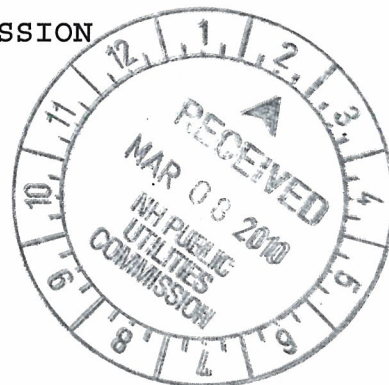


STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION



March 1, 2010 - 10:04 a.m.
Concord, New Hampshire

RE: DE 09-170
CORE ENERGY EFFICIENCY PROGRAM:
CORE Energy Efficiency Program for 2010.
(Hearing regarding the effects from the
the passage of Senate Bill 300 on the
CORE Program budgets)

PRESENT: Commissioner Amy L. Ignatius, Presiding
Commissioner Clifton C. Below

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:
Gerald M. Eaton, Esq.

Reptg. Unitil Energy Systems:
Douglas L. Patch, Esq. (Orr & Reno)

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

Reptg. Granite State Electric Company:
Sarah B. Knowlton, Esq. (McLane, Graf...)

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

ORIGINAL

1

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

3

4

Reptg. N.H. Community Action Agencies:
Dana Nute

5

Reptg. the Jordan Institute:
D. Dickinson Henry, Jr.

6

7

Reptg. Office of Energy & Planning:
Eric Steltzer

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

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Reptg. the Home Builders & Remodelers
Association of New Hampshire:
Elizabeth Fischer

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Reptg. U.S. Energy Saver, LLC:
Russell Aney

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Reptg. Northeast Energy Efficiency
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Kenneth E. Traum, Asst. Consumer Advocate
Stephen Eckberg
Office of Consumer Advocate

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Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Thomas C. Frantz, Director - Electric Div.
Jack Ruderman, Director - Sust. Energy Div.

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THOMAS BELAIR

CAROL WOODS

5

DEBORAH JARVIS

ANGELA LI

6

JEREMY NEWBERGER

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1	E X H I B I T S		
2	EXHIBIT NO.	D E S C R I P T I O N	PAGE NO.
3	18	Filing containing the	12
4		recommendations and proposed	
5		budget revisions for the 2010 CORE	
		NH Energy Efficiency Programs due	
		to Senate Bill 300 (02-19-10)	
6	19	Revised Page 2 regarding changes	14
7		under the "Total" column contained	
		within Table 1	
8	20	RESERVED (RE: Corrected version of	20
9		Page 6 of Exhibit 18 regarding	
10		Table 3 - National Grid NH CORE	
		Energy Efficiency Program - 2010	
		Goal Details)	
11	21	Document titled "The New Hampshire	45
12		Electric Utilities' recommended	
13		budget adjustments due to the	
		passage of Senate Bill 300 on	
		January 14, 2010 (02-05-10)	
14	22	Excerpt from the Report to the N.H.	58
15		PUC on Ratepayer-Funded Energy	
16		Efficiency Issues in New Hampshire,	
17		Docket No. DR 96-150, from the N.H.	
		Energy Efficiency Working Group,	
		submitted on July 6, 1999 (includes	
		Pages 19, 20, and 21)	
18	23	RESERVED (Record request by OCA for	80
19		a table showing all of the revenue	
		and expenditures...)	
20	24	RESERVED (RE: Table 5 on Page 8 of	93
21		Exhibit 18, verification and possible	
22		correction to some numbers contained	
		in Table 5 in regards to the totals...)	
23	25	RESERVED (Record request by OCA to	101
		Unitil re: prior period interest...)	
24			

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1 P R O C E E D I N G

2 CMSR. IGNATIUS: I'd like to open the
3 hearing in docket DE 09-170, the CORE Energy Efficiency
4 Program. And, this is a matter that is a subsequent
5 proceeding as a result of legislative enactments in Senate
6 Bill 300 altered for a time being the financial allocation
7 between the energy efficiency and the low income portions
8 of the System Benefits Charge. This matter was noticed by
9 a Commission order that requested that the utilities and
10 other stakeholders to evaluate what would happen if the
11 legislation were passed and how best to adjust the budgets
12 for the CORE Energy Efficiency Programs. And, following
13 that order of notice, I understand the parties did meet
14 and have worked on proposals that we're here now to
15 consider.

16 So, with that, why don't we take
17 appearances.

18 MR. EATON: For Public Service Company
19 of New Hampshire, my name is Gerald M. Eaton. Good
20 morning.

21 CMSR. IGNATIUS: Good morning.

22 MR. DEAN: Good morning. Mark Dean, on
23 behalf of the New Hampshire Electric Cooperative.

24 CMSR. IGNATIUS: Good morning.

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1 MR. PATCH: Doug Patch, from Orr & Reno,
2 on behalf of Unitil.

3 CMSR. IGNATIUS: Good morning.

4 MS. KNOWLTON: Good morning. Sarah
5 Knowlton, here on behalf of National Grid. And, with me
6 from the Company today is Jeremy Newberger, Angela Li, and
7 Robert O'Brien.

8 CMSR. IGNATIUS: Good morning.

9 MR. LINDER: Good morning. For The Way
10 Home, Alan Linder, from New Hampshire Legal Assistance,
11 and with me at counsel table is Dan Feltes, from New
12 Hampshire Legal Assistance, and also at counsel table is
13 Dianne Pitts, the Director of the Housing Services at The
14 Way Home. Good morning.

15 CMSR. IGNATIUS: Good morning.

16 MR. NUTE: Good morning. Dana Nute, for
17 the Community Action Agencies.

18 MR. HENRY: Good morning. Dick Henry,
19 from the Jordan Institute.

20 CMSR. IGNATIUS: Good morning.

21 MR. ANEY: Good morning. Russ Aney,
22 from U.S. Energy Saver.

23 CMSR. IGNATIUS: Good morning.

24 MR. STELTZER: Good morning. Eric

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1 Steltzer, from Office of Energy & Planning.

2 MS. HATFIELD: Good morning,
3 Commissioners. Meredith Hatfield, for the Office of
4 Consumer Advocate, on behalf of residential ratepayers.
5 And, with me for the Office are Ken Traum and Steve
6 Eckberg.

7 CMSR. IGNATIUS: Good morning.

8 MS. AMIDON: Good morning, Commissioner.
9 My name is Suzanne Amidon. I'm here for the Commission
10 Staff. To my left is Tom Frantz, who is the Director of
11 the Electric Division; to his left is Jack Ruderman, who
12 will be speaking to the Commission on behalf of the
13 Sustainable Energy Division. Thank you.

14 CMSR. IGNATIUS: Good morning. Anyone
15 else we skipped over?

16 MS. HILDT: Good morning. I'm Natalie
17 Hildt, with Northeast Energy Efficiency Partnership.

18 CMSR. IGNATIUS: Thank you. Let me just
19 mention, I think that you may have assumed this already,
20 but just to put on the record, that Chairman Getz is not
21 here today because he's at the Emergency Operations Center
22 and continuing to work on the storm recovery. And, I
23 think all of us are just tremendously grateful to the work
24 that the utilities have been doing, crazy hours and

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1 enormous effort. And, there's still a ways to go. But we
2 absolutely appreciate it and recognize that this has been
3 a heroic effort the last couple of days.

4 Is there a plan on how best to present
5 matters this morning?

6 MR. EATON: Yes. The utilities plan to
7 put on a panel of five witnesses, to explain generally the
8 process of how we went about the task of changing our
9 budgets, and then specifically each utility will go
10 through how they changed and rearranged their budgets.
11 And, then, the panel would be available for
12 cross-examination. I don't know if other parties plan on
13 putting witnesses on.

14 CMSR. IGNATIUS: All right. Are there
15 other witnesses, people who are planning on presenting
16 witnesses, or simply working through questioning of the
17 panel?

18 (No verbal response)

19 CMSR. IGNATIUS: Looks like no other
20 witnesses planned. And, I think we have an important
21 issue, do we have five chairs for the five witnesses?

22 CMSR. BELOW: Or any chairs at all up
23 there. Oh, there are five chairs there.

24 CMSR. IGNATIUS: All right.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 MR. EATON: Five smaller chairs than the
2 chairs that were there.

3 CMSR. IGNATIUS: Good. Are there any
4 other procedural matters before we begin with the panel?

5 (No verbal response)

6 CMSR. IGNATIUS: If not, why don't the
7 five take their seats.

8 I had a question about the affidavit of
9 publication. But I checked our record and, actually, I
10 see it's been filed. So, I appreciate that.

11 (Whereupon Thomas Belair, Carol Woods,
12 Deborah Jarvis, Angela Li, and
13 Jeremy Newberger were duly sworn and
14 cautioned by the Court Reporter.)

15 THOMAS BELAIR, SWORN

16 CAROL WOODS, SWORN

17 DEBORAH JARVIS, SWORN

18 ANGELA LI, SWORN

19 JEREMY NEWBERGER, SWORN

20 DIRECT EXAMINATION

21 BY MR. EATON:

22 Q. Mr. Belair, would you state your name for the record.

23 A. (Belair) Thomas R. Belair.

24 Q. For whom are you employed?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Belair) Public Service Company of New Hampshire.

2 Q. What is your position with that company?

3 A. (Belair) I'm in charge of the energy efficiency
4 programs at the New Marketing Division.

5 MR. EATON: Can everyone hear Mr.
6 Belair?

7 MR. LINDER: It's a little difficult to
8 hear back in the back of the room.

9 MR. EATON: Could you move the
10 microphone closer?

11 WITNESS BELAIR: Is this better?

12 MR. EATON: And, I guess I would like
13 all the witnesses to speak up so that everyone can hear.

14 BY MR. EATON:

15 Q. What are your duties, Mr. Belair?

16 A. (Belair) My job is to make sure that the energy
17 efficiency programs are delivered in a way that's in
18 accordance with the filing that we make every year.

19 Q. Have you ever testified before the Commission?

20 A. (Belair) Yes, I have.

21 Q. Mr. Belair, did you work on the budget filings that
22 were required by the Commission's supplemental order of
23 notice?

24 A. (Belair) Yes, I did.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. And, did you work on the budget filing that was made on
2 February 19th?

3 A. (Belair) Yes, I did.

4 Q. Do you have that in front of you?

5 A. (Belair) Yes.

6 Q. And, what does that contain?

7 A. (Belair) It contains a cover letter that explains what
8 we've done, and cited, I'm just -- do you want me to
9 walk through it?

10 Q. No, just generally describe it.

11 A. (Belair) It basically talks about what we've done to
12 mitigate the implication of Senate Bill 300. We've
13 looked at reducing our budgets from 1.8 mills to 1.5
14 mills. And, we've tried our best to follow some of the
15 Commission direction on the options we had to mitigate
16 the reduction. And, this whole filing contains what we
17 have done to mitigate or revised the budgets as a
18 result of the Senate Bill 300.

19 MR. EATON: Could we have this marked
20 for identification as "Exhibit number 18"?

21 CMSR. IGNATIUS: So marked.

22 (The document, as described, was
23 herewith marked as Exhibit 18 for
24 identification.)

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 BY MR. EATON:

2 Q. Before we move onto the next witness, Mr. Belair, are
3 there any corrections you'd like to make to Exhibit 18?

4 A. (Belair) Yes. On Page 2, in the "Table 1 - Summary of
5 Senate Bill 300 Reduction and Recommended Budget
6 Adjustments", we have -- we've revised that page, and
7 that table specifically, to make sure that items number
8 6 and 7 added up in the "Total" column correctly.

9 Q. And, what is the change you'd like to make to that
10 schedule?

11 A. (Belair) If you'll follow me, on Line Number 6,
12 "Transfer from SmartStart Bad Debt Fund", in the
13 "Total" column it should say, instead of "zero", it
14 should be "\$100,000".

15 Q. And, that's the far right-hand column?

16 A. (Belair) Yes, sir. And, then, in Line Number 7, "Other
17 Adjustments", that "\$65,964" from National Grid should
18 carry over to the "Total" column as well. That total
19 of "\$2,575,038" should be "\$2,741,002", which changes
20 the number below that from minus "608,551", to
21 "442,587".

22 CMSR. IGNATIUS: Can I ask you to repeat
23 the final budget change number, the 442?

24 WITNESS BELAIR: 442,587.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 CMSR. IGNATIUS: Thank you.

2 BY THE WITNESS:

3 A. (Belair) And, just for clarification, it does not
4 change the number at the very bottom, that "502,564".
5 It does not change that.

6 (Atty. Eaton distributing documents.)

7 MR. EATON: I've provided the Secretary
8 or the Clerk with a copy of Exhibit 18 and a copy of -- a
9 revised copy of Page 2. I gave out all my other copies of
10 Page 2, of the revised.

11 CMSR. IGNATIUS: Would you like the Page
12 2 marked for identification?

13 MR. EATON: Yes. If we could mark that
14 as "Exhibit 19".

15 (The document, as described, was
16 herewith marked as Exhibit 19 for
17 identification.)

18 MR. EATON: If it pleases the Chair, at
19 this time why don't we proceed with the qualification of
20 the other witnesses.

21 CMSR. IGNATIUS: All right. Mr. Dean.

22 BY MR. DEAN:

23 Q. Ms. Woods, would you please state your full name and
24 your position for the record.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Woods) My name is Carol Woods, and I'm the Energy
2 Solutions Manager at New Hampshire Electric
3 Cooperative.

4 Q. And, can you just briefly describe your involvement in
5 the preparation of what's been marked for
6 identification as "Exhibit 18"?

7 A. (Woods) I worked with the other utilities and put
8 together the specific information for New Hampshire
9 Electric Co-op in this filing.

10 MR. DEAN: Thank you.

11 BY MR. PATCH:

12 Q. Ms. Jarvis, could you similarly describe your position
13 with Unitil.

14 A. (Jarvis) Project Leader for the Energy Efficiency
15 Design, Policy and Planning and Evaluation for Unitil
16 Service Corp.

17 Q. And, could you state your name again for the record,
18 I'm sorry.

19 A. (Jarvis) Sorry. Deborah A. Jarvis.

20 Q. And, you're familiar with what's been marked as
21 "Exhibit 18", the February 19th, 2010 filing?

22 A. (Jarvis) Yes.

23 Q. And, you were involved in preparing the portion of it
24 that relates to Unitil, is that correct?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Jarvis) Yes, I was.

2 Q. Do you have any corrections you'd like to make to any
3 portion of that?

4 A. (Jarvis) No.

5 MR. PATCH: Okay. Thank you.

6 BY MS. KNOWLTON:

7 Q. Mr. Newberger, would you state your full name for the
8 record please.

9 A. (Newberger) My name is Jeremy Newberger.

10 Q. By whom are you employed?

11 A. (Newberger) I'm employed by National Grid.

12 Q. In what capacity?

13 A. (Newberger) I am the Manager for Evaluation and Policy
14 for Energy Efficiency in New England.

15 Q. What are your job duties?

16 A. (Newberger) My job duties relate to planning and
17 reporting for energy efficiency programs in National
18 Grid's territories in Massachusetts, Rhode Island, and
19 New Hampshire.

20 Q. Are you familiar with what's been marked as "Exhibit
21 18"?

22 A. (Newberger) Yes, I am.

23 Q. Was that prepared either by you or under your direction
24 to the extent that it relates to National Grid?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Newberger) Yes, it was.

2 Q. Ms. Li, --

3 A. (Newberger) And, we have one -- we would like to offer
4 one correction to the section for National Grid in
5 Exhibit 18. That is Table 2, that's on Page 4. If you
6 notice, there are different numbers related to the
7 National Grid section that what's marked as "Table 3"
8 on Page 6. The values in the top third of Table 3 are
9 the -- should have been copied into Table 2 and were
10 not. So, when you look at the National Grid section,
11 it's the top third of Table 3 that has the correct
12 values.

13 CMSR. IGNATIUS: Ms. Knowlton, could I
14 just ask for clarity, should we simply disregard Table 2
15 entirely and only look at Table -- use Table 3, or are
16 there things in Table 2 we still need to keep track of?

17 WITNESS NEWBERGER: You can disregard
18 Table 2, with the exception of the fact that Table 3
19 doesn't show the "Educational Programs", which is still
20 zero.

21 CMSR. IGNATIUS: Thank you.

22 BY MS. KNOWLTON:

23 Q. Ms. Li, if you would state your full name for the
24 record please.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Li) Sure. My name is Angela Li.
- 2 Q. And, by whom are you employed?
- 3 A. (Li) National Grid.
- 4 Q. What is your position with the Company?
- 5 A. (Li) I'm an analyst in the Evaluation and New England
6 Policy Department on Energy Efficiency.
- 7 Q. I'd ask you to speak up to the microphone. Were
8 involved in the preparation of the portion of
9 Exhibit 18 that relates to National Grid?
- 10 A. (Li) I was.
- 11 Q. And, do you have any corrections to Exhibit 18?
- 12 A. (Li) I have a correction to Table 3, under the "Program
13 Participation" for the "Small Business Energy
14 Solutions", under "2010 Revised". That number should
15 change from "27" to "35". And, I just wanted to note,
16 for "Program Participation" and "Program Savings", in
17 the "Variance" column, the differences between the
18 revised subtracted from are the revised minus the
19 approved value. And, the program expenses -- for
20 program expenses, the variance indicates the difference
21 between our approved budget and the revised budget.
22 But, below, in "Program Participation" and "Program
23 Savings", the variance reflects the difference between
24 revised minus approved.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 CMSR. BELOW: Well, and to further
2 clarify, if you're changing the revised for Small Business
3 Energy Solutions to 35, does the variance change from "19"
4 to "11"?

5 WITNESS LI: It does. Thank you.

6 CMSR. BELOW: And, does that change the
7 total likewise?

8 WITNESS LI: It does.

9 BY MS. KNOWLTON:

10 Q. So, Ms. Li, the total would be "843"?

11 A. (Li) Yes. That's correct.

12 Q. And, do you have an estimate of what the program
13 savings would be?

14 A. (Li) We don't have a accurate number at this time.

15 MS. AMIDON: Commissioner Ignatius?

16 CMSR. IGNATIUS: Yes.

17 MS. AMIDON: Would it be appropriate at
18 this time to ask the Company to provide a revised copy of
19 Page 6 to reflect these changes, so we have a complete
20 understanding of those errors?

21 CMSR. IGNATIUS: That probably makes
22 sense, so we make sure we get our numbers right. Unless
23 you have that already available, we can keep it as a
24 record request for submission later today or, I assume, in

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 a day or two.

2 MS. AMIDON: Thank you, Commissioner.

3 WITNESS LI: Okay.

4 CMSR. IGNATIUS: All right. We'll mark

5 Exhibit 20 reserved for that purpose. Thank you, Ms.

6 Amidon.

7 (Exhibit 20 reserved)

8 BY MS. KNOWLTON:

9 Q. Ms. Li, I can't remember if I asked you this, are you
10 familiar, I think I did ask you this, but are you
11 familiar with the document that's been marked as
12 "Exhibit 18", as it relates to National Grid?

13 A. (Li) Yes, I am.

14 Q. And, were you involved in its preparation?

15 A. (Li) Yes.

16 MS. KNOWLTON: Thank you.

17 BY MR. EATON:

18 Q. Mr. Belair, could you describe the process that the
19 utilities went through with the Staff and intervenors,
20 as far as meeting with them and in attempts to come up
21 with a new budget?

22 A. (Belair) Yes. We first discussed the impact of Senate
23 Bill 300 at the monthly meeting in January, on January
24 25th. And, we talked briefly about what things we

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 could do to mitigate that, the impact of the budget
2 change. The utilities went back and they worked
3 together to develop a preliminary budget, which was
4 filed on February 5th. We met with parties and Staff
5 on February 12th in a technical session to review what
6 we have done and to brainstorm other ideas that we
7 might be able to do for our final filing. The
8 utilities went back, took all of those recommendations
9 under consideration, and made final changes to this
10 filing on February 19th.

11 Q. And, the final result is described in Exhibit 18?

12 A. (Belair) Yes, it is.

13 Q. And, on Table 1, what is the result for Public Service
14 Company of New Hampshire, as a result of the -- of
15 Senate Bill 300?

16 A. (Belair) Real quickly, what we did in Table 1 is we
17 looked at what the implication was. And, the one that
18 says Number 1, the "2010 Forecasted Sales", looked at
19 the difference between the 1.8 mills and the 1.5 mills.
20 And, we saw that there would be a reduction of
21 \$2.3 million in our budget. We then, down below, we
22 looked for ways that we could reduce that 2.3 million.
23 And, we came up with various ways to do that. And, we
24 came up with 1.9, almost \$2 million, resulting in a

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 budget shortfall still of \$354,030.

2 Q. Specifically, the description of what PSNH did, can
3 that be found in Exhibit 18?

4 A. (Belair) Yes. It's on Page 12 and 13.

5 Q. What steps did PSNH take to address the shortfall
6 between the 2010 approved budget and the 2010 revised
7 budget?

8 A. (Belair) I guess the big things we did is all shown on
9 Page 2, in Table 1. And, I can go through that
10 quickly.

11 Q. If you would.

12 A. (Belair) We came up with an estimated 2009 carryover of
13 about \$500,000. So, we added that in. PSNH has,
14 through Chapter 125-O, an RSA that says you can collect
15 two percent of the unspent funds and put it towards
16 PSNH facility projects. We took 500,000 out of that
17 fund and put it back into energy efficiency into this
18 budget for customers. We took 894,000 -- we're
19 recommending that we pull 894,000 from the SmartStart
20 Revolving Loan Fund and add this into the budget for
21 this year. We transferred -- we're recommending that
22 we transfer \$100,000 from the Bad Debt Fund in
23 SmartStart to the energy efficiency programs. And,
24 that's where we got the \$2 million.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 After that, in trying to do something
2 with the remainder of the 354,000, if I go to Page 12,
3 what we did is we had to recalculate Number 1, the Home
4 Energy Assistance Program budget, we had calculated at
5 14 percent in our original filing, and we recalculated
6 at 14.5 percent per the Settlement Agreement, which had
7 a result of decreasing the budget by \$135,000. That
8 left a remaining shortfall of 218,897, which we split
9 39 percent to residential and 61 percent to commercial,
10 industrial, and municipal. And, that's how the
11 kilowatt-hour sales come in from PSNH customers. And,
12 we took those, those budget amounts, and we tried to
13 see if we could move stuff from other budget categories
14 into rebates, so as not to affect what we were trying
15 to do for customers. So, for the residential sector,
16 what we ended up doing, to come up with that \$85,479,
17 is we moved \$75,479 from the ENERGY STAR Lighting
18 Program marketing budget, and took out \$10,000 from the
19 rebate budget from that same program. And, so, the
20 entire impact of that 85,000 we took out of the ENERGY
21 STAR Lighting Program. Specifically, we'll produce
22 less ENERGY STAR Lighting Catalogs.

23 If I go over to Page 13, Number 4, in
24 the commercial, industrial, and municipal sector, PSNH

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1 recommended moving monies through (a), (b), and (c).
2 Basically, the Small Business Program, reduce the
3 marketing budget by \$8,000; the Large C&I Retrofit
4 Program, reduce the monitoring and evaluation budget by
5 \$100,000; and, for the Commercial/Industrial New
6 Equipment and Construction Program, reduce the rebates
7 by \$25,418.

8 And, finally, since we did reduce our
9 low income budget or the Home Energy Assistance Program
10 budget, we looked for ways to move money from other
11 budget categories into rebates, to reduce the impact on
12 customers. So, in this case, (a), (b), and (c) shows
13 that we moved \$30,000 from marketing into rebates; we
14 moved \$16,000 from internal implementation into
15 rebates; and we moved \$15,009 from monitoring and
16 evaluation into rebates.

17 Q. Mr. Belair, do you have anything else to add to your
18 testimony?

19 A. (Belair) No.

20 MR. EATON: Thank you. I think we'll
21 continue with the direct until all the direct is done.

22 CMSR. IGNATIUS: Ms. Knowlton.

23 MS. KNOWLTON: Thank you.

24 BY MS. KNOWLTON:

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. Mr. Newberger, if you would look at Page 2 of
2 Exhibit 18 and identify what the total dollar impact of
3 the Senate Bill 300 reductions are on the Company's
4 2010 CORE budget?

5 A. (Newberger) The impact of Senate Bill 300, as shown in
6 Table 2, in a reduction of the mill charge results in
7 reduction of funds for the Company's programs of
8 \$255,184.

9 Q. When the Company looked at its budget for 2010 after SB
10 300 was passed and putting together the numbers for
11 Exhibit 18, did the Company make any other adjustments,
12 underlying adjustments to the budget?

13 A. (Newberger) Yes.

14 Q. What are those adjustments?

15 A. (Newberger) The Company, at the same time it was
16 looking at the impacts of Senate Bill 300, the Company
17 also took another look at the other funding that was
18 available. Firstly, the Company updated its -- used
19 updated information on its sales forecast, so that that
20 \$255,000 that I mentioned previously was the result of
21 looking at the new updated sales forecast with the
22 lower SBC charge. At the same time, the Company also
23 looked at its year-end 2009 fund balance, and that's
24 shown in Line 2 of Table 1. And, the Company found

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1 that it had actually \$210,605 more available in the DSM
2 fund at year-end 2009 than it had projected when the
3 original budget was created. And, then, in Line 7, the
4 Company found that it had essentially double-counted
5 the cost of the evaluation for 2010. When the Company
6 does budgeting, the Company sets aside a certain
7 percentage of the budget for evaluation. And, the
8 Company did that, and that was \$65,964. When the
9 Company prepared its initial budget for 2010, the
10 Company also used that same amount in -- subtracted
11 that same amount from its program budgets. The Company
12 corrected that error in the updated budgets, which
13 resulted in that amount being -- an additional amount
14 equal to that being available for program spending.

15 Q. When you updated the sales forecast, what impact did
16 that have on the budget?

17 A. (Newberger) The sales forecast was lower than it was
18 initially by, as shown in Item 1 on Page 2, by 36,869
19 megawatt-hours. I can do that calculation, but I don't
20 have that calculation directly available to tell you
21 what the impact of that updated sales forecast was.

22 Q. In terms of the dollar impact?

23 A. (Newberger) In terms of the dollar impact.

24 Q. Ms. Li, are you familiar with that dollar impact?

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1 A. (Li) Yes. And, it would cause an additional decrease
2 of \$66,365, on Page 4.

3 Q. So, can you identify what the total impact on the
4 budget was from the updated sales forecast and the SB
5 300 reduction? Either of you could answer.

6 A. (Newberger) That was the 255,184. Oh, excuse me. Can
7 you repeat the question, Sarah?

8 Q. If you take the impact of Senate Bill 300 reduction and
9 combine that with the impact of the updated sales
10 forecast, what is the total dollar impact on the
11 budget?

12 A. (Newberger) The impact of that, the updated sales
13 forecast and the -- excuse me, just a moment. Okay.
14 The impact of that updated sales forecast, as well as
15 the DSM -- the SBC charge change, would be the sum of
16 255,184, plus 66,365, which is, for those --

17 CMSR. BELOW: Would that be the
18 "321,549" --

19 WITNESS NEWBERGER: Thank you,
20 Commissioner.

21 CMSR. BELOW: That's on Page 4?

22 WITNESS NEWBERGER: Yes.

23 CMSR. BELOW: Item 1?

24 WITNESS NEWBERGER: Yes.

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1 CMSR. BELOW: Thank you.

2 BY MS. KNOWLTON:

3 Q. Was the Company able to find a way to fill that budget
4 gap?

5 A. (Newberger) Yes. The Company was able to find a way to
6 fill that budget gap, from the additional funds that
7 were available in the fund balance at year-end 2009, as
8 well as the adjustment related to the evaluation and
9 monitoring charge.

10 Q. And, what is the net result of the budget change for
11 the 2010 CORE Programs that the Company is seeking
12 authority for?

13 A. (Newberger) The net result is an increase of available
14 funds in the budget of \$21,385.

15 Q. Can you walk us through how the Company seeks to spend
16 those funds in 2010? I think, if you go to Page 4 --
17 excuse me, go to Page 6 of the filing, and if you could
18 start by looking at the first part of the chart labeled
19 "Program Expenses" and walk us through how the Company
20 proposes to allocate the funds.

21 A. (Newberger) I'm going to let Ms. Li answer that
22 question.

23 A. (Li) Sure. What we did, when we looked at all of our
24 funding again, is we tried to bring our funding levels

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1 consistent with the other utilities. So, one thing we
2 had not done in the approved budget was look at FCM
3 revenues as a component to overall funding. And, we
4 also have a Small Business Energy Solutions Program,
5 which has financing, and that contributes revenues back
6 into the C&I sector. So, when we looked at all the
7 sources of revenues coming into the Company and the
8 contributions from those different sources, we found
9 that the 33 percent residential and 67 percent
10 commercial/industrial split we had been using, which
11 was purely just based on electricity sales, has
12 changed. And, our new split was 30 percent residential
13 and 70 percent commercial/industrial. So, when we
14 allocated funds to the revised budget, the residential
15 program budgets declined overall by \$31,747, and the
16 C&I sector budget increased by \$43,213.

17 Q. And, how did that impact the program savings as
18 expressed in lifetime kilowatt-hours?

19 A. (Li) The residential lifetime kilowatt-hour savings
20 will be reduced by 501,746 megawatt-hours. However,
21 the commercial/industrial lifetime kilowatt-hours are
22 forecasted to increase by 24,175,708.

23 Q. Did you make any adjustments within the commercial and
24 industrial sector, in terms of how the funds were being

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1 allocated between the various programs?

2 A. (Li) We did. We talked to our program managers and
3 found there was a really huge demand for Large C&I
4 Retrofit. Just based on the economy, they were not
5 seeing as much activity in the New Equipment &
6 Construction area. So, when we were talking about the
7 opportunity to revise our budgets, the focus was to try
8 and put as much money into the incentive level for
9 where the demand was, for the Large C&I Retrofit
10 Program.

11 So, within the C&I sector, if you look
12 at Page 7, there has been reductions to external admin.
13 from the original approved budget. There's been a
14 minor reduction to marketing. And, the funding for
15 rebates has increased by over \$90,000.

16 Q. On the residential side, did you make any shifts in how
17 the money is to be spent?

18 A. (Li) Would you repeat the question.

19 Q. For the residential sector, are there any shifts in how
20 the money would be spent from what was originally
21 approved for 2010?

22 A. (Li) There were no significant shifts. We just
23 allocated them pretty much in the same proportion as
24 the approved budget.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 Q. The Company indicated in a February 13th letter to the
2 Commission that it was experiencing lower demand on the
3 residential side for its energy efficiency programs.
4 Do you believe that the demand on the residential side
5 can be met with the level of spending that's proposed
6 in Exhibit 18?
- 7 A. (Li) We do believe that the funding does provide
8 services that the residential sector demand can be met.
9 And, that there are additional funds through RGGI and
10 ARRA to meet any increase in demand that may appear.
- 11 Q. With regard to the low income sector, did the Company
12 allocate funds consistent with the way the other
13 utilities have?
- 14 A. (Li) We did. The funds are allocated at 14 and a half
15 percent.
- 16 Q. Do you believe that the revised budget, as reflected in
17 Exhibit 18, is consistent with the public interest?
- 18 A. (Li) Yes.
- 19 Q. Mr. Newberger?
- 20 A. (Newberger) Yes, I do.
- 21 Q. And, why do you think that's the case?
- 22 A. (Newberger) Because it makes -- it makes best use of
23 the available funds in a way that achieves a
24 satisfactory level of savings for the customers of the

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1 Company and the State of New Hampshire.

2 MS. KNOWLTON: Thank you. I have
3 nothing further.

4 CMSR. IGNATIUS: Thank you. Mr. Patch.

5 MR. PATCH: Commissioner, I have just a
6 couple of questions for Ms. Jarvis, if I could, on direct.

7 CMSR. IGNATIUS: All right. Is that
8 agreeable, in terms of the order?

9 MR. DEAN: Either way.

10 MR. PATCH: Yes. Go ahead. I thought
11 you had taken a pass. So, I didn't --

12 MR. DEAN: No. I was just going in the
13 order of Exhibit 18.

14 MR. PATCH: Okay. Go ahead.

15 BY MR. DEAN:

16 Q. Ms. Woods, I would ask you to take a look at
17 Exhibit 18, starting at Page 8, as you attempt to
18 answer these questions. If you could, could you please
19 summarize for the Commissioners what the Cooperative is
20 asking of them in this proceeding?

21 A. (Woods) Okay. The Co-op has two alternative proposals.

22 WITNESS WOODS: Can you hear me?

23 MR. PATNAUDE: Just got to bring it
24 closer, I think.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 WITNESS WOODS: Okay. Don't want to be
2 too close.

3 BY THE WITNESS:

4 A. (Woods) The Co-op has two alternative requests. And,
5 the first one is to -- we're asking the Commission
6 transfer RGGI funding in the amount of the budget
7 shortfall, which is 148,534, to basically backfill the
8 programs and prevent the disruption in the programs.
9 The second request would be to approve the revised
10 budget that's contained in this filing, which actually
11 is shown on Page 8 and 10.

12 BY MR. DEAN:

13 Q. Just for clarification, when you say "the second
14 request", that is assuming that the first request is
15 denied?

16 A. (Woods) Yes.

17 Q. Thank you. Could you please, again making reference to
18 Exhibit 18 where appropriate, summarize the
19 Cooperative's analysis of the impacts of Senate Bill
20 300 revenue reductions on its CORE budget for 2010?

21 A. (Woods) So, when we recalculated the budget at the
22 lower mill rate, we had an overall funding reduction of
23 \$214,034. We went back and looked at our budgets, we
24 looked at sales, which the forecast had not changed

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1 since we prepared the budgets. We recalculated --
2 well, we calculated an estimated carryover balance for
3 2009, which came up to a total of 65,500, and we
4 deducted that from the overall 214,000. And, the final
5 impact on that was -- would be a 15 percent overall
6 reduction in rebates in all of the programs, an 11
7 percent reduction in the evaluation budget. And, then,
8 the outcome of that would be a 17 percent reduction in
9 planned savings [participation?] for the year and a
10 14 percent reduction in savings for the year.

11 In addition to that, we do have some
12 concerns that these reductions could lead to us having
13 some issues in the future with meeting our commitments
14 for the Forward Capacity Market for -- in future years.
15 We haven't fully calculated that at this point, but
16 that reduction in savings could definitely have an
17 impact on things that we have made commitments for in
18 the future.

19 Q. In coming up with the \$65,500 carryover balance, can
20 you explain how that was calculated?

21 A. (Woods) Yes. So, to calculate the carryover balance,
22 we started with the 2009 beginning balance, which is
23 what we came into the year with. Over the course of
24 the year, what gets added to that is any revenues that

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1 get added to that from sales. All of the program
2 expenses got deducted from that. Interest on the fund
3 balance gets added to that. And, we also deducted the
4 estimated incentive for the 2009 program year, which we
5 calculated at 8 percent, and that left us with the
6 65,500.

7 Q. And, can you explain how you calculate, in looking
8 forward to the end of 2010, any projected carryover
9 balances?

10 A. (Woods) Can you ask me that again?

11 Q. You're looking forward to the end of 2010, how do you
12 calculate the estimates for those balances for the
13 carryover?

14 A. (Woods) So, we would calculate that after the end of
15 the 2010 program year, and we would look at that in the
16 same way, where we would have 2010 sales, less the
17 program expenses for the year 2010, plus any interest
18 that we would add back in, and then an estimated
19 incentive for the 2010 year.

20 Q. And, can --

21 A. (Woods) Although, typically, we don't -- typically, we
22 do not calculate the -- typically, we don't come up
23 with an estimated balance as we did this year, where we
24 would subtract out the incentive. We actually carry

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1 the program year -- we actually carry the incentive in
2 the balance until we book it in the following year. So
3 that this year we deducted out an estimated incentive,
4 which -- so, currently, that incentive sits in the fund
5 balance for 2009, if I'm not over-explaining.

6 Q. And, can you describe, again making reference for us to
7 Exhibit 18 where appropriate, what will be the expected
8 impact on the revised budgets, without supplemental
9 funding on the specific CORE Programs?

10 A. (Woods) So, the overall impacts would be the balance of
11 148,000, that is the shortfall. And, so, what we did
12 with that was we reduced our marketing -- we reduced
13 our marketing budget by 44,829, which was in the 2010
14 filed budget. And, those dollars were then reallocated
15 to rebates, to the rebates in all of the other
16 programs. We also did recalculate the low income
17 budget at the 14 and a half percent, the same as all
18 the other utilities had done. So, the remaining
19 shortfall was spread across all of the programs
20 equally. And, that will result in that the -- a
21 15 percent reduction in rebates across the board for
22 all programs, and the 17 percent savings -- estimated
23 savings reduction and a 14 -- oh, I'm sorry, a
24 17 percent participation reduction and a 14 percent

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1 reduction in savings. And, I guess I just want to add
2 that at this time several of our 2010 programs are
3 already pretty well subscribed, which includes ENERGY
4 STAR Homes, the Home Performance with ENERGY STAR
5 Program, the Small C&I Program and the Large C&I
6 Program. And, so, without additional funding, it's
7 probable that we would need to close programs or ask --
8 we would need to close programs pretty much right away.

9 Q. The summary of budget adjustments that you've just gone
10 through, does that also appear at Page 9 of Exhibit 18?

11 A. (Woods) Yes.

12 Q. And, the detail of revised budgets by programs appears
13 in the following page, is that Page 10?

14 A. (Woods) Yes.

15 Q. Okay. Can you please explain why the budget
16 adjustments you propose are largely across the board?

17 A. (Woods) Well, our programs historically actually have
18 been pretty well fairly subscribed across the board.
19 And, so, in looking at and evaluating where we could
20 cut back individual programs with a minimal amount of
21 impact was challenging, because programs are fairly
22 well subscribed. So, we didn't feel that eliminating
23 one program would or stop starting programs would
24 actually be in providing best, you know, the best

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1 service that we could provide to our members, or that
2 it would be equitable to do that where programs are off
3 -- have high demand. We also felt that there would be,
4 if we stopped certain programs, there could be negative
5 implications for different contractors that work in the
6 programs. So that by, instead of vacating the budget
7 of one program by spreading it across all the programs,
8 we felt that that would have the least disruptive
9 overall impact on the programs over the long term.

10 Q. After you got to the point where you had the
11 approximately \$148,000 shortfall, did you take into
12 consideration any other alternatives that might have
13 eliminated or lessened the amount of RGGI funding that
14 you'd be seeking?

15 A. (Woods) We did, we did look at requesting to set up a
16 regulatory asset, where we could not reduce the budget
17 this year, and then collect it over future years. But,
18 because of uncertainties in economic recovery, which
19 has an impact on company sales, and also future --
20 uncertainties about future legislative implications, we
21 felt that we didn't -- the Company felt that it
22 probably wouldn't be in the best interest of our
23 members to finance that problem off into the future.
24 The other thing that we did look at was the existing

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1 RGGI funding grant that the Company received that runs
2 through June. And, we do actually have some proposal
3 to put in to make some -- to shift some funding in that
4 to the Small C&I Program and possibly the Home
5 Performance with ENERGY STAR Program. But there isn't
6 enough funding in that to offset, that wouldn't solve
7 the problem of the shortfall, especially where that
8 funding goes through June, and we are over-subscribed,
9 so that wouldn't be a solution.

10 Q. If the Commission grants the Cooperative's RGGI funding
11 request, will all the funds provided by that request be
12 for Systems Benefits Charge CORE efficiency programs
13 already approved by the Commission?

14 A. (Woods) Yes.

15 MR. DEAN: Thank you. I have no other
16 questions.

17 CMSR. IGNATIUS: Thank you. Mr. Patch.

18 BY MR. PATCH:

19 Q. Ms. Jarvis, Exhibit 18, I believe the section or the
20 pages that pertain to Unitil are Pages 16 to 19, is
21 that correct?

22 A. (Jarvis) Yes. Yes, it is.

23 Q. Could you summarize for the Commission how Unitil
24 addressed the Senate Bill 300 necessitated changes to

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1 the budget?

2 A. (Jarvis) If we begin at Table 1 on Page 2, in the
3 fourth column over, under "Unitil", and we took a look
4 at the variance in the revenues, the anticipated SBC
5 fund revenues, due to the reduction in mill rate, and
6 we ended up with 365, \$366,000 difference as a result
7 of SBC [SB?] 300. We then took a look at the variance
8 in the ending balance as of January 2010, which was
9 basically the net of an underrecovery in revenues due
10 to lower sales in 2009, a slight over -- I'm sorry,
11 underspending in program budgets in 2009, and a small
12 amount of interest, the net impact there is \$150,000
13 more than I had anticipated when I did the original 200
14 -- I'm sorry, 2010 budget. So, that increased funding
15 available to our programs in 2010.

16 At the same time, I realized that, when
17 I had done the original budget for 2010, I had made an
18 error. And, the FCM adjustment, if you look on, again,
19 Page 2, Table 1, Line 3, that is an adjustment of
20 Forward Capacity Market funding that we had in a
21 separate mechanism that Staff recommended we bring into
22 the SBC funding as a result of the 2008 audit. So,
23 between the pair of those two items, we end up with
24 \$404,000 more than I anticipated in the original, when

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1 I did the original 2010 budget, which thankfully
2 offsets the reduction in funding that we anticipate as
3 a result of SB 300.

4 Q. And, what you have just described, is that provided in
5 more detail on Page 16 of Exhibit 18?

6 A. (Jarvis) Basically, Page 16, yes, the text. If you
7 were to take a look at Items 1 through 4 -- I'm sorry,
8 1 and 2, I haven't gotten to 3 and 4 yet, 1 and 2, that
9 explains the two changes that I just discussed; the
10 balance -- the SBC carry-forward and the FCM
11 adjustment.

12 Q. And, did you further review the budget in light of the
13 settlement in the 2010 CORE Energy Efficiency Program
14 docket?

15 A. (Jarvis) Yes, we did. One of the items that came out
16 of the settlement was an allocation of the low income
17 program, the HEA Program. The parties determined that
18 we would allocate 14.5 percent of total funding to the
19 low income program. In the Company's original budget
20 calculations for 2010, we used 14 percent. However,
21 the combination of the lower sales forecast -- I'm
22 sorry, the lower SBC forecast, because of the reduction
23 in 300, SB 300, the 5 percent increase -- I'm sorry,
24 I'm confused now. Hold on a second. There was an

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1 increase in the carry-forward balance. There was a
2 decrease in the revenue, the SBC revenue for the low
3 income sector, which was offsetting the 5 percent
4 increase. The net impact of that was that we didn't
5 change the budget for the low income program.

6 Basically, it ended up at the same spot that we
7 started. And, I think that's a little confusing.

8 Q. And, you meant a "0.5 percent", I think, right?

9 A. (Jarvis) Did I say "5 percent"?

10 Q. I think you said "5", but I think you meant --

11 A. (Jarvis) 0.5.

12 Q. Yes. And, did you make any other changes?

13 A. (Jarvis) I'm sorry, yes. One of the things that we did
14 discuss to some extent in the settlement process was
15 the amount of dollars allocated to marketing. It was
16 noted that Unitil's marketing dollars were quite heavy.
17 And, one of the things that we did do during this whole
18 process was to shift \$75,000 from the marketing budgets
19 of the various programs into the rebate budgets of the
20 various programs. The net impact is that the program
21 budgets did not change, just that the buckets, the
22 weighting of the buckets changed slightly, for a total
23 of \$75,000. If you were to take a look at Page 18,
24 there is a summary of -- Table 13, there are three

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1 sections. The top section is the budgets as originally
2 filed by activity. The second section -- I'm sorry, I
3 got that backwards. The top section is the revised
4 budget as filed in this Exhibit 18. The middle section
5 is the original budget as filed back in September '09.
6 And, then, the "variance" is below, shows the
7 difference between the bucket activities. And, as you
8 can see, that the total dollars stay the same, it's
9 just a shift between marketing and rebates.

10 Q. And, Table 14, on Page 19, is really just a numerical
11 representation of what you just described, is that far
12 to say?

13 A. (Jarvis) Yes. Basically, the first column, Column 1,
14 was the ending balance, the ending 2009 balance as
15 included in the original September budget; Column 2 is
16 the revised balance, taking into account the
17 under-expenditures, the over, the shifting of the SBC
18 funds and so forth. And, it basically, Line 14, shows
19 the \$404,000, the "variance" column, that is the number
20 that we carried forward into Table 1.

21 Q. Is there anything else you would like to add?

22 A. (Jarvis) I don't think so.

23 MR. PATCH: Thank you.

24 CMSR. IGNATIUS: Thank you. I think we

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1 move to cross-examination. I don't know if there's an
2 understanding among the parties as to an order to go. We
3 can just go around the room, unless there's any alternate
4 plan anyone has? Ms. Hatfield.

5 MS. HATFIELD: Madam Chair, I'd be happy
6 to defer to Mr. Linder, if he would like to go first. But
7 the OCA is happy to go prior to the other intervenors,
8 just to see if we might be able to move things along.
9 But, Mr. Linder, if you would like to go first, that would
10 be fine.

11 MR. LINDER: I don't have a preference.

12 CMSR. IGNATIUS: Mr. Linder, why don't
13 you go ahead. Thank you.

14 MR. LINDER: Thank you. Good morning.

15 WITNESS BELAIR: Good morning.

16 MR. LINDER: Mr. Belair, most of these
17 questions will be directed to you. And, when I would like
18 a response from the other panelists, I'll be specific.
19 But the other panelists should feel free to jump in at any
20 time to supplement Mr. Belair's response, if you feel it's
21 appropriate.

22 I think one thing that would be helpful
23 at this time is, I think we've marked, as "Exhibit 18",
24 the filing dated February 19th, with the final revised

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1 budgets, but some of my questions are going to be directed
2 to the February 5th filing, which was also required by the
3 order of notice. And, there will be some questions
4 regarding a comparison. And, just might help to mark that
5 now. I have extra copies for everybody, or anybody who
6 needs them, but --

7 CMSR. IGNATIUS: This is a February 5th
8 filing from Mr. Gelineau regarding proposed budget
9 revisions?

10 MR. LINDER: It is.

11 CMSR. IGNATIUS: All right. We'll mark
12 that as "Exhibit 21" for identification.

13 (Atty. Linder distributing documents.)

14 (The document, as described, was
15 herewith marked as Exhibit 21 for
16 identification.)

17 MR. LINDER: And, I assume the panelists
18 have the Settlement Agreement there? Okay.

19 CMSR. IGNATIUS: Mr. Linder, "the
20 Settlement Agreement", you mean in the prior phase of this
21 proceeding?

22 MR. LINDER: Yes. It was marked as
23 "Exhibit Number 2".

24 CMSR. IGNATIUS: That's dated

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 December 18th, 2009?

2 MR. LINDER: Yes.

3 CMSR. IGNATIUS: Thank you.

4 MR. LINDER: That is correct.

5 (Atty. Linder distributing documents.)

6 BY MR. LINDER:

7 Q. I just want to direct the panel's attention to Page 7
8 of the Settlement Agreement in this docket that's been
9 marked as "Exhibit Number 2", and I will just direct
10 your attention to Section E, which is entitled "Home
11 Energy Assistance Budget Levels". Is everybody there?
12 And, I want to direct your attention to the sentence
13 that starts in the middle of the paragraph, which reads
14 "The Settling Parties and Staff agree that for purposes
15 of the 2010 budget, the HEA Program shall comprise
16 14.5 percent of the total funds available for the 2010
17 CORE Programs." Does everybody see that?

18 A. (Belair) Yes.

19 Q. A reference was made during the direct testimony by
20 each of the witnesses to how their company addressed
21 the low income budget and the 14.5 percent budget level
22 that was agreed upon. Does everybody recall that?

23 A. (Belair) Yes.

24 Q. Okay. Thank you. Now, directing your attention --

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1 directing your attention to the words "total funds
2 available". And, tell me if I am correct that, in
3 determining total funds available, the Co-op and Unitil
4 and National Grid first deducted the shareholder
5 incentive calculation from the total CORE budget, is
6 that correct?

7 A. (Newberger) Yes.

8 Q. Yes?

9 A. (Jarvis) Yes.

10 Q. "Yes" for all three of those utilities?

11 A. (Woods) Yes.

12 Q. Thank you. And, Mr. Belair, for Public Service
13 Company, with respect to the 2005 -- the February 5th,
14 2010 filing, Public Service did not deduct the
15 shareholder incentive first, is that correct?

16 A. (Belair) That's correct.

17 Q. However, with respect to the February 19th filing,
18 Public Service did deduct the shareholder incentive
19 first, is that correct?

20 A. (Belair) Yes. Yes, we did.

21 Q. Okay. So, if we can look at Exhibit 21, which is the
22 February 5th filing, and if we turn to Page 5, which is
23 the Public Service page, and we look at the table at
24 the top of the page. And, we look at the third item,

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 which is the "Home Energy Assistance" budget, you see
2 that Mr. Belair?
- 3 A. (Belair) Yes, I do.
- 4 Q. Okay. And, in the first column, which is entitled "As
5 filed", you see that?
- 6 A. (Belair) Yes, I do.
- 7 Q. And, so, the dollar number in that column for Home
8 Energy assistance is, just using round numbers,
9 2.136 million?
- 10 A. (Belair) Yes.
- 11 Q. And, in the second column, which is entitled "2010 Plan
12 Revised", we see a dollar figure of 2.172 million, just
13 rounded?
- 14 A. (Belair) Yes.
- 15 Q. Okay. And, so, the variance in the third column is
16 \$36,000 rounded?
- 17 A. (Belair) That's correct.
- 18 Q. Okay. That reflects what the low income budget was
19 when the Company, Public Service, did not deduct the
20 shareholder incentive off the top?
- 21 A. (Belair) That's correct.
- 22 Q. Is that correct? Okay. And, just for comparison
23 purposes, if we look at Exhibit 18, which is the
24 February 19th revised budget filing, Mr. Belair, tell

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 me if I'm correct, that's the one where Public Service
2 then did deduct the shareholder incentive off the top?

3 A. (Belair) That's correct.

4 Q. Okay. So, if we go to Page 12 of Exhibit 18, which is
5 the Public Service budget, and we look at that table,
6 tell me if I'm correct, it's laid out the same way the
7 table on Exhibit 21 is laid out?

8 A. (Belair) Yes, it is.

9 Q. Okay. So, if we go to the third item, which is "Home
10 Energy Assistance", and we go to the first column where
11 it says "2010 Approved", do you see that?

12 A. (Belair) Yes.

13 Q. The dollar number is the 2.136 million rounded?

14 A. (Belair) Yes.

15 Q. Which is the same as in Exhibit 18?

16 A. (Belair) Yes.

17 Q. Okay. Then, we go to the second column for "Home
18 Energy Assistance", which is "2010 Revised", and this
19 is the February 19th, the dollar number is now rounded
20 2.001 million?

21 A. (Belair) That's correct.

22 Q. Correct? And, so, if we looked at the variance -- if
23 we look at the "Variance" column, we see a negative
24 \$135,000 rounded, is that correct?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Belair) Yes.

2 Q. So, would I be correct in assuming that that 100 --
3 that minus 135,000 is the result of having first
4 deducted the shareholder incentive?

5 A. (Belair) That's correct.

6 Q. Okay. And, so, if I compared the 2.001 million in
7 Exhibit 21 with the 2.172 million rounded in
8 Exhibit 18, I would come up with roughly \$171,000
9 difference, is that correct?

10 A. (Belair) Yes.

11 Q. Okay.

12 CMSR. IGNATIUS: Mr. Linder, just for
13 clarity, I think you flipped your exhibit numbers there.

14 MR. LINDER: Oh, I apologize.

15 BY MR. LINDER:

16 Q. Exhibit 21, which is the February 19th filing, has a
17 budget of 2.001 million --

18 CMSR. IGNATIUS: I think you've got them
19 backwards. Exhibit 18 is the later exhibit.

20 MR. LINDER: I do apologize.

21 Exhibit 18, which is the February 5th filing, has the
22 budget of --

23 CMSR. BELOW: No.

24 CMSR. IGNATIUS: No.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 MR. LINDER: -- 2.172 million, is that
2 right?

3 CMSR. IGNATIUS: I think we've still got
4 them backwards.

5 MR. LINDER: Got them backwards.

6 CMSR. IGNATIUS: The exhibit numbers are
7 confusing, because 18 is later filed than 21.

8 MR. LINDER: Okay. Exhibit 21 is the
9 February 5th filing?

10 WITNESS BELAIR: Yes.

11 MR. LINDER: Okay. Now I'm going to get
12 it right.

13 BY MR. LINDER:

14 Q. That budget number for the low income is the
15 2.172 million number, correct?

16 A. (Belair) Exhibit 21, on February 5th, is 2.172 million,
17 yes.

18 Q. And, the budget for the low income for February 19th,
19 which is Exhibit 18, is the 2.001 million?

20 A. (Belair) Yes.

21 Q. And, so, the difference, just roughly, is about
22 \$171,000?

23 A. (Belair) Yes.

24 Q. Okay. And, that's basically attributable to reducing

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 or taking the shareholder incentive off the top before
2 calculating the 14.5?

3 A. (Belair) Most of it is attributed to that.

4 Q. Most of it's attributed. Now, tell me if I'm correct
5 that, when these programs began in year 2002, each year
6 that Public Service calculated its low income budget,
7 it did not deduct the shareholder incentive off the top
8 before calculating the low income budget, is that
9 correct?

10 A. (Belair) I'm pretty sure that's correct.

11 Q. Okay. If that's not correct, or if you later want to
12 make a change, your answer can be subject to check,
13 and, if your answer was not entirely correct, you'll
14 let us now. Is that okay?

15 A. (Belair) Yes.

16 Q. Okay. So, assuming that Public Service did not deduct
17 the shareholder incentive off the top from years 2002
18 through roughly February 5th of 2010, would I be
19 correct in saying that, when the parties met on
20 February 12th of this year at a technical session to
21 discuss the February 5th budget filing, you had at that
22 time or roughly around that time Public Service decided
23 that it was then going to deduct the shareholder
24 incentive off the top, is that roughly correct?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Belair) Yes, I think it is. I think at that time I
2 had mentioned that I might have calculated it
3 incorrectly --
- 4 Q. Okay.
- 5 A. (Belair) -- for this year.
- 6 Q. And, what was the reason that you thought that you had
7 calculated it incorrectly for program year 2010?
- 8 A. (Belair) I guess, when we went back to the Settlement
9 Agreement, where it says "HEA programs shall comprise
10 14.5 percent of the total funds available for the 2010
11 CORE Programs", we realized that the shareholder
12 incentive wasn't available for the CORE Programs, it
13 was for shareholders. And, so, I subtracted that out
14 and did the calculation based on that final number.
- 15 Q. And, was that brought to your attention by any
16 particular party to this proceeding?
- 17 A. (Belair) As we went through the numbers here and redid
18 these budgets, I realized that -- I did a couple checks
19 with everyone else to see how they calculated it, and I
20 realized that I was doing it differently. And, I
21 thought that, based on the wording of the Settlement
22 Agreement and the order, that the interpretation I had
23 at that point was total funds available for the 2010
24 CORE Programs, which excludes the shareholder

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 incentive.
- 2 Q. If we go back to Exhibit 18, which is the February 19th
- 3 filing, and we go to Page 14, there are three sections
- 4 to that page. "Program Expenses" in the top table, do
- 5 you see that?
- 6 A. (Belair) Yes.
- 7 Q. Then, the middle table is "Program Participation"?
- 8 A. (Belair) Yes.
- 9 Q. And, then, the bottom table is "Program Savings"?
- 10 A. (Belair) Yes.
- 11 Q. Okay. If I can direct your attention to the middle
- 12 table, the "Program Participation", on Page 14 of
- 13 Exhibit 18, and looking at the "Home Energy Assistance"
- 14 item, you see in the first column where it's "2010
- 15 Approved", there's a number "853"?
- 16 A. (Belair) Yes.
- 17 Q. Would I be correct in saying that 800 -- it was
- 18 projected that 853 low income units would be completed
- 19 under that budget?
- 20 A. (Belair) Yes.
- 21 Q. Is that correct? Okay. And, then, we go to the second
- 22 column, which is the "2010 Revised", and the number
- 23 "816" appears --
- 24 A. (Belair) Yes.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 Q. -- for the low income? And, that would be the number
2 of units that would be expected to be completed under
3 the revised budget?
- 4 A. (Belair) Yes.
- 5 Q. And, then, the third column is the "variance".
- 6 A. (Belair) Yes.
- 7 Q. And, there's a "negative 37"?
- 8 A. (Belair) Yes.
- 9 Q. And, that "negative 37" is basically it would be 37
10 fewer low-income homes would be addressed in the energy
11 efficiency program under the revised budget?
- 12 A. (Belair) That's correct.
- 13 Q. As a result of having deducted the shareholder
14 incentive off the top?
- 15 A. (Belair) Yes.
- 16 Q. Do you have the Exhibit 1, which is the September 30th,
17 2009 filing for the 2010 CORE Program?
- 18 A. (Belair) Yes, I do.
- 19 Q. Okay. Could I ask you to turn to Page 35 of Exhibit 1,
20 which is the September 30th, 2009 filing.
- 21 A. (Belair) Yes.
- 22 Q. And, that page has on top of it the words "Public
23 Service Company of New Hampshire"?
- 24 A. (Belair) Yes.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. And, Section A is entitled "Budget Narrative", you see
2 that?

3 A. (Belair) Yes.

4 Q. And, that is basically the steps that Public Service
5 went through in calculating its budgets, is that
6 correct?

7 A. (Belair) That's correct.

8 Q. And, Item Number 4 deals with the low income program,
9 is that right?

10 A. (Belair) That's correct.

11 Q. Okay. And, just so we're all on the same page
12 literally, I'll just read the first two sentences:
13 "All customers fund the Low Income Energy Efficiency
14 Program (HEA) in proportion to their contributions to
15 SBC revenues." Do you see that?

16 A. (Belair) Yes.

17 Q. Do you see where I'm at? Okay. And, then, the second
18 sentence says "Funding for this program comes off the
19 top", and you have the words "off the top" in quotes,
20 so "Funding for this program comes off the top of the
21 budget." Do you see that?

22 A. (Belair) Yes, I do.

23 Q. So, that basically, would you say, confirms that the
24 methodology that Public Service has used over the years

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 has been to calculate the low income budget without
2 first deducting the shareholder incentive?
- 3 A. (Belair) Right.
- 4 Q. Right. Okay. And, on the bottom of the page, on
5 Page 35, there is a footnote, I think it's Footnote
6 Number 25, which I will read. It says "More precisely,
7 this calculation is based on 8 percent of the
8 non-incentive portion of the budget in accordance with
9 the Energy Efficiency Working Group Report." And, that
10 is basically referring to the set-aside for the
11 shareholder incentive that's described in Step Number 7
12 on Page 35?
- 13 A. (Belair) Yes.
- 14 Q. Okay. And, then, it says "in accordance with" --
15 again, Footnote 25 says "in accordance with the Energy
16 Efficiency Working Group Report, which states, on Page
17 21, Part III (f)," as in "Frank", "For incentive
18 calculation purposes only, planned energy efficiency
19 budget is defined as the total program budget minus
20 shareholder incentives." Do you see that?
- 21 A. (Belair) Yes, I do.
- 22 Q. And, you are familiar with the 1999 Energy Efficiency
23 Working Group Report, are you not?
- 24 A. (Belair) Yes, I am. I haven't looked at it for a

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 while, but --

2 Q. I'm going to allow you to look at one page of it right
3 now. This document that I am handing the panelists is
4 Pages 19 through 22 of the July -- of the July 1999
5 Energy Efficiency Working Group Report to the
6 Commission.

7 (Atty. Linder distributing documents.)

8 MR. LINDER: And, if we turn to Page 21
9 of this document, which I will now asked be marked as an
10 exhibit.

11 CMSR. IGNATIUS: All right. It will be
12 marked as "Exhibit 22" for identification.

13 (The document, as described, was
14 herewith marked as Exhibit 22 for
15 identification.)

16 MR. LINDER: Thank you.

17 BY MR. LINDER:

18 Q. Mr. Belair, the reason that I included Pages 19 and 20
19 is because, if you'll verify, Page 19 is the beginning
20 of the discussion on "shareholder incentive"?

21 A. (Belair) Yes.

22 Q. Okay. And, on Page 20, there is a section heading
23 called "Design of the Shareholder Incentive", do you
24 see that?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Belair) Yes.
- 2 Q. Okay. Then, we go to Page 21. And, you see the items
- 3 listed with respect to the design of the shareholder
- 4 incentive?
- 5 A. (Belair) Yes, I do.
- 6 Q. And, if we go to Item Number (e), the letter "e", as in
- 7 "energy efficiency", and that is followed by Section
- 8 (f), and just tell me if you're there?
- 9 A. (Belair) I'm there.
- 10 Q. "For incentive calculation purposes only, planned
- 11 energy efficiency budget" is defined as the total
- 12 program budget minus shareholder incentives and lost
- 13 fixed cost recovery, if any." Did I read that
- 14 correctly?
- 15 A. (Belair) Yes.
- 16 Q. So that this is the item itself that is being quoted in
- 17 Footnote 25 on Page 35 of the --
- 18 A. (Belair) Yes, it is.
- 19 Q. -- of Exhibit 1?
- 20 A. (Belair) Yes.
- 21 Q. Okay. And, historically, Public Service has followed
- 22 the methodology laid out in the 1999 Energy Efficiency
- 23 Working Group Report with respect to calculating
- 24 shareholder incentive, is that -- am I accurate?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Belair) Yes, we have.

2 Q. Okay. And, that includes the Subsection (f) that we
3 just quoted that was in Footnote 25, on Page 35 of
4 Exhibit 1?

5 A. (Belair) Yes.

6 Q. Okay. And, as you read that, does that provide support
7 for Public Service's historical methodology used in
8 computing the low income budget? In other words,
9 shareholder incentive not being taken off the top?

10 A. (Belair) I guess that's how we interpreted it, yes.

11 MR. LINDER: Okay. Thank you very much.

12 That's all the questions that I have.

13 CMSR. IGNATIUS: Thank you.

14 MR. LINDER: Thank you.

15 CMSR. IGNATIUS: Ms. Hatfield.

16 MS. HATFIELD: Thank you, Madam Chair.

17 I'd like to inquire, before I begin my cross, as to the
18 Commission's pleasure, if you intend to take a lunch break
19 or just a shorter break? I have -- I'm guessing I
20 probably have at least an hour of questions.

21 CMSR. IGNATIUS: All right. Let's go
22 off the record for a moment.

23 (Off-the-record discussion ensued.)

24 CMSR. IGNATIUS: We're back on the

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 record. I think we've agreed that we're going to continue
2 for another 20 minutes and take a lunch break at noon.
3 Please go ahead, Ms. Hatfield.

4 MS. HATFIELD: Thank you. Good morning
5 panelists.

6 WITNESS NEWBERGER: Good morning.

7 MS. HATFIELD: I have several questions
8 that relate to all utilities, and I will direct those to
9 Mr. Belair. But, as Mr. Linder said, if others wanted to
10 join in a response, please feel free to do so.

11 BY MS. HATFIELD:

12 Q. Do I understand correctly, by looking at Exhibit 18, on
13 what I've hand marked as "Page 41" of the filing, which
14 is three pages in, which is Attachment H, Page 1 of 3.

15 A. (Belair) Yes.

16 Q. That the revised marketing budget is "\$440,703"?

17 A. (Belair) Yes. Sorry about that.

18 Q. And, is it correct that in Exhibit 1, which was the
19 original filing, that the marketing budget was
20 \$677,000?

21 A. (Belair) That's correct.

22 Q. And, on February 1st, PSNH filed, on behalf of the
23 utilities, a marketing plan, is that correct?

24 A. (Belair) That's correct.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. In light of the changes in the reduction to \$440,000,
2 do the utilities plan to file a revised marketing plan?

3 FROM THE FLOOR: Yes.

4 BY THE WITNESS:

5 A. (Belair) I think we did. I think we agreed --

6 (Interjection by the Court Reporter.)

7 BY THE WITNESS:

8 A. (Belair) Yes.

9 BY MS. HATFIELD:

10 Q. And, how quickly could the utilities file that?

11 A. (Jarvis) I believe the intent was to talk about that at
12 the next quarterly meeting.

13 Q. Which is this Friday, correct?

14 A. (Jarvis) Oh. Yes.

15 Q. Thank you. Looking again at Page 41 of Exhibit 18,
16 which is Attachment H Revised, Page 1 of 3, it also
17 shows the evaluation budget. Do you see that,
18 Mr. Belair?

19 A. (Belair) Yes. Yes, I do.

20 Q. And, that amount is now "\$871,267"?

21 A. (Belair) Yes.

22 Q. And, that I believe is down from the original filing
23 proposal of \$991,000?

24 A. (Belair) Yes.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 Q. And, I believe back on September 18th of 2009, the
2 utilities, I believe PSNH on behalf of the utilities,
3 provided a program evaluation plan to the parties. Do
4 you recall that?
- 5 A. (Belair) Yes.
- 6 Q. And, do you recall that later in September of last year
7 the Staff approved that evaluation plan?
- 8 A. (Belair) Yes.
- 9 Q. In light of the reduction in the M&E budget, will the
10 utilities be providing a revised M&E plan?
- 11 A. (Belair) We weren't planning to do that. But we were
12 hoping that, with this slightly reduced budget, we'd
13 still be able to do what we needed to do in order to be
14 -- to do the evaluations and be in compliance with what
15 we need for the Forward Capacity plan.
- 16 Q. So, the new budget of roughly \$871,000 for monitoring
17 and evaluation, the utilities believe is sufficient to
18 meet your requirements?
- 19 A. (Belair) We hope it is. We believe it is.
- 20 Q. Thank you.
- 21 A. (Woods) Can I just add something to that? Because I
22 guess the Co-op did reduce the marketing -- I mean, the
23 monitoring and evaluation budget. And, where we don't
24 have cost estimates for the different studies that

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 we're going to do, that we're planning to do during the
2 year, we aren't -- I guess I couldn't say for sure that
3 the allocation that the Co-op has would be sufficient
4 to cover the traditional cost share that we have. So,
5 that kind of remains to be determined.

6 Q. Thank you. Mr. Belair, if you look at Page 2 of
7 Exhibit 18, and specifically at Table 1, Line 2 refers
8 to the "Estimated 2009 Carryover". Do you see that?

9 A. (Belair) Yes.

10 Q. When will the utilities have the actual 2009 carryover
11 amount?

12 A. (Belair) Will be by June 1st, when we're required to
13 file the shareholder incentive calculation.

14 Q. So, it's possible that those amounts might be different
15 at that time?

16 A. (Belair) Yes.

17 Q. Going back to Page 41, which again is Attachment H,
18 Page 1 of 3, in the top box table, at the very -- near
19 the very bottom, there's a line that says "Other
20 Residential Programs", and there's a total amount of
21 roughly \$584,000. Do you see that?

22 A. (Belair) Yes.

23 Q. Can you describe what is included in those "Other
24 Residential Programs"?

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Belair) The majority of those funds are for PSNH's
2 Energy Rewards RFP Program, which is a bidding program
3 that we have, and the ENERGY STAR Geothermal or ENERGY
4 STAR Heat Pump Program.

5 Q. Is the ENERGY STAR -- or, the Energy Rewards Program,
6 the RFP Program, that's a residential program?

7 A. (Belair) No, that's a -- I'm sorry, that was a
8 commercial and industrial program.

9 Q. So, that would show up under the "Other C&I" in the
10 bottom table?

11 A. (Belair) Yes. I'm sorry.

12 Q. So, the "Other Residential Programs", that 584, is that
13 only the Geothermal Programs?

14 A. (Belair) For PSNH, it's the ENERGY STAR Heat Pump
15 Program, yes. I'm looking to see in the original
16 filing, to make sure there was nothing else. It
17 included New Hampshire Electric Co-op's Heat Pump
18 Program as well.

19 A. (Woods) For the Co-op, it includes a Load Management
20 Program and the High Efficiency Heat Pump Program.

21 A. (Jarvis) And, just, excuse me, just to clean up the
22 amount, Unitil has a small amount in there for our Web
23 online audit and the estimated ISO expenses. So,
24 there's a small amount.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 Q. And, Mr. Belair, would these be described in the
2 original filing?
- 3 A. (Belair) Yes, they would.
- 4 Q. And, are they set out in a specific section or under
5 the utility-specific perhaps?
- 6 A. (Belair) Yes, they're under the utility-specific
7 section.
- 8 Q. Thank you. If you turn to the next page of the filing,
9 which is Attachment H, Page 2 of 3, do I have it
10 correct that the budgeted shareholder incentive for
11 2010 is roughly \$1.5 million?
- 12 A. (Belair) Yes.
- 13 Q. And, that number is based, as it has been in the past
14 years, using the estimate of 8 percent shareholder
15 incentive, correct?
- 16 A. (Belair) That's correct.
- 17 Q. And, it's possible that the shareholder incentive can
18 be as high as 12 percent?
- 19 A. (Belair) Yes, or as low as zero.
- 20 Q. Has it ever been zero?
- 21 A. (Belair) No, it hasn't.
- 22 Q. Are you familiar with roughly the ranges that the
23 utilities have earned over the past six years?
- 24 A. (Belair) I believe it's been around 7 to 11 percent, 11

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 and a half percent.

2 Q. And, if the shareholder incentive is higher than
3 8 percent in any year, how does the utility recover
4 those amounts? Is it taken out of the next budget
5 year?

6 A. (Belair) It would be taken out of that budget year and
7 reducing the carryover for the next budget year.

8 Q. And, if there wasn't any carryover, then it would need
9 to be taken out of the next budget year?

10 A. (Belair) Yes.

11 Q. Is it also true that the 2011 CORE Program budgets will
12 be reduced as a result of Senate Bill 300?

13 A. (Belair) Yes, they will be reduced.

14 Q. And, is that true because the bill requires the shift
15 of the Systems Benefits Charge until I believe
16 June 30th of 2011?

17 A. (Belair) Yes.

18 Q. As a follow-up to Mr. Linder's questions to you,
19 Mr. Belair, about the shareholder incentive and the low
20 income program budget, if PSNH didn't deduct the
21 shareholder incentive in the past before developing the
22 HEA budget, did the Company not earn an incentive on
23 the HEA budget or how did that work?

24 A. (Belair) No, it did earn an incentive on it. It just

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 reduced -- it just calculated the Home Energy
2 Assistance budget before it substracted the shareholder
3 incentive in the calculation of the budget.
- 4 Q. So, more shareholder incentive money came out of the
5 non-low income program budgets then?
- 6 A. (Belair) Yes.
- 7 Q. Mr. Belair, with respect to PSNH's specific proposal in
8 Exhibit 18, do I understand correctly that PSNH is not
9 seeking RGGI funds at this time?
- 10 A. (Belair) That's correct.
- 11 Q. And, is that because, as shown on Table 1, and
12 described in more detail later, the Company was able to
13 identify other funds to make up their shortfall?
- 14 A. (Belair) That's correct.
- 15 Q. One of the things you proposed to do is to transfer
16 \$500,000 out of what you call the "2% Fund", which is,
17 as you described earlier, authorized by RSA 125-O,
18 correct?
- 19 A. (Belair) Yes.
- 20 Q. Do you know what is the remaining balance in that fund,
21 if you do transfer out the \$500,000?
- 22 A. (Belair) There's about a little over 500,000 left in
23 that fund. I think it's about 540,000.
- 24 Q. Would the Company agree to not make any transfers into

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 the 2% Fund in 2010, in light of the budget constraints
2 created by Senate Bill 300?

3 A. (Belair) I don't know that I can answer that question.

4 Q. Okay. But it is possible, the way that the Company has
5 been making transfers to that fund over the last few
6 years, it's possible that, if there's any carryover at
7 the end of 2010, you would transfer money into that 2%
8 Fund?

9 A. (Belair) Yes.

10 Q. In terms of the transfer from the SmartStart Revolving
11 Loan Fund, does the Company believe that that fund will
12 still be robust enough with the transfer out of
13 \$894,000?

14 A. (Belair) Yes, we do. We typically have about one --
15 the most we've had is 1.7 million loaned out, and it's
16 a \$2.894 million fund. So, we feel like taking this
17 amount won't impact the loans that we make to the
18 municipal customers at this point.

19 Q. And, are you familiar with what is called the "Re-CORE
20 Program", which is the program where the utilities
21 received approximately \$7.6 million from the RGGI fund?

22 A. (Belair) Yes, I am.

23 Q. And, do I have it correct that PSNH, under the Re-CORE,
24 using RGGI funds, is creating a revolving loan fund?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Belair) Yes.
- 2 Q. And, is it approximately \$500,000?
- 3 A. (Belair) I believe that's the amount.
- 4 Q. And, is that used to supplement SmartStart or is it a
- 5 separate loan fund?
- 6 A. (Belair) It would be a separate loan fund that would be
- 7 used for weatherization projects.
- 8 Q. So, it would be available to residential customers?
- 9 A. (Belair) Yes.
- 10 Q. And, through that Re-CORE Program, when does that
- 11 funding end?
- 12 A. (Belair) I believe it's June or July of this year.
- 13 Q. And, are you familiar with how the utilities are doing
- 14 in terms of expending the fund and what enrollment
- 15 looks like in those programs?
- 16 A. (Belair) We're about ready to issue our second
- 17 quarterly -- or, prepare our second quarterly report.
- 18 So, we'll have a better idea once that's done, yes.
- 19 Q. Do you know generally if the utilities are on track to
- 20 be able to meet the goals and spend the full
- 21 \$7.6 million?
- 22 A. (Belair) We're on track to spend the money and put the
- 23 -- and to fund the Revolving Loan Fund.
- 24 Q. And, do you think it's fair to say that having those

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 additional funds has helped meet demand for efficiency
2 programs?

3 A. (Belair) Yes.

4 Q. In terms of the next item that you propose, which is
5 the transfer of \$100,000 from the SmartStart Bad Debt
6 Fund, can you explain why the Company thinks that that
7 won't have an impact on that Bad Debt Fund?

8 A. (Belair) For PSNH, the Revolving Loan Fund in
9 SmartStart is for municipal customers only. And, to
10 date, we -- I think we have about \$150,000 in that
11 fund. So, we're taking 100,000 out of there. And, you
12 know, we're not seeing any municipalities go bankrupt
13 yet. We're not seeing any equipment being burned or,
14 you know, devastated yet. So, we feel like that might
15 be an acceptable risk.

16 Q. And, will that fund grow back up to a greater level
17 over time?

18 A. (Belair) It grows slowly, but it will continue to grow
19 as people -- as customers take advantage of the
20 SmartStart Loan Program.

21 Q. And, that's because, when they get a SmartStart loan,
22 they also pay some amount into the Bad Debt Fund?

23 A. (Belair) Yes. I'm sorry.

24 Q. Looking at PSNH's carryover, you have that figure, this

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 is again on Page 2, Table 1, you estimated it at
2 \$500,000, correct?
- 3 A. (Belair) That's correct.
- 4 Q. I think previously we had seen a higher number, closer
5 to \$680,000. Is this just a more accurate figure, as
6 more time goes by after 2009?
- 7 A. (Belair) Yes. This is more accurate based on the
8 rebate projects that were in the queue to be paid that
9 I didn't include the last time.
- 10 Q. Turning to the specific details of PSNH's proposal,
11 which starts on Page 14 -- excuse me, 12, but I'd like
12 to ask you a question about Page 15. If you look at
13 the "Marketing" column in that table.
- 14 A. (Belair) Yes.
- 15 Q. And, one significant item in both tables, both the
16 approved 2010 budget above and then the proposed
17 revised budget below, is on the line for "ENERGY STAR
18 Lighting", do you see that?
- 19 A. (Belair) Yes.
- 20 Q. And, originally, that line was "\$245,000", and you're
21 proposing to reduce it to roughly \$169,000?
- 22 A. (Belair) That's correct.
- 23 Q. And, does the New Hampshire Saves catalog make up a big
24 portion of that cost?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Belair) Yes, it does.
- 2 Q. Do the other utilities contribute to the catalog cost?
- 3 A. (Belair) They contribute to the development of the
- 4 budget for the catalog cost. And, then, based on the
- 5 quantity that they order, they pay for what it costs
- 6 for the numbers that they purchase.
- 7 Q. And, how did PSNH decide that you could cut roughly
- 8 \$75,000 from that item?
- 9 A. (Belair) Could you repeat the question.
- 10 Q. How did you decide how much you could cut for that
- 11 particular item?
- 12 A. (Belair) Well, originally, we wanted to continue to,
- 13 you know, fully fund that. But, after discussions with
- 14 interested parties and Staff, it seemed liked that --
- 15 we wanted to get back to fully funding the rebate
- 16 portion of the budget. So, that was one of the only
- 17 places we could take it from that we felt was
- 18 reasonable.
- 19 Q. And, does that mean that you'll mail fewer catalogs?
- 20 A. (Belair) Approximately half the catalogs we had planned
- 21 to, yes.
- 22 Q. And, that was the maximum cut that the utilities
- 23 thought was appropriate at this time?
- 24 A. (Belair) Yes.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. Looking at the next line for "evaluation", PSNH cut
2 over \$100,000 from evaluation, correct?

3 A. (Belair) Yes.

4 Q. And, how did you determine what you could cut?

5 A. (Belair) For the largest cut is the Large C&I Retrofit
6 Program, and we realized that we didn't have plans to
7 do an evaluation for that program, it wasn't required
8 this year. So, we cut some of the money out of there,
9 hoping that the New Equipment & Construction and Small
10 Business evaluation budget would be able to cover the
11 cost of those evaluations that we needed to do.

12 Q. And, have you consulted with Staff on that particular
13 cut?

14 A. (Belair) No, we haven't.

15 Q. So, are you seeking approval for that from Staff in
16 this filing?

17 A. (Belair) Yes.

18 Q. Turning to Page 18, --

19 MS. HATFIELD: Unless the Commission
20 would like me to stop at this point?

21 CMSR. IGNATIUS: Well, it is just after
22 noon. Are you entering into a new area here?

23 MS. HATFIELD: Yes.

24 CMSR. IGNATIUS: All right. Then, why

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 don't we take a break, and we will resume at, it's just
2 12:00 now, at 1:15.

3 MS. HATFIELD: Thank you.

4 (Whereupon the lunch recess was taken at
5 12:02 p.m. and the hearing resumed 1:25
6 p.m.)

7 CMSR. IGNATIUS: We are back resuming
8 with docket DE 09-170. And, Ms. Hatfield, you were in the
9 midst of cross-examination. Are you ready to continue?

10 MS. HATFIELD: I am. Thank you.

11 CMSR. IGNATIUS: Thank you.

12 MS. HATFIELD: Good afternoon,
13 Mr. Belair. I think I just have one or two more questions
14 for you on the PSNH specific information.

15 BY MS. HATFIELD:

16 Q. If you could look at Table 1, on Page 2 of Exhibit 18
17 please.

18 A. (Belair) I got it.

19 Q. I believe that the total funds available for the 2010
20 program year, based on your proposal, would be the sum
21 of the 11.7 million shown in the upper part of the
22 table, do you see that?

23 A. (Belair) Yes.

24 Q. And, then, you add that to the 1.9 million below, is

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 that correct?
- 2 A. (Belair) Yes.
- 3 Q. And, that adds up to roughly 13.7 million?
- 4 A. (Belair) I haven't done the math on that.
- 5 Q. Okay. Would you accept that from a lawyer, subject to
- 6 check?
- 7 A. (Belair) Sure.
- 8 Q. Then, if you look at Table 10, on Page 15, the total in
- 9 the bottom table, which is the revised budget, is
- 10 14,887,000. Do you see that?
- 11 A. (Belair) Yes, I do.
- 12 Q. Now, is the difference between the 14.8 million and the
- 13 11.7 million made up by the -- excuse me, sorry. The
- 14 difference between the 14.8 and the 13.7, is that
- 15 difference made up of the shareholder incentive?
- 16 A. (Belair) It seems like it is.
- 17 Q. Because it's roughly that amount?
- 18 A. (Belair) It's roughly that amount, yes.
- 19 Q. So, is the Company planning to recover its 2010
- 20 shareholder incentive in 2011 or are you including it
- 21 in your 2010 budget?
- 22 A. (Belair) It's supposed to be included in the 2010
- 23 budget.
- 24 Q. Okay. But, if, on Table 1, your total available sum is

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 13.7, but then your total budget on Page 15 is 14.8,

2 can you explain where that extra million dollars is
3 going to come from?

4 A. (Belair) I'm actually not quite sure. I'm going to
5 have to go back and relook at this.

6 MS. HATFIELD: Okay. So, perhaps we
7 could have a record request?

8 CMSR. IGNATIUS: I think that we can
9 certainly reserve one, but I'm not sure the question is
10 clear, because it was a little conceptual. Why don't you
11 state -- Mr. Eaton, can you help?

12 MR. EATON: Madam Chairman, if we could
13 swear in Mr. Gelineau, because he can clear this up now.

14 CMSR. IGNATIUS: Well, one moment.
15 Happy to do that. Whether we should do it in the midst of
16 the panel right now --

17 (Atty. Eaton handing document to
18 Mr. Belair.)

19 MR. EATON: I think Mr. Belair can now
20 answer the question on the record.

21 BY THE WITNESS:

22 A. (Belair) I forgot that this, on Page two of Exhibit 18,
23 that Number 1, is just associated with the System
24 Benefit Charge, and that we also have \$1.2 million in

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Forward Capacity Market revenues that probably brings
2 that -- makes that whole. So, Number 1 only includes
3 the System Benefit Charge reduction due to Senate Bill
4 300.

5 BY MS. HATFIELD:

6 Q. So, and that likely would be true for all of the
7 utilities that, under Line 1, in Table 1, that those
8 amounts don't reflect the full revenues available for
9 the CORE Programs, it just reflects the SBC?

10 A. (Belair) This section just reflects the impact of
11 Senate Bill 300.

12 Q. And, where would we find the total revenues available
13 for the CORE Programs that would include the SBC funds
14 and the FCM funds?

15 A. (Belair) In our original filing. We didn't do this as
16 part of this document.

17 Q. But the confusion, though, is do you really have a
18 \$354,000 shortfall, if you haven't factored in the FCM
19 funds?

20 A. (Belair) I'm sorry about that. On Page -- Page 15
21 contains the chart at the bottom, is the revised
22 budget, and that's all the funds available for the
23 program for this year, for 2010. So, that's
24 14 million, in the lower right-hand corner, the

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1 "14,877,175", is the total available.

2 Q. That looks to me, though, like it's the total that you
3 plan to spend. But are you saying that the total you
4 plan to spend is equal to what the funds that are
5 available?

6 A. (Belair) That's correct.

7 Q. But I guess I still have the problem that the chart
8 then on Page 2, Table 1, just isn't accurate, right?

9 A. (Belair) No. The chart on Page 2, the first one just
10 talks about the impact and the reduction that is taking
11 place because of Senate Bill 300.

12 Q. So, because Senate Bill 300 doesn't impact the FCM
13 revenue, you didn't include those revenues?

14 A. (Belair) That's correct.

15 Q. So, if I look at Page 5 of Exhibit 1, so that's your
16 original filing, --

17 A. (Belair) Yes.

18 Q. -- that's where I can see your estimates at that time,
19 which was back in September of '09, of both the SBC
20 revenues and then the FCM proceeds?

21 A. (Belair) And, that also included a carryover, an
22 estimated carryover amount from 2008, and a reduction
23 of 2 percent for the 125 Fund, RSA 125-O.

24 MS. HATFIELD: I think it would be

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 useful to have some kind of a table that shows all of the
2 revenue and the expenditures. And, I'm not exactly sure
3 what I would be looking for. So, if I could just reserve
4 that issue, and we can try to formulate our request later,
5 so we could move on.

6 CMSR. IGNATIUS: Why don't we reserve
7 Exhibit 23 for that. And, I guess it remains open whether
8 you're asking for PSNH alone or for all of the utilities?

9 MS. HATFIELD: I think it would be for
10 all of them, given that they all do have the FCM revenues.
11 Thank you.

12 (Exhibit 23 reserved)

13 BY MS. HATFIELD:

14 Q. And, Mr. Belair, the shortfall, or as you call it on
15 Table 1, the "2010 Budget Change", that for PSNH is
16 just over \$354,000, I believe earlier you testified
17 that, even with the \$500,000 transfer out of the 2%
18 Fund, you would still have a \$500,000 balance, is that
19 correct?

20 A. (Belair) Yes.

21 Q. So, it would be possible to fund your entire shortfall
22 with the remainder of what would be in the 125-0 Fund,
23 is that correct?

24 A. (Belair) It would be possible to do that.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. Turning now to National Grid, and looking at the tables
2 that appear on Page 7 of Exhibit 18, I'm wondering how
3 was the Company able to reduce "Internal
4 Implementation" to zero?

5 A. (Li) Yes. I put the budgets together so quickly, it's
6 just merged with the "Internal Admin." I wasn't able
7 to split it out.

8 Q. But internal admin. has also gone down slightly, is
9 that correct?

10 A. (Li) That's correct.

11 Q. So, how are you going to pay for the costs that you
12 previously incurred that came under that heading of
13 "Internal Implementation"?

14 A. (Newberger) How -- you mean, how are we going to pay
15 for it from the SBC funds and --

16 Q. Yes.

17 A. (Newberger) From the available funding sources, that's
18 how we will be paying for it.

19 Q. But, overall, you've reduced your internal costs,
20 correct?

21 A. (Newberger) That's correct.

22 Q. So, are internal resources, staff time, is that just
23 being reduced for the programs?

24 A. (Newberger) That's our current estimate, what the

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 effort would be to implement the programs.

2 Q. Similarly, for "External Administration", it looks like
3 you've reduced that amount about \$50,000. Do you see
4 that?

5 A. (Newberger) Yes.

6 Q. And, how did you reduce those costs?

7 A. (Newberger) When we were going through this analysis of
8 the impacts of SB 300, and looking at the changes, all
9 the changes that it created in our funding profile, we
10 went to the program managers and said "This is how much
11 money is available, how do you want to spend it?" And,
12 this was their estimate of the effort that it would
13 take. I think it's a combination of looking at the
14 fact that, in that sector, in the Large C&I -- or, in
15 the C&I sector, excuse me, there's a high demand. And,
16 some of the administrative effort to bring in the
17 savings is not going to be what it was expected to be,
18 because there are people waiting for services. So, I
19 think that was -- that factored into the program
20 managers' estimation of the effort.

21 Q. Thank you. If you could look at Table 1, on Page 2
22 please. I have a similar question to the one I asked
23 Mr. Belair a few minutes ago, about the total amounts
24 available, and the fact that they don't match up with

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 the amounts shown on Page 20. And, I'm wondering, just
2 to make this go more quickly, is it because the Forward
3 Capacity Market revenues aren't shown in Table 1?
- 4 A. (Newberger) Forward Capacity Market revenues are not
5 shown, and neither is the shareholder incentive.
- 6 Q. So, both of those amounts could account for the fact
7 that there are different figures in different parts of
8 the filing?
- 9 A. (Newberger) I'm sorry, could you repeat the question.
- 10 Q. Sure. The fact that the shareholder incentive amount
11 and the Forward Capacity Market amounts aren't shown in
12 Table 1 could account for or could be the reason why
13 some of the numbers don't match up perfectly on
14 different --
- 15 A. (Newberger) I would say those would be the primary
16 factors. I can't say that they're the only factors.
- 17 Q. Thank you. Turning to the Co-op, Ms. Woods, I believe
18 that you testified that the Company was proposing to
19 make a roughly 15 percent cut to programs across the
20 board. Do you recall stating something to that effect?
- 21 A. (Woods) Yes.
- 22 Q. If you look on Page 8 of Exhibit 18, which is your --
23 you show the "variance" in the right-hand column. When
24 you look down at the "Load Management" Program, --

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Woods) Did you say "Page 8"? I just want to make
2 sure.

3 Q. Yes, 8.

4 A. (Woods) Yes.

5 Q. And, it looks to me like the Load Management Program is
6 only getting about a 3 percent or so cut. Can you
7 explain why you aren't cutting that program as much as
8 the others?

9 A. (Woods) Well, as I talked about earlier, when we looked
10 at the budget cuts, we looked at the different rebate
11 budgets across the board. And, so, we didn't, when the
12 Company made the changes to the budgets, we didn't --
13 we looked at the more variable buckets of money,
14 instead of -- because the fixed costs for the programs,
15 we didn't look at reducing the overall fixed costs.
16 And, so, the reductions in the rebate budgets were
17 actually made in proportion to the original rebate
18 budgets. So that, for the -- the Load Management
19 Program has a -- a majority of the costs for that
20 program are fixed costs related to the responsibility
21 of maintaining the system. So, those are fixed costs.
22 The equipment, the materials and equipment are more of
23 the things that we have some control over, that we can
24 change without significantly changing the program

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1 itself. So, it had a smaller overall rebate budget, so
2 the overall reduction in that program was also smaller.

3 Q. You also previously testified that the Co-op had sort
4 of a two-stage proposal, if I understand you correctly.
5 The first request is to be funded from RGGI, and then,
6 in the alternative, you propose these cuts, is that
7 correct?

8 A. (Woods) That's correct.

9 Q. Is it possible for the Co-op to make some of those
10 costs before seeking the RGGI funding to try to reduce
11 the amount?

12 A. (Woods) I'm not sure I understand what you're asking.

13 Q. For example, on Page 9, you walked through some cuts
14 that I think you're proposing if you don't get the RGGI
15 money. And, for example, Number 4, you say "The
16 marketing budget allocation was reduced and [roughly]
17 [\$44,000] was shifted into program rebate budgets."
18 Couldn't the Company do that and then seek a lesser
19 amount from the RGGI fund?

20 A. (Woods) Well, actually, that particular shift of
21 dollars will be done regardless of whether or not we
22 receive the RGGI funding. So, --

23 Q. So, that's not clear, because up above it says "The
24 following summarizes NHEC's budget adjustments which

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1 will be necessary to address the [\$148,000] shortfall
2 in the absence of supplemental funding."

3 A. (Woods) Right.

4 Q. So, could you just walk through each one and tell us if
5 you're doing it regardless of, you know, whether or not
6 you get RGGI funding or you're only doing it if you
7 don't get RGGI funding, that will be helpful.

8 A. (Woods) So, Number 1 is the estimated carryover that
9 was added to offset the budget, which we will do
10 regardless of whether or not we have the supplemental
11 funding. The recalculation of the Home Energy
12 Assistance Program will be done regardless, it's done
13 regardless. The allocation of funding is just how the
14 funding is allocating because of our sectors. The
15 marketing budget will be shifted, reducing the overall
16 marketing budget and shifting that money into rebates
17 regardless. And, the monitoring and evaluation is --
18 the overall allocation to monitoring and evaluation is
19 5 percent of the overall budget. So that, if -- so
20 that would go back to the full. And, that would -- I
21 guess the last one just talks about how it was
22 allocated after-the-fact. So, the only one that would
23 not change would be Number 5, if we were to receive
24 RGGI funding, that one.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 Q. So, you would make the \$73,000 reduction described in
2 Number 6, even if you didn't get the RGGI funding?
- 3 A. (Woods) Can you ask me that again please?
- 4 Q. Sure. In Number 6 you talk about reductions spread to
5 all rebate budgets for a total of a 15 percent, or
6 73,000. You're doing that regardless of getting the
7 RGGI funding?
- 8 A. (Woods) No, because then there wouldn't be reductions,
9 if we were to.
- 10 Q. So, if you got the RGGI funding, you wouldn't have to
11 make the \$73,000 cut?
- 12 A. (Woods) Correct.
- 13 Q. So, is that really the only -- the only thing that you
14 wouldn't have to do of those six, if you got the RGGI
15 funding?
- 16 A. (Woods) Well, and I have to just step back, because the
17 65,500 is -- reduces the amount of RGGI funding that we
18 were asking for, the carryover reduces the overall
19 amount that we were asking for, from 200 -- it reduces
20 that from 214, down to 148,534. And, then, the Home
21 Energy Assistance shift was part of the Settlement
22 Agreement, so we changed that allocation at the time of
23 refiling the budgets. And, then, we reduced the
24 marketing budget allocation in response to the

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1 discussions that we had during the settlement and
2 subsequent to receiving the order, so that we would be
3 shifting those dollars into rebates, in response to
4 those discussions that we had with parties.

5 Q. So, I guess what I'm struggling with, is how do I
6 reconcile the 73,000 and the 148? Because, if I look
7 at the table on Page 8, all the variances, I think
8 those are basically the 15 percent reductions, right?

9 A. (Woods) Right. The 70 -- and I probably shouldn't say
10 this out loud, but the 73,000 is -- doesn't include the
11 marketing reduction, because the marketing reduction
12 isn't really a reduction, it's a shift of funding.
13 And, the Home Energy Assistance Program funding is
14 really a shift out of other programs into that program
15 of the existing program dollars. So, the only real
16 changes -- the only real changes to the overall budget
17 is the carryover and the reduction of the monitoring
18 and evaluation budget, and the incentive, should be the
19 only material -- should be the only actual dollar
20 changes.

21 Q. So, I guess the language at the top of Page 9 then is
22 just not -- it's not correct that these are the
23 adjustments that "will be necessary to address the
24 shortfall in the absence of supplemental funding"?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Woods) Well, in hindsight, as I look at this, I guess
2 I -- in putting this together, and trying to be clear
3 of all of the changes that we were making, I did put in
4 parentheses, Number 1 and Number 4, saying that those
5 would happen regardless. But what you're saying is
6 true, and perhaps it could have been a little more
7 clearer. But the actual changes to the budget are the
8 carryover that we added in and the monitoring and
9 evaluation change.
- 10 Q. Okay. Thank you. Now, the Co-op, along with the other
11 utilities, is participating in what you're calling the
12 "Re-CORE Program" which received RGGI funds, is that
13 correct?
- 14 A. (Woods) Is that still me? Yes.
- 15 Q. And, in looking at your proposal to the RGGI fund,
16 which I realize your total amount was slightly reduced
17 for the Re-CORE Programs, but the Co-op's original
18 proposal was for I believe \$636,000 for program
19 expenses and then another \$200,000 for a revolving loan
20 fund. Do you recall those amounts?
- 21 A. (Woods) Yes. I don't have them in front of me, but
22 I'll -- yes.
- 23 Q. But the Co-op's proposal or request was roughly for
24 \$687,000?

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1 A. (Woods) Yes.

2 Q. And, do those Re-CORE Programs both increase the budget
3 for the CORE Programs, as well as add new program
4 elements?

5 A. (Woods) Where the intent was, when we applied for that
6 funding, was to increase the programs by approximately
7 50 percent.

8 Q. And, when you talked earlier about the CORE Programs
9 being very close to fully subscribed, and the fact that
10 you might have to end some of them early, does that
11 also apply to the Re-CORE Programs?

12 A. (Woods) Yes, I think -- and I think I referred to this
13 earlier, and hopefully this won't get confusing, but we
14 -- I guess the short answer is "yes". Although, we do
15 have -- we will be proposing, and have already started
16 the process, to shift some of the funding around within
17 the program categories, because of -- because the
18 demand that we're seeing is different than what we
19 expected we were going to see when we made that. But I
20 guess I would say that, for the Home Performance with
21 ENERGY STAR Program, we are fully subscribed in both
22 the Re-CORE and the CORE. And, in the Small C&I
23 Program, we are fully subscribed in the Re-CORE and are
24 oversubscribed currently on the CORE side. So, we

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1 would be looking particularly for those programs to be
2 able to supplement funding from the Re-CORE, for things
3 that we expect, because that funding goes through June,
4 so, in looking at what the whole -- we wouldn't be able
5 to look at the whole year at that time, but things that
6 we see that will be completed by June.

7 Q. And, if there was any carryover at the end of the
8 Re-CORE Program, would the Co-op be willing to ask the
9 Commission to be able to expend any remaining funds in
10 order to fill any gaps for the CORE or Re-CORE
11 Programs?

12 A. (Woods) If there is funding, yes.

13 MS. HATFIELD: One moment please.

14 (Short pause.)

15 BY MS. HATFIELD:

16 Q. I'm trying to make sense of the numbers in, let's see,
17 also on Page 8. And, we added up that column, that
18 "Original Approved" column, and we got the amount of
19 \$1,223,961, which we think results in a smaller
20 shortfall for the Company. So, perhaps, not right at
21 this moment, but perhaps during a break we could talk
22 about that, because it looks like there actually -- if
23 our math is correct, there might actually be a smaller
24 shortfall.

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1 CMSR. IGNATIUS: And, can you again --
2 which column is it that you came to a different total?

3 MS. HATFIELD: The first column in
4 Table 5, that's on Page 8, is the "2010 original" --
5 excuse me, "Approved Original", and they have a
6 1.126 million number.

7 CMSR. IGNATIUS: And, the number that
8 you calculated was?

9 MS. HATFIELD: 1,223,961.

10 CMSR. IGNATIUS: And, then, did you have
11 an issue with the total they have on the "2010 Revised"?

12 MS. HATFIELD: And, then, we added the
13 "Variance" column, and we came up with \$132,680.

14 CMSR. IGNATIUS: All right. I think at
15 a break, if we have one this afternoon, or, if not, a
16 subsequent submission, if there's any changes. But, if
17 it's important to the cross-examination, we should give a
18 chance to the Co-op to look at those numbers and correct
19 them. If we're going, you know, in circles with the wrong
20 numbers, we ought to correct that now and not later.

21 MS. HATFIELD: Actually, the OCA doesn't
22 need that to be corrected. We don't have any further
23 cross for the Co-op. But it, obviously, is important to
24 get to what the number is, because that is their request

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1 for the RGGI funds. But I don't need it to be corrected
2 right at this moment.

3 CMSR. IGNATIUS: Okay. Thank you.
4 Unless the Co-op has anything they want to add to it right
5 now?

6 WITNESS WOODS: No.

7 MS. HATFIELD: Thank you.

8 BY MS. HATFIELD:

9 Q. Moving onto Unitil, --

10 CMSR. IGNATIUS: One moment, Ms.
11 Hatfield. We should reserve a record request, 24, --

12 MS. HATFIELD: Okay.

13 CMSR. IGNATIUS: -- for a corrected
14 page, is that's -- if those numbers change, they be
15 submitted as Exhibit Number 24.

16 (Exhibit 24 reserved)

17 BY MS. HATFIELD:

18 Q. For Unitil, I have a similar question about what are
19 the funds available, which I realize might go to the
20 fact that the Forward Capacity Market amounts aren't
21 shown in Table 1, but there are actually three
22 different amounts that are shown in the filing.

23 A. (Jarvis) Which filing? Are you referring to 18?

24 Q. Yes, Exhibit 18. On Page 2, in Table 1, if you take

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1 Unitil's 1.8 million available from the SBC, plus the
2 \$404,000 for the adjustments, that results in just over
3 \$2.2 million. Then, if we look at Table 13, which is
4 on Page 18, we see a figure of \$2.7 million.

5 A. (Jarvis) Well, see if I can explain this. I think I
6 lost track of what you were adding together, to be
7 perfectly honest.

8 Q. Okay.

9 A. (Jarvis) Could you --

10 Q. Well, I just wanted to point those out to you, as I
11 actually ask you some questions about Table 14, which
12 is on Page 19. Because I think part of our confusion
13 in getting to what is the total number is -- lies
14 possibly in Table 14.

15 A. (Jarvis) Well, one of the things that I will point out
16 is that column -- I'm sorry, Row 2 of Table 1, where
17 it's the estimated carryover, that's the variance in
18 the carryover, not the actual carryover itself.

19 Q. So, why would the Company show the variance in the
20 carryover and not the actual carryover like the rest of
21 the utilities?

22 A. (Jarvis) Because I had a carryover, I was estimating a
23 carryover when I did the 2009 budget -- I'm sorry, the
24 2010 budget. When I originally set that up, I had an

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 estimated 2009 ending balance, so -- and I'm just going
2 off the top of my head for the moment, of \$200,000.
3 That was, I had actuals through May, estimates through
4 the rest of the year. And, that was my projection at
5 the end of the year, given the budget that we had,
6 where everybody was expecting to be by the end of 2009.
7 At the end of year, I looked back and I looked at what
8 revenues actually came in, what dollars we actually
9 spent, what interest was going on, and so forth. And,
10 the difference worked out to be \$150 different --
11 \$150,000 different than what I originally had
12 estimated.

13 Q. So, somewhere on Table 1 then you should also be adding
14 in what the rest of your carryover was?

15 A. (Jarvis) Well, my understanding of what Table 1 is
16 intended to show was what, in fact, you were -- we were
17 losing as far as SBC 300 -- I'm sorry, SB 300, and what
18 we were doing to make it up. And, that's what these
19 numbers are here, the 150, the 254, those are basically
20 incremental dollars that I had at the time I did the
21 original budget. That was my intent -- understanding
22 of what this showed.

23 Q. So, in the Company's -- in the original filing that's
24 been marked as Exhibit 1, on Page 5, Unutil showed an

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 FCM proceed level of \$200,000. Do you recall that?

2 A. (Jarvis) Yes. For 2010.

3 Q. So, the 254 is incremental to that?

4 A. (Jarvis) The 254 is for 2007 through 2009. I forgot to
5 add it into the budget when I did the 2010 budget. It
6 was just never added in. It was my error when I did
7 the calculation originally. So, that is basically "new
8 money".

9 Q. So, Unitil has 454 -- yes, \$454,000 from the FCM?

10 A. (Jarvis) We're projecting, at the end of 2010, that
11 will be the amount, yes.

12 Q. For the other utilities, does your carryover include
13 your full carryover or is it something akin to what
14 Unitil is calling the "incremental carryover"?

15 A. (Belair) The carryover for PSNH is just what we
16 estimated for the end of the year. What we typically
17 do is we don't include a 2009 carryover. The 2009
18 carryover would have been included in our 2011 budget.
19 Since we didn't know what it -- we won't know what it
20 is until we do our final end-of-year results. And, so,
21 what we're doing here is we're just -- we typically
22 don't estimate a carryover -- this carryover would have
23 been estimated for our 2011 budget. But, for the sake
24 of trying to find money to take care of the shortfall,

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1 we did a rough estimate of -- we did an estimate of
2 calculating the carryover this year, instead of waiting
3 until halfway through the year.

4 Q. But you would -- would you characterize it as the
5 "variance" over the original carryover that you
6 projected?

7 A. (Belair) I didn't project a carryover for 2009. The
8 carryover that I did have in our filing was from 2008
9 actuals.

10 A. (Jarvis) So, if I could clarify -- I'm sorry. If I
11 could clarify that, could I characterize that as saying
12 that you started with a zero balance for 2009? You
13 didn't assume any carry-forward?

14 A. (Belair) I have a carryover from 2008.

15 Q. So, I think this is actually helping me clarify what
16 we're going to ask for in Exhibit 23. Because this is
17 getting actually less clear, unfortunately, but I will
18 try to move on.

19 A. (Newberger) For National Grid, you asked for all the
20 utilities, --

21 Q. Yes.

22 A. (Newberger) For National Grid, this is the incremental,
23 what we show in Table 1 is the incremental amount of
24 carryover, compared to what we had in the initial, in

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 our initial filing. It's the same as Ms. Jarvis
2 answered for Unitil.

3 Q. You know, the thing that's -- maybe it's just me, but
4 the thing that's confusing about that is that we are
5 starting over with 2010 budgets, right? So, we're
6 taking a new System Benefits Charge amount. And, so, I
7 guess I'm just not really clear why you wouldn't be
8 counting all carryover. But, as I said, we will try to
9 be clear when we describe Exhibit 23.

10 A. (Newberger) If I'm not mistaken, I think the impact --
11 the purpose of this proceeding was to try to look at
12 the impact of SB 300. And, so, that first table is to
13 try to tell you what the impact of SB 300 is. Later
14 on, in our Table 3, we show the total budget picture.
15 But we thought, and maybe we were wrong, but we thought
16 that this table would be helpful. Apparently, it
17 wasn't -- it wasn't as helpful as we thought.

18 A. (Jarvis) Yes. And, again, to get back to what you had
19 said earlier, Ms. Hatfield, on Page 19 of the filing of
20 Exhibit 18, we had provided a summary that apparently
21 wasn't very helpful either, where we compared the
22 original carry-forward that we used in the original
23 2010 budget, versus what we then calculated in February
24 of 2010. And, the difference worked out to be the

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 \$404,000. Again, that's the incremental piece of it.

2 Q. Well, thank you for getting us back to Page 19, because
3 I do have a few questions for you. So, for Unitil,
4 your full underspending, you're calling it an
5 "overcollection", going into 2010 is \$773,000?

6 A. (Jarvis) That includes the prior period interest, but,
7 yes.

8 Q. And, can you tell me what "prior period interest" is?

9 A. (Jarvis) Yes. This was before my time, so... The way
10 that the reconciliation mechanism works for Unitil, I
11 don't know if this is for the other companies, is we do
12 not -- we do not calculate interest on interest. So,
13 we have a balance, we'll say it starts at zero, we
14 accumulate \$100, that's the ending balance. We
15 calculate interest on that balance. The next year we
16 bring the \$100 plus interest up to the top. That's
17 money that gets used. We calculate out through the
18 year, we have another \$100 at the end of the year. The
19 first year's interest is taken out, calculate the
20 interest on that new balance, and then it gets added
21 back in again, because it's money that we have to
22 spend, or not spend, depending on which way, whether
23 it's negative or positive. It's confusing. But this
24 number here, the 159 is cumulative, all the way back to

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 the beginning of this mechanism.
- 2 Q. And, what money is it interest on?
- 3 A. (Jarvis) It's interest on the balance.
- 4 Q. But the balance is 773, right?
- 5 A. (Jarvis) Actually, the balance is 614. That is the
- 6 official -- that's the balance that gets carried
- 7 forward. I know, it's confusing.
- 8 Q. But why would there be -- so, the 159 is a negative
- 9 number?
- 10 A. (Jarvis) Yes.
- 11 Q. So, you're saying the System Benefits Charge fund owes
- 12 Unitil \$159,000?
- 13 A. (Jarvis) I actually want to say that we owe the system
- 14 \$159 [\$159,000?].
- 15 Q. But, if that was the case, then the 159 would be added
- 16 to the 773, not subtracted from it.
- 17 A. (Jarvis) Again, -- well, see, this is where we get into
- 18 accounting, and this is not my strong point. The 773
- 19 is the preliminary overcollection. So, that means
- 20 that's money that we have that we owe our customers.
- 21 The 159 is money that we have to pay the customer. So,
- 22 we end up owing -- having 614. That doesn't make sense
- 23 or does it?
- 24 Q. No, I think what we need to do is to have the Company

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1 take another look at this, and also provide some kind
2 of an explanation for why it's a deduction to the
3 System Benefits Charge fund.

4 MS. HATFIELD: But I guess that can be
5 another record request.

6 CMSR. IGNATIUS: The easy part is that
7 it would be number 25.

8 (Exhibit 25 reserved)

9 CMSR. IGNATIUS: The question is, does
10 the Company understand what is being asked to be produced?

11 WITNESS JARVIS: I'm not sure, to be
12 perfectly honest.

13 MS. HATFIELD: So, I guess what -- it's
14 a multipart question. Number one, what is "prior period
15 interest"? What is it interest on? How is it determined?
16 Is Part A of the question. And, then, Part B is, why is
17 it a negative number? Why is it deducted from the prior
18 period underspending? And, then, Part C, if I could have
19 it, is why is Unitil doing it differently from the other
20 utilities, if they are?

21 WITNESS JARVIS: I didn't actually -- I
22 wasn't able to write that down.

23 MS. HATFIELD: I would be happy to
24 provide it in writing.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 WITNESS JARVIS: We got it. Thank you.

2 BY MS. HATFIELD:

3 Q. Then, I guess the other -- so, \$404,000 is your,
4 assuming these numbers are correct, is your variance of
5 your prior year carryover. I guess I'm not clear on
6 why -- how Unitil now has a balanced budget for 2010.
7 It seems to me that you have actually more funds than
8 you need, right?

9 A. (Jarvis) If you look at Table 1, we end up with a
10 balance of about \$39,000.

11 Q. And, I guess, when we get that response to Exhibit 25,
12 we can see if that's the actual amount. On Page 16, in

13 Note 3, you're discussing the carry-forward balance for
14 the low income program, do you see that?

15 A. (Jarvis) Yes.

16 Q. What was that amount?

17 A. (Jarvis) I don't have the numbers directly off -- in
18 front of me. I do know that the net impact of all of
19 these things, the reallocation of the beginning
20 balance, the changing of the low income to 14 and a
21 half from 14, and the decrease in the low income budget
22 because of the SB 300, the net balance worked out to be
23 a overspending of \$5,000, approximately \$5,000.

24 Q. And, you talk about this being a "carry-forward balance

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 for the low income program". Do you treat any
2 carry-forward for low income separately from the rest
3 of the carry-forward?
- 4 A. (Jarvis) The low income is actually considered a -- I
5 want to call it a "sector". It is its own little
6 reconciliation, yes.
- 7 Q. Is that consistent for the other utilities?
- 8 A. (Jarvis) I do not know.
- 9 A. (Belair) Could you ask the question again?
- 10 Q. Sure. On Note 3, on Page 16, Unitil talked about a
11 "carry-forward balance for the low income program".
12 And, Ms. Jarvis has just testified that they account
13 for any carry-forward or underspent -- unspent funds
14 separately for the HEA Program. Do the other utilities
15 do that as well?
- 16 A. (Belair) PSNH does not. All the carryover comes over
17 as one item. 4?
- 18 A. (Woods) The Co-op doesn't either.
- 19 A. (Li) All of our carry-forward is one item also.
- 20 Q. So, Unitil is doing that differently from the other
21 utilities?
- 22 A. (Jarvis) Oh, I'm sorry. Apparently, yes.
- 23 Q. The \$256,000 of sort of "new money" from the FCM, what
24 was happening with that money before?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Jarvis) Basically, I had, when we first started the
2 FCM, getting into the FCM, I set them up as a separate
3 reconciliation, because I wasn't sure how we were going
4 to have to report the funds. So, I had set up accounts
5 for the revenue, as well as expenses associated with
6 it. Then, they just sat over there. And, each year --
7 that was in 2007, I believe was the first year. So,
8 for the 2008 and '09 budgets, what I had done is I had
9 actually pulled the balance into my budget model, which
10 is not the Company's reconciliation -- it's not an
11 accounting model, it's just my model. So, I pulled the
12 balance in. I had divvied up the budget and set them
13 out, and, you know, that's -- whatever was approved was
14 approved. I never did do that physical transfer. So,
15 the money was included in the budgets theoretically,
16 but that transfer had never been done. So, it was
17 affecting the under/over balance for each of our
18 sectors, well, for the C&I and the residential sectors,
19 because I had over budgeted, theoretically.

20 Q. But it's not actually additional new funds. It sounds
21 like I think what that Staff audit found, was you
22 really just needed to make an accounting change, isn't
23 that right?

24 A. (Jarvis) Yes. Yes.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. But you're adding it in as new funds?

2 A. (Jarvis) The reason I'm adding it in as new funds is
3 because the balance that had been going along in the
4 SBC model never included it. It included it over in my
5 budget model, which is a completely separate set-up,
6 but we had never pulled it in. So, for instance, let's
7 say the first year I did this, we budgeted \$100,000.
8 And, I was assuming this SBC fund, and let's, you know,
9 assume that the program administrators spent \$100,000,
10 theoretically, we would have been short in the actual
11 accounting model what I didn't pull in from the Forward
12 Capacity Market. So, in effect, this is -- the balance
13 already has taken that into account, the fact that I
14 never pulled it in. I don't know if that helps or
15 confuses.

16 Q. I'm not really sure where to go next. Perhaps, rather
17 than taking up time in this hearing, it's something
18 that the parties can explore at the monthly meeting.
19 But I don't think the OCA is at the bottom of that
20 particular issue. So, we'll have to explore that with
21 you further at some point. I think I just have one
22 last question on Table 14, which is on Page 19. And,
23 on Line 3 is where you show the "SBC revenue", and you
24 have that at the 1.8 mill level. Do you see that?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Jarvis) Yes, I do.
- 2 Q. And, I just want to make sure, for the second line --
- 3 or, the second column, which is the "February 2010
- 4 Revision", that's at the 1.5 mills, correct?
- 5 A. (Jarvis) No, it's not, because this is 2009. This is
- 6 not 2010.
- 7 Q. The first column is 2009. But isn't the second column
- 8 says "2/10 Revision"?
- 9 A. (Jarvis) Yes. Again, this is -- the first column was
- 10 my calculation of the ending balance of 12/31/09.
- 11 Q. Right. I'm sorry. I'm asking you to look at Line 3.
- 12 A. (Jarvis) I realize that.
- 13 Q. Okay.
- 14 A. (Jarvis) But what the difference, on Line 3, what the
- 15 difference is, is actual sales minus -- or, versus
- 16 forecast sales for 2009. All of the information in
- 17 both of these columns is 2009. What I'm trying to show
- 18 here is a true-up of -- I'm trying to reconcile the
- 19 \$404,000, which is the variance in the ending balance
- 20 as of 12/31/09.
- 21 Q. Thank you.
- 22 A. (Woods) Meredith, can I just go back for a second to
- 23 the question that you asked me about Page 8? I guess
- 24 we have a mistake in the column, in our totals. That

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 "1,126,479" actually does not include the "97,482" for
2 the "High-Efficiency Heat Pump Program". And, I
3 haven't finished adding this, but I'm assuming that
4 probably that 83,000 is not included. When we put this
5 table together, it actually -- the variance, it sums
6 down, but not across. So, I guess I have to go back.
7 But my -- I believe the 148 is correct. But the totals
8 on the -- the totals next to it don't include the Heat
9 Pump Program. Sorry about that.

10 Q. And, I think that was going to be the subject of
11 Exhibit 24, I think.

12 A. (Woods) Okay.

13 Q. So, you'll provide a revised Page 8, or Table 5.

14 MS. HATFIELD: That completes my
15 questions. Thank you.

16 CMSR. IGNATIUS: Thank you. Mr. Aney,
17 questions?

18 MR. ANEY: Thank you. Good afternoon,
19 panel. Would it be easier if I moved over there? Is that
20 okay?

21 WITNESS BELAIR: I think it would be
22 easier --

23 MR. ANEY: Sure. I'm just going to
24 move, so they don't have to crane their neck, if that's

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 okay.

2 CMSR. IGNATIUS: Mr. Eaton, can you pass
3 the microphone over please?

4 MR. ANEY: Thank you. Good afternoon.

5 BY MR. ANEY:

6 Q. Going back to the budget calculations, so, as I
7 understand it, the budget calculations are done
8 slightly differently from -- for each utility, but
9 essentially it begins with a forecast for the next
10 year's sales, in terms of the number of megawatt-hours
11 or gigawatt-hours. And, then, we add certain
12 additional amounts to that. And, I would love it if
13 the utilities could just review what their
14 gigawatt-hours or whether their sales numbers for 2010
15 changed in their revised budgets versus approved
16 budgets. And, then, specifically, what were the
17 amounts that were added to their budgets in addition,
18 both in the revised case and the approved case, whether
19 it's a carryover amount or a Forward Capacity Market
20 amount, just to be absolutely clear as to what those
21 numbers are for each of the utilities, if that's okay?

22 A. (Belair) Russ, could you clarify whether it's 2009 or
23 2010 you're asking for?

24 Q. 2010. Thank you. I'm sorry.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Belair) On Page 2, Table 1, the "Forecasted Sales"?
- 2 Q. Yes.
- 3 A. (Belair) In the description below, on number one, it
- 4 says "National Grid revised its 2010 forecasted sales."
- 5 Q. Yes.
- 6 A. (Belair) The Co-op, PSNH, and Unitil had no changes to
- 7 their forecast.
- 8 Q. Okay. Thank you.
- 9 A. (Belair) So, ours remained the same.
- 10 Q. Okay. Thank you very much. So, if -- and that
- 11 "Forecasted Sales" line is in dollars or in
- 12 megawatt-hours?
- 13 A. (Belair) Megawatt-hours.
- 14 Q. Okay. Thank you. When you went to calculate the
- 15 budgeted amount for the shareholder incentive, that was
- 16 a fraction of a number. Can you tell me what fraction
- 17 it was and what number it was that you base that on,
- 18 for both the approved and the revised shareholder
- 19 incentive calculations that you've come up with?
- 20 A. (Belair) I remember the number, it's 7.4074, something
- 21 like that, percent.
- 22 Q. As you, I think, demonstrated or calculated and showed
- 23 in Exhibit 1, and I think it was -- yes, in Exhibit 1,
- 24 Page 51, right, 0.074074. And, you multiplied that

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 number by the budgeted amount that you came up with,
2 based on these revised sales forecasts for National
3 Grid, plus the additional amounts that you put into
4 your total forecasted SBC fund amount, is that correct?

5 Let me see if I can rephrase that. So,
6 let me just go back. Tom, Mr. Belair, for PSNH, PSNH
7 included in its original and its revised budget amounts
8 which factors?

9 A. (Belair) I'm struggling to understand what you're
10 asking.

11 Q. Okay. So, there was a -- you multiplied your total
12 kilowatt-hour sales by 0.18, and then 0.15. And, then,
13 you added in some additional amounts for an estimate of
14 the Forward Capacity Market revenues you'd receive, is
15 that correct?

16 A. (Belair) That's correct.

17 Q. Okay. So, if I, for example, was to take a look again
18 at Exhibit 18, Table 1, Line 1, where it said
19 "Forecasted Sales" for "PSNH", and you have 7.8 billion
20 kilowatt-hour sales, and I multiplied that by 0.0018,
21 does it come out to 14,091,100 or does that number
22 14,091,100 include a carryover amount and a Forward
23 Capacity Market revenue amount?

24 A. (Belair) That only includes the mill rate times that

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- 1 megawatt-hour sales.
- 2 Q. Okay.
- 3 A. (Belair) It doesn't include any carryover, it doesn't
- 4 include any Forward Capacity Market revenue.
- 5 Q. Okay. New Hampshire Electric Cooperative, is that the
- 6 same answer for you?
- 7 A. (Woods) Yes.
- 8 Q. And, Unitil, is that the same answer for you?
- 9 A. (Jarvis) On Page 2, Table 1, yes.
- 10 Q. And, National Grid, is that essentially the same answer
- 11 for you as to what went into that?
- 12 A. (Newberger) On Line 1, yes, on Table 2.
- 13 Q. Okay. So, when you went to calculate the shareholder
- 14 incentive budget amount --
- 15 A. (Newberger) Excuse me. I said "Line 1, Table 2", I
- 16 meant "Line 1, Table 1".
- 17 Q. Thank you. When you go to calculate the shareholder
- 18 incentive budget amount, you multiplied that number
- 19 0.074074 times what number?
- 20 A. (Jarvis) I can explain for Unitil.
- 21 Q. Great.
- 22 A. (Jarvis) We take the projected sales, times the SBC
- 23 rate, plus any over-/undercollection. I believe we add
- 24 in FCM revenues as well -- no, we don't. As a matter

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1 of fact, we don't. We don't calculate the incentive on
2 the FCM. So, it would be any -- basically, any
3 SBC-related funding that would be used for the
4 programs.

5 Q. Why do you not include the FCM revenues in your budget
6 -- in your shareholder incentive calculation?

7 A. (Jarvis) I am actually going to have to take that back,
8 I don't remember whether we include that or not. I
9 would have to check on that.

10 Q. Do you include that in your estimate of what your total
11 budget is for spending on the SBC programs, the
12 SBC-funded programs or the CORE Programs, energy
13 efficiency programs?

14 A. (Jarvis) Well, if you forget the fact that I made a
15 mistake, yes, I do.

16 Q. Okay.

17 A. (Jarvis) But I did mess that up this year. But,
18 normally, yes, it is taken into account.

19 Q. Can any of the other utilities explain how they
20 calculate or what the numbers that they use in their
21 calculation of the shareholder incentive budget number?

22 A. (Newberger) For National Grid, if you turn to, in
23 Exhibit 18, Attachment 8 -- Attachment H, excuse me,
24 Page 42, Page 2 of 3.

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. Yes.

2 A. (Newberger) So, the bottom of that, for National Grid,
3 the bottom of that column there says the "Total Planned
4 Budget" is "\$1,496,054".

5 Q. Yes.

6 A. (Newberger) If you take that number, which is the total
7 amount, that's the total funding that we now think that
8 we have available for spending in 2010, and multiply
9 that by the 0.074074 number from Page 51 of Exhibit 1,
10 you get the utility incentive, which is shown on Page 2
11 of 3 right above the total, of "\$110,819".

12 Q. Okay. And, so, 1,496,054, less the planned incentive
13 right above there of 110,819, that is equal to your
14 revised budget of 1,385,235?

15 A. (Newberger) Yes.

16 Q. Okay. Thank you.

17 A. (Woods) So, for the Co-op, for the Co-op it would be
18 similar to National Grid that, on that Attachment H,
19 the "1,189,198", --

20 Q. Yes.

21 A. (Woods) -- times that number, and, actually, we did
22 have a correction to this spreadsheet that we should
23 have addressed earlier, that "97,917" was pulled over
24 by mistake from the 2010 filing, and that actual number

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 there should be "87,302".
- 2 A. (Jarvis) I would just want to make a note that, if you
- 3 did the same calculation for Unitil, you would end up
- 4 with the same number.
- 5 Q. Okay. Thank you. So, if I go back then to the
- 6 narrative of Exhibit 18, Unitil seems to suggest that
- 7 there's a Forward Capacity Market adjustment that needs
- 8 to be incorporated into their budget, but the other
- 9 utilities do not. And, is the Forward Capacity Market
- 10 not something that you incorporate into your total
- 11 budget and is it therefore left out?
- 12 A. (Jarvis) No. That was an error on my part.
- 13 Q. Okay. So, it shouldn't be in there?
- 14 A. (Jarvis) No, it should be in there. I did not include
- 15 it in the original budget back in September.
- 16 Q. Okay. But the Forward Capacity Market is not factored
- 17 into the number up above on Line 1, is it?
- 18 A. (Jarvis) No, because that's just sales.
- 19 Q. Okay. But, as we try to reconcile our budget amounts
- 20 -- let me just pass on that. The revised shareholder
- 21 incentive numbers are being based on a budget that now
- 22 incorporates carryover amounts and other add-backs into
- 23 the total to get to a new revised program budget, is
- 24 that correct?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Witness Belair nodding affirmatively.)

2 Q. So, for example, in the PSNH case, Mr. Belair, we have
3 a carryover of 500,000 in addition that we're adding
4 back in, we have 2% Funds at 500,000, we have
5 SmartStart Revolving Loan Funds of 894,487, and an
6 additional transfer from the SmartStart Bad Debt Fund
7 of 100,000, for a total of just under \$2 million that
8 you're adding back into the budget?

9 A. (Belair) Yes.

10 Q. And, your revised shareholder incentive incorporates
11 that \$2 million in your budget estimate as to what that
12 new incentive budget number should be, is that correct?

13 A. (Belair) Yes.

14 Q. The source of those funds originally were from prior
15 program years, is that correct?

16 A. (Belair) Number 2 was, yes.

17 Q. And, what about Line Number 4, 5, and 6?

18 A. (Belair) Number 4 was from the -- it was the money that
19 went to a PSNH bucket that was not -- we weren't going
20 to earn a shareholder incentive on it. So, we moved it
21 back in, into the programs here.

22 Q. When you say it "wasn't money you were going to earn a
23 shareholder incentive on", does that mean, when you
24 took out those 2% Funds in the past, those weren't in

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1 the budgets for those years?

2 A. (Belair) They were in the budgets.

3 Q. So, if they were in the budgets for prior years, and
4 you calculated your shareholder incentive on the
5 budgets for the prior years, you actually already
6 calculated them as part of a shareholder incentive for
7 prior years?

8 A. (Belair) Yes.

9 Q. So, what we're doing now is actually adding funds back
10 in and we're applying another shareholder incentive on
11 funds to which you've already applied a shareholder
12 incentive?

13 A. (Belair) I'm not sure, but I think that's what the
14 Energy Efficiency Working Group calculation allows.

15 Q. Because the Energy Efficiency Working Group says it's
16 based on a budget, it's not based on actual expenses,
17 is that correct?

18 A. (Belair) Yes. That's correct.

19 Q. So, any time you have an under expenditure that results
20 in a carryover, any time you take funds on something
21 like the 2% Fund, any time you take monies out of
22 SmartStart and add it back into the budget, it makes it
23 possible for you to earn a second or an additional
24 shareholder incentive on that total amount, is that

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1 correct?

2 A. (Belair) For Number 5 and 6, we did not earn a
3 shareholder incentive when we moved that into the
4 revolving loan funds.

5 Q. That's because you have a different shareholder
6 incentive for those funds based on the repayment of
7 those dollars?

8 A. (Belair) That's right.

9 Q. Okay. But, for the 2% Funds and for the carryover
10 amounts, they actually were in prior budgets, and so we
11 are actually budgeting an additional shareholder
12 incentive amount on any monies that are ever carried
13 over and the 2% Funds that we're adding back in?

14 A. (Belair) Yes.

15 Q. Okay. And, the same thing goes with the rest of the
16 utilities, any time that you underspend in a program
17 year and carry over additional amounts, they get added
18 into a budget total on which you can earn again
19 shareholder incentives on the same money that in a
20 prior program year you already earned these incentives
21 on, is that correct?

22 A. (Jarvis) Vice versa, any time we overspend, we don't
23 get to earn on that money.

24 Q. Okay.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Jarvis) So, it is -- it is the flip of that.
- 2 Q. Okay. So, if there was a shortfall in funding for a
3 year?
- 4 A. (Jarvis) Yes.
- 5 Q. Okay.
- 6 A. (Newberger) And, also, that's a budget amount. That we
7 only earn the incentive back if we meet our targets.
- 8 Q. Understood.
- 9 A. (Woods) And, I guess I just also want to add that not
10 all of the carryover is necessarily previous program
11 dollars. That sometimes there, you know, the sales
12 might have been higher than what was projected, and so
13 that actually is new, it has not been included in prior
14 budgets.
- 15 Q. Fair enough. Good point. Thank you. New Hampshire
16 Electric Cooperative, did you ask any of the other
17 utilities to help offset the deficit you have in your
18 program budget by contributing some of their SBC funds
19 to your budget, so that you could reduce the impact on
20 your ratepayers?
- 21 A. (Woods) No.
- 22 Q. Is there anything that prevents you from doing that, to
23 the best of your knowledge?
- 24 A. (Woods) Well, I guess -- I guess, you know, the dollars

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1 that the Co-op collects from our members in their SBC
2 charges, you know, we believe that, you know, that we
3 would spend that on behalf of our members. And, I
4 don't know if there's something that prohibits that,
5 but I guess that some -- if another utility were to
6 approach us for that, that we would, you know, for the
7 sake of equitable distribution of dollars, that, you
8 know, we collect from our members, and then we allocate
9 and believe that we, you know, offer programs on behalf
10 of our members using the dollars that we collect from
11 them. So, we wouldn't want to -- wouldn't know that it
12 would be equitable to allocate it elsewhere.

13 Q. There are -- would you agree that there are a lot of
14 factors that go into a decision in regards to what is
15 equitable and there are lots of way that you could
16 define what "equitable" means?

17 A. (Woods) Well, I guess the way -- the way the budgets
18 have been derived and the way the programs have been
19 implemented since we started them, that was the
20 thinking, I believe, that went into how we derive the
21 current budgets that we have. So, --

22 Q. In Statute RSA 374-F, it says that "the utilities will
23 collect a Systems Benefit Charge." And, isn't that on
24 behalf of the State of New Hampshire, Mr. Belair?

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Belair) It's on behalf of customers of the four
2 regulated utilities in the state. There are some
3 municipal utilities that do not collect a System
4 Benefit Charge.

5 Q. So, out of the non-municipal utilities, but the
6 regulated utilities in the State of New Hampshire, is
7 there anything in that statute, 374-F, that says that
8 you're collecting the funds for the benefit of your
9 customers, and not for the benefit of the State of New
10 Hampshire?

11 MS. KNOWLTON: I'm going to object on
12 the basis that the question is seeking a legal conclusion
13 from the witnesses, and that, to my knowledge, none of
14 these witnesses are lawyers.

15 MR. ANEY: Fair.

16 CMSR. IGNATIUS: Do you withdraw the
17 question?

18 MR. ANEY: I'll withdraw the question.
19 And, unfortunately, -- does anybody have a copy of 374-F?

20 MS. AMIDON: I have my statute book
21 here.

22 (Atty. Amidon handing the statute book
23 to Mr. Aney.)

24 BY MR. ANEY:

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- 1 Q. Mr. Belair, do the utilities ever pool funds together
2 to do things on behalf of the entire group of utilities
3 administering or on behalf of the PUC or the State of
4 New Hampshire, in their administration of the Systems
5 Benefit Charge funded programs? Do they ever
6 collectively pool their funds together for a purpose?
- 7 A. (Belair) We've never pooled the money together. What
8 we've done is we've done programs where we've -- when
9 we do, for instance, an Energy Code training, each
10 utility will fund it in proportion to their System
11 Benefit Charge.
- 12 Q. Okay. So, you have allocated expenses according to
13 their amount of System Benefit Charge funds, is that
14 correct?
- 15 A. (Belair) That's correct.
- 16 Q. And, can you give some examples of some of the expenses
17 you have allocated that way in any given program year?
18 Are there some that are recurring? Or, what are some
19 examples of --
- 20 A. (Belair) Commercial Energy Code training.
- 21 Q. Marketing expenses?
- 22 A. (Belair) When we do evaluations, we do it proportion
23 to, you know, what the sales are.
- 24 Q. What about impact studies?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Belair) I think I just said "evaluations".

2 Q. Evaluations, okay. So, there are a number of things
3 where you actually do kind of pool funds together or
4 expenses are allocated out based on perhaps the total
5 size of the SBC funds that are collected, somehow
6 prorated across the groups. It's not uncommon for
7 groups to pool their funds together for the common
8 good?

9 A. (Newberger) I think there's a -- you have to make a
10 distinction between pooling funds together and
11 allocating expenses among the utilities.

12 Q. Okay.

13 A. (Newberger) And, I'm asking you to do that. Because
14 you're putting them together, and it's not the same.

15 Q. I guess the question then is, how is a decision made to
16 spend those funds where there is an expense that is
17 allocated? Can you give me some examples of how those
18 decisions are made?

19 A. (Belair) When there is an expense, for instance, an
20 evaluation that's done, we pay for the evaluation on
21 Exhibit 1, Page 67, it has a percentage on that page,
22 it's based on the percent of sales. And, so, what we
23 do is we allocate the expenses for that evaluation
24 based on the percent of sales on Page 67.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Q. So, for example, where it says PSNH has
2 "75.34 percent", you would incur 75.34 percent of some
3 common charge?

4 A. (Belair) When the Commission did the Technical
5 Potential Study, we were allocated the funds based on
6 these percentages.

7 Q. Okay. Fair enough. And, how is the decision made in
8 regard to -- so, do you get voting rights according to
9 these same percentages or is it done on a consensus
10 basis? Or, I mean, how -- do these percentages
11 determine the power of one vote, one utility's say in a
12 matter versus another?

13 MS. KNOWLTON: I'm going to object again
14 to this line of questioning. We're here in this docket on
15 a limited basis, which is to consider how to fill these
16 budget gaps. And, I understand that there needs to be
17 some basic understanding of the numbers to consider how
18 this budget gap should be filled. But this line of
19 questioning, I just -- I don't think that that's relevant
20 to the inquiry that's before the Commission today.

21 CMSR. IGNATIUS: Mr. Aney, are your
22 questions leading towards decisions made in the proposed
23 changes to these budgets?

24 MR. ANEY: Yes.

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1 CMSR. IGNATIUS: All right. If you can
2 keep your questions really focused on that, I think that
3 that's a fair inquiry, and go ahead.

4 BY MR. ANEY:

5 Q. So, again, if there's -- can you help me understand how
6 decisions are made in regards to using funds that
7 require all of the utilities to combine some of their
8 resources, how those decisions are made?

9 A. (Belair) I would say that, whenever we do, you know,
10 these, all these programs, all these costs are set up
11 in this filing. When expenses come out that are like
12 the evaluation, we split the costs according to the
13 sales of each utilities. And, for decision-making
14 purposes, I think that the utilities work together,
15 along with the interested parties and Staff, whenever
16 things need to get done. If there's additional things
17 that need to get done in an impact evaluation, those
18 get allocated using the same amount of money. So, the
19 utilities work together through the CORE management
20 team and through our quarterly or monthly meetings that
21 we have with interested parties and Staff. And, that's
22 how decisions get made, through collaboration.

23 Q. So, it's consensus?

24 A. (Belair) Yes.

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1 Q. Have you ever come to a consensus decision where the
2 implementation or the administration of a program was
3 centrally administered, because it was more
4 cost-effective to do it as a group, than it was to
5 repeat it four times and do it each individually? And,
6 therefore, you had resolved that it made more sense for
7 the utilities to do this as a collective basis, perhaps
8 with one contract, versus four separate times?

9 CMSR. IGNATIUS: Mr. Aney, before
10 there's a response, again, if that question has something
11 to do with the proposals here and what led to
12 decision-making on the revisions that have been submitted,
13 then that's fair. If it's a general review of decisions
14 over the past number of years of this program, I'd ask you
15 why that's relevant right now?

16 MR. ANEY: It will actually be directly
17 relevant on my next question.

18 CMSR. IGNATIUS: All right.

19 MR. ANEY: Thanks.

20 WITNESS BELAIR: Can you ask the
21 question again?

22 BY MR. ANEY:

23 Q. Have you ever decided it was more cost-effective for
24 the four utilities to do something together, rather

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1 than for the four utilities to do it independently in
2 parallel? Say, for example, you had to procure a
3 catalog or, say, for example, you had to procure some
4 M&E services to evaluate a CORE Program. Have you ever
5 decided that it made more sense for you,
6 cost-effectively, to do things as a group, versus then
7 to do it four times over to accomplish the same thing?

8 A. (Belair) Utilities do almost everything as a group, and
9 allocate the funds based on these percentages here.

10 Q. Okay. Thank you. New Hampshire Electric Cooperative,
11 if I look at Exhibit 18, and the amount of funds that
12 you expend on internal administration, external
13 administration, and internal implementation, it adds up
14 to approximately \$511,000, which is approximately 40 to
15 a little more than 40 percent of your total budget. Is
16 that a --

17 A. (Woods) If I could just get to where you are.

18 Q. Okay. Sure. It's Page 11, Table 7, in Exhibit 18.
19 So, as we understand it, M&E is largely something that
20 the PUC directs. Marketing is promotional expenditures
21 primarily. So, in terms of the cost of administering
22 your programs and managing your programs, it's
23 primarily internal implementation, external
24 administration, and internal administration, is that

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1 fair?

2 A. (Woods) Internal implementation?

3 Q. Yes. Internal implementation, external administration,
4 and internal administration?

5 A. (Woods) Uh-huh.

6 Q. Okay? And, if I add up those three, they add up to
7 somewhere in the range of about \$511,000, which is
8 about 40 percent of the total budget of \$1.2 million,
9 is that correct?

10 A. (Woods) I didn't add it up, but I'll take your word for
11 it.

12 Q. Okay. All right. So, it's about 40 percent of the
13 total. And, when you look at your need to revise your
14 budget downwards to account for a lower budget, none of
15 those numbers actually came down, except for internal
16 implementation, which came down by \$5.00, is that fair?

17 A. (Woods) Uh-huh.

18 Q. So, while you brought down the customer rebates and
19 services by about, I don't know, what was it,
20 16 percent or so, maybe -- maybe a little bit more, the
21 actual administrative costs came down less than one
22 percent?

23 A. (Witness Woods nodding affirmatively).

24 Q. Did you look to find additional internal or external

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1 administrative costs to try and bring down some of the
2 other overhead so it wouldn't have as drastic an effect
3 on the customer rebates and services that were being
4 offered?

5 A. (Woods) I guess the first point that I'd want to make
6 is that, for the last several years, we've kept our
7 external administration budget at the same level. And,
8 I would say that the amount of, I mean, in that
9 particular category contains some quality assurance,
10 but also is the cost of these sort of proceedings and
11 the legal fees that we have. And, I guess I would say
12 that, over the last year, we've spent a lot, a
13 significantly higher amount of time litigating the CORE
14 Programs, which I guess I would have to say at the end
15 of this year I'm not sure that that actually represents
16 the costs to approve programs on an annual basis, which
17 is something that is out of our control, or out of my
18 control.

19 You know, the Co-op is a member-owned
20 cooperative. We are a smaller utility than the other
21 utilities. We are 60 percent residential, where the
22 other utilities are 40 percent residential. So, there
23 are certain costs that are part of implementing
24 programs, and that you can't necessarily, you know, we

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1 don't have a large amount of staff, but we do, you
2 know, for the programs that we offer, we believe that
3 we have the appropriate staffing for that. I guess one
4 thing I just want to say is that, when we increased our
5 budgets by almost 50 percent and our programs by almost
6 50 percent, when we did the Re-CORE, we didn't -- we
7 had very little administrative costs in that, and which
8 we are actually leveraging the SBC dollars and to be
9 able to use the same implementation structure that we
10 have in place for those programs.

11 I also -- you know, each utility does
12 certain things a little bit differently. And, you
13 know, there is always decisions that you make about how
14 you implement your programs. And, one of the things
15 that we do at the Co-op is we do, actually as part of
16 implementation, is things like the HERS ratings or
17 certifying ENERGY STAR homes. So, some things that,
18 you know, each utility manages and implements their
19 programs a little bit differently. So, some of the
20 costs that show up in implementation for the Co-op may
21 be in a different category for another utility who
22 doesn't -- it's just a matter of how you categorize
23 those costs.

24 So, when we looked at our budgets, and

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1 looking at this being a short-term funding issue, that
2 we looked at the costs that we actually would have some
3 ability to reduce without doing things like letting
4 staff go. Because, if you let very highly qualified
5 staff go, it's hard to replace them. You know, it's
6 sort of the same thing as ramping up and ramping down
7 programs, is that, you know, we have what we feel we
8 need to have to be able to implement our programs for
9 our members in the most effective manner.

10 Q. Thank you. So, if I take the revised budget amount,
11 your overhead costs of internal implementation,
12 external administration, internal administration, and
13 then add in addition to that your shareholder incentive
14 budget for the year at, say, 8 percent, that
15 effectively equals half of every SBC dollar you collect
16 for the administration of the programs?

17 A. (Woods) Well, I don't know if I didn't make the point,
18 but that I would say that part of a good -- a lot of
19 the costs that show up in implementation actually are
20 direct member benefit costs. So that that could be
21 those are the costs that are associated with code
22 training, those are costs that are associated with
23 doing HERS ratings, those are costs that are associated
24 with ENERGY STAR Home Certification. So, those are not

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1 administrative costs.

2 Q. So, you're saying some of those might be better
3 allocated to the "Customer Services" column perhaps,
4 instead of the "Internal Implementation" column, to
5 make it more of an apples-to-apples comparison with
6 what some of the other utilities might have done in
7 their accounting?

8 MR. EATON: I want to object to this
9 line, because all these -- all these different categories
10 are defined at Page 48 of Exhibit 1 of what "internal
11 implementation services" are and "administration -
12 internal", "administration - external". And, I think it's
13 unfair to lump them altogether saying they're "all
14 administrative services". Those have been followed by the
15 utilities all the way through. And, I think it's unfair
16 to categorize "internal implementation services" as an
17 administrative cost, because it's a direct service cost.
18 And, we're not allowed to lump them into "Customer Rebates
19 and Services", according to this agreed upon
20 categorization of costs.

21 MR. ANEY: I guess I would just like to
22 point out that National Grid has zero dollars in internal
23 implementation for about the same size budget as New
24 Hampshire Electric Cooperative. New Hampshire Electric

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1 Cooperative has \$400,000, or 30 percent of their total
2 budget in there. So, I would suggest that it perhaps
3 means that maybe people aren't accounting for things on an
4 apples-to-apples basis. Which is why I was asking some of
5 these questions in regards to what was in there. And,
6 perhaps maybe that explains some of the significant
7 variance between the various programs in regards to how
8 they're actually accounting for their expenses.

9 WITNESS WOODS: Well, I guess I just
10 also want to point out that New Hampshire Electric Co-op
11 is the only utility in the state that actually is a
12 completely New Hampshire based company. And, so that we
13 don't have resources in our sister companies that we can
14 leverage so that, you know, what we need to rely on, I
15 mean, we are just a New Hampshire company, so we don't
16 have any subsidiaries or affiliates that we can share
17 resources with.

18 BY MR. ANEY:

19 Q. Are you suggesting then that the other utilities aren't
20 including costs of administering their programs in
21 their budgets?

22 A. (Woods) I guess what I'm saying, and I guess I can't
23 speak for the utilities, but I think what I said a few
24 minutes ago was that we didn't include a lot of

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1 administrative expenses in our Re-CORE funding
2 proposal, meaning that we were going to leverage the
3 staff that we had to be able to provide expanded
4 services. So, I don't know if you could say that that
5 would be similar for how the other utilities are with
6 their other companies, but...

7 CMSR. IGNATIUS: Let me remind everyone
8 please. What we're doing here is not evaluating the CORE
9 Programs overall. We have a mechanism for that through
10 the quarterly meetings, we have dockets to look at the
11 entire budgets. We're looking at the changes that the
12 utilities are proposing as a result of the SB 300 mandate.
13 So, if it's relevant to the changes that are proposed, and
14 whether they're good changes or bad, then we can go into
15 them. If it's whether the overall program is designed the
16 way, that's already been approved, should have been
17 designed differently, whether a definition should be
18 changed, those are fair issues to address, but not in this
19 proceeding.

20 MR. ANEY: I guess I would just like to
21 make a comment that one of the things we're struggling
22 with is trying to figure out how to make each SBC dollar
23 go a little further and contribute as many of those back
24 to the benefit of ratepayers as we possibly can. And, so,

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1 as we look at what is being done to actually reduce
2 expenses, to make more of those program dollars flow back,
3 I think it's appropriate to look at the expenses that are
4 being incurred by each of the utilities. And, to the
5 degree that there are significant discrepancies, perhaps
6 it highlights opportunities that have been untapped, and
7 there could be additional opportunities for addressing
8 some of the deficits that we -- that the utilities have
9 proposed need to be backfilled perhaps with RGGI dollars.

10 So, I hope you do have some patience for
11 a couple more questions along the expense lines, because I
12 think it is appropriate. And, if it's okay, I'll proceed.

13 CMSR. IGNATIUS: All right. Well, with
14 the admonition to try very hard to keep it focused on the
15 reductions that are being proposed or alternate reductions
16 that you would propose to be considered as an alternative
17 to what's been proposed. But not just a sort of wholesale
18 re-evaluation of the CORE Programs.

19 MR. ANEY: Well, I'm clearly not trying
20 to do that.

21 CMSR. IGNATIUS: Thank you. One second.

22 (Brief off-the-record discussion
23 ensued.)

24 CMSR. IGNATIUS: Mr. Aney, if we can,

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1 are you getting close to conclusion of your areas?

2 MR. ANEY: Yes.

3 CMSR. IGNATIUS: All right. Why don't
4 we go ahead with you, I don't want to interrupt you, and
5 then maybe we'll take a break.

6 BY MR. ANEY:

7 Q. Can each of the utilities identify which programs so
8 far have been either fully committed or are
9 near-committed, or they expect to be committed by the
10 end of the first quarter to a degree of more than
11 90 percent of their 2010 budget, starting with PSNH?

12 A. (Belair) None.

13 Q. You don't expect any that are going to be committed
14 more than 90 percent by the end of the first quarter?

15 A. (Belair) I don't think they will be 90 percent
16 committed by the end of the first quarter.

17 Q. Thank you. And, the Co-op?

18 A. (Woods) Just want to check my numbers. Currently, the
19 Home Performance with ENERGY STAR Program is fully
20 committed. And, I guess I want to just qualify, by
21 "fully committed", that means that we have, you know, I
22 guess, if you just step back to this, we have different
23 categories that we use for how subscribed a program is
24 in our quarterly reporting, which is complete in

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1 process and perspective, and each of those things have
2 specific definitions.

3 Q. Yes.

4 A. (Woods) And, so, I'm not sure what you're asking for
5 specifically.

6 Q. Are you at a point, when you look at the pipeline of
7 opportunities, where you would believe that you are
8 essentially 90 percent filled for the year?

9 A. (Woods) So, for New Hampshire Electric Co-op, we are
10 there with the Home Performance with ENERGY STAR
11 Program, the Small C&I Program, the ENERGY STAR Homes
12 Program, and possibly the Large C&I Program. Now, we
13 do have that Re-CORE funding, where we were looking at
14 shifting some dollars, which will help us to extend
15 that program out farther. And, if we were to -- but,
16 without the RGGI, additional RGGI funding, we would
17 need to close those programs.

18 Q. If you were to look at your 2010 marketing expenses for
19 those programs, which you've already cut pretty
20 drastically, do you see any opportunity to reduce that
21 marketing any more, given that they're almost fully
22 booked for the year or have you already spent that
23 money?

24 A. (Woods) No. No. Well, I mean, I think, in the ENERGY

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1 STAR Lighting and ENERGY STAR Appliance Program, a lot
2 of the -- you know, there are expenses that are
3 associated with circuit riders and things that, you
4 know, keeping coupons and things in the store so that
5 that program can continue to operate. So, we would not
6 be able to cut those. And, I reduced very much, you
7 know, there are some materials and different booklets
8 and things that we may find that we need during the
9 year to have available for educational purposes. And,
10 so, I wouldn't feel comfortable going down to zero and
11 saying that we would have nothing available to be able
12 to have any of those kinds of materials. But I think
13 we went as low as we think we can go to still be able
14 to manage the programs.

15 Q. Thank you. Until?

16 A. (Jarvis) I don't have that information directly in
17 front of me, but I do not believe that we are that
18 close to being committed.

19 Q. Do you believe that, based on the level of demand
20 you're seeing so far this year, relative to last year,
21 and the size of your budget, and the amount that you
22 actually spent on marketing versus budgeted for
23 marketing, you're going to need as much marketing
24 expense or promotional expense in 2010 as you did

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1 relative to last year, what you actually spent?

2 A. (Jarvis) Well, I guess what I can say is that, given
3 the discussions that we had during the various monthly
4 meetings that we've been having, Unitil already did cut
5 its marketing budget in response to that. So, I guess
6 that I would say that we would not anticipate spending
7 the budget that we originally filed back in September.
8 I'm not sure if that answers your question, but --

9 Q. Did you know how much you spent on marketing in 2009?

10 A. (Jarvis) Not off the top of my head, no.

11 Q. Roughly?

12 A. (Jarvis) I honestly don't know.

13 Q. Okay. And, if -- but do you believe this year's pace
14 of demand is on par with what you experienced last
15 year?

16 A. (Jarvis) I would say probably not. I think that it's
17 probably, between the regular budget -- I'm sorry, the
18 regular CORE Programs and the -- I think we're calling
19 it "Re-CORE", I believe that the activity is the -- I
20 don't want to call it "marketing", but the, you know,
21 shaking the trees and whatever you want to call it, you
22 know, the outreach from the program administrators is
23 probably stronger than it has been. So, I think the
24 activity is probably higher.

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1 Q. National Grid?

2 A. (Newberger) Relative to the budgets that were -- that
3 are currently approved, we would expect that we would
4 be fully subscribed or close to fully subscribed for
5 the -- or, "committed" I mean, for the Large C&I
6 Retrofit Program by the end of the first quarter.

7 Q. Do you believe there's an opportunity to reduce some of
8 your projected or budgeted marketing budget for that
9 program?

10 A. (Newberger) It's pretty small.

11 Q. Okay. Fair enough.

12 A. (Belair) Mr. Aney?

13 Q. Yes.

14 A. (Belair) Just to add onto mine, I'd just like to say
15 that the ENERGY STAR Homes Program and the Geothermal
16 Program --

17 Q. Yes.

18 A. (Belair) -- are probably going to be close to the
19 90 percent committed. And, our Fuel Neutral Program
20 will be 100 percent committed by -- I believe it's
21 100 percent committed right now, the 200 homes that
22 we're going to do fuel neutral.

23 Q. And, for either of those, do you think that allows you
24 to potentially reduce your promotional expenses going

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1 forward?

2 A. (Belair) We have very little money in marketing in
3 those programs.

4 Q. Fair enough. But, then again, in terms of the actual
5 rebate reduction for PSNH, it was only \$35,000. So,
6 potentially, if you could find another \$35,000 in
7 marketing expenses, you could actually refill the
8 rebates that were reduced by \$35,418 to bring it back
9 up to where you were?

10 A. (Belair) I think we're going to use that marketing in
11 stuff that we were spending -- we were planning to
12 spend money on.

13 Q. And, do you think your -- do you think your marketing
14 expenditures, PSNH, for 2010, will be in line with your
15 marketing expenses for 2009?

