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STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

DE 09-170

2010 CORE Electric Energy Efficiency Programs

SUPPLEMENTAL TESTIMONY

OF

JAMES J. CUNNINGHAM JR.

Date: December 9, 2009

1 **Q. Please state your name, current position and business address.**

2 A. My name is James J. Cunningham Jr. and I am employed by the New Hampshire Public
3 Utilities Commission (Commission) as a Utility Analyst. My business address is 21 S.
4 Fruit Street, Suite 10, Concord New Hampshire, 03301.

5
6 **Q. Please summarize your educational and professional background.**

7 A. I am a graduate of Bentley College, Waltham, Massachusetts, and I hold a Bachelor of
8 Science-Accounting Degree. I joined the Commission in 1988. In 1995, I completed the
9 NARUC Annual Regulatory Studies Program and Michigan State University, sponsored
10 by the National Association of Regulatory Utility Commissioners. In 1998 I completed
11 the Depreciation Studies Program sponsored by the Society of Depreciation Professionals
12 of which I'm a member. In 2002, I worked on the Staff team that recommended re-
13 institution of the Commission's natural gas energy efficiency programs. I have reviewed
14 and provided direct testimony on a variety of topics pertaining to New Hampshire
15 electric, natural gas, steam and water utilities. I was promoted to my current position of
16 Utility Analyst IV in 2008.

17
18 **Q. What is the purpose of your testimony?**

19 A. The purpose of my supplemental testimony is to update my direct testimony of
20 November 6, 2009 pertaining to the HEA low income budget allocation. Specifically,
21 I'm updating the *starting point* used in my recommended formula approach. It's
22 important to note that I'm not changing the framework of the formula approach, only the
23 starting point.

24
25 **Q. Please describe the change to the starting point.**

1 A. I'm changing the starting point to reflect a more accurate split between Residential and
2 C&I funding sources. My direct filed testimony utilized the CORE budget dollars to
3 establish the allocation between Residential and C&I funding sources. This supplemental
4 testimony utilizes the projected 2010 kWh sales and the Forward Capacity Market (FCM)
5 proceeds to establish the split between Residential and C&I funding sources.
6 With respect to kWh sales, the split between Residential and C&I funding is 40% and
7 60% respectively. With respect to the FCM proceeds, the Residential would receive 30%
8 and the C&I would receive 70%. The combination of projected 2010 kWh sales and
9 FCM proceeds results in an overall allocation of funding between Residential and C&I
10 funding of 39.5% and 60.5% respectively.¹ See attached Schedule JJC-S1 for the details
11 of these calculations.

12

13 **Q. Does the updated split between Residential and C&I funds change your**
14 **recommended budget for the Home Energy Assistance (HEA) low income program?**

15 A. Yes, the HEA low income program budget is reduced. The formula approach utilizes the
16 Residential funding amount in concert with the estimated eligibility data to establish the
17 HEA low income budget. If the Residential funding decreases, then there is a decrease in
18 the HEA low income budget. In the alternate, if the Residential funding increases, then
19 there is an increase in the HEA low income budget.

20 My supplemental testimony reduces the Residential funds; therefore, the HEA low
21 income budget is reduced. Specifically, my supplemental testimony recommends a
22 budget for the HEA low income program of \$2.254 million, a reduction of approximately
23 \$355 thousand from the \$2.609 million in my direct testimony.

24

¹ There is a third component, minor in amount, including the carry forward balances and other unidentified impacts. This amount was split based on the 2010 projected kWh sales forecast.

1 **Q. Why do you believe your supplemental testimony more accurately establishes the**
2 **HEA low income budget?**

3 A. As noted in my direct testimony, at page 19-20, I used the Residential Sector budget as
4 the starting point of my calculation to determine the HEA low income budget. This was
5 not an accurate starting point. The Residential Sector budget dollars already included the
6 HEA low income budget; hence, by applying the estimated low income eligibility percent
7 to budget dollars that already included the HEA low income budget amount, I overstated
8 the HEA low income budget.

9 My supplemental testimony corrects for this overstatement. My supplemental testimony
10 utilizes the estimated funding that pertains to the Residential Sector, *before* the
11 determination of the HEW low income budget amount. Specifically, my supplemental
12 testimony establishes \$1.404 million as the HEA low income budget pertaining to the
13 Residential Sector. See attached Schedule JJC-S2 for the details of this calculation.

