THE STATE OF NEW HAMPSHIRE

CONSUMER ADVOCATE
Meredith A. Hatfield

ASSISTANT CONSUMER ADVOCATE
Kenneth E. Traum

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-1172

FAX No. 271-1177

Website:
www.oca.nh.gov

OFFICE OF THE CONSUMER ADVOCATE
21 S. FRUIT ST., SUITE 18
CONCORD, NEW HAMPSHIRE 03301-2429

DE 10-188
#7
Panel

RECEIVED
OCT 15 2010
NH PUBLIC UTILITIES COMMISSION

October 15, 2010

Debra Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319

RE: DE 10-188 CORE EE Filings

Dear Ms. Howland:

I enclose for filing with the Commission an original and six copies of the OCA's Testimony of Stephen R. Eckberg in the above-reference docket.

Copies of this letter and the testimony will be distributed to the service list via electronic mail. Please do not hesitate to contact me with any questions. Thank you for your assistance.

Respectfully,

Meredith A. Hatfield
Consumer Advocate

cc: Service List via electronic mail

NHPUC OCT15'10 PM 3:49

BEFORE THE STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

In the matter of:	)	
Granite State Electric Company d/b/a National Grid	)	
New Hampshire Electric Cooperative, Inc.	)	
Public Service Company of New Hampshire	)	
Unitil Energy Services, Inc.	)	DE 10-188
EnergyNorth Natural Gas, Inc. d/b/a National Grid NH	)	
Northern Utilities, Inc. d/b/a/ Unitil	)	
	)	
2011-2012 CORE Energy Efficiency Programs	)	

Direct Prefiled Testimony

of

Stephen R. Eckberg

Utility Analyst

on behalf of

the Office of Consumer Advocate

Dated: October 15, 2010

I. Introduction

Q. Please state your name, business address and position.

A. My name is Stephen R. Eckberg. I am employed by the Office of Consumer Advocate (OCA) as a Utility Analyst. I include as Attachment SRE-1 to my testimony a statement of my education and experience.

Q. Have you previously testified before the Commission?

A. Yes, I have testified on behalf of the OCA in a number of dockets including last year's CORE Docket, DE 09-170.

Q. Please briefly describe your experience and specific knowledge or skills that relate to your testimony in this docket.

A. I have professional experience in energy efficiency in several capacities. I was previously employed by Hagler Bailly, Inc., a consulting firm, where my responsibilities included evaluation of utility-sponsored demand side management and energy efficiency programs. I was also employed by the NH Governor's Office of Energy and Community Services (now the Office of Energy and Planning) as the Program Administrator of the Weatherization Assistance Program. That program, funded by the US Department of Energy, provides weatherization, energy efficiency improvements, and installation of health and safety measures to New Hampshire's low income households, delivered through NH's six Community Action Agencies (CAAs). As part of my job responsibilities, I participated in specialized training, successfully passed both written and field exams, and was certified as an energy auditor. Subsequently, I was employed as the statewide administrator of the Electric Assistance Program which provides bill assistance to income eligible households. This program is funded by a portion of the same System

Benefits Charge that funds the CORE energy efficiency programs. I also have professional experience in the construction trades, including the design and construction of residential buildings, which provides me with an understanding for the details of building science.

II. Overview of OCA Testimony

Q. Please describe the purpose of your testimony.

A. The purpose of my testimony is to discuss several issues from the Settlement in last year's Core Docket DE 09-170, as well as to address certain concerns in the current Joint Filings of the Electric and Gas utilities in DE 10-188. These include:

A. From last year's CORE Docket DE 09-170:

1. The Status of the Agreement to Select a Consultant for development of multi-year Monitoring & Evaluation (M&E) Plan.
2. The Status of the Agreement to provide certain evaluations.
3. New Hampshire Electric Cooperative's Load Management Program.

B. From the current CORE Docket DE 10-188:

1. Utilities' proposed change to Performance Incentive calculation methodology.
2. Continuation of PSNH & Unitil Fuel Neutral Pilot Program.
3. PSNH's inclusion of all "leveraged" funds and related savings in its B/C test for the HEA program.
4. PSNH's use of "all energy savings" related to Home Performance with Energy Star (HPwES) in their calculation of Shareholder Incentive.
5. Full financial support for NEEP's regional Energy Efficiency related activities.
6. Northern Utilities decision to not offer an Energy Star Homes Program.
7. Home Energy Assistance Budget (Electric and Natural Gas)
8. National Grid-NH's Monthly Residential Energy Efficiency Reporting

<u>III. OCA's Concerns from Settlement in 2010 CORE filing DE 09-170.</u>

Q. Please address the first issue you identified related to the Settlement in last year's CORE Docket DE 09-070 regarding selection of a Consultant for development of multi-year Monitoring & Evaluation (M&E) Plan.

A. The Settlement Agreement in that Docket, which was approved by the Commission in Order 25,062, stated on p. 8 that "The Settling Parties and Staff agree that the Electric Utilities will work with the Staff and Settling Parties to develop a request for proposals for issuance by February 1, 2010 for the purpose of engaging a consultant by March 31, 2010 to begin developing a multi-year monitoring and evaluation plan . . . ." To the OCA's knowledge, as of the date of this testimony, no consultant has been engaged to begin the important work of developing the multi-year M&E plan.

Q. Do you know why this M&E contract has not been awarded?

A. No. Although the comprehensive review of NH energy efficiency programs and policy required by SB323 will soon be under way, and will likely result in proposals for improving the design and delivery of energy efficiency programs in the state, we still strongly believe that a multi-year monitoring and evaluation plan is necessary for the CORE programs. Without such a plan, the only M&E that is conducted is driven largely by short term needs, and lacks an overall strategic approach that would provide important feedback to improve the programs.

Q. What do you recommend on this issue?

A. I recommend that the Commission direct Staff and the parties, to move ahead immediately with the contracting process necessary to facilitate the development of a multi-year M&E Plan.

Q. Are there any other Monitoring and Evaluation issues from last year's CORE programs Settlement you'd like to discuss?

A. Yes. The Settlement in DE 09-170 also stated on p. 8 "During 2010, the Electric Utilities shall conduct impact evaluations on the Energy Star Lighting Program, the Small Business Energy Solutions Program, and the 2009 Home Energy Solutions Fuel-Neutral Pilot Program." To the OCA's knowledge, there have been no evaluation contractors selected or contracts awarded to perform any of these impact evaluations as required by the Commission.

Q. Do you know why these evaluations have not moved forward?

A. No. Pursuant to a settlement agreement regarding the 2006 CORE Programs, responsibility for monitoring and evaluation efforts was transferred from the Electric Utilities to Commission Staff in 2006 to allow for more independent oversight. See Order No. 24,599 (March 17, 2006) in DE 05-157. Since 2006, the Commission Staff, working in coordination with the Electric Utilities, has been charged with oversight of the Monitoring and Evaluation (M&E) of the CORE Programs including the allocation of the budget for M&E. I believe that all completed M&E reports should be publicly available and posted on the Commission's website,[1] but after reviewing the Commission's website, the OCA notes that the most recent M&E study of one of the CORE Programs appears to have been published in October, 2008 and relates to NGrid's 2006 Custom HVAC Installations Program (a C&I program). I am unsure if additional studies have

[1] *See* www.puc.nh.gov/Electric/Monitoring%20and%20Evaluation%20Reports/Monitoring_Evaluation_Report_List.htm

been performed but not posted to the website or whether no additional studies have been performed since 2008.

Q. Is the OCA concerned that these evaluations have not moved forward?

A. Yes, very much so, for a few reasons. First, all four of the electric utilities have received funds from ISO-NE's Forward Capacity Market by bidding into that market the quantifiable "other demand resources" that result from the energy efficient improvements and demand reductions made through the Residential, Commercial and Industrial CORE Programs. These funds are included in the CORE Program budgets and are an important funding source that supplements the System Benefit Charge funds. The utilities have, as part of this process, made certain commitments to ISO-NE that they will comply with the Monitoring and Verification components of participating in the Forward Capacity Market. Those commitments include performing evaluations for each program with certain required regularity. If the evaluations are not performed, there may be penalties related to unverifiable demand reduction estimates. For this reason, the OCA is very concerned that program impact evaluations do not appear to be moving forward as may be required to meet ISO-NE requirements. It is the OCA's general belief that M&E is critical to the ongoing improvement of the programs, and is necessary in order to know whether the programs are resulting in the most effective use of limited customer funds.

Q. Please address the next issue from the Settlement in last year's CORE Docket DE 09-070 regarding NHEC's Load Management Program.

A. Section I.5. of the Settlement Agreement in DE 09-170 2010 CORE Programs, states

"The Settling Parties and Staff, other than the OCA, agree that NHEC may continue to operate an SBC-supported Load Management System as provided in the NHEC Utility-Specific Program Description of the 2010 CORE Proposal. The Settling Parties and Staff recognize that NHEC is beginning the installation and implementation of software that will allow for the collection of more detailed information on control times and therefore will allow for better analysis of the change in the total load at the time of the control. This will provide data necessary to assess the effectiveness of the load management program. NHEC will provide updates on the progress of this implementation as part of its quarterly reports. NHEC expects that some data analysis will be available by the end of the second quarter. Based on reported data, Staff or any party may make recommendations regarding whether NHEC should recover costs from the SBC for this program after 2010."

As this section of the Settlement indicates, the OCA did not support allowing NHEC to continue to fund its Load Management Program for which they could provide no supporting data for the claimed benefits of the program, which they assert is load control.