16 A. (Belair) No. They're going to be different because,
17 during the PUC audit, we had to change our ENERGY STAR
18 Lighting Program to put the lighting catalog in the
19 marketing section. So, we're going to -- we expect
20 that we'll see a lot -- we'll see more money in the
21 marketing this year than last year.

22 Q. Okay. Fair enough. Other than that, which would have
23 left a balance of about \$123,000 of expected
24 promotional budgets for 2010, and your approved budget

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1 beyond that lighting catalog, do you expect that you
2 might have an opportunity to reduce that other 130 odd
3 thousand dollars?

4 A. (Belair) I think we've reduced them as far as we're
5 comfortable for this year with this exercise.

6 MR. ANEY: Okay. Thank you very much.
7 Those are all my questions. Thank you.

8 CMSR. IGNATIUS: Thank you. Let's take
9 a break for ten minutes, be back at 3:15.

10 (Whereupon a recess was taken at 3:06
11 p.m. and the hearing resumed at 3:22
12 p.m.)

13 CMSR. IGNATIUS: So, as I understand it,
14 looks like we have one matter before we go back to
15 questioning. Ms. Knowlton.

16 MS. KNOWLTON: Thank you, Commissioner.
17 Ms. Li needs to be excused, if that's possible. I have
18 checked with all of the parties, and nobody has any
19 questions for her. Though, I recognize that the
20 Commissioners may. Mr. Newberger will stay and continue
21 to testify on behalf of National Grid.

22 (Cmsr. Ignatius and Cmsr. Below
23 conferring.)

24 CMSR. IGNATIUS: That's fine. Thank

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1 you. Thank you, Ms. Li.

2 MS. KNOWLTON: Thank you very much.

3 CMSR. IGNATIUS: Were there other
4 parties, other than Staff, that had cross-examination who
5 have not yet spoken? Mr. Nute, go ahead please.

6 MR. NUTE: Just a couple quick questions
7 here.

8 BY MR. NUTE:

9 Q. First, for Ms. Jarvis.

10 A. (Jarvis) Yes.

11 Q. On Page 16, Table 11, on the calculation for the "Home
12 Energy Assistance" portion --

13 A. (Jarvis) Yes.

14 Q. -- of the "2010 Revised", just a question, I have
15 checked a couple of the other utilities how they
16 figured them, do you take that total at the bottom of
17 the "2,572,194" and multiply that by 14 and a half
18 percent?

19 A. (Jarvis) It actually is kind of a -- it's a back-in
20 calculated number, I believe. Hold on just a moment.

21 MS. HATFIELD: Can you move that
22 microphone up? Thank you.

23 BY THE WITNESS:

24 A. (Jarvis) It works out to be 14.443 percent. The way I

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1 do it, it's kind of a circular reference. And, it
2 should be 14 and a half percent. This number here
3 excludes the shareholder incentive. So, it actually
4 should be 14.5 percent there, which it is not.

5 BY MR. NUTE:

6 Q. Okay. Mr. Belair, same question, only you are Page 12,
7 Table 8.

8 A. (Belair) It's within -- within one decimal point, it's
9 14.5 percent.

10 Q. Within one decimal point. Okay.

11 A. (Belair) It's actually 14.5257 I think is what it is.

12 Q. And, Mr. Belair, on Exhibit 18 still, Attachment F,
13 Page 1 of 5, and just a clarification or fixing the
14 chart here, under the "HEA Program", "customer costs",
15 my assumption is that should be zero, where they have
16 the "2,040.5"?

17 A. (Belair) I believe some of those costs are, when there
18 is some collaboration, certain collaboration that gets
19 included in there.

20 Q. So, that's like \$2 million worth here.

21 A. (Belair) Well, let me just -- let me go back to see
22 where I am.

23 Q. Okay.

24 A. (Belair) I guess I'm looking back to Exhibit 1, and I

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1 have a similar number over there. And, I believe that
2 that is collaboration funds.

3 Q. Not customer costs, but collaboration funds?

4 A. (Belair) It's not direct low income customer costs.
5 It's a collaboration fund, whether it's the

6 Weatherization Assistance Program or ARRA funding or
7 something else.

8 Q. Just for clarification, all the other utilities have
9 zero there, because, looking at it as a customer cost,
10 I just want to make sure we have zero as the customer
11 cost?

12 A. (Belair) The customers don't pay anything on that
13 program.

14 MR. NUTE: Okay. That's all I have.
15 Thank you.

16 CMSR. IGNATIUS: Mr. Steltzer, did you
17 have questions?

18 MR. STELTZER: Yes. Many of my
19 questions have already been asked, but I did have one line
20 of questioning I wanted to pursue with Ms. Woods of New
21 Hampshire Electric Co-op.

22 BY MR. STELTZER:

23 Q. And, it's regarding the statement on Page 8 of
24 Exhibit 18, where the Co-op mentions the commitments

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1 for demand reduction in Forward Capacity might not be
2 able to be met. And, I just want to ask these
3 questions just for my own clarification. When was that
4 commitment made for the energy efficiencies for the
5 Forward Capacity Market?

6 A. (Woods) Well, we have -- we have participated in all
7 four, in putting in bids in all four of the auctions.
8 So, we've been -- we've actually been accumulating
9 demand savings for the first Forward Capacity Market,
10 for the first commitment period, and we continue to
11 accrue demand reductions that we will -- that we've
12 committed into the second auction, the third, and now
13 we haven't yet received our approval for the fourth,
14 which is for 2013 and 2014? For 2000 -- For June 1st,
15 2013. So, I guess the point that I just really was --
16 so, we are accumulating for each year of the programs.

17 Q. Uh-huh.

18 A. (Woods) I guess, when we look at estimating what our
19 demand reduction values would be that we would put out
20 for each period, we look at the annual programs. And,
21 so, for example, we used, for the current fourth
22 auction for 2013, we used the 2009 estimated program
23 performance for that period. And, so, I guess, if I
24 look out, so, even though we're a small company, we

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1 have been fairly conservative in what we have put in
2 for that, with a 14 percent reduction in savings.
3 Particularly where we have a smaller amount of
4 commercial savings, so to speak, I'd just say I don't
5 know that it could actually have an impact. We're
6 looking out into future years. And, you know, I've
7 already looked into the crystal ball. And, so, I don't
8 -- I just felt that I need to raise that as a concern
9 that we have, because there are consequences if you
10 don't meet your commitments. So, --

11 Q. So, if I'm right in this line of thinking, that those
12 commitments were made several years ago, and that they
13 were based off of the System Benefits funds being at
14 their funding level and the energy savings from the
15 System Benefits Charge funding?

16 A. (Woods) That's correct.

17 Q. How is the energy efficiency that's being attained
18 through the Re-CORE Program helping to meet your
19 Forward Capacity Market demands?

20 A. (Woods) Well, we actually didn't include that because
21 -- so, we didn't include it, so we also didn't include
22 the funding that was associated with it in our Forward
23 Capacity qualification package. So, those savings were
24 not included in our most recent package. And, I guess

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1 that, because that was a kind of a one-time, certainly,
2 I guess if we look at the System Benefits Charge, that
3 is a bit more stable a bit, and we would expect that it
4 -- we would expect it to kind of remain at a certain
5 level. But I didn't include the RGGI, I didn't include
6 that or any of the demand associated with that, because
7 it was a one-time thing.

8 MR. STELTZER: Okay. Thank you. No
9 further questions.

10 CMSR. IGNATIUS: Thank you. Anyone
11 other than Staff seeking cross-examination?

12 (No verbal response)

13 CMSR. IGNATIUS: If not, Ms. Amidon or
14 Mr. Ruderman.

15 MS. AMIDON: Thank you. Similar to what
16 Mr. Steltzer said, a lot of people have gone through my
17 questions. So, you will be happy to know that I have
18 fewer questions, but more in identification of some issues
19 that we probably will have to deal with in monthly
20 meetings, but I wanted to talk about them here for the
21 benefit of the Commission.

22 BY MS. AMIDON:

23 Q. But I do have a couple of specific questions for
24 Mr. Belair regarding PSNH's treatment of Forward

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1 Capacity Market revenue, the carryover that was
2 identified in the Staff audit of the 2008 year. And, I
3 think there was about \$700,000 referred to as a
4 "carryover", and I don't see that on Exhibit 19, Page 2
5 of the Table 1 that was in Exhibit 18. There you have
6 the "FCM Adjustments" at zero. Could you explain why
7 that doesn't appear there?

8 A. (Belair) We had, when we created our original budget,
9 we had calculated, and I'm trying to find out the exact
10 number, \$403,326 we included in our 2009 budget for
11 Forward Capacity Market funds.

12 Q. Okay. I had thought I heard you said that you took
13 carryovers, say, from 2008 and applied them to, not the
14 next year, but the following year, in other words, 2008
15 would have been applied to 2010. Did I misunderstand
16 you?

17 A. (Belair) No, you didn't. But, for our 2009 budget, we
18 did estimate that we have 403,000 in Forward Capacity
19 funds. So, that was included in the budget. And, the
20 audit was done --

21 Q. It was completed --

22 A. (Belair) -- as of the end of 2008.

23 Q. That's right.

24 A. (Belair) So, that 403 -- there was 403,000 from the

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1 Forward Capacity Market that's included in our 2009
2 budget. And, I'm trying to -- I can't remember exactly
3 what that \$700,000 was in that, in the audit.

4 Q. Okay. Well, we are going to be talking about the audit
5 at some of the monthly meetings, so you can expect that
6 we will try to dig into that a little bit more.

7 A. (Belair) Okay.

8 Q. The other question I had, for both you, Mr. Belair, and
9 for Ms. Jarvis, is whether, in the February 19th
10 budget, in calculating the performance incentives for
11 the Home Energy Solutions, which is the Fuel Neutral
12 Program that the companies conduct, did you include
13 only performance incentives related to the electric
14 savings?

15 A. (Belair) I did it the same way I did the other program.
16 And, I think I included it in there. And, I know that
17 we have a Staff request to pull it out, and I haven't
18 pulled it out yet.

19 Q. Do you know how much money that -- would that money
20 that is then made available be able to be transferred
21 to another one of the CORE Programs or is this just a
22 budgeted amount?

23 A. (Belair) It's a budgeted amount. And, I'm not exactly
24 sure what it would be.

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1 Q. How about you, Ms. Jarvis?

2 A. (Belair) We did not include it in there. We actually
3 responded to a record request as part of the original
4 docket, I don't know what the number was, where we
5 supplied the shareholder incentive. And, it was only
6 on the electric.

7 Q. Okay. Thank you. I believe Ms. Hatfield addressed the
8 issue, Mr. Belair, you're getting all the hard ones, on
9 the RSA 125-O set-aside. And, as I understand, from
10 the technical session and from today's testimony,
11 there's about \$540,000 left in that set-aside. Do you
12 have specific obligations for that money or is this
13 something that you just want to hold it aside in the
14 event an opportunity comes up?

15 A. (Belair) We have some obligations for some of them.
16 We're working on retrofitting an area work center right
17 now. And, that's going to be between 30 and \$40,000.
18 With respect to the others, we'll continue, we've been
19 looking for opportunities at all of our other
20 facilities. And, in addition to that, I think that we
21 were looking at possibly earmarking some of that for,
22 potentially, for one of the beacon communities that's
23 being -- a beacon community, a project where the EESE
24 Board and others are looking to get federal funding.

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1 And, we are looking at we might be able to use this for
2 matching funds to help get that project approved.

3 Q. Do you believe that that is a use that's allowed under
4 RSA 125-O? I thought that was restricted to allowing
5 PSNH to use 2 percent of the money that may be left
6 over at the end of the year for PSNH's own energy
7 efficiency programs?

8 A. (Belair) That's a good question. I guess two of the
9 communities we looked at in the beacon communities is
10 Nashua and Berlin, and PSNH has facilities in both of
11 those towns. So, we would look at possibly doing
12 things at PSNH facilities in those towns.

13 Q. And, these activities are subject to an annual report
14 to the Commission and to the Department of
15 Environmental Services, is that correct?

16 A. (Belair) Yes. That's correct.

17 Q. Okay. Do you believe that -- well, this is perhaps a
18 legal question, but let me see if I can ask it in a way
19 that doesn't ask you to give me a legal opinion. Have
20 you heard from your attorney any issues with respect to
21 taking some money that's in that 2 percent set-aside
22 and then moving it back to the CORE Programs? Again,
23 looking at RSA 125-O, it says "for PSNH's own energy
24 efficiency use." Have you been informed of any

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1 problems with moving it back into the CORE Program?

2 You can just say "yes" or "no".

3 A. (Belair) I'm not aware of any.

4 Q. Okay. And, finally, I did have a series of issues on
5 the carryover as well. So, I just want to get out on
6 the record that, do carryovers sometimes include extra
7 revenues that weren't anticipated because of changes in
8 the sales? Anyone can answer that.

9 A. (Belair) Yes.

10 Q. Okay. Do carryovers -- or, do you deduct any kind of
11 multiyear obligations from those carryovers? In other
12 words, if you have something that carries over from
13 2009 to 2010, do you deduct any payments you may make
14 in 2010 on particular multiyear programs from the
15 carryover?

16 A. (Belair) We -- PSNH has not done that. And, it's only
17 based on what actually got spent for the 2009 program
18 period.

19 Q. Okay. So, it's -- I get it. If you receive extra
20 revenue, do you segregate that money from the revenue
21 that you carry over that may have already been subject
22 to performance incentive calculations?

23 A. (Belair) I think, in the past, we've never -- I don't
24 think we've earned an incentive twice on the same

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1 funding.

2 MS. AMIDON: Okay. If you would just
3 give me a moment please.

4 (Atty. Amidon conferring with Mr.
5 Ruderman.)

6 MS. AMIDON: Commissioner Ignatius,
7 those are all the questions I had. I didn't expect to get
8 specific answers, but I just wanted the Commission to know
9 that Staff is looking at a number of issues related to the
10 carryover and some other uses of the funds and in the RSA
11 125-O Fund.

12 CMSR. IGNATIUS: Thank you.

13 MS. AMIDON: That's it. Thank you.

14 CMSR. IGNATIUS: Thank you.

15 Commissioner Below, questions?

16 CMSR. BELOW: Thank you.

17 BY CMSR. BELOW:

18 Q. Let's start, Mr. Belair, with Table 1, and the 894,000
19 that's being -- you're proposing to transfer from the
20 SmartStart Revolving Loan Fund. Can you characterize
21 the original source of those funds?

22 A. (Belair) It came from the System Benefit Charge. When
23 we had the SmartStart, we started allocating a certain
24 amount of money each year into the Revolving Loan Fund,

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1 over -- since 2002 or so, or '01.

2 Q. Okay. And, is the entire portion of the funds that are
3 current obligations, 1.8 million, is that all to
4 municipalities, or does it include some other types of
5 customers?

6 A. (Belair) PSNH is only serving municipal customers,
7 federal, state, local.

8 Q. Well, I understand that the program has only been
9 serving municipal customers recently. Has that always
10 been the case?

11 A. (Belair) Yes.

12 Q. SmartStart has only ever served municipal customers?

13 A. (Belair) For PSNH, yes.

14 Q. Okay. So, you would have about a couple hundred
15 thousand balance, and expect repayments of about
16 \$600,000 over the course of the next -- of the rest of
17 the year?

18 A. (Belair) Yes.

19 Q. Okay. And, your feeling is that's sufficient to meet
20 any demand that might be there for that program?

21 A. (Belair) We think it is. We're hoping it will be.

22 Q. Okay. In the first page of Exhibit 18, there's a
23 statement that says, looking at the shortfall of
24 approximately half a million dollars after all these

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1 steps have been taken, there's a statement that "These
2 cuts will have significant consequences. Specifically,
3 the additional funds reallocated by the utilities could
4 have been used to served more customers and get more
5 energy savings." And, then, there's a reference that
6 New Hampshire Electric Co-op is seeking to make up its
7 shortfall of 148,000. And, then, a comment that "PSNH
8 is not seeking RGGI funds" to make up for its
9 shortfall. The other utilities having to figure out
10 ways to keep their programs whole. Could you explain
11 why PSNH is not seeking funding, in light of the
12 statement that there will be significant consequences?

13 A. (Belair) I guess, during some of the meetings with
14 interested parties and Staff, there was a little bit of
15 a hesitancy to go after RGGI funds in order to fund
16 this. And, we tried to do everything we could not to
17 go after that. And, so, I guess that's the reason why
18 we decided not to seek that funding from RGGI.

19 Q. Okay. Ms. Woods, with regard to, on Page 8, you state
20 that, and you reiterated this in your testimony, that
21 you're close to the point where you need to close the
22 ENERGY STAR Homes, Home Performance with ENERGY STAR,
23 and Large C&I Retrofit Programs without additional
24 funding, and likely the Small C&I Retrofit Program.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 With the supplemental funding, how much time would you
2 expect that to buy for those programs?

3 A. (Woods) Well, I guess, for the Home Performance with
4 ENERGY STAR Program, the Co-op still is serving members
5 who have electric heat. And, we have -- we did, I
6 don't know if this might be too much information, but,
7 with the Re-CORE funding, we expanded to the Fuel
8 Neutral Program. We are actually fully -- we actually
9 are currently -- if the budget is cut, we are
10 oversubscribed. We're fully committed for that
11 particular program. We did have it in the Re-CORE.
12 So, we would be oversubscribed. I mean, that's kind
13 of, but --

14 Q. With or without?

15 A. (Woods) Without. Both, actually. We're fully
16 subscribed with; we're oversubscribed without. So --
17 for that one program. So, we -- also, we're looking at
18 the other RGGI funding that we had, and, with the
19 Re-CORE funding, and we're looking at the Revolving
20 Loan Fund, and perhaps putting in a -- because that
21 particular loan fund was to fund co-pays, to allow
22 members to pay their co-pays for that particular
23 program on their bill. And, so, if the program is
24 oversubscribed, we probably would not be able to

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1 utilize all the funding for that loan fund. So, what I
2 was looking to do was to put in a proposal to shift
3 some of that Revolving Loan Fund's dollars into program
4 dollars to balance somehow that demand. And, so,
5 between those, between the two sources of funding, we
6 should be able to manage the program longer, and
7 perhaps, I'm not sure if we would make the whole year
8 or not, but we've actually had pretty good demand for
9 that program.

10 And, on the Small C&I side, we are
11 currently about, without shifting that other RGGI
12 funding, we have about \$70,000 more in requests or
13 potential projects than we have funding. So, we are
14 also looking at shifting some of that. And, with that
15 other RGGI funding, we should be able to continue that
16 program. Using all of those sources together, we
17 should be able to manage the programs throughout most
18 of the year we're hoping.

19 Q. In your calculation of a shortfall of \$148,534, that
20 did assume the carryover of 65,500 from previous year
21 funding has already been factored in in mitigating the
22 shortfall. But I think one thing I'm a bit confused
23 about still is you've also proposed to reduce the
24 marketing budget and shift it into program rebate

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 budgets by \$44,829. So, you end up with only about a
2 73,000 shortfall in the actual program expenditures.
3 There's still -- there's another gap in there, which is
4 something else. But, just taking the 148,000, and if
5 you subtract from that, and would it be fair to
6 subtract from that the marketing budget allocation of
7 44,829, and see that as an amount that would be
8 sufficient to fully restore your program service
9 budgets, assuming you preserved the reduced marketing
10 level of expenditure that you proposed?

11 A. (Woods) Well, I would say, in the discussions that we
12 had about our marketing about, and I -- when we were
13 discussing these marketing budgets, had we not had this
14 shortfall issue, we probably would not have reduced our
15 marketing budget for 2010. I would say that we
16 probably would not have reduced. We reduced the
17 marketing budgets because of the discussions that we
18 had at the different meetings. Although, I would say
19 that the Co-op's particular marketing budget we have --
20 it isn't -- it wasn't necessarily as much at issue the
21 level of spending that we had there. So, we did shift
22 that to offset some of the shortfall. We might -- We
23 would leave it there for 2010, regardless of whether or
24 not we did get the RGGI funding. Going forward in

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 2011, I'm not sure that that reduced marketing budget
2 is truly reflective of the marketing budget that we
3 would need to have going forward. We do have a high
4 program demand. We did have some other initiatives
5 that we were planning on looking at on our C&I side to
6 reach out to members who haven't participated. So,
7 we've, because of the Small C&I demand, and because of
8 the budget shortfall, we've made some different
9 decisions. So, I'm not sure I'm answering your
10 question, but...

11 So, yes, we could ask for less. We
12 didn't ask for less, because of the volume of demand
13 that we have for our programs. And, that we had
14 shifted those dollars, and we're looking at, for 2010,
15 having a reduced marketing, and shifting more into
16 rebates, because of our program subscription, and
17 looking at the shortfall as a whole, to increase the --
18 to decrease the marketing and increase the rebate
19 percentages for 2010.

20 Q. So, if you were granted the \$148,534 that Exhibit 18
21 seems to represent that you're requesting, do you know
22 how you would apply those funds exactly?

23 A. (Woods) As --

24 Q. Because, let me just clarify further, on Page 9, on

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Item 4, it talks about the marketing budget allocation
2 being reduced. And, it says this "will be done
3 regardless of supplemental funding request outcome."
4 So, if that is presumed to still be a true statement,
5 then it seems like the \$148,000 request would more than
6 cover what you've proposed -- your original rebate
7 levels?

8 A. (Woods) So, it would all be into rebates. So, that
9 additional -- so that what the 40 some odd thousand
10 difference I guess would go into the rebate budgets,
11 and it's not currently reflected in the rebate budgets
12 that we have here.

13 Q. Okay.

14 A. (Woods) So, we would add that to rebates.

15 Q. Ms. Jarvis, on Page 16, Paragraph 4 states that "The
16 marketing budgets were reduced and approximately
17 \$75,000 [was] shifted into program rebate budgets."
18 And, then, there's some summaries of that. And, it
19 appears that, or I thought I saw it someplace, that the
20 net effect was to increase some of your program budget
21 items. But maybe what you're doing is just keeping --
22 is the effect that you're keeping the amount that's
23 available for rebates the same or is it actually
24 increasing somewhere?

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 A. (Jarvis) We're moving the money out of marketing, into
2 rebates.

3 Q. Right. So, on Table 13, on Page 18, you see the
4 variance at the bottom that 75,000. So, we see
5 increased rebate levels in a number of categories in
6 the Revised 2010 CORE budget proposal, is that correct?

7 A. (Jarvis) Yes.

8 Q. And, does this affect your estimate? I guess my
9 question is, this doesn't seem to affect your estimate
10 in Table 12 of program savings, in terms of lifetime
11 kilowatt-hours, which seems to be the bottom part.
12 And, the middle part, which may be incorrectly labeled,
13 is perhaps the number of customers served?

14 A. (Jarvis) Yes. Actually, that is an incorrect label.
15 Sorry. That should read "Program Participants", and it
16 should not be "lifetime".

17 Q. In the middle box part of the page?

18 A. (Jarvis) Yes.

19 Q. Yes. So, did you just not bother to recalculate those
20 program parameters or would you expect them not to
21 change with the increased rebate levels?

22 A. (Jarvis) We did not -- I did not recalculate savings or
23 participation.

24 Q. Would you expect those to increase?

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 A. (Jarvis) Well, it ends up -- it really depends on what
2 this money is used for. To step back a little bit,
3 several years ago we used to use our key accounts
4 people to do marketing for these programs. And, that's
5 sort of why that the dollars were so high. We've since
6 reorganized, we've acquired a couple of new programs,
7 and our resources on the energy efficiency side became
8 spread a little thinner. And, so, our key accounts
9 people are now doing more of what I would call "program
10 implementation", where they're actually going out to
11 the customer and helping them develop the program and
12 so forth. So, I don't know if the dollars would
13 actually end up being in the "rebate" bucket itself or
14 whether it would end up in the "program administration
15 dollar" bucket, depending on where the customer -- I'm
16 sorry, where those employees actually would end up
17 charging their time. Because part of that "rebate"
18 bucket is, I believe, a small portion of it is audits.
19 And, so, I, without trying to slice and dice, I really
20 -- I didn't feel that the change was warranted,
21 changing the budget -- or, I'm sorry, changing the
22 savings and the incentive or participation.
- 23 Q. But you are proposing -- you're seeking approval for
24 your revised 2010 CORE budget to shift the money out of

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 marketing and into rebates and services, correct?

2 A. (Jarvis) Yes.

3 Q. All right. I would like all the panel to turn back to
4 Exhibit 1, at Page 51, and that's the last page in the
5 section entitled "Shareholder Incentive Methodologies".
6 And, at the top of the page, it says "The New Hampshire
7 electric utilities have set aside a portion of their
8 budget for the shareholder incentive." And, then, it
9 cites the Energy Efficiency Working Group Report that
10 was excerpted, a part of which entered as Exhibit 22
11 today. And, it quotes the part that says "For
12 incentive calculation purposes only, "planned energy
13 efficiency budget" is defined as the total program
14 budget minus shareholder incentives." And, then, it
15 shows a formula to sort of get at this calculation.
16 But what it -- it defines a term called "budget total",
17 which is total dollars budgeted, presumably for the
18 energy efficiency programs, and then shows how the
19 incentive could be calculated as 0.074074 times the
20 budget -- total dollars budgeted, is that correct?

21 A. (Belair) Yes.

22 Q. And, for the purposes of all these revised budgets that
23 have been presented, and how you've reconciled that
24 with the Settlement that stated, on Page 7, that "for

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 purposes of the 2010 budget, the HEA Program shall
2 comprise 14.5 percent of the total funds available for
3 the 2010 CORE Programs." You've taken that phrase
4 "total funds available for the 2010 CORE Programs" and
5 you haven't equated -- you have not equated it to this
6 budget -- term "BUDGETtot" on Page 51 of the CORE
7 filing, is that correct?
- 8 A. (Belair) That's correct.
- 9 Q. You've used a different figure for funds available?
- 10 A. (Belair) Yes.
- 11 Q. And, it's more equivalent to -- well, there is nothing
12 equivalent in here, I guess. And, then -- so, I guess,
13 could each of you explain your rationale for why you
14 figure 14.5 percent of the total funds available is
15 something less than the total funds available or the
16 total budget for the energy efficiency programs?
- 17 A. (Belair) I think, in the Settlement Agreement and in
18 the order approving the document, it says "total funds
19 available for" --
- 20 A. (Woods) Programs.
- 21 A. (Belair) -- "for programs". And, we I guess translated
22 "CORE Programs" to be those programs that are available
23 to customers in New Hampshire, and not to shareholders
24 or member, you know, member incentives. So, we

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1 basically took, if you go back to the Page 51,
2 Commissioner Below, and where it says "Incentive equals
3 8 percent times", and then in parentheses, we used what
4 was in parentheses as the budget, the total funds
5 available for program -- for those programs.

6 Q. Used the total budget total or total dollars budgeted,
7 less incentive, and then took 14.5 percent of that?

8 A. (Belair) That's correct.

9 A. (Woods) Well, I guess, I, because it says "total
10 funding available for programs", plural, and the Home
11 Energy Assistance Program is one of eight programs, and
12 so I didn't -- So, in looking at, in that case, why you
13 would treat it differently than any other program for
14 calculating the budget purposes, we treated it the same
15 as we treated all the other programs, as it said in the
16 Settlement Agreement, is "total funding available for
17 programs."

18 Q. For the 2010 CORE Programs, in capital letters?

19 A. (Witness Woods nodding affirmatively.)

20 Q. I guess that's the crux of the confusion, whether "2010
21 CORE Programs" refers to the total, the total program
22 realm.

23 A. (Newberger) I think what Ms. Woods was suggesting is
24 that, if you said "available funding for HEA was

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1 different", because, if you took it off -- if you
2 included the incentive in the calculation of that
3 percentage, then you'd say that "the total funding
4 available for that program was different than the
5 funding available for the other programs."

6 Q. I'm not sure I followed your point.

7 A. (Newberger) I don't know if it would be helpful to try
8 to rephrase it.

9 (Laughter.)

10 MS. AMIDON: Good try.

11 CMSR. BELOW: Okay. Well, I would just
12 note, the Commission analysis, in Order 25,062, puts yet
13 another spin on it, which states that, "with respect to
14 the HEA programs, the Settlement Agreement provides that
15 14.5 percent of the SBC fund be devoted to HEA programs",
16 which is a higher percentage than the original filing. I
17 think everybody agrees to the latter part of that
18 statement. Let's see if I had any other questions.

19 (Short pause.)

20 CMSR. IGNATIUS: I have a couple of
21 questions to clarify testimony to make sure I understand
22 it.

23 BY CMSR. IGNATIUS:

24 Q. Ms. Jarvis, you had said that the Forward Capacity

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 Market funds from 2007 to 2009 that had been left out
2 are now being included. And, I want to be sure the
3 money is truly available to be spent on CORE Programs.
4 A. (Jarvis) Okay. I think I confused Ms. Hatfield, or
5 should I say "Attorney Hatfield", OCA. When -- From an
6 accounting perspective, the funds from the FCA had
7 never been added into the SBC reconciliation model.
8 The reason they were not done, that was not done,
9 because I never sent a change order or whatever up to
10 Accounting to do it. Because, you know, I'm basically
11 the gate keeper of these things. When I sit down and
12 do the budget, however, I incorporate it, in prior
13 years, I incorporated that balance, and, in the back of
14 my head, said "send this up to them, so they can bring
15 the money in." I never sent that in. I never sent it
16 up, so that change never was done.

17 However, I set a budget, and, again, I'm
18 just going say it was for \$100,000. The program
19 administrators -- and that \$100,000 assumed that that
20 money was pulled forward and Accounting did that
21 transfer. Our program administrators spent the
22 \$100,000. So, in effect, they overspent, because I
23 never brought that money in. So, the ending balance,
24 as of the end of we'll say just the first year was

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1 whatever it was, \$100,000, minus the amount of money --
2 FCM money that was supposedly earned that year. So,
3 we'll say it was, you know, one third of the \$254,000
4 that was actually carried over this year. So, that
5 negative -- that's a negative amount of money that was
6 not in the SBC fund that should have been.

7 So, the next year came along and I set
8 another budget. We had another one third come in that
9 I assumed was in the budget, but I didn't, again, I
10 didn't bring forward into the budget. So, the second
11 year had the first year's net difference, plus the
12 second year's net difference, because, again, let's say
13 that the program administrators spent right on target.
14 So, again, in the second year, they overspent. So, we
15 had two years now of overspending. That money was
16 never reconciled.

17 This year came along and was -- if I had
18 done this correctly, I would have said "Oh, Staff had
19 found \$257,000" or "\$254,000", whatever it was, I
20 needed to bring that into this account, into the SBC
21 fund account, because to offset all of the under --
22 overspending that they had been doing for the past
23 three years. I didn't do it. I forgot about it. So,
24 I didn't bring that forward.

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1 Once I brought it forward, though, I --
2 let me back up. I did not bring it in when I did the
3 2010 budget back in September, what was filed in
4 September. So, the budget that I proposed for 2010 did
5 not include, it was -- the fund balance coming forward
6 was understated by the \$254,000 that I didn't bring
7 forward. When we -- so, the 2010 budget was that much
8 lower than it could have been. When we sat down and
9 started looking at this for the SBC [SB?] 300, I
10 realized what I had done, that I had not included it.
11 So, what I needed to was to, and, actually, it's
12 already been done, in July, that transfer was made, and
13 what it did, it increased the fund balance
14 carry-forward into all of the three sectors that, or,
15 actually, it was just the two sectors, and then the low
16 income gets calculated off of those.

17 So, in effect, last year I understated
18 that balance. This year, when I did this again, I
19 understated the balance, I underestimated what I was
20 going to have for funding. When I had -- When we redid
21 the budget this time, I brought that money in. Because
22 it was never calculated, it was never included in the
23 2010 budget originally, it was, in effect, money that I
24 had not brought in. So, it's new money. It has not

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1 been spent. Did I help any?

2 Q. Well, as long as the -- I think so -- that the extent
3 to which you overspent isn't being replenished with
4 those funds now, that it truly is incremental money
5 that can be spent in 2010, and won't just go to
6 backfill the amount that was overspent in the prior two
7 years?

8 A. (Jarvis) Yes. Because the ending balance of
9 December 2009 already -- never had that in there, it
10 was never in there at all. So, when I bring it in in
11 2010, it is not -- because I know, I know what my
12 ending balance is as of December 2009, I know what that
13 number is, and that's \$159,000 extra, over --
14 over-collected. So, that's what our accounting books
15 have said. In the middle of 2009, they brought in an
16 additional \$250,000. So, it is, in effect, new money
17 coming in. It is not backfilling.

18 Q. All right. Thank you. Mr. Belair, I want to ask you
19 to explain a little further two different answers that
20 I heard inconsistent responses, but they may have been
21 slightly different questions, so I'd ask if you can
22 help me with it. When Mr. Aney was asking you about
23 the incentive monies and whether there had been, in
24 effect, an incentive paid twice for the same money,

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1 because it would appear in one year in one category,
2 and then be carried forward and put back in again in
3 the second year, I thought you said "yes, that that
4 could happen and, in fact, has happened." And, then,
5 when Ms. Amidon was asking you a question about
6 incentives, I thought you said you had "never known of
7 an instance where there was an incentive paid two times
8 for the same dollars." So, let's not worry about what
9 I heard, let's just give you a chance to explain where
10 we are.

11 A. (Belair) I can see how I could have -- I have made that
12 confusing, and I apologize for that.

13 Q. That's all right. Tell me what the status is for
14 incentives and whether there are instances in which
15 you, and is there any proposal here, to pay incentive
16 on funds that have already been used as a calculation
17 for incentives in the past?

18 A. (Belair) I guess, when we calculate our budget, if
19 there's a carryover, we include that in the budget, and
20 we -- and, if it's a carryover or a carryunder, we'll
21 include that in the budget for the following year.
22 And, we -- we will calculate the shareholder incentive
23 on that amount.

24 CMSR. BELOW: One thing, to qualify.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 CMSR. IGNATIUS: Go ahead.

2 BY CMSR. BELOW:

3 Q. You're actually referring to you'll calculate the
4 budget for the shareholder incentive based on that?

5 A. (Belair) Yes.

6 Q. Because, in fact, the actual shareholder incentive
7 occurs much later, and is not, per se, a function of
8 the budget, it's more a function of the kilowatt-hours
9 saved, versus what was expected and things like that?

10 A. (Belair) It's based on -- it is based on the budget,
11 and it's based on the kilowatt-hour savings and the
12 benefit/cost ratio.

13 Q. Right.

14 A. (Belair) So, yes.

15 BY CMSR. IGNATIUS:

16 Q. So, if you had a budgeted amount that the incentive was
17 calculated on, and let's just say only 50 percent of
18 the money was actually expended. So, you have this
19 enormous carry-forward. Does that again -- you would
20 again calculate an incentive on that and at the end of
21 year -- I mean, is there a --

22 A. (Belair) Yes, you would calculate it.

23 Q. The Company gets a greater incentive by producing fewer
24 savings? And, do we have a perverse incentive in place

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1 here?

2 A. (Belair) We get a greater incentive by producing future
3 savings?

4 Q. No, I've confused you.

5 A. (Newberger) If we're efficient and underspend, but
6 still make the savings targets, then that money that's
7 underspent will be carried forward to the next year and
8 will be available for spending. And, when we calculate
9 the incentive budget for the year, it will be included
10 in that calculation.

11 Q. And, if you had a situation in which you have a less
12 than robust program, budgeted funds are not being
13 expended as budgeted, what happens to the incentive
14 calculations?

15 A. (Newberger) And, you're saying "less robust" because --
16 that means we will not have achieved the savings
17 targets?

18 Q. Or the programs simply aren't implemented.

19 A. (Newberger) Right. So, for some reason or another, we
20 won't hit our savings targets?

21 Q. Yes.

22 A. (Newberger) So, in that case, the Company, whatever
23 company, would not earn its incentive, so that there
24 would be unearned incentive relative to what was

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1 budgeted, and that would carry forward into the -- the
2 underspending and the unearned incentive would carry
3 forward into the next year.

4 Q. Well, let me be sure I understand, because Commissioner
5 Below just asked, you calculate -- you pay the
6 incentives on the basis of actual savings, and,
7 Mr. Belair, your answer was "no, it's a combination of
8 actual savings realized and the budget." So, help me
9 understand that.

10 A. (Belair) It uses the budget, and then it uses a ratio
11 of actual savings over planned savings, and actual
12 benefit/cost ratio over planned benefit/cost ratio.
13 I'd also like to go over the past few years, I believe
14 that for about five or six years, what we've done is
15 we've estimated a budget up here, and we've actually
16 had sales that were higher than that. So, what's
17 happening is, we're calculating a shareholder incentive
18 on a budget that was lower than what we actually had in
19 sales. And, that overcollection resulted in a
20 carryover for the future years. So, in some cases,
21 that wasn't -- we didn't earn an incentive on that
22 difference. And, I think last year was the first year
23 that we predicted a budget up here and it came in
24 lower. So, we've had I think a number of years where

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 it's been the opposite.

2 So, when you're calculating a budget on,
3 let's say, \$10 million, and you collect 11 million,
4 there's a million dollars that you hadn't collected a
5 shareholder incentive on. So, if you didn't spend all
6 that, you'd carry it over into the future year and put
7 that into your budget for the shareholder incentive
8 calculation. If it goes the opposite way, which I
9 think it did last year, we said the budget was here, we
10 under-collected, so we had less money coming in.

11 CMSR. IGNATIUS: Commissioner Below, did
12 you have other questions?

13 CMSR. BELOW: Sure.

14 BY CMSR. BELOW:

15 Q. And, to clarify that, if we take Exhibit 18, and turn
16 to Attachment F, Page 3 of 5, and there's a
17 "Shareholder Incentive Calculation 2010", which is
18 presumably, well, this is "Revised 2-19-2010", so this
19 presents a revised template. And, Line 1 is
20 "Benefit/Cost Ratio", it shows the "planned" or
21 predicted. You would insert the "actual", which is
22 shown as "0.00", because that would be determined after
23 the fact, correct?

24 A. (Belair) Yes.

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[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

- 1 Q. And, when I was looking at this and went down through,
2 you've got "Lifetime kWh Savings". And, then, at Line
3 5, you have "Budget", which is 7 million plus. And,
4 then, there's a "zero" in "actual". What you're saying
5 is you don't actually put in your actual expenditure
6 level, even though it appears from this form that you
7 might, but rather you'd simply carry over the budget
8 figure to the "Actual" column?
- 9 A. (Belair) Yes, I think we do put in -- we do put in the
10 actual amount, but we don't -- when you do the
11 calculation, it's against the budget.
- 12 Q. Well, isn't the "Actual" column to calculate the
13 incentive, which you would get to at Line 19?
- 14 A. (Belair) I think the formula in the Energy Efficiency
15 Working Group that was approved is against the budget,
16 not the actual.
- 17 Q. Right. So, the form is perhaps a little bit
18 misleading, in that it -- just, at Line 5, that you
19 wouldn't -- you could just go ahead and replicate the
20 7 million figure in the "Actual" column, because that's
21 what you're saying you would use.
- 22 A. (Belair) Yes.
- 23 Q. Irregardless of your actual expenditure level. Okay.
24 Oh, I did have a couple more questions to finish up

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 here. Exhibit 23 was a request, it's held out as a --
2 it doesn't exist, it was reserved, to have total
3 revenue currently in the budget for 2010, is the way I
4 have it described. I'm just wondering if you could
5 expand on that and provide both for the original
6 budget, as well as for your proposed new budgets,
7 essentially, its sources and uses of fund statements,
8 which is, you know, revenue, but also other sources of
9 funds, like a balance carried forward, the uses of the
10 fund, i.e. what your budget is, and if you presume some
11 balance at the end of the program year. Which I think
12 in Unitil's case you might, because you've got --
13 you've shifted money so that you have a little bit more
14 than what you've budgeted for expenditures, but
15 otherwise perhaps not. So, okay, is that clear?

16 And, just one other question,
17 Mr. Belair. On the SmartStart Program, is there any
18 interest charged to the municipalities or is that sort
19 of an interest-free amortization of the cost?

20 A. (Belair) We don't charge interest. We charge a
21 5 percent bad debt fee that gets paid over time.

22 Q. So, the 5 percent bad debt fee goes into the Bad Debt
23 Fund, but you also take a 6 percent shareholder
24 incentive. So, year by year, the balance would slowly

[WITNESSES: Belair|Woods|Jarvis|Li|Newberger]

1 decline in the total funds available?

2 A. (Belair) Yes, I guess we've taken the shareholder
3 incentive out of -- out of the SBC funds. We didn't
4 take it out of the Bad Debt Fund.

5 Q. Right. But you took it -- or, did you take it out of
6 the Revolving Loan Fund balance or did you take it out
7 of someplace else, out of your budgeted shareholder
8 incentive?

9 A. (Belair) We take it out of the budgeted shareholder
10 incentive.

11 Q. So, it actually hasn't been decreasing sort of the
12 capital, if you will, in the loan fund?

13 A. (Belair) No.

14 CMSR. BELOW: Okay. Thank you. That's
15 all.

16 CMSR. IGNATIUS: Thank you. Any
17 redirect from the utilities?

18 MR. EATON: I have none.

19 CMSR. IGNATIUS: All right. Then, I
20 think we have left just a few procedural matters and
21 closing arguments. The witnesses are excused. Thank you
22 very much.

23 Before we go to closings, I do want to
24 encourage, in the development of the reserved exhibits, I

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1 understand you have a session on Friday, a monthly
2 meeting, is that correct?

3 MS. AMIDON: Yes.

4 CMSR. IGNATIUS: If it's helpful to
5 people, reviewing any of those proposed exhibits as a
6 group and being sure everybody understands them, that the
7 terminology is clear, methodology is clear, I think it
8 might be helpful. Just understanding the documents that
9 have been submitted today has been a challenge, because
10 everybody is using slightly different calculations or ways
11 of describing them slightly differently. And, it might
12 make the record clearer to be sure people are agreeing or
13 taking look at it as a group and raising questions before
14 submission of those documents. And, so, for that reason,
15 why don't we have a fairly generous period of time for
16 submission of the reserved exhibits, perhaps March 10th,
17 middle of next week, to have those in. Does that sound
18 acceptable to everyone? All right. Thank you.

19 CMSR. BELOW: And, may I further clarify
20 on Exhibit 23, I'm not sure I said this. But that should
21 be both for the original budgets, as well as for the
22 proposed revised budgets. Maybe I did say that, but I
23 wanted to make sure. Thanks.

24 CMSR. IGNATIUS: And, is there any

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1 objection to striking the identification on the exhibits?

2 (No verbal response)

3 CMSR. IGNATIUS: All right. Then, I
4 think that we have an opportunity for closings, and turn
5 first to the non-utility participants, anyone who wishes
6 to make a closing, why don't we just sort of work our way
7 around the room. Ms. Hildt.

8 MS. HILDT: Thank you again,
9 Commissioner. Again, my name is Natalie Hildt. And, I am
10 here representing Northeast Energy Efficiency Partnership.
11 We're a regional group that works to promote energy
12 efficiency programs and policies, maximizing potential
13 energy efficiency, leveraging dollars wherever possible,
14 coordinating, and so forth.

15 So, just on behalf of NEEP, we
16 understand the very difficult situation that the state is
17 in and the general economy that led to SB 300 that led to
18 the situation in the budget shortfall that the programs
19 are facing. And, further, we very much appreciate the
20 hard work of the utilities and other folks here in this
21 room to figure out how to -- how to bridge that budget
22 deficit of \$3.2 million with the minimum impact to the
23 ratepayers, to the efficiency program budgets, and to the
24 ability to deliver energy efficiency savings for the State

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1 of New Hampshire.

2 But we still see that there will be
3 long-term consequences to these cuts. We're hearing some
4 programs are going to be affected more than others, some
5 utility territories are going to be affected more than
6 others, some programs are almost at capacity or will be
7 shutting down soon. This is an unfortunate situation.

8 And, again, just to add some of the
9 regional context that NEEP brings, because we're working
10 in the other states in the Northeast. There is, of
11 course, a ramp-up, in general, in energy efficiency, and I
12 know New Hampshire has been working hard to get to that
13 ramp-up as well. And, I think you all know that, with the
14 starts and stops and inconsistent funding and efficiency,
15 there's really long-term damaging consequences to the
16 customers who are depending on those dollars to be there,
17 particularly the commercial and industrial customers who
18 have to do long-term planning for their energy efficiency
19 projects, but also for the residential customers as well.
20 So, it sends a really negative, unstable signal to all
21 customers depending on these dollars to do their
22 efficiency, as well as the energy efficiency sector
23 itself. And, you know, everyone's talking about the jobs
24 that are potential in energy efficiency. If people are

1 looking at cuts in programs or instability, that will make
2 them wonder where to put their business and where to seek
3 to grow jobs in this economy.

4 So, this is a longstanding urge of NEEP
5 to encourage all parties in this room, including the PUC,
6 the utilities, and others, who have the opportunity to
7 work on ways of capturing all cost-effective energy
8 efficiency. We know SB 323 is directing the PUC, the EESE
9 Board and others to look at ways of capturing all
10 cost-effective efficiency. But, if there is, in the
11 future, a way to build this into the rates or somehow
12 shield energy efficiency dollars so that efficiency is
13 captured first, then it will be more protected from
14 potential raids that we're seeing in some neighboring
15 states facing budget shortfalls, or this sort of
16 unfortunate situation, where it's been called a "Sophie's
17 choice". Do you help the low income or, you know, do you
18 do that at the expense of the general energy efficiency
19 dollars?

20 So, we urge folks in this room to take
21 that into consideration at every point in the future, so
22 that this type of thing is mitigated in the future. So,
23 thank you for the opportunity to provide comments.

24 CMSR. IGNATIUS: Thank you. Mr. Linder.

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1 MR. LINDER: Yes. Thank you,
2 Commissioners. Three things. First, we appreciate the
3 efforts of the utilities to come up with ways of dealing
4 with this challenging situation of the reduced budget, and
5 the utilities have attempted to move things around so that
6 the impact will be minimized as much as possible. It
7 doesn't avoid the fact that there is shortfall and there
8 are impacts, but we do appreciate their efforts.

9 And, secondly, a small part of the big
10 picture, with respect to the low income budget, I think
11 the record shows that there is not uniformity, to say the
12 least, in the calculation of the low income budget. And,
13 I don't think -- I really don't think anybody appreciated
14 the fact that there was an issue with respect to whether
15 the shareholder incentive should be deducted from the
16 total CORE budget before the other budgets are developed,
17 and, of course, the low income budget is developed first.
18 And, I think it didn't become crystallized until the most
19 recent technical session on the 12th. And, which accounts
20 for, in some respects, the significant difference in the
21 revised budgets that were first filed on February 5th, the
22 Exhibit 21, and the final budget, Exhibit 18, which was
23 filed February 19th. And, it's clear, I think, that
24 Public Service Company, up until February 12th, believed

1 that it was adhering to the principles and the methodology
2 laid out in the Energy Efficiency Report of 1999, which
3 the Commission approved in part in its November 1st order,
4 23,574, in November of 2000, and year after year has not
5 been deducting the shareholder incentive, believing, we
6 believe correctly, that the low income budget is really
7 literally to come off the top, as PSNH's described in
8 Page 35 of the joint filing, Exhibit 1.

9 On the other hand, we're hearing that
10 the other utilities were not following that methodology,
11 and at least, as of recently, are deducting the
12 shareholder incentive first. And, I do think that, in
13 terms of the total overall budget of 19 or \$20 million,
14 the impact may seem small. But, on the other hand, for
15 the low income program, \$170,000 for PSNH alone translates
16 to fewer units. You know, whether it's 35 or 40 or
17 whatever, but it's not an insignificant impact. And,
18 going forward, for each budget year 2011 and going
19 forward, this is going to be an issue, and it will -- and
20 the issue will compound, of course, as the years go
21 forward.

22 So, I think it would be helpful for the
23 Parties and Staff and the Commission to clarify, if the
24 Commission can, what the Commission feels is the

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1 appropriate methodology. The Commission could decide not
2 to address that at this time and could instruct the
3 Parties to discuss the issue further during the 2010
4 planning meetings for 2011, and it might or might not
5 resolve the issue. Some skeptics might say that "it will
6 not", because there's a fundamental difference of
7 interpretation apparently of the 1999 Energy Efficiency
8 Working Group Report and the Commission order approving it
9 and the Settlement Agreement language. And, so, the issue
10 may well come before the Commission then for the 2011
11 hearings, which are going to take place later this year.
12 And, I do believe there's going to be quite a number of
13 significant issues that will have to be resolved for the
14 2011 program. It's going to be a watershed year. And,
15 there are going to be a number of issues.

16 I don't know that it would help to have
17 to make this issue part of the other significant issues.

18 So, the Commission may want to consider trying to resolve
19 it now. And, should the Commission then decide to do
20 that, one thing that I would offer is, Commissioner Below
21 did refer to the January 5th, 2010 order in this case
22 approving the budgets, and did refer to Page 17 of the
23 order, which does discuss the low income budget and a
24 computation and using, for 2010, the 14.5 percent.

1 What I would like to bring to the
2 Commission's attention is that the Commission, and this is
3 where policy comes into a legal analysis, I think it's a
4 combination of both, but the Commission, I'm paraphrasing,
5 of course, but the Commission said, on Page 17 of the
6 order, that, in light of the economy we're facing, this is
7 not necessarily the time to be reducing the low income
8 budget. And, indeed the Commission expressly approved the
9 slight increase in the budget, and the Commission was --
10 did not approve the Staff's suggested formula, which would
11 have resulted in a more significant reduction to the low
12 income budget. And, I would simply suggest that this
13 really isn't the time to adopt a methodology or an
14 interpretation that's going to further reduce the low
15 income budget.

16 The third thing that I'd like to say is
17 that we are struggling collectively to try to come up with
18 an alternative to the shortfall. And, the Commission, in
19 its supplemental order of notice, and in its January 5th,
20 2010 order, did suggest there were several alternatives
21 that we could collectively consider. One being a kind of
22 across-the-board cut, another being a more selective

23 program-by-program approach. The third alternative being
24 whether to utilize the RGGI money, the Regional Greenhouse

1 Gas emission funds money. And, I don't know, and then
2 there are several other alternatives that have come up in
3 this docket, including the RSA 125-0:5 fund that's
4 reserved for PSNH under certain limited circumstances.
5 And, we would be concerned with using RGGI money to
6 backfill the shortfall. I don't know that -- it may serve
7 a meaningful purpose in the short run, but, in the long
8 run, it may not, it may not be something that is
9 beneficial in the long run, for various reasons.

10 We would recommend -- we would recommend
11 that, in reviewing the exact language of RSA 125-0:5, the
12 way we read it, The Way Home reads it, those monies should
13 not be used, I'm paraphrasing, but I have it right in
14 front of me, should not be used if there is likely to be
15 -- if those funds are likely to be needed for the CORE
16 Programs. If there's one thing that we've heard today is
17 that demand is significantly high for the CORE Programs.
18 And, so, to set aside, to keep in reserve RSA 125-0
19 monies, when we desperately need to fill a shortfall for
20 this year, I would suggest that we take a close look at
21 whether some of those reserved monies can still be used to
22 help with the shortfall. And, likewise, there may be --
23 there may be additional funds in the SmartStart Program
24 that, for 2010, may not create a major impact on the

1 SmartStart Program, and some of those additional funds
2 could be devoted to the shortfall.

3 Whether a combination of those would
4 make up for the total shortfall, I don't know. But I
5 think, if we took a close look at some of these other
6 funding sources, we may find some more funds that will
7 help us get through 2010, so that we can all put our
8 efforts into planning for the watershed 2011 CORE
9 Programs. Thank you very much.

10 CMSR. IGNATIUS: Thank you. Mr. Nute.

11 MR. NUTE: Yes. Thank you,
12 Commissioners. Just in the interest of saving time, I
13 would just like to echo Attorney Linder's comments and
14 support them, with extra emphasis on the use of the RGGI
15 funds, we're not -- not in support of using the RGGI funds
16 for the shortfall.

17 CMSR. IGNATIUS: Yes.

18 MS. FISCHER: Good afternoon. My name
19 is Beth Fischer and I am here representing the Home
20 Builders & Remodelers Association and Build Green NH. I
21 have sat quietly listening to all of the testimony, and
22 this is indeed a difficult situation. But I want to
23 applaud the utilities for taking a look, a hard look at
24 some opportunities that they saw, possibly exposing

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1 themselves to some criticism for the way that things were
2 done in the past. But I'm impressed that, all in all, it
3 was a well, positive day today. And, I think we all have
4 some things to think about. I think there are some
5 opportunities for us to do a better job all the way
6 around, and to open up, at the appropriate time, some
7 opportunities to adjust some of these dollars.

8 But, all in all, I think we're moving
9 forward. And, I think this could have been a raucous
10 situation, and I applaud everybody for keeping it civil.
11 So, keep up the good work. We will be here to watch.

12 CMSR. IGNATIUS: Thank you. Excuse me.
13 Mr. Aney.

14 MR. ANEY: Thank you. First, I want to
15 commend National Grid for a couple of things. One was,
16 during the discussion of the CORE docket, it was
17 identified that they were still offering their small
18 business customers a 70 percent discount, with the ability
19 to gain another 4 and a half percent discount if they paid
20 their 30 percent share up front. They brought that down,
21 back in line with the other three utilities, to
22 50 percent, which I still believe is excessive for
23 offering to small business customers in this day and age,
24 but still I appreciate the fact that one of the things,

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1 one of the actions they took to further stretch their
2 budget was to reduce the discount that they were offering
3 customers to essentially acquire energy efficiency
4 resources out in the marketplace, because it actually
5 benefits both customers and utilities when the demand is
6 great. It's effectively like lowering your price out
7 there in the marketplace or, in this case, perhaps raising
8 the price when the demand is high. And, none of the other
9 utilities chose to take that option as they presented
10 alternative means or mechanisms for making do with less
11 program dollars. And, I found that disappointing.

12 And, National Grid could have done even
13 more, I suppose, by further suggesting ways they could
14 have reduced their discounts. And, some way argue "well,
15 we shouldn't do it temporarily. We don't want to jerk
16 them around." But, on the other hand, they could have
17 permanently reduced them.

18 For example, in the compact fluorescent
19 light marketplace, the price of these bulbs for
20 residential screw-in compact fluorescents, has gotten to
21 the point where perhaps no incentives are needed at all,
22 or at least ones that are significantly lower than the
23 ones being offered by the utilities. Ace Hardware
24 recently ran a campaign statewide where the price of the

1 compact fluorescent bulbs were too cheap to even
2 participate in the program.

3 So, I think there's an opportunity to
4 further reflect on how we can stretch some of these
5 program dollars by perhaps reducing the amounts of
6 discounts that we're offering in the marketplace to reach
7 a broader set of the market, more participants, because
8 this is about market transformation. And, the more people
9 we touch, the more people we get making the choice to
10 invest in energy efficiency, the more effective we are
11 transforming the marketplace.

12 And, the other side of that was, by
13 doing that, given the way the shareholder incentive is
14 calculated, it actually would have helped the utilities to
15 better achieve their kilowatt-hour savings and the number
16 of participants in their programs. Yet, none of the
17 utilities opted to choose that mechanism, that lever to
18 pull, when suggesting how to stretch their dollars. In
19 short, I don't think they worked hard enough to justify
20 any additional funds. And, I think we need to press them
21 this year in finding additional ways to stretch those
22 dollars, given the high demand that we see in the
23 programs.

24 A second point that I would like to make
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1 is in regards to the cost of administration of these
2 programs. There is nothing in the statute or in the PUC
3 rules that prohibits the utilities from consolidating the
4 operations of these programs or the administration for
5 these programs to achieve greater efficiencies.
6 Currently, we have four parallel organizations providing
7 four CORE Program offerings that are supposedly the same,
8 with some minor variances. Why do we have four different
9 groups administering essentially the same programs? That
10 leads to inefficiency. There is an opportunity to combine
11 some of these operations and save some of the
12 administrative overhead associated with running these
13 programs. And, the PUC is the one that has the choice or
14 the right to make this happen, given that the utilities
15 seemed, well, at least to date, have never suggested doing
16 that. So, I think there is tremendous opportunity to
17 further stretch these program dollars by realizing some of
18 those administrative and managerial efficiencies that I
19 believe could easily be had.

20 Also, in regards to administration, I
21 was also very disappointed, except, again, for National
22 Grid, that none of the utilities, especially the ones
23 where they're showing cutbacks in the amount of rebates
24 and services being offered to their customers, actually

1 volunteered to reduce their own administrative costs. The
2 folks that didn't get hurt here were the employees of the
3 utilities and the shareholders of the utilities that are
4 administrating these programs. They suffered almost no
5 cutbacks. Less than 1 percent from PSNH and less than
6 1 percent from New Hampshire Electric Cooperative were cut
7 out of their administrative budgets. Along the same
8 lines, not one of the utilities offered to reduce its
9 profit associated with running these programs. That
10 shareholder incentive, which I relay or can paraphrase as
11 a profit to the shareholders or to the utilities for
12 running these programs, is up to 30 to 40 percent of the
13 dollars retained by the utilities to administer these
14 programs. That's a 30 to 40 percent profit margin that
15 the utilities are earning on these programs, and they
16 didn't offer to cut it a nickel. And, I think that's
17 wrong, too, especially for any utility that's suggesting
18 asking for additional funds.

19 When we looked at administrative
20 efficiencies, let me also note that, for a group that
21 doesn't have to raise funds, the funds kind of flow in,
22 and these are the state's funds, not the utilities' funds,
23 these funds are collected through the utilities on behalf
24 of the State of New Hampshire, who then turns around and

1 says "we entrust the utilities to administer these
2 programs effectively." These are not the utilities'
3 funds, they're not the utilities' costs. And, I really
4 wish that they would take "utility cost" off of their
5 tables and exhibits, and instead substitute "SBC funds",
6 because that's what they are. They just happen to be --
7 they happen to be the entrusted administrators of these
8 programs, but they are not the utility costs. And, when
9 those costs begin to hit 50 percent, 50 percent of the
10 total program, you got to wonder, "are we administering
11 this in the most cost-effective way for the State of New
12 Hampshire?" Collectively, the utilities have a cost of
13 25 percent of the total SBC funds collected. That means
14 only 75 percent of each dollar makes it to the customers
15 in the form of a rebate or a service. We can administer
16 this much more cost-effectively.

17 Finally, we heard today -- actually, not
18 "finally", I've got a couple more points, but, in
19 additional, along that same line, we heard today that the
20 regulatory cost associated with this program are
21 increasing. We're on to monthly meetings, longer
22 discussions, more attorney fees. The only reason why
23 those regulatory costs and legal costs have gone up is
24 because the PUC has chosen to use the electric utilities,

1 that have an inherent conflict of interest from the
2 perspective of their shareholders, to be the
3 administrators of these programs. If we didn't have that,
4 we wouldn't have to micromanage and double-check
5 everything that they're doing to the degree that we are.

6 And, I find it absurd that, since the initial Energy
7 Efficiency Working Group Report was submitted, that the
8 PUC has not given considerable attention to putting out an
9 RFP and seeking alternative administrators to this that
10 don't have an inherent conflict of interest. There are
11 plenty of qualified groups out there that can run this
12 just as effectively, a lot more efficiently, for less
13 profit, and just as well, especially given that a lot of
14 services are delivered through third parties anyways.

15 In regards to the shareholder incentive,
16 I think the other thing that we learned today was that
17 there is double-counting going on, in addition to the
18 performance incentive being extremely high. So, I think
19 it should -- it would be an interesting analysis to take a
20 look at how much double-counting has occurred throughout
21 the course of this, and how much additional shareholder
22 incentives have gone for funds that have been counted
23 twice, and whether it's appropriate to permanently change
24 the shareholder incentive calculations. And, I'm hoping

1 that the PUC actually begins to pick up, what was supposed
2 to kick off in January, begins to pick up the effort in
3 terms of reviewing the shareholder incentive calculations
4 and the way compensation should be designed for the
5 administration of these programs.

6 And, again, finally, I would say that,
7 in regards to the transfer of funds or looking at these as
8 state funds that are being channeled through four
9 different administrators, the PUC has every right to
10 reallocate those funds any way it chooses. Those are not
11 utility funds. So, to the degree that the PUC believes
12 that there is greater need or greater opportunity in
13 certain sectors of New Hampshire, regardless of utility
14 boundaries, it has the authority to direct funds in that
15 manner. So, to the degree that we believe that perhaps
16 some of the customers of New Hampshire Electric
17 Cooperative, who have the highest electricity rates in the
18 state, by a considerable degree, by at least 25 percent on
19 the residential side, are perhaps in greater need of some
20 of these funds than perhaps Unitil or National Grid's.
21 And, that we might be able to find a way to reallocate
22 some of those dollars or some of the M&E dollars or some
23 of the marketing dollars, at the direction of the PUC, to
24 the people over in the New Hampshire Electric Cooperative

1 territories that direly need these funds and they could
2 really benefit from.

3 So, with that, I appreciate the time
4 today to address the Commissioners. And, I hope you
5 enjoyed my contributions.

6 CMSR. IGNATIUS: Thank you.
7 Mr. Steltzer.

8 MR. STELTZER: Thank you, Commissioners.
9 I'd like to start off by thanking the electric utilities
10 for tackling a monumental task before them. To take a
11 program that was requested to have \$3 million cut, and
12 whittle that down to close to 500,000 was an effort that
13 should be applauded, and certainly appreciate their
14 efforts for that.

15 Regarding the New Hampshire Electric
16 Co-op's request to use Regional Greenhouse Gas Initiative
17 funding, we recognize that that amount of funding that
18 they're seeking is a small amount of money in the grand
19 scheme of things. But we have serious concerns over the
20 precedent that it would set to have Regional Greenhouse
21 Gas Initiative dollars be given to the electric utilities
22 in the manner that we have before us.

23 We also recognize some concerns as far
24 as what the actual benefit would be to the extensions of

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1 those programs with that minimal amount of funding, as it
2 was testified today, that that extension would be just a
3 very short period of time, and, in a number of these
4 cases, the program has already been -- those programs have
5 already been fully subscribed or oversubscribed.

6 Instead, we would suggest that the
7 funding be reduced for those programs. It's the lesser of
8 the evils here. Not something that we would necessarily
9 like to be in the position to do, but it is the option --
10 the best option that is before us today.

11 Regarding the Public Service of New
12 Hampshire and their overage of -- or, \$500,000 that
13 they're needing to find there, and they have suggested to
14 do it through marketing and monitoring programs. We
15 appreciate that they haven't put a fourth proposal to seek
16 Regional Greenhouse Gas Initiative funding. But we would
17 also suggest that a stronger look be had towards the
18 funding in 125-0, the 2% funding, recognizing, to the
19 extent possible, to extract further funds from that
20 account to contribute towards the funding that they're
21 seeking to balance there. Also, to, in consideration for
22 how much money should be going over from the 125-0 fund,
23 we would suggest that they look to keep some of the money
24 there within that funding, so, if the state is successful

1 in receiving funding from the federal government for the
2 Beacon Communities Program, that that money could be
3 sought to leverage energy efficiency improvements, pending
4 review by the PUC, at facilities that are owned by the
5 Public Service of New Hampshire.

6 Lastly, I'd just like to echo some
7 concerns that have also been brought up regarding the
8 shareholder incentives, and noticing that they have been
9 budgeted at 8 percent. The precedent has been that the
10 programs have been funded over that level. And that, in
11 this current budget, there isn't enough money to be
12 covering those additional profits of the shareholders, and
13 that that cost would have to be carried on into future
14 years. So, we just suggest to the Commissioners that you
15 take a hard look at how those profits could be addressed
16 within the given years.

17 With that, thank you for your time, and
18 I appreciate you allowing me to have the opportunity to
19 provide these comments.

20 CMSR. IGNATIUS: Thank you. Ms.
21 Hatfield.

22 MS. HATFIELD: Thank you. The OCA also
23 wishes to thank the utilities for all of the work that
24 they have put into developing a revised budget, and we

1 understand that the work required was significant, and
2 that it was -- that they faced difficult choices. It's
3 unfortunate that these program impacts were not brought to
4 light by the utilities during the legislative hearings on
5 Senate Bill 300, so that perhaps legislators could have
6 understood the impact of that legislation, particularly on
7 the low income people that they were seeking to help.

8 Generally, we support the cuts proposed
9 by the utilities, with a few exceptions that I will
10 describe briefly. First, we believe that, while we
11 appreciate that PSNH has proposed to seek some funding
12 from the 125-O Fund, we believe that they should actually
13 take additional funds from that fund, so that they could
14 cover the approximately \$353,000 in program cuts that are
15 detailed on Page 12 of the filing. I believe Mr. Belair
16 testified today that, even with the \$500,000 shift that
17 they are proposing, there would still remain another
18 \$500,000 in the 125-O Fund. And, I agree with previous
19 speakers that it just -- it doesn't pass a straight face
20 test to have PSNH have a fund of ratepayer money sitting
21 somewhere, when ratepayer programs are being cut. It's
22 just -- It's not fair, and they should not be allowed to
23 do that.

24 Secondly, we respectfully request that

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1 the Commission direct PSNH to not withhold any additional
2 funds to be transferred to 125-0 for this year. According
3 to the Commission's order in this docket earlier this
4 year, we are all supposed to be talking about 125-0 at
5 some point. But one disturbing thing that has come to
6 light, thanks to the Commission Staff's audit, is that
7 PSNH seemed, in some years, to have set aside that money
8 early in the year, and not waiting to see if there was a
9 carryover. So, we would like a clear directive to PSNH
10 that, in these times, when ratepayer programs are being
11 cut, they should not be withholding any funds for their
12 own projects.

13 Like prior speakers, we also do not
14 support the Co-op's request for funds from RGGI. We are
15 very -- we're dismayed that the Co-op is going to have to
16 make the cuts that they have proposed. We think it's very
17 unfortunate, but that is the result of Senate Bill 300.
18 And, we also have to note that the utilities, through the
19 Re-CORE Program, have already received the largest, by
20 far, the largest RGGI grant that the Commission has issued
21 thus far, \$7.6 million, and the Co-op's proposal sought
22 \$687,000 of that total. So, they have significant other
23 funds that they're putting into programs. And, it must be
24 pointed out that the RGGI funds are the only other

1 efficiency funds that are available to parties, other than
2 utilities in many cases. The utilities have rates, they
3 have System Benefits Charge, and now, through RSA 374-G,
4 the Distributed Energy Resources statute, they could also
5 seek to fund certain efficiency projects that way. But
6 the RGGI fund is the only thing available to everyone
7 else.

8 With respect to the Re-CORE, we would
9 request that the Commission take administrative notice of
10 the utilities' Re-CORE grant. We think it's very relevant
11 to the CORE Programs. And, we're thinking that, during
12 the monthly meetings, the parties really should be looking
13 at both sources of funds, since they are very related and
14 are being used to serve New Hampshire customers.

15 In terms of the shareholder incentives,
16 we agree with several of the concerns raised by other
17 parties. And, we think this is another issue that year
18 after year we agree needs to be revisited. And, it seems
19 as though, always going back to a 1999 report at this
20 point on energy efficiency is reaching the point of
21 staleness. And, certainly, that seems to be the case for
22 the shareholder incentive. We would respectfully request
23 that the PUC cap the shareholder incentive at 8 percent
24 for 2010. That is \$1.5 million. It's important to

1 remember, as Mr. Aney has pointed out, the utilities earn
2 this in addition to having all of their costs of
3 administering the programs covered. We understand capping
4 the SB shareholder incentive will not put more money into
5 the budgets now, but we are going to face the situation
6 again for 2011, and it will certainly help then. And,
7 basically, as a matter of fairness, we think that, since
8 ratepayers are seeing a reduction in the programs, the
9 utilities should bear some of the burden as well.

10 And, we would point out that our
11 analysis of the PUC filings that the utilities have made
12 on the shareholder incentive shows that the averages for
13 the past several years have been closer to the 10 and
14 11 percent range for most of the utilities. So, there's a
15 significant chance that they will exceed 8 percent by a
16 few percentage points. And, our calculation suggests that
17 each 1 percent of the shareholder incentive translates
18 into \$187,000. So, it could have a significant impact for
19 2011.

20 We also just have to touch on, as
21 Attorney Amidon did, that there are several larger issues
22 that have come to light or have really, I think, caused
23 some of the parties' concerns that we think need to be
24 considered. One is, we continue to, as Attorney Linder

1 said, learn about the lack of uniformity among the
2 utilities. That has got to stop. It is nearly impossible
3 for the non-utility parties to review the programs and
4 track their success, when we can't even get spreadsheets
5 that allow you to do an apples-to-apples comparison.

6 For marketing, the budget has been cut
7 to \$440,000, which is a lot of money. We still have no
8 real plan. We just have a description of how they intend
9 to spend the money. And, for monitoring and evaluation,
10 which, as you heard earlier, is approximately \$880,000.
11 We don't believe we have a plan or a budget that's been
12 approved for that, which is very important. So, we think
13 we still have a lot of work to do.

14 And, just one other thing I wanted to
15 raise. Ms. Hildt, from NEEP, raised the fact that Senate
16 Bill 323, which hasn't made it through the Senate yet, but
17 it does call on the PUC, in consultation with the EESE
18 Board, to do a comprehensive review of System Benefits
19 Charge funded programs, I believe it's by the middle of
20 2011. And, I just wanted to raise, for the Commission and
21 the Parties, that although we all agreed that we would do,
22 as Attorney Linder referred to, our sort of "watershed"
23 review of these programs this year, we might want to think
24 about whether it makes sense to align our work with the

1 EESE Board's work. Because it doesn't seem to us to make
2 sense to put in a lot of work this year, to then have an
3 EESE Board report come out next year, and then have us
4 have to make additional changes to the program. That is
5 something that we are planning to raise at the monthly
6 meeting on Friday. And, we'll certainly try to reach a
7 consensus of the parties on how to proceed.

8 And, then, finally, I just wanted to
9 offer to the Commission, since you've heard so much today,
10 and none of the non-utility parties have provided anything
11 in writing, that, if it would be helpful, we would be
12 happy to submit our closing statement to you so it's part
13 of the record.

14 CMSR. IGNATIUS: Thank you. Ms. Amidon
15 or Mr. Ruderman, or both.

16 MS. AMIDON: I guess I draw the short
17 straw here. And, again, I mean, Staff wants to commend
18 the utilities and recognize the work that they did, in
19 sharpening their pencils, and doing their best to address
20 the shortfall presented by SB 300. We don't think it was
21 easy. And, at the same time, I have to say, I'm not sure
22 we really understand everything that is in this filing.
23 But we will not be opposing it. And, we'll be working on
24 the issues that a number of Parties have referred to as we

1 move forward in the planning year.

2 We do not take any position on the
3 recommendation that this shareholder incentive be limited
4 or capped. That's one of the issues that we're going to
5 be discussing in the monthly work groups, and we think
6 it's premature to address it or make a decision in this
7 docket. So, we would suggest the Commission consider our
8 comments in that regard.

9 We also want to voice our support of the
10 calculation of the Home Energy Assistance budget as has
11 been calculated by National Grid, the Co-op, and Unitil
12 Energy Systems. We think they did it correctly. And, we
13 think PSNH should develop its HEA budget accordingly.
14 And, we would recommend that the Commission order that in
15 this order following this hearing.

16 Finally, we recognize that the Co-op is
17 in a unique position. As one speaker noted here today, I
18 think they have the highest service charge, customer
19 service charge for any utility, and they find themselves
20 in a very difficult position because of the economy in
21 administering its programs. And, so, the Electric
22 Division Staff would recommend that the Commission approve
23 the use of the RGGI funds for the limited purposes of
24 assisting the Co-op in meeting the shortfall in the budget

1 that's caused by Senate Bill 300. Thank you.

2 CMSR. IGNATIUS: Thank you. Anything
3 further, Mr. Ruderman?

4 MR. RUDERMAN: Thank you, Commissioners.
5 Jack Ruderman, on behalf of the Sustainable Energy
6 Division of the Public Utilities Commission. I want to
7 speak solely to the issue of whether RGGI funds should be
8 used to help fill the shortfall. In the CORE Program
9 budget, and I'm going to narrow it down here to the
10 148,000 that New Hampshire Electric Co-op is seeking, and
11 I will add the same caveat as many of the previous
12 speakers, and it's very sincere, I commend the utilities
13 for their hard work, and were remarkable results, really,
14 when you look at the shortfall we were looking at of over
15 \$3 million. I don't think I could have hoped that we'd
16 get it down to 148,000. So, you know, it was a strong,
17 good faith effort here, and the results are impressive.

18 And, I think, probably, as
19 Commissioners, it's really tempting to look at this and
20 say "This money would be put to good use. It's going to
21 create energy savings. Why not? What's the big harm?"
22 And, I would, I guess, respectfully urge the Commission to
23 consider the legislative intent behind HB 1434, which
24 created the RGGI system and the RGGI fund, or, as it's

1 technically known, the Greenhouse Gas Emissions Reduction
2 Fund.

3 My reading of the legislative history of
4 that legislation is that nearly everyone who spoke to the
5 use of these new RGGI funds spoke of them as
6 "supplementing the existing the CORE Programs." The CORE
7 Programs were essentially a baseline. And, people talked
8 about \$30 million, \$60 million, \$100 million that might
9 add on to those funds. No one spoke of it as a support
10 mechanism or a back-up, in case there was a shortfall.
11 And, the RGGI Fund, and as at least one of the speakers
12 pointed out here, RGGI funds are unique in that they're
13 offered to non-utility parties. And, they allow for the
14 development of entirely different means of achieving
15 energy savings and greenhouse gas emission reductions.

16 And, so, I view their purpose as unique.
17 And, they are, of course, highly complementary to the CORE
18 Programs. And, as a result of putting together a good
19 proposal, they did, in fact, receive money for the Re-CORE
20 proposal to be funded with RGGI dollars. And, I think
21 that was a good use of the Fund. It's important to note
22 that those funds are being used mainly to supplement or to
23 create new CORE Programs. Again, there's nothing there
24 for backfilling any potential shortages.

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1 So, I think this really does come down
2 to a very important policy decision. It's really not
3 programmatic, as much as it is policy. So, the question
4 is, do we want to establish a precedent that, when there's

5 a shortfall in funding for the CORE Programs, are we going
6 to dip into the RGGI funds? And, I guess my answer would
7 be the same, whether it was a \$5,000 shortfall or a
8 \$10 million shortfall, I think the answer should be an
9 unequivocal "no".

10 These funds are here for a distinct
11 purpose. And, if we set a precedent today of dipping into
12 those funds, what is to prevent other parties in future
13 years from coming forward and saying "well, gee, maybe we
14 could reduce the SBC. Maybe, you know, we can take all
15 that money from the RGGI Fund and just use it to fill
16 shortfalls in the CORE Programs." And, I just don't think
17 that was the intent. And, I think the Commission needs to
18 send a message that those, excuse me, that those funds are
19 sacrosanct, and not to be used in the wake of changes to
20 the budgets of the CORE Programs that may not have been
21 anticipated.

22 So, I would strongly urge the
23 Commission, and I will say again, I'm very sympathetic to
24 the Electric Co-op, in particular, I know they're doing in

1 best to bring program costs down and to do their part
2 here, but I think, in the end, the final decision has to
3 be that, you know, this is not what the RGGI funds were
4 intended for, and they shouldn't be used in this instance
5 to help make up that shortfall for the Electric Co-op.
6 Thank you.

7 CMSR. IGNATIUS: Thank you. Utilities,
8 do you have -- do you want to speak as a group or have an
9 order on how you want to make those?

10 MR. EATON: I could begin, if that's all
11 right. We were faced with a difficult problem. And, the
12 Commission laid out what could be done, and one of which
13 could be an across-the-board reduction in programs, and
14 then just sit on that and say "Please backfill this all
15 with RGGI funds." We didn't really know what to do for
16 our initial filing, but, luckily, we had a monthly meeting
17 on January 25th, when we met with the Staff and the
18 Parties, and we got some good input from them on how to
19 approach this first filing on February 5th, and that was
20 marked as "Exhibit 21", I believe, in the -- in this
21 proceeding.

22 Again, after that was filed, we met a
23 week later, on February 12, and got more input and more
24 suggestions, and some of them, quite honestly, we didn't

1 -- we didn't accept. And, I'll explain some of those as
2 we go forward. But, incorporating some of that, and
3 working towards doing the best we could, on February 19th
4 we filed the reports that are -- and budgets that you see
5 in Exhibit 18.

6 Now, there are some real losses here,
7 some real changes. First of all, in the marketing area,
8 printing and sending fewer catalogs, means lower --
9 probably lower sales of the items in those catalogs, and,
10 therefore, lower kilowatt-hour savings from those items.
11 And, we are cutting down monitoring/evaluation to a bare
12 minimum of programs that must be evaluated, so that they
13 continue to receive Forward Capacity Market revenues.

14 It's going to be very convenient to look
15 at what we've done here and say "well, gee, when the
16 Legislature meets in 2011, let's continue this split of
17 SBC funds. In fact, it looks like the utilities could
18 take more out of the CORE Programs and put more into the
19 Electric Assistance Program." As I understand it, and
20 this may be reflected in the Commission's receipt of
21 filings from the utilities, that the wait list in EAP has
22 been moved over into program participants, so that now
23 there are many more participants in the program and we're
24 starting a new wait list. So, when the Legislature meets

1 to look at that in a year from now, they may say "oh, my
2 gosh, let's move more money over." So, the fact that we
3 were able to absorb this may be self-defeating.

4 There are some cuts in the number of
5 households we were going to serve under the Home Energy
6 Assistance Program. Although the Commission approved
7 14.5 percent, that was 14.5 percent of a lower budget
8 amount. So, that resulted in fewer programs. Again, this
9 is a consequence of the reduction in overall funding.
10 However, the reason that the reduction took place was
11 because monies were shifted in the SBC from the
12 Conservation and Load Management Energy Efficiency
13 Programs to the energy electric bills of low income
14 customers. And, furthermore, the Commission could take
15 administrative notice of the fact that there are funds
16 being spent on low-income homes through the Re-CORE
17 grants, and that, overall, during the time between now
18 through 2011, there will be resources, maybe not funded by
19 the Systems Benefits Charge, but resources devoted to
20 energy efficiency in low-income homes.

21 Let me comment on many of the comments
22 that are directed towards the RSA 125-0:5 amount. We have
23 already committed that we will not undertake any new
24 projects with the 2% set-aside funds authorized by RSA

1 125-0:5. And, we will not transfer any 2009 funds into
2 the set-aside until the methodology used to determine such
3 set-aside has been reviewed in detail with any interested
4 parties and Staff. I'm quoting from Page 10 of the
5 Settlement Agreement, which was marked as Exhibit 2 in
6 this proceeding. We believe that, and discussions
7 surrounding that Settlement had to do with making any new
8 projects, but anything that was being -- that was planned
9 at the time could be -- could be considered use of those
10 funds. And, as Mr. Belair talked about, it would be the
11 energy efficiency improvements in the Berlin and Nashua
12 area work centers, similar to the projects we've done in
13 other area work centers. But, unique to that, is what we
14 understand is that the expenditure of those funds would
15 act as a local match of federal funds for the so-called
16 "beacon" cities, and, therefore, leverage even more
17 federal funds for other projects to be done in those two
18 -- in those two cities, and would generate more funds than
19 what we would spend on those projects.

20 Now, the purpose of the 125-0:5
21 set-aside was to provide some benefits to customers who
22 were contributing to the Systems Benefits Charge, but
23 receiving no benefits. And, were we to do those two
24 projects without any beacon funds, it still would reduce

1 company use and, therefore, turn -- turn into more savings
2 for all customers, especially those who don't participate.

3 So, I would urge the Commission not to
4 order PSNH to change over those funds, and to leave them
5 where they are, and to see if, later on in the year, if
6 these projects don't pan out, then perhaps the funds could
7 be transferred at a later time, but not to make that
8 decision now.

9 The shareholder incentive, as I
10 understand it, really is based upon the projected
11 cost/benefits analysis and the projected lifetime
12 kilowatt-hour savings, which is then compared to the
13 actual cost/benefits of the projects completed and the
14 actual lifetime kilowatt-hour savings. The one constant
15 is the budget. And, that, as I understand the formula, as
16 it's supposedly calculated, is that it's not really an
17 incentive based upon the budget, but based upon those two
18 factors, and the budget is kept constant. And, the
19 formula wouldn't work unless the budget was kept constant.
20 There would be too many variables. So, I think it should
21 stay the way it is and not -- and not be capped, because
22 we are receiving less because of lower budgets, and that's
23 already reflected in -- that's already reflected in the
24 lower amount that will be available for the shareholder

1 incentive. It won't be -- a cap on the shareholder
2 incentive will not help in 2010, and it may not help in
3 2011, if everything remained the same as it is now,
4 without any amendment to Senate Bill 300 or extension of
5 it through years in the future.

6 I think we've done the best we can. I
7 think many of the issues raised by Mr. Aney are global
8 issues, that probably don't even need to get addressed in
9 the monthly meetings, but a wait and see if there's a --
10 if there's a global re-evaluation of this under the
11 proposed Senate Bill 323 to look at these programs again,
12 with the Commission, as well as the EESE Board, evaluating
13 how they do. It's not very helpful, when we have a bill
14 passed in January, and trying to get changes done before
15 the end of February, to have someone say "well, let's just
16 wipe the slate clean and do everything different in the
17 context of two months' time. And, it's not very helpful,
18 especially when people are working to the wee hours of the
19 morning on Thursday -- I'm sorry, in the wee hours of the
20 morning on February 19th to get the final budgets done,
21 and then to say that "we're not doing enough." There's an
22 awful lot of regulation in these programs. The fact that
23 we're meeting monthly on them, and all these people and
24 more are tied up in these meetings, is -- doesn't allow us

1 to do as much as we can, as far as actually delivering
2 programs, and it results in more costs, maybe not for
3 Public Service Company, because I'm here or there no
4 matter what, and my costs are paid for out of base rates,
5 but it is costly to have attorneys being here and watching
6 what's happening and representing their clients.

7 So, I think the Commission ought to
8 accept what's been filed in Exhibit 18. And, it's only a
9 small -- a small change in the overall cost of things.
10 And, we're responding to what the Legislature gave us to
11 work with, and we ought to go on and continue to implement
12 the 2010 programs. Thank you.

13 CMSR. IGNATIUS: Thank you. Mr. Dean.

14 MR. DEAN: Thank you. I'll try to be
15 brief. It's been a long, and at times, I think,
16 frustrating day for everyone, in part because of the short
17 time frame in which everyone in this room has had to
18 respond to the funding issues raised by SB 300. I know,
19 during the course of the day, there have been any number
20 of changes in the documents and confusions about which
21 columns add up and don't add up. I think, largely, that
22 is a result of a procedural schedule that was, by
23 necessity, greatly condensed, and not a lot of formal
24 discovery. A lot of these documents, at least in the

1 final moments, were put together after people working long
2 hours on weekends and evenings to do it.

3 That said, I'll try to not make it too
4 much longer with my comments, and I'll try to focus really
5 on two issues. One, I think, generally, I think applies
6 to all the utilities, and that is with regard to the -- if
7 I will use, Mr. Aney said, you know, "we have to
8 micromanage and double-check everything that the utilities
9 do." And, I guess I'd urge you not to micromanage and
10 double-check everything in the filing. You have had a
11 look at documents that have been subject to technical
12 sessions and cross-examination, and I think, while,
13 obviously, any errors have to be corrected, I think, when
14 it comes to the judgment calls by the people who are
15 trying to administer these programs, about what line items
16 should be cut this much, which program -- what's the best
17 way to try to solve this funding shortfall without
18 disrupting the programs that these people are trying to
19 implement, I think that you should give a certain weight
20 and deference to the recommendations that the utilities
21 have put in front of you on the budgets, based upon their
22 best efforts to try to deal with the funding situation,
23 rearrange the money in the way that would be most
24 efficient. Or, in the case of, certainly, the

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1 Cooperative, deal with painful decisions in the way that
2 causes we think the least pain, both in this budget year
3 and for the overall success of the programs in the years
4 to come.

5 And, the second issue is the one that is
6 unique to the Co-op, because we're the ones here asking
7 you for RGGI funding. And, I can tell you that, going
8 into this process, and the meetings, the technical
9 sessions with the parties, two things became clear, which
10 no one really had to tell us, but they did anyways. Which
11 is, if you're going to ask for this supplemental funding,
12 you better make sure you basically make that funding
13 request as small as you possibly can make it. And,
14 secondly, you better be spending the money as wisely and
15 efficiently as you can. And, the reason that that gap is
16 down to \$148,000 and change is because -- is that we did
17 try the best we could to make the gap as small as
18 possible. And, the reason there are rearrangements in the
19 budget for advertising, and moving that over into
20 incentives that are in areas of high need, is to address
21 the second issue, which is "you better make sure you're
22 spending it the most efficient way you can, getting the
23 biggest bang for the buck." And, we tried to do that.

24 But, at the end, you know, it will be

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1 your decision whether to use that RGGI money. I
2 appreciate the arguments of all the parties who want to
3 make that money sacrosanct, but I have to disagree with
4 the notion that somehow this is outside the bounds of what
5 the money is for.

6 If you look at the statute, RSA
7 125-O:23, which creates the fund itself, it says the
8 "moneys shall be used to support energy efficiency,
9 conservation, and demand response programs to reduce
10 greenhouse gas emissions generated within the state." Our
11 request would do that. But, more importantly, the
12 Commission's own rules, PUC 2604.01(b)(2), provides a
13 mechanism to come in and ask the Commission in one of
14 these proceedings to allocate money from those funds to go
15 toward "system benefits charge CORE efficiency programs
16 approved" by the Commission. It doesn't say you have to
17 do it. But the rule itself is there to provide this kind
18 of funding for these kind of programs.

19 And, if the Commission's analysis is
20 "this is sacred, you can't use it for these purposes",
21 then you ought to get rid of that part of the rule.
22 Because that rule says, "come in and ask for it in this
23 kind of situation." We're asking for what we think is the
24 least we can to preserve the programs without disruption.

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1 And, we appreciate your consideration of that request.

2 CMSR. BELOW: Thank you. Mr. Patch.

3 MR. PATCH: Commissioner Below,
4 Commissioner Ignatius, we -- Unitil appreciates the chance
5 to participate in the proceeding. Unitil worked hard to
6 try to address the issues raised by Senate Bill 300,
7 worked with the other utilities. We support their
8 comments. We believe generally that a number of the
9 issues raised, although we think they're legitimate
10 concerns, should be done in a broader proceeding, and not
11 in a proceeding that was specifically noticed to address
12 Senate Bill 300. So, we think you ought to limit your
13 decision to the issues raised by that.

14 And, otherwise, we echo the concerns of
15 the other utilities. Thank you.

16 CMSR. BELOW: Okay. Thank you.

17 MS. KNOWLTON: Thank you. We were all
18 just here, it seems like, getting approval for the 2010
19 CORE budgets, and that was a Herculean push to get to that
20 point. I don't think any of us had wanted to be here
21 today to do this. I think we all would agree that the
22 CORE Programs are replete with issues that are important
23 issues that require consideration, but I don't think that
24 that's what the Commission should do here now. We're here

1 for a very narrow purpose. And, so, I would urge the
2 Commission to keep its eye on that purpose in making its
3 decision based on the hearing today.

4 As Mr. Eaton and Mr. Dean both said,
5 this basically was a rocket docket and was very fast.
6 There were people that worked very, very hard, very late
7 into the night to go this done. And, I think also tried
8 to very seriously listen to the concerns and the issues
9 that were raised by the Staff and the Parties and to take
10 them into account when making adjustments to the budgets.
11 But I do agree that, ultimately, the adjustments, I would
12 urge the Commission to give some reference to the
13 decisions of the utilities on how to make those changes.

14 In National Grid's case, the Company
15 went back to its program managers and said "What do you
16 see out there, you know, in terms of demand? Where should
17 the dollars be spent? Where can we have reductions?"
18 And, adjusted the budgets accordingly. And, you know, it
19 took lemons and made some lemonade. I mean, National
20 Grid's budget, we were in the fortunate position that the
21 Company was able to get back to and actually slightly
22 exceed its approved budget, but now achieving much more
23 substantial savings, program savings, by focusing more of
24 the money on the commercial/industrial sector, where there

1 is a huge demand right now.

2 The Company witnesses testified that the
3 proposed budget is sufficient to meet the needs and the
4 current demand of the residential sector, and that there
5 other avenues out there for funds, if it turns out that
6 that demand increases. So, I would ask that the
7 Commission to approve the National Grid component of
8 Exhibit 18 in its entirety without any changes. Thank
9 you.

10 CMSR. BELOW: Okay. Thank you. Is
11 there any other matters? Mr. Aney?

12 MR. ANEY: My last comment was that, as
13 you look at --

14 CMSR. BELOW: It's actually really not
15 an opportunity for additional comment. It was just a
16 question of whether there was any other procedural
17 matters.

18 MS. AMIDON: Commissioner Below?

19 CMSR. BELOW: Yes.

20 MS. AMIDON: I didn't know if the
21 utilities were looking for an order by a certain period of
22 time. That was the only issue that I could think of
23 procedurally.

24 CMSR. BELOW: Okay. I'm not sure

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1 there's any imperative in that regard. So, if there's no
2 other procedural issues, I'll close this hearing and we'll
3 take -- the Commission will take the matter under
4 advisement. Thank you.

5 (Whereupon the hearing ended at 5:33
6 p.m.)

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