14

15 **Q. Does your supplemental testimony recommend that the C&I Sector share in the cost**
16 **of the HEA low income program?**

17 A. Yes, as noted at the outset, my supplemental testimony does **not** change the framework of
18 the recommended HEA low income formula approach. The recommended formula
19 approach continues to provide that the C&I Sector share in the cost of the HEA low
20 income program, pursuant to Commission guidelines. Specifically, my supplemental
21 testimony establishes \$849 thousand as the HEA low income budget that comes from the
22 C&I Sector. See attached Schedule JJC-S2 for the details of this calculation.

23

24 **Q. What percentage would the HEA low income program budget be in 2010 to the**
25 **overall CORE program budget?**

1 A. The HEA low income program budget would be 11.68% of the overall 2010 CORE
2 program budget. See attached Schedule JJC-S2 for the details of this calculation.

3

4 **Q. After the budget pertaining to the HEA low income program is deducted, how are**
5 **the remaining funds distributed to Residential and C&I programs?**

6 A. The remaining funds are distributed based on the same percentages pertaining to the
7 funding sources. Specifically, 39.55% of the remaining funds are distributed to the
8 Residential Sector and 60.45% are distributed to the C&I Sector. See attached Schedule
9 JJC-S2 for the details of this percentage distribution.

10

11 **Q. Do you have any other comments?**

12 A. Yes. As explained above, this supplemental testimony updates the starting point of the
13 formula approach and **no changes** are being made to the framework of the formula
14 approach. I continue to believe that the formula approach for establishing the HEA low
15 income budget is an important improvement for the Commission to make going forward.
16 The formula approach is more transparent since it is based on readily available data from
17 the Census Bureau and the DOE. It is less burdensome from an administrative standpoint
18 without sacrificing any accuracy and will, in my view, save time and effort that would
19 otherwise be spent in negotiating sessions. My formula approach is consistent with
20 Commission orders. Specifically, it is consistent with Commission Order No. 23,574 that
21 directs “that program funds should be allocated to the residential and commercial and
22 industrial sectors in approximate proportion to their contributions to the fund” and that
23 “the low programs should be funded by all customers.”²

24

25 **Q. Does that complete your testimony?**

² Reference Commission Order No. 23,574, at page 6.

1 A. Yes, it does, thank you.

Summary of CORE Budget Funding Sources

	At Overall Budget Level				At Program Budget Level	
	Including Performance Incentives				Excluding Perf. Incent.	
	kWh's (2010 Projected)	SBC Rate	Amount	Percent	Amount (Overall Budget / 1.08)	
SBC Funding Source:						
Residential	(1)	4,277,774,000	\$ 0.0018	\$ 7,699,993	40.31%	\$ 7,129,623
C&I	(1)	6,334,275,000	\$ 0.0018	\$ 11,401,695	59.69%	\$ 10,557,125
Sub-Total	(1)	10,612,049,000		\$ 19,101,688		\$ 17,686,748
FCM Funding Source:						
Residential			30%	\$ 461,220	30.00%	\$ 427,056
C&I			70%	\$ 1,076,180	70.00%	\$ 996,463
Sub-Total				\$ 1,537,400		\$ 1,423,519
Carryover Funding/Other Sources: (2)						
Residential				\$ 77,897	40.31%	\$ 72,127
C&I				\$ 115,346	59.69%	\$ 106,801
Sub-Total				\$ 193,243		\$ 178,929
Total All Funding Sources:						
Residential				\$ 8,239,110	39.55%	\$ 7,628,806
C&I				\$ 12,593,221	60.45%	\$ 11,660,389
Grand Total				\$ 20,832,331	(3)	\$ 19,289,195 (4)

footnotes:

(1) Source: data response from companies, Staff 1-20 (attached).

(2) Derivation of Carryover Funding/Other Sources:

Total Budget per Filing, page 89	\$ 20,832,331
Less: SBC Funding, above	\$ (19,101,688)
Less: FCM Funding, above	\$ (1,537,400)
Net Carryover Funding/Other	\$ 193,243

(3) Source: Filing at page 89

(4) Source: Filing at page 88

**Public Service Company of New
Hampshire
Docket No. DE 09-170**

Data Request STAFF-01

Dated: 10/19/2009

Q-STAFF-020

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

Question:
Reference filing at page 5, Table 1.2 and page 35. Please provide the 2010 kWh sales forecasts for each company, broken down into (1) Residential Sector and (2) C&I Sector. Also, please provide the same kWh sales data for actual 2006, 2007 and 2008.

