

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

July 13, 2010 - 1:37 p.m.
Concord, New Hampshire

NHPUC JUL28'10 PM 2:52

RE: DG 09-053
NORTHERN UTILITIES, INC. d/b/a UNITIL:
Proposed Gas Energy Efficiency Program
Proposal for the Period Beginning
May 1, 2009 through December 31, 2010.

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

Sandy Deno, Clerk

APPEARANCES: Reptg. Northern Utilities, Inc.
d/b/a Unitil:
Susan S. Geiger, Esq. (Orr & Reno)

Reptg. Mary Polcheis:
Alan Linder, Esq. (N.H. Legal Assistance)

Reptg. the Office of Energy & Planning:
Eric Steltzer

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Marcia A.B. Thunberg, Esq.

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

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I N D E X

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(Panel) KEITH FREISCHLAG (added at Page 14)

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E X H I B I T S

EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
9	Prefiled Direct Testimony of Thomas Palma, Esq., including attachments (07-09-10)	7
10	Updated Prefiled Direct Testimony of Thomas Palma, Esq., including updated response to Request No. Staff 2-5 (07-13-10)	8
11	Company responses to Staff Questions 1-1, 1-2, 1-3 & 1-4	30

P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good afternoon, everyone. We'll open the hearing in Docket DG 09-053. On February 18, 2010, Northern filed a request to modify its energy efficiency program. It seeks to exceed by 20 percent its originally proposed budget for the Residential GasNetworks Program component of its Energy Efficiency Program. It seeks to transfer funds from its EnergyStar Homes Program, effectively closing the EnergyStar Homes Program, and also proposes closing the residential GasNetworks Program. On May 5th, 2010, the Staff filed a letter recommending that the Commission grant the request. And, on May 14, the Office of Consumer Advocate filed a letter recommending instead a temporary increase in the residential Conservation Charge.

An order scheduling the hearing today was issued on June 11. There have been subsequent filings that may affect some of the facts as set forth in the June 11 order.

So, let's take appearances.

MS. GEIGER: Good afternoon, Mr. Chairman, Commissioner Below. I'm Susan Geiger, from the law firm of Orr & Reno, and I represent Northern Utilities, Inc. And, with me this afternoon from the

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1 Company are Mr. Thomas Palma and Mr. Keith Freischlag.

2 CHAIRMAN GETZ: Good afternoon.

3 Appearances?

4 MR. STELTZER: Yes. Hello. My name is
5 Eric Steltzer, Energy Policy Analyst at the Office of
6 Energy & Planning.

7 CHAIRMAN GETZ: Good afternoon.

8 MR. LINDER: Good afternoon. Alan
9 Linder, from New Hampshire Legal Assistance.

10 CHAIRMAN GETZ: Good afternoon.

11 MS. HATFIELD: Good afternoon,
12 Commissioners. Meredith Hatfield, from the Office of
13 Consumer Advocate, on behalf of residential ratepayers.

14 CHAIRMAN GETZ: Good afternoon.

15 MS. THUNBERG: Good afternoon,
16 Commissioners. Marcia Thunberg, on behalf of Staff, and
17 with me today is Jim Cunningham.

18 CHAIRMAN GETZ: Good afternoon.

19 MS. FISCHER: I should probably
20 introduce myself. I'm Beth Fischer, on behalf of Home
21 Builders & Remodelers Association and BuildGreen NH.

22 CHAIRMAN GETZ: Good afternoon.

23 Ms. Geiger.

24 MS. GEIGER: Thank you, Mr. Chairman.

[WITNESS: Thomas Palma]

1 Northern would call Thomas Palma to the stand.

2 (Whereupon *Thomas Palma* was duly sworn
3 and cautioned by the Court Reporter.)

4 THOMAS PALMA, SWORN

5 DIRECT EXAMINATION

6 BY MS. GEIGER:

7 Q. Could you please state your name and spell your last
8 name for the record.

9 A. Thomas Palma, P-a-l-m-a.

10 Q. And, Mr. Palma, by whom are you employed and what
11 position do you hold?

12 A. Unitil Service Corporation, or Northern Utilities. My
13 position is Manager of Distributed Energy Resources.

14 Q. And, what are your employment responsibilities insofar
15 as they relate to the issue of energy efficiency?

16 A. I manage the energy efficiency planning and design part
17 of the programs.

18 Q. Did you prefile testimony in this docket?

19 A. I did.

20 Q. I'm going to show you a document entitled "Prefiled
21 Testimony of Thomas Palma", dated July 9th, 2010, which
22 contains questions, answers, and attachments. Is this
23 the prefiled testimony that you just referred to?

24 A. Yes, it is.

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[WITNESS: Thomas Palma]

1 MS. GEIGER: And, Mr. Chairman, I would
2 ask that Mr. Palma's prefiled testimony dated July 9th be
3 marked as the next exhibit. I believe it's Exhibit
4 Number 9.

5 CHAIRMAN GETZ: Okay. So marked.
6 (The document, as described, was
7 herewith marked as **Exhibit 9** for
8 identification.)

9 BY MS. GEIGER:

10 Q. Thank you. And, Mr. Palma, do you have any changes or
11 corrections to that prefiled testimony?

12 A. Yes, I do.

13 Q. And, have you prepared a document that contains redline
14 changes to your July 9th prefiled testimony?

15 A. Yes, I have.

16 Q. And, I'm going to show you a document and ask you to
17 identify it for the record please.

18 A. This is the document that I prepared.

19 MS. GEIGER: Okay. Thanks. Mr.
20 Chairman, I would ask that the redline version of the --
21 or, the updated prefiled testimony of Mr. Palma that
22 reflects the redline changes to the July 9th prefiled
23 testimony be marked as the next, for identification as the
24 next exhibit.

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[WITNESS: Thomas Palma]

1 CHAIRMAN GETZ: Okay. It will be marked
2 for identification as "Exhibit Number 10".

3 (The document, as described, was
4 herewith marked as **Exhibit 10** for
5 identification.)

6 BY MS. GEIGER:

7 Q. And, with respect to this updated prefiled testimony,
8 Mr. Palma, do you have any corrections or modifications
9 to that document?

10 A. I have one, one change on Page 2, in the footnote.
11 Want to just point out, in the second sentence, the
12 Company did not withdraw from the GasNetworks
13 consortium. Instead, it stayed with the 2009
14 GasNetworks rebates, which is in line with its tariff.

15 Q. Okay. And, Mr. Palma, with respect to the changes or
16 the information that is contained in your updated
17 prefiled testimony that we've just marked for
18 identification as "Exhibit 10", as well as the change
19 that you just indicated on the stand to that prefiled
20 testimony, if I were to ask you the same questions that
21 are contained in what's been marked for identification
22 as "Exhibit 10" today on the stand, would your answers
23 be the same as those contained in the document?

24 A. Yes, they would.

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[WITNESS: Thomas Palma]

1 Q. Okay. Mr. Palma, could you briefly explain the reasons
2 for the changes that were made to your July 9 prefiled
3 testimony.

4 A. Since my original testimony was submitted, the Company
5 learned that funds from the EnergyStar Program would be
6 needed for that program, and therefore should not be
7 transferred to the GasNetworks Program as originally
8 requested.