Q. Why was the OCA not supportive of continued funding of the NHEC's Load Management Program last year?

A. The funding request for 2010 of $100,700 - slightly more than 12% of NHEC's residential EE programs budget - in last year's Docket made for a total funding request over five years of over $500,000 for this program. The OCA believed at that time that NHEC had adequate opportunity over the last several years of program review to provide data supporting the value of the program and had not done so. The OCA believed at that time that the Company had not met its burden to demonstrate the value of the program and that it would be more worthwhile to fund other residential programs.

Q. Has NHEC met its obligations under the terms of the approved Settlement Agreement?

A. No. As of the date this testimony was filed, NHEC has not provided any information on the status of its software project, nor has it provided any specific data about control times or the amount of load under control.

Q. In light of NHEC's failure to meet its obligations under the settlement, what do you believe is an appropriate course of action?

A. The Settlement agreement clearly contemplated that parties would use the information provided by NHEC during the 2010 Program Year to comment on the appropriateness of funding that program. While NHEC has not requested any funds for its Load Management Program in the current Docket, the OCA does not believe this sufficiently resolves the OCA's concern about this program, nor does it meet NHEC's obligations under the Settlement. NHEC has yet to provide data which justifies the allocation of funds to this program for the current (2010) program year. The OCA recommends that the Commission direct NHEC to return the 2010 amount budgeted to its Load Management Program - $100,700 - to the CORE budget for 2011 & 2012, and to allocate this amount to its other residential programs. We believe that there is need and demand for other residential programs.

<u>IV. Issues in the current CORE filing.</u>

Q. Please address the first issue related to this year's CORE Energy Efficiency Programs filing for 2011-2012, regarding the proposed change to the methodology in calculating the Performance Incentive.

A. On page 16 of the Joint Electric CORE EE Program filing and page 34 of the Joint Natural Gas EE Program filing, the utilities propose to modify the methodology that has been used since the inception of the EE programs for calculating the Performance (or Shareholder) Incentive (PI).

Q. What is the proposed change?

A. The utilities propose to calculate the PI using the Actual expenses rather than the Budgeted expenses.

Q. What impacts would this have on the incentive calculation?

A. The utilities state that the impact would be to remove the possibility that a Company could earn an incentive on program dollars more than once. In fact, National Grid - NH, in a letter dated August 10, 2010 filed in Docket DG 09-049 informed the Commission that it would be carrying forward $249,007 from its 2009 Residential EE programs to the current 2010 program year[2]. Importantly, the Company stated that it would not be seeking performance incentive on these funds carried forward to 2010. This indicates to me that the utilities are aware of this situation and have proposed a change to remove the potential of the "double" incentive on any given program dollar.

Q. Please explain this change in more detail.

A. Using the current calculation methodology, which bases the incentive calculation on the budgeted program amounts in each of the residential and the commercial & industrial sectors in a given program year, a utility could earn an incentive of up to 12% on the full budgeted amount in a program year. However, if some of those program dollars are

[2] The letter filing also stated the Company would carry forward funds from its Commercial & Industrial programs.

unspent in that program year and are carried forward and included in the budget for the subsequent program year, the utility could also earn an incentive on those carried forward amounts. In this manner, it would be possible to earn an incentive on the same program dollar more than once. The utilities propose to change this so that the PI is based on the actual amount of spending.

Q. Are there other impacts that this proposed change could have on the performance incentives?

A. Yes. It is possible that this proposed change could result in either increased or decreased PI amounts. In order to evaluate the actual financial impact of this proposed change on the performance incentive amounts over the last several years the OCA asked each utility to provide comparative calculations. In response to a data request, each of the six utilities (four electric and two natural gas) provided a comparison of performance incentive amounts earned under the existing calculation methodology and under the newly proposed methodology. The results of the comparison are provided in response to OCA 1-4. Pages 1 through 7 of 25 of that response are provided as Attachment SRE-2.

Q. What does Attachment SRE-2 show?

A. It shows that for the three year period covering the program years 2007 - 2009, each of the six utilities making this proposal would have earned smaller performance incentives under their newly proposed calculation methodology.

Q. Does the OCA have a position on this proposed change?

A. Yes. The OCA supports this proposed change in the calculation methodology of the performance incentive. We believe that it is a reasonable change and has the advantage, as discussed above, of removing the possibility that a utility could earn an incentive on the same dollar more than once.

Q. Does the OCA have any other positions related to the PI?

A. Yes. As the OCA stated in our April 30, 2009 filing in DE 09-170, we believe that a broader review of the performance incentive is appropriate, in order to ensure that incentives are appropriately aligned with CORE Program goals, especially in light of the fact that such a review has not been performed since the PI was approved in 2003. I include a copy of OCA's April 30, 2010 filing as Attachment SRE-3. A CORE subgroup was convened in 2010 to undertake this work, but it has not met since the summer. The group met on May 19 and June 24, 2010 to discuss possible changes to the PI. The group was successful at discussing several ideas and proposals that members brought forward; however, the group lacks specific direction or resources to undertake a thorough review of options to the incentive methodology. In my testimony of last year in DE 09-170 I pointed to at least one state's approach as an example of what others have done recently in this area, and I believe that the CORE programs could benefit from reviewing recent work on incentives in other jurisdictions. Therefore, I recommend that the Commission direct the parties to address this issue, and that the Commission provide access to the necessary expertise that this requires, including consultants who are experts in this field. Such an effort could be included as part of the multi-year M&E Plan.

Q. Do you have any other comments about the PI?

A. One final comment I'd like to make on this matter is that it appears that on page 65 of the CORE Electric EE filing, that the PI formula as written there may not have been updated by the utilities to reflect this proposed change to use "ACTUAL" rather than "BUDGET" amounts in the calculation. The formula shown on page 65 still shows "BUDGET" which is referred to as "Total dollars budgeted less the shareholder incentive." I believe this formula needs to be updated if the Commission approves the proposed modification.

Q. Please address your next issue in the current filing related to the proposed continuation of the Fuel Neutral Home Performance with Energy Star program of PSNH and Unitil.

A. The Settlement agreement in DE 09-170, approved by the Commission in Order 25,062, stated "At the end of the 2009 heating season, PSNH and Unitil shall promptly evaluate the fuel neutral homes and supply that evaluation to Staff and all Parties." *See* Order 25,062 at p. 15. To the OCA's knowledge the evaluation required by the Settlement and Order has not yet been completed.

Q. Was any work toward such an evaluation performed?

A. Yes. PSNH and Unitil retained the services of KEMA to perform a pre-evaluation review of the data collection systems, methods, and procedures in place relative to the program delivery to ensure that the approaches that were in place were adequate to provide for a successful evaluation when enough homes had been served.

Q. What were the results of that pre-evaluation by KEMA?

A. The resulting KEMA report is discussed on page 10-11 of the CORE Electric EE filing. The report indicated a generally favorable review of the marketing, educational, process and quality control aspects of the program. However, the intent of this effort was not to perform the evaluation as directed by the Commission's Order. It was only intended as a preliminary assessment, and the OCA does not believe this meets the requirements of the Settlement Agreement.

Q. What is your recommendation?

A. In spite of the generally positive results reported to parties informally thus far, the OCA cannot recommend the full implementation of the Fuel Neutral Home Performance with Energy Star program without being able to review the evaluation required in last year's Settlement and Order. The OCA is supportive of a continued pilot effort in 2011 in order to perform additional fuel neutral weatherization jobs, and to ensure an adequate population of homes for the evaluation effort that is anticipated. However, the utilities should be directed to undertake the evaluation immediately, and the Commission should set a deadline for submission of the evaluation if it approves continuation of the pilot.

Q. Please address your next issue regarding PSNH's inclusion of all "leveraged" funds and savings in its B/C test for the Home Energy Assistance Program (HEA).

A. As can be seen on page 105 of the CORE Electric EE filing, PSNH shows $1,652,300 in "Customer Costs" for the its 2011 HEA program. This represents a significantly different approach than that used by the other three electric utilities. As seen on page 85 of the CORE EE filing for NGrid, page 95 for NHEC, and page 115 for Unitil, each shows $0 as "Customer Costs" for the 2011 HEA program.

Q. What costs are included or tracked in the "Customer Costs" category?

A. This cost category tracks the total costs of all customer contributions or amounts paid by the program's participating customers toward installation of energy efficiency measures. For example, in a non-low income weatherization program, if attic insulation is added to a participant's home at a total cost of $800 with a 50% customer co-pay, then $400 would be included in the "Customer Costs" category as this is the amount the customer paid toward the installation. However, in the HEA program, there are *no* customer co-pay amounts. The program covers the full installation costs of the cost-effective energy efficiency measures that are installed.

Q. If the customers in the HEA program do not contribute toward the cost of installed EE measures, what costs are being included by PSNH?

A. In response to discovery, PSNH stated that "the Customer Costs are actually collaboration monies obtained from non-CORE program sources - - typically collaboration with either the Federal Weatherization Assistance Program or the newer ARRA funds for weatherizing homes with low income eligible occupants." *See* response to Staff 1-14, provided as Attachment SRE-4.

Q. Are the other three electric utilities tracking this information the same way?

A. My understanding is that the Community Action Agencies, who partner with the electric utilities to implement the program and perform the weatherization of low income homes, provide this "leveraging" information to all the utilities. However, as I indicated above, none of the other three electric utilities are including this information in the CORE filing nor are they including it in their benefit-cost calculation.

Q. What is your concern about PSNH including this information?

A. My main concern is that in addition to PSNH including this information in the CORE filing, they are also including these costs, as well as all associated energy savings estimates, in their Benefit-Cost test for the Home Energy Assistance program.

