

EXHIBIT

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DE 17-136

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DOCKET DE 17-136

IN THE MATTER OF: 2018 – 2020 New Hampshire Statewide Energy Efficiency
2020 Plan Update

DIRECT TESTIMONY

OF

Stephen R. Eckberg
Utility Analyst
NHPUC Electric Division

November 13, 2019

1 **Introduction**

2 **Q. Please state your full name?**

3 A. Stephen R. Eckberg.

4 **Q. By whom are you employed and what is your business address?**

5 A. I am employed as a Utility Analyst with the Electric Division of the New Hampshire Public
6 Utilities Commission. My business address is 21 South Fruit Street, Suite 10, Concord, NH
7 03301.

8 **Q. Please summarize your education and professional work experience.**

9 A. I was employed as a Utility Analyst with the New Hampshire Office of Consumer Advocate
10 for 7 years prior to my joining the Commission's Sustainable Energy Division in 2014. I
11 recently joined the Commission's Electric Division. More complete details of my education
12 and professional work experience are included as Attachment SRE-1 to my testimony.

13 **Q. What is the purpose of your testimony in this proceeding?**

14 A. The purpose of my testimony is to provide Staff's position on two issues in the Third Year
15 EERS Plan covering program activities in 2020. These include: 1) the Home Energy
16 Assistance program budgets; and 2) the proposed Lost Base Revenue (LBR) amounts
17 included in the filing for each utility¹. My testimony reviews the Plan Update as revised by
18 the Utilities on November 1, 2019.

19 **Q. Please address your first issue regarding the Home Energy Assistance program
20 budgets.**

21 A. The Home Energy Assistance (HEA) program provides energy efficiency improvements to
22 income-eligible households at no cost to program participants. The program works to reduce

¹ With the exception of the New Hampshire Electric Cooperative which does not propose a Lost Base Revenue mechanism.

1 customer energy costs, reduce energy burdens and address weatherization services waiting
 2 lists at New Hampshire’s Community Action Agencies that deliver the program services in
 3 coordination with the NH Utilities.² The current New Hampshire State Budget Bill, HB4,
 4 which was signed into law by Governor Sununu on September 26, 2019 impacted the
 5 program budgets due to language in the bill which grants an exception to a requirement for
 6 legislative approval of system benefits charge (SBC) increases provided “*that no less than*
 7 *20 percent of the portion of the funds collected for energy efficiency shall be expended on*
 8 *low-income energy efficiency programs.*”

9 **Q. Do the proposed 2020 HEA budgets meet the 20 percent threshold included in HB4?**

10 A. Yes they do, as revised by the Utilities on November 1, 2019. In the table below I provide
 11 the details of the SBC amounts proposed for energy efficiency programs in 2020 and the
 12 utility specific HEA budgets.

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Utility	SBC 2020 Updated 11/1/19 (A)	20% of SBC 2020	HEA Budget w/ PI at 5.5% (B)	HEA Budget as % of SBC 2020	Is HEA Budget > 20% SBC ?
Eversource	\$41,185,610	\$8,237,122	\$8,556,207	20.8%	Yes
Unitil	\$6,229,615	\$1,245,923	\$1,427,553	22.0%	Yes
Liberty	\$4,882,641	\$976,528	\$1,267,951	26.0%	Yes
NHEC	\$4,005,978	\$801,196	\$880,987	21.5%	Yes

Notes: A. 2020 Update Plan filed 11/1/2019 Bates p. 15
 B. 2020 Update Plan filed 11/1/2019 Bates p. 51 adjusted to include budgeted Performance Incentive (PI) at 5.5%

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15 **Q. Does the 20 percent requirement apply similarly to the HEA programs operated by the**
 16 **two regulated natural gas utilities?**

² A more detailed HEA program description can be found at Bates p. 50 in the original EERS Three Year Plan filed 9/1/2017 in DE 17-136 here [EERS Three Year Plan 2018-2020](#)

1 A. No, in Staff's view it does not. The 20 percent threshold in HB4 is presented in the context
2 of the "system benefits charge." This charge specifically relates to the electric utilities. The
3 natural gas utilities have an "energy efficiency charge" rate element which is collected as part
4 of the Local Delivery Adjustment Charge (LDAC). Therefore, Staff's understanding is that
5 the language in HB4 relates only to the electric utilities.

6 **Q. Does Staff have any additional comments about this HEA budget issue?**

7 A. Staff notes for the Commission that the passage of the State's budget bill occurred shortly
8 after the Utilities filed their initial 2020 Plan Update on September 13, 2019. Minor
9 adjustments to these program budgets were required to ensure compliance with this new
10 statutory threshold. Those changes were included in the revised 2020 Update Plan which the
11 utilities filed on November 1, 2019.

