

THE STATE OF NEW HAMPSHIRE
before the
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

CORE ENERGY EFFICIENCY PROGRAMS
Docket No. DE 10-188

Technical Statement of Gilbert E. Gelineau, Jr.
in support of a
Tariff Change to the Residential Energy Efficiency Loan Program

My name is Gilbert E. Gelineau, Jr. I am Manager of Marketing Support at Public Service Company of New Hampshire ("PSNH" or "the company"). In that role I supervise the planning, operation, and reporting of conservation and load management ("C&LM") programs offered by PSNH. My business address is Energy Park, 780 North Commercial Street, Manchester, New Hampshire. I am responsible for supervising energy efficiency programs offered by PSNH. The purpose of this technical statement is to describe the tariff changes requested for PSNH's Residential Energy Efficiency Loan Program and the reasons for the requested changes.

When I testified on December 22, 2011, concerning the Update of 2012 CORE Programs, I mentioned that PSNH was in discussions with the New Hampshire Community Development Finance Authority (CDFA). The CDFA is responsible for operating the BetterBuildings Program. In that role they have received a \$8.5 million grant through the Office of Energy and Planning from the Department of Energy. One of the goals of the program is to promote weatherization in residential buildings and to provide homeowner loans for that purpose.

The proposed tariff changes are occasioned by the recent execution of a contract between PSNH and the CDFA to supplement funds used in the Home Performance with Energy Star (HPwES) program. PSNH is collaborating with the CDFA to weatherize homes throughout PSNH's service territory. The principle provisions of the agreement with CDFA are as follows:

- PSNH will use its best efforts to retrofit 500 homes during the term of the agreement.
- The agreement will be in force through 4/30/13 -- the duration of the DOE grant period.
- BetterBuildings will provide 50% of the funding for approximately 500 HPwES home weatherization jobs. There will be no material changes to the current program design approved by the Commission other than a second source of funding (e.g. the maximum rebate remains \$4,000.00 – half funded through the SBC and half from BetterBuildings).
- A "deep dive" component will be added to the standard HPwES program. This program element will provide information and financing for measures not currently offered under HPwES because they do not pass PSNH's standard cost-effectiveness test. (However, these measures could well be cost-effective if fuel prices escalate

more rapidly than assumed in the cost-effectiveness model.) Customers will have the option to participate in the "deep dive" component of the program only if the underlying HPwES project is estimated to result in at least 15% energy savings. Customers will provide all funding for the "deep dive" component. Customers who wish to finance the "deep dive" may do so with a loan funded by BetterBuildings.

- BetterBuildings will provide funding for on-bill financing of HPwES projects. The loan limits are increased from a maximum of \$7,500 to \$20,000 and the maximum repayment term is extended from seven to ten years.
- BetterBuildings is financing health and safety measures that are necessary in order to implement energy efficiency measures or are necessary to ensure that the energy efficiency measures will function properly.
- As compensation for delivering the BetterBuildings HPwES Program, CDFA shall pay PSNH a Program Delivery Charge equal to 10% of all BetterBuildings funds expended by PSNH on the BetterBuildings HPwES Program. All Program Delivery Charges will be used to support of the BetterBuildings HPwES Program.

A final draft copy of the agreement with CDFA is enclosed with this filing.

**BETTER BUILDINGS PROGRAM/
HOME PERFORMANCE with ENERGY STAR COLLABORATION AGREEMENT
BETWEEN
NEW HAMPSHIRE COMMUNITY DEVELOPMENT FINANCE AUTHORITY
&
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

This Collaboration Agreement (the "Agreement") is made as of February __, 2012, by and between the New Hampshire Community Development Finance Authority, 14 Dixon Avenue, Concord, NH 03301 ("CDFA") and Public Service Company of New Hampshire ("Utility"), 780 No. Commercial Street, Manchester, NH 03105 (and collectively, the "Parties") for the purpose of setting forth the exclusive terms and conditions by which the Utility shall receive BetterBuildings funding from CDFA to expand the Home Performance with Energy Star Pilot Program, (or its successors) within the Utility's service area.