9 Q. And, so, essentially, is it your testimony, Mr. Palma,
10 now that the Company is withdrawing its original
11 request to transfer \$70,000 from the Homes Program to
12 the GasNetworks Program?

13 A. Yes, it is.

14 MS. GEIGER: Okay. Mr. Chairman, if the
15 Commission would find it helpful for a brief summary of
16 Mr. Palma's prefiled testimony, we could provide that at
17 this time. If not, we could make the witness available
18 for cross-examination.

19 CMSR. BELOW: Just perhaps with regard
20 to the updates, it would be helpful.

21 MS. GEIGER: Sure.

22 BY MS. GEIGER:

23 Q. Mr. Palma, could you please provide a brief summary of
24 the updates, if it's possible to do that without also

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[WITNESS: Thomas Palma]

1 getting into the originally filed prefiled?

2 A. Yes.

3 Q. Okay.

4 WITNESS PALMA: Would you like me to go
5 through page by page?

6 CMSR. BELOW: No, just a summary.

7 BY THE WITNESS:

8 A. To summarize the updates, basically, we had a \$70,000
9 project in Exeter that would have -- it was a
10 multi-family project that was originally thought would
11 not close by the end of the year. That was our
12 estimation as of February 17th. And, in the last few
13 weeks, we've learned other facts, and through
14 inspection by Mr. Freischlag, my colleague at the
15 table, that the project is greater than 90 percent sure
16 it would close by the end of this year. So, the
17 Company wants to withdraw its request to shift money
18 from EnergyStar Homes to the GasNetworks Program,
19 because that money will be needed to pay the rebates on
20 that, on that particular project.

21 That was the biggest change in here.
22 And, I also updated the tables to reflect that. So,
23 tables in TP-5, as well as any tables in the filing
24 itself.

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[WITNESS: Thomas Palma]

1 BY MS. GEIGER:

2 Q. So, Mr. Palma, other than that brief -- the change with
3 respect to the withdrawal of the requested transfer of
4 funds, are the recommendations to the Commission that
5 you made in your July 9th prefiled testimony the same
6 recommendations that you're making today in this
7 docket?

8 A. (Palma) The only additional recommendation is to allow
9 the Company to keep the EnergyStar Homes Program open.

10 MS. GEIGER: Thank you. I don't have
11 any further questions.

12 CHAIRMAN GETZ: Okay. Thank you. Mr.
13 Steltzer?

14 MR. STELTZER: No questions. Thank you.

15 CHAIRMAN GETZ: Mr. Linder?

16 MR. LINDER: I have no questions. Thank
17 you.

18 CHAIRMAN GETZ: Ms. Hatfield?

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

20 I hope that the Commission will bear with me. The OCA
21 received the Company's redline filing that's been marked
22 as Exhibit 10 shortly before the hearing, so the cross
23 that I had prepared might need to be changed as I've
24 moving along. Good afternoon, Mr. Palma.

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[WITNESS: Thomas Palma]

1 WITNESS PALMA: Good afternoon.

2 CROSS-EXAMINATION

3 BY MS. HATFIELD:

4 Q. Do I understand correctly that the Company closed the
5 GasNetworks Program shortly after filing its February
6 17th letter?

7 A. We filed the -- the February 17th letter effectively
8 closed the program, but allowed for certain projects
9 that were open to trickle in.

10 Q. I believe you just corrected Footnote Number 1 on Page
11 2 of your testimony, that's Exhibit 10, is that
12 correct?

13 A. Yes.

14 Q. So, you had stated that the Company formally withdrew
15 from GasNetworks, but I believe your correction is that
16 the Company didn't withdraw?

17 A. We're part of the consortium. What we did was, in 2000
18 -- the 2009 rebates were still in effect. And, the
19 GasNetworks, around February 1st, came out with the
20 2010 rebate schedule. So, instead of, since we were --
21 noticed that we were getting ready to close the
22 program, we chose to not switch to the 2010 rebate
23 schedule, because that would require a refiling in our
24 tariff.

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[WITNESS: Thomas Palma]

1 Q. Do you know if National Grid is using the 2010
2 GasNetworks rebate amounts?

3 A. I don't know. Yes, they are. Mr. Freischlag is
4 nodding. Yes.

5 Q. So, that means that Northern and National Grid have
6 different rebate levels in New Hampshire?

7 A. Effectively, yes and no. We don't have -- we actually
8 have stopped giving out rebates as of sometime after
9 February 17th.

10 Q. But, prior to February 17th, when you were running the
11 program, your rebate levels were different?

12 A. I would say yes.

13 Q. And, what about Fitchburg Gas & Electric, do they
14 participate in GasNetworks?

15 A. Yes, they do.

16 Q. And, are they using the 2010 or the 2009 rebate
17 amounts?

18 A. I believe it's 2010.

19 Q. And, why does Unitil belong to GasNetworks?

20 A. I think Mr. Freischlag is in a better position to
21 answer that question.

22 MS. GEIGER: Mr. Chairman, if the
23 Commission would like, Mr. Freischlag could take the stand
24 and be placed under oath to answer the questions, or could

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[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 answer the questions here from counsel's table.

2 CHAIRMAN GETZ: Well, there may be more
3 than one. So, why don't we have him take the stand as
4 well and get sworn.

5 (Whereupon *Keith Freischlag* was duly
6 sworn and cautioned by the Court
7 Reporter and joined Witness Palma on the
8 stand as a panel of witnesses.)

9 KEITH FREISCHLAG, SWORN

10 BY MS. HATFIELD:

11 Q. Would you like me to restate the question?

12 A. (Freischlag) No, I can recall it. The GasNetworks
13 Collaborative is a group of utilities throughout New
14 England. Some of the reasons for Unitil to participate
15 in that is the economies of scale. They help to market
16 our program, they help to educate contractors, they
17 help to create awareness for these rebates and for the
18 benefits of high-efficiency HVAC equipment. So, it
19 helps us to do our job better, educate our customers
20 and trade allies better, that would be more difficult
21 for us to do on our own. So, the real reasons are that
22 it helps the program run better and it's a smart thing
23 to do.

24 Q. Thank you.

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 A. (Freischlag) Does that answer the question correctly?

2 Q. Yes. Thank you. Mr. Palma, on Page 3 of your
3 testimony, starting at Line 6, you state -- or, sorry,
4 at Line 7, you state that "GN", which stands for
5 "GasNetworks", "is overspent by \$190,267." Is that
6 correct?

7 A. (Palma) That is correct.

8 Q. And, that's as of July 1st?

9 A. (Palma) Yes.

10 Q. Do you recall what the original budget was that was
11 approved by the Commission for the GasNetworks Program?

12 A. (Palma) I do not, but I believe it's in the schedule.
13 Give me a couple minutes I can --

14 CMSR. BELOW: I think that's on TP-1.

15 (Short pause.)

16 BY MS. HATFIELD:

17 Q. If it's helpful, I do have a copy of the Company's
18 April 7th, 2009 filing. Would that be helpful or do
19 you --

20 A. (Palma) No, I have the budget here. The budget for the
21 program was \$130,689.

22 Q. So, if I take the 130,000 that was approved and add the
23 \$190,000, is it fair to say that you've spent about
24 \$320,000 on the program?

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 A. (Palma) Yes.