Q. What is the problem with including those leveraged funds in the Benefit-Cost ratio?

A. By reviewing past CORE filings, one can see for example on page 71 of the 2009 filing in DE 08-120, that PSNH showed $128,500 of Customer Costs related to the HEA program. On page 78 of the 2010 plan filing in DE 09-170, PSNH shows $2,133,100 of Customer Costs related to the HEA program. This significant increase is most likely the result of ARRA funding directed to the Weatherization Assistance Program and delivered through the Community Action Agencies.

Q. You indicated you believe there is a problem with this situation. Please explain.

A. There are actually two problems that are closely tied together that I believe need to be considered.

The first problem is to try and understand if PSNH is doing something differently in the low income program than it does in its non-low income programs. In a non-low income program, as I explained above using an example of insulation being installed in a participant's attic, there is a direct understanding of what these Customer Costs represent. To extend this fairly simple example let us consider what amount would be in the Customer Cost category if this weatherization job was done through the low income weatherization program. The answer is simply $0. The low income program does not have customer co-pays so there is *no* customer cost.

Q. Please continue.

A. Let's assume our non-low income participant - after having insulation added to their attic through the non-low income program - at their own expense, now installs a new EnergyStar compliant front door on their home - an action which would likely reduce the air infiltration and increase the energy efficiency of the home. PSNH would likely have no knowledge of that installation or of the related costs and energy savings. Therefore, PSNH would not include in its "Customer Costs" category any information about what the program participant paid for their new front door. However, in the HEA low income weatherization program, PSNH is tracking the costs, and the energy savings, related to investments made by other programs. This seems to be very similar to tracking the costs of that new front door, installed outside of the program, within PSNH's non-low income program. Therefore, I believe that the first problem is that PSNH is treating costs and energy savings information differently for the low income program and the non-low income program.

Q. What is the second problem you believe is closely connected to this?

A. The second problem to consider is the impact of the differential treatment of costs and savings by these two programs and whether this different treatment actually creates desirable and/or undesirable effects. Tracking the "leveraging" information about all investments made through multiple funding sources focused on low income homes may be useful. In fact, it may even be required for the DOE Weatherization Assistance Program as many Federal programs require grant recipients to "match" the grant amount with a certain amount of leveraged non-federal resources. In addition, tracking of this information may provide the Commission with a fuller picture of the total expenditures in the low income sector. However, it is not at all clear that these expenses and energy savings estimates from other funding sources should be included in PSNH's Benefit-Cost calculations.

Q. Does the inclusion of these external costs and savings estimates have an impact on the Benefit-Cost calculations?

A. I have not performed a detailed review of any Benefit-Cost calculations, but looking at the results of the calculations provided by PSNH, I would say that they do have a significant impact. For example, at page 71 of the 2009 filing in DE 08-120, PSNH shows a Total Resource Benefit-Cost ratio of 0.64 for the HEA test. Then, at page 78 of the 2010 plan filing in DE 09-170, PSNH shows a Total Resource Benefit-Cost ratio of 1.25. And on page 105 of the current 2011 program filing, PSNH shows a Total Resource Benefit Cost ratio of 1.70 for the HEA program when the $1,652,300 in other program costs and associated estimated savings are included. This clearly shows the very significant effect of including these costs and savings estimates from non-SBC sources.

Q. Does the OCA have a position on this issue?

A. The OCA does not have enough information at this time to offer an opinion on whether PSNH's approach to this matter is appropriate. We are concerned that it is a significant issue that merits both the Commission's attention and a thorough review. The OCA believes that this issue, like many others, is best answered through a thorough and systematic analysis. That would include: evaluation of what practices are in use in other jurisdictions; an assessment of the quality and robustness of energy savings and cost estimates from these external programs; and a review of opinions of energy efficiency program evaluators and experts.

Q. Please address the next issue regarding PSNH's use of "all energy savings" in their calculation of Shareholder Incentive relating to the HPwES program.

A. This issue is closely connected with the proposal in the current filing to expand the fuel neutral pilot program that is currently operating as the Home Performance with Energy Star (HPwES) program. Order 25,062 approving the Settlement Agreement in DE 09-170 regarding the 2010 CORE Programs states "PSNH and UES will continue to earn a performance incentive only on the portion of the pilot budget related to electric savings. At the end of the 2009 heating season, PSNH and UES shall promptly evaluate the fuel-neutral homes and supply that evaluation to Staff and the parties." *See* Order at page 15. In the current filing for CORE Program Years 2011 and 2012, the Companies propose to expand the fuel neutral HPwES beyond the pilot stage, without having performed the required evaluation (as discussed previously in this testimony) and to include <u>all</u> energy savings in the performance incentive calculation, not just those savings related to the electric usage reduction.

Q. Does the OCA have a position on this issue?

A. Yes. Until the utilities perform the required evaluation to demonstrate the reliability of energy savings estimates and the cost effectiveness of the fuel-blind HPwES pilot program, and that evaluation has been reviewed, and the Commission has approved the full (non-pilot) HPwES program, the OCA does not support either the expansion of the HPwES beyond the pilot phase of the program or the inclusion of non-electric savings in the calculation of the performance incentive. As I stated above, the OCA does not object to the utilities continuing the pilot phase of this program in order to continue to serve a limited number of homes and ensure adequate data collection for a meaningful review of the program.

Q. Please address your next issue regarding full financial support of NEEP's regional Energy Efficiency related activities.

A. First let me explain who NEEP is. According to their website, "the Northeast Energy Efficiency Partnership (NEEP) is a non-profit organization that facilitates regional partnerships to advance the efficient use of energy in homes, buildings and industry in the Northeast U.S. NEEP works to leverage knowledge, capability, learning and funding through regionally coordinated policies, programs and practices."[3]

As discussed earlier, the OCA is supportive of the utilities' activities related to evaluation, monitoring, and verification of energy savings and demand reductions, as this is a critical component of participation in the Forward Capacity Market, is necessary to gauge the effectiveness of the programs, and to gain insights on how to continuously improve them. We are also supportive of efforts to collaborate and network with others in the region on efficiency issues.

In the Monitoring & Evaluation plan on pages 60-62 of the 2011-2012 CORE Electric EE Filing, the four electric utilities have indicated that they plan to continue their support for, and participation in Regional Measurement and Verification Projects through the EM&V Forum - a regional project of NEEP. *See* CORE Filing page 61. However, there is not information in the filing on general support for NEEP's other work, beyond the EM&V activities.

Q. Does the OCA support CORE funding for NEEP for its EM&V work?

A. Yes. We believe that the New Hampshire programs benefit from the regional studies that NEEP coordinates and conducts. Such coordination can reduce the costs of M&E

[3] *See* http://www.neep.org

activities allowing the utilities to avoid the costs of undertaking New Hampshire-only studies. The OCA believes that for the CORE EE programs to continue to improve, the utilities must continue to be engaged on a regional level in collaborative activities that promote the dissemination of "best in class" practices across all program activities. Therefore, we support the use of CORE M&E funds to support NEEP's EM&V forum and activities.

Q. Does the OCA also support funding for NEEP for its other work?

A. Yes. It is our understanding that NEEP also works with administrators of ratepayer funded efficiency programs to promote regionally coordinated public policies and programs that help states to leverage their resources toward common efficiency goals. We believe that these activities and related services offered by NEEP could benefit the CORE programs, beyond the benefits of NEEP's EM&V work. We believe that we should be working to continuously improve the CORE programs and that NEEP's expertise and knowledge of what is happening in other states is an important resource for the CORE programs.

Q. What do you propose?

A. The OCA believes that in addition to participating in and supporting NEEP's EM&V activities, the utilities should be directed to provide additional support to NEEP to ensure that the CORE programs also benefit from NEEP's other activities. However, we believe that those non-EM&V activities would be more appropriately funded through a portion of the CORE programs other than the M&E budget. In the alternative, the Commission could identify funds available to assist it with its oversight of the programs, as NEEP's services are likely to be useful to the Commission as it performs its oversight of the programs. Either way, we believe that the state, as well as the CORE programs, would miss significant opportunities to learn about ways to improve our programs, and collaborate with others in the region, without NEEP's assistance.

Q. Do you have any other suggestions along this line?

A. Yes. We believe that more work needs to be done at the "big picture" level to critically analyze whether the CORE electric and natural gas EE programs are as effective as possible, and whether they are achieving the state's efficiency goals. I understand that the SB323 Study that is in the early stages of development will help with this, but more can still be done specifically with respect to the CORE and gas programs.

For example, in 2008 the Commission undertook the Energy Efficiency Potential Study for the state, performed by GDS Associates. I am concerned that the Study may not be the resource for the programs that many thought it would be. One example is found in a response to a data request by Northern. In response to Staff 2-47, provided as Attachment SRE-5. Northern stated: "The Company did not use the GDS Study in its budgetary planning for 2011 and 2012." The Company states that it "had reviewed the Report prior to filing," but it goes on at length to describe why it cannot meet the recommendations in the GDS study. While that may be appropriate, the short timeline of this docket has not provided enough time for analysis of this claim.

The OCA is also concerned that New Hampshire is falling behind with respect to the funding and implementation of efficiency programs. A recent ACEEE Report shows that New Hampshire has dropped from 13th in the country to 22nd in a ranking of energy efficiency programs and policies, and our state was one of two whose ranking dropped the farthest. That report can be found online at ACEEE's website.[4] Perhaps more

[4] http://www.aceee.org/press/2010/10/state-energy-efficiency-scorecard

importantly, NH is the lowest ranked state in the region, with Massachusetts at #2, Vermont at #5, Rhode Island at #7, Connecticut at #8 and Maine at #10. We believe that we should ensure that we regain our higher position and even work to be in top 10 with our neighboring states, where many of our utilities have affiliates.