Response:
Please see attached spreadsheet.

(Joint Utility Response)

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Data Request: STAFF-01
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**NH CORE Energy Efficiency Programs
Sales Data**

Year	Residential MWHs	Commercial MWHs	Industrial MWHs	Total Retail Sales MWHs	
2006	298,100	473,500	119,700	891,300	Actual
2007	293,600	480,600	122,900	897,100	Actual
2008	284,700	482,300	122,000	889,000	Actual
2010	285,300	452,000	113,400	850,700	Forecast

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**NH CORE Energy Efficiency Programs
Sales Data**

Year	Residential MWHs	Commercial & Industrial MWHs	Total Retail Sales MWHs	
2006	449,963	292,879	742,843	Actual
2007	451,856	299,353	751,209	Actual
2008	446,247	279,903	726,150	Actual
2010	439,437	274,010	713,446	Forecast

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**NH CORE Energy Efficiency Programs
Sales Data**

PSNH

Year	Residential MWHs	Commercial MWHs	Industrial MWHs	Street Light MWHs	Total Retail Sales MWHs	
2006	3,089,336	3,338,513	1,578,972	23,082	8,029,903	Actual
2007	3,171,847	3,404,586	1,535,876	24,229	8,136,537	Actual
2008	3,120,318	3,379,802	1,446,086	24,745	7,970,952	Actual
2009						
2010	3,058,848	3,407,078	1,337,942	24,521	7,828,389	Forecast

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**NH CORE Energy Efficiency Programs
Sales Data**

Year	Residential MWHs	Commercial & Indus MWHs	Total Retail Sales MWHs	
2006	500,195	619,134	1,119,329	Actual
2007	500,976	625,063	1,126,039	Actual
2008	490,415	606,454	1,096,869	Actual
2010	494,189	725,324	1,219,513	Forecast

Recalculation of Starting Point - HEA Formula Approach

	<u>Reference</u>	<u>Amount</u>	<u>Percent</u>
<u>Calculation of HEA Low income Budget Allocation:</u>			
Sector Level Budgets			
Residential Sector	(1)	\$ 7,628,806	39.55%
C&I Sector	(1)	\$ 11,660,389	60.45%
Total CORE Budget		<u>\$ 19,289,195</u>	100.00%
Low Income Budget Before C&I Funding			
Residential Sector Budget		\$ 7,628,806	
Percent of NH population below Federal Poverty Guideline	(2) (3)	<u>18.41%</u>	
Low Income Budget Before C&I Funding		<u>\$ 1,404,463</u>	
C&I Funding Amount:			
Low Income Budget Before C&I Funding		\$ 1,404,463	
C&I Percent		<u>60.45%</u>	
C&I Funding Calculation:		<u>\$ 849,003</u>	
Grand Total HEA Low Income Budget Allocation		<u><u>\$ 2,253,466</u></u>	
<u>Percent HEA Budget Allocation to Total Budget:</u>			
Low Income Budget Allocation		\$ 2,253,466	
Total CORE Budget		\$ 19,289,195	
Percent to Total Budget		<u>11.68%</u>	
<u>Distribution of Remaining CORE Budget:</u>			
Total CORE Budget		\$ 19,289,195	
Less: HEA Low Income Budget Allocation		<u>\$ (2,253,466)</u>	
Remaining CORE Budget		<u><u>\$ 17,035,729</u></u>	
Residential Sector		\$ 6,737,568	39.55%
C&I Sector		\$ 10,298,161	60.45%
Total Remaining CORE Budget		<u><u>\$ 17,035,729</u></u>	100.00%

footnotes:

(1) See Schedule JJC-S1

(2) Staff Recommendation based on 200 percent Income-To-Poverty level.

Source: US DOE Weatherization Program Notice 09-5, effective February 18, 2009:

NH Population 1,306,991

NH Population at 200% Income-To-Poverty level 240,671

Percent 200% to total NH Population 18.41%

(3) Source: www.census.gov/hhes/www/cpstc/cps_table_creator.html

(4) C&I Funding is required by Commission Order No. 23,574, dated November 1, 2000, page 6.