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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

December 16, 2010 - 9:15 a.m.
Concord, New Hampshire

MORNING SESSION
ONLY

RE: DE 10-188
2011 CORE ELECTRIC PROGRAMS AND
NATURAL GAS ENERGY EFFICIENCY
PROGRAMS: Energy Efficiency Programs.

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno, Clerk

APPEARANCES: Reptg. Public Service Co. of New Hampshire:
Gerald M. Eaton, Esq.

Reptg. Unutil Energy Systems and
Northern Utilities:
Rachel Goldwasser, Esq. (Orr & Reno)

Reptg. New Hampshire Electric Cooperative:
Mark W. Dean, Esq.

Reptg. Granite State Electric Co. and
EnergyNorth Natural Gas, Inc.:
Sarah B. Knowlton, Esq. (McLane, Graf...)

Court Reporter: Steven E. Patnaude, LCR No. 52

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APPEARANCES: (C o n t i n u e d)

Reptg. N.H. Home Builders & Remodelers Assn.:
Elizabeth R. Fischer

Reptg. Community Action Associations:
Dana Nute

Reptg. The Way Home:
Alan Linder, Esq. (N.H. Legal Assistance)

Reptg. Office of Energy & Planning:
Eric Steltzer

Reptg. Conservation Law Foundation:
Jonathan Peress, Esq.

Jeremy Hill, *pro se*

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Stephen Eckberg
Office of Consumer Advocate

Reptg. PUC Staff:
Suzanne G. Amidon, Esq.
Marcia A.B. Thunberg, Esq.
James J. Cunningham, Jr., Electric Division
Al-Azad Iqbal, Electric Division

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I N D E X

PAGE NO.

WITNESSES: **THOMAS R. BELAIR**
 THOMAS PALMA
 STEPHEN R. ECKBERG
 JAMES J. CUNNINGHAM, JR.
 ANGELA LI (sworn in at Page 73)
 BRIAN KEARNEY (sworn in at Page 73)

| | |
|---|--------|
| Direct examination by Mr. Eaton | 11, 23 |
| Direct examination by Ms. Goldwasser | 12 |
| Direct examination by Ms. Hatfield | 15 |
| Direct examination by Ms. Amidon | 17 |
| Cross-examination by Ms. Knowlton | 37 |
| Cross-examination by Ms. Goldwasser | 40 |
| Cross-examination by Mr. Linder | 41 |
| Cross-examination by Mr. Steltzer | 53 |
| Cross-examination by Ms. Hatfield | 65 |
| Cross-examination by Ms. Amidon | 66 |
| Cross-examination by Mr. Peress | 69 |
| Cross-examination by Mr. Hill | 72, 74 |
| Direct examination by Ms. Knowlton (Li & Kearney) | 73 |
| Cross-examination by Ms. Fischer | 80 |

E X H I B I T S

| EXHIBIT NO. | DESCRIPTION | PAGE NO |
|-------------|---|---------|
| 1 | Joint Settlement Agreement (12-15-10) | 9 |
| 2 | Attachment A 2011-2012 CORE Energy Efficiency Filing (8-01-10) | 9 |
| 3 | Attachment B 2011-2012 Joint Proposed Gas Energy Efficiency filing (8-02-10) | 9 |
| 4 | Attachment C Monitoring & Evaluation Plan for 2011 | 9 |
| 5 | Attachment D Form for submitting savings calculation for 2012 | 9 |
| 6 | Staff Joint Testimony of James J. Cunningham & Al-Azad Iqbal w/schedules | 9 |
| 7 | Testimony of Stephen R. Eckberg | 9 |
| 8 | Testimony of R. Jeremy Hill | 9 |
| 9 | Testimony of Eric Steltzer | 9 |
| 10 | Rebuttal Testimony of Carol Woods | 9 |
| 11 | Rebuttal Testimony of James J. Cunningham, Jr. & Al-Azad Iqbal | 9 |
| 12 | Rebuttal Testimony of Angela Li, Carol Woods, Thomas Belair & Thomas Palma | 9 |
| 13 | Revised Rebuttal Testimony of Angela Li and Brian Kearney (ENGI) & Thomas Palma (Northern Utilities) | 9 |
| 14 | Second Revised Rebuttal Testimony of Angela Li and Brian Kearney (ENGI) & Thomas Palma (Northern Utilities) | 9 |
| 15 | Letter from Jack Ruderman to NHPUC re: SB 323 Energy Study Funding Proposal (12-13-10) | 44 |

P R O C E E D I N G

CHAIRMAN GETZ: Okay. Good morning, everyone. We'll open the hearing in docket DE 10-188. On August 3rd, 2010, the electric utilities and the gas utilities filed proposals for the 2011-2012 CORE New Hampshire Energy Efficiency Programs for the electric utilities and the Energy Efficiency Plan for the gas utilities. An order of notice was issued on August 12th, setting a prehearing conference that was held on August 31. Subsequently, a secretarial letter was issued granting interventions, approving a procedural schedule, and approving the scope for this proceeding. And, we have a Settlement Agreement that was filed among the utilities, Staff, the Office of Consumer Advocate, and several intervenors, on December 15.

So, with that, can we take appearances please.

MR. EATON: For Public Service Company of New Hampshire, my name is Gerald M. Eaton. Good morning.

CHAIRMAN GETZ: Good morning.

MS. KNOWLTON: Good morning, Commissioners. Sarah Knowlton, with the McLane law firm. I'm here today for Granite State Electric Company and

1 EnergyNorth Natural Gas. And, with me from the Company
2 today are the Company's two witnesses, Angela Li and Brian
3 Kearney. And, also in the audience from the Company is
4 Katy Perry and -- Katie, I'm sorry, Katie O'Rourke, I was
5 thinking about Katy Perry, and Lindsey Perry, I apologize.

6 CHAIRMAN GETZ: Okay. Not Lindsay
7 Lohan?

8 MR. DEAN: Good morning. Mark Dean, on
9 behalf of the New Hampshire Electric Cooperative.

10 CHAIRMAN GETZ: Good morning.

11 MS. GOLDWASSER: Good morning. Excuse
12 me. Rachel Goldwasser, from the law firm of Orr & Reno,
13 on behalf of Unitil Energy Systems and Northern Utilities.
14 And, with me are Tom Palma, Joanne Robbins, and Deb
15 Jarvis, all from the Company.

16 CHAIRMAN GETZ: Good morning.

17 MR. LINDER: Good morning. Alan Linder,
18 from New Hampshire Legal Assistance, representing The Way
19 Home.

20 CHAIRMAN GETZ: Good morning.

21 MR. LINDER: Good morning.

22 MR. NUTE: Good morning. Dana Nute,
23 representing the New Hampshire Community Action
24 Association.

1 CHAIRMAN GETZ: Good morning.

2 MR. STELTZER: Good morning. Eric
3 Steltzer, with the Office of Energy & Planning.

4 CHAIRMAN GETZ: Good morning.

5 MR. HILL: Good morning. Jeremy Hill.
6 I'm citizen intervenor.

7 CHAIRMAN GETZ: Good morning.

8 MR. PERESS: Good morning. Jonathan
9 Peress -- oh, I'm sorry.

10 MS. FISCHER: Go ahead.

11 MR. PERESS: No, you go.

12 MS. FISCHER: Good morning. Elizabeth
13 Fischer, from the Home Builders & Remodelers Association
14 and BuildGreen NH, representing our association, and
15 specifically Kendall Buck, our Executive Officer.

16 CHAIRMAN GETZ: Good morning.

17 MS. FISCHER: Good morning.

18 MR. PERESS: Good morning. Jonathan
19 Peress, on behalf of the Conservation Law Foundation.

20 CHAIRMAN GETZ: Good morning.

21 MS. HATFIELD: Good morning,
22 Commissioners. Meredith Hatfield, for the Office of
23 Consumer Advocate, on behalf of residential ratepayers.
24 And, with me for the Office is Steve Eckberg.

1 CHAIRMAN GETZ: Good morning.

2 MS. AMIDON: Good morning. Suzanne
3 Amidon, for Commission Staff, and to my far left is Marcia
4 Thunberg, my colleague in the Legal Department who is also
5 assisting in this docket. To my left is Jim Cunningham,
6 an Analyst with the Electric Division, and to his left is
7 Al-Azad Iqbal, who is also in the Electric Division. Good
8 morning.

9 CHAIRMAN GETZ: Good morning. Are there
10 any issues we need to address before we, I'm presuming,
11 start with the Settlement Agreement? But is there a
12 recommendation?

13 MR. EATON: Yes, your Honor. We
14 prepared a list of exhibits, which I think the Clerk put
15 on your desk this morning. And, there are 14 exhibits.
16 We start off with the Settlement Agreement, and then the
17 testimonies that were filed by the various parties. I
18 have one thing to add to that. Exhibit 1, which is the
19 Settlement Agreement, is missing one signature page, it's
20 the signature page of Attorney Goldwasser, on behalf of
21 Northern Utilities. So, I'd like to pass that out now and
22 include it with Exhibit 1.

23 (Atty. Eaton distributing documents.)

24 MR. EATON: For the record, if we could

1 premark those exhibits according to the Exhibit List.

2 CHAIRMAN GETZ: They're so marked.

3 (The documents, as described, were
4 herewith marked as **Exhibit 1** through
5 **Exhibit 14**, respectively, for
6 identification.)

7 MR. EATON: And, the way we had agreed
8 to proceed would be to call a panel of witnesses: One
9 from the Staff, Mr. Cunningham; one from the Office of
10 Consumer Advocate, Mr. Eckberg; one for the gas utilities,
11 Mr. Thomas Palma, representing Northern and Unitil; and,
12 Mr. Tom Belair, from Public Service Company, representing
13 the electrics. And, the attorneys will each qualify their
14 own witnesses and identify exhibits that those witnesses
15 helped to prepare. And, then, once that's completed, I
16 will conduct the direct examination of asking witnesses to
17 summarize portions of the Settlement Agreement that they
18 understand and worked on. So, that way we could hopefully
19 go through this direct examination quickly and have the
20 witnesses available for cross-examination, if that pleases
21 the Commission?

22 CHAIRMAN GETZ: I think that works. Let
23 me just make sure I understand, in terms of then for
24 questioning of the panel. Of the parties that are here,

1 in the appearances that have been made, is it correct that
2 everyone has agreed to the Settlement Agreement, except
3 for Mr. Hill and Ms. Fischer, is that accurate? Okay.

4 MS. FISCHER: I believe that is the
5 case. Well, as far as we're concerned.

6 CHAIRMAN GETZ: Mr. Peress, were you --

7 MR. PERESS: Mr. Chairman, the
8 Conservation Law Foundation has not signed on to the
9 Settlement Agreement, but we don't take issue with the
10 Settlement Agreement.

11 CHAIRMAN GETZ: Okay. All right. Thank
12 you. I was just thinking in terms of formalities. I'll
13 permit questioning first from the parties who supported
14 the Settlement, if there were any, and then to the parties
15 who had not supported the Settlement, then they would have
16 the opportunity to go last, in terms of cross-examination.

17 Mr. Eaton.

18 MR. EATON: Yes. I'd like to call to
19 the stand James Cunningham, Stephen Eckberg, Tom Palma,
20 and Thomas Belair.

21 (Whereupon **Thomas R. Belair, Thomas**
22 **Palma, Stephen R. Eckberg** and **James J.**
23 **Cunningham, Jr.**, were duly sworn and
24 cautioned by the Court Reporter.)

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 **THOMAS R. BELAIR, SWORN**

2 **THOMAS PALMA, SWORN**

3 **STEPHEN R. ECKBERG, SWORN**

4 **JAMES J. CUNNINGHAM, JR., SWORN**

5 **DIRECT EXAMINATION**

6 BY MR. EATON:

7 Q. Mr. Belair, could you please state your name for the
8 record.

9 A. (Belair) Thomas Belair.

10 Q. And, for whom are you employed?

11 A. (Belair) Public Service Company of New Hampshire.

12 Q. What is your position and what are your duties?

13 A. (Belair) I'm team lead of the energy efficiency
14 programs of PSNH. And, I'm responsible for the
15 implementation of the energy efficiency programs.