2 Q. Do you have a sense why the program has been so
3 oversubscribed?

4 A. (Palma) If I could defer to Mr. Freischlag on that
5 please.

6 A. (Freischlag) Yes. I can provide you a little bit of
7 insight. The program has been in the area long enough
8 here where contractors and trade ally groups, like F.W.
9 Webb, are aware of how the program works. The
10 willingness of contractors to install high-performance
11 equipment is greater than it was in past years, partly
12 through the training and partly through customer demand
13 and education. So, I think it's just more of a demand
14 for the product, because people know what it is.

15 I know, back five -- five or eight or
16 six years ago, there was difficulty getting condensing
17 boilers put in, because contractors were afraid that it
18 would create a problem. That has changed. Contractors
19 are now better educated. They're more willing to put
20 those pieces of equipment in. GasNetworks, in the
21 region, has established a decent brand identity, has
22 done annual trainings on a regular basis, and has been
23 able to spread that message pretty well in the area.
24 And, really, I think that's been instrumental in

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[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 increasing the rebates that have gone through the
2 program.

3 Q. So, is it fair to say the Company just underestimated
4 how popular the program would be when you developed the
5 budget?

6 A. (Freischlag) Yes. My take on this would be, because
7 we're relatively new to running Northern Utilities, we
8 didn't know exactly what kind of demand we would see
9 for those products in New Hampshire. We have good
10 experience in Massachusetts, but it's a very different
11 demographics down there. So, we didn't really know
12 what we were going to see until we started running the
13 utility, and it caught us a little bit off guard.

14 Q. Mr. Palma, when the Company made its first request to
15 do the transfer and to recover the additional amounts
16 from the increased Conservation Charge, did the Company
17 look at the other programs that it's running and look
18 to see whether there were funds available in the other
19 residential programs that might be shifted?

20 A. (Palma) We have five programs. And, at the time, I
21 believe we looked at the EnergyStar Homes as the most
22 logical choice, because of the potential of this, I
23 mean, the likelihood of this particular project
24 actually would not go forward, because there's a

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 self-install program, as well as a -- it's called
2 "RCS", it's an audit program.

3 Q. If you could look at Exhibit 9, and the Attachment TP-2
4 please. Can you describe what this shows?

5 A. (Palma) This is a snapshot of the budget, itemized
6 budget for each program on the residential side for
7 Northern Utilities as of July 1st.

8 Q. So, that's as of July 1st of 2010?

9 A. (Palma) As of July 1st, 2010, yes.

10 Q. And, if we look at the last line for each program, the
11 subtotal and the percentage that's on the right, in the
12 right-hand column, does that show us the percent that
13 you spent against your total approved budget?

14 A. (Palma) Yes, it does. Well, percent of spending of the
15 budget, yes.

16 Q. So, if we look down to the third program, which is the
17 "Residential Conservation Services", and it's only at
18 25 percent, do you see that?

19 A. (Palma) Yes, I do.

20 Q. And, would you agree that, since we are in July of
21 2010, and your 20-month programs end in December of
22 2010, that we're approximately 75 percent of the way
23 through the approved budget period?

24 A. (Palma) Yes.

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 Q. Do you have a concern as to whether you'll be able to
2 spend the remaining budget in the Residential
3 Conservation Services Program?

4 A. (Palma) Defer to Mr. Freischlag on this one.

5 A. (Freischlag) Yes. I mean, the budget was set for that
6 particular program projecting customer demand for those
7 services. It was probably set larger than it might
8 have needed to be. The customer demand for that
9 particular program has been lower in relation to the
10 customer demand for some of our other programs. So,
11 the idea of it being we're probably behind on that
12 particular program. So, I would agree with you, yes.

13 Q. So, if I look at the number on that "Sub-Total" line
14 for Residential Conservation Services, I see the amount
15 of -- it's roughly \$50,000, do you see that?

16 A. (Freischlag) Yes, I do.

17 Q. And, that's under a column labeled "variance", correct?

18 A. (Freischlag) Correct.

19 Q. So, is that the -- those are the funds that are
20 currently available in that program?

21 A. (Freischlag) That's the remaining budget left to
22 implement that and deliver that program, yes.

23 Q. Do you think that some of those funds might be
24 available to shift over to the GasNetworks Program, in

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 light of the fact that there are only six months left
2 or five months left in the year?

3 A. (Freischlag) I'm going to have to defer to Tom on that.

4 A. (Palma) I believe there will be some funding that we
5 can shift. It's just we don't want to over shift, and
6 then find ourselves short at the end of, you know, come
7 October, November, December. So, we have to have the
8 -- the likelihood is that, when we get towards close to
9 the end of the year, we can somehow shift out of --
10 somehow, you know, if we were able to reconcile in
11 November 1st, that would be considered.

12 CHAIRMAN GETZ: Just for a second, I
13 think, if you're pushing the button to speak, that's the
14 opposite with these microphones.

15 (Brief off-the-record discussion
16 regarding the microphones.)

17 CHAIRMAN GETZ: Ms. Hatfield.

18 BY MS. HATFIELD:

19 Q. So, Mr. Palma, it's possible that there could be some
20 funding left in that particular budget that I think
21 what you're saying would go into the overall
22 reconciliation?

23 A. (Palma) It's possible.

24 Q. And, if you look at the next program, the "Residential

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 Self-Install", it looks like that program, as of
2 July 1st, also has only spent about 25 percent of its
3 goal, is that correct?

4 A. (Palma) That's correct. Sorry. That is correct.

5 Q. In terms of the EnergyStar Homes Program, how does the
6 Company promote that program?

7 A. (Palma) I'll defer to Mr. Freischlag on that.

8 A. (Freischlag) The program is primarily promoted through
9 direct communications with builders and direct outreach
10 with builders. We do some work with the New Hampshire
11 Home Builders as well. And, some work, as far as going
12 to trade shows, to help promote the program as well.
13 But this particular project was promoted through direct
14 contact with the builder.

15 Q. And, do I understand correctly that this one project in
16 Exeter used up your entire budget for the year, is that
17 correct?

18 A. (Freischlag) That's correct.

19 Q. And, do you recall the technical session that we had on
20 June 30th, that a representative from the Home Builders
21 Association expressed the desire for the Company to
22 work much more closely with the Home Builders
23 Association in developing your program and doing
24 marketing?

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 A. (Freischlag) Yes, I do.

2 Q. And, is the Company willing to do that for its upcoming
3 2011/2012 filing?

4 A. (Freischlag) Yes. We work with the Home Builders. We
5 would definitely plan on continuing working with the
6 Home Builders to promote the program as allowed by our
7 budget. That is a constraint that we're very concerned
8 about, and we want to make sure that we're working
9 within our approved filing and program.

10 Q. Mr. Palma, on Page 4 of your testimony, I believe now,
11 in Exhibit 10, it's now on Line 11, the Company states
12 that it "has promoted the OEP ARRA Appliance Program."
13 Do you see that?

14 A. (Palma) Yes, I do.

15 Q. Do I understand correctly that the Company has been
16 promoting that appliance rebate program because its
17 program was closed?

18 A. (Palma) Yes, that is correct.

19 Q. And, have you been doing any other outreach or
20 communication to either your customers or to installers
21 or trade allies about the existence of the ARRA
22 Program?

23 A. (Palma) Could you ask that question again?

24 Q. Sure. Have you been doing any other outreach to either

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 customers, trade allies or installers on the existence
2 of the ARRA Program?