Finally, I am also aware of a recent study performed by Environment Northeast, "Energy Efficiency: Engine of Economic Growth." The purpose of that report is to quantify the macroeconomic impacts of increased energy efficiency investments in New England. It models the impacts of significant increases in efficiency funding in New Hampshire and the other New England states. The study is available online at Environment Northeast's website.[5] The OCA is not advocating that the study's goals and recommendations necessarily be incorporated into the CORE electric and gas efficiency programs in the next program year, but we wanted to call the report to the Commission's attention. Generally, I believe that more of this type of analysis should be taking place regarding the CORE and gas efficiency programs. That level of consideration, in our view, is largely absent from the CORE and gas dockets - perhaps a failing of the short time periods for review of proposals, and the litigated approach to managing energy efficiency programs.

Q. Please address your next issue related to Northern Utilities' failure to propose an Energy Star Homes Program.

A. In the Joint Energy Efficiency Plan Filing of Northern Utilities and National Grid - NH dated August 2, 2010, only National Grid - NH is planning to offer a New Home Construction with Energy Star program. *See* Filing page 18. In response to data requests, Northern confirmed that it does not plan to offer a similar program - a program

[5] http://www.env-ne.org/resources/open/p/id/964/resource/Energy%20Efficiency%20Engine%20of%20Economic%20Growth

also offered by each of the four electric utilities. The Company indicates that any new homes constructed in its service territory can participate in such a program through their electric service provider. *See* Company response to OCA 1-34 included as Attachment SRE-6.

Q. Why do you believe that Northern should offer this program?

A. Certainly part of the reason is to promote uniform program offerings across all jurisdictions. In addition, the Company itself has demonstrated during 2010 that it is difficult to predict when, and if, building contractors may be interested in availing themselves of an Energy Star Homes Program. We have also heard from the NH Homebuilders and Remodelers Association that program consistency is critical to transforming the market and engaging the building community.

Q. You referred to Northern's experience in 2010. Could you provide some additional detail on that?

A. On April 30, 2010, UES filed a letter with the Commission stating that it wished to transfer 75% of the funding from its Energy Star Homes program to its HPwES program due to a slower than expected housing market. Then on June 2, 2010, the Company filed another letter with the Commission stating that it wished to withdraw its request to transfer funds out of the Energy Star Homes Program as several projects had applied for funding.

Q. What do you conclude from this?

A. I conclude that while the housing market may indeed be slower now than it was two or three years ago, there are likely still some builders constructing new homes in Northern's service territory, and this program is important to have in the marketplace. Energy efficiency investments in new home construction represent a significant "lost opportunity." That is to say, there is only one chance to build a new home to Energy Star standards - at the time of its initial construction. I am concerned that not offering this program may leave a void in the marketplace. In addition, the utilities have the ability to shift funds as needed within programs, so that if the funds are not spent, they can be utilized in another program.

Q. What do you recommend?

A. I recommend that Northern, in collaboration with the NH Homebuilder's and Remodelers Association and other interested parties, should be required to develop an achievable budget for an Energy Star Homes Program in its menu of programs for 2011 and 2012. Again, I note that under the current program guidelines Northern can shift unspent funds into other residential programs if necessary.

Q. Please address your next issue regarding the Home Energy Assistance (HEA) budgets for the Electric CORE EE filing and the Joint Natural Gas filing.

A. Order 25,062, which approved the Settlement Agreement in DE 09-170 for the 2010 Core programs stated on p. 13:

> For purposes of the 2010 budget, the Settling Parties and Staff agree that the HEA program shall comprise 14.5 percent of the total funds available for the 2010 CORE programs. The Settling Parties acknowledge the significant time spent by Staff to begin the development of a formulaic approach to establishing the HEA budget. Although a formula was not agreed upon, the Settling Parties and Staff agree that the formula approach for the funding of the HEA Program developed by Staff during this docket should be further explored in future discussions. Further, the Settling Parties and Staff agree to work collaboratively on the development of a formula for the derivation of the HEA low income budget for the 2011 program filing.

The 2011 CORE Electric filing does not explicitly state the percentage of total funds that the utilities are budgeting for the HEA program. I have calculated that percentage based on HEA program costs and total EE budget information found on pages 85, 95, 105, and 115 of the filing. It appears that all four electric utilities have budgeted approximately 14.5% of their total estimated budgets for energy efficiency programs to the HEA program.

Q. Does the OCA support this level of funding?

A. Yes. In light of the significant amount of time that went into discussing a potential formula approach to establishing the HEA budget during 2009, the significant need for low income weatherization that continues to exist, and the Settlement that was reached and referred to above, the OCA believes this level of funding for the HEA program is satisfactory.

Q. Did additional work on the development of a formula approach occur during 2010?

A. No. The monthly meetings attended by the CORE Management Team, Staff and parties had full agendas, and additional time was devoted to resolving other issues such as the 125:O funds issue with PSNH, and on discussions in the PI sub-group. As a result, there was no significant additional time spent on developing a formula approach to funding of the HEA program for 2011 and beyond.

Q. What level of funding have the Gas utilities allocated to their Low Income Program?

A. In the joint gas utility filing, the "Income Eligible Program" is discussed on pages 16-17. The 2011 and 2012 total joint gas utility budgets for this program are $840,895 and $903,062, respectively. If I divide these amounts by the total Summary Budget information shown in Table II on page 9 of the filing of $7,250,634 and $7,862,289 for

2011 and 2012, respectively yield 11.6% and 11.5%.

Q. Does the OCA find this funding level to be satisfactory?

A. Generally, the OCA believes that the natural gas utilities should increase the percentage of the total budget allocated to the Low Income Program toward a level more consistent with that of the Electric CORE Programs.

Q. Would this have the impact of making less funding available for other programs?

A. No, not necessarily. The Energy Efficiency program budgets for the Gas programs are built from the bottom up, unlike the electric programs, and the total budget level can be set based on need at the level that the Commission believes is appropriate. This is unlike the Electric CORE programs, which are funded by the Systems Benefit Charge which is currently set at 1.8 mills - or 1.5 mills as a result of SB300 last year. I will note however, that it is my understanding that the Commission has the authority to increase the efficiency portion of the SBC. The OCA is not taking a position on that issue at this time, but as the Commission is well aware from prior dockets, the need for low income weatherization and efficiency continues to significantly exceed available funds - even with the ARRA and RGGI monies that are currently supporting programs. We should be planning now for how we will meet the high level of need once the ARRA funds are no longer available.

Q. Do you believe that the Gas Utility EE budgets are not sufficient to meet the existing need?

A. I believe that there is certainly more need for low income weatherization and efficiency than current funding will support. I have participated this year on behalf of the OCA in quarterly meetings held by NGrid-NH regarding its Low Income Program. These meetings have been attended by NGrid program administrators, representatives of the NH Community Action Agencies who implement the program, New Hampshire Legal Assistance, the Office of Energy and Planning, and representatives of Action Energy Inc. of Gloucester, MA. Action is a Community Action Agency and is the Program Coordinator that works with the Company in its MA and NH service territories. The meetings have been useful, well attended, and have provided an excellent opportunity to review all aspects of the Company's Low Income Program implementation. At the most recent of these meetings held on October 12, 2010, the NH Community Action Agency representatives in attendance indicated that they have already met the program's production goals for 2010, and have expended nearly all of the annual budget. The agencies felt there was the opportunity during the rest of this program year to spend additional funds if they were available. I mention this only as a general indication that the program implementers felt that additional funding would not create the problem of unspent program funds at the end of the year. The discussion was of a general nature and no specific dollar amounts were mentioned.

Q. Is it your position that the gas low income program should be funded at the same percentage level of the total budget as the CORE HEA program?

A. No, that is not the OCA's position at this time. In the interest of more closely aligning the electric and gas EE programs, some increase in the gas low income budgets may be appropriate. As I stated above, there is some evidence that the gas Low Income Program implementers could increase their productivity and weatherize additional low income homes if there was additional funding. However, I believe that the parties should take time to discuss and evaluate this issue to determine if the 14.5% funding level is as appropriate for the gas Low Income program as for the Electric HEA program. There may be, for example, service territory specific demographic factors that would influence any funding level decision.

Q. Please address your next issue regarding NGrid-NH's Residential EE Reporting.

A. This is a program management issue related to NGrid-NH's current (and future) gas EE programs. In the course of reviewing the Company's response to Staff 1-12, which provided information on the projected year-end balance of NGrid-NH's Residential EE Programs, it appears the program started calendar year 2010 in a significantly under-funded (or over-spent) position, and that taking into account both actual and projected collections and expenditures through the end of 2010 the Residential Programs would be even more under-funded. In response to additional data requests on this matter and in Technical Session, the Company explained why the reports did not represent an accurate portrayal of the program realities. *See* response to Staff 1-12, pages 1-4 and OCA 2-3 at Attachment SRE-7 and SRE-8, respectively.

Q. What was the explanation provided by the Company?

A. The Company stated that the Residential EE Report included collections from the EE charge on Residential sales, as well as expenses related to Residential EE Programs. Included in the Residential EE program expenses are those related to the Low Income Program. However, the Low Income Program is also funded in part by collections from the Company's Commercial & Industrial customers, but this was not reflected.

The problem is that the Residential EE Report contains an imbalance of collections and expenses. That is, it includes all the expenses related to the Low Income program but it does not reflect the funding for this program that comes from gas sales to Commercial &

Industrial sales. Naturally, then, there is a corresponding problem with the Company's C&I EE Report. The C&I report shows an apparent over-collection of funds because this report shows all EE revenues collected from gas sales to C&I customers - including the amounts which fund the Residential Low Income program - but the expenses for the Low Income program are reported over on the Residential EE report. The bottom line is that neither of these reports reflected an accurate balance of collections and expenses for a set of programs related to that sector.