12 **Q. Please address Staff's second issue regarding the Lost Base Revenue calculations and**
13 **amounts proposed for collection in this 2020 Update Plan.**

14 A. The Lost Base Revenue (LBR) component of the EERS is intended to compensate each
15 utility for lost distribution revenue resulting from reduced sales attributable to energy and
16 demand reductions resulting from EERS program investments. In accordance with Order
17 26,095, in which the Commission approved a Settlement Agreement for the 2018 – 2020
18 EERS Plan, Eversource, Liberty (GSEC) and Unitil have modified their calculation of LBR
19 for the 2019 and 2020 program years. The modified calculation is in accordance with a final
20 report issued by the LBR Working Group issued August 29, 2018 in this docket³.

21 **Q. Can you provide a brief explanation of these LBR calculations as included in the 2020**
22 **Update Plan?**

³ See August 29, 2018 Report available at [EERS LBR Working Group](#)

1 A. The LBR calculations use planned savings estimates for energy (kWh) and demand (kW)
2 multiplied by an appropriately derived, utility specific, Average Distribution Rate (ADR) for
3 each of these two rate components, to calculate a total amount of utility specific LBR. The
4 LBR calculation can extend back to cover efficiency measures installed since January 1,
5 2017 – the approved effective date of LBR. As mentioned above, the calculation
6 methodology for 2019 and 2020 is modified from the methodology used in 2017 and 2018.
7 In the current filing, the LBR calculations must also take into account that Eversource and
8 Liberty are each in the midst of distribution rate cases. This adds an additional element of
9 complexity to the LBR calculations since LBR is zeroed out during a distribution rate case
10 because the savings from past installations are reflected in the revenues and kWh sales used
11 to set rates and thus do not also need to be reflected in LBR. In addition, Liberty’s rate case
12 includes a decoupling proposal which, if approved, would eliminate LBR.

13 **Q. Has Staff reviewed the detailed LBR calculations related to the energy efficiency**
14 **investments in the 2020 Update Plan? If so, do they appear accurate?**

15 A. Eversource made several significant adjustments to its LBR calculation between the initial
16 September 13 filing of the 2020 Update Plan and the revised version filed on November 1.
17 These adjustments include a change related to the effective date of new rates in the
18 Company’s rate case and commensurate adjustments related to monthly and annualized
19 savings for measures installed during the rate case’s test year. Eversource and the other
20 utilities have provided additional details about the calculations in response to data requests
21 and in a Technical Session held on November 6. Liberty’s LBR rate must ultimately reflect
22 its rate case decoupling proposal (if that proposal is approved) and the effective date of any
23 approved decoupling mechanism will impact LBR. At this time, Staff continues to review

1 the calculations in the revised 2020 Update Plan and cannot provide a definitive answer at
2 this time as to whether Staff agrees with the LBR calculations provided in the revised 2020
3 Update Plan filed November 1.

4 **Q. Does Staff have concerns about the Commission approving this 2020 Update Plan**
5 **which contain the LBR calculations?**

6 A. No. The LBR calculations included in the filing are forecasts for the purpose of calculating
7 an LBR rate to be included in the energy efficiency portion of the SBC rate. Each utility that
8 includes an LBR rate in its 2020 Update Plan will eventually file a post facto calculation of
9 the actual LBR amount based on actual installed energy efficiency measures and
10 corresponding energy (kWh) and demand (kW) savings. Those calculations for the 2020
11 EERS Program Year are required to be filed on or before May 31, 2021. In effect, the LBR
12 rate is a reconciling rate mechanism and there will inevitably be a difference between the
13 forecast and actual amounts. Staff recommends that the Commission accept the utility
14 calculations for the purpose of establishing the LBR rate to be included in each utility's
15 energy efficiency SBC rate, while recognizing that these calculations may need to be
16 adjusted during the reconciliation process, especially for the results of the Eversource and
17 Liberty electric distribution rate cases.

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1 **Q. What are these LBR rates and the energy efficiency SBC rates for each of the utilities?**

2 A. In the table below, I provide the rates which the utilities have calculated and presented in the
 3 revised 2020 Update Plan dated November 1, 2020.

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Utility	LBR Portion of SBC rate (cents / kWh)	2020 Total EE portion of SBC rate (cents / kWh)**
Electric		
Eversource	0.065	0.528
Unitil	0.074	0.528
Liberty	0.034	0.528
NHEC	N/A	0.528
Natural Gas		
Unitil - Northern Utilities	Included in EE amount at right	Res = \$0.0499/therm C&I = \$0.0247/therm
Liberty - EnergyNorth	Decoupled – no new LBR	Res = \$0.0640/therm C&I = \$0.0426/therm
** The SBC applies only to electric utilities. EE charges for natural gas utilities are collected through the Local Delivery Adjustment Charge (LDAC).		

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6 **Q. Does that conclude your testimony?**

7 A. Yes.