RECITALS

WHEREAS, CDFA has been awarded funds of \$8,508,332 to implement the BetterBuildings Program ("BetterBuildings"), an initiative funded by the U.S. Department of Energy and New Hampshire Office of Energy and Planning providing a wide range of services, incentives, training and information promoting energy efficiency retrofits to buildings, and CDFA wishes to incent residential homeowners to seek access to rebates and financing for residential energy efficiency projects; and

WHEREAS, the Utility currently operates the Home Performance with Energy Star Pilot Program, as approved by the New Hampshire Public Utilities Commission ("HPwES Program") and would like to collaborate with CDFA to expand that program through the use of BetterBuildings funds, with the new, augmented HPwES Program being known as the "BetterBuildings HPwES Program."

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The BetterBuildings HPwES Program

- 1.1. Program Description: Based on the terms of this Agreement, the Utility will offer the BetterBuildings HPwES Program to its customers, which program shall include all of the same features of the HPwES Program with the following three new program elements: (1) "deep dive" efficiency measures; (2) health and safety measures; and (3) enhanced financing, each of which is described below.

Deep Dive Measures: Those measures that result in energy or fossil fuel savings, but would not have to meet the standard cost effectiveness test employed by the PUC in the HPwES Program. Examples of Deep Dive Measures may include but are not limited to: exterior applied insulation, exterior insulated siding, ENERGY STAR appliances, insulation of duct work, ENERGY STAR windows, heat recovery ventilator, pellet conversions, and solar-thermal hot water.

Health & Safety Measures: Those measures that are necessary to implement the energy efficiency measures included in the HPwES program or are necessary to ensure that the HPwES energy efficiency measures will function properly; provided that the total cost for Health and Safety Measures shall not total more than 25% of the cost of the installed energy efficiency measures. Examples of Health & Safety Measures include but are not limited to: asbestos abatement, mold/mildew remediation, radon/water mitigation, damaged insulation removal (wet, rodent/insect infested) lead paint removal, replacement of knob & tube wiring, red tag furnace, and moisture management.

Enhanced Customer Financing: Qualifying BetterBuildings HPwES Program participants will be able to finance not only the measures offered under the Utility's HPwES Program, but also the entire cost of approved Deep Dive and Health & Safety Measures as well as heating system upgrades/replacements.

- 1.2. Program Goal and Funding: The Utility shall use its best efforts to retrofit 500 homes through the BetterBuildings HPwES Program during the term of this Agreement. This figure is a best estimate of the number of retrofits to be completed in the Utility's service area; however, it may increase or decrease based on a number of factors including but not limited to customer demand, availability of funds, and program staffing requirements. Homes in the portfolio must have an average estimated energy savings of at least 15%, as determined by standard HPwES estimation methodology utilized by the Utility, to be eligible for BetterBuildings funding through CDFA.

CDFA shall make available to the Utility BetterBuildings funds in the amount of \$1,564,574 to fund the homes to be retrofit through the BetterBuildings HPwES Program. CDFA, with prior consultation with the Utility and with no less than 30 days prior notice, reserves the right to decrease the amount of funding available in order to meet market demand and/or the spending timeliness requirements of the BetterBuildings Program. Any adjustments to increase funding will be made by written mutual agreement of CDFA and the Utility.

Notwithstanding any provision of this Agreement to the contrary, all obligations of the Parties relating to the BetterBuildings Program, including, without limitation, the continuance of payments hereunder, are contingent upon the continued availability

of BetterBuildings funds through the U.S. Department of Energy and New Hampshire Office of Energy and Planning. CDFA shall not be required to utilize its own funds or funds from any other account in the event BetterBuildings funds are reduced or become unavailable.

The following table depicts the anticipated costs to complete this work. The figures shown here are estimates. Invoices will be based on agreed upon pricing as detailed under Section 1.5 of this Agreement.

Cost Category	BetterBuildings	Utility	Total
HPwES Rebates			
Weatherization Rebates	\$500,000	\$500,000	\$1,000,000
HVAC Rebates	\$8,340	\$8,340	\$16,680
BetterBuilding Loans			
Weatherization	\$375,000		\$375,000
HVAC	\$189,000		\$189,000
Deep Dive Measures	\$250,000		\$250,000
Health & Safety Measures	\$100,000		\$100,000
Program Delivery Charge	\$142,234		\$142,234
Totals	\$1,564,574	\$508,340	\$2,072,914

1.3. Use of BetterBuildings Funds: Under the terms of this Agreement, BetterBuildings funds provided by CDFA to the Utility shall be used for the following purposes:

1.3.1. Customer Rebate

Customers participating in the Better Buildings HPwES Program receive a rebate in compliance with the PUC approved HPwES program. Half of the Customer Rebate will be paid with the BetterBuildings funds provided by CDFA hereunder and the remaining half will be paid from the Utility's funds as part of the HPwES Program.

1.3.2. Customer Financing

BetterBuildings funds will be used to enable qualifying customers participating in the BetterBuildings HPwES Program to finance their portion of the cost of installing energy efficiency and other qualified measures up to a maximum of \$20,000. Loans will be offered at 0% interest, with no fees and invoiced on the customer's monthly utility bill. Loan repayment periods will vary depending on the amount borrowed. To be eligible for financing, customers must have a good payment history with the Utility and pass each participating Utility's qualification requirements for financing.

The BetterBuildings HPwES Program will use the Utility's currently approved loan program as set forth in its tariff until such time as the Utility obtains approval from the New Hampshire Public Utilities Commission ("PUC") for an expanded program that will provide financing of up to \$20,000. Repayment periods and other loan specifics for any future loan program will be detailed in the Utility's tariff.

BetterBuildings HPwES Program participants may borrow additional amounts for measures that do not qualify for financing under the Utility's HPwES Program. These additional amounts may be used for Deep Dive and Health & Safety Measures. As long as the underlying BetterBuildings HPwES project is estimated to result in at least 15% energy savings, no additional analysis or modeling is needed for additional measures.

1.3.3. Program Delivery Charge

As compensation for delivering the BetterBuildings HPwES Program, CDFA shall pay the Utility a Program Delivery Charge equal to 10% of all funds expended by the Utility on the BetterBuildings HPwES Program.

- 1.4. Return of BetterBuildings Loan Funds: The Utility will invoice BetterBuilding HPwES borrowers as part of their monthly utility bill. The Utility will collect all customer repayments of BetterBuildings loans, and return all funds collected to CDFA on a quarterly basis. The Utility may not retain customer repayments as an offset to anticipated advances (see Section 3) of funds due from CDFA. The Utility's obligation to return customer payments of BetterBuildings loan funds to CDFA shall not lapse upon termination of this Agreement but shall continue until all loans made under this Agreement have been repaid or credited as set forth in Section 4 of the Agreement.
- 1.5. Invoicing and Pricing: The Utility will submit invoices to CDFA within 10 days following the end of each month for those services provided pursuant to this Agreement. Standard items will be billed in accordance with the Unit Price Schedule included as **Attachment A** to this Agreement. Invoices will be provided electronically and include a Summary Report indicating the billing for each project, as well as a Project Detail Report indicating the number of units of each item used on each project. Projects containing custom measures (e.g. Deep Dive, Health & Safety, heating systems) will include the vendor invoice or other supporting documentation for each custom measure.
- 1.6. Periodic Reporting: The Utility shall provide to the CDFA a report within (TBD) calendar days of the end of each calendar quarter in a form and manner as prescribed by CDFA. **Attachment B** attached provides a list and format of the information to be included in that report.

1.7. Utility's Responsibilities and Discretion: The Utility will run the BetterBuildings HPwES Program in the same manner as it runs the Utility's HPwES Program. Utility shall be responsible for all underwriting, funding and servicing of loans made with BetterBuildings Funds, including compliance with all applicable legal requirements. The determination of whether or not to make a BetterBuildings HPwES Program loan under this Agreement to any customer is wholly within the Utility's discretion.

This Agreement specifies the terms under which the Utility and CDFA agree to collaborate to achieve the goal of retrofitting homes within the Utility's service area on a "best effort" basis. This Agreement makes no warranty as to the number of homes that will be retrofitted, and CDFA agrees not to hold the Utility liable for failure to meet the retrofit goal specified herein; provided; however, that Utility shall keep CDFA apprised of the status of its progress towards meeting the retrofit goal consistent with the requirements of Section 1.6.

2. Term

The term of this Agreement shall commence effective with the date of its execution by the Parties and shall terminate on the earliest of (1) April 30, 2013, (2) the expenditure of all funds available for the BetterBuildings HPwES Program, or (3) 30 days after receipt of written notice of termination from either Party; provided, however, that CDFA shall pay Utility for all work in progress, rebates, and any loans enrolled under the BetterBuildings HPwES Program and any other services provided by the Utility pursuant to this Agreement through the date of termination. CDFA acknowledges that the Utility cannot begin providing services under this Agreement until the PUC authorizes the Utility to conduct the BetterBuildings HPwES Program.

CDFA agrees to provide the Utility with advance notice, in writing, of the potential for all available BetterBuildings funds to be fully expended as CDFA is best able to estimate. Upon receiving such notice, Utility will cease offering the BetterBuildings HPwES Program.

3. Advance of Funds

CDFA shall advance the Utility \$100,000 within 5 business days from the date the Utility notifies CDFA that the PUC authorizes the Utility to provide the BetterBuildings HPwES Program so that the Utility has funds sufficient to begin providing services under this Agreement. The Utility shall notify CDFA in writing when it needs further advances of funds to provide services under this Agreement. CDFA shall make additional advances to Utility within five (5) business days of receiving a request from Utility. At the time the total advances held by the Utility equals or exceeds the amount of funding that remains available, CDFA shall make no further advances of funds and Utility shall use the advances that remain to pay the remainder of the claims for the program. If, after all claims have been paid, there remain advances in the possession of Utility, Utility shall remit to CDFA those amounts within 30 days.

The Utility shall disburse rebates as well as any loaned customer co-payment amounts directly to the HPwES contractor. Loans made for approved Deep Dive, Health & Safety, or heating system work, will be disbursed to the customer.

4. Loan Defaults

In the event that a customer participating in the BetterBuildings HPwES Program fails to repay a loan made by the Utility, the Utility will make every reasonable effort to collect the unpaid balance consistent with its existing collections programs. Upon default, the Utility shall submit a notice to CDFA of the default. In the event that the Utility is unsuccessful in the collection effort, the BetterBuildings Program shall incur the loss of the unpaid loan amount, and the Utility shall not be responsible for the return of those BetterBuildings funds to CDFA, unless the customer later provides full or partial payment of its loan in which case the funds, net of any collection fees, shall be returned to CDFA.

5. Party Representatives

5.1. Prior to commencement of the Agreement, each Party shall identify to the other a representative authorized to receive all communications, provide approvals or authorizations required, and act on behalf of each party in all matters concerning this Agreement. At its sole discretion, either Party may change its representative at any time by providing written notice to the other Party.

5.2. Each Party's representative will make decisions in writing within a reasonable time on all matters relating to this Agreement.

5.3. All notices, instructions, and other communications shall be in writing and shall be delivered by registered mail or by confirmed email or fax to the parties at the following addresses:

For the Utility:

Gilbert E Gelineau, Jr.
Manager Marketing Support
Public Service Company of New Hampshire
780 North Commercial St
Manchester, NH 03105
Phone: 603-634-2727
Fax: 603-249-2449
Email: gilbert.gelineau@nu.com

For CDFA:

Katharine Bogle Shields
Executive Director
NH Community Development Finance Authority
14 Dixon Avenue, Suite 102
Concord, NH 03301
Phone: 603-226-2170
Fax: 603-226-2816
Email: kshields@nhcdfa.org

All such notices and communications shall be deemed to have been delivered on the date of delivery, if delivered by certified mail, or on the date confirmation was sent if delivered by confirmed email or fax.

6. Confidential Information

Each Party acknowledges that it may be necessary to disclose Confidential Information to the other. The Utility may disclose to CDFA information about participating customers to the extent necessary to carry out its responsibilities under this Agreement. Personally identifiable Customer Information (including name, phone number, address and financial information) shall be kept confidential by CDFA and its agents, employees, and representatives in compliance with all applicable federal and state laws, and CDFA shall take appropriate measures to protect Customer Information.