Q. What is the OCA's concern about this?

A. The OCA's concern is that this information is not only presented in a confusing way in the responses to data requests, but that this same imbalance in the accounting of expenses and collections may be contained in the Company's regular monthly reports it submits to the Commission. This concern is based on discussions that took place at the Technical Session held on October 7, 2010 in this Docket. The OCA has not yet had the opportunity to review the Company's monthly reports in detail.

Q. What is the OCA's recommendation?

A. The OCA recommends the Commission direct the Company to provide clarification to the parties as to whether its monthly reports contain this imbalance of expenses and collections as discussed above. If they do, then we recommend further that the Commission direct NGrid-NH to propose a redesigned report to Staff and parties which will be more accurate and useful for the purposes of monitoring the collections and expenses related to both the Residential and C&I sectors.

Q. Do you have any additional comments or issues you'd like to address?

A. Yes. During the last technical session in this docket we learned that there are some differences between how the utilities manage the process for seeking contractors to implement various aspects of the CORE and gas programs. For example, some utilities issue Requests for Proposals (RFPs) for some programs. Some of those RFPs are provided to the public through public announcements in newspapers, and others are sent to select groups of potential consultants or contractors. In addition, some contracts are extended without the use of RFPs. The OCA requests that the Commission direct the utilities to issue <u>all</u> RFPs that relate to the CORE programs (including delivery of services, evaluation, marketing, etc.) through public RFPs that are available on the utility websites and through appropriate public notice such as an announcement in a statewide newspaper. We believe that this is necessary to ensure that service providers are selected through competitive bidding process so that New Hampshire businesses can compete to participate in delivering the CORE programs.

In addition, the OCA wishes to reserve our rights to comment and make recommendations on new issues which may arise due to Technical Session data responses still outstanding, in Testimony of other parties, or due to any modifications to the proposed electric and natural gas energy efficiency program plans.

Q. Does that conclude your testimony?

A. Yes it does.

Qualifications of Stephen R. Eckberg

My name is Stephen R. Eckberg. I am employed as a Utility Analyst with the Office of Consumer Advocate (OCA), where I have worked since 2007. My business address is 21 S. Fruit Street, Suite 18, Concord, New Hampshire 03301.

I earned a B.S. in Meteorology from the State University of New York at Oswego in 1978, and an M.S. in Statistics from the University of Southern Maine in 1994.

After receiving my M.S., I was employed as an analyst in the Boston office of Hagler Bailly, Inc, a consulting firm working with regulated utilities to perform evaluations of energy efficiency and demand-side management programs.

From 2000 through 2003, I was employed at the NH Governor's Office of Energy and Community Services (now the Office of Energy and Planning) as the Director of the Weatherization Assistance Program. Most recently, I was employed at Belknap-Merrimack Community Action Agency as the Statewide Program Administrator of the NH Electric Assistance Program (EAP). In that capacity, I presented testimony before this Commission in dockets related to the design, implementation and management of the EAP. I have also testified before Committees of the New Hampshire Legislature on issues related to energy efficiency and low income electric assistance.

In my position with the OCA, I have testified jointly with Kenneth E. Traum, Assistant Consumer Advocate, in the following dockets:

- DG 08-048 Unitil Corporation and Northern Utilities, Inc. Joint Petition for Approval of Stock Acquisition.
- DW 08-070 Lakes Region Water Company Petition for Financing and Step Increases.
- DW 08-098 Aquarion Water Company of New Hampshire.
- DE 09-035 Public Service of New Hampshire Distribution Service Rate Case.

I have also entered (non-joint) testimony in:

- DT 07-027 Kearsarge Telephone Company, Wilton Telephone Company Hollis Telephone Company and Merrimack County Telephone Company Petition for Alternative Form of Regulation. Phase II and Phase III.
- DW 08-073 Pennichuck Water Works, Inc. Petition for Rate Increase.
- DW 08-065 Hampstead Area Water Company, Petition for Rate Increase.
- DE 09-170 2010 CORE Energy Efficiency Programs.

I have attended regulatory training at New Mexico State University's Center for Public Utilities. I participate in committees of the National Association of State Consumer Advocates (NASUCA) on behalf of the OCA. I am a member of the American Statistical Association.

Public Service Company of New Hampshire
Docket No. DE 10-188

Data Request OCA-01
Dated: 08/16/2010
Q-OCA-004
Page 1 of 25

Witness: Thomas R. Belair
Request from: Office of Consumer Advocate

Question:
To All Six Utilities: Please refer to page 16 in the Electric Core filing and page 34 in the Gas filing regarding the proposed change to the Shareholder Incentive (SHI) formula. For each of the last three years (2007, 2008, and 2009), please provide a detailed calculation of the SHI amount that would have been earned had the proposed change been in effect during those years. In addition to these detailed calculations, please complete the table below to provide a comparison of the new SHI calculated using actual expenditures during each program year with the actual SHI as filed with the Commission which was calculated using budgeted expenditures for each program year. Utility Name: Program Year * Incentive Calculated Using Program Year Budget. (SHI earned) Incentive Calculated Using Actual Program Year Expenditures
(SHI under new proposal)
2007* 2008* 2009* * for Natural Gas utilities please specify end date of program year

Response:
Please see the attached spreadsheet and supporting calculations.

(Joint Utility Response)
Choose one and delete extraneous text:

* Bulk material provided to NHPUC only.

* Bulk material provided only to requesting party.

NH CORE Energy Efficiency Programs
SI Calculations

Granite State Electric Company d/b/a National Grid		
Program Year *	**Incentive Calculated Using Program Year Budget. (SHI Earned)**	**Incentive Calculated Using Actual Program Year Expenditures. (SHI under new proposal)**
2007*	$94,450	$86,909
2008*	$197,565	$166,889
2009 *	$197,630	$179,016

NH CORE Energy Efficiency Programs
SI Calculations

Program Year *	Incentive Calculated Using Program Year Budget. (SHI Earned)	Incentive Calculated Using Actual Program Year Expenditures. (SHI under new proposal)
2007*	$132,284	$132,284
2008*	$129,509	$123,013
2009 *	$119,851	$116,510

NH CORE Energy Efficiency Programs
SI Calculations

Program Year *	Incentive Calculated Using Program Year Budget. (SHI Earned)	Incentive Calculated Using Actual Program Year Expenditures. (SHI under new proposal)
2007*	$1,424,315	$1,390,265
2008*	$1,420,936	$1,302,823
2009 *	$1,478,171	$1,428,728

NH CORE Energy Efficiency Programs
SI Calculations

Program Year *	Incentive Calculated Using Program Year Budget. (SHI Earned)	Incentive Calculated Using Actual Program Year Expenditures. (SHI under new proposal)
2007*	$193,720	$190,458
2008*	$171,598	$150,828
2009 *	$163,659	$136,145

NH Gas Energy Efficiency Programs
SI Calculations

Energy North Inc. d/b/a National Grid NH		
Program Year *	**Incentive Calculated Using Program Year Budget. (SHI Earned)**	**Incentive Calculated Using Actual Program Year Expenditures. (SHI under new proposal)**
2007	$193,452	$163,172
2008	$338,305	$265,913
2009	$225,263	$258,656

* for Natural Gas utilities please specify end date of program year

NH Gas Energy Efficiency Programs
SI Calculations

Program Year [1]	**Incentive Calculated Using Program Year Budget. (SHI Earned)**	**Incentive Calculated Using Actual Program Year Expenditures. (SHI under new proposal)**
2006 (5/1/06-4/30/07)	$42,070	$26,158
2007 (5/1/07-4/30/08)	$24,793	$18,269
2008 (5/1/08-12/31/09)	$16,141	$12,195

1. The program years for the gas programs have been revised in order to provide a full three years of information. The 2009 program year is still in process (4/01/09-12/31/10).

CONSUMER ADVOCATE
Meredith A. Hatfield

ASSISTANT CONSUMER
ADVOCATE
Kenneth E. Traum

STATE OF NEW HAMPSHIRE

DE 10-188 CORE EE Programs
Testimony of Eckberg
Attachment SRE-3

FAX No. 271-1177

Website:
www.oca.nh.gov

OFFICE OF CONSUMER ADVOCATE
21 S. Fruit St., Suite 18
Concord, N.H. 03301-2429

April 30, 2010

Debra Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319

RE: DE 09-170 Core Energy Efficiency Program Recommendations for 2011

Dear Ms. Howland:

I enclose for filing with the Commission an original and six copies of the OCA's recommendations for issues for consideration in the Core 2011 Docket.

Copies of this filing will be distributed to the service list via electronic mail. Please contact me with any questions. Thank you for your assistance.

Respectfully,

Meredith A. Hatfield
Consumer Advocate

cc: Service List via electronic mail

OCA's Core Energy Efficiency Program Recommendations for 2011

Background

In the Settlement Agreement in DE 09-170, the docket in which the Commission approved the 2010 Core Energy Efficiency Programs, the Parties agreed that planning for 2011 should begin earlier in 2010 than in prior years due to a variety of factors. Specifically, the Parties agreed:

> During the spring of 2010 the Settling Parties and Staff will meet to discuss program planning for 2011 in order to allow the Electric Utilities to make the 2011 Core Program Filings no later than August 1, 2010. Any party seeking to suggest enhancements for the 2011 Core Programs shall do so by providing a copy of any such proposals with sufficient details to the Settling Parties and Staff no later than April 30, 2010. The Settling Parties and Staff agree to discuss the development of an integrated program proposal for the gas and electric utilities for future Core Program years. The Settling Parties and Staff further agree that any funds from the 2009 Core Programs that remain unexpended shall be carried forward to the Core Programs.