3 A. (Palma) We haven't. We're in the process of sending a
4 letter, that actually was reviewed by Eric Steltzer at
5 the OEP. We basically joint wrote it. And, should go
6 out in the next week or two, to our trade allies, not
7 our customers.

8 Q. And, if a customer inquires with the Company, do you
9 now refer them over to the ARRA Program?

10 A. (Palma) I believe we do, yes.

11 Q. I'd like to turn now to TP-5, if you would please.
12 And, I'm sorry, it's not marked that way in Exhibit 10,
13 but it is the last few pages of Exhibit 10. And, Mr.
14 Palma, can you help me understand, since the Company is
15 withdrawing its request to transfer the \$70,000 out of
16 the EnergyStar Homes Program, just what the Company is
17 proposing to do?

18 A. (Palma) Our plan is to request -- I guess I should ask,
19 the question, is it we're proposing to do for
20 GasNetworks or EnergyStar Homes?

21 Q. For GasNetworks, for the overspending that you've
22 incurred in GasNetworks.

23 A. (Palma) For GasNetworks, our plan is to file, during
24 the LDAC filing process, a reconciliation of the

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 \$200,000 overspent, which would be effective
2 November 1st, if approved by the Commission.

3 Q. And, so, we see that in your new tables, in the second
4 to last page of Exhibit 10, is that where the \$200,000
5 shows up?

6 A. (Palma) The 200,000 shows up in the table on the second
7 page and on the third page.

8 Q. So, if we look at that very last page of Exhibit 10, in
9 Line B, the required increase that you're showing is
10 200,000, correct?

11 A. (Palma) I'm not sure I'm on the same page, because of
12 the way track changes copies. If you could hold up
13 your page, I could --

14 (Atty. Hatfield showing document to
15 Witness Palma.)

16 **BY THE WITNESS:**

17 A. (Palma) Yes. I have the table.

18 **BY MS. HATFIELD:**

19 Q. Thank you. So, for the \$200,000 increase, which the
20 Company requests to cover spending that you've already
21 incurred, that would result in an annual increase, over
22 on the right column, of "\$9.23", is that correct?

23 A. (Palma) An annual increase for the average Northern
24 customer.

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 Q. Is that the average residential customer?

2 A. (Palma) Yes, the average residential customer. Or,
3 it's actually -- technically, it's the average per
4 residential meter. Slightly different than customer,
5 but not too much, not too different.

6 Q. And, then, below that you've shown an amount of
7 "\$280,000", correct?

8 A. (Palma) Correct.

9 Q. And, that \$80,000 is what you estimate the cost would
10 be for reopening the GasNetworks Program, is that
11 right?

12 A. (Palma) Right. We estimate, from September 1 through
13 the end of the year, it would cost about \$80,000 to
14 reopen the program, keeping in mind September will be a
15 start-up month with not much activity. So, really, for
16 maybe three months of actually giving out rebates is
17 the \$80,000 figure. Yes. So, I did add 80 to the
18 200,000.

19 Q. And, are you aware as to when the ARRA funded program
20 is scheduled to end?

21 A. (Palma) From the discussions at the technical session
22 on June 30th, it was estimated by Mr. Steltzer to end
23 sometime in October, but my understanding was there was
24 no firm date on when that would happen. And, the

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 reason there is no firm date, it's based on the
2 funding. There was no actual date that the program
3 ended for any specific reason.

4 Q. But isn't it true that the program can't last
5 indefinitely?

6 A. (Palma) That's true.

7 Q. How many customers would be served if you could spend
8 that extra \$80,000?

9 A. (Palma) Defer to Mr. Freischlag.

10 A. (Freischlag) Would estimate about 75 customers.

11 Q. Mr. Palma, what is Northern's current Conservation
12 Charge?

13 A. (Palma) The current charge is 0 -- I'm sorry, \$0.01850,
14 or 1.850 cents per therm.

15 Q. And, are you aware of what National Grid's current
16 Conservation Charge is?

17 A. (Palma) I am not.

18 Q. Would you accept subject to checking their current
19 tariff that it is 4.66 cents?

20 A. (Palma) I would accept, subject to checking.

21 Q. Thank you.

22 MS. HATFIELD: If I could just have one
23 moment please.

24 (Short pause.)

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[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 BY MS. HATFIELD:

2 Q. Mr. Palma, if you would look at Page 8 of Exhibit 10.
3 On Line -- starting on Line 12, you -- actually, on
4 Line 13 you state "Natural gas is a direct competitor
5 in many applications with oil." Do you see that
6 language?

7 A. (Palma) Give me a moment, I'm on -- see if I can find
8 that page again.

9 Q. Sure. It's Page 8, Line 13.

10 A. (Palma) Yes.

11 Q. Do you know how many residential customers of Northern
12 have switched from natural gas to oil in the last few
13 years?

14 A. (Palma) No, I do not.

15 Q. Could a customer use a GasNetworks rebate to fuel
16 switch from oil to natural gas?

17 A. (Palma) Yes, a customer can. We call it a
18 "conversion".

19 Q. And, this question might be better for Mr. Freischlag.
20 In preparing for today's hearing, I was looking over
21 the Commission's order approving the programs, as well
22 as the transcript. And, I don't know, Mr. Freischlag,
23 if you present at that hearing. But there was some
24 discussion about the fact that the Company was in a

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 pretty significant overcollection and underspending
2 position at that time. Do you recall that?

3 A. (Freischlag) I don't believe I was present at that
4 hearing.

5 CHAIRMAN GETZ: Are you aware whether
6 that was the case at the time?

7 WITNESS FREISCHLAG: No, I'm not.

8 MS. HATFIELD: Thank you, Mr. Chairman.
9 I have no further questions.

10 CHAIRMAN GETZ: Ms. Thunberg.

11 MS. THUNBERG: Mr. Chairman, I'd like to
12 ask that the May 14th letter from Office of Consumer
13 Advocate be marked for identification as the next exhibit.
14 I don't have copies presently, but I know that it's in
15 everyone's file. And, I would offer that I'll provide a
16 clean copy for the Clerk at the conclusion of the hearing.

17 MS. HATFIELD: Mr. Chairman, may I
18 inquire of counsel for a moment? And, my question is
19 whether she intends to cross the Company on its opinion
20 related to the OCA's analysis about comparing the
21 Conservation Charge to the System Benefits Charge?

22 CHAIRMAN GETZ: Ms. Thunberg.

23 MS. THUNBERG: Staff intends to use the
24 attached Staff data responses that are attached to the OCA

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 letter in its cross-examination. Staff is then going to
2 go to the direct testimony that's been marked for
3 "Exhibits 9" and "10" and have that discussion in the
4 testimony that speaks to OCA's letter brought into today's
5 hearing discussion. I'm not intending on going through
6 item by item and putting OCA on the spot as to their
7 calculation. That's not my intent.

8 MS. HATFIELD: And, Mr. Chairman, the
9 reason I ask is that the OCA put in a letter recently
10 notifying the parties and the Commission that Mr. Eckberg
11 was not available for the hearing today. But I can say
12 that the OCA's letter -- the section of the OCA's letter
13 that made a comparison between the Conservation Charge and
14 the System Benefits Charge was merely for illustrative
15 purposes. And, if Mr. Eckberg was here today, he would
16 state that. And, I don't think, frankly, that it's a very
17 good use of the Commission's time to delve into that
18 issue, especially because the OCA witness is not available
19 to answer questions about his analysis and the purpose of
20 it. And, I think it's very well covered in the Company's
21 written testimony, as well as the data responses that
22 Ms. Thunberg just referenced.

