

Debra Howland, Executive Director and Secretary
NH Public Utilities Commission
21 S. Fruit Street – Suite 10
Concord, NH 03301
July 23, 2015

Re: DG 14-380 Liberty Precedent Agreement

Dear Ms. Howland,

I am writing to ask a couple of questions of the NH PUC and Liberty Utilities which I think bear upon the Precedent Agreement.

In PUC Docket, DE 14-216, Mr. Cunningham’s November 10, 2014 testimony concludes that the gas utilities’ energy efficiency programs have become increasingly costly while producing fewer savings. I would like to know whether the gas utility energy efficiency programs:

- 1.) Include professional energy audits which provide recommendations for weatherization as well as equipment installation? If so, are the weatherization activities part of the listed expenses and what percentage of the reported program expenses are used to weatherize buildings?
- 2.) Allow conversions from oil fired or electric heating equipment to gas fired equipment to qualify for benefits/rebates from CORE or other energy efficiency programs? If so, what percentage consists of new customers for gas service?

Investment in energy efficiency programs by the gas utilities is actually decreasing in 2015 and 2016 as noted in Mr. Cunningham’s testimony.

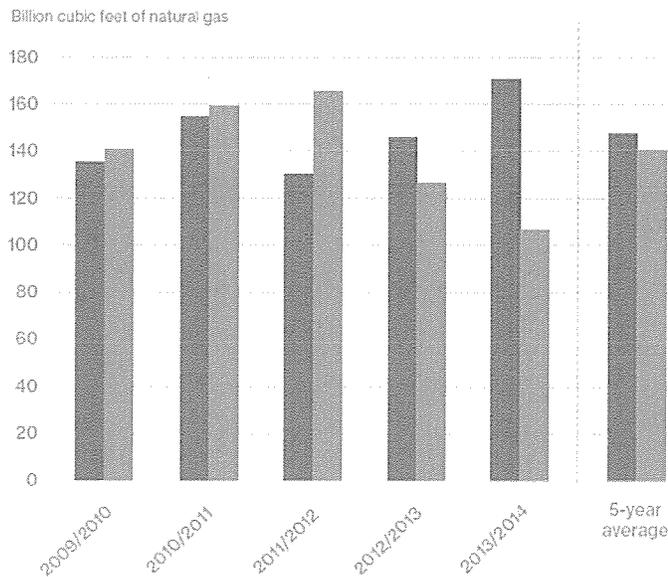
Since the issue of natural gas shortage occurs during the winter months and are related to gas consumption for heating homes and businesses, why would Liberty Utilities be decreasing investment in energy efficiency projects at this critical juncture? The following graph from ISO-NE 2015 Regional Electricity Outlook shows natural gas usage for heating versus electricity generation:

Heating trumps electricity generation in winter

Natural gas pipeline capacity in New England is increasingly being maxed out to serve heating customers in winter, leaving little to no extra space in the pipes to supply gas-fired generators. This graph shows competing demand from November through March.

■ Residential
■ Electric Generation

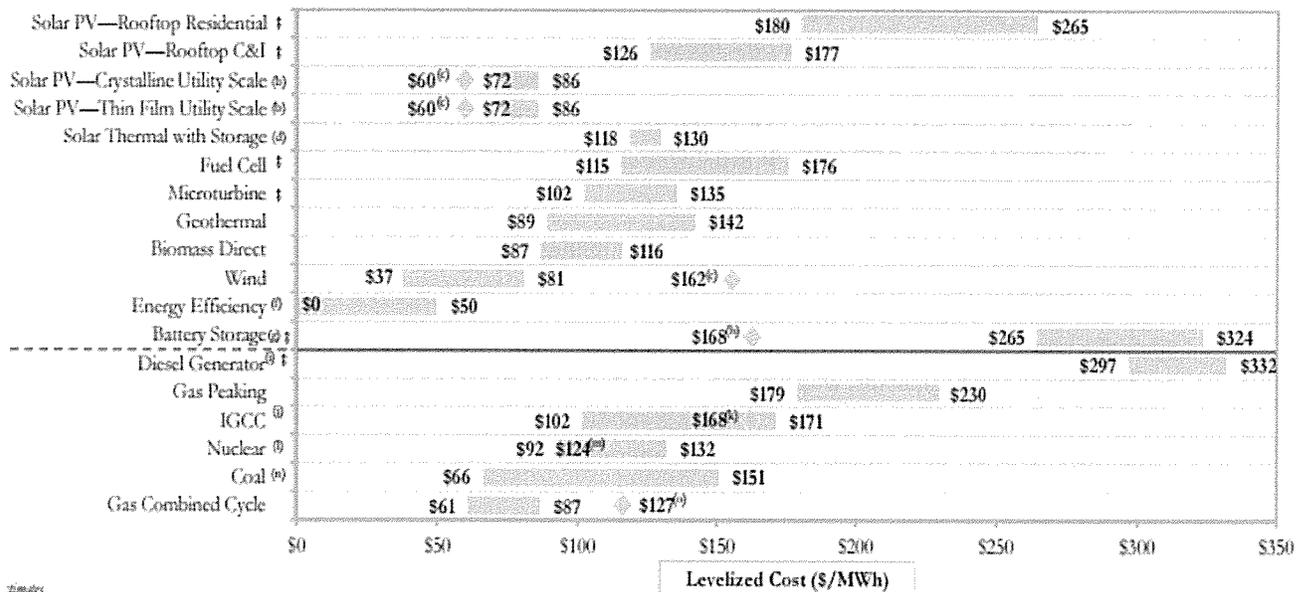
Source: US Energy Information Administration, *Natural Gas Monthly*



According to testimony given by the Northeast Energy Efficiency Partnership (NEEP) in IR 15-072, Energy Efficiency is the most cost effective energy investment as shown in the chart on the following page.

In New Hampshire, RSA 378:7 grants the Commission authority to fix just and reasonable rates. In determining whether rates are just and reasonable, the Commission must balance the customer's interest in paying no higher rates than are required against the investors' interest in receiving a reasonable return on their investment.⁹ Within this balancing test, a justification for the pursuit of all cost effective energy efficiency resources is evident. Maximizing value for both ratepayers and investors requires the utility commission to plan for acquisition of the least cost resources, and as demonstrated below, energy efficiency is the resource that provides the most value for ratepayers and utility investors.

Unsubsidized Levelized Cost of Energy¹⁰



I am concerned that approval of this contract without evidence of significant energy efficiency efforts by Liberty violates RSA 378:7.

Sincerely,

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