DE 09-170 Settlement Agreement, Section II.J, p. 11, December 18, 2010, approved in Order No. 25,062.

This filing represents the OCA's response to this opportunity in the Settlement Agreement to "suggest enhancements" for the 2011 program year.

SB323

Before providing specific recommendations, we would like to briefly discuss pending legislation that we believe would be very helpful to aid in the improvement of the Core and gas energy efficiency programs. Senate Bill 323 requires that the PUC oversee a comprehensive, independent review of efficiency and sustainable energy programs in the state, including the Core programs and the ratepayer funded gas energy efficiency programs, in close consultation with the EESE Board. The OCA is hopeful that the legislation will be passed, as we believe that this type of in depth review of the Core and gas efficiency programs is needed, especially after eight years of implementation. Although the OCA, Staff and several intervernors participate actively in annual Core dockets, as well as gas efficiency dockets every three years, in an effort to improve the programs. However, those dockets do not provide sufficient time to address the many important issues involved in designing and managing effective energy efficiency programs that are responsive to changing needs, evolving technologies, and other new developments in the market. We believe that the study required by SB323 will provide important information about how the Core and gas efficiency programs could be improved, and we therefore respectfully suggest that the report findings and recommendations, due in November 2011, be considered in incorporation into a future combined Core and gas efficiency docket.

Notwithstanding the fact that the SB323 study could provide critical information to vastly improve the design and delivery of the programs, we believe that important changes can begin to be implemented on January 1, 2011. A major task that the Parties have committed to for that date is to integrate the gas efficiency programs in the Core programs. Some of this integration has started with the acquisition of Energy North by National Grid, and the acquisition of Northern Utilities by Unitil. However, much more work must be done to ensure that from a customer perspective, access to these efficiency programs are seamless. We look forward to a joint gas and electric filing on August 1, 2010 that achieves the goal of full integration.

Recommendations

In terms of specific recommendations for enhancements for 2011 and beyond, the OCA would first like to incorporate the issues listed in the 2010 Settlement Agreement. Although we have begun to discuss some of these issues at our now monthly meetings, several will require much more focused efforts as we prepare for 2011 and beyond. They are:

- Select and work with a consultant on the development of a multi-year evaluation plan which may include reviewing the level of rebates and subsidies;
- Review of the performance incentive to ensure that incentives are appropriately aligned with Core Program goals;
- Marketing, education and outreach, including improvement of the NH Saves website, common web tools for all utilities, and the development of uniform materials to inform customers of energy efficiency opportunities;
- Reviewing the level of rebates and subsidies;
- Whether Core Programs vendor selection process should be modified; reviewing the findings of the 2009 Commission Staff audits, whether NHEC's Load Management System as described below in Section I(5) should be funded by the SBC; and planning for the 2011 integration of program delivery with the gas utilities' energy efficiency programs.

See id. at p. 4-5.

As stated above, some of these tasks are underway, but many require additional time and resources. It is our hope that we can take the time, and have access to the resources, to fully investigate these issues and make recommendations that will result in the most effective programs that reach the most customers.

In addition, the OCA recommends that the parties consider the following issues, some of which are subsets of those listed above:

- Review rebate levels and whether any, such as those for CFLs, are higher than necessary to motivate customer action in light of market transformation or other issues;
- Whether the goals of the programs should be more refined to go beyond spending available resources cost effectively and to prioritize market transformation;
- Whether the shareholder incentive mechanism actually incents the behavior we need from utilities, whether the 8-12% level is still appropriate, and whether more advanced metrics and goals are appropriate at this time (as well as other considerations detailed in Stephen Eckberg's testimony on behalf of the OCA in this docket);
- Whether the level of detail provided to the Commission and the parties is adequate to allow for a full review of the programs and spending (i.e. the lack of detailed plans and budgets for monitoring and evaluation (M&E) or marketing and education);
- Ensuring that PUC Audit Staff performs a financial audit of the programs each year;
- Establishing appropriate low income program funding levels in light of the continuing high levels of need for low income efficiency services to avoid repeating the contentious process in the last two dockets;
- Ensuring that all costs to the utilities of administering the Core and gas efficiency programs are charged to the SBC and the gas efficiency rate in order to have a complete understanding of those costs;
- Continue to explore how best to integrate "fuel blind" programs into the Core and gas programs to provide "whole building" services to customers;
- Remove programs that result in little or no energy savings (such as NHEC's current "Load Management Program" from the Core programs;
- Consideration of a more open and market based approach for consumers to participate in the program, so that a consumer could seek a rebate for qualifying work performed by the contract of their choice rather than being required to use only utility-chosen contractors;
- Ensuring that those contractors who deliver services are taking every opportunity to educate homeowners, businesses and other participants so that there is an understanding of the range of possibilities for efficiency investments beyond what the Core and gas efficiency programs can offer; and
- Investigate how many differences exist between utilities in the implementation and delivery of the programs, which are supposed to be statewide but which in reality have many variations.

Resources

The OCA is concerned about the ability of the Staff and the parties to address all of these issues in the 2011 docket that will begin on August 1, 2010 with the utilities' filing. The OCA urges the Commission to consider allocating additional resources to the oversight of the Core and gas energy efficiency programs. With a combined total of approximately $25 million annually in ratepayer funds being utilized for the Core and gas efficiency programs, and with all of the recent developments in the field, we believe that more specific energy efficiency expertise is needed in order to assist the Commission, Staff, OCA and the intervenors in determining the most cost effective, consumer-friendly programs possible. We believe that the recent RFP issued by the Commission seeking assistance for Staff in fulfilling its Monitoring and Evaluation role is an excellent example of how resources should be used to help the Commission and the parties fulfill their oversight roles. The OCA looks forward to working with Staff, the utilities, and other parties to implement the M&E plan developed by the consultant.

Similarly, another specific area that deserves special attention is marketing and education. It is our view that the utilities have underspent and underperformed in this area consistently over the life of the Core programs, in large part due to their fear of over-subscribing the programs. This approach will not help us reach our efficiency goals. While the OCA believes that we should not spend on marketing and education to the exclusion of actual program spending, we strongly believe that the utilities' approach to marketing and education is insufficient, and that if we continue their approach we will lose a tremendous opportunity to achieve the significant reductions that the state has identified as clear goals for the future. For example, we agree with the Office of Energy Planning that marketing and education programs must include focused efforts to pursue behavior change. This type of approach has the benefit of helping consumers understand why they should invest in efficiency, and we believe it can have the added benefit of reducing "free ridership" by motivating those who can afford to make efficiency investments without subsidies to do so. We understand that utilities have reason for not supporting aggressive efforts to reduce energy use, but we believe that those barriers must be overcome or addressed. Therefore, we respectfully suggest that the Commission look closely at how the utilities have been approaching marketing and education, and consider in the upcoming docket how those funds could be better utilized to meet the Core and gas efficiency goals, while also support the state's longer term efficiency goals.

Other Initiatives

The OCA believes that these issues are appropriate to consider in the context of several other initiatives including ARRA funding, RGGI grants including "Re-Core," the state's Climate Change Action Plan, the work of the EESE Board, and other work that is aimed at meeting the state's larger efficiency goals. The Core and gas efficiency programs simply must be part of an integrated approach to meeting our future energy goals. It is a huge missed opportunity to not ensure full integration and coordination of all efficiency programs and funding to the extent possible.

Conclusion

The OCA stands ready to assist in this important work. Although like many others we are constrained due to our limited resources, we will continue to endeavor to help create and oversee the most effective and accessible efficiency programs for the ratepayers of the state.

Public Service Company of New Hampshire
Docket No. DE 10-188

Data Request STAFF-01

Dated: 08/16/2010
Q-STAFF-014
Page 1 of 1

Witness: **Thomas R. Belair**
Request from: **New Hampshire Public Utilities Commission Staff**

Question:
Reference Core Attachment F (2011 and 2012), page 1b of 5. Customer costs for the PSNH low income Home Energy Assistance (HEA) program shows $1.7 million and $1.9 million respectively. Please explain.

Response:
For the HEA Program, the "Customer" Costs are not paid by the customer receiving the weatherization services. For this program the Customer Costs are actually collaboration monies obtained from non-CORE program sources -- typically collaboration with either the Federal Weatherization Assistance Program or the newer ARRA funds for weatherizing homes with income eligible occupants. The increase between 2011 and 2012 is due to more homes/units being weatherized in 2012, resulting in more collaboration funds.

(PSNH Response)

Northern Utilities, Inc.
Energy North, d/b/a National Grid NH
Docket No. DE 10-188 - Gas/Electric Energy Efficiency Filing
STAFF Information Requests – Set 2

Received: September 22, 2010 Date of Response 10/4/10
Request No. STAFF 2-47 Witness: Thomas Palma – Northern Utilities
Kathryn O'Rourke – National Grid NH

Request:

Please explain how the natural gas companies considered the GDS Report (i.e. "Additional Opportunities for Energy Efficiency in NH", January 2009, GDS Associates, Inc.) in the development of 2011 and 2012 proposed budgets for utility expenditures and MMBtu savings.

Response:

Northern
The Company did not use the GDS Study in its budgetary planning for 2011 and 2012. The proposed expenditures are $985,188 and $1,005,188 respectively. The Company had reviewed the Report prior to the filing.

The Company, in experiencing the great demand during the 2009 program year, is projecting to raise its EE rate from $0.01850 per therm to $0.03408 per therm (which will include any 2009 program year over spending). This will allow for an increased budget per 12 month period and allows for the associated savings. The Company determined that it would have to raise its rate to $0.06800 per therm to meet the annual costs in the GDS Study.

The Company considered statements on page 11 of the GDS Study that indicated non-electric Heating Equipment make up a large portion of potential savings for Natural Gas customers in choosing proposed programs. .

Table 45 in the GDS Study lists the Residential Non-Electric Energy Efficiency Savings Potential by Measure. Of the top twenty greatest savings opportunities, only 6 have natural gas savings opportunities. National Grid is currently offers incentives for 4 of these measures. Of the two the Company does not rebate, ENERGY STAR dishwashers are not cost-effective and HVAC tune-up is normal maintenance with is not covered by our programs.

Tables 54 and 55 in the Study list the Commercial Non-Electric Savings Potential by Measure for Existing Construction and New Construction, respectively. In both tables, the Company offers prescriptive incentives for three of the top five opportunities. Of the top 20 measures, the Company offers incentives for most of these measures provided they are cost-effective. One opportunity listed in both tables is the 92% AFUE Furnace. This measure has been eliminated from the Company's prescriptive offering in 2011 since it is not cost-effective, however, the Company does offer incentives for 94% AFUE furnaces. The Company does not incentivize normal maintenance, like filter replacement, which is listed as an opportunity in both tables. Another opportunity found in both tables is ozone commercial laundry systems. The company has incentivized this measure in the past, but has found conflicting savings information.

Northern Utilities, Inc.
Energy North, d/b/a National Grid NH
Docket No. DE 10-188 - Gas/Electric Energy Efficiency Filing
STAFF Information Requests – Set 2

Received: September 22, 2010 | Date of Response 10/4/10
Request No. STAFF 2-47 | Witness: Thomas Palma – Northern Utilities
Kathryn O'Rourke – National Grid NH

National Grid NH
National Grid NH referenced the GDS Report when developing the 2011 and 2012 Gas filing. Particular interest was paid to the Residential and Commercial Non-Electric Savings Potential by Measure tables in the report, realizing that we have to go broader and deeper to achieve these 2018 estimates. The Company used the opportunities found in the savings potential tables in developing the measure mix which influenced our budget.

Table 45 in the GDS Study lists the Residential Non-Electric Energy Efficiency Savings Potential by Measure. Of the top twenty greatest savings opportunities, only 6 have natural gas savings opportunities. National Grid is currently offering incentives for 4 of these measures. Of the two the Company does not rebate, ENERGY STAR dishwashers are not cost-effective and HVAC tune-up is normal maintenance with is not covered by our programs.

Tables 54 and 55 in the GDS Study list the Commercial Non-Electric Savings Potential by Measure for Existing Construction and New Construction, respectively. In both tables, the Company offers prescriptive incentives for three of the top five opportunities. Of the top 20 measures, the Company offers incentives for most of these measures provided they are cost-effective. One opportunity listed in both tables is the 92% AFUE Furnace. This measure has been eliminated from the Company's prescriptive offering in 2011 since it is not cost-effective, however, the Company does offer incentives for 92% AFUE furnaces with ECM motors. The Company does not incentivize normal maintenance, like filter replacement, which is listed as an opportunity in both tables. Another opportunity found in both tables is ozone commercial laundry systems. The company has incentivized this measure in the past, but has found conflicting savings information.

Northern Utilities, Inc. d/b/a Unitil
Docket No. DE 10-188 - Gas/Electric Energy Efficiency Filing
OCA Information Requests – Set 1

Received: August 16, 2010 Date of Response: August 20, 2010
Request No. OCA 1-34 Witness: Thomas Palma, NU

Request:

Please confirm that Northern is not offering the New Home Construction with Energy Star program (see Table I, p. 8). If that is the case, please explain why Northern is not offering this program.

Response:

Northern will not be offering the New Home Construction with Energy Star Program for the following reasons:

- New home starts are slow due to the current economic climate. Currently, Northern has no builders or homeowners interested in this program for 2011 project completions.
- All Northern customers can participate in their electric company's ENERGY STAR Homes Program; thus, can still be served if building a new home.
- Northern has had an overwhelming response to its Residential High Efficiency Heating, Water Heating and Controls Program (Gas Networks) and its Home Performance with ENERGY STAR Program in the 2009 program year and both programs had to be closed early. Northern projects the same overwhelming interest in 2011 and 2012 and accordingly budgeted all its non-income eligible residential funding into these two programs.

Public Service Company of New Hampshire
Docket No. DE 10-188

Data Request STAFF-01
Dated: 08/16/2010
Q-STAFF-012
Page 1 of 16

Witness: Thomas R. Belair
Request from: New Hampshire Public Utilities Commission Staff

Question:
Reference Core page 48, item A2. For all electric and natural gas companies, what ending balance is estimated for December 31, 2010? Please include in your response a monthly reconciliation showing January 1, 2010 beginning balance, SBC and FCM revenue and any other revenue by month, 2010 program implementations expense, shareholder performance incentives and any other expense by month and the December 31, 2010 ending balance, with interest applied.

Response:
National Grid: Attachment Staff-01, Q-Staff-012, Electric Fund Balance provides National Grid's electric energy efficiency fund reconciliations for 2010. This reconciliation, which includes actual program results through June 2010, was used to estimate the carry-forward of $20,026 which was incorporated into the 2011 budget for the Company.

National Grid NH (Gas): National Grid NH: National Grid NH's gas energy efficiency fund balance is presented in Staff 1-12. The 2011 and 2012 carry forward balance is assumed to be $0 since any over or under collection will be included in the Energy Efficiency factor billed to customers in the subsequent year.

NHEC: NHEC did not estimate an ending balance for December 31, 2010. NHEC will calculate the actual ending balance as part of the year end Member Incentive calculation and will incorporate any over/under recovery balance into the 2012 budget.

PSNH: PSNH estimates a zero year-end balance on December 31, 2010. Any variance, positive or negative, would be carried forward and incorporated into the 2012 budget.

Unitil: Attachment Q-Staff-012 (Electric) and (Gas) provide Unitil's energy efficiency fund reconciliations for its electric and gas Companies for 2010. These reconciliations, which include actual program results through May 2010, were used to estimate the carry-forward into 2011 which was incorporated into the 2011 budgets for each Company.

(Joint Utility Response)

PREPARED BY. R Bowcock
Date 02-Sep-10
9:39 PM

TABLE 1

NATIONAL GRID
ENERGY EFFICIENCY ADJUSTMENT AND BALANCE

6 Months Actual , 6 Months Estimated 2010

Total Energy Efficiency Revenue/Expense for Jan-Dec 2010

		Actual JAN	Actual FEB	Actual MAR	Actual APRIL	Actual MAY	Actual JUNE	6 MONTH TOTAL
	Residential Revenue	$48,118	$37,224	$116,063	$32,975	$37,999	$34,949	$307,328
	C&I. Revenue	$85,551	$77,041	$307,218	$80,871	$80,336	$93,382	$724,399
1.	TOTAL REVENUE (A)	$133,670	$114,265	$423,281	$113,846	$118,334	$128,331	$1,031,726
	Residential Expense	$13,960	$23,870	$71,990	$88,411	$86,305	$423,433	$707,969
	C&I. Expense	$91,363	$122,744	$91,696	$102,182	$47,441	$50,870	$506,295
2.	TOTAL EXPENSE (B)	$105,323	$146,613	$163,686	$190,593	$133,745	$474,304	$1,214,264
3.	Cash Flow Over/(Under)	$28,347	($32,349)	$259,595	($76,747)	($15,411)	($345,973)	($182,538)
4.	Start of Period Balance (C)	$194,760	$223,672	$191,886	$452,352	$376,726	$362,315	$194,760
5.	End of Period Balance Before Interest	$223,107	$191,324	$451,481	$375,605	$361,315	$16,342	$12,222
6.	Residential Interest	($2,604)	($2,547)	($2,476)	($2,498)	($2,645)	($3,244)	($16,013)
	C&I Interest	$3,170	$3,109	$3,347	$3,619	$3,645	$3,757	$20,645
	TOTAL INTEREST (D)	$566	$562	$871	$1,121	$999	$513	$4,632
7.	End of Period Balance After Interest	$223,672	$191,886	$452,352	$376,726	$362,315	$16,855	$16,855

		Estimated JULY	Estimated AUG	Estimated SEPT	Estimated OCT	Estimated NOV	Estimated DEC	ANNUAL TOTAL
	Residential Revenue	$39,746	$39,347	$35,762	$29,336	$31,655	$36,292	$519,465
	C&I. Revenue	$96,427	$89,575	$84,803	$87,757	$65,092	$79,300	$1,227,351
8.	TOTAL REVENUE (A)	$136,172	$128,922	$120,565	$117,092	$96,746	$115,592	$1,746,817
	Residential Expense	$10,502	$21,005	$21,005	$52,512	$63,014	$42,009	$918,015
	C&I. Expense	$17,799	$35,598	$35,598	$88,994	$106,793	$71,195	$862,270
9.	TOTAL EXPENSE (B)	$28,301	$56,602	$56,602	$141,505	$169,806	$113,204	$1,780,285
10.	Cash Flow Over/(Under)	$107,871	$72,320	$63,963	($24,413)	($73,060)	$2,388	($33,469)
11.	Start of Period Balance (C)	$16,855	$124,917	$197,674	$262,259	$238,523	$166,010	$194,760
12.	End of Period Balance Before Interest	$124,726	$197,237	$261,637	$237,846	$165,463	$168,398	$161,291
13.	Residential Interest	($3,739)	($3,685)	($3,650)	($3,671)	($3,755)	($3,815)	($38,328)
	C&I Interest	$3,931	$4,121	$4,272	$4,348	$4,302	$4,268	$45,887
	TOTAL INTEREST (D)	$192	$436	$622	$677	$547	$453	$7,560
14.	2010 Residential Incentive (E)						$63,715	$63,715
	2010 Commercial & Industrial Incentive (E)						$85,110	$85,110
	2010 Total Incentives (E)						$148,825	$148,825
15	End of Period Balance After Interest	$124,917	$197,674	$262,259	$238,523	$166,010	$20,026	$20,026
16	End Balance as % of Revenue							1.15%

(A) See Tables 2 & 3
(B) See Tables 2 & 3
(C) "End of Period Balance Before Interest" from prior month.
(D) See Tables 2 & 3
(E) This is the amount credited to the Company's General Ledger during this year.

Interest Rates:								
JAN =	3.25%	FEB =	3.25%	MAR =	3.25%	APR =	3.25%
MAY =	3.25%	JUN =	3.25%	JUL =	3.25%	AUG =	3.25%
SEP =	3.25%	OCT =	3.25%	NOV =	3.25%	DEC =	3.25%

PREPARED BY: R. Bowcock
Date: 02-Sep-10
9:39 PM

TABLE 2

NATIONAL GRID
ENERGY EFFICIENCY ADJUSTMENT AND BALANCE
RESIDENTIAL FUND
6 Months Actual , 6 Months Estimated 2010

Energy Efficiency Residential Revenue/Expense for Jan-Dec 2010

		Actual JAN	Actual FEB	Actual MAR	Actual APRIL	Actual MAY	Actual JUNE	6 MONTH TOTAL
1.	Residential Revenue (A)	$48,118	$37,224	$116,063	$32,975	$37,999	$34,949	$307,328
2.	Residential Energy Efficiency Expense (B)	$13,960	$23,870	$71,990	$88,411	$86,305	$423,433	$707,969
3.	Cash Flow Over/(Under)	$34,158	$13,354	$44,073	($55,436)	($48,306)	($388,485)	($400,641)
4.	Start of Period Balance (C)	($978,524)	($946,970)	($936,162)	($894,564)	($952,499)	($1,003,450)	
5.	End of Period Balance Before Interest	($944,366)	($933,615)	($892,089)	($950,001)	($1,000,804)	($1,391,934)	
6.	Estimated Interest	($2,604)	($2,547)	($2,476)	($2,498)	($2,645)	($3,244)	($16,013)
7.	End of Period Balance After Interest	($946,970)	($936,162)	($894,564)	($952,499)	($1,003,450)	($1,395,178)	

		Estimated JULY	Estimated AUG	Estimated SEPT	Estimated OCT	Estimated NOV	Estimated DEC	ANNUAL TOTAL
8.	Residential Revenue (A)	$39,746	$39,347	$35,762	$29,336	$31,655	$36,292	$519,465
9.	Residential Energy Efficiency Expense (B)	$10,502	$21,005	$21,005	$52,512	$63,014	$42,009	$918,015
10.	Cash Flow Over/(Under)	$29,243	$18,343	$14,758	($23,176)	($31,359)	($5,717)	($398,550)
11.	Start of Period Balance (C)	($1,395,178)	($1,369,674)	($1,355,016)	($1,343,908)	($1,370,755)	($1,405,869)	($978,524)
12.	End of Period Balance Before Interest	($1,365,935)	($1,351,331)	($1,340,258)	($1,367,084)	($1,402,114)	($1,411,586)	($1,377,074)
13.	Estimated Interest	($3,739)	($3,685)	($3,650)	($3,671)	($3,755)	($3,815)	($38,328)
14.	2010 Residential Incentive (D)						$63,715	$63,715
15	End of Period Balance After Interest	($1,369,674)	($1,355,016)	($1,343,908)	($1,370,755)	($1,405,869)	($1,419,117)	($1,419,117)
16	End Balance as % of Revenue							-284.74%

FOOTNOTES:
(A) Revenue Report
(B) Source: PeopleSoft query
(C) "End of Period Balance Before Interest" from prior month.
Estimated DSM incentive is included in Dec expense estimate.
(D) This is the amount credited to the Company's General Ledger during this year.

Interest Rates:								
JAN =	3.25%	FEB =	3.25%	MAR =	3.25%	APR =	3.25%
MAY =	3.25%	JUN =	3.25%	JUL =	3.25%	AUG =	3.25%
SEP =	3.25%	OCT =	3.25%	NOV =	3.25%	DEC =	3.25%

Note: The Residential Factor is applied to the D-0, D-10, & T-0 rates.

= Notations by S. Eckberg

PREPARED BY: R. Bowcock
Date: 02-Sep-10
9:39 PM

TABLE 3

NATIONAL GRID
ENERGY EFFICIENCY ADJUSTMENT AND BALANCE
COMMERCIAL & INDUSTRIAL FUND
6 Months Actual , 6 Months Estimated 2010

Energy Efficiency C&I Revenue/Expense for Jan-Dec 2010

		Actual JAN	Actual FEB	Actual MAR	Actual APRIL	Actual MAY	Actual JUNE	6 MONTH TOTAL
1.	C&I Revenue (A)	$85,551	$77,041	$307,218	$80,871	$80,336	$93,382	$724,399
2.	C&I Energy Efficiency Expense (B)	$91,363	$122,744	$91,696	$102,182	$47,441	$50,870	$506,295
3.	Cash Flow Over/(Under)	($5,812)	($45,703)	$215,522	($21,311)	$32,895	$42,512	$218,103
4.	Start of Period Balance (C)	$1,173,284	$1,170,642	$1,128,048	$1,346,917	$1,329,225	$1,365,764	$1,173,284
5.	End of Period Balance Before Interest	$1,167,472	$1,124,939	$1,343,570	$1,325,606	$1,362,120	$1,408,276	
6.	Estimated Interest	$3,170	$3,109	$3,347	$3,619	$3,645	$3,757	$20,645
7.	End of Period Balance After Interest	$1,170,642	$1,128,048	$1,346,917	$1,329,225	$1,365,764	$1,412,033	

		Estimated JULY	Estimated AUG	Estimated SEPT	Estimated OCT	Estimated NOV	Estimated DEC	ANNUAL TOTAL
8.	C&I Revenue (A)	$96,427	$89,575	$84,803	$87,757	$65,092	$79,300	$1,227,351
9.	C&I Energy Efficiency Expense (B)	$17,799	$35,598	$35,598	$88,994	$106,793	$71,195	$862,270
10.	Cash Flow Over/(Under)	$78,628	$53,977	$49,205	($1,237)	($41,701)	$8,105	$365,081
11.	Start of Period Balance (C)	$1,412,033	$1,494,591	$1,552,690	$1,606,167	$1,609,278	$1,571,879	$1,173,284
12.	End of Period Balance Before Interest	$1,490,661	$1,548,569	$1,601,895	$1,604,929	$1,567,577	$1,579,984	$1,538,365
13.	Estimated Interest	$3,931	$4,121	$4,272	$4,348	$4,302	$4,268	$45,887
14.	2010 Commercial & Industrial Incentive (D)						$85,110	$85,110
15	End of Period Balance After Interest	$1,494,591	$1,552,690	$1,606,167	$1,609,278	$1,571,879	$1,499,142	$1,499,142
16	End Balance as % of Revenue							122.14%

FOOTNOTES:
(A) Revenue Report
(B) Source: PeopleSoft query
(C) "End of Period Balance Before Interest" from prior month.
Estimated DSM incentive is included in Dec expense estimate.
(D) This is the amount credited to the Company's General Ledger during this year.

Interest Rates:								
	JAN =	3.25%	FEB =	3.25%	MAR =	3.25%	APR =	3.25%
	MAY =	3.25%	JUN =	3.25%	JUL =	3.25%	AUG =	3.25%
	SEP =	3.25%	OCT =	3.25%	NOV =	3.25%	DEC =	3.25%

Note: The C&I Factor is applied to the G-1, G-2, G-3, M,& V rates.

= notations by S. Eckberg

Granite State Electric Company
d/b/a National Grid
DE 10-188
Responses to the Office of Consumer Advocate
Second Set of Information Requests
October 4, 2010

INFORMATION REQUEST OCA 2-3

Received: September 22, 2010 Date of Response: October 4, 2010

Request:

Please reference Staff 1-12 Table 2 at page 3 of 16 for Grid. Please confirm that this response indicates that for the Residential Fund the Actual Start of period balance for Jan 2010 is [$944,366] and the end of period balance for Dec 2010 is estimated to be [$1,411,586]. The difference indicates that the Company will overspend its EE collections in the Residential Sector by $467,220 and will end the year more than $1.4 million under-collected. Please confirm whether this is a correct interpretation and whether the information in this Table is accurate.

Response:

For the Residential Fund, the Actual Start of period balance for Jan 2010 is [$978,524] shown above the End of Period Balance amount of [$944,366]. The end of period balance for Dec 2010 is estimated to be [$1,479,117] which is below the End of Period Balance before interest amount of [$1,411,856]. The difference indicates that the Company will overspend its EE collections in the Residential Sector by $500,593 and will end the year more than $1.4 million under-collected.

National Grid accounts for the Low Income program within the Residential fund balance and the fund balance does not show the contributions of the Commercial and Industrial sector to the low income programs. Therefore, the residential fund balance shows more spending than revenue.

Prepared by or under the supervision of: Angela Li