23 CHAIRMAN GETZ: Well, I mean, for
24 purposes of what needs to be marked for identification,

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 what would constitute evidence, I could understand where
2 perhaps the attachments to that May 14 letter, which are
3 data requests to the Company, is that correct? Am I
4 reading this correctly?

5 MS. THUNBERG: The discovery that's
6 attached to OCA's letter is Staff's discovery to the
7 Company. That's correct.

8 CHAIRMAN GETZ: I can see where you have
9 no problem with marking those as exhibits. The letter
10 itself, you know, really seems to be just argument about a
11 position that's going to be taken, and I don't know why
12 that would need to be marked itself.

13 MS. THUNBERG: It was a convenient
14 document. I don't have the Set 1 discovery in front of
15 me, and I wanted to ask some questions of the witness that
16 bear -- that come out of those. So, that's the only
17 reason.

18 CHAIRMAN GETZ: Well, let's mark for
19 identification as "Exhibit Number 11" what is a two --
20 it's a three-page document from the Company on April 2nd,
21 which has responses to Staff Questions 1-2 and 1-4.

22 (The document, as described, was
23 herewith marked as **Exhibit 11** for
24 identification.)

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[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 BY MS. THUNBERG:

2 Q. Mr. Palma, I don't know if you have the discovery in
3 front of you, but I could reread a couple of the
4 questions that I wanted to ask for --

5 A. (Palma) I have it.

6 Q. You have it?

7 A. (Palma) Well, I have the -- I do have it.

8 Q. Okay. In Staff Data Request 1-3, the data response
9 indicates that there would be a significant impact if
10 the GasNetworks Program were continued. And, I wanted
11 to have you be more specific as to what the
12 "significant impacts" in the Company's opinion were?

13 CHAIRMAN GETZ: I guess, Ms. Thunberg,
14 1-3? I think, we have 1-2 and 1-4 in this attachment
15 that's now Exhibit 11.

16 MS. THUNBERG: Perhaps it was duplexed
17 and not copied? I would offer to clarify that and provide
18 a complete copy of this exhibit to the Clerk after the
19 hearing.

20 CHAIRMAN GETZ: All right. Thank you.

21 BY THE WITNESS:

22 A. (Palma) I'd rather speak, instead of answering or
23 speaking for Ms. Jarvis, 1-3, the answer is, that I
24 prepared, which I know the answer -- I have the answer

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[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 to, is "what would happen if we increased the budget by
2 \$80,000?" Because she was -- her answer was on March
3 -- I'm sorry, on April 1st. And, we're already in, you
4 know where I'm going is that I would like to answer it
5 as if we were going forward from September on.

6 BY MS. THUNBERG:

7 Q. Fair enough. I appreciate your clarification.

8 A. (Palma) And, the increase would be 0.496 cents per
9 therm, for a total of \$3.69 per average customer, for a
10 one year collection. And, that's a total for the year,
11 not per month. And, that's, again, from September 1st
12 through December 31st.

13 Q. Thank you. With respect to GasNetworks and rebate
14 levels, in your testimony you've indicated that there
15 are differing rebate levels. Can you elaborate on how
16 that differing rebate levels factored into your
17 decision or the Company's position not to seek a rate
18 increase?

19 A. (Palma) I'm a little unclear on, when you say
20 "different rebate levels", you mean the 2009 to 2010
21 GasNetworks rebate levels? Is that your --

22 Q. That's correct. If the rebate -- if the GasNetworks
23 Program, as approved by the Commission, were to
24 continue, maybe I'm operating under a false

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 understanding, but my understanding I thought is that
2 the present GasNetworks rebates have changed since the
3 approval of the -- or, since the Commission's approval
4 of the program. And, to the extent that factored into
5 the Company's decision not to go forward with funding
6 this program, I'd like you to elaborate on that.

7 A. (Palma) On the residential side, and maybe
8 Mr. Freischlag has a different opinion, but I believe
9 we would -- had the funding been available in February,
10 we would have switched to the 2010 GasNetworks schedule
11 of rebates. But, to do that, we would have had to file
12 with the Commission to update our tariff. So, because
13 of the timing, we decided not -- it wasn't really about
14 the rebate levels themselves, it had to do with the
15 timing. That we were phasing out giving out rebates,
16 it made no sense to file with the Commission, and then
17 turn and shut the program off at the same time.

18 Q. Can you please describe what notification the Company
19 has done to its customers and trade allies and
20 stakeholders in notifying them of the closure of the
21 program? Or, I say "closure of the program", that
22 there are no -- that there's no funding to accept any
23 more participants in the program?

24 A. (Palma) We issued a letter on, and the letter is in my

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 testimony as TP-3, we issued a letter on February, I'm
2 sorry, February 23rd, advising all the GasNetworks
3 dealers or trade allies that the program will be
4 closed. And, in the letter, it stated that the
5 projects must be completed by March 31st, meaning
6 installed, and all the paperwork must be received by
7 the Company by April 15th. It says here "forms", but
8 it's the paperwork that goes with it, including forms
9 and the purchase order or contract. And, we also
10 changed our website to indicate that the program is
11 basically closed to any new projects, and we referred
12 people to the OEP ARRA Program by a link to the NHSaves
13 website.

14 Q. Mr. Palma, the order issued in this docket setting
15 today's hearing indicated that "the Commission needed
16 additional information before it could determine
17 whether the subject programs ought to be closed or
18 continued with increased budgets." And, in this order,
19 it cited the Office of Consumer Advocate's suggestion
20 that "Northern temporarily increase the residential
21 Conservation Charge." I know we've kind of skirted
22 around testimony today, but I'd like to hear a more
23 direct response from the Company as to why or why not
24 it's agreeing with OCA's suggestion? And, I believe

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 this may -- I think it's in your testimony, and a brief
2 description of your testimony would be helpful.

3 A. (Palma) One reason is, we're sensitive to the economic
4 conditions. And, any increase in rates would affect
5 residential folks, families, in some way, shape or
6 form. Second issue is, if you try to compare the
7 electric SBC to the gas SBC, we don't believe there's a
8 fair comparison. And, there's a litany of reasons why,
9 which are in my testimony. If you would like, I could
10 go through all those reasons. But, if you don't, if
11 you would not, I could pass on that and keep
12 summarizing.

13 Q. I'd rather just have a summary for the Commission.

14 A. (Palma) Sure.

15 Q. Thank you.

16 A. (Palma) The third reason is that, you know, natural gas
17 is a competitor with oil. And, oil, as you know, oil
18 customers do not pay an SBC or a conservation charge.
19 And, to continually raise gas rates, without
20 instituting oil, could put gas at a competitive
21 disadvantage. Although, in today's market, gas prices
22 are pretty much at an all-time low. So, it's not an
23 actual issue today, but we don't know what gas prices
24 to oil prices will be next year.

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 MS. THUNBERG: Okay. Thank you. We
2 have one more question.