16 MR. EATON: Can the people in the back
17 hear Mr. Belair? Could you bring the microphone a little
18 closer.

19 BY MR. EATON:

20 Q. Did you participate in this docket?

21 A. (Belair) Yes, I did.

22 Q. Did you help to prepare the CORE Energy Efficiency
23 Program filing, which has been marked as "Exhibit 2" in
24 this proceeding?

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 A. (Belair) Yes, I did.

2 Q. And, did you also participate in the preparation of the
3 rebuttal testimony and attachments that's been marked
4 as "Exhibit 12" in this proceeding?

5 A. (Belair) Yes.

6 Q. Have you ever testified before the Commission?

7 A. (Belair) I've testified twice; once for the 2007 CORE
8 Programs and once last year.

9 Q. Thank you, Mr. Belair.

10 BY MS. GOLDWASSER:

11 Q. Mr. Palma, please state your name and spell your last
12 name for the record.

13 A. (Palma) Thomas Palma, P-a-l-m-a.

14 Q. And, where are you employed?

15 A. (Palma) Unitil Service Corp.

16 Q. And, what positions do you hold?

17 A. (Palma) Manager of Distributed Energy Resources,
18 Planning and Design.

19 Q. Did you assist in preparing Exhibits 2 and 3 of the
20 electric and gas filings in this docket?

21 A. (Palma) Yes, I did.

22 Q. And, did you prefile testimony regarding the electric
23 programs in this docket?

24 A. (Palma) Yes, I did. On November 15th, I submitted

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 prefiled rebuttal testimony on the electric energy
2 efficiency programs on behalf of Unutil Energy Systems.
3 This was submitted with representatives of the other
4 three New Hampshire electric companies.

5 Q. And, that's Exhibit 12?

6 A. (Palma) Yes.

7 Q. And, did you prefile testimony regarding the gas
8 programs in this docket?

9 A. (Palma) On November 15th, I also submitted prefiled
10 rebuttal testimony regarding the gas energy efficiency
11 programs on behalf of Northern Utilities. And, this
12 was -- this testimony was submitted jointly with Angela
13 Li and Brian Kearney, representatives of National Grid
14 New Hampshire.

15 Q. And, did you submit revised testimony on November 19th?

16 A. (Palma) Yes. On November 19th, I submitted revised
17 prefiled rebuttal testimony on behalf of Northern
18 Utilities, along with Angela Li and Brian Kearney.

19 Q. And, that's Exhibit 13?

20 A. (Palma) Yes.

21 Q. Do you have any corrections or updates to that revised
22 testimony, and that would be Exhibit 14?

23 A. (Palma) Yes. I --

24 MS. GOLDWASSER: Which is available, Mr.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

1 Chairman, on the Bench for you.

2 **BY THE WITNESS:**

3 A. (Palma) Yes. I have prepared a red-lined version of
4 that revised rebuttal testimony, which shows the
5 changes. And, I also have entitled it "Second Revised
6 Rebuttal Testimony".

7 BY MS. GOLDWASSER:

8 Q. And, can you briefly explain the changes in that Second
9 Revised Testimony, or Exhibit 14?

10 A. (Palma) Yes. First, in the analysis conducted
11 regarding the GDS Technical Potential Study, I used the
12 wrong underlying assumption of costs. Originally, I
13 thought it was the utility cost, but it is actually the
14 installed cost.

15 Second, for the GDS Study, I wanted to
16 recognize two levels of energy efficiency potential,
17 the potentially obtainable scenario as outlined in the
18 study, as well as the maximum achievable cost-effective
19 scenario.

20 Third, for the electric SBC, during the
21 calculations, I changed the amount to the more
22 conservative 1.8 mills. Originally, I used 1.5 mills,
23 based on SB 300.

24 And, fourth, I took the opportunity to

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 clarify some wording, and eliminated one paragraph in
2 accordance with the Settlement Agreement, on Page 16 of
3 Exhibit 14, shown on Page 16 of Exhibit 14.

4 MS. GOLDWASSER: Thank you.

5 WITNESS PALMA: Okay.

6 MS. HATFIELD: Good morning, Mr.
7 Eckberg.

8 WITNESS ECKBERG: Good morning.

9 BY MS. HATFIELD:

10 Q. Could you please state your full name for the record.

11 A. (Eckberg) My name is Stephen R. Eckberg.

12 Q. By whom are you employed?

13 A. (Eckberg) I'm employed by the Office of Consumer
14 Advocate as a Utility Analyst.

15 Q. Have you previously filed testimony on behalf of the
16 OCA?

17 A. (Eckberg) Yes, I have. Included in my direct
18 testimony, there's an attachment which shows my
19 experience, and I believe the dockets where I have
20 previously provided testimony.

21 Q. Did you file testimony in this docket?

22 A. (Eckberg) Yes, I did.

23 Q. And, is that shown on the Exhibit List as "Exhibit
24 Number 7"?

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 A. (Eckberg) That is correct. Yes.

2 Q. Do you have any corrections or changes that you need to
3 make to your testimony?

4 A. (Eckberg) No, I do not.

5 Q. Did you participate in the development of the
6 Settlement Agreement that the Commission is considering
7 today?

8 A. (Eckberg) Yes.

9 Q. And, that's been marked as "Exhibit 1", correct?

10 A. (Eckberg) Yes, it has.

11 Q. Are you aware of any corrections that need to be made
12 to the Settlement Agreement?

13 A. (Eckberg) Yes. I'm aware of several small corrections,
14 which I'd like to identify. First, on Page 12 of the
15 Settlement Agreement, in the paragraph numbered "3",
16 which is titled "M&E by Gas Utilities", there's a
17 reference to "quarterly reports" to be filed "no later
18 than 45 days following the end of the relevant
19 quarter". And, the parties have agreed that that
20 amount of time should be "60 days", rather than "45
21 days".

22 In the next paragraph of that exact same
23 section on Page 12, there's a reference to "quarterly
24 meetings described in Section II, [Section] A above".

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 But, due to renumbering of some paragraphs, the "A", or
2 Paragraph "A", should actually be Paragraph "B".
3 That's the second correction.

4 And, there's a third minor correction,
5 quite similar to that second correction. On Page 16 of
6 the Settlement Agreement, in the first paragraph on
7 Page 16, in Section letter "K", titled "2012 Program
8 Year", there is also a reference to "quarterly meetings
9 described in Section II, A". That "A" should read "B",
10 to correctly reference the part of the Settlement. But
11 that's all the corrections that I'm aware of.

12 MS. HATFIELD: Thank you.

13 BY MS. AMIDON:

14 Q. Good morning, Mr. Cunningham. Would you state your
15 full name for the record please.

16 A. (Cunningham) My name is James J. Cunningham, Jr.

17 Q. And, for whom are you employed?

18 A. (Cunningham) I'm employed by the New Hampshire Public
19 Utilities Commission.

20 Q. And, what is your position with the Commission?

21 A. (Cunningham) I'm a Utility Analyst with the Commission
22 in the Electric Division.

23 Q. Mr. Cunningham, have you testified previously before
24 this Commission?

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 A. (Cunningham) Yes, I have.

2 Q. And, did you file testimony jointly with Mr. Iqbal in
3 this docket?

4 A. (Cunningham) Yes.

5 Q. And identified as "Exhibit 6" on the Exhibit List?

6 A. (Cunningham) Yes.

7 Q. And, you also identified -- prepared testimony,
8 rebuttal testimony, which is marked as "Exhibit 11"
9 pursuant to the Exhibit List, is that correct?

10 A. (Cunningham) Right. Joint testimony, with Mr. Al-Azad
11 Iqbal.

12 Q. Do you have any corrections to your testimony, Exhibit
13 6?

14 A. (Cunningham) Yes, I have a few minor corrections.

15 Q. And, could you tell us what those corrections are?

16 A. (Cunningham) Yes. Just before I start with the
17 corrections to my testimony, I wanted to mention one
18 other correction that I believe should be made to the
19 Settlement Agreement. I thought this was identified
20 before we began, but it wasn't. On Page 8, the first
21 line talks about "monitoring and evaluation reporting".
22 And, I think the reference of "II.E" should be "II.F".

23 With respect to my testimony and I think
24 Mr. Iqbal's testimony, direct testimony, we had a

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 change on Page 7 that we'd like to make -- 17, excuse
2 me. Page 15, excuse me, Line 11.

3 Q. I'm sorry, Mr. Cunningham, where are you making your
4 first correction?

5 A. (Cunningham) In my direct testimony, on Page 15, Line
6 11, where it describes parenthetically the "Cost and
7 lifetime savings". The cost is in millions, and
8 lifetime savings are in thousands.

9 On Page, the second correction --
10 CMSR. BELOW: Could we just pause there
11 a moment.

12 WITNESS CUNNINGHAM: Yes.

13 CMSR. BELOW: At Line 17 --

14 WITNESS CUNNINGHAM: Page 15, Line 11.

15 CMSR. BELOW: Yes. I have question
16 while we're on this page, Page 15. Line 17, if the actual
17 2009 "Lifetime MMBtu Savings" is in the right column,
18 compared to the "2009 Proposed Lifetime MMBtu Savings", or
19 if those are possibly backwards?

20 WITNESS CUNNINGHAM: No, I believe those
21 are correct.

22 CMSR. BELOW: Okay.

23 WITNESS CUNNINGHAM: Do you have some
24 reason to think that they're incorrect? Maybe I can

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 address it.

2 CMSR. BELOW: No. I think Lines 20 and
3 21 conform with that statement. It was just, in
4 comparison to Table 5, you had the opposite situation,
5 where the proposed 2009 was on the order of half of the
6 2009 actual, and it's reversed.

7 WITNESS CUNNINGHAM: Yes. I think that
8 there is a reason for this.

9 CMSR. BELOW: Okay.

10 WITNESS CUNNINGHAM: Mr. Palma may --

11 MS. AMIDON: Mr. Cunningham, we can
12 address it, if Mr. Below has some questions. We're trying
13 to get the exhibits marked for identification at this
14 point.

15 WITNESS CUNNINGHAM: Okay.

16 BY MS. AMIDON:

17 Q. Could you proceed with your corrections.

18 A. On Page 17, Line 17, "With respect to lifetime
19 kilowatt-hour savings", that should be "With respect to
20 lifetime mega" -- "MMBtu savings". Clarify some
21 wording next on Page 34, Line 16. If you could please
22 add the word "conceivably" at the beginning of that
23 sentence. On Line 18, where it says "other funds are
24 reported", we'd like to clarify that by saying "other

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 funds are conceivably reported".

2 And, that completes the corrections I
3 have to the joint testimony of myself and Mr. Al-Azad
4 Iqbal.

5 Q. And, that would be -- that's Exhibit 6. Do you have
6 any corrections to Exhibit 11?

7 A. (Cunningham) Yes.

8 Q. If you could --

9 A. (Cunningham) The last line on Page 5 of our rebuttal
10 testimony says "Achieve some combination of higher
11 savings and benefit/cost ratio." We'd like to change
12 that to "achieve some combination of higher/lower
13 savings and benefit/cost ratio."

14 CHAIRMAN GETZ: This is Page 5, what
15 line?

16 WITNESS CUNNINGHAM: Line 23. After the
17 word "higher", and before the word "savings", I would like
18 to add --

19 CHAIRMAN GETZ: Yes, I think, in our
20 copy, it would be Page 6.

21 MS. AMIDON: Six.

22 CHAIRMAN GETZ: Line 3.

23 MS. AMIDON: That's correct, Mr.
24 Chairman.

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 WITNESS CUNNINGHAM: Thank you.

