized for us and very clear. So, thank
5 you for that.

6 We will take this under
7 advisement. We understand that you are
8 seeking an order for January 1
9 implementation, and we'll add it to the list
10 of things that call for January 1 changes.
11 So with that, we're adjourned. Thank you.

12 **(Whereupon the hearing was adjourned at**
13 **11:32 a.m.)**

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

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

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



Susan J. Robidas, LCR/RPR
Licensed Shorthand Court Reporter
Registered Professional Reporter
N.H. LCR No. 44 (RSA 310-A:173)