3 BY MR. CUNNINGHAM:

4 Q. If you were to continue with the GasNetworks Program,
5 had you continued with the program, concurrent with the
6 differences in rebates that the Commission has
7 currently approved in the programs that were approved
8 as your 20-month program approval, given those
9 differences in rebates, could you have expected any
10 customer confusion? Could you elaborate on that. And,
11 how did that play into your decision not to continue
12 with the program?

13 A. (Palma) It really didn't play at all, I mean, there
14 would be some customer confusion. The rebates hadn't
15 changed that much. I mean, I actually have, if I could
16 take a quick look. A lot of the 2010, and I don't have
17 a one-to-one comparison in front of me, but a lot of
18 the 2010 changes had to do with commercial rebate
19 changes. On the residential side, they were pretty
20 insignificant. And, it wasn't a factor in our
21 decision. It was really an issue of budget. We were
22 basically running out of funding.

23 Q. Thank you. I have just one, one other follow-up
24 question. With respect to the price of energy

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[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 efficiency for your electric customers, versus the
2 price of energy efficiency for your natural gas
3 customers, the OCA a few minutes ago asked you what the
4 prices were for National Grid gas energy efficiency
5 versus Northern's energy efficiency, that's on the
6 record. But what I'd like to put on the record is,
7 what is the current annual cost of energy efficiency
8 for a Northern gas customer versus the annual energy
9 efficiency cost for a Unitil electric customer?

10 A. (Palma) I'm sorry, Mr. Cunningham, could you repeat the
11 question.

12 Q. Yes.

13 A. (Palma) I think I have the documentation in front of
14 me, but I want to make sure I answer your question.

15 Q. I'm looking to clarify a point about the annual energy
16 efficiency charges, out-of-pocket charge that a
17 customer would pay, an electric customer of Unitil
18 versus a natural gas customer for Northern?

19 A. (Palma) A UES customer, the average UES customer, based
20 on meters, would pay \$9.88, and the average Northern
21 customer, based on meters again, would pay \$13.78, as
22 of today, today's rates.

23 Q. Thank you. So, an average -- so, an electric customer
24 is actually paying less than the gas customers?

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 A. (Palma) The electric customers pay less than the gas
2 customers.

3 Q. Pretty significant, isn't it? A \$4.00 difference
4 approximately, 9 versus 13, 9 for the gas customer -- 9
5 for the electric customer and 13 for the gas customer.

6 MR. CUNNINGHAM: Thank you very much.

7 That's all I have.

8 WITNESS PALMA: You're welcome.

9 CHAIRMAN GETZ: Commissioner Below.

10 BY CMSR. BELOW:

11 Q. Is that based on the reduced portion of the System
12 Benefit Charge that goes towards energy efficiency
13 today compared to what it had been?

14 A. (Palma) Yes. It's based on the one and a half mills,
15 not the 1.8 mills.

16 Q. Okay. Thank you. And, is it your understanding that,
17 while -- if the GasNetworks rebate had been available
18 at the same time as the OEP ARRA funding rebates
19 incentives were available, that customers could only
20 get the utility incentive or they could only get one or
21 the other, they couldn't get both incentives, is that
22 correct?

23 A. (Palma) My understanding is that the customers would be
24 only eligible for the utility incentive, unless those

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 funds were exhausted, and then they could, this is only
2 for gas customers, then they would be able to be
3 entitled or be able to apply for a OEP rebate.

4 Q. Do you know how many of your gas customers have applied
5 for the OEP incentive?

6 A. (Palma) I'm going by memory of an e-mail I saw
7 recently. I'm going to say less than ten.

8 Q. And, --

9 A. (Palma) But I'd like to be subject to checking on that
10 number.

11 Q. Okay. And, it's your understanding that those
12 incentives are also available to oil and propane
13 customers, whereas, obviously, the gas utility
14 incentives are only available to gas utility customers?

15 A. (Palma) Yes. That is my understanding.

16 Q. And, you said, I believe, that your understanding from
17 the technical session, although it's secondhand, is
18 that roughly, at the current -- based on experience to
19 date, that the expectation was those incentives might
20 be used up sometime in the fall, perhaps October?

21 A. (Palma) Yes. That is my understanding.

22 Q. So, at that point, between the point that those, that
23 program's -- all the funds are obligated, between that
24 point and the end of the calendar year, if there is a

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 gap, then your gas customers would not have any option
2 for an incentive or rebate for a high-efficiency gas
3 furnace or boiler or hot water heater, is that correct?

4 A. (Palma) That's correct.

5 Q. Actually, is there -- there is no just hot water heater
6 incentive, is there, under the GasNetworks rebate?

7 A. (Palma) Yes. Under GasNetworks, there is. There are,
8 I think, two or three different hot water rebates.

9 Q. Okay. For instance, for a condensing hot water heater?

10 A. (Palma) There's tankless water heaters, regular
11 indirect water heaters that are attached to boilers,
12 and then there's your basic storage water heater.

13 Q. Okay. And, there's also a programmable thermostat and
14 a window rebate under the GasNetworks Program that are
15 not currently available, is that correct?

16 A. (Palma) That is the -- right. There is a programmable
17 thermostat and then some windows were withdrawn from
18 GasNetworks.

19 Q. Okay. That was -- are you saying that that was
20 available in '09, in 2009, but not in 2010?

21 A. (Palma) I defer to Mr. Freischlag.

22 A. (Freischlag) That's correct.

23 CMSR. BELOW: Okay. That's all.

24 CHAIRMAN GETZ: A couple of things.

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1 Well, first of all, I don't believe Mr. Freischlag, did
2 we, Ms. Geiger, did we get his duties and position with
3 the Company on the record?

4 MS. GEIGER: Mr. Chairman, I did not.
5 And, I was wondering if you wanted me to supplement the
6 record at this time, just to have him briefly, in addition
7 to identifying himself, to identify his position with the
8 Company and what his responsibilities are.

9 CHAIRMAN GETZ: If you could do that.

10 BY THE WITNESS:

11 A. (Freischlag) I'm Keith Freischlag. I'm the Energy
12 Efficiency Program Coordinator from Unitil. And, I
13 work directly here in Hampton, in support of programs
14 in Massachusetts, New Hampshire, and Maine.

15 MS. GEIGER: Thank you.

16 BY CHAIRMAN GETZ:

17 Q. I just wanted to get a little bit of an appreciation
18 from either of you gentlemen, just a distinction
19 between a program being open or a program being closed.
20 And, I take it that the way it's playing out is, you
21 would keep a program open if it appeared that there
22 were going to be sufficient or close to sufficient
23 funding for the remainder of the period, and that
24 really -- and that means you would continue to

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 publicize it, take applications, and create a waiting
2 list. Is that roughly what would happen with an open
3 program?

4 A. (Palma) That is correct. Our Home Performance with
5 EnergyStar Program is an example, we have a short wait,
6 in my testimony we have a waiting list of eight, eight
7 customers. And, some folks won't go forward with their
8 project, so then we will move those people up the
9 waiting list. We will throttle back the marketing when
10 we're getting to the point of running out of funding,
11 because there's really no reason to market it, bringing
12 in another 100 interested customers.

13 Q. And, then, when you're going to close a program, it
14 looks like you're not going to have enough funding
15 available and you stop publicizing, stop taking
16 applications?