Except to the extent set forth in this article, or as otherwise agreed to in writing by the Parties, each Party agrees not to disclose to third parties, unless required by the American Recovery and Reinvestment Act flow down requirements, any Confidential Information that is disclosed pursuant to this Agreement.

Any Information transmitted to either party will not be deemed Confidential Information if that information is: (a) in the receiving party's possession without restriction on disclosure prior to disclosure hereunder; (b) at the time of disclosure, generally available to the public without restriction on disclosure; (c) after disclosure, generally available to the public without restriction on disclosure, by publication or otherwise, through no fault of the receiving party; or (d) after the time of disclosure, received from a third party who imposes no obligation of confidentiality and who, insofar as the receiving party can reasonably determine, did not acquire any such Confidential Information directly or indirectly from the other party subject to requirements of confidentiality.

7. Indemnification

Utility shall indemnify, hold and save harmless, and defend, at Utility's own expense, CDFA, its officials, agents, and employees from and against all suits, claims, demands, and liability of any nature or kind, including its costs and expenses, arising out of acts or omissions of the Utility's employees, officers, agents, or sub-contractors, in the execution and implementation of this Agreement.

CDFA shall indemnify, hold and save harmless, and defend, at CDFA's own expense, the Utility, its officials, agents, and employees from and against all suits, claims, demands, and liability of any nature or kind, including its costs and expenses, arising out of acts or omissions of CDFA's employees, officers, agents, or sub-contractors, in the execution and implementation of this Agreement.

8. Miscellaneous

- 8.1. Notification of Material Changes: Each Party shall notify the other Party of any material changes in the mode of operation, change of premises, significant negative change in financial position or source or method of funding, as well as any litigation or proceedings before any court or administrative agency that may adversely affect its ability to fulfill its contractual obligations under this Agreement.
- 8.2. Entire Agreement; Waiver and Modification: This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any and all prior agreements and undertakings, written or oral, with respect to the subject matter. Any waiver, amendment, or modification of the provisions shall not be effective unless in writing and signed by the Parties. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and shall not be construed to affect any other or future waiver or consent.
- 8.3. Severability: If any one or more of the provisions of this Agreement shall be found to be invalid, illegal, or unenforceable in any respect or to any extent, such finding shall not affect the validity, legality, or enforceability of such provisions in any other jurisdiction, and the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected, impaired, or restricted.
- 8.4. Counterparts: This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be a single agreement.
- 8.5. No Waiver; Remedies: No failure on the part of CDFA or the Utility to exercise, and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or remedy under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or remedy. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.
- 8.6. Governing Laws: This Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire, without regard to its conflicts of laws principles. In any legal action arising from this Agreement, the substantially prevailing party shall be entitled to reasonable attorney's fees, including costs allocated for in-house counsel, other costs, and necessary

disbursements incurred in connection with the action or proceeding as determined by a court. Any legal action brought with respect to this Agreement shall be brought in the state or federal court in New Hampshire having jurisdiction.

8.7. Nondiscrimination in Customer Services: The Utility shall not, on the grounds of race, color, sex, sexual orientation, religion, national origin, creed, marital status, age, or disability, unlawfully:

8.7.1. Deny an Eligible Customer any facilities, financial aid, services, or other benefits provided under this Agreement;

8.7.2. Provide any service(s) or other benefits to an Eligible Customer that are different, or are provided in a different manner, from those provided to others under this Agreement or confer separate treatment in any manner related to the receipt of any service(s) or other benefits provided under this Agreement; and

8.7.3. Deny an Eligible Customer an opportunity to participate in any program provided by this Agreement through the provision of service(s) or otherwise, or any Eligible Customer an opportunity to do so that is different from that afforded others under this Agreement.

8.8. Survivability: Sections 1.4, 1.5, 2, 4, 6, and 8 shall survive termination of this Agreement.

8.9. Acknowledgements: Participating Utilities agree to comply with the ARRA Standard Terms, where applicable, as outlined in Exhibit C of this agreement.

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be duly executed as of the date first written above.

PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE

COMMUNITY DEVELOPMENT
FINANCE AUTHORITY

By: _____
Its duly authorized agent

By: _____
Its duly authorized agent

Printed Name

Printed Name

Title

Title