

DE 01-169

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Conservation and Load Management Programs

Order NISI Approving Request to Increase Program Expenditures

O R D E R    N O.    23,777

September 20, 2001

The New Hampshire Public Utilities Commission (Commission) opened this docket to consider a request, filed by motion on August 31, 2001, from Public Service Company of New Hampshire (PSNH) for immediate authority to increase expenditures for conservation and load management programs funded by ratepayers through the System Benefits Charge imposed pursuant to RSA 369-B:3, IV(b)(6). Consistent with this provision, the conservation and load management portion of the charge is fixed at \$0.0008 per kilowatt-hour for the 33-month period that began on May 1, 2001.

The PSNH motion was accompanied by the technical statement of Gilbert E. Gelineau, Jr., Manager of Marketing Support at PSNH. PSNH seeks authority (1) to increase expenditures to approximately \$600,000 per month on conservation and load management programs currently in operation, 2) to allow "modest expenditures" to ramp up the operation of the industry-wide "Core" energy efficiency programs under consideration in Docket No. DE 01-057, and (3)

to permit PSNH to estimate and collect a shareholder incentive for existing programs until replaced by the Core programs. See Order No. 23,574 (November 1, 2000) (requiring New Hampshire electric utilities to establish joint "core" energy efficiency programs to reduce electric consumption within the environment of the restructured electric industry).

PSNH is currently authorized to spend up to \$2,736,000 per calendar year on conservation and load management programs. *Public Service Company of New Hampshire* 84 NH PUC 185 (1999). PSNH has carried that spending level forward through 2000 and 2001.

On May 1, 2001, PSNH began collecting a System Benefits Charge of \$0.0013 per kilowatt-hour (kWh), divided between conservation and load management programs and programs to provide assistance for low-income electric customers. The \$0.0008 per kilowatt-hour devoted to conservation and load management produces an annual budget of approximately \$6,000,000 for these programs, significantly in excess of the approved annual budget of \$2,736,000. PSNH proposes that the expanded budget be in effect until the Commission renders a decision and PSNH implements the Core Programs under consideration in Docket DE 01-057.

Although there is current legislation that would allow the Commission to order a refund of conservation and load management funds collected through the System Benefits Charge under RSA 369-B:3,IV(b)(6), PSNH requests that it be authorized to expend those funds on existing programs and implementation of the Core Programs. PSNH states that three of its existing conservation and load management programs have obligated all of their funds for the calendar year and that customers have been placed on waiting lists and will not receive services until additional funds are made available. PSNH proposes to expand the funding of this year's programs prior to final approval of a PSNH-specific filing to implement the Core Programs. PSNH expects that this will resolve funding shortfalls encountered with the existing programs. PSNH believes that increasing the authorized spending limit will not only provide benefits to customers sooner, but will likely facilitate a more rapid ramp up of the Core Programs once PSNH's individual filing has been approved.

PSNH proposes to increase spending to approximately \$600,000 per month until its Core Programs are ready for implementation. According to PSNH, its proposal will closely match spending with the System Benefits Charge revenues designated for conservation and load management programs.

PSNH proposes that any difference between the actual spending level achieved and the System Benefits Charge revenues be used as the starting balance for the Core Programs. PSNH would spend those funds on its existing portfolio of energy efficiency programs which PSNH has been operating since early 1999. In addition, PSNH will use some of the monthly budgeted funds for design and development of the Core Programs, preparation of its utility-specific filing and, if approved by the Commission, implementation of the pilot PAYS (Pay-As-You-Save) energy efficiency program under consideration in Docket No. DE 01-080. Additionally, PSNH seeks to continue the existing allocation of spending between Residential and Commercial/Industrial customers to mirror each sector's contribution to the System Benefits Charge.

Finally, PSNH requests authority to implement a shareholder incentive mechanism for its conservation and load management programs in accordance with the New Hampshire Energy Efficiency Working Group's recommended formula, which was approved by the Commission in Order No. 23,574. PSNH believes it is appropriate to collect a shareholder incentive now that the System Benefits Charge is in place and since PSNH has not been recovering lost fixed cost revenue since December 1998.