17 A. (Palma) Yes.

18 Q. But does the -- the summary of the programs that were
19 approved, I mean, I didn't go back to check, does that
20 specifically lay out those kinds of steps or
21 distinctions or is that just kind of a fair inference
22 of how to conduct the programs?

23 A. Defer to Mr. Freischlag on that.

24 A. (Freischlag) You're correct. It's not laid out

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1 word-for-word, outlining the process on how we manage
2 those programs specifically. We use the budget as a
3 guideline for what we have approval to spend within a
4 program, and try to manage the program within that
5 means. And, we do use, like you had mentioned, you use
6 marketing in order to outreach sufficiently within that
7 parameter.

8 CHAIRMAN GETZ: Okay. That's all I
9 have.

10 CMSR. BELOW: Another question.

11 BY CMSR. BELOW:

12 Q. On the EnergyStar Home Program, that incentive, is that
13 -- is the expectation that it will be paid to the
14 builder upon the hertz rating of the unit, or would
15 that be payable to the buyer when the home is sold?

16 A. (Freischlag) In this case, it's payable to the
17 developer, the builder who signed the project.

18 Q. So, that's why the expectation that it will be finished
19 this fall, that the whole incentive, whatever it turns
20 out to be, based on how -- what the hertz score for the
21 home is, will be payable as each unit is certified to
22 the developer, even though the homes may be vacant and
23 not sold yet, is that correct?

24 A. (Freischlag) That's correct the rebate is paid as soon

[WITNESS PANEL: Thomas Palma~Keith Freischlag]

1 as the building is completed and receives a CO,
2 Certificate of Occupancy, and that contractor working
3 on the project for Unitol has done the final EnergyStar
4 ratings and has documented that it meets the program
5 guidelines, they are the contractor that outlines the
6 specific rebates that are to be paid. We have
7 projected rebates based on a preliminary analysis, but
8 we can't pay out those rebates until they have earned
9 the final certification.

10 CMSR. BELOW: That's all.

11 CHAIRMAN GETZ: Any redirect,
12 Ms. Geiger?

13 MS. GEIGER: Mr. Chairman, could we take
14 a five minute recess, so that I could confer with my
15 client, to determine whether or not they want to
16 supplement?

17 CHAIRMAN GETZ: Sure. Let's take a
18 brief recess.

19 MS. GEIGER: Thank you.

20 (Recess taken at 2:39 p.m. and the
21 hearing resumed at 2:43 p.m.)

22 CHAIRMAN GETZ: Ms. Geiger.

23 MS. GEIGER: Yes. Thank you, Mr.

24 Chairman, for allowing us to take a brief recess. And, in

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1 doing so, I find that I don't have any questions for
2 redirect.

3 CHAIRMAN GETZ: Thank you. Then, the
4 witnesses are excused. Thank you, gentlemen. Is there
5 going to be anything else, other than closing arguments?

6 MS. THUNBERG: Yes, Mr. Chairman. Staff
7 is aware that there's a public comment, an individual who
8 would like to make a public comment before closings.

9 CHAIRMAN GETZ: Okay. Well, then let's
10 hold off on that for a second, let's take care of some
11 other matters. Is there any objection to striking the
12 identifications and admitting the exhibits into evidence?

13 (No verbal response)

14 CHAIRMAN GETZ: Hearing no objection,
15 they will be admitted into evidence. So, I take -- are
16 there any other procedural matters that we need to
17 address?

18 (No verbal response)

19 CHAIRMAN GETZ: Okay. Well, then, do I
20 take it, Ms. Fischer, you would like to make a public
21 comment?

22 MS. FISCHER: Yes. Thank you. Again,
23 my name is Elizabeth Fischer. I am here on behalf of the
24 Home Builders & Remodelers Association, Build Green NH.

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1 Just by way of a public comment, I want to thank the
2 utility for agreeing to withdraw their request for closing
3 the EnergyStar for Homes Program. We feel very strongly
4 that every single unit that comes on line that has gone
5 through a certification program, whether it be the
6 EnergyStar for Homes Program or the National Green
7 Building Standard or the LEED for Homes Program, helps
8 move the agenda forward of building more sustainable
9 housing. And, any deviation from that certainly sends the
10 wrong message. So, we appreciate the utility listening to
11 our concerns to keep EnergyStar for Homes in play in a
12 very positive way.

13 I'm also pleased to say that we had a
14 meeting yesterday with the various representatives from
15 the utilities and have renewed our efforts to collaborate
16 and cooperate to continue to spread the word of these
17 various programs. And, so, I think you're going to see
18 more and more opportunities for consumers to move into
19 housing that is clearly sustainable.

20 I would also like to go on the record of
21 supporting whatever the PUC can do to raise the amount of
22 money that is available for these kinds of incentives.
23 Whether it's under the GasWorks Program, the EnergyStar
24 for Homes Program, the Home Performance Program, the

1 Lighting Program, whatever the programs are. Because, in
2 many cases, that's when people and consumers get the first
3 opportunity to recognize that there are changes that they
4 can make in their homes by investing their own dollars, as
5 well as using these incentives.

6 So, we would support, and I personally
7 support, any kind of effort on the part of the Public
8 Utilities Commission to encourage the utilities to put as
9 much money as possible into these kinds of incentives, to
10 serve as many people as possible. Thank you.

11 CHAIRMAN GETZ: Thank you. Then, I
12 guess we'll turn to Mr. Steltzer.

13 MR. STELTZER: Yes. Thank you. OEP
14 takes no position on the direction of the funds. Really,
15 our intent for wanting to be here is really just to
16 clarify any ongoing questions about the Appliance Rebate
17 Program and how it interacts with the GasNetworks Program.
18 I believe Commissioner Below did a great job in asking
19 some of the questions of the witness earlier to get to the
20 essence of it, which is that the OEP program is meant to
21 be an adder on top of the rebates that are already out
22 there. And, what I mean by that is that, if the utility
23 program was open, that the Appliance Rebate Program would
24 not be available to those gas programs. They would, if

1 they came into OEP, or really PSNH, who is handling the
2 program for us, they would be redirected back to the gas
3 utilities. As the funding mechanism for this program has
4 ended, that is when the rebates have begun to flow for
5 natural gas customers within the Unitil service district
6 for the OEP ARRA Program.

7 Currently, the program, since there is
8 still remaining funding on the National Grid side for the
9 gas utilities, we are not accepting any applications for
10 natural gas customers within the National Grid region.

11 The rationale to that was was simply
12 that the gas side has had rebates in the past, however,
13 there has been no rebates available to oil consumers or
14 propane. And, so, we structured the program to
15 incentivize those individuals who traditionally have not
16 had any sort of rebate program in the past.

17 So, the option here then is, if there
18 are two -- the two options, does GasNetworks go forward or
19 continue and have \$80,000 go to it and continue operation,
20 what happens to its relationship with our program? And,
21 what happens if the GasNetworks doesn't receive funding?
22 So, if it does receive funding, and GasNetworks does get
23 extended again, the OEP ARRA Program then would not be
24 available to those consumers within the Unitil service

1 district for gas. And, we would again, just like we're
2 doing with National Grid, put people over to the Unitil
3 gas utility rebate in the GasNetworks Program there. If
4 it were to not be extended, we would continue to take
5 those people in. We do anticipate that that funding will
6 run, as Mr. Palma noted, we do anticipate that funding
7 running until about the October time frame in its current
8 rate of reduction. And, so, there would possibly be a
9 time frame of a few months where residents in New
10 Hampshire would not be able to get a rebate for -- within
11 the Unitil service district on the natural gas side.