2 BY MS. AMIDON:

3 Q. And, if you were asked the same questions, other than
4 those clarifications and corrections, today, if you
5 were asked the same questions today, would your answers
6 be the same as in your testimony?

7 A. (Cunningham) Yes.

8 Q. And, did you participate in the development of the
9 Settlement Agreement, which has been marked for
10 identification as "Exhibit 1"?

11 A. (Cunningham) Yes, I did.

12 MS. AMIDON: Thank you.

13 CHAIRMAN GETZ: Can we go back to the
14 Settlement Agreement? There was -- I thought
15 Mr. Cunningham made a change to Page 8, and I didn't
16 follow that.

17 MS. AMIDON: I believe he was looking at
18 the top of the page. The first words at the top of Page 8
19 say "Section II.E" --

20 CHAIRMAN GETZ: That "E" should be an
21 "F". Okay.

22 MS. AMIDON: Correct. Due to the
23 renumbering which occurred. Thank you.

24 CHAIRMAN GETZ: Thank you.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 MS. KNOWLTON: Could I ask
2 Mr. Cunningham to go back and restate his first addition
3 of the word "conceivably" in his direct testimony, on Page
4 --

5 CHAIRMAN GETZ: Thirty-four? I think
6 it's Page 34, Line 16. And, I was taking it that the
7 sentence would now read "Conceivably, all these separate
8 funds have separate accounting." Is that correct?

9 WITNESS CUNNINGHAM: Correct.

10 MS. KNOWLTON: Thank you.

11 BY MR. EATON:

12 Q. Mr. Cunningham, I'd like you to turn to the Settlement
13 Agreement, on Page 7. And, could you summarize the
14 agreement on "Quarterly Meetings and Reports".

15 A. (Cunningham) Yes. This section of the Settlement
16 Agreement is broken down essentially into two parts.
17 The first part talks about meetings and the second part
18 talks about timing. With respect to meetings, we have
19 been using a monthly meeting schedule in 2010. We're
20 going to move that out to quarterly meetings for 2011
21 and 2012. Prior to each meeting, we're going to
22 establish an agenda at the tail end of each meeting for
23 the subsequent meeting, so we can do some additional
24 pre-planning. With respect to timing, the reports that

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 will be provided, the quarterly reports will be
2 provided no later than 60 days after the end of the
3 quarter.

4 The quarterly reports have a couple of
5 additional features in them. They will be including a
6 page on monitoring and evaluation and an additional
7 page on marketing. The reports will combine electric
8 and gas. The format of the reports for both electric
9 and gas will be consistent.

10 Without reading all of the provisions,
11 that's a summary of the salient points of that section.

12 Q. Could you describe for the Commission what the parties
13 agreed to regarding working groups.

14 A. (Cunningham) Yes. "The Settling Parties and Staff
15 agree that it is appropriate for the CORE Program
16 Management Team and the Gas Utilities, in consultation
17 with the non-utility Parties and Staff, to create
18 working groups to seek consensus on how to deal with
19 program issues."

20 Q. Mr. Belair, could you please describe the agreement
21 that the parties have reached regarding the
22 "Performance Incentive".

23 A. (Belair) Sure. There's two components to this; one is
24 working group work and the other one is change to the

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 formula. The first part, in agreement with the
2 Settlement Agreement from last year, we created a
3 working group, we formed a working group to develop an
4 approach to ensure that performance incentives are
5 appropriately aligned with the CORE Program goals.
6 And, this group met twice during 2010, but didn't reach
7 an agreement on how to proceed with changes to the
8 performance incentive.

9 For the purposes of this Settlement
10 Agreement, the Parties and Staff agree to continuing
11 that working group that was created in 2010, charged
12 with examining the design of the performance incentives
13 and considering whether the performance incentive could
14 be better aligned with the energy efficiency goals.

15 As part of that, at a meeting to be
16 convened on February 15th, the Staff agrees to provide
17 a summary of its review of the other states'
18 performance incentive programs, and will also examine
19 the availability of using other resources, like NEEP or
20 the Regulatory Assistance Project.

21 For the second part of it, which is the
22 change to the formula, at the hearing last year we had
23 discussions about using actual versus budget with I
24 think it was Commissioner Ignatius. And, so, what we

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 recommended that we do is use the actual dollars spent,
2 rather than the budget, to ensure that we're not
3 getting incented twice on the same dollars. So, we
4 made that change. Along with that, we've agreed to not
5 spend more than 5 percent over budget, over the
6 Commission-approved budget each year. But, if there
7 was a situation where we were going to spend over the
8 budget, we would seek permission on why we would exceed
9 the cap.

10 We're, as we did last year, we're -- we
11 will prepare an annual performance incentive -- the
12 utilities will prepare an annual performance incentive,
13 and strive to complete it by June 1st of the following
14 year. And, it will include a year-end reconciliation
15 to document any carryover or carryunder balances.

16 And, in this last paragraph, it says
17 "Office of Energy & Planning does not agree [or]
18 disagree with [this], the methodology suggested in this
19 settlement."

20 Q. Mr. Cunningham, do you have anything to add to that
21 summary?

22 A. (Cunningham) No. That was -- that was a complete
23 summary. I only have one small area to define, and
24 that was the term "Commission-approved budget". The

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 "Commission-approved budget", under the CAP definition
2 in the Settlement Agreement, is defined as "program
3 expenditures plus performance incentives". And, that's
4 all I have to add.

5 Q. Could you describe the agreement reached on "Financial
6 Audits".

7 A. (Cunningham) The Commission Audit Staff has started to
8 provide annual audit coverage for the energy efficiency
9 programs. They did an audit on 2008 operations.
10 They're currently doing an audit on 2009 energy
11 efficiency activities. Their annual audits will be
12 expanded to include the gas utilities, and they will
13 continue on an annual basis going forward.

14 Q. Could you briefly describe the agreement that's been
15 reached on "Monitoring and Evaluation".

16 A. (Cunningham) With respect to the electric utilities,
17 responsibility was transferred to the Staff in 2006 to
18 allow for more independent oversight of monitoring and
19 evaluation activities. The Staff, in conjunction with
20 the electric utilities, has overseen the M&E Program
21 since then.

22 The Settlement Agreement provides for a
23 status report to be prepared by Staff in conjunction
24 with the utilities. Staff will file an M&E report with

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 the Commission. And, the M&E report will also be filed
2 with the Commission as part of the CORE quarterly
3 report. The timing of this report will be 60 days
4 after the completion of the quarter.

5 The M&E report is an additional report
6 that will be included in the quarterly report in 2011
7 and 2012. It will include the amount of the budget,
8 the amount spent to date, the amount remaining to be
9 spent, and the amount anticipated to be unspent at the
10 end of the year, if any. The CORE Management Team or
11 the Parties and Staff may propose allocating such
12 unencumbered funds to support the CORE Programs.
13 Attachment C of the Settlement lists the planned
14 activities for 2011.

15 With respect to the gas utilities,
16 reporting requirements are essentially the same as the
17 electric requirements. The Companies will be filing 60
18 days after the end of the quarter.

19 That completes my summary.

20 Q. Mr. Eckberg, could you describe, on Page 13, the
21 agreement that the parties have reached concerning
22 funding of low income programs.

23 A. (Eckberg) Yes. Certainly. This section of the
24 Settlement Agreement specifies the budgets for the

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 Electric Efficiency Program, Home Energy Assistance
2 Program, as well as the Gas Utility budget for the
3 similar program on the gas side. The budgets for 2011
4 and program year 2012 are in line with the budgets that
5 were originally filed by both sets of utilities. Those
6 budgets are briefly described here in this section, and
7 in more detail in -- I believe they're Attachment A and
8 Attachment B to the Settlement, which are the electric
9 utility filing and the gas utility filing.

10 For 2011, the electric utilities have
11 allocated approximately 14 and a half percent of the
12 overall CORE budget to the Home Energy Assistance
13 Program. And, for the following program year 2012,
14 there's a slight increase to 15 percent of the total
15 CORE program budgets.

16 On the gas utility side, the budgets
17 allocated are roughly 11 and a half percent for both
18 program years 2011 and 2012.

19 Q. Mr. Belair, could you describe the settlement term
20 that's been reached by the Settling Parties concerning
21 "Program Savings Calculation".

22 A. (Belair) Sure. The Staff provided some testimony that
23 asserted that the lifetime kilowatt-hour savings
24 proposed by the utilities for 2011 and '12 was

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

1 conservative, compared to the actual savings that we
2 achieved in 2008 and 2009, and felt that the planned
3 savings should be more reflective of the historical
4 performance.

5 The Staff recommended that the actual
6 2009 savings on a measure-by-measure basis be reported
7 along with the 2011 and 2012 planned savings, as was
8 done in some of the data responses in our rebuttal
9 testimony.

10 In our rebuttal testimony, we explained
11 that we did use the actual results from previous years,
12 but that wasn't the only thing we used. Our
13 projections and our planning assumptions included other
14 things, such as increases in the cost of energy
15 efficiency measures, the overall cost of saving a
16 single kilowatt-hour, reductions in the useful life of
17 certain measures, and changes in the local codes and
18 federal regulations.

19 So, as part of the Settlement, number 2
20 here, we agreed that the 2011 projected savings would
21 be appropriate. But, then, as we look for 2012, we'll
22 recalculate those projected savings, with supported
23 information, such as, you know, the historical
24 kilowatt-hour saving trends, measure life, measure mix,

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 energy code effect, and other factors that may impact
2 those projected savings. If we can reduce it to a
3 calculation, we will. If not, we'll provide
4 explanations, as we did in Attachment D here. And, we
5 said we would have that done by September 30th of 2011
6 for the 2012 program year.

7 Q. Mr. Cunningham, do you have anything to add to that
8 summary?

9 A. (Cunningham) No. I'd just like to add that we greatly
10 -- Staff greatly appreciates the utilities' agreement
11 on this point. We'd like to simply paraphrase the
12 agreement, if we might, if that's appropriate, to be
13 somewhat similar to a rate case, wherein the rate --
14 traditional rate case methodology is to use a
15 traditional test year as a baseline and known and
16 measurable changes. And, in a word or a phrase, that
17 that's what my colleague, Mr. Belair, has just
18 summarized. Thank you.

19 Q. Mr. Palma, could you describe the agreement reached in
20 the Settlement Agreement for "On-Bill Financing".

21 A. (Palma) Yes. Presently, the electric utilities offer
22 on-bill financing using RGGI funds, Regional Greenhouse
23 Gas Initiative. The Settling Parties support efforts
24 to build on the state's existing efforts for financing,

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 including private financial resources.

2 Q. Mr. Belair, could you describe the agreement with
3 respect to "Contractor Recruitment".

4 A. (Belair) Sure. The Settling Parties and Staff agree
5 that, by the end of the first quarter, what we'll do is
6 we'll issue a solicitation of interest, a show of
7 interest, to determine if there's additional
8 contractors in the state that want to participate in
9 the Home Performance with ENERGY STAR Program
10 weatherizing homes. And, based on that show of
11 interest, we'll provide a report, we'll report the
12 results to Parties and Staff. If there's a significant
13 interest from contractors and the Settling Parties and
14 Staff, the electric and gas utilities may ends up
15 issuing another request for proposals to add additional
16 qualified contractors to the approved list of
17 contractors delivering the Home Performance with ENERGY
18 STAR Programs.

19 Also, by the end of the first quarter,
20 we're going to modify websites to allow interested
21 parties to notify the utilities of their interest, so
22 that they can receive RFPs or request for proposals
23 that we may issue.

24 Q. Mr. Eckberg, could you please describe the agreement in

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 Section K on the "2012 Program Year".

2 A. (Eckberg) Yes. This section states that "program
3 improvements should be implemented in [both] the CORE
4 and [the] gas programs as quickly as possible." That
5 Parties agree that any possible changes that are
6 identified to the 2012 program year plan should be
7 discussed at quarterly meetings. And, there's a
8 proposed deadline by which any program changes for the
9 2012 program year should be filed with the Commission
10 on September 30th, 2011. The intention of this section
11 is to communicate that the parties agree that the 2012
12 program year plan is not necessarily carved in stone,
13 but that there is an opportunity to include some
14 possible changes to the programs for that second year
15 of this 2012, this second year of the two-year plan.

16 Q. What commitments have been made concerning a "Marketing
17 Plan" in Section L of the Settlement Agreement?

18 A. (Eckberg) The agreement is that the utilities will
19 provide a detailed marketing plan for 2011. Which will
20 include a budget, with input from the Parties and Staff
21 no later than January 30th, 2011. We anticipate that
22 this marketing plan will include some more details
23 about activities, as well as the detailed budget. And,
24 the utilities will also provide a similar marketing

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 plan for the second program year, 2012, no later than
2 October 31st of 2011.

3 Q. Could you please describe the agreement that's been
4 reached concerning the "New Hampshire Electric
5 Cooperative Load Management Program".

6 A. (Eckberg) Certainly. The Parties have agreed that the
7 New Hampshire Electric Cooperative will continue to
8 operate its existing Load Management Program outside of
9 the Systems Benefit Charge funded CORE Programs. In
10 order to resolve differences related to this program,
11 the Co-op has agreed not to seek inclusion of its
12 existing Load Management Program in the current or in
13 future CORE proceedings. The Co-op, however, is not
14 restricted from proposing for inclusion in future CORE
15 proceedings other demand response programs which it may
16 develop, and those programs may include certain
17 elements of the equipment or technologies which are
18 currently used in the existing Load Management Program.

19 If the Co-op proposes any future demand
20 response programs for inclusion in the SBC-funded menu
21 of programs, such proposals will be made through a CORE
22 docket and would be subject to review by the Parties
23 and Commission approval. The Co-op has also agreed
24 that, even though its existing Load Management Program

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 will now be operated outside of the context of the CORE
2 Programs, and is therefore not, strictly speaking,
3 subject to Commission review and approval, that during
4 the two-year period covered by this Settlement
5 Agreement and these programs, that the Co-op will
6 include updates about the program, if there are any
7 relevant information to share, in the quarterly reports
8 that will be filed.

9 Q. Mr. Belair, could you describe the agreement that the
10 parties have reached concerning the "Home Performance
11 with ENERGY STAR Program".

12 A. (Belair) Yes. As part of the Home Performance with
13 ENERGY STAR Program, PSNH and Unitil will continue to
14 implement the Fuel Neutral Pilot Program, consistent
15 with the authorization of the 2010 pilot in Order
16 Number 24,974. One change that we have is the rebate
17 for all Home Performance with ENERGY STAR Programs run
18 by both electric and gas utilities will be capped at
19 50 percent of the project, or \$4,000. And, this is a
20 change from last year, where it was 75 percent. So, we
21 went from 75 to 50 percent. The Settling Parties
22 propose that PSNH and Unitil continue the Pilot
23 Program, with PSNH serving 716 fuel neutral homes and
24 Unitil serving 100. Consistent with that Order 24,974,

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 PSNH and Unitil will continue to earn a performance
2 incentive for the electric savings only in the Pilot
3 Program.

4 We'll both, for Unitil and PSNH, will
5 continue using the Home Heating Index to screen
6 eligible customers, and will continue to serve
7 electrically heated homes. If we're finding that we
8 have more customers seeking to participate in the
9 program, and have funds, we'll -- PSNH, well, PSNH and
10 Unitil will maintain a wait list and may petition the
11 Commission to serve additional customers. PSNH and
12 Unitil will promptly complete the evaluation of this
13 pilot, and will file an evaluation in this docket and
14 provide it to the Parties and Staff. The evaluation
15 shall include, but not be limited to,
16 cost-effectiveness, energy savings, impacts on
17 contractors in New Hampshire and the market, program
18 design, market transformation effects, and
19 recommendations on how the program can be improved.
20 And, we plan to have that study done by June 1st, 2011.

21 Q. And, do you plan to involve the Staff in the design of
22 that evaluation and how it's carried out?

23 A. (Belair) Yes, of course.

24 Q. Mr. Palma, could you describe the agreement that's been

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 reached concerning "Northern Utilities".

2 A. (Palma) Yes. Regarding issues in the revised gas
3 rebuttal testimony, Northern and OCA agree to strike
4 Lines 10 through 18 on Page 14 of Exhibit 13.
5 Additionally, Northern and the OCA agreed that Northern
6 will not implement an ENERGY STAR Homes Program in
7 2011, but will revisit this issue for the 2012 program
8 year. And, last, the OCA has no objection to any of
9 the budgeted spending levels proposed by Northern in
10 the gas filing.

11 MR. EATON: Thank you, Mr. Chairman.

12 These witnesses are available for cross-examination.

13 CHAIRMAN GETZ: Okay. Thank you. Then,
14 I take it, Mr. Eaton, you don't have questions for any
15 other members of the panel?

16 MR. EATON: No, I have no questions.

17 CHAIRMAN GETZ: Ms. Knowlton?

18 MS. KNOWLTON: Yes, I do.

19 **CROSS-EXAMINATION**

20 BY MS. KNOWLTON:

21 Q. I have a -- if I may, I have a clarifying question for
22 Mr. Belair. I realize we're an aligned party in
23 interest in the Settlement Agreement, but there is one
24 point that I wanted to have you go back to, Mr. Belair.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 If you would look at Page 15 of Exhibit 1, which is the
2 Settlement Agreement. This is under Section J,
3 "Contractor Recruitment".

4 A. (Belair) Yes.

5 Q. And, in the bottom of that paragraph, there's a
6 reference to the utilities updating their websites to
7 post "the most recent solicitations of interest." I
8 believe I heard you testify that, pursuant to this
9 paragraph, that the utilities would "modify their
10 websites to allow interested parties to notify the
11 utilities of their interest in receiving RFPs." Is
12 that the intent? Or, is that what actually this
13 section provides?

14 A. (Belair) That's correct.

15 Q. No. Would you look at -- there's a sentence that
16 begins "Additionally, by the end of the first quarter
17 of 2011", if you would just take a minute and read that
18 sentence.

19 (Short pause.)

20 BY MS. KNOWLTON:

21 Q. Is it your understanding, based on reviewing that, that
22 what this provision provides is that the websites would
23 be modified so that "interested parties [could] notify
24 utilities of their interest [in receiving] the most

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 recent solicitation of interest", as opposed to an
2 "RFP"?

3 A. (Belair) Yes.

4 Q. And, what is your understanding of the difference
5 between a "solicitation of interest" and an "RFP"?

6 A. (Belair) The "solicitation of interest" or the "show of
7 interest" is just to find out if there's any capable,
8 qualified and interested contractors to help deliver
9 one of the programs, in this case, Home Performance
10 with ENERGY STAR weatherization contractors.

11 Q. Thank you. So, it's your understanding, based on this
12 provision, that when interested parties go onto the
13 website to express their interest, it's only in
14 receiving a copy of the recent solicitation of
15 interest, is that correct?

16 A. (Belair) That's correct.

17 Q. Thank you. I have a question for Mr. Eckberg. If you
18 could please look at your prefiled testimony, at Page
19 27. And, that's been marked for identification as
20 "Exhibit 7" today.

21 A. (Eckberg) Yes. I have that in front of me.

22 Q. Okay. And, in your testimony, you raise an issue
23 regarding the EnergyNorth Natural Gas's Residential
24 Energy Efficiency reporting. Is that issue still a

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 concern to you?

2 A. (Eckberg) No, it is not. Over on Page 28 of my
3 testimony, I did include a recommendation to the
4 Commission, which asked that the Commission direct the
5 Company to provide clarification to the parties
6 regarding information in these monthly reports. And,
7 my recommendation to the Commission on that issue is
8 certainly withdrawn, because the Company has certainly
9 provided clarifying information. And, there is no
10 outstanding issue regarding the monthly reports between
11 the OCA and National Grid on this matter.

12 MS. KNOWLTON: Thank you. I have
13 nothing further.

14 CHAIRMAN GETZ: Thank you. Mr. Dean?

15 MR. DEAN: I have no questions of the
16 panel.

17 CHAIRMAN GETZ: Ms. Goldwasser?

18 MS. GOLDWASSER: I just have one
19 clarification question for Mr. Cunningham.

20 BY MS. GOLDWASSER:

21 Q. Mr. Cunningham, on Pages 11 and 12 of Exhibit 1, the
22 Settling Parties describe M&E by the Staff of CORE
23 electric M&E activities and M&E by the gas utilities.
24 And, I was just hoping you could clarify who performs

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 M&E in electric and who performs M&E in gas? And, who
2 has to provide those reports that are mentioned in
3 those sections?

4 A. (Cunningham) With respect to your first question, the
5 CORE M&E programs, Staff, in conjunction with the
6 utilities, provide the M&E reports. With respect to
7 gas, Mr. Palma will --

8 A. (Palma) The gas utilities actually perform the M&E
9 activity regarding gas activities.

10 MS. GOLDWASSER: Thank you. I have
11 nothing further.

12 CHAIRMAN GETZ: Okay. Mr. Linder?

13 MR. LINDER: Yes. Thank you.

14 BY MR. LINDER:

15 Q. I also have questions directed towards Pages 11 and 12
16 of Exhibit 1, the Settlement Agreement, regarding
17 monitoring and evaluation. And, of course, The Way
18 Home does support the Settlement Agreement and did
19 sign. The questions are purely for clarification
20 purposes, if that's possible, to clarify the following
21 items.

22 On Page 11, the last paragraph on the
23 page, the last three lines begins "The Settling Parties
24 and Staff acknowledge that Staff has proposed a

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 substantial portion of the M&E funding from the 2010
2 program year, which has not been spent, should be
3 utilized for a study of the state's energy efficiency
4 and sustainable energy programs pursuant to 2010 New
5 Hampshire Laws Chapter 335 (SB 323)." Does everybody
6 see that on the panel?

7 My questions are directed to that
8 paragraph with respect to the electrics. And, is there
9 anybody on the panel that can clarify what the words
10 "substantial portion of the M&E budget for 2010" means,
11 either a dollar figure or a dollar range? Just
12 approximately how much would be coming out of the 2010
13 unspent electric M&E budget for the study?

14 A. (Eckberg) I don't have any specific information about
15 the dollar amount. I have not been a party to any of
16 those discussions myself. But, perhaps one of the
17 other parties does, I'm not sure.

18 A. (Belair) Alan, I don't know if this helps, but I think
19 Staff made a formal recommendation yesterday or the day
20 before. And, what I'm aware of, 80 percent of the
21 costs would come out of the 2010 budget, and that would
22 be split, the recommendation was that that would be
23 split 70 percent electric/30 percent gas. And, that
24 they're looking for other sources to, you know, fund

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 the remaining portion.

2 CHAIRMAN GETZ: Well, let me ask
3 Mr. Cunningham or Ms. Amidon. Are we talking about what's
4 in the December 13 letter from Mr. Frantz and
5 Mr. Ruderman, when we're talking about "Staff proposed" or
6 --

7 MS. AMIDON: Yes. You're correct,
8 Mr. Chairman. That, in that letter, there was a proposal
9 that certain -- some available money from the unspent CORE
10 electric 2010 M&E budget would be used to support the
11 Senate Bill 323 study. And, while Staff, in assisting in
12 the development of the Settlement Agreement, was not aware
13 of the exact amount that might be, we knew that there was
14 a substantial amount that was devoted to that.

15 I note that Mr. Gelineau is in the room
16 and he is a member of that committee that worked on the
17 Senate Bill 323 study, and may have -- may or may not have
18 more information on that. But he's not a witness, and you
19 may want to call him to the stand to answer that question.

20 CHAIRMAN GETZ: Well, let's do two
21 things then. Mr. Linder, have you seen this letter?

22 MR. LINDER: I have. And, I was going
23 to reference that letter in the next couple of questions
24 that I had.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 CHAIRMAN GETZ: Because it looks like it
2 was cc'd to this docket. But let's -- I'll make sure that
3 it gets entered into the docketbook here. Mr. Eaton, --

4 MS. AMIDON: Mr. Chairman, I do have
5 extra copies of it, which I was going to offer as an
6 exhibit in this docket. Are we up to Exhibit 15?

7 (Atty. Amidon distributing documents.)

8 CHAIRMAN GETZ: Okay. Well, let's mark
9 that letter as "Exhibit 15".

10 (The document, as described, was
11 herewith marked as **Exhibit 15** for
12 identification.)

13 MS. AMIDON: And, with your permission,
14 I think the witnesses need a copy.

15 CHAIRMAN GETZ: Ms. Knowlton.

16 MS. KNOWLTON: I wanted to note for the
17 record that at the back of this Exhibit 15 there's a list
18 of addresses to which the invoices should be sent, this is
19 important information, so that the study can get paid for.
20 And, the address for National Grid is incorrect. It
21 should be 40 Sylvan Road, in Waltham. Thank you.

22 CHAIRMAN GETZ: Well, let's try to deal
23 with the substance of the question. Is it -- because it's
24 not leaping off the page to me on my first review of this.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 Does it make sense to have Mr. Gelineau try to answer the
2 question?

3 MR. GELINEAU: I can --

4 CHAIRMAN GETZ: Well, okay. Let's just,
5 as an offer of proof, can Mr. Gelineau respond to the
6 question of what a "substantial portion" means?

7 MR. GELINEAU: I can't -- I can only
8 add, Mr. Belair is correct in his assessment, that the
9 recommendation, from my understanding of this
10 recommendation, is that 80 percent would be billed to the
11 utilities for the 2010 year. And, it would be split
12 between gas and electric 30/70. And, that the remainder
13 will be coming forth from other sources, if possible.
14 And, this is to be in compliance with the legislation,
15 which calls for the study to be funded from sources
16 related to monitoring and evaluation in this state. And,
17 so, the current proposal would be to look to other sources
18 beyond the electric utilities and the gas utilities, such
19 as the Office of Energy & Planning, for example, or RGGI
20 funds is another potential. So, those sources are being
21 further studied, a backup to that would be to continue to
22 take the remaining amount, which could be up to 300,000,
23 up to 20,000 additional dollars in 2011 from the gas and
24 electric utilities.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 CHAIRMAN GETZ: Okay. Thank you,
2 Mr. Gelineau. Mr. Linder, do you intend to inquire
3 further about this letter that's now marked for
4 identification as "Exhibit 15"?

5 MR. LINDER: I did have one more
6 question.

7 CHAIRMAN GETZ: Because I notice that
8 one of the authors of the letter is now in the room, if it
9 would be useful to make him available?

10 MR. LINDER: I think it could help, Mr.
11 Chairman.

12 CMSR. BELOW: Okay. Mr. Chairman, I
13 just want to make an observation. The footnote on the
14 first page of Exhibit 15 notes that I am a member of the
15 Study Coordination Team for SB 323. And, I just want to
16 note for the record that, whenever it was on the agenda
17 for the Team to discuss this question of funding, I
18 recused myself and left the room, didn't participate, and
19 was not kept abreast of the discussions concerning this
20 matter, except perhaps as they might have shown up in
21 minutes, I might have been aware of whatever was in the
22 minutes, but people didn't discuss this issue with me, so
23 as to not be in a position of deciding on a recommendation
24 that I was a party to. Thank you.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 CHAIRMAN GETZ: Okay. Thank you. Ms.
2 Hatfield.

3 MS. HATFIELD: Thank you, Mr. Chairman.
4 I am a member also of that Senate Bill 323 Team. And, if
5 it would be more efficient, I could make an offer of proof
6 to provide a little bit more information.

7 CHAIRMAN GETZ: Please. Then, I guess
8 we'll see where Mr. Linder wants to go.

9 MS. HATFIELD: Sure. Senate Bill 323
10 caps the cost of that study at \$300,000. And, the
11 legislation, as is pointed out in Mr. Ruderman and Mr.
12 Frantz's letter, the legislation required the Commission
13 to look for existing funds prior to making an additional
14 assessment on the utilities to fund this study. And, our
15 Team went through a process with the utilities, with
16 Mr. Ruderman, and also with the Office of Energy &
17 Planning, to identify available funds.

18 And, if it would please the Commission,
19 I think additional information could be provided to
20 supplement what has been attached to this letter, that
21 would show how that \$300,000 is proposed to come largely
22 from the CORE Programs. I believe that the figure is
23 approximately \$280,000 from the CORE Programs. But that
24 Team has committed to continue to seek additional funds,

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 if the balance wasn't found from other resources, then I
2 believe that we might be looking again in 2011 at those
3 M&E CORE and gas funds. But that's my current
4 recollection, that the substantial amount is in the range
5 of \$280,000. And, in that analysis, the Team looked at
6 that 5 percent of M&E that's typically set aside each year
7 and looked at how much was left over in 2010. And, there
8 was more than sufficient funding remaining to allow for
9 that approximately \$280,000 to be used for the purposes of
10 the Senate Bill 323 study. And, as I said previously,
11 there may be additional information that could be
12 provided, if it would assist the Commission and the
13 parties in understanding that.

14 CMSR. IGNATIUS: Ms. Hatfield, just to
15 clarify. I believe you just said that, of the \$280,000
16 approximately coming from the CORE monies to fund this
17 report or this study, it would all come from -- the
18 280,000 would all come from unspent 2010 M&E monies?

19 MS. HATFIELD: Yes. That's my
20 understanding.

21 CMSR. IGNATIUS: And, so, the only open
22 question in the recommendation that this Exhibit 15
23 references, the open amount is the remaining 20,000 or so
24 to make up the rest of the request?

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 MS. HATFIELD: Yes. And, the parties
2 wanted to continue to explore other potential funding
3 sources into 2011 with the hope that others might be
4 identified, so we wouldn't have to further encumber the
5 CORE and gas funds.

6 CMSR. IGNATIUS: Is there any
7 recommendation that's been made thus far to use some of
8 the 2011 M&E funding for this study?

9 MS. HATFIELD: I don't believe there's
10 been a specific recommendation. But, if you look at
11 Mr. Ruderman and Mr. Frantz's letter, on the second page,
12 in Paragraph (d), I think they are specifically requesting
13 authorization for both years at this time.

14 CMSR. IGNATIUS: But, if there was a
15 recommendation to go into the 2011 CORE budget, that would
16 be to make up the remaining 20 percent, not to make up
17 part of the 80 percent?

18 MS. HATFIELD: That's my understanding,
19 yes.

20 CMSR. IGNATIUS: Thank you.

21 CHAIRMAN GETZ: Mr. Linder.

22 MR. LINDER: Thank you.

23 CHAIRMAN GETZ: Do you need something
24 additional or --

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 MR. LINDER: Yes. I do think that it
2 might be helpful if whoever can provide the information,
3 either orally or in writing, could clarify a little
4 further roughly how much would be coming from the CORE
5 electric 2010 M&E budget and roughly how much, if any,
6 would be coming from the 2010 gas M&E budgets. Similarly,
7 I think it would be helpful if we could have a little more
8 specificity on how much might come from the 2011 CORE M&E
9 budget and how much, if any, would come from the 2011 gas
10 M&E budget. And, one of the concerns I have that, just as
11 an offer of -- not necessarily an offer of proof, but just
12 to indicate where I would be going, is the Attachment C to
13 Exhibit 1, the Settlement Agreement, shows the planned
14 expenditures for 2011 CORE M&E. And, if one would compare
15 that number or that range with Page 125 of Exhibit -- of
16 Attachment A to the Settlement Agreement, Exhibit 1, one
17 would see that there's approximately \$850,000 in the CORE
18 M&E budget for 2011, yet Attachment C shows a range of
19 planned expenditures of somewhere between 950,000 and
20 1.4 million for CORE M&E. So, my question would be, would
21 there realistically be really any money in the 2011 CORE
22 M&E budget under those circumstances? Just trying to get
23 a clarification on that.

24 So that that's the other item or area of

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 inquiry which I had. And, I was just hoping that there
2 could be some clarification, either today or in writing,
3 as soon as possible, so that the Commission will just have
4 that information in front of it. That is solely the tenor
5 of these questions, and that's really all I have.

6 MS. KNOWLTON: Mr. Chairman? On that,
7 I'm wondering whether we need to swear a witness in on
8 this topic. We have some -- I have questions about this
9 as well. The books of the Company are closing this week
10 for the 2010, and we haven't received an invoice. And,
11 there's questions about the availability of M&E funds in
12 the 2010 budget, and whether the Company is going to be
13 put into an overspent position in 2010.

14 CHAIRMAN GETZ: When you say "swear in a
15 witness", you mean a witness of yours?

16 MS. KNOWLTON: I don't -- I have no
17 objection with this exhibit being marked. But, given the
18 questions that have come up about, you know, whether this
19 is, in fact, the plan for the M&E money to be spent from
20 the 2010 budget, and is there money in the 2011 budget?
21 I'm just concerned that, if the Commission is going to
22 make a determination based on this letter, that the record
23 needs to be developed on this issue further. And, I don't
24 know who, you know, whether, you know, it would be

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 appropriate for Mr. Ruderman to take the stand, or
2 whether, on a break, we could caucus and talk about this
3 issue among the utilities and Staff.

4 CHAIRMAN GETZ: Well, based on the
5 conversation that I've heard so far, it's not clear to me
6 that there is an answer that is knowable today. But I
7 think the better process is to -- let's go through the
8 panel and complete that examination. And, when we take a
9 recess, give the parties the opportunity to see if
10 there's, you know, what's the best way to deal with this.
11 Whether we should hold an exhibit and have something in
12 writing or if it's possible to get this on the record
13 today. But I would suggest that the parties discuss that
14 at the recess.

15 MS. KNOWLTON: Thank you.

16 MS. AMIDON: I just wanted to offer the
17 Commission that Mr. Frantz is in -- is here today. He's
18 not in the room. But he would be the best person to
19 address this. And, I can try to make him available for
20 examination, if you'd like?

21 CHAIRMAN GETZ: Okay. Well, let's -- I
22 propose that you work that out during the recess.
23 Anything further, Mr. Linder?

24 MR. LINDER: I have nothing further, Mr.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 Chairman. I was just looking for clarification, that's
2 all. Thank you very much.

3 CHAIRMAN GETZ: That's fine. Thank you.
4 Mr. Nute?

5 MR. NUTE: No questions, Mr. Chair.

6 CHAIRMAN GETZ: Mr. Steltzer?

7 MR. STELTZER: Yes.

8 BY MR. STELTZER:

9 Q. First, Mr. Palma, in your testimony earlier, you've
10 described the Settlement Agreement regarding on-bill
11 financing, and specifically you mentioned "on-bill
12 financing was made available through RGGI funds." Are
13 there any System Benefits Charge funds that are
14 available to on-bill financing?

15 A. (Palma) Could you repeat the question? I'm not clear
16 on what you were asking.

17 Q. I was looking -- seeking to have clarification as far
18 as what are the funding sources for on-bill financing.
19 Keeping in mind of the multiple sectors, municipal,
20 commercial, as well as residential, and whether System
21 Benefits Charge funds are used for on-bill financing?

22 A. (Palma) I can only speak for Unitil Electric, Unitil
23 Energy Systems. It's only RGGI for Unitil on on-bill
24 financing. I know the other companies have other --

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 may have other programs, and I'm not -- I'd rather not
2 speak on those issues.

3 Q. Mr. Belair, maybe you might be able to just, and it's
4 really just for clarification, to understand if there
5 are System Benefits Charge funds that are used for
6 on-bill financing for any of the sectors within New
7 Hampshire?

8 A. (Belair) At PSNH, we have funds from the SmartStart
9 Program, that were funded from the System Benefit
10 Charge in a prior year to create a revolving loan fund.
11 And, those are used to -- those are in a revolving loan
12 fund and loaned out. And, I'm assuming you're also
13 asking, in the administration of that, of those funds,
14 we do have some System Benefit Charge in a program
15 called "SmartStart" that's used to administer that
16 program.

17 Q. Thank you.

18 A. (Belair) We have -- and, the SmartStart for PSNH is for
19 municipal, town, city, federal government accounts.
20 And, we have an additional on-bill financing capability
21 for homes that are being weatherized. That on-bill
22 financing was funded through the RGGI funds.

23 Q. Thank you. Mr. Belair, turning to questions over to
24 the Settlement Agreement regarding the "contractor

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 recruitment". I don't have the page reference. Could
2 you please describe your familiarity with the
3 procurement policies for PSNH?

4 A. (Belair) When we go out for a bid for services, we
5 create a work plan, a work scope, a scope of services
6 that we need. We work with our Purchasing Department.
7 Our Purchasing Department typically asks us if we have
8 a pool of candidates or contractors that should receive
9 it. And, we have, in our Purchasing Department, we
10 have someone that's focused on energy efficiency for
11 Northeast Utilities, for all the states that they serve
12 under. And, so, they also have other contractors.
13 And, they may add contractors that they're aware of
14 that may have notified them that they would be
15 interested in any -- the award of any -- or any RFPs or
16 scopes of services that may be going out for a specific
17 type of service.

18 So, when we get those, the number of
19 contractors, ones that we might have brought to the
20 table and the ones that the purchasing agent or the
21 buyer added, they would send out either the scope of
22 services or the show of interest, asking if anyone
23 would be interested in bidding on that, that work. If
24 they're interested in bidding on the work, they get

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 invited to participate in the RFP process, where they
2 go to an online system and open up the scope of
3 services, review the terms and conditions, and any
4 other documents that the Purchasing may be putting out
5 there, and then they make a proposal. They can submit
6 -- they can elect to either submit a proposal or not
7 submit a proposal. They can ask questions all through
8 the system. And, as the person that's kind of
9 initiating the scope, I can't see anything until the
10 bid closes. Then, when the bid closes, I can look at
11 -- we can look at the proposals and evaluate them.

12 Q. So, the question was, just as far as your familiarity
13 with the procurement policies by PSNH, how would you
14 classify that? You know, do you have a good
15 understanding, an expert understanding of it?

16 A. (Belair) We have about 100 purchase orders with
17 contractors. So, I'm pretty familiar with how it
18 works.

19 Q. Okay. And, sorry, what was that number? How many
20 contracts do you do per year?

21 A. (Belair) I don't know how many we do a year, but we
22 have 100 purchase orders, and some of them are
23 multi-year. And, each purchase order is a contract
24 with a contractor.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 Q. In the past, have you -- has it been the -- has PSNH
2 issued out any sort of public solicitation of interest
3 in the past?

4 A. (Belair) We really haven't done a solicitation of
5 interest. We typically look for who are the
6 contractors in the field doing the work, and we put
7 them on a list, and then we go to Purchasing, and
8 Purchasing looks to see if there's any others that have
9 registered with them, interested in whatever scope of
10 work we might be doing.

11 Q. And, regarding the request for proposals that PSNH
12 seeks to determine which contractor is hired for the
13 work, are any of those requests for proposals made
14 public?

15 A. (Belair) They haven't been through our purchasing
16 agents to date.

17 Q. And, --

18 A. (Belair) That I'm aware of.

19 Q. Do you have a sense of how many of the requests for
20 proposals that are submitted are paid for through
21 public funds?

22 A. (Belair) I would say that probably everything that PSNH
23 does is paid for through customer funds.

24 Q. Thank you.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 A. (Belair) Whether they're through the System Benefit
2 Charge or not.

3 Q. Thank you for that clarification, that they are
4 ratepayer funds, as opposed to shared public funds.
5 And, I just want to clarify, because I also caught that
6 as you were testifying, regarding the Settlement, that,
7 in the Settlement Agreement, it's simply just stating
8 that "solicitations of interest will be made available
9 to interested parties", and I just want to reconfirm
10 that it's your understanding that requests for
11 proposals will not be made available to interested
12 parties?

13 A. (Belair) I guess our Purchasing Department typically
14 does not make RFPs available to the public. They keep
15 them within the system and within the contractors.
16 Some of the RFPs that we've done in the past, for
17 example, on the measurement and verification, the
18 parties have had a chance to review and comment on it.
19 So, I think that we do something within the team work
20 that we have with the Parties and Staff. We've had a
21 chance to review RFPs internally, but they haven't been
22 -- we haven't been making them public to contractors
23 through that media.

24 Q. Are you aware of any utility that has made an RFP

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 available to an interested party that has requested it?

2 A. (Belair) I don't know.

3 Q. Okay. Mr. Palma, just looking to get your input from
4 Unitil's perspective on your understanding of the
5 Settlement Agreement and the availability of RFPs to
6 interested parties.

7 A. (Palma) My understanding is the show of interest will
8 be open to the public via multiple sources, one being,
9 you know, an update to our website, and any other
10 avenue. I mean, I'll speak for Unitil. You know, we
11 will contact the trade organizations, already been in
12 touch with one, and where we would find this pool of
13 potential candidates. And, we may do a newspaper ad in
14 the two newspapers that serve our territory, two large
15 newspapers, the Portsmouth Herald and the Concord
16 Monitor, depending on the cost, to put an ad in their
17 Business sections. And, you know, one of those trade
18 organizations is represented in the room today, the
19 Home Builders, we'd make sure they were notified, as
20 well as all the parties. And, that would be Phase 1,
21 is to see basically who is interested. And, we'd look
22 for certain, you know, minimum qualifications.

23 And, Phase 2 would be to privately
24 invite, through an RFP, RFQ, only those that meet the

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 minimum qualifications to basically bid on the -- to be
2 on the list of contractors for the Home Performance
3 with ENERGY STAR Program.

4 Q. And, maybe you could help clarify the understanding in
5 the Settlement, in that the "solicitation for public
6 interest" is only for the Home Performance with ENERGY
7 STAR Program, is that correct?

8 A. (Palma) That's all that is listed in the Settlement
9 Agreement for 2011, yes.

10 Q. The second component to that provision on "Contractor
11 Recruitment", where it specifies the availability for
12 interested parties to sign up to receive public
13 solicitations of interest, is it your understanding
14 that that solicitation for interest could -- that
15 interest for the parties to receive additional
16 information might be for a variety of different
17 solicitations of interest, if the companies so choose?

18 A. (Palma) Yes. I mean, practically speaking, we could,
19 on our webpage, ask contractors to, you know, through a
20 certain form, is to indicate your interest in future
21 solicitations by checking off a box, something simple.

22 Q. And, I just wanted to clarify, I believe in
23 Mr. Belair's testimony earlier he had highlighted,
24 maybe I misunderstood it, that there were -- that

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 provision was largely pertaining to the Home
2 Performance with ENERGY STAR Program. And, I just
3 wanted a clarification that the second component to the
4 contractor recruitment is actually a broader
5 understanding that any public -- any public
6 solicitation of interest would be, whether it's Home
7 Performance with ENERGY STAR Program or not, would be
8 made available onto a website?

9 A. (Palma) Well, in the Settlement, we're only suggesting
10 that we're going to do this process for the Home
11 Performance with ENERGY STAR, and that this could be
12 the model for other programs in the future. So, we
13 haven't worked through the bugs, and everyone's website
14 behaves differently. So, we're, you know, really
15 targeting Home Performance with ENERGY STAR, and it
16 should be concluded -- this process should be concluded
17 in the first, I'd say, four months or so of the year.

18 Q. Great. Thank you. Mr. Belair, could you -- could you
19 describe the current availability that residential and
20 business customers have to access their data
21 electronically?

22 A. (Belair) For PSNH?

23 Q. Please.

24 A. (Belair) If a customer is a residential or small

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 commercial customer, they can go -- well, they get
2 their monthly bills, and they have access to their data
3 through their monthly bill. They can call Customer
4 Service up and, 24/7, request a copy of their usage
5 data, which will be emailed or mailed to them,
6 whichever they prefer.

7 And, there's another feature that was
8 recently modified to allow customers to log in. They
9 have been able to log in for several -- for many years
10 now, log in, put their account number and their zip
11 code and declare themselves via a secure ID. And, they
12 can -- they have been able to download 19 months' worth
13 of usage data. And, we've modified that recently to, I
14 guess, to help with some of the ARRA funding
15 requirements, to allow, instead of 19 months, to allow
16 36 months, and also added a feature to allow them to
17 immediately open it up with an Excel or a spreadsheet
18 file, if they wanted to. So, instead of downloading it
19 and emailing it to themselves, they can press a button
20 and it opens it up in a spreadsheet.

21 Q. Is it your understanding that downloading of that data
22 is by account number, and that an owner might have
23 multiple accounts and would be required to request that
24 data for their multiple accounts, as opposed to

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 receiving one singular summary report of their energy
2 data for all of their accounts?

3 A. (Belair) Yes, it is. It's by account. But, when you
4 log in, you can put all your accounts in there. And,
5 you can just press a button and you keep, you know,
6 selecting a different account and just opening up a
7 different file or downloading a file with all your
8 accounts one at a time.

9 Q. But there is no ability to have one report, where all
10 of the owner's account information is downloaded? It
11 would still be multiple files?

12 A. (Belair) Currently, they can't do that through that
13 system, but we have, in many instances, if the customer
14 is like a town with multiple accounts, they will call
15 Customer Service, and Customer Service will do that
16 work for them.

17 Q. And, what is the -- let me rephrase the question. Over
18 the past few years, there's been an interest towards
19 improving the accessibility of consumer data and
20 allowing third party access to consumers' data. Could
21 you describe the progress that has been made over the
22 past few years towards achieving these goals?

23 A. (Belair) There has been certain third parties that have
24 been able to access multiple data electronically for

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 years, and those are energy suppliers. And, there's a
2 very formal set of secure transactions that energy
3 suppliers can do to get access to data like that.
4 That's one way. It's often too complicated and too
5 costly for some of the new supplier -- the new people
6 who are requesting access to data.

7 So, what we're doing right now, when
8 customers are looking to provide access to data to a
9 third party, we seek -- our job is to protect customer
10 confidential data. So, if they release that data, if
11 they authorize us to release that data, we would work
12 with them and their third party to get them the data in
13 an Excel format or something.

14 Q. And, what is the status of a release form being created
15 for, let's say, the municipal sector currently?

16 A. (Belair) We've had a release form being used by
17 municipalities for several years now, for years now.

18 Q. Okay.

19 A. (Belair) The thing is, it's still done on a manual
20 basis.

21 MR. STELTZER: Correct. Okay. Thank
22 you. No further questions.

23 CHAIRMAN GETZ: Ms. Hatfield?

24 MS. HATFIELD: Thank you, Mr. Chairman.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 BY MS. HATFIELD:

2 Q. Mr. Belair, if you would turn to Page 18 of the
3 Settlement Agreement please. I believe this is a
4 continuation of the discussion of the Home Performance
5 with ENERGY STAR Program, is that correct?

6 A. (Belair) That's correct.

7 Q. If you would look at the language right on the top of
8 Page 18, and just describe what the Parties have agreed
9 to if PSNH and Unitil wish to continue either the Home
10 Performance with ENERGY STAR pilot or propose a full
11 program for 2012?

12 A. (Belair) If we want to either continue with the pilot
13 for 2012 or transition to a full fuel blind, fuel
14 neutral program, that we'll make a request for such
15 approval to the Commission no later than September 1st
16 of 2011.

17 Q. Thank you. Mr. Cunningham, do you recall earlier, when
18 you were describing the section of the Settlement
19 Agreement dealing with how the utilities should develop
20 their savings estimates, that you discussed that
21 process being similar to a rate case?

22 A. (Cunningham) Yes.

23 Q. And, I think what you discussed was your view that,
24 like a rate case, you would look at a test year and

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 then consider known and measurable changes in order to
2 develop savings estimates, is that correct?

3 A. (Cunningham) Yes. That was the way I paraphrased it.

4 Q. And, is it safe to say that that is your
5 characterization of how you think savings should be
6 developed?

7 A. (Cunningham) It's the hypothetical that Staff put
8 forward in the testimony of Mr. Iqbal and myself.

9 Q. And, Mr. Belair, on that topic, do you recall that some
10 parties have referred to developing savings estimates
11 as perhaps "part art and part science"?

12 A. (Belair) Yes, I do.

13 MS. HATFIELD: Thank you. I have
14 nothing further.

15 CHAIRMAN GETZ: Ms. Amidon?

16 MS. AMIDON: Thank you. Good morning.

17 BY MS. AMIDON:

18 Q. I have just a couple of questions for Mr. Belair. How
19 many fuel blind residences did PSNH serve in this past
20 year?

21 A. (Belair) In 2010, I hope I can clarify this a little
22 bit, for 2009 and 2010, we had permission to do 200 per
23 year. And, as we started up the program in 2009, we
24 were only able to serve 89 homes by the end of year.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

1 And, so, we served the remaining 311 in 2010.

2 Q. And, you continue to serve electric homes, too, am I
3 correct on that?

4 A. (Belair) We, in addition to that, we have done some
5 work, collaborating with the gas companies, to serve
6 some single-family and multi-family homes, where the
7 gas company paid for the weatherization and heating and
8 hot water services, while the electric utility, PSNH,
9 paid for -- used these funds to pay for the electric
10 saving measures.

11 Q. Thank you for that clarification. What did -- how many
12 homes did PSNH request in its original filing to do for
13 2011 in the fuel blind?

14 A. (Belair) In 2011, we requested permission to do 495
15 fuel neutral homes.

16 Q. And, in --

17 A. (Belair) Some of those were electrically heated homes
18 as well.

19 Q. Okay. Thank you. And, in the Settlement Agreement, on
20 Page 17, the Parties agreed that PSNH would serve 716
21 homes for 2011?

22 A. (Belair) That's correct.

23 Q. And, could you just explain, I mean, I know, but just
24 for the record how this could be increased from the

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 number in the original filing?

2 A. (Belair) Sure. In our original filing, we had planned
3 to do 495 homes. We had a specific average project
4 size, and we assumed a 75 percent rebate. As part of
5 the Settlement Agreement, we reduced the rebate to
6 50 percent. And, that savings in rebate dollars
7 allowed us to do more homes, bringing us from 495 to
8 716.

9 Q. Thank you. And, the Company has agreed to calculate
10 the performance incentive for the fuel blind for the
11 electric-only portion of the savings, is that correct?

12 A. (Belair) During the pilot period, yes.

13 Q. Okay. And, so, the companies, both, PSNH will be able
14 to provide a break out of those savings, as opposed to
15 the other savings?

16 A. (Belair) Yes.

17 MS. AMIDON: Okay. Thank you. I have
18 no further questions.

19 CHAIRMAN GETZ: Thank you. Mr. Peress.

20 MR. PERESS: Thank you, Mr. Chair. Just
21 by way of context, as I mentioned earlier, the
22 Conservation Law Foundation does not oppose the Settlement
23 Agreement. I just had a couple of questions for the
24 panel.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

1 BY MR. PERESS:

2 Q. And, Mr. Eckberg, if it's okay, I'd like to ask you, is
3 it your belief that the level of funding, as proposed
4 in the Settlement, is sufficient to meet the demand for
5 energy efficiency services in New Hampshire?

6 A. (Eckberg) It's my belief that the budgets that are
7 proposed for the electric utilities are built based
8 upon the funding that is available through the Systems
9 Benefit Charge. The budget development process is
10 slightly different for gas utilities. And, it's also
11 my understanding that, for instance, in the GDS study,
12 as it's frequently referred to, which was a recent
13 effort that evaluated the energy efficiency potential
14 in New Hampshire, that there may be larger
15 opportunities, more opportunities for energy efficiency
16 than what are included just in these budgets. But I've
17 done no specific comparisons to see how those -- how
18 those line up with each other.

19 Q. Thank you. And, CLF would surely agree with that
20 latter point, relating to the GDS potential study and
21 the opportunity for greater services. I guess, let me
22 just ask it this way then. Are you aware of any
23 programs that are provided for in the Settlement
24 Agreement and the utility filings that have been scaled

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 back or suspended because demand exceeded the ability,
2 the supply, that is the budget for the utilities to
3 offer those programs?

4 A. (Eckberg) Well, perhaps utilities could speak more to
5 that. I mean, my understanding, from the sounds of
6 your question, it's maybe mixing a prospective versus a
7 retrospective look at programs. Because, I think,
8 prospectively, it's my impression that the utilities
9 are trying to fund programs in a way that they can meet
10 the level of expectation among in the marketplace.
11 Retrospectively, with programs over the last few years,
12 I am aware that there have been some programs which
13 have fully spent their budgets before the end of a
14 program year.

15 Q. Thank you. Maybe I should direct the question to Mr.
16 Palma, since some of this is addressed in Exhibit C.
17 Mr. Palma, are you aware of any programs that have been
18 suspended or otherwise scaled back because the demand
19 for them exceeded the budget and the ability under the
20 current programs for the utility to provide services?

21 A. (Palma) Yes. Northern, on the gas -- the gas company,
22 has suspended or did not file for an ENERGY STAR Homes
23 Program for 2011.

24 Q. Thank you. And, I guess I'll stay with you, Mr. Palma,

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 if it's okay. In consideration of the GDS efficiency
2 potential study, and also in consideration of the Total
3 Resource Cost/Benefit Test that's used in New
4 Hampshire, do you believe that, if budgets were
5 increased, that there are additional cost-effective and
6 achievable energy efficiency services that could be
7 provided by New Hampshire utilities?

8 A. (Palma) I believe the study is potentially, and I hate
9 to use the word "potential", the study is potentially
10 accurate, that there are more. I mean, I think the
11 proof is in the results that we see, that there are
12 other projects. We do run out of funding in some of
13 our programs, yes.

14 MR. PERESS: Thank you very much. I
15 have nothing further.

16 CHAIRMAN GETZ: Thank you. Ms. Fischer?
17 Do you have any questions, Ms. Fischer?

18 MS. FISCHER: I do, but is was going to
19 let Mr. Hill go first.

20 CHAIRMAN GETZ: Well, off the record for
21 a moment.

22 (Brief off-the-record discussion
23 ensued.)

24 CHAIRMAN GETZ: All right. Back on the

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham]

1 record. Mr. Hill.

2 MR. HILL: Yes, sir. My name is Jeremy
3 hill.

4 BY MR. HILL:

5 Q. The first point, I just have a clarification question
6 for Mr. Palma. The question is, I do have a couple of
7 questions in regards to the Second Revised Prefiled
8 Testimony of Angela Li, Brian Kearney, and Thomas
9 Palma. And, my clarification question is, Mr. Palma,
10 can you speak on behalf of National Grid?

11 A. (Palma) No, I cannot.

12 MR. HILL: So, my clarification to the
13 Commission would be, in the event that I have a question
14 for National Grid, should we bring someone up to the
15 stand?

16 CHAIRMAN GETZ: Ms. Knowlton.

17 MS. KNOWLTON: We'd be glad to. Shall
18 we bring a witness?

19 CHAIRMAN GETZ: Well, why don't we, I
20 think under the accommodations we have, why don't we swear
21 in your witness where she sits or he sits.

22 MS. KNOWLTON: Right. I'll need to
23 swear both in, I don't know what his questions are. So,
24 why don't I go ahead and swear both in. Do you want to?

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 (Whereupon **Angela Li** and **Brian Kearney**
2 were duly sworn and cautioned by the
3 Court Reporter, and added as witnesses
4 along with the panel of witnesses.)

5 **ANGELA LI, SWORN**

6 **BRIAN KEARNEY, SWORN**

7 CHAIRMAN GETZ: And, Mr. Hill, I think
8 you'll need to get closer to the microphone as well.

9 MR. HILL: Is this close enough? Okay.

10 CHAIRMAN GETZ: Well, let's just briefly
11 qualify the witnesses.

12 **ANGELA LI, SWORN**

13 **BRIAN KEARNEY, SWORN**

14 **DIRECT EXAMINATION**

15 BY MS. KNOWLTON:

16 Q. Ms. Li, would you state your full name for the record.

17 A. (Li) Angela Li.

18 Q. By whom are you employed?

19 A. (Li) National Grid.

20 Q. And, are you familiar with the document that's been
21 marked for identification as "Exhibit 14"?

22 A. (Li) Yes, I am.

23 Q. And, was that testimony prepared by you or under your
24 direction?

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 A. (Li) Yes.

2 Q. If I were to ask you the questions today, would your
3 answers be the same?

4 A. (Li) Yes.

5 Q. Mr. Kearney, please state your full name for the
6 record.

7 A. (Kearney) My name is Brian Kearney.

8 Q. By whom are you employed?

9 A. (Kearney) National Grid.

10 Q. Are you familiar with the document that's been marked
11 for identification as "Exhibit 14"?

12 A. (Kearney) Yes, I am.

13 Q. And, was that prepared by you or under your direction?

14 A. (Kearney) Yes, it was.

15 Q. If I were to ask you the questions that are contained
16 in Exhibit 14 today, would your answers be the same?

17 A. (Kearney) Yes.

18 MS. KNOWLTON: The witnesses are
19 available.

20 CHAIRMAN GETZ: Mr. Hill.

21 MR. HILL: Thank you.

22 BY MR. HILL:

23 Q. My first questions were for Mr. Belair. And, it's in
24 reference to the Settlement Agreement, Section 2, "Home

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 Performance with ENERGY STAR". The first line of
2 paragraph two, where it says "UES and PSNH will
3 continue to use the Home Heating Index to score" -- or
4 "to screen eligible customers."

5 A. (Belair) Did you ask a question?

6 Q. Mr. Belair, this line brings up for me the topic of
7 customer choice. In the past, it's my understanding
8 that the utilities have ultimately made the final
9 decision to -- as to which customers are eligible for
10 services, as well as which contractors are assigned to
11 which customers. My question is, does this line, which
12 I just referenced, does this mean that moving forward
13 the utilities will continue to unilaterally determine
14 which contractors work for which customers?

15 A. (Belair) I don't think the utilities unilaterally pick
16 which contractors customers work with -- work with
17 which customers. This Home Heating Index screen allows
18 customers to first prequalify themselves. And, then,
19 secondly, if they were referred to this heating -- Home
20 Heating Index by a specific contractor, they can put
21 that contractor's name in, and we would typically refer
22 that project to that contractor, based on the referral
23 from a customer.

24 Q. Okay. So, I just wanted to clarify. In the past,

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 you've mentioned through this docket that you would try
2 to ensure that the contractor whose name was provided
3 by the customer, completed in the Home Heating Index
4 input section of your website, you would try to ensure
5 that that was the customer. But I've never, you know,
6 heard that it would be or that there was anything
7 concrete in regards to this issue?

8 A. (Belair) Well, we do our best to make sure that, if the
9 contractor -- if the customer selected that contractor
10 as a referral, that we try to get it to that customer.
11 The issue that we have sometimes is, if a contractor is
12 backed up, and we need to serve that customer, we may
13 contact the contractor and say we're going to refer
14 them to a different contractor. We try to work it out
15 with the contractors, so that we can, you know, serve
16 that customer. But I don't think we've -- there's only
17 one that I can think of that we've switched to a
18 different contractor because of a contractor being
19 backed up.

20 Q. Is there any mechanism for a contractor to bring a
21 customer into the program currently?

22 A. (Belair) We see contractors filling out the Home
23 Heating Index on behalf of the customers as well. So,
24 that's one way they can bring them in.

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 Q. Thank you. My second question, and I'm not sure if I
2 should direct it towards Angela or Brian -- or, I'm
3 sorry, Ms. Li or Mr. Kearney, so I will go for Ms. Li.
4 And, my question is in reference to Line 15, Page 8, of
5 the Second Revised Prefiled Testimony. Ms. Li, my
6 question will be -- the answer to the question
7 "Mr. Hill recommends that the Commission open the
8 market to all vendors. How does this recommendation
9 comport with the way in which National Grid administers
10 its audit services for the Home Performance with ENERGY
11 STAR Program?" Line 18, the answer: "A. National Grid
12 uses a lead vendor to ensure consistent and equitable
13 program design for all of its customers receiving
14 services for its Home Performance with ENERGY STAR
15 Program." So, I believe the reference was that it's
16 "more administratively simple" to have one company
17 provide all energy audit and/or air sealing services
18 for your company within your territory. So, why
19 wouldn't they provide administrative simplification to
20 use one company as a sole source to provide all energy
21 and auditing and air sealing services within your
22 territory? My question is, do you feel it's in the
23 best interest of New Hampshire's energy efficiency
24 industry to administer the program in this manner?

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 A. (Li) I'm going to let Brian answer that question.

2 A. (Kearney) Thank you, Ms. Li. Mr. Hill, we believe in
3 the progression of this industry and providing an
4 equitable service, a consistent and equitable service
5 to our customers throughout this transition. You are
6 aware that we are undergoing negotiations or drafting
7 of a current RFP designed to align with the other CORE
8 utilities and allowing some more program flexibility in
9 our independent audit service area. However, we do
10 offer a complete list of independent weatherization
11 contractors on our gas side, where they -- customers
12 are actually required to make a choice of an
13 independent contractor able to provide those services.
14 So, I believe that answers your question.

15 Q. So, the follow-up question I would have in regards to
16 your answer is, moving forward into 2011, is it the --
17 is it the intention of National Grid to continue with
18 the sole source lead vendor energy auditor model?

19 A. (Kearney) We continue -- we intend to have the program
20 administered by a lead vendor. However, we do intend
21 to allow independent auditors -- the Home Performance
22 with ENERGY STAR contractors, excuse me, the ability to
23 also participate, if they're selected by a customer of
24 ours.

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 Q. And, in the event that a customer was to select perhaps
2 or, say, one of the qualified Home Performance
3 contractors within the program, are there any specific
4 limitations to what the -- what the contractor could
5 provide to a customer? In regards to, could they do an
6 energy audit, air sealing work, and weatherization, or
7 would it be an energy audit, air sealing only, and then
8 the customer would need to choose from a list of
9 weatherization contractors?

10 A. (Kearney) We currently operate two separate models,
11 based on our electric and our gas territory, which are
12 driven primarily by our budgetary constraints in some
13 of those regions. That determination has yet to be
14 made through this RFP process. And, it is something
15 that we are actively negotiating internally.

16 MR. HILL: Thank you, Mr. Kearney.

17 WITNESS KEARNEY: Thank you.

18 MR. HILL: No further questions.

19 CHAIRMAN GETZ: Okay. Thank you.

20 Ms. Fischer.

21 MS. FISCHER: Yes. Good morning. My
22 name is Elizabeth Fischer. I'll stand, because I'm back
23 in the corner here. As you all know, I represent the Home
24 Builders & Remodelers Association and BuildGreen NH. And,

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 by default, seem to be representing contractors across the
2 State of New Hampshire. We've been very active in this
3 docket. And, in the last year, I feel like I've had a
4 graduate program in CORE.

5 And, with that, we have a few succinct
6 concerns. And, I'll ask questions now, and then later in
7 a closing statement.

8 BY MS. FISCHER:

9 Q. This is directed to anybody on the panel, as well as
10 the individuals from the Grid. Can you tell me, are
11 there any legislative barriers to expanding on-bill
12 financing for all customers, whether they be commercial
13 or residential? I've heard mixed messages, and I'd
14 like some clarification on that. I'll start I guess
15 directly with PSNH.

16 MS. KNOWLTON: Before the witness
17 answers, can I just clarify for the record that you're not
18 seeking a legal conclusion here?

19 MS. FISCHER: You're asking me?

20 MS. KNOWLTON: Well, I guess, to the
21 extent that National Grid witnesses were inclined to
22 answer, I would instruct them not to answer, to the extent
23 that the question seeks a legal conclusion. If the
24 question goes to, "are there laws in place that create

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 barriers to on-bill financing?"

2 MS. FISCHER: And, maybe it's unfair
3 that the parties present don't have that information.
4 But, in conversations, we've -- that issue has been
5 raised. And, I've yet been able to put my finger on what
6 it is that is that barrier. So, I was curious, in this
7 docket, --

8 CHAIRMAN GETZ: Well, let's put the
9 question this way then. Pose it to all the witnesses who
10 are sworn. Are you aware of any legal barriers to on-bill
11 financing, not -- recognizing that you're not attorneys
12 for the most part, and not calling for a legal conclusion?
13 But can any of the witnesses address that question?

14 WITNESS BELAIR: I can say that I'm not
15 aware of any, but I don't know for certain.

16 WITNESS PALMA: I'm not aware of any,
17 until I -- that's all for now.

18 CHAIRMAN GETZ: So, I take it no one is
19 aware of any legal legislative barriers?

20 WITNESS PALMA: But I haven't -- I mean,
21 if I can elaborate. I haven't researched the topic. So,
22 it doesn't mean they're not there.

23 CHAIRMAN GETZ: Okay.

24 WITNESS ECKBERG: I could concur with

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 Mr. Palma, that I don't know what I don't know, basically.

2 MS. FISCHER: Thank you.

3 BY MS. FISCHER:

4 Q. Another question with regard to a clarification
5 question. If an individual contractor were to fill out
6 the online system that Public Service has and the other
7 companies have, to kind of screen whether a tenant --
8 excuse me, whether a customer was eligible for
9 weatherization work through the CORE Programs, and then
10 indicated that they were the chosen contractor, and
11 that contractor wasn't already authorized by the
12 utilities to do work, how is that handled?

13 A. (Belair) For PSNH, I don't think it's happened yet.
14 But we had -- we had something recently come about
15 where a contractor did want to do some weatherization
16 in a home in North Conway, and they weren't a member of
17 our -- they weren't selected as one of our contractors.
18 And, they had just gotten BPI certified. And, we could
19 -- we would have loved to have had another contractor
20 in North Country or up in that area. So, we, in
21 talking with that contractor, we told them that we're
22 not going out -- we're not out for bid right now. But
23 that we directed them to some other contractors that
24 are in our program who are also looking for

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 subcontractors to work for them. So, they were looking
2 for additional auditors. So, we gave them names of
3 auditors in the area that were looking -- that were
4 also looking to hire new -- "new auditors". So, that
5 gave them the ability to kind of, if they could get in
6 with one of those -- one of our contractors, that would
7 give them the ability to go in and do some mentoring
8 and have some oversight by someone who's already been
9 doing a good job in the program. So, we try to -- we
10 try to work with new contractors the best we can.

11 Q. Mr. Palma.

12 A. (Palma) Would you rephrase or just repeat the question.

13 Q. A consumer or a contractor fills out whatever screening
14 process that you have to determine whether they're
15 eligible or not for weatherization work, and that
16 particular contractor does not -- is not currently on
17 your list. How does that contractor access these
18 programs to --

19 A. (Palma) The contractor would have to meet the Company's
20 minimum requirements to be a contractor under the
21 program. That would be an important step. Basically,
22 the customer would notify us, or the contractor.
23 Usually, the customer would say "I want to use
24 Contractor A, not someone you may recommend instead."

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 And, we would say "That's fine. But we need to have a
2 dialogue with this contractor and find out if they meet
3 the requirements."

4 Q. A follow-up question. Could you describe the process
5 that a contractor would have to go through to get on
6 the list of approved, assuming that you had openings?

7 A. (Palma) I think we've described that process for 2011
8 for how we would plan to put contractors on the list.
9 Once that list is chosen, any contractor that meets the
10 minimum requirements can bring projects or the
11 customers can bring their own contractors, in other
12 words. It doesn't -- the chicken or egg, who came
13 first. So, that's --

14 Q. Folks from National Grid?

15 A. (Kearney) Yes.

16 Q. And, could you describe the process that a non-chosen
17 contractor could participate with National Grid, either
18 now or in 2011?

19 A. (Kearney) Certainly, contractors who are not on our
20 list of qualified weatherization contractors, they must
21 be BPI certified. They can contact National Grid or
22 Energy Federation, Incorporated, the folks who
23 administer our rebate services, and have -- and become
24 added to the list, if they met the qualifications to

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 perform weatherization services.

2 Q. Okay. Follow-up question for all three utilities. Can
3 you tell me how many, the number of active contractors
4 you have working in the Home Performance for EnergyStar
5 Program as of today? Mr. Palma?

6 A. (Palma) I believe we --

7 Q. Oh, I'm sorry.

8 A. (Palma) I believe we have two or three, for both
9 companies, Northern and UES.

10 Q. Three contractors.

11 A. (Belair) PSNH just submitted a report to the EPA on
12 behalf of all the utilities. And, we have -- there's
13 21 working the state right now. PSNH went from 4 to
14 16. So, we have 16 right now. Sixteen contractors
15 working for PSNH.

16 A. (Kearney) I'd need to get clarification, I believe
17 there's around 15 weatherization contractors that are
18 listed.

19 Q. So, further clarification, there's 21 total?

20 A. (Belair) Yes.

21 Q. And, of that, 15 at Grid, three -- two or three up at
22 the Co-op, and 16 at --

23 A. (Palma) Unitil.

24 Q. Unitil, excuse me.

{DE 10-188} [MORNING SESSION ONLY] {12-16-10}

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 MS. FISCHER: And, so, there's -- where
2 is the Co-op? Oh. Hello. Well, they're not sworn in.

3 BY MS. FISCHER:

4 Q. My point being is, there's a limited number of
5 contractors that are currently doing work for the
6 utilities.

7 A. (Palma) There's also a limited number of projects
8 available, based on the limited number of budgeted
9 funds. So that, in context, that needs to be
10 considered as well.

11 MS. FISCHER: Thank you. No other
12 questions.

13 CHAIRMAN GETZ: Okay. Thank you.
14 (Chairman and Commissioners
15 conferring.)

16 CHAIRMAN GETZ: Okay, off the record.
17 (Brief off-the-record discussion
18 ensued.)

19 CHAIRMAN GETZ: Okay. Let's go back on
20 the record. All right. Then, I think at this point we'll
21 take a half hour recess, then we'll resume with questions
22 from the Bench for the panel. And, then, during the
23 recess, the parties can seek to come up with a way to
24 resolve any issues raised by Mr. Linder.

[WITNESSES: Belair~Palma~Eckberg~Cunningham~Li~Kearney]

1 So, we will recess for half an hour.

2 Thank you, everyone.

3 (Whereupon a recess was taken at 11:23
4 a.m. The remainder of the transcript is
5 contained under separate cover
6 designated as "Afternoon Session".)

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{DE 10-188} [MORNING SESSION ONLY] {12-16-10}