PSNH avers that it circulated the Motion and Technical Statement with attachments to all the parties and Commission Staff participating in the Core Energy Efficiency Programs proceeding, Docket DE 01-057, on August 28, 2001. According to PSNH, the Office of the Consumer Advocate, the Society for the Protection of New Hampshire Forests, Unitil Corporation, the New Hampshire Electric Cooperative, Connecticut Valley Electric Company, the Environmental Responsibility Committee of the Episcopal Diocese of New Hampshire, the New Hampshire Department of Environmental Services, the Governor's Office of Energy and Community Services and the Staff of the Commission (Staff) all concur in the Motion. PSNH further states that Granite State Electric Company does not oppose the Motion. According to PSNH, there were no other responses from parties to Docket No. DE 01-057 before PSNH filed its Motion with the Commission.

On September 19, 2001, in response to an oral data request posed by Staff, PSNH provided written information regarding operational charges proposed to its existing programs as a result of PSNH's request to amend previous motions. PSNH noted that rebates for Tumblewash (i.e., energy efficient, front-loading washing machines) were discontinued on July 30, 2001 in accordance with "regional direction;" that

increased funding to support the Residential Conservation program would allow PSNH to meet a current backlog of 300 customers; that the EnergyStar® Homes program as offered by PSNH would have a redesigned incentive and limit on the maximum incentive of \$7,500; that increased funding will be available for commercial building codes; that approximately \$73,000 would be set aside for PSNH's share of the State of New Hampshire's Energy Plan; and that \$29,000 has been budgeted for participation in regional programs sponsored by the Northeast Energy Efficiency Partnerships, Inc.

We have reviewed PSNH's Motion in the context of our decision on energy efficiency, Order No. 23,574 (November 1, 2000) in Docket DE 96-150, *Electric Utility Restructuring: Energy Efficiency Programs*. Based upon our analysis, we approve PSNH's Motion and direct PSNH to proceed with the actions it outlined in its August 31, 2001 Motion. We recognize that there will be a period of time before the Core Programs are presented to the Commission for consideration and are eventually introduced in New Hampshire. However, we are not barred from expanding PSNH's budget now to match the revenues currently being collected for energy efficiency programs through the System Benefits Charge.

Additionally, we must address PSNH's request for a

shareholder incentive. We approved shareholder incentives in Order No. 23,574 and have even required Granite State Electric Company to use the approved incentive mechanism to recalculate its incentive back to program year 1999. In Order No. 23,574, we said we would approve shareholder incentives according to the formula recommended by the working group when the utility has demonstrated that the program in question "offers customers extraordinary benefits and will enhance the move toward either non-subsidized [demand-side management] programs or market-based energy efficiency." Order No. 23,574, slip op. at 19. The programs for which PSNH proposes to earn an incentive now meet this requirement by providing an efficient and effective pathway to the implementation of the full array of Core Programs. Moreover, PSNH has been operating conservation and load management programs for over two years without receiving either lost fixed cost revenues or a shareholder incentive. In these circumstances, we do not find any reason that PSNH should not be entitled to earn an incentive for its energy efficiency programs currently being offered as long as that calculation is in accordance with the New Hampshire Energy Efficiency Working Group's recommendation and our Order No. 23,574. Therefore, we approve PSNH's request for an incentive effective September 1, 2001.



**Based upon the foregoing, it is hereby**

**ORDERED NISI**, that PSNH's Motion is APPROVED; and it is

**FURTHER ORDERED**, that PSNH shall cause a copy of this Order Nisi to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than October 1, 2001 and to be documented by affidavit filed with this office on or before October 15, 2001; and it is

**FURTHER ORDERED**, that all persons interested in responding to this petition be notified that they may submit their comments or file a written request for a hearing on this matter before the Commission no later than October 8, 2001; and it is

**FURTHER ORDERED**, that any party interested in responding to such comments or request for hearing shall do so no later than October 15, 2001; and it is

**FURTHER ORDERED**, that this Order Nisi shall be effective October 19, 2001, unless the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New  
Hampshire this twentieth day of September, 2001.

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary