

UNITIL ENERGY SYSTEMS, INC.

**DIRECT TESTIMONY OF
THOMAS PALMA**

EXHIBIT TP-1

New Hampshire Public Utilities Commission

Docket No. DE 18-_____

April 26, 2018

1 **Q. Please state your name and business address.**

2 A. Thomas Palma, Esq., 325 West Road, Portsmouth, NH 03833.

3 **Q. For whom do you work and in what capacity?**

4 A. I am employed by Unitil Service Corp. as the Manager of Distributed Energy
5 Resources. My duties include energy efficiency program design in
6 Massachusetts and New Hampshire.

7 **Q. Please describe your business and educational background.**

8 A. I have eighteen years of experience working in the energy efficiency field
9 including time spent on Distributed Generation. My educational background
10 includes a Bachelor of Science Degree in Mechanical Engineering and a Juris
11 Doctorate Degree.

12 **Q. Have you previously testified before the New Hampshire Public Utilities
13 Commission ("Commission")?**

14 A. Yes.

15 **Q. What is the purpose of your testimony?**

16 A. Pursuant to the 2018-2020 EE plan approved by the Commission in Order No.
17 26-095, the Company is requesting approval to amend its EELP tariff to allow
18 higher on-bill financed zero interest loans for Residential Electric customers.

19 **Q. What loan amount level is the Company seeking approval for?**

1 A. The Company is requesting that the maximum loan amount be increased from
2 \$2,000 to \$4,000, with associated increases to the maximum payment term.

3 **Q. What is the Company's proposed maximum repayment term and monthly**
4 **payment amount for the increased loans?**

5 A. The maximum repayment term would be 48 months and the maximum monthly
6 payment would be \$83.33 ($\$4,000 / 48$).

7 **Q. Please summarize on-bill financed zero interest loans historical activity since**
8 **2014?**

9 A. From January 2014 through April 2016, with a loan cap of \$7,500 (the amount at
10 inception of the program), there were 51 loans with an average loan amount of
11 \$3,520. From May 2016 to present, with a loan cap of \$2,000, there were 5 loans
12 with an average amount of \$1,647.

13 **Q. Why is the increase in the loan amount necessary?**

14 A. The reason for the request is that the Company has seen a considerable drop off in
15 the number of loans since the maximum loan amount changed from \$7,500 to
16 \$2,000 in 2015 pursuant to Order No. 25-747. The New Hampshire electric
17 utilities lowered the amount so that they could conduct a 2% interest rate pilot and
18 increase the availability of funds, whereby loans above \$2,000 were offered by
19 third party lending institutions. The third party pilot was a success and has
20 turned into a permanent offering. Zero percent on bill loans, however, can
21 provide easier access to funds from a customer standpoint. The Company

1 believes that a higher loan ceiling will provide customers with sufficient funds to
2 make desired energy efficient improvements. If the maximum loan amount is
3 increased to \$4,000, the number of loans the Company is able to provide should
4 rebound.

5 **Q. Describe the historical quantity of on-bill loans issued from 2014 to 2017.**

6 A. There were 35 loans issued in 2014, 12 in 2015, 6 in 2016, and 1 in 2017.

7 **Q. How does the Company propose to finance the increase in maximum loan**
8 **amounts?**

9 A. The Company projects that it has the funds to sustain a \$4,000 loan amount
10 indefinitely considering the current balance, incoming repayment funds from
11 customers, and the anticipated level of activity in making new loans.

12 **Q. How does the Company determine what size of loan a customer/applicant is**
13 **eligible for?**

14 A. The size of the loan is equal to the customer's co-payment for the installation of
15 weatherization and other related energy efficiency measures at the customer's
16 home.

17 **Q. Have you provided sample tariffs incorporating the proposed changes to the**
18 **zero interest loan program?**

19 A. Yes. Clean and red-lined tariffs with the proposed changes are attached hereto as
20 "Clean_Schedule EELP_res" and "Redline_Schedule EELP_res."

1 **Q. Does this conclude your testimony?**

2 **A. Yes.**