12 So, I just wanted to try and clarify any
13 sort of remaining concerns, and hopefully I did it in some
14 sort of succinct manner there, on what the relationship is
15 between the two programs. Glad to answer any questions,
16 if you have any questions, if it's appropriate to answer.

17 CHAIRMAN GETZ: Thank you. Mr. Linder.

18 MR. LINDER: I have no closing. Thank
19 you.

20 CHAIRMAN GETZ: Ms. Hatfield.

21 MS. HATFIELD: Thank you, Mr. Chairman.
22 I'd like to begin by just apologizing to the Commission
23 for the lateness of the OCA's filing in response to the
24 Company's request, which was made in February, and the OCA

1 did not respond until May. And, in hindsight, and perhaps
2 next time we'll do this, we are wishing that we had just
3 simply asked for a technical session or something of that
4 nature, just to discuss the request with the Company, and
5 perhaps we could have gotten through this process a little
6 bit more quickly. I think it has been challenging for the
7 Company, given that we are now in July. So, I just wanted
8 to state that.

9 We are disappointed that, despite the
10 high demand for the program, that Unitil doesn't support
11 continuing the program when the ARRA Program is projected
12 to end in the fall. While we understand that it might be
13 best for consumers to consider replacing their heating
14 system during the summer, we think that the reality is
15 that many of us don't realize we need a replacement until
16 we go to turn our furnace on. And, we think it would be
17 very unfortunate if there was a gap and there weren't
18 rebates available at the beginning of the heating season.

19 We do think that there was a very
20 productive discussion at the technical session on
21 June 30th, and the parties started to talk actually about
22 many 2011 program issues. And, we're hoping that we will
23 see a much more robust combined electric and gas planning
24 process to fill what seems to be a growing demand for

1 these products and services, which we think is a good
2 thing.

3 As I discussed with Mr. Palma, we do
4 understand also from the technical session that there
5 could be a lot more room for a collaborative relationship
6 between all of the utilities and the Home Builders and
7 other related trade allies. We actually learned at the
8 tech session that in some states the Home Builders
9 Association actually runs the EnergyStar Homes Program.
10 And, so, we certainly encourage the Company to explore how
11 they could work more closely with that association.

12 We continue to support what we think is
13 a modest increase in the residential Conservation Charge.
14 In light of Mr. Palma's testimony about the fact that at
15 least two of the Company's programs, the Residential
16 Conservation Program and the Self-Installation Program,
17 are only about 25 percent obligated, when we are at
18 75 percent of the way through the program year, suggests
19 that, even with that \$80,000 increase that the Company has
20 estimated is necessary, in the end, when the Company does
21 do the reconciliation, there actually might be a smaller
22 rate increase that's required when the final -- when the
23 programs are finally closed for 2010. So, we would urge
24 the Commission to direct the Company to restart the

1 GasNetworks Program as soon as possible, hopefully this
2 fall, so that it could align with the closure of the ARRA
3 funded program.

4 I think we've heard a lot of discussion
5 at the EESE Board, as well as in the CORE Program docket,
6 about the negative impacts that stopping the programs has
7 on consumers, as well as those who implement programs and
8 other trade allies. And, so, we believe that we should
9 take all steps possible, always minimizing the ratepayer
10 cost, of course, in order to promote program continuity,
11 to ensure that consumers are not getting frustrated but
12 are taking advantage of these programs.

13 We would also note, and the Commission
14 can check National Grid's tariff if it wishes, that
15 Northern's Conservation Charge is much lower than National
16 Grid's gas Conservation Charge is currently. And, we
17 think the Commission should keep that in mind when it's
18 making its decision.

19 With that, I'll close. Thank you.

20 CHAIRMAN GETZ: Thank you.

21 Ms. Thunberg.

22 MS. THUNBERG: Thank you. Staff's
23 position has not changed much since its recommendation
24 that it filed with the Commission back on May 5th, 2010.

1 Staff does recommend that the Commission approve the
2 relief sought by the Company, and that is specifically
3 listed on Page 10 of Exhibit 10.

4 In its May 5th letter, Staff had
5 expressed a concern about stopping and starting a program.
6 But, having reviewed the deliberate attempts that the --
7 or, deliberate actions the Company has taken to notify
8 customers and trade allies and other stakeholders, Staff's
9 concern was satisfied.

10 Northern has considered a rate increase
11 to fund the GasNetworks Program and has responded to the
12 Commission's order inquiring of additional information.
13 And, Staff agrees with Northern's assessment and its
14 reasoning in its testimony filed as Exhibits 9 and 10 that
15 a rate increase should not occur at this time. Thank you.

16 CHAIRMAN GETZ: Ms. Geiger.

17 MS. GEIGER: Thank you, Mr. Chairman. I
18 won't reiterate all of the requests that the Company is
19 making of the Commission at this time. They're set forth
20 on Page 10 of Mr. Palma's updated prefiled testimony.
21 Northern does not believe it would be appropriate at this
22 point to raise customers' rates or the portion of rates
23 attributable to the Conservation Charge for the gas energy
24 efficiency programs. Northern would ask the Commission to

1 reject the OCA's suggestion that rates be increased at
2 this point. Northern expects to be filing for a rate
3 increase in its efficiency rates, which will become
4 effective November 1st. We think it would be
5 inappropriate at this juncture to raise rates to cover
6 programs as suggested by the OCA, and then to potentially
7 ask the Commission to be raising them again in November.

8 In addition, the Company has, as
9 indicated in Mr. Palma's testimony, already wound down, if
10 you will, the GasNetworks Program. And, so, we think to
11 eliminate customer confusion and to make it work more
12 manageable for the Company, it would not be appropriate to
13 ramp that program up again for the duration of this year.
14 We think it would be more appropriate to gear up and
15 institute the program to begin January 1st with a new
16 program filing that's expected to be made I believe
17 sometime in August.

18 In addition, to the extent that the OCA
19 is seeking a rate adjustment or a rate increase by virtue
20 of filing a letter with the Commission, the Company finds
21 that that's inappropriate and it's contrary to the
22 procedural rules that this Commission has in place. More
23 specifically, under Puc Rule 203.06, petitions for rate
24 adjustments must be accompanied by prefiled testimony and

1 exhibits. And, as I understand it, at this point in the
2 record, we have some data requests that were attached to
3 the OCA's letter, but I don't think the OCA's letter was
4 ever marked as an exhibit. So, I don't think we have
5 anything in the record upon which that the Commission can
6 make a decision to increase rates. Again, I believe that
7 to the extent any party, not just a company, but any party
8 that asks the Commission to raise rates or raise
9 customers' rates, they must comply with the Commission
10 rules that require exhibits and prefiled testimony. Thank
11 you.

12 CHAIRMAN GETZ: Okay. Is there anything
13 further this afternoon?

14 (No verbal response)

15 CHAIRMAN GETZ: Okay. Hearing nothing,
16 then we'll close the hearing and take the matter under
17 advisement. Thank you.

18 (Whereupon the hearing ended at 2:58
19 